

**OFFICE OF THE NORTHAMPTONSHIRE POLICE AND CRIME COMMISSIONER
&
NORTHAMPTONSHIRE POLICE**

JOINT INDEPENDENT AUDIT COMMITTEE

14th September 2016 at 10.00am to 13.00pm

The Board Room, Wootton Hall, Northampton, NN4 0JQ

If you should have any queries in respect of this agenda, please contact Steve Dainty on 03000 111 222 Ext 347953

Members of the public, with the permission of the Chair of the Committee, may ask questions of members of the Committee, or may address the Committee, on an item on the public part of the agenda.

Further details regarding the process for asking questions or making an address to the Committee are set out at the end of this agenda notice

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| AGENDA | | | |
|------------------------|---|----------------|--|
| No | Item | Officer | |
| 1 | Apologies for non- attendance | JB | |
| 2 | Declarations of Interests | Members | |
| FORCE AGENDA | | | |
| 3 | Value for Money (inc Code of Practice and 8 Principles) | AF/PD | |
| 4 | Force Strategic Risk Register (inc Force Governance Board) | AF/RB | |
| 5 | HMIC Reports – see www.hmic.gov.uk | AF | |
| COMBINED AGENDA | | | |
| 6 | Announcements from the Chair i. Regional work on collaboration ii. CIPFA Audit Committee survey | JB | |
| 7 | Minutes and Matters Arising from the previous meeting i. Force Counter Fraud (AF) | JB | |
| 8 | Matters Arising Action Log | JB | |
| 9 | Statement of Accounts (inc Annual Governance Statements, ISA 260) | SD | |
| 10 | External Audit - Progress Report (Verbal) | KPMG | |
| 11 | Financial Update 2016-17 | SD | |
| 12 | Treasury Management Update and Outturn 2015-16 | NA | |
| 13 | Internal Audit - Progress Report - | Mazars | |
| 14 | Implementation of Audit recommendations a. Force b. OPCC | NA SD | |
| 15 | Tri Force update (ex Strategic Alliance) (Verbal) | JN | |
| 16 | Transformation & Accountability Boards | AF | |
| OPCC AGENDA | | | |
| 17 | Governance | JN | |
| 18 | OPCC Risk Register and Assurance Map | JN | |
| TO NOTE AGENDA | | | |
| 19 | Items for escalation to the Commissioner and / or the | JB | |

| AGENDA | | | |
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| | Chief Constable | | |
| 20 | Agenda Plan for the next four meetings | SD | |
| 21 | Date and venue of next meeting 5 th December 2016 - 10:00am – 1:30pm – Greenwell Room | SD | |

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| 22 | Such other business by reason of the special circumstances to be specified, the Chair is of the opinion is of sufficient urgency to warrant consideration. <i>(Members who wish to raise urgent business are requested to inform the Chairman beforehand).</i> | JB | |
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| 23 | Resolution to exclude the public | JB | |
| | <p>Items for which the public be excluded from the meeting:</p> <p>In respect of the following items the Chair may move the resolution set out below on the grounds that if the public were present it would be likely that exempt information (information regarded as private for the purposes of the Local Government Act 1972) would be disclosed to them:</p> <p><i>“That under Section 100A (4) of the Local Government Act 1972, the public be excluded from the meeting for the following items of business on the grounds that if the public were present it would be likely that exempt information under Part 1 of Schedule 12A of the Act of the descriptions against each item would be disclosed to them”.</i></p> | | |

| PRIVATE AGENDA | | | |
|-----------------------|----------|--|--|
| | No items | | |

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| | Private Meeting of Committee Members with the Auditors (if required) | JB | |
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Further details regarding the process for asking questions or making an address to the Committee

i. General

Members of the public, with the permission of the Chair of the Committee, may ask questions of members of the Committee, or may address the Committee, on an item on the public part of the agenda.

ii. Notice of questions and addresses

A question may only be asked or an address given if notice has been given by delivering it in writing or by electronic mail to the Monitoring Officer no later than noon two working days before the meeting.

Notice of questions or an address to the Committee should be sent to:

Steve Dainty
Office of the Police and Crime Commissioner
West Wing
Police HQ
Wootton Hall
NORTHAMPTON
NN4 0JQ

or by email to:

stephen.dainty@northantspcc.pnn.police.uk

by 12 noon 7TH September 2016

Each notice of a question must give the name and address of the questioner and must name the person to whom it is to be put, and the nature of the question to be asked. Each notice of an address must give the name and address of the persons who will address the meeting and the purpose of the address.

iii. Scope of questions and addresses

The Chair of the Committee may reject a question or address if it:

- Is not about a matter for which the Committee has a responsibility or which affects Northamptonshire;
- is defamatory, frivolous, offensive or vexatious;
- is substantially the same as a question which has been put or an address made by some other person at the same meeting of the Committee or at another meeting of the Committee in the past six months; or
- requires the disclosure of confidential or exempt information.

Continued overleaf ...

Further details regarding the process for asking questions or making an address to the Committee (continued)

- iv. Asking the question or making the address at the meeting**
The Chair of the Committee will invite the questioner to put the question to the person named in the notice. Alternatively, the Chair of the Committee will invite an address to the Committee for a period not exceeding three minutes. Every question must be put and answered without discussion but the person to whom the question has been put may decline to answer it or deal with it by a written answer. Every address must be made without discussion.

- v. The Members of the Committee are:**

Mr J Beckerleg (Chair of the Committee)

Ms G Scoular

Mr M Pettitt

Mr A Knivett

JOHN NEILSON

ACTING CHIEF EXECUTIVE & MONITORING OFFICER

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HMIC Summary Value for Money Profile 2015

Northamptonshire Police

compared with:

Nottinghamshire, Essex, Avon & Somerset, Kent, Staffordshire, Derbyshire, Cheshire and Northamptonshire.

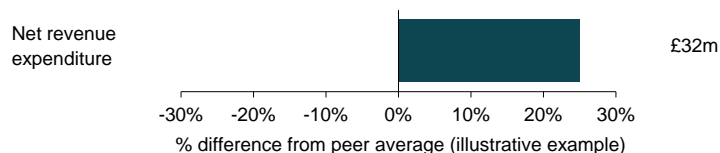
Comparisons are one of the most powerful ways of making data about the police service transparent. They expose important differences between forces and enable those without specialist knowledge of policing to find answers to questions and understand how the service provides value for public money.

HMIC's Value for Money (VfM) profiles provide comparative data on a wide range of policing activities. Rather than showing all of the details, this summary profile is designed to show you how this force differs from other similar forces. Does it spend more or less than the average? How differently does it invest its resources? Does it face greater or fewer demands? How does the crime rate differ from those in comparable force areas?

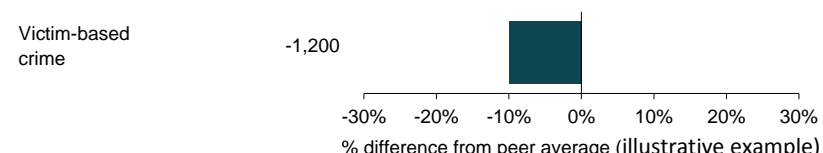
From these starting points, the full profiles allow you to investigate further those differences identified by this summary and we encourage readers to probe further in areas of data where the information prompts particular questions. However, the full profiles also raise additional questions. Why are some forces spending over four times more per head of population on criminal justice than others? Why does one force have a noticeably greater number of officers working in business support, compared to similar forces?

How to use this summary

Bar charts show the percentage difference between your force's income, expenditure or demand (known as the value), and the average for those forces which are most similar to it (known as its peers). The figures to the left or right of the bars are not the values themselves; rather they show the net 'cost' or impact of the variation. For example, they show the number of additional 999 calls a 10% difference to the average rate makes or how many fewer recorded crimes visible officers are dealing with in the force. Two illustrative examples (for a 'dummy' force) are shown below:



This force's net revenue expenditure per head of population is 25% above the average of its peers. This difference equates to a cost of £32m compared to if the force was spending the average of its peers.



This force's level of recorded victim-based crime is 10% lower than the average of its peers. This equates to 1,200 fewer victim-based crimes compared to if the force had the average recorded crime rate of its peers.

In all cases, details of the data used and relevant caveats can be found in the full profiles document (available from HMIC's website, <http://www.justiceinspectors.gov.uk/hmic/>).

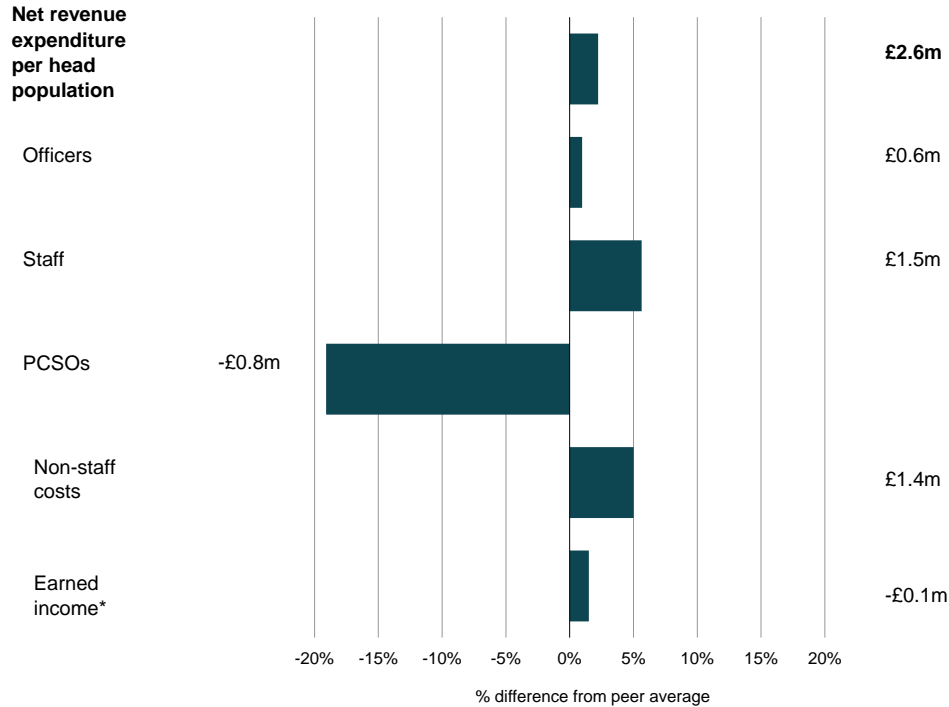
On the final page of this summary, we provide a list of all of the categories from the full VfM profile in which the force's spend is an outlier. The force's figures are compared to the spend of other forces. To be flagged as an outlier, the spend must be one of the highest 10 percent or lowest 10 percent of any force, and the effect of the difference must be at least £1 per head of population.

Income and expenditure in Northamptonshire

Force's estimated expenditure and income in 2015/16.

1. How does the force's income and expenditure compare with peers?

The chart below shows how total net revenue expenditure, and spending on staff costs (police officers, staff, PCSOs), non staff costs and earned income compares with other forces in its most similar group.



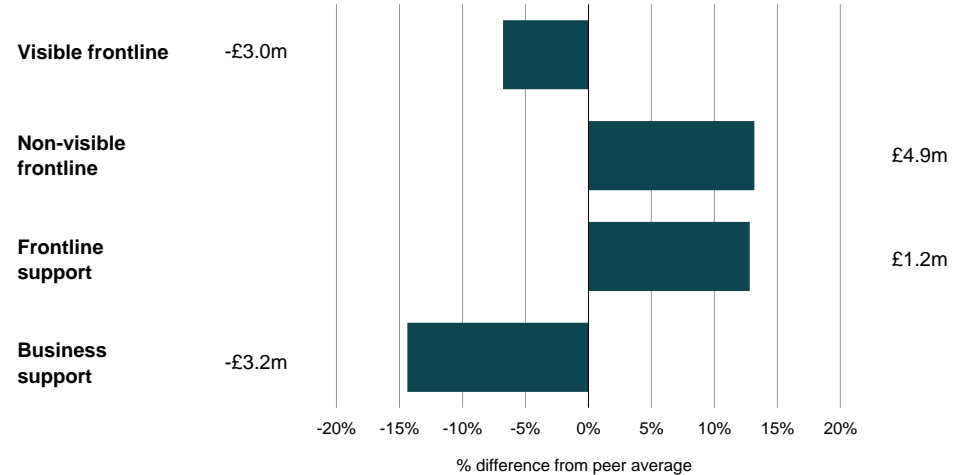
For more information on the data used here, please see 'Income & Expenditure - Overview'.

* When considered next to areas of expenditure, below average income can be considered as a net cost to the force compared to other forces. Similarly, above average income can be considered as a net saving to the force compared to elsewhere.

POA estimates are used for all cost and workforce data unless stated otherwise. These data are taken as a snapshot as at 22 October. Any updates to the data made after this time will not be reflected in the profile.

2. Where is the force spending money compared with peers?

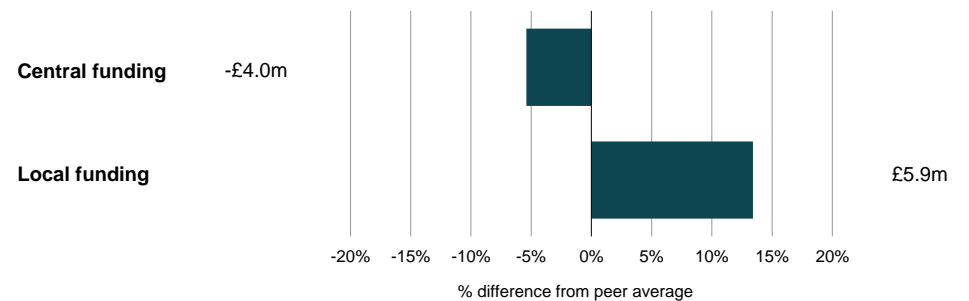
The chart below shows how the proportion of the force's spend across frontline, frontline support and business support functions compares with the average of its peer group of forces:



For more information on the data used here, please see 'Income & Expenditure - Spend by function' in the full profile document.

3. How is the local policing body funded compared with peers?

The chart below shows how the local policing body's funding per head of population compares with the average of its peer group of forces:



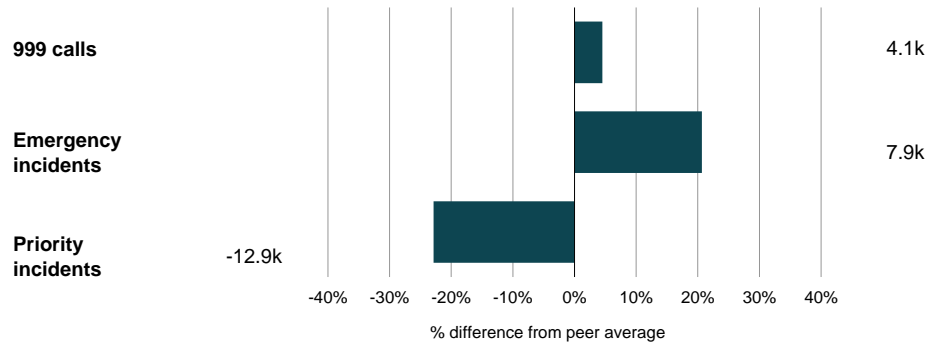
For more information on the data used here, please see 'Income and expenditure - Financing' in the full profile document.

Demand in Northamptonshire

Demands on the force in 2014/15.

4. Is the force experiencing higher demand than peers?

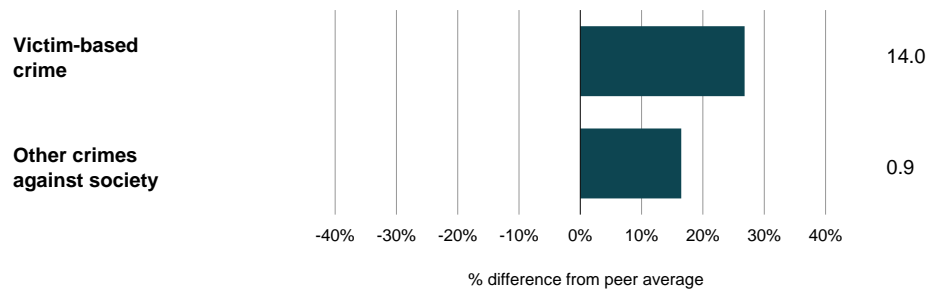
The chart below shows how the number of 999 calls received and emergency and priority incidents recorded by the force per head of population compares with its peer group of forces:



For more information on the data used here, please see 'Demand 999 calls/Emergency & Priority incidents'. Note that these categories do not cover all of the demands on the force.

5. Are the force's police officers dealing with more crimes compared with peers?

The chart below shows how the number of recorded crimes and charges per visible officer in the force compares with the average of its peer group of forces:



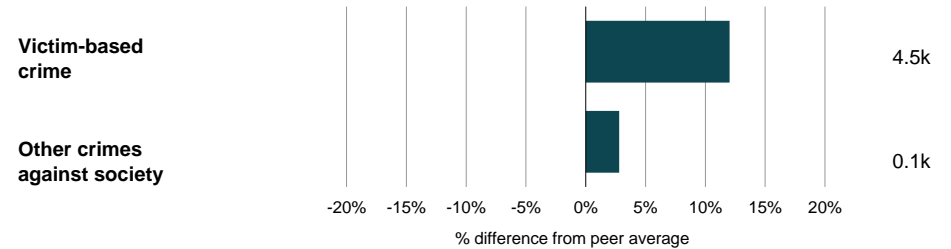
For more information on the data used here, please see 'Demand - Recorded crimes per visible officers' in the full profile document.

Crime in Northamptonshire

Crimes and outcomes recorded in the force in 2014/15.

6. How does the level of recorded crime in the force compare with peers?

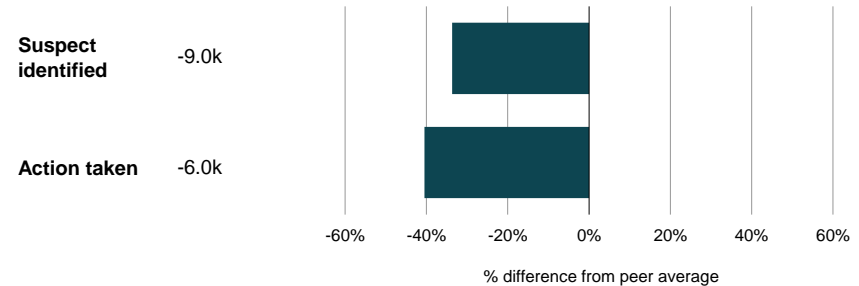
The chart below shows how the number of recorded crimes per head of population in the force compares with the average of its peer group of forces:



For more information on the data used here (including a break down by crime type), please 'Offences and Outcomes' in the full profile document.

7. How do the investigative outcomes in the force compare with peers?

The chart below compares formal investigative outcomes per crime for crimes (excl fraud) in the force with the average of its peer group of forces, taking into account differences in the mix of crime between forces.



Only victim-based crime is included in this chart.

Thirty forces provided tracked outcome data and "n/a" means the force have not provided tracked outcome data.

For more information on the data used here, please see 'Offences and Outcomes' in the full profile document.



AGENDA ITEM xx

**NORTHAMPTONSHIRE POLICE AND CRIME COMMISSION and
NORTHAMPTONSHIRE CONSTABULARY**

JOINT INDEPENDENT AUDIT COMMITTEE

20 JUNE 2016

| | |
|------------------|--|
| REPORT BY | Acting Head of Finance |
| SUBJECT | Value for Money under the 8 Principles |

Purpose of report

To consider the Force approach and arrangements relating to the management and consideration of Value for Money (VfM) both currently and forward looking from a Force and regional perspective.

The areas of VfM according to eight principles of Financial Management are as follows;

The process for allocating resources against desired outcomes is transparent and based on clear, quantified evidence;

Currently the Force seeks to match resource to outcomes on three bases;

- Historical understanding of demand management;
- Understanding of planned events, such as policing operations, intelligence lead policing and major events such as Silverstone;
- Growth requirements, aligned to both strategic aims (within the Polices strategic aims and Police and Crime Plan) and national trends such as online fraud and child sexual exploitation.

These items are all accounted for within the budget setting process and the Medium Term Finance Plan (MTFP). Delivery against expected outcomes are reviewed in the Organisational Performance Group (OPG)*, chaired by the Deputy Chief Constable and the Strategic Planning & Co-ordination Board (SPCB)*, chaired by the Chief Constable, where both operational and financial performance are considered together to enable effective decision making and policy decisions regarding reallocating budget and resources.

* Terms of References within Appendices 1 and 2.

Moving into the short term future;

- Within the Service Delivery Model (SDM), there will be additional layers of coordination to extend the ability to react to on-going operational delivery, by enabling managers to consider resources, including people and assets across the operational teams in totality. This will enable real time decisions on resourcing and then remapping those resources based on the evidence trends of demand in both the short and long term.
- The second string to this will be through SPCB, chaired by a the Chief Constable, enabling resource based decisions on a threat, risk and harm basis, with the MTFP information available to seek to effectively and efficiently manage resources within the financial envelope provided.

Risks to performance, improving processes and productivity are assessed. This is used to target improvement activity or develop contingency plans;

The force has worked in partnership with Process Evolution and using its analytical software, reviewed both back office functions and SDM operational processes to the Force to better meet demand and improve resource allocation. In doing so, each process is mapped with full resource implications understood, to enable management to effect change, which will include replacing, shifting and recruiting employees within the overall workforce mix (Officers, Staff & PCSO's) as required, dependant on the skills mix identified within the models, rather than historic skill apportionment assumptions.

In house expertise is being developed to use the modelling software that Process Evolution use so that we can implement a continual improvement programme that can monitor and respond to changes in demand. For example, remodelling of Safeguarding functions on a tiered service model to consider alternative work allocation and resourcing models will be progressed in house (i.e. further POLIT analysis which builds on the national evidence base for Op Hera adoption and victim identification can be considered in order to propose a range of resource and proactive intervention options). A demand analysis and shift pattern working group has been established to support the shift pattern review process to better align operational resources to demand. Phase 1 of SDM is looking at policing officer and PSCO resourcing in line with demand in Crime and Local Policing command and phase 2 will consider the wider position, workforce mix and process improvement opportunities. Pathfinder/Triaster will be used for the process modelling work but further mapping and data collection is required for this to be effective.

Operationally this will also be used to identify where we are able to manage both 'customer' and partnership working, by enabling us to reduce the impacts on victims. This will be achieved by managing their needs earlier, with the right resource, and by reducing other demands/ requirements on them such as repeat visits for witness statements through electronic statements and real time information available to staff liaising with them through improved Agile working.

The Service Delivery Model and the internal reporting hierarchy, such as OPG also reviews threats, risks, opportunities and weaknesses in the Force's ability to deliver effective performance and work levels by considering the most effective methods, including shift

patterns, which has been reviewed under SDM of workers across the 24/7/365 demand model. to ensure that work and resources are being allocated and managed in the most productive way for both the police and its 'customers'.

Services and support functions are tested against appropriate benchmarks to identify and tackle excessive costs or weak performance;

There has been a comprehensive review of service and support function capacity and effectiveness through the Tri Force collaboration project. This review has bench marked the Force against collaborating police forces, outsourced service providers and industry standards to ensure that proposed modelling meets;

- All known demands and enables capacity to manage unexpected fluctuations;
- Upper quartile performance, understanding that public sector demands (i.e. demands private organisations do not have) and legislation is likely to impede the ability to deliver leading performance;
- Performance needs and expectations across each of the three forces, understanding that each area has unique trends and demand maps, which both fluctuates and migrates at times between each force.

Within this process the financial models of each force have been and will continue to be analysed to consider outlying areas of inefficiency and capacity which will be reviewed in order to enable more effective resource management of costs across the three forces, and promote internal benchmarking and review as the process evolves.

Each Force is also reviewed annually through HMIC's Value for Money benchmarking report, which uses consistent statistics across the 43 forces to show how Forces compare in terms of relative efficiency and effectiveness.. The 43 forces are analysed using agreed principles to group forces that are most similar to allows better and more consistent benchmarking.. These statistics are then reviewed within known local differences, such as staff versus officers within call centres, to allow for areas of review, which are taken into option appraisal processes within savings and efficiency plans.

Public demand for services is understood and quantified, and informs deployment of staff;

Demand has been at the heart of both the SDM and Tri Force Collaboration reviews. Both of these considered external demand (public), the most efficient response to these, i.e. self-service portals, Force Contact Points and deployment of staff. Internal demand is also considered, which in turn impacts public demand, as this internal demand reduces the Force's ability to manage and respond to external demand. These reviews have modelled and considered staff skill sets, staff levels and management requirements. However, these models have not yet been fully implemented across the Force.

Therefore, currently the model relies on a one team approach across Northamptonshire within the SDM model and uses our demand history, which is extremely well understood and includes copious amounts of data about when crime occurs, the frequency of these, the trends within them and what crime types impact on the public. However, due to the nature of this information and the volume, it

has been difficult for all police forces to truly match resources to assumed demand. Traditional policing has enabled us to meet demand and trends such as town centres at the weekend or operations are well understood, as are summer or annual trends, where it is well understood or predictable. However, what at least appear random or infrequent events are much harder to track and meet, however, the Aspire project did seek to consider this by using an analytical tool to look at demand resource placements, however, because of the risks involved within threat, risk, harm policing and also at times influencing models involving regional partners. This has meant that pushing this model out organisationally or in specific areas has been unsuccessful and the SDM work is revisiting evidence based and demand managed policing as a centre piece to its resource and public needs.

Progress is being made regarding the design of a new Neighbourhood Policing Model, responding to threat, risk and harm. Neighbourhood matrix maps have been produced (with harm mapped to micro street level, taking into account crime harm, ASB harm and volume) to identify appropriate levels of resourcing to where the demand is. The approach being considered has been subject to independent review by the Principal Researcher for the College of Policing who positively endorsed the direction of travel.

Staff are used efficiently. Programmes to minimise waste and increase employee engagement are in place to support this (most likely through Continuous Improvement);

There have been several reviews, including ICan, Aspire, Plan B and Transformation, which have all targeted areas of inefficiency and reduced performance. Furthermore, the Performance Improvement Forum has sought to address individual and team areas of underperformance which require management action. However, with the re-invigoration of the Organisational Development panel and also the demands of managing a disparate workforce working 'Agilely', the Force is looking at new ways to engage and utilise staff. Never before has there been such a clear need to recognise that the health and wellbeing of organisations, employees and wider society are interconnected and it is recognised that this impacts the costs of long-term sickness and absence damaging their productivity. Employees now expect their employers to help them with their individual well-being and the law and public policy is driving employers to recognise their impact and responsibilities regarding employee health and wellbeing.

The one team SDM approach ensures that rather than using overtime or recalling officers to duty, they are able to use a single pool of resources across the Force to meet short term demand peaks and troughs.

End-to-end operational processes are focused on delivering for the customer, with data used to demonstrate this. Processes are streamlined, unbureaucratic and efficient;

As previously discussed, Process Evolution is seeking to remove all bureaucracy and inefficiency within the Forces processes, to enable better customer satisfaction, optimum resource management, and improved effectiveness to ensure that processes are neither duplicated or elongated.

This model allows for demand to be factored in and then processes tweaked to enable optimisation within the model and then altered for human and real life factors that inevitability

exist, such as sickness and backlogs due to prioritisation, which will ultimately diminish optimum performance.

There are several examples of this, where process improvements within the Multi Force Shared Service (MFSS) and operational policing such as courts interactions, have been reviewed to improve transparency if no further optimisation is possible. However, work is continuing to map all interactions and internal processes and outputs, particularly within MFSS to enable managers to make decisions to improve service outcomes that are deemed to be substandard or ineffective.

Goods and services are procured and supply contracts are then managed in a way that maximises value, including through taking advantage of central or collaborative procurement where appropriate;

The legal framework that public bodies work within ensures that we operate an open and managed procurement framework that delivers benchmarked services based on a Statement of Requirements, that allow Operational Contract Owners to hold service providers to account for non-provision of service or substandard products.

East Midlands Strategic Commercial Unit in collaboration with Leicestershire Police's procurement dept., operate a collaborative procurement programme that looks to maximise efficiency through single contract provision, offering VfM through economies of scale and effectiveness.

There are also examples of national procurement frameworks, such as the uniform project, which is seeking to ensure that all 43 Forces are purchasing from the same specification list and suppliers to enable better contract management and cost efficiencies and there are varying vehicle and IT frameworks that also enable Forces to group buying power.

The Transformation portfolio is also seeking to ensure that we review all existing contracts to deliver improved VfM through better supplier management such as Lyreco, where the Force has now stopped purchases outside of 14 core items. This is expected to deliver a 13% efficiency saving and has been extended across all other areas of spend, excluding specific items such as Estates and ISD contracts which are specifically being reviewed regionally or by national partners, to maximise efficiency and effectiveness.

Data is fit for its intended purpose and are used and published routinely, providing clear line of sight between consumption of resources, production of outputs and realisation of outcomes.

The Force has specific data management teams embedded within the Corporate Development Department, Finance and HR functions that specifically look at data integrity to ensure that information is robust and consistent across reports published Force wide. These reports better enable mapping of demands against outcome based decisions.

Furthermore the E-Services programme is seeking to manage information and its correlation more effectively using its underpinning technology SharePoint, which enables greater information sharing

on single versions of the truth. Improved systems architecture also enables better links between information sources and bases to allow greater real time and accurate reporting capability.

Overarching external opinion of VfM

Whilst HMIC recognised in 2015-16 that the Force did not effectively match resources to demand, this was an issue that was widely reported across Police Forces and within the 2016-17 review, it was acknowledged that the Force has moved forwards and now more effectively matches resources to demand. Furthermore, outcomes are reviewed to enable Business Benefit Realisation, however, the Force recognises that these are the first steps in a transformation plan to better management of assumed input to outcomes. This needs to be managed, understood and then lessons learnt for future business wide planning. Attached is a summary of the latest released HMRC VfM report.

Appendix 1



ORGANISATIONAL PERFORMANCE GROUP

PURPOSE

A meeting that will monitor and support the delivery of the control strategy, the police and crime plan and transform the organisation to be a good force aligned to the PEEL principles.

FREQUENCY

Quarterly (Jun, Sep, Dec, Mar)

TERMS OF REFERENCE

- Analysis of organisational performance under the (HMIC) principles of Police Efficiency, Effectiveness, Legitimacy (PEEL) and Leadership.
- Where relevant, commission evidence-based research into the cause of a performance issue and assist in formulating appropriate mitigation.
- Capture and disseminate lessons learnt from evidence based practice to include improvements in performance.
- Inform and realign resource allocation based on medium term threat, harm and risk.
- Through horizon scanning; identify, address and monitor emerging insights that will impact the force
- Commission and manage 'Qualitative Assurance Reviews' into force issues identified from the PEEL principles framework. To include the force crime investigation quality assurance framework.

- Monitor and evaluate the development and delivery of strategic plans (aligned to force priorities).
- To identify, assess and manage all risk to ensure that effective actions are put in place to mitigate the impact in line with the risk governance framework.
- Escalation to SPCB where performance risks continue above the threshold of 12 months, for strategic consideration, decision making and planning.

MEMBERSHIP

Chair: Deputy Chief Constable

Attendees: Assistant Chief Constable
Chief Superintendent
Supt. Corporate Services
Chief Officer Special Constabulary
Head of Prevention and Community Protection
Communities Manager
Director of Intelligence (*as required*)
Supt. Crime (*as required*)
Supt. Safeguarding (*as required*)
Supt. Local Policing (*as required*)
Supt. Demand Management (*as required*)
Head of Professional standards (*as required*)
Transformation Programme Manager
Force Programme Director (NICHE & Change Delivery)
HR Business Partner
Head of Finance
Head of ISD
Head of News & Communication
Head of Estates and Facilities
OPCC Representative

Delegates: Delegated members are able to attend who are empowered to make decisions on behalf of the business area.

Other roles invited to attend as required

East Midlands Operational Support Supt (EMOpSS)
East Midlands Specialist Operations Unit (EMSOU)
East Midlands Specialist Operations Unit – Forensic Services
East Midlands Criminal Justice Services SMT (EMCJS)

Advisors: Strategic Support Officer
Performance Manager

Risk and Business Continuity Advisor
Strategic Portfolio Manager (HMIC)
Principle Analyst
Workforce Planning and Reward Manager
Analysts

Support: PA Support (minutes)
Staff Officer

INPUT/INFORMATION REQUIRED

- Performance framework aligned to the PEEL principles
- Control strategy – threat and risk assessment
- Police and crime plan
- Financial Information
- Workforce planning data
- Demand profiles
- Horizon scanning
- Exception issues from TTCG (includes intelligence profiles)
- Strategic delivery plan updates and evaluation
- Operational risks from the risk register
- HMIC AFIs

The meeting will include (but not be exclusive to) all of the above.

OUTCOMES/PRODUCTS PRODUCED

- Clear vision and focus over the next quarter for the organisation
- Evidence framework for PEEL inspection
- Threat and risk assessment of the control strategy
- Strategic delivery plans
- Analysis reports for the evidenced based forum

AGENDA

1. Legitimacy - How legitimate is the force at keeping people safe and reducing crime?

- A. To what extent does the force treat all the people it serves with fairness and respect?
- B. How well does the force ensure that its workforce behaves ethically and lawfully
- C. To what extent does the force treat all the people it serves with fairness and respect?
- D. How well does the force understand, engage with and treat fairly the people it serves to maintain and improve its legitimacy?
- E. To what extent are decisions taken on the use of stop and search and taser fair and appropriate?

2. Effectiveness - How effective is the force at keeping people safe and reducing crime?

- A. How effective is the force at preventing crime, anti-social behaviour and keeping people safe?
- B. How effective is the force at investigating crime and managing offenders?
- C. How effective is the force at protecting from harm those who are vulnerable and supporting victims?
- D. How effective is the force at tackling serious and organised crime, including its arrangements for fulfilling its national policing responsibilities?

3. Efficiency - How efficient is the force at keeping people safe and reducing crime?

- A. How well does the force understand the current and likely future demand?
- B. How well does the force use its resources to manage current demand?
- C. How well is the force planning for demand in the future?

4. Leadership theme - How well led is the force?

- A. How well does the force understand leadership?
- B. How well does the force develop leadership?
- C. How well does the force display leadership?

Appendix 2

| | |
|--------------------|---|
| Meeting | Strategic Planning and Co-ordination Board. |
| Version | v1.2 |
| Date agreed | August 2016 |

PURPOSE

A strategic planning meeting that will ensure that activity and resources are aligned to achieving the objectives set in the Police and Crime Plan and reflect the strategic direction set by the Chief Constable in terms of the force's purpose, values and priorities.

FREQUENCY

Bi-annually (July and January)

TERMS OF REFERENCE

- Provide governance and direction to all force strategic planning activity and link into that of the OPCC. This will include governance of the force's organisational strategic assessment process and setting of force control strategy.
- Consider reports that outline strategic issues, risk and threats which are known or emerging or anticipated and ensure these are given due consideration in strategic decision making and planning. Please refer to 'Information Required' section.
- Inform and realign force priorities based on long term threat, risk and organisational assessment (escalation from POD).
- Consider and review strategic plans (aligned to force priorities) and make recommendations on preferred options going forward.
- Align resources to strategic priorities.

MEMBERSHIP

Chair: Chief Constable

Attendees: Deputy Chief Constable
Assistant Chief Constable
ACO Finance
ACO IT
ACO Human Resources
Supt. Corporate Development

Other roles invited to attend as required

Support: Strategic Support Officer
Performance Manager

INFORMATION REQUIRED

- Strategic forecast (long term performance and issues by exception)
- Police and Crime Plan
- Forward Plan - Medium Term Financial and Strategic Workforce Plans
- Horizon Scanning/Emerging Insights
- Strategic/Organisational Risks
- Transformational and Organisational Change – Programme
Investment & Resources
- Strategic Delivery Plans – issue/exception reporting
- Organisational Strategic Assessment

The meeting agenda will include (but not be exclusive to) all of the above.

OUTCOMES/PRODUCTS PRODUCED

- Strategic Planning Timeline
- Control Strategy Priorities
- Strategic Delivery Plans
- Strategic leads
- Strategic Threat and Risk Assessment
- Prioritisation of resources



Report to the Joint Independent Audit Committee 14 September 2016

Corporate Risk Register and Force Assurance Board

RECOMMENDATION

The Board is asked to note the updated position on corporate risks and the new Force Assurance Board.

1 PURPOSE OF THE REPORT

- 1.1 This report provides the Joint Independent Audit Committee with an update on the management of corporate risks within the Force and the role of the Force Assurance Board.

2 CORPORATE RISK REGISTER

- 2.1 There are currently fourteen risks recorded on the Corporate Risk Register. Ten risks are 'High' and four are 'Medium'.
- 2.2 The attached Monthly Risk Report shows the details and the current status of the risks.

3 FORCE ASSURANCE BOARD

- 3.1 The Force Assurance Board was introduced in August 2016 to provide assurance that the Force has adequate and effective governance measures and controls in place to manage any identified risks and issues.
- 3.2 The Board meets quarterly to consider any issues or areas of concern highlighted from the Corporate Risk Register, the Organisational Performance Group, the Transformation Programme, departmental risk registers and regulatory compliance.
- 3.3 In addition the Board monitors progress against actions recommended from internal or external audits, HMIC inspections, IPCC investigations and serious case reviews to identify any exceptions or areas of concern.
- 3.4 The Terms of Reference of the Board are attached together with the minutes of the August meeting and summary reports showing the status of recommendations from Internal Audits and HMIC Inspections.

EQUALITY, DIVERSITY AND HUMAN RIGHTS IMPLICATIONS

None

HUMAN RESOURCES IMPLICATIONS

None

RISK MANAGEMENT IMPLICATIONS

This is the purpose of the report.

ENVIRONMENTAL IMPLICATIONS

None

Author: Richard Baldwin,
Force Risk and Business Continuity Advisor

Chief Officer Portfolio Holder: Andy Frost, Deputy Chief Constable

Background Papers: Monthly Risk Summary Report – August 2016
Force Assurance Board Terms of Reference
Decision Record of FAB 25 August 2016
Summary of Internal Audit Recommendations
for JIAC 140916
160817 HMIC Recommendation Tracking



Force Assurance
Board ToR v4.0 August



Force Assurance
Board Decision Record



Summary of Internal
Audit Recommendations



Monthly Risk Report
- August 2016.docx



Force Assurance
Board Aug 16.docx



Force Governance
Board ToR 2016.docx

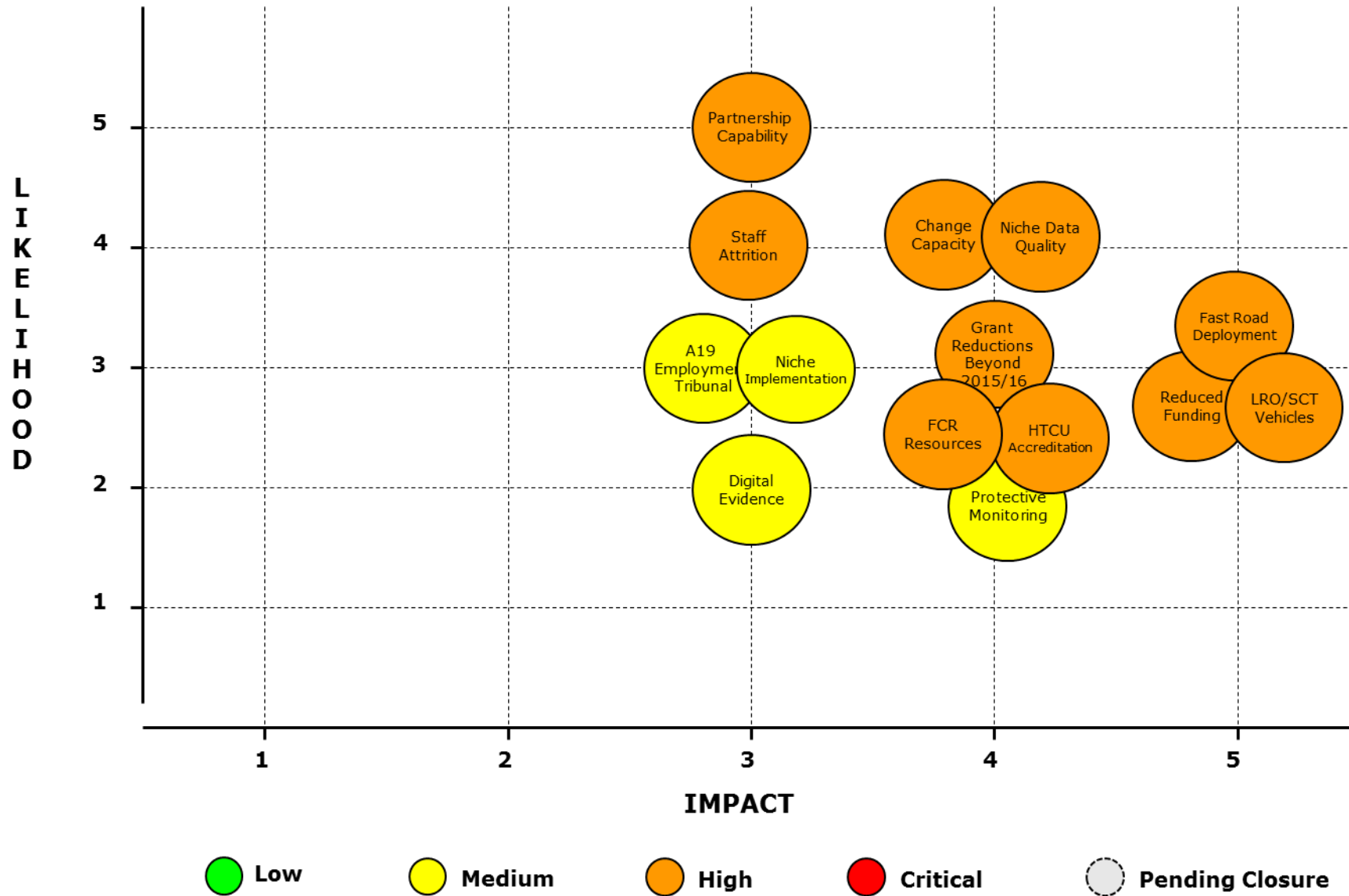


Risk Management Monthly Summary Report

August 2016

Corporate Risk Register

There are currently fourteen open risks on the Corporate Risk Register. Ten are 'high' and four are 'medium'.



Summary details are below:-

| Risk Ref. | Risk Score | L'hood | Impact | Description | Response Measures | Comments | Status |
|-----------|------------|--------|--------|--|--|---|--------|
| CR 60 | 16 | 4 | 4 | Reduced capacity and/or capability (i.e., financial, etc.) to deliver transformational changes that enable the Police and Crime Plan could result in a failure to meet operational or financial targets. | A Transformation Programme has been developed to plan and manage the required changes. The Force and OPCC are collectively working to address human and financial resource challenges, in addition to identifying priority work streams within the transformation agenda (while returning business as usual elements of the portfolio back to the operational business). | Funding and resources discussions will continue into the new fiscal year where significant funding pressures exist. It is anticipated the funding issues related to transformation will be held over until post-PCC election. | → |

| Risk Ref. | Risk Score | L'hood | Impact | Description | Response Measures | Comments | Status |
|-----------|------------|--------|--------|--|--|--|--------|
| CR 82 | 16 | 4 | 4 | The web form is the primary means of data input to Niche but lacks data validation consistently stringent enough to prevent input errors. Consequently the poor quality of some data being input to Niche compromises decision making and may affect operational activity. | <ul style="list-style-type: none"> • Development of Niche Dashboard App by ISD (for operational use to more easily identify outstanding tasks). • Development Niche Performance Dashboard by Corporate Performance Team (to monitor the trend of resolving the most significant data quality issues e.g. missing OIC and task information). • Offer to ISD to bring in an additional System Administrator for 6 months (to help address the location data integrity issues). • Recruitment of an additional local Data Cleansing Clerks (to support wider data integrity checking and resolution). • Extension of 2 x IMU Officers to the end of the financial year to undertake monitoring and feedback to operational staff (SDM review will consider ongoing. additional resource requirements) • Recruitment of an Auditor role to dip sample PO7s etc. • Web form Optimisation (phase 1 complete but further enhancements required). • Programme Team going through process of rationalising, streamlining and simplifying workflows, tasking and OELs. • Regional sessions being convened to consider business rules and mandatory fields. • Programme Team and EMCHRS providing further Staff Training and support. | The risk is still ongoing and a number of mitigation measures are being progressed and tracked through the Niche data quality sub-group. Comparatively, our data quality is in a better position than other EM forces but still not as good as we would wish it to be. | → |
| R 19 | 15 | 3 | 5 | Less funding available, both from public and private sources to enable the force to prepare for population growth. Also changes in demand/ demographics from growth could result in increases followed by delayed Council Tax receipts. | Bids for Innovation funding have continued to be made, with the Commission increasing council tax by 1.99%, if collection rates & the precept continues to increase & this is available to the Force to use for frontline policing, this reduces this associated risks. | Investment requirements to the Strategic Alliance & delayed savings could result in pressures on ability to delivery uniform current service levels to increased demand and populous. | → |

| Risk Ref. | Risk Score | L'hood | Impact | Description | Response Measures | Comments | Status |
|-----------|------------|--------|--------|---|--|---|--------|
| CR 59 | 15 | 5 | 3 | A reduction in partnership resources due to budgetary constraints means that the Police increasingly have to perform roles on behalf of partners which is diverting resources away from key policing functions. | Negotiation with partners to ensure commitment to providing adequate resources. Regional Service Level Agreement with EMAS to outline the standards and expectations of both services. Executive Group/COG to make decision on the position of the Force in relation to injured persons or transportation of injured persons as a result of EMAS non-attendance at scenes. | The triage work is ongoing with the Head of Safeguarding. Further meetings are to be held with partners to discuss closer ways of working. | ➔ |
| CR 78 | 15 | 3 | 5 | Response officers, who are not adequately trained, are deployed to incidents on 'fast roads', increasing the possibility of serious injury to themselves or members of the public. | EMCHRs LD tasked to develop a training package to deliver fast roads training to all LRO officers. Communication to all officers regarding risk assessment before deployment and wearing of high visibility clothing. Communication to Oscar 1 and 2 regarding risk assessment and deployments onto 'Fast Roads'. Issue of additional cones and signage to response cars. | Course dates for all response officers have now been agreed and officers planned in. New officers will obtain the skill as part of their standard driving course going forwards. | ➔ |
| CR 79 | 15 | 3 | 5 | LRO and SCT vehicles, without appropriate marking or equipment, are deployed onto fast roads increasing the risk of serious injury to officers or members of the public. | Transport to be tasked to 'cost' marking the current fleet. Equipment audit of existing fleet. Communication to all officers and staff regarding risk assessment and deployment. Additional cones and signage provided for response vehicles. | 10 new marked and compliant vehicles are arriving this month and a plan is in place to mark the existing fleet. | ➔ |
| CR 77 | 12 | 4 | 3 | The announcement of the Strategic Alliance, subsequent ending of PBS Consultation and the development of a new Service Delivery Model places additional pressure on already under resourced departments and increases the threat of staff attrition due to uncertainty over the future. | Agree a retention strategy. Recruit temporarily to key posts. Share post holders across 2/3 forces. | A lot of engagement work is being done. An outline business case around what the Enabling Services phase of the tri-force collaboration will look like is due by 10 October. The full business case is due in December. | ➔ |

| Risk Ref. | Risk Score | L'hood | Impact | Description | Response Measures | Comments | Status |
|-----------|------------|--------|--------|---|--|---|--------|
| CR 71 | 12 | 4 | 3 | <p>Grant reductions beyond 2015/16 have been announced as 1.3%, however, there is still an unknown top slicing effect, which could significantly increase this headline. The current range of possibilities are assumed to be - 1.3% to -6% which varies the deficit in year one from £0.95m to £4.3.</p> <p>A 1.3% cut would still equate to a roughly £13m savings requirement due to inflationary and emerging issues pressures, with a further need to invest around £10m in capital across the 5 years of the MTFP.</p> <p>Strategic Alliance savings are currently being firmed up, however, investment costs are likely to delay benefits until year 3 (2018-19), which puts pressure on revenue budgets until then.</p> | <p>Following decisions relating to the Service Delivery Model, the ACPO Team will continue to have to make key staffing decisions in late 2015 in order to balance the Budget for 2016-17.</p> <p>Longer Term, need to develop an affordable Organisational Design. Strategic Alliance should mitigate the impact in terms of consolidation and integration opportunities.</p> | <p>Options for staff need to be considered based on a proper consideration of threat, harm and risk, activity and demand analysis.</p> <p>Tri Force Collaboration, Transformation review of Supplies and Services and the Service Delivery Model savings are currently being firmed up, however, lead times and the scale of the changes are likely to mean in the year deficit of £1.7m is unlikely to significantly decrease and as such reserves are likely to have to be used to mitigate in year overspends.</p> | → |

| Risk Ref. | Risk Score | L'hood | Impact | Description | Response Measures | Comments | Status |
|-----------|------------|--------|--------|---|---|---|----------|
| CR 80 | 12 | 3 | 4 | <p>The Hi Tech Crime Unit fails to achieve ISO17025 accreditation by UKAS resulting in them possibly not being able to present evidence in court as experts leading to potential failure of prosecutions and associated risk of continued offending and reputational damage to the force and loss of public confidence.</p> | <p>Regional solutions are being developed for the legal entity and a quality management framework but it is not known at this stage whether these will be accepted by the accreditation body.</p> | <p>The validation for HDD for Derbyshire and Leicestershire was submitted on 21 June but UKAS have not yet given a date for pre-assessment of these forces. As a result of the submission UKAS have requested governance documentation and an organisation chart to show the influence and control that EMSOU-FS will have over the labs. There is concern that if this does not stand up to scrutiny the legal entity will not be accepted and each force will effectively become a standalone which would cause issues in terms of QMS, training, staffing requirements and time pressures.</p> <p>Of further concern is that the labs that are qualified to carry out the proficiency testing are currently located in the US with no such provision in the UK. This has not been costed for.</p> <p>There are also concerns that processes that sit outside of the HTCUC that will require accreditation such as RF Surveys, CCTV and Collision Investigation. Clarity is being sought as to which processes ENSOU are supporting so that, if necessary, a request can be made to EMCHRS for support around training and QMS for these processes.</p> <p>We are already seeing an impact on operational business as the 1 HTC examiner seconded to perform dip sampling as well as abstraction for training etc. has led to a rise in queues.</p> | <p>→</p> |

| Risk Ref. | Risk Score | L'hood | Impact | Description | Response Measures | Comments | Status |
|-----------|------------|--------|--------|--|--|---|--------|
| CR 83 | 12 | 3 | 4 | An abnormal number of staff leaving the FCR, coupled with increased seasonal demand and overspill demand from Leicestershire potentially resulting in insufficient capacity within the FCR to be able to effectively manage the call volumes being received. This could lead to a reduction in the level and quality of service provided to the public. | Bring the next intake of staff forward from October to August and fast track candidates currently going through the application process. Run a further recruitment drive in October. Approach Specials to identify any volunteers who might work in the FCR. | A new intake has commenced in August. Further discussion are to take place over the October intake as the FCR is currently above establishment on paper but with nine on maternity leave plus sickness. The FCR budget has a predicted £325k overspend which would increase further with the October intake. | → |
| CR 50 | 9 | 3 | 3 | An employment tribunal rules that the compulsory retirement of officers under Regulation A19 was unlawful resulting in financial compensation claims, damage to the Force's reputation and a reduction in public confidence | A Central London employment tribunal will determine if the use of A19 was lawful. Insurance reserve should cover the excess of £100k for each claim. | An appeal has been made to the High Court which will be heard on 31 January 2017 | → |
| CR 76 | 9 | 3 | 3 | Niche will replace the Case, Custody, Crime and Intelligence systems with a regional solution. This will require a substantial programme of work within a very aggressive timescale which will have a significant impact across the Force. | The programme identified and recorded a number of specific risks associated with the implementation. Response measures were identified for each of these risks and were monitored by the Programme Board. Most of those risks have been mitigated in preparation for and completion of implementation. | The implementation of Niche was completed as scheduled on 8 March including the successful transfer of historical records from FIS. Support and guidance will continue to be provided to operational users while they become more familiar with the system. Additional non-critical functionality and desired enhancements will be designed and delivered during an optimisation phase throughout the remainder of this year. | → |
| CR 49 | 8 | 2 | 4 | Limited capability to monitor systems use increases risk of misuse and potential reputational damage and loss of public confidence. | Introduce protective monitoring software to allow system use to be effectively and consistently monitored and audited. | A single SIRO has been appointed for the three Strategic Alliance forces who will be responsible for ensuring that all forces are fully compliant as there is an additional degree of shared risk from the move towards SA. It is hoped that a single solution for protective monitoring can now be adopted for both operational and financial reasons. | → |

| Risk Ref. | Risk Score | L'hood | Impact | Description | Response Measures | Comments | Status |
|-----------|------------|--------|--------|--|--|---|--------|
| CR 48 | 6 | 2 | 3 | There is lot of complicated evidential data held in a number of different locations and formats with no appropriate policies over use. There is a danger of mis-management of the data which could result in evidential data being compromised or lost. The Force is also in breach of the Data Protection Act due to keeping records beyond the period that we are entitled to. | To have a central repository where all digital data is held and managed appropriately. This will need a policy and procedure document producing. | A number of wider concerns relating to digital evidence have also been expressed by the Information Commissioners Office and in a joint report by HMIC and HM Crown Prosecution Service Inspectorate. It is hoped that a solution can be developed as part of the Strategic Alliance. | → |

'Status' key – ↓ risk decreasing, → no change, ↑ risk increasing



Northamptonshire Police Force Assurance Board Terms of Reference

Author: Corporate Services
Version No: 4.0 - Final
Date Written: 18 August 2016

Force Assurance Board

To provide assurance that the Force has adequate governance measures in place for the effective management of risk and to ensure compliance with all regulatory and statutory requirements.

Frequency

Quarterly

Membership

Deputy Chief Constable (Chair)
Assistant Chief Constable
Head of Corporate Development
Head of Professional Standards
Head of Estates & Facilities
Head of Finance & Asset Management
Head of Transformation
Senior Information Services Representative
Senior Human Resources Business Partner
Information Security Officer
Force Risk & Business Continuity Advisor
HMIC Liaison Officer
UNISON representative
Police Federation Representative

Others invited as necessary according to issues on agenda

Input / Information Required

- Reports summarising any significant changes, or areas of concern, with the risks relating to the PEEL strands, the transformation programme, collaboration, information security or any other organisational risks;
- Reports on any regulatory compliance issues or concerns (i.e. Health & Safety, Information Security, Financial Management, Police Regulations, Code of Ethics,

Terms of Reference

- To ensure that there are appropriate levels of assurance in place to enable the Force to deliver effective and efficient policing services;
- To ensure the effectiveness of procedures employed for the identification, assessment and management of risk;
- To ensure compliance with all regulatory requirements;
- To be the governance board for The Home Office Security Policy Framework (SPF);
- To ensure the adequacy of management responses to issues identified by audit activity, external inspections or national policy;

Agenda

- Review and any issues or areas of concern highlighted from the Force Risk Register, the Organisational Performance Group, the Transformation Programme, collaboration programmes, information security and operational risk registers;
- Review issues or areas of concern around compliance with regulatory requirements;

- Complaints etc.);
- A report on progress against management responses to audit recommendations highlighting any exceptions or areas of concern;
- A report on progress against management responses to HMIC inspection recommendations highlighting any exceptions or areas of concern;
- Force Assurance Map
- Review progress against internal and external audit recommendations and identify actions required to reduce any identified residual risks;
- Review progress against HMIC inspection recommendations and identify actions required to reduce any identified residual risks;
- Review Force Assurance Map to highlight any areas of concern;

Outcome / Product Produced

- Recommendations for additional actions where required;
- Summary reports on risk management, regulatory compliance, progress against audit recommendations and progress against inspection recommendations to the Accountability Board and the Joint Independent Audit Committee;
- Escalation of key issues and concerns to Force Executive Group.

**NORTHAMPTONSHIRE POLICE
FORCE ASSURANCE BOARD
DECISION RECORD FROM MEETING HELD ON
THURSDAY 25 AUGUST 2016 – 0930h – THE GREENWELL ROOM**

| | | | |
|------------|---|---|------------|
| 1 | PRESENT/APOLOGIES INTRODUCTION | Present: Andy Frost (Chair), Richard Baldwin, Mark Behan, Jenny Clarke, Andy Cox, Tim Driver, Carol Hever, Gez Jackson, Robert Judd, David McInally, Lyndsay Smith, Dave Spencer, Rachel Swann, Tanya Goulding (Decision Record) Apologies: Nick Alexander, Ryan Doyle, Clare Taylor AF welcomed to the new meeting looking at the exceptional risks to the organisation. To mitigate or eliminate any risks | |
| 2 | RISKS AND ISSUES | | |
| 2.1 | Performance Risks | Increase in volume of rape crimes The increase in volume of rape crime was raised as the key operational risk at the Operational Performance Group (OPG) and was also discussed at the Strategic Planning and Coordination Board (SPCB). RS provided an update on the current position and the performance in relation to rape will be monitored and overseen through the OPG. | |
| 2.2 | Organisational/Departmental Risks | AF reported that a number of department heads are not formally recording their department's risks. ACTION: All Department Heads are reminded of their responsibility for having their own department risk registers and formally recording risks. £1.7m budget deficit Raised at both OPG and the SPCB, and also raised with the OPCC. Every effort will be made in year to get the deficit to as near to zero as possible. Finance to provide more detail on the position at the next OPG. Conversations with the OPCC will continue. | All |

| | | | |
|-------------------|--|---|--|
| | | <p>Hi-Tech Crime Unit Accreditation Regional solution still being explored. This remains a risk.</p> <p>Estates Strategy: This continues to be an issue. A plan is being worked on a by the end of September 2016 we may be in a position to update staff of where they will based from September 2017.</p> <p>Staff Attrition Rates: A lot of engagement work is being done. An outline business case around what Enabling Services will look like is due by 10 October. The full business case is due in December.</p> | |
| <p>2.3</p> | <p>Transformation Programme Risks</p> | <p>E-Services – Impact of Regionalisation</p> <p>Insufficient skills to deliver the Digital Services programme. Also of concern is whether it is the right thing to deliver, considering the Tri-Force collaboration programme.</p> <p>Will know more following the Tri-Force Collaboration Board, who meet on 11 October.</p> <p>Remains as RED.</p> <p>Niche Work continues on the Niche issues around the functionality required to effectively audit the use of the system and the optimisation requirements to make the web form a more effective tool.</p> <p>Remains as RED.</p> <p>Police and Fire Interoperability Lack of productive engagement with unions, staff associations and labour organisations. Chris Hillery and Mark Ainge are doing a lot of work around this to support the development of the programme.</p> <p>Specials The focus is to retain and train the 600 Specials we do have. The recruiting process and training is currently being revamped. There is a risk we may</p> | |

| | | | |
|------------|-----------------------------------|---|---|
| | | lose a number during this process. ACTION: C/Supt Stamper to put out a positive message around the work being done around this. ACTION: The risk around the failure to meet the 900 target can now be removed. | Mick Stamper RB |
| 2.4 | Information Security Risks | TD provided an update on information security risks, of note: <ul style="list-style-type: none"> • Three incidences of Ransomware, contained with the assistance of ISD. ACTION: Message to be published highlighting caution required when opening attachments. <ul style="list-style-type: none"> • Op Evolution: Premises sharing is a potential risk. ACTION: TD to inform AC which departments and which systems are of concern. <ul style="list-style-type: none"> • MOPI Compliance – potential risk following the HMIC work on Building the Picture – looking at resolving our approach to this through the Tri-Force programme. • Implementation of the Government Marketing Scheme – Regional approach taken, managed by DCC Torr and we will go live 1 November. Comms being led by Lincolnshire. ACTION: TD to update AF when he has the comms/training information. | TD TD TD |
| 2.5 | Collaboration Risks | Any risks will become clearer after the 11 October Tri-Force Collaboration Board meeting. | |
| 2.6 | Wootton Park School | The operating risk of having a school on site will be owned by AC. | |
| 3 | REGULATORY COMPLIANCE | | |

| | | | |
|------------|--|---|--|
| | | Register. ACTION: RB to add to the Risk Register. | RB |
| 3.4 | Financial management | We are confident everything is on track to close our accounts by the end of September. ACTION: NA to confirm when they are closed. | NA |
| 4 | INTERNAL AUDIT ACTIONS | | |
| 4.1 | Summary of Actions by Exception | <p>RB took the meeting through the Red risks, of note:</p> <p>Transformation Programme Risk Register – AF confirmed each transformation programme now has a risk register. ACTION: This risk can now be closed.</p> <p>Procurement Risks 4.1 – 4.9 ACTION: NA to provide updates to RB by 31 August 2016.</p> <p>Core Financials 4.1 – 4.10 ACTION: NA to provide updates to RB by 31 August 2016.</p> <p>ACTION: RB to provide an overarching paper to go to JIAC by 1 September 2016.</p> <p>Change Management ACTION: The three observations can be closed as complete.</p> | <p>RB</p> <p>NA</p> <p>NA</p> <p>RB</p> <p>RB</p> |
| 5 | HMIC INSPECTION ACTIONS | | |
| 5.1 | Summary of Actions by Exception | <p>Consent sought to close the following recommendations:</p> <ul style="list-style-type: none"> • Crime Prevention Training – agree to close • Work with EMSOU to ensure there are proactive counter corruption processes are in place – agree to close • Introduce effective process to monitor and audit cases – agree to close • Capturing organizational learning – agree to close | |

| | | | |
|--|--|--|------------------|
| | | <ul style="list-style-type: none"> • E-CINS – C/Supt Stamper has been tasked by RS to work with Emma Hildreth around concerns about duplication, work not being actioned, who owns the system/data and data quality - recommendation remains open <p>ACTION: RB to add to the risk register.</p> <ul style="list-style-type: none"> • Counter corruption capability – agree to close • Regular reporting on custody data – recommendation remains open • Assess Governance of Firearms Licensing – measures in place address the recommendations given - agree to close • Increase in Resource Establishment - additional .5 post agreed until March 2017 - agree to close • Ensure that systems designed to identify, prior to police attendance, whether a reported incident involves or is at the address of a firearm certificate holder are in place – Two thirds of holders and addresses now on Niche – recommendation remains open • Understanding of Demand - recommendation remains open • Links between outcomes and outputs - recommendation remains open • ROCU capabilities - recommendation remains open • Common approach to assessment of serious and organised criminal threats - agree to close • Vulnerability initial assessment - agree to close • AFI 2 improve investigation of cases involving vulnerable victims - agree to close pending confirmation from Elliot Foskett that all work has been done. • Response to persistent and repeat missing children – Supt Murray has done some work on this - recommendation remains open • Ensure local teams have sufficient information to improve understanding of local communities - recommendation remains open • Ensure Taser trained officers properly understand and record decisions - recommendation remains open • CC to conduct a review of their complaints - agree to close | <p>RB</p> |
|--|--|--|------------------|

| | | | |
|------------|------------------------------|---|---------------------------------|
| | | <ul style="list-style-type: none"> • Stop Search assessments - agree to close • Serious and Organised Crime recommendations 9, 10, 11 & 12 - agree to close <p>ACTION: DS to chase any updates and update the paper by 1 September.</p> | DS |
| 6 | FORCE ASSURANCE MAP | <p>RB explained the Force Assurance intends to show the controls in place for high level risks.</p> <p>ACTION: All to review their risks to identify any gaps and update RB by 1 September 2016.</p> | ALL |
| 7 | ANY OTHER BUSINESS | None | |
| 7.1 | Feedback on Meeting | <p>AF expressed his thanks to RB and DS for the work preparing for this meeting.</p> <p>ACTION: All to provide any feedback on the meeting to RB.</p> <p>Additional items for the agenda:</p> <p>Risks and Issues Issues identified by IPCC Investigations – MB Serious Case Reviews – Steve Lingley</p> <p>ACTION: RB to note additional agenda items.</p> | ALL |
| 8 | DATES OF NEXT MEETING | 24 October 2016 at 0930h in the Greenwell Room. | RB ALL TO NOTE |

**Briefing Paper for the Joint Independent Audit Committee
Meeting on 14 September 2016**

Agenda Item 5: HMIC Reports

1. INTRODUCTION

- 1.1 Her Majesty's Inspectorate of Constabulary (HMIC) independently assesses police forces and policing across activity from neighbourhood teams to serious crime and the fight against terrorism – in the public interest.
- 1.2 HMIC operates a five stage monitoring process of police forces which informs the level of oversight they will have with an individual force.
- 1.3 HMIC produces a large number of inspection reports each year, both in its own right and through 'joint inspections' undertaken in partnership with other regulators. This activity results in a high number of recommendations, which may be local, general or national in application.
- 1.4 All recommendations and areas for improvement are captured by Corporate Development Department and project managed to ensure all are appropriately considered by the force and effective progress is monitored and maintained.
- 1.5 The purpose of this paper is to provide an overview of Northamptonshire Police's current standing with HMIC and an update on recommendations and areas for improvement to this Committee since the last briefing to the meeting of 7 march 2016.

2. HMIC Oversight

- 2.1 The HMIC Oversight monitoring process has five stages;
 - 1) Routine monitoring
 - 2) In depth analysis and monitoring by regional HMI (of those forces where routine monitoring identifies problems)
 - 3) Referral to the Crime & Police Monitoring Group (if the HMI is concerned that a problem is at risk of not being resolved)
 - 4) Concerns raised publically by HMIC (if the HMI has serious concerns that are not being resolved)
 - 5) Concerns escalated to the Home Secretary (in extreme cases, if significant concerns are not being addressed)
- 2.2 Northamptonshire Police had been at stage 3 of the HMIC monitoring process since 2013.
- 2.3 In July 2016 HMI Billingham was satisfied that her previous concerns around the Force's performance had been resolved so that she was able to recommend to the Crime & Police Monitoring Group the Force was deescalated to

stage 1 of oversight. This was accepted by the Chief Inspector of Constabularies, Sir Thomas Winsor and Northamptonshire Police is now only subject to routine monitoring.

3. BACKGROUND AND OVERVIEW

- 3.1 Only HMIC inspections published during 2014 onwards (i.e. not joint inspections) are in scope.
- 3.2 Only Recommendations & Areas for Improvement (i.e. not "findings" or other commentary) are in scope.
- 3.3 The process will not duplicate or add further tiers to existing, effective scrutiny of the progression of HMIC recommendations within the force.
- 3.4 2016 has seen a significant reduction in the level of inspection of HMIC conducted by HMIC.
- 3.5 In July 2016 the HMIC completed their PEEL Efficiency, Legitimacy & Leadership Inspection of Northamptonshire Police.
- 3.6 The 'Hot Debrief' of the Efficiency, Legitimacy & Leadership briefing was positive and the Force is hopeful of receiving a Good rating.
- 3.7 The Efficiency, Legitimacy & Leadership Report is expected to be published in November 2016.
- 3.8 The PEEL Effectiveness Inspection will be conducted during the week commencing 7 November. This inspection will seek to answer the following questions;
 1. How effective is the force at preventing crime, tackling anti-social behaviour and keeping people safe?
 2. How effective is the force at investigating crime and reducing re-offending?
 3. How effective is the force at protecting those who are vulnerable from harm, and supporting victims?
 4. How effective is the force at tackling serious and organised crime?
 5. How effective are the force's specialist capabilities?
- 3.9 A quantitative overview of 'progress' is as follows:
 - March 2015:** 17 'live' Recommendations out of a total of 127 across 6 inspections.
 - June 2015:** 18 'live' Recommendations out of a total of 153 across 8 inspections.
 - Oct 2015:** 15 'live' Recommendations out of a total of 197 across 13 inspections.
 - Jan 2016:** 21 'live' Recommendations/Areas for Improvement out of a total of 236 recommendations/AFIs across 20 inspections
 - March 2016:** 37 'live' recommendations and areas for improvement out of a total of 258 that have been made since January 2014.

- 3.10 All live recommendations and AFI's are now considered by the Force Assurance Board. All 37 live actions were considered by this Board on 25 August and 11 were discharged.
- 3.11 As of **September 2016** there are 26 'live' recommendations and AFI's. An overview of these and the 11 recently discharged recommendations are attached at annex A.
- 3.12 While there appear to be no critical risks at present, this does not imply that all recommendations are either fully complete or complete within the (often rather notional) timescales set by the inspectorate.
- 3.13 Most importantly, while Recommendations are by nature retrospective and focussed on ameliorating past practice, Inspections bring new expectations and requirements. As a result, progress against past recommendations is no guarantee of high performance in future inspections.

Dave Spencer C/Insp
20 February 2016

Annex A

HMIC Recommendation Monitoring

All recommendations made and areas for improvement identified by HMIC are subjected to robust oversight to ensure effective consideration and response by the force Corporate Development Department. Listed below are the recommendations and areas for improvement where improvement work is ongoing or are subject to monitoring.

| INSPECTION: Core Business National Report | | | |
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| FULL TITLE: Core Business: an inspection into crime prevention, police attendance and the use of police time (Sept 14) | | | |
| 8 | <p>Not later than 1 September 2015, all forces should provide and periodically refresh basic crime prevention training for officers and staff who come into contact with the public.</p> | <p>23/12 update from L Jones PCP: Prevention is now back in new recruit training and the first session has been delivered.</p> <p>Proposed action: continue to monitor to check positive changes (a) become embedded and (b) cover the breadth of staff anticipated within this Recommendation, i.e. not just recruits.</p> <p>Update from Laura Jones; My only other update on this is that this needs reviewing once the SDM is embedded and once the Sector Officers/PCSOs are identified we need to deliver a training to existing staff.</p> <p>In addition we are in the process of writing a number of prevention guides which will be available both internally and externally to help members of the public help themselves before falling victim, and to assist in all officers and staff being able to access basic crime prevention advice to answer queries and add value to contact with members of the public – these are a few months off of completion. (1/3/16)</p> <p>Update 24 Aug 16 (Charlotte McLeod) Crime prevention training is delivered to new recruits on a</p> | <p>M Ainge</p> <p>Change of lead to Gary Ashton & Charlotte McLeod</p> |

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| | | <p>regular basis.</p> <p>The Crime Prevention team are now finalising a library of crime prevention guides that will be made available online for the public to provide advice about preventing crime and keeping safe, as well as being easily accessible to officers in order to provide this advice when responding to a wide range of crime types.</p> <p>As part of the strategic planning for the Prevention and Community Protection department, we are currently reviewing further crime prevention training to officers and staff beyond the recruitment stage.</p> <p>Force Assurance Board view: Action to continue until library is completed, published and promoted & a proposal for crime prevention training is produced. (25 Aug 16)</p> | |
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INSPECTION: Police Integrity and Corruption

FULL TITLE: Police Integrity and Corruption Northamptonshire Police (published November 14)

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| 1 | <p>Within six months, the force should work with the EMSOU to ensure that there are proactive counter-corruption processes in respect of all staff posted to the EMSOU.</p> | <p>This recommendation has now been remitted to the Strategic Alliance Team. It is retained locally for monitoring purposes only.</p> <p>Update from Supt Meagher: EMSOU are leading on this and HoPSD Rachel Walker in Derbys is leading for the 5 forces, via regional Counter Corruption Unit Forum.</p> <p>In essence all 5 forces have their own processes to transfer staff into EMSOU, if they are subject to misconduct investigation they are returned to their own force, to be dealt with by their own PSD, under their own Chief Constable.</p> <p>When we know an officer is transferring to EMSOU we will conduct the relevant CCU checks before they are offered the post. Clearly the S/A may explore the opportunity for a 3 force CCU and who knows we may be brave and have a regional CCU going forward!</p> <p>Mark Behan will oversee going forward. (1/3/16)</p> <p>Update 17th August 2016.</p> | <p>Supt Behan</p> |
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| | | <p>Tri -force collaboration is looking at a combined CCU. The EMSOU debate is slightly removed from this but is covered in the regional forum. Leicestershire coordinate EMSOU complaint issues working with the home force with the home force acting as appropriate authority I required. Proactivity is conducted by all forces applying the same processes to EMSOU officers as to inforce officers with monitoring / system checks and balances / proactive campaigns/ whistleblowing systems.</p> <p>Force Assurance Board view: Action discharged (25 Aug 16)</p> | |
| 4 | <p>Within six months, the force should ensure that it has an effective process to monitor and audit the decision-making process and record keeping for intelligence relating to professional standards and misconduct.</p> | <p>December update: There is an obvious risk of me personally monitoring and auditing as if I did I would be self-policing. I agree audit should occur and it is something that needs to be considered if we move forward into a strategic alliance/regional CCU, which is the way forward due to the capability and capacity of CCU's. I will discuss in the new year with the DCC.</p> <p>Update from Supt Meagher: This is something that we can look at with potential for a strategic alliance. The CCU reports into me (soon to be Mark) as the decision maker. If necessary it can be escalated to DCC Frost. We do have a CCU tasking process but the reality is we are "too small" as a unit with limited capacity. This can be put forward for closure. (1/3/16)</p> <p>Update from Supt Behan A process has now been introduced whereby a case is presented to DCC Frost to provide a final layer of quality checking. (17 Aug 16) Force Assurance Board view: Action discharged (25 Aug 16)</p> | <p>Supt Meagher</p> <p>Lead change to</p> <p>Supt Behan</p> |

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| INSPECTION: PEEL Crime | | | |
| FULL TITLE: Crime inspection 2014 Northamptonshire Police (published November 14) | | | |
| 4 | <p>Within six months, Northamptonshire Police should ensure that there are methods in place to:</p> <p>(a) systematically capture learning and good practice in crime prevention and local problem solving; and</p> <p>(b) share learning and good practice across the force.</p> | <p>Update from C/Insp Spencer A new operational memory toolkit has been launched</p> <p>This new toolkit seeks to capture and share good work with the rest of the organisation. Often the challenges faced in one part of the force are similar to those faced elsewhere in the county and the sharing of tactics, evaluations and the resulting learning will help everyone to develop and improve performance.</p> <p>All officers and staff who run an operation to reduce crime and/or ASB should submit a copy of the Operation Order to Chief Inspector Dave Spencer for inclusion in the toolkit. Upon completion of the operation an evaluation should also be submitted on Form 1485 - Evaluation of Crime and/or ASB Reduction Operation.</p> <p>This does not apply to covert or confidential operations. (Jan 16)</p> <p><i>Proposed action: retain and monitor progress over next period</i></p> <p>Update from C/Insp Spencer</p> <p>Process is ongoing and sustainable and addresses the initial concerns of this action. Wider work to develop this further within EBP framework and enhanced capability within the new Force Intranet. (20 Aug 16)</p> <p>Force Assurance Board view: Action discharged (25 Aug</p> | C/Insp Spencer |

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| 5 | <p>Within 3 months, Northamptonshire Police should review the use of E-CINS and by March 2015 should have developed and commenced the implementation of an action plan to ensure relevant officers and police staff are using the system to assess and record risks and protect vulnerable people.</p> | <p>A training schedule is in place which is facilitated by Police, to train identified police and partner staff to expand the use of the system.</p> <p>Further police use of the system has been identified, and ECINs going forward will be used within IOM and alcohol licensing – these 2 projects are being led by the relevant teams.</p> <p>Funding for ECINS has been secured, via the County Chief Executive Group, up to August 2016, along with the provision of an ECINs development Post.</p> <p>23/12 update from L Jones PCP:</p> <p>ISA has now been reviewed and new partners continue to join to utilise the system.</p> <p>Proposed action: continued monitoring</p> <p>Update from Laura Jones; We continue to experience significant issues with users of the system not logging on, and recently it has been identified that there is a lack of Sgt overview of ASB cases on ECINs, as well as issues with team administrators not cleansing the system and removing users when individuals move on to different teams.</p> <p>This is very much still work in progress, it needs senior leadership buy-in and communications and in my view this would best come from the leaders within the teams who are not using the system. Details for the different teams will be sent to Chris Hillery and Gary Ashton in the forthcoming weeks.</p> <p>We are also looking at a mechanism to communicate directly with users as oppose to general communications. On the ground the ASBUs continue to promote and bring on board Sectors which is having some success in some areas.</p> <p>At a partnership level, we continue to get new partners on board,</p> | <p>M Ainge</p> <p>Change of lead to</p> <p>Gary Ashton & Charlotte McLeod 17/8/16</p> <p>C/Supt Stamper added as a lead (25 Aug 16)</p> |

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| | | <p>however there are issues with partners commissioning different systems. This has been raised to Martin Hammond, KBC and chair of ASB and Hate Crime Board to take forward with Chief Executives. (1/3/16)</p> <p>Update 24 Aug 16 (Charlotte McLeod)</p> <p>As at August 2016, there are 27 teams within Northamptonshire Police using E-CINS, including the RISE Child Sexual Exploitation team, Anti-Social Behaviour Units and the IOM Unit amongst others. In addition to these, there are over 65 partner organisations signed up to E-CINS including Voice, schools, and borough and district councils. 46 training sessions have been delivered by the E-CINS Development Officer since March 2016. An action plan is in place led by the E-CINS User Group, which is made up of SPOCS and representatives across signed up organisations.</p> <p>The partnership is currently reviewing the future governance and management of ECINS, as there is a lack of strategic ownership to drive forward this agenda and embed the use of E-CINS across the Force and partners. A partnership Strategic Group is therefore being introduced which Chief Supt. Mick Stamper will be attending.</p> <p>Further plans include introduction of a Quality Assessment/Audit guide for SPOCS within each organisation to ensure the use of the system, and information, is being monitored and assessed effectively.</p> <p>Force Assurance Board view: 25 Aug 16</p> <p>This action to remain open pending the work by C/Supt Stamper until the strategic ownership and governance issues are resolved.</p> | |
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| INSPECTION: Integrity Matters |
| FULL TITLE: Integrity Matters – An inspection of arrangements to ensure integrity and to provide the capability to tackle corruption in policing (published Jan 30th 2015) |

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| 12 | By 31 August 2015, all forces should ensure they have the necessary capability and capacity to develop and assess corruption-related intelligence in accordance with the authorised professional practice. | <p>December 15.</p> <p>The Approved Professional Practice referred to in the recommendation was not published until October 2015. This is now being considered to ensure processes are aligned to it.</p> <p><i>Action – continued monitoring.</i></p> <p>Update from DI Brayfield: The APP is split into 3 parts, Intelligence, Prevention and Enforcement.</p> <p>I am in the process of reviewing the documents to effectively benchmark where we are as a Force.</p> <p>I estimate this will take another month to complete. I will be able to update you thereafter. (1/3/16)</p> <p>Update 16th August 2016</p> <p>The CCU resources were significantly enhanced in the 2015/2016 year in response to HMIC and APP advice.</p> <p>The unit is now comparable with regional force capacity and capability. The recent HMIC legitimacy inspection is expected to recognise the CCU as an excellent unit with a series of good practices</p> <p>Force Assurance Board view: Action discharged (25 Aug 16)</p> | Supt Behan |
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| INSPECTION: The Welfare of vulnerable people in police custody | | | |
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| FULL TITLE: The Welfare of vulnerable people in police custody (published March 2015) | | | |
| 3 | Regular reports on custody, including the data above, should be provided routinely by forces for consideration by the police and crime commissioner and be published on PCC's websites, to demonstrate to the public that the police are delivering services to communities on a fair and transparent basis. | <p>For regional custody and local performance leads to consider/provide any interim update on.</p> <p>Custody data is not part of the Police and Crime Plan Dashboard reported each month but could be incorporated if needed.</p> <p>CDD Update September</p> <p>This has been discussed with the OPCC, which is awaiting learning from other OPCCs prior to implementing this matter. CDD seeks to meet with OPCC to understand their plans for progressing the letter and/or spirit of this recommendation.</p> | <p>Ashley Liggins / C Insp Purdie</p> <p>Change of lead to Sarah Crampton</p> |

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| | | <p>Update from Ashley Liggins: This is not currently being requested or progressed. As with the above update, this will be on hold now until the significant amount of work for NICHE is completed. (1/3/16)</p> <p>Update by Sarah Crampton 23/8/16 – All custody reporting requires redevelopment with the introduction of NICHE. Regional colleagues will be looking to build a regional performance framework which we will be able to publish if appropriate. Timescales for this work are currently unknown. (23 Aug 16)</p> | |
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| INSPECTION: Targeting the risk | | | |
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| FULL TITLE: Targeting the risk – An inspection of the efficiency and effectiveness of firearms licensing in police forces in England and Wales (published September 2015) | | | |
| 1 | <p>Within three months, all chief constables should assess how well the governance of firearms licensing in his or her force meets the standards set out in Authorised Professional Practice. Chief constables of forces where the governance standards are not being complied with should put in place immediately the correct arrangements and procedures in order to meet the standards in full.</p> | <p>December update: DCC Roach, FELWG Strategic Group regional rep: DCC Roach is to write to all Chief Officers re governance and demand on Firearms Licensing when she circulates the minutes from the Strategic Leader’s meeting. There is, at present, no national agreement re level of governance. However, Ch Insp Lamb, Police Scotland, is to provide Mr Marsh (CC Hampshire, Chair of Firearms and Explosives Licensing Working Group) with recommendations in relation to the governance structure. Hopefully, we will then get national guidance on this. A Governance meeting is to be arranged with FLM and Supt Spicer early in the new year.</p> <p>Outcome → continued monitoring.</p> <p>Update from Bridget Hodgson; Matters discussed with Supt Bell and DCI Spicer. It is anticipated that an agreed national governance structure will emerge from the FELWG meeting on the 20th April 2016. (1/3/16)</p> <p>Update from Bridget Hodgson 22/08/16: No national recommendations released as yet, further FELWG meeting on 6 September. Meanwhile still hold regular meetings with line</p> | <p>Supt Bell/ Bridget Hodgson</p> |

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| | | <p>manager, etc., and MTM meetings where performance/demand are discussed.</p> <p>Update from Supt Bell (22/Aug 16) I recommend this action is discharged. We have now implemented sufficient governance and will reconsider our position when any future National Guidance is published.</p> <p>Force Assurance Board view: Action discharged (25 Aug 16)</p> | |
| 4 | <p>Within three months, all chief constables should assess the demand placed on their firearms licensing department and ensure it has the capacity to meet this demand and provide an efficient and effective service at all times.</p> | <p>SEPT – As at Rec 1 (above).</p> <p>December update:</p> <p>It has been agreed to reinstate the .5 FEO post, this has been agreed to April 2016, funding being identified at present to continue with this post. Due to high volume of workload re contentious issues/high-medium risk holders, FLM approached HR to request possibility of officer on light duties to assist – no-one available at present but HR will advise if situation changes.</p> <p>Outcome/rationale: initial reinstatement of resources secured, but may be subject of reversal post April 2016 → retain for update during/after April</p> <p>Update 22 Aug 16 (Supt Bell)</p> <p>The additional 0.5 post has been agreed to continue until March 21017.</p> <p>Force Assurance Board view: Action discharged (25 Aug 16)</p> | <p>Supt Bell/ Bridget Hodgson</p> |
| 13 | <p>Within three months, all chief constables should ensure that systems designed to identify, prior to police attendance, whether a reported incident involves or is at the address of a firearm certificate holder are in place and are always applied by staff dispatching officers to incidents; and that officers understand the risk assessment which they should be undertaking in such circumstances, and their power, when appropriate, to seize firearms and firearm certificates.</p> | <p>SEPT – As at Rec 1 (above).</p> <p>December update:</p> <p>Due to different gazetteers in NFLMS and STORM, occasional addresses may not have the flags. FLU are advised through Gucci update if address is not linked and we manually manage this to ensure flags are placed on these addresses. FLM liaising with Niche team at present to ensure no further issues will arise when we got on to Niche which will impact</p> | <p>Supt Bell/ Bridget Hodgson / FCR</p> |

officer/public safety.

FO entry shortly reminding officers of actions to be taken re firearms seizure during domestic/violent incidents.

Outcome/rationale: Although the above represents a tenable approach at present, the importance of this Rec to public and officer safety suggests that it should remain open and subject to further light touch monitoring to ensure that the transition to Niche effectively automates the appearance of relevant flags on C+C systems.

Update from Bridget Hodgson: Jeff Winfield is at present working with Matt Ball to ensure all holders are flagged before records transferred to Niche, there is an issue at present in that refused/revoked and cancelled holders are still on the system and are on NFLMS so we could end up with flags on these persons. I have no issue with warning flags remaining on refused/revoked persons but FLU staff may need to carry out some manual removal/change of flags on the cancelled to show that no firearms should be in possession. (1/3/16)

Update from Bridget Hodgson 10.5.16: Still an issue at present over addresses not being linked to STORM from NFLMS, the work done by Matt Ball for an automatic update before changeover to Niche was not possible – a list has been supplied by Matt and addresses that appear on both systems have now been flagged. We are working on a fix for the remaining addresses. However, FCR staff are aware that all information on firearms holders and addresses/firearms held is available in FCR on NFLMS and PNC. (STORM only gives information on addresses where firearms held – not holders - NFLMS/PNC should also be checked where applicable in case certificate holder involved in incident away from home address – eg domestic where holder goes to address of estranged partner, etc).

Update 19 August from Supt Murray.

I held a task and finish group to resolve these issues. The work required necessitated a change at the firearms licencing end. The

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| | | <p>word set for domestic incidents was changed to include firearms and plug the gap. The main issue was persons who visit the county and store firearms at a nominated location (parents house etc). Bridget should be able to inform if this is resolved.</p> <p>Update from Bridget Hodgson 22/08/16: BCR ongoing – two-thirds of holders and addresses now on Niche. FLU staff have taken over management of flag updating as part of normal process. Still manually managing the STORM/NFLMS address issue.</p> <p>Force Assurance Board view: Action to remain open until a full update of Niche has been completed and then reconsider. (25 Aug 16)</p> | |
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| INSPECTION: PEEL: Police efficiency 2015 An inspection of Northamptonshire Police | | | |
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| FULL TITLE: PEEL: Police efficiency 2015 An inspection of Northamptonshire Police (published October 2015) | | | |
| AFI 1 | <p>The force should undertake further work to gain a fuller understanding of current demand for its services, and likely future changes in demand. This is so it can make best use of its resources by matching them to demand to meet the needs of the public</p> | <p>This is being developed within the Service Delivery Model project who are considering four demand types;</p> <p>Public demand - The things the public ask us to do.</p> <p>Protective demand - The things we do, without being asked directly, to protect the public and their property.</p> <p>Internal (value) - The things we do that, whilst not falling in to the above categories, contribute directly to the servicing of public or protective demand.</p> <p>Internal (waste) - The things we do that do not service public or protective demand and do not directly contribute to their servicing.</p> <p>The above work will identify what the organisation is doing now, what it wishes and needs to do in the future and the type of skills (capability) it will require to do this. Once the skills are established a gap analysis can take place and a workforce development plan written.</p> <p>UPDATE 22 August 2016 (Andrew Wilson)</p> | <p>M Stamper</p> <p>Change lead to</p> <p>Andrew Wilson</p> |


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| | | <p>Phase one of the SDM concerns five key areas of business:</p> <ul style="list-style-type: none"> • Response • Neighbourhood • Safeguarding • Crime Management and Investigation • Preliminary work on Demand and Contact Management <p>Process Evolution have been engaged to understand current demand and review resourcing levels accordingly regarding Response, Safeguarding and Investigation. In house skills are being developed to use the Process Evolution software to develop this work to be inclusive of wider/hidden demand and model against different service provisions. In addition, analysts have produced a Vulnerable Localities Matrix to seek to align Neighbourhood and community resources to areas of greatest harm and this approach has been endorsed by the College of Policing Principal Researcher. The intention is for in house analytical skills to be developed to ensure that a continual improvement approach can be taken, with monitoring in place to review demand and consider if further changes in resources are necessary.</p> <p>Force Assurance Board view: Action to remain open and to be progressed within the Service Delivery Model work. (25 Aug 16)</p> | |
| AFI 2 | The force should develop its understanding of the links between its outcomes, outputs and costs | <p>This is included within the Service Delivery Model project</p> <p>UPDATE 22 August 2016 (Andrew Wilson)</p> <p>Key aims for the SDM are to protect people from harm by matching resources to demand and to use a systems thinking approach to streamline our processes where possible. The objective is for victims and witnesses to be given a better service and not passed to lots of different people. This will include a focus on:</p> <ul style="list-style-type: none"> • Focus on improved resolutions • Focus on improved victim satisfaction • Early Intervention | <p>M Stamper</p> <p>Change lead to</p> <p>Andrew Wilson</p> |

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| | | <p>The outline business cases being developed in September and October will cover this element.</p> <p>Force Assurance Board view: Action to remain open and to be progressed within the Service Delivery Model work. (25 Aug 16)</p> | |
| AFI 3 | <p>The force should develop a future workforce plan that is aligned with its overall demand and budget. The plan should include future resource allocations, the mix of skills required by the workforce and behaviours expected of them.</p> | <p>This is included within the Service Delivery Model project</p> <p>UPDATE 22 August (Andrew Wilson)</p> <p>As above. Training needs assessments will be undertaken prior to skills based selection processes should resources need to be realigned to demand. A comprehensive implementation plan will be developed, with support of BDAs, to deliver a successful change, including a focus on culture and behaviour.</p> <p>Force Assurance Board view: Action to remain open and to be progressed within the Service Delivery Model work. (25 Aug 16)</p> | <p>M Stamper</p> <p>Change lead to</p> <p>Andrew Wilson</p> |

INSPECTION: Regional Organised Crime Units

FULL TITLE: Regional Organised Crime Units A review of capability and effectiveness (published December 2015)

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| 3 | <p>By 30 June 2016, every police force in England and Wales should publish an action plan that sets out in detail what steps it will take to make maximum use of the ROCU capabilities, minimise duplication at force level, and ensure that the use of shared ROCU resources are prioritised between regional forces. This action plan should be developed:</p> <ul style="list-style-type: none"> <input type="checkbox"/> in consultation with police and crime commissioners, ROCUs and the ROCU executive board; <input type="checkbox"/> with regard to both local force priorities (in particular, as specified in the relevant police and crime plan) and National Crime Agency (NCA) priorities; and <input type="checkbox"/> with regard to the other recommendations contained in this | <p><i>Requires a degree of action at a local level.</i></p> <p>December update:</p> <ul style="list-style-type: none"> i) DOI opts for this to be monitored by STCG rather than CSIG. ii) Update in essence: work ongoing in conjunction with regional colleagues. <p>Update from Supt Bell: The ROCU have their own action plan,</p> | <p>Supt Bell / Supt Fosskett</p> |
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| | report. |  HMIC Recommendations.xls Their update in respect of this action is, 'Head of Crime in each Force area to assess areas of duplication in relation to locally held resources with assets that are also held at the ROCU and produce a force bespoke plan to reduce this duplication. ROCU resources are already appropriately managed and prioritised through RTTCG in the East Midlands.' Flagged up to Supt Foskett (1/3/16) | |
| 8 | By 30 June 2016, all ROCUs, forces and the NCA should adopt a common approach to the assessment of serious and organised criminal threats. | <i>Requires a degree of action at a local level.</i> December update: i) DOI opts for this to be monitored by STCG rather than CSIG. ii) Update in essence: work ongoing in conjunction with regional colleagues. Update from Supt Bell; The EMSOU ROCU currently uses the MORILE threat matrix and OCGM both of which are being adopted nationally. Heads of Crime in each force area to ensure that MORILE and OCGM are used as standard in relation to the assessment of threat related to OC. I can confirm that Northants have also adopted the MORILE threat matrix, we used for this year's Strategic assessment. We are also compliant with our OCGM. (1 March 16) Force Assurance Board view: Action discharged (25 Aug 16) | Supt Bell |

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| INSPECTION: PEEL Vulnerability – Northamptonshire Police | | | |
| FULL TITLE: PEEL: Police Effectiveness 2015 (Vulnerability) – An inspection of Northamptonshire Police (published December 2015) | | | |
| AFI 1 | The force should improve its initial assessment of risk to vulnerable people by ensuring its staff who take calls are appropriately-trained. | 23/12/15 response via Supt Murray: All FCR Call Handlers/Dispatch/Police Officers have received THRIVE training. This assists in identifying vulnerability and the most appropriate resource to attend the incident. All New Students | Supt Murray |

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| | | <p>into the FCR received THRIVE and NDM training. All Children in Care are treated as missing and a minimum incident grading of prompt.</p> <p>Lessons learnt from IPCC/PSD complaints are shared to all staff and officers in the FCR to prevent future occurrences.</p> <p>Keep Safe Cards issued to vulnerable people are logged on FIS so call handlers have pertinent information on how best to deal with the caller.</p> <p>Disability Line direct to Call Handlers with nature of disability on FIS for call handlers to look at.</p> <p>CPD days planned for 2016 will continue to embed importance of identifying vulnerable callers. The missing persons policy has been reviewed to ensure that checks are made at Inspector level both within the FCR and by the duty CADRE for missing persons.</p> <p>Update 19 August 2016 from Supt Murray The above actions have been completed and embedded. This action can be closed.</p> <p>Force Assurance Board view: Action discharged (25 Aug 16)</p> | |
| AFI 2 | <p>The force should improve its investigation of cases involving vulnerable victims, including rape, by ensuring that it carries out investigations to the required standards with proper supervision and recording of plans and actions.</p> | <p>December update:</p> <p>A rape training program has been developed for 2016 with a scenario based approach. The force has a rape lead at DCI and DI level and now works closely with the judiciary and cps on case learning.</p> <p>Update from Supt Lingley (Feb 16)</p> <ul style="list-style-type: none"> • Training program has taken place • New rape problem profile supporting investigative knowledge of the threats • New Rape subgroup with action plan which includes investigative improvements and exploring with the cps prosecutions not supported by victims • Rape lead is now embedded within the CID model supporting staff development and post charge case work | <p>Supt Lingley</p> <p>Change to</p> <p>Supt Foskett</p> |

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| AFI 3 | The force should improve its response to missing and absent children and those at risk of sexual exploitation by ensuring it improves its understanding of the scale and nature of the issue. This understanding should be achieved through analysis and assessment of available information, including that of partners. | <p>Supt Lingley update: Dec 15</p> <p>The force has developed with partners a new protocol for the response to missing children. Those missing from care are no longer treated as absent. A new response to missing persons investigations with a proposal for increased resources in the central team is being consulted on. A revised problem profile will be commissioned once the quality of partnership data has been addressed led by the CSE sub group.</p> <p>Update from Supt Lingley (Feb 16)</p> <ul style="list-style-type: none"> • Regional problem profile is now being undertaken • Local profile forms part of the 2016 work plan • Post sdm proposal for revised investigation model for missing • CSE Missing sub group is supported with a partnership data set and monthly performance pack <p>Update from Supt Helm (31 Aug 16)</p> <ul style="list-style-type: none"> • Enhanced information sharing now occurring through platform of monthly CSE and Missing forum. Forum takes place between practitioners and service managers across key public, private and third sector agencies facilitated by Police. Identifies at risk individuals and creates wrap-around support • Paper under commission for post SDM structure that effectively invests in missing to remove all medium and low risk missing investigations to care and management of specialist safeguarding unit. Will maximise specialist skill set and streamlined partnership SLAS and ISAs for prompt and effective response to risk assessment, recovery and long term intervention to prevent repeat missing episode thereby maximising safeguarding outcomes. | <p>Supt Lingley</p> <p>Change to</p> <p>Supt Fosskett</p> |
| AFI | The force should improve its response to persistent and repeat missing children by ensuring it uses information from previous | December update: | Supt Lingley / |

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| 4 | missing episodes to develop a co-ordinated and prioritised response. | <p>As above</p> <p>Update from Supt Lingley (Feb16)</p> <ul style="list-style-type: none"> Information from social care is now share from all return interviews and forms part of the strategy meetings As above <p>Update from ACC Swann (25 Aug 16) – Supt Murray has worked on this. Supt Murry added to owner column and emailed for an update. Awaits further updates.</p> <p>Update from Supt Helm (31 Aug 16)</p> <p>Children’s Safeguarding command now overseeing the implementation of changes in line with partners through the NSCB.</p> | Supt Murray |
| AFI 5 | The force should improve its investigation and safeguarding of domestic abuse victims by ensuring that frontline staff carry out risk assessments to the appropriate standards, staff attending incidents of domestic abuse consistently use body-worn video cameras and that the force has sufficient staff with the appropriate professional skills and experience to investigate cases and safeguard victims. | <p>December update:</p> <p>All medium and high risk DA is dealt with by CID which now has staff from the former DAU. This has seen the quality of investigations rise and DVPN numbers rise dramatically. BWV is now mandated for all DA. A full DA QA audit is taking place in early January looking at the victims journey</p> <p>Update Supt Steve Lingley (Feb 16)</p> <ul style="list-style-type: none"> There a still significant gaps in the response to DA with recent QA audits showing low use of BWV often linked to the upload speeds Post SDM plans to build a cross system based approach to develop our response New DA ops group with practitioners now exploring a new model of response and investigation as part of the force gold violence plan Post SDM all DA will be investigated within a single sub system of the force it is proposed and improved investigative oversight within Crime. <p>Update from Supt Helm (31 Aug 16)</p> <p>Process Evolution commissioned to review DA to establish</p> | Supt Lingley |

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| | | <p>improved service provision and accurate resourcing prediction, to inform SDM proposals.</p> <p>Review of use of DVPO to ensure balance between maximised safeguarding outcomes and consideration of case by application being developed.</p> | |
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| INSPECTION: PEEL: Police Legitimacy 2015 | | | |
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| FULL TITLE: PEEL: Police Legitimacy 2015. An inspection of Northamptonshire Police (Published February 2016) | | | |
| 1 | The force should take steps to ensure its local teams have sufficient information available to them to improve their understanding of local communities. | <p>Allocated to Supt Chris Hillery (20 Feb 2016)</p> <p>Update 20 Aug 2016 (Supt Hillery) CDD analysts have been commissioned to complete a CHi review of all 147 wards in Northamptonshire. This will inform police and partnership resourcing of these wards along with the tactical options that will have the most impact. This is due for delivery in Sept 2016., once complete and starting with the High harm wards a community profile will be completed to better inform local resources on the area being policed.</p> <p>Force Assurance Board view: The action remains ongoing pending the delivery of the work in progress. (25 Aug 16)</p> | Supt Hillery |
| 2 | The force must ensure that Taser trained officers properly understand and record their decisions using the NDM in accordance with the College of Policing training. | <p>Allocated to Supt Dave Lawson (20 Feb 2016)</p> <p>This has now been allocated to Supt Shaun WEST (EMoPSS) who is the regional lead for taser Emailed for update (1/3/16)</p> <p>Update from Supt West: This was actioned at Wednesday's (2 March) regional Tactical Armed Policing meeting for Sgt Matt Taylor as Taser Training manager to address across EMOpSS. Matt will identify samples from our existing submissions that look like success, check that as a baseline with HMIC for common understanding and then embed that standard in STO training as a</p> | <p>Supt Shaun West (EMoPSS)</p> <p>Matt Taylor</p> |

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| | | specific lesson outcome. (6 March 16) | |
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INSPECTION: PEEL: Police Legitimacy 2015

FULL TITLE: PEEL: Police Legitimacy 2015. A national perspective (Published February 2016)

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| 2 | <p>Within six months, all Chief Constables should conduct a review of their complaints and misconduct arrangements, analysing data from their records to assess whether or not there is any bias in the way decisions are made; and if there is evidence of bias to take action to remove it. The reviews and the action taken should be fully documented and made available to the Police & Crime commissioners of each force and to HMIC.</p> | <p>Allocated to Supt Behan (20 Feb 2016) Mark to discuss in 1-2-1 meeting with DCC frost (1/3/16) IPCC discrimination guidelines adopted as Force policy. PSD have led on flagging and monitoring unconscious bias. The Force has an action plan to address such matters including plans to ensure the broadest possible access to the complaints system. Matters perceived to be due to discrimination are automatically referred to the IPCC. Any identified bias would be subject to a referral to the Force ECHB for consideration re training programmes (EG Autism) Force Assurance Board view: Action discharged (25 Aug 16)</p> | Det Supt Behan |
| 4 | <p>Within 3 months Chief Constables should establish arrangements through which they can regularly, at least twice a year, assess whether reasonable grounds are being recorded in every case where a stop and search power is used by their officers and take action to address those cases where the reasonable grounds are not sufficient to justify the lawful use of the power.</p> | <p>Allocated to Supt Cox (20 Feb 2016) We have been doing this since October 2014. Since then the grounds for every single search have been examined and those which have not immediately and obviously met the required standard have been sent to the "Reasonable Grounds Panel" consisting of a senior officer, a frontline officer and about 5 members of the public who examine the grounds presented to them and after discussion decide whether each is "reasonable" or not. The panel meets monthly and is hosted by a different community group each month. Where the grounds are not found to have met the standard both the searching officer and the supervisor are subject to a phased development process.</p> <ol style="list-style-type: none"> 1. Bespoke email advice and the offer of further training or coaching. Signposting to the stop search grounds guidance. 2. As above but with a mandatory requirement for one to one coaching from a stop search coach. | Supt Cox |

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| | | <p>3. Requirement not to undertake further searches on behalf of the force until a development plan has been completed. Content is designed around the officer.</p> <p>4. Interview with stop search strategic lead with a view to PSD referral or UPP.</p> <p>So far we have “suspended” 2 PCs, 3 SCs and 5 Sgts. All have completed the development plans set and no one is currently prevented from performing or supervising searches.</p> <p>LSE and OSF are about to review the process which has the full support of “Stopwatch”.</p> <p>Force Assurance Board view: Action discharged (25 Aug 16)</p> | |
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| INSPECTION: PEEL: Police Effectiveness 2015 | | | |
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| FULL TITLE: PEEL: Police Effectiveness 2015. An inspection of Northamptonshire Police | | | |
| 1 | The force should provide officers and staff with clear direction about how crime prevention activity should be focused in line with local priorities | <p>Update 31st Aug 2016 (Supt Hillery)</p> <p>Working with AO Mark Ainge and in consultation with staff and officers from within protection and prevention we have developed a draft joint strategy that reflects the force control strategy and FRS priorities. This is underpinned by an Interops board and integrated management structure through CI Ashton.</p> <p>Furthermore, under the SDM the development of the PCSO and SCT constable Job description will include problem solving and prevention, supported by a model that will allow local teams to draw down prevention assets and resources through tasking and business as usual command structures.</p> <p>Once agreed the structure and strategy will be communicated and supported by an action plan to monitor delivery and effectiveness.</p> | C/Supt Stamper |
| 2 | The force should adopt a structured and consistent problem solving process to enable it to tackle crime and anti-social behaviour more effectively. | <p>Update 20 Aug 2016 (Supt Hillery)</p> <p>The force has agreed that its primary problem solving model will be SARA. The role of SCT problem solvers and PCSOs is currently</p> | Supt Hillery |

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| | | <p>being reviewed and will consider what additional training and approaches maybe required to develop sustainable solutions at a local level. EMCHRS L&D have agreed that SARA is the only model they will deliver until directed otherwise.</p> <p>Force Assurance Board view: Action to remain open while above work progresses (25 Aug 16)</p> | |
| 3 | <p>The force should use evidence of 'what works' drawn from other forces, academics and other agencies to continually improve its approach to the prevention of crime and anti-social behaviour. There should be routine evaluation of tactics and sharing of effective practice.</p> | <p>Update from Supt Cox: Plans are being developed to re-position CDD with increased focus on research & scanning to develop more efficient & effective practices to support operational leads. Including the development of an internal peer review service.</p> <p>This includes developing wider networks across policing & academia to capture emerging ideas, the introduction of an EBP Forum to identify, builds on existing practice (Op Predict, Early Intervention), develop research aligned to improvements in force priority areas and improving the web section within Forcenet as the new version goes live. (1/3/16)</p> <p>Update from C/Insp Spencer</p> <p>Work has been completed scoping successful practice elsewhere, most notably West Midlands Police to design an effective governance and oversight process.</p> <p>Relationships developing with East Midlands Police Academic Consortium (EMPAC) and Open University Consortium to obtain and share learning from further afield.</p> <p>Over 50 volunteers have come forward to form an Evidence Based Policing Forum which will be formally launched on the 30th September. 18 members have received EBP training from Nottingham Trent University.</p> <p>The development of Forcenet is progressing with initial conversations between the web designers and CDD having taken place.</p> <p>Force Assurance Board view: Action to remain open while above work progresses (25 Aug 16)</p> | <p>Supt Cox / C/Insp Spencer</p> |

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| 4 | The force should ensure that all crimes are allocated promptly to investigators with the appropriate skills, accreditation and support to investigate them to a good standard. | <p>Update Supt Foskett (31 Aug 16)</p> <p>The Force has introduced a new crime screening framework developed from work by Sussex Police that ensures crime allocations are based on the level of threat, risk and harm aligned to the skill level required for that investigation.</p> | Supt Foskett |
| 5 | The force should take steps to ensure that all available evidence is recorded at scenes of crime. | <p>Update Supt Foskett (31 Aug 16)</p> <p>All frontline officers are PIP 1 trained. Guidance and direction has been provided on the use of body worn video and preservation of evidence. Consideration needs to be given to how those on the frontline are enabled to carry out thorough initial investigations against competing other priorities; this is being considered within the SDM modelling work.</p> | Supt Foskett |
| 6 | The force should ensure that there is regular and active supervision of investigations to check quality and progress. | <p>Update Supt Foskett (31 Aug 16)</p> <p>New procedures have been introduced that ensure regular supervisor checks are conducted; for uniform frontline roles these are to be every 2 weeks and within CID and specialist investigation teams these are every 3 to 4 weeks. This is commensurate with the level of ability of officers within these commands and the level of supervision required.</p> <p>Reality testing of this new process will be conducted across September by the Continuous Improvement Team.</p> | Supt Foskett |
| 7 | The force should improve its ability to retrieve digital evidence from mobile phones, computers and other electronic devices quickly enough to ensure that investigations are not delayed. | <p>Update from Supt Bell (22/8/16)</p> <ul style="list-style-type: none"> • In April 2015 a decision was made to increase the size of the mobile examination teams, and to centralise their management. Since this date we had a period of training, development and change to ensure that the change was sustainable. This function now provides a triage facility to the whole force, and has demonstrated significant improvements in turnaround times for mobile devices. The digital triage team also assist in examining devices believed to be involved in the sharing, possession or creation of illegal images of children. • During the past year, a decision was also made to formally | Supt Bell |

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| | | <p>train senior investigating officers and their deputies in digital case management (an increase from the previous year where only SIO's would risk assess or prioritise work). This training was over several months and enabled decision makers (generally Di's and Ds's) to appropriately prioritise investigations, and be able to use the technical teams to best effect.</p> <ul style="list-style-type: none"> In the last 6 months the force has also invested in forensic software that is sold on the idea it will triage electronic devices. The project was tasked with reviewing the different tools to see if they offer any benefits, and if so how they could be used to best effect (by front line officers, by technical teams prior to existing tools etc). This piece of work is ongoing, due for feedback by the end of the calendar year. <p>Force Assurance Board view: Action to remain open while above work progresses (25 Aug 16)</p> | |
| 8 | <p>The force should introduce a clear process to ensure that those who are circulated as wanted on the police national computer, those who fail to appear on police bail and named suspects identified through forensic evidence are swiftly arrested.</p> | <p>Update from Supt Foscett (31 Aug 16)</p> <p>People wanted for offences are flagged and managed through the NICHE system. Tasks are generated through NICHE and allocated to officers to ensure the person highlighted as wanted is located. These tasks are managed and reviewed by supervisors until the offenders are located. The Force moved to NICHE in March 2016. The corporate development department are in the process of looking at the data contained within NICHE to develop a data performance network to allow them to capture data on how many people are wanted for offences across the Force. At this stage we are not able to accurately identify the number of people wanted for crime across the Force. There is a separate process managed by a Force SPOC in relation to people wanted on Court Warrants. The Force currently has 450 people wanted on warrant, this includes, Court, recall to prison and European arrest warrants. This number has been stable and they haven't seen any reduction in numbers recently. Issues have been flagged with foreign nationals who are</p> | <p>Supt Foscett</p> |

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| | | <p>circulated as wanted, but have left the United Kingdom.</p> <p>This matter is being further researched with a view to present it at the Force Organisational Performance Group meeting to consider the end to end processes associated with the problem and develop solutions.</p> | |
| 9 | <p>The force should supplement its serious and organised crime profile by establishing a local partnership structure with responsibility for tackling serious and organised crime.</p> | <p><u>Update from DCI Spicer - March 16.</u></p> <p>The force has discussed this issue directly with partners and discussed whether a new partnership set up around Serious and Organised Crime should be set up / is desired. The feedback from partners is that they would not want a separate meeting but would prefer the SOC local profiles to be developed along the lines of each CSP and that the issues around SOC and the local management of OCGs be discussed and developed within existing structures.</p> <p>Within FIB an analyst has developed a local SOC profile for each CSP and has sent out questionnaires to two CSP Community Safety managers to try and enhance and develop this local response. The response so far (as of March 16) is mixed. The force is seeking the support of the Home Office (Lucie Irving) to go through the current OCG profile and seeking some additional advice and support around the type of model to follow that is experienced and commended in other similar sized, similar funded forces.</p> <p>Update 22.4.16: Meeting held with Lucie Irving, SOC, HO on 21.4.16. Advice has been taken and we are currently rethinking how we are going to undertake the SOC Plans.</p> <p><u>Update 11/5/16 DCI Spicer</u></p> <p>The idea of developing the SOC local profiles by each CSP has not worked out. This took a lot of analyst's time to do and the results back were mixed. After a meeting with the Home Office the force is now going to approach this in a different way:</p> <p>A 4 Ps plan will be developed that covers the whole county around SOC with separate appendices for each CSP to identify those that can assist in tackling SOC in each CSP within the plan. The governance structure for this will be the CSP managers meeting chaired by Emma Hildreth so no new Local partnership Board will be created. To get this 'off the page' then a new approach to</p> | <p>Supt Bell</p> |

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| | | <p>getting more local 'LROs' is being developed with permission sought for this role to be given to local officers – mostly Detective Inspectors. The LROs will be trained in the roles and responsibilities of an LRO and they will own the local aspect of the 4Ps plan around developing the partnership to support and tackle SOC. The FIB OCG Development desk will then support the LROs in discharging their functions with staff on that desk given geographic responsibility to exchange information and assist the LRO in managing their particular OCGs.</p> <p>The annual local crime profile will still be conducted by analysts from FIB, this will be written in conjunction with EMSOU as it is now and will also include updates from the 4Ps plan and from the LROs and all of the CSPs to make the product for more rounded and inclusive.</p> <p>Update from Supt Bell (22/8/16)</p> <p>The CSP managers are keen to engage in this area of business, the CSP's managers board will be used as the governance structure. A training package has been developed in conjunction with Beds Police. This is due to delivered to them in September with the formal governance around SOC going live October.</p> <p>Force Assurance Board view: Action to remain open while above work progresses (25 Aug 16)</p> | |
| 10 | <p>The force should engage routinely with partner organisations in order to increase its ability to disrupt and investigate serious and organised crime.</p> | <p><u>Update from DCI Spicer – March 16.</u></p> <p>The force had a local GAIN meeting and network until the recent decision to disband the local group and focus on regional delivery. Partnership engagement in SOC takes the form of partnership involvement at the monthly OCGM meeting (e.g. Fire Service and Trading Standards who are regular invitees) and also through regional GAIN collaboration and through the EMSOU 'Disruption Officer' who is tasked with assisting in bringing partnership expertise to bear on OCG investigations – such as through HMRC, Housing, Trading Standards – there are numerous examples of how this has operated.</p> <p>There is also a lot of developing work and cooperation with</p> | <p>Supt Bell</p> |

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| | | <p>partners in dealing with Foreign National crime and Human Trafficking (e.g. Through the Salvation Army, Hope for Justice).</p> <p>When the local profile work is resolved and SOC is delivered into the CSPs through the Lead responsible Officer (LRO) then it is anticipated that local partnership buy in and engagement around SOC will increase.</p> <p><u>Update 11/5/16 DCI Spicer</u></p> <p>The force continues to develop its approach to tackling CSE and Modern Slavery in partnership – for example an MOU with Hope for Justice is currently being developed.</p> <p>The GAIN partnership has now changed and is focused more on being strategic with an end to local GAIN meetings. The relationships with local GAIN members however continue through FIB managers and the EMSOU disruption officer with regular partnership involvement in a wide range of interventions in the management of current OCGs.</p> <p>The further development of partnership involvement is considered as part of the change in strategy around the overall management of SOC in the county through a 4Ps plan and the change in the way that the LROs operate and are supported (detailed at point 9).</p> <p>Force Assurance Board view: Action to remain open while above work progresses (25 Aug 16)</p> | |
| 11 | <p>The force should improve the awareness of organised crime groups among neighbourhood teams to ensure that they can reliably identify these groups, collect intelligence and disrupt their activity.</p> | <p><u>Update from DCI Spicer – March 16.</u></p> <p>The force has established a 'gangs management framework' with quarterly meetings chaired by the DOI – there are some excellent examples of gang management on the local sectors particularly in Wellingborough and East Northants where this is linked to an overarching investigation under the operational name 'Operation Worcester'. This activity is designed to prevent younger gang members developing into OCG members and escalating offending. The gangs management framework identifies other potential gang members and potential OCG members of the future throughout the county and this framework allows local officer the opportunity to identify those at risk of becoming drawn into serious and organised crime.</p> | <p>Supt Bell</p> |

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| | | <p>The force is in the process of reviewing the 'LRO' process which will sit more with area Chief Inspectors than with the FIB DI and DCI. This will enable better intelligence sharing and a more open channel of communication with the local area to then become more involved in and responsive to disrupting the activities of Serious and Organised Crime Groups.</p> <p>Update 11/5/16 DCI Spicer.</p> <p>The force remains on track with its gangs management plan, there will shortly be a further refresh of the intelligence held with FIB around gangs and groups, and the issue sits under the DOI who has a governance group. Some fantastic work has been completed on area – particularly in Wellingborough and East Northants around preventing youngsters being involved in gangs and then onto SOC – the different approaches taken in the force will be captured at the next gang's governance board under the stewardship of the DOI.</p> <p>As detailed elsewhere in questions 9 and 10 the force is proposing to change its approach to the way that it manages its OCGs through its LROs. The force plans to train and develop more local LROs to manage and develop OCGs more locally with partners and has mature plans in place to do this.</p> <p>Force Assurance Board view: Action to remain open while above work progresses (25 Aug 16)</p> | |
| 12 | The force should develop a better understanding of the impact of its activity on serious and organised crime, and ensure that it learns from experience to maximise its disruptive effect. | <p>Update from Supt Bell (22/8 /16)</p> <p>The force has implemented the regional approach to measuring disruptions related to Organised Crime Groups and manages the number and type of disruption through a monthly management meeting.</p> <p>Measuring the effect of disruptions and learning from what has and what has not worked will feature as an agenda item in the monthly OCGM meeting chaired by the DOI.</p> <p>Force Assurance Board view: Action discharged (25 Aug 16)</p> | Supt Bell |
| 13 | The force should ensure it takes opportunities to communicate with the public about serious and organised crime, in particular to | <p>Update from Marie; I've drafted a starter for ten re a comms plan for serious and organised crime.</p> | Richard Edmondson |

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| | <p>publicise successful operations, offer reassurance and provide advice to help people to protect themselves from serious and organised crime.</p> | <p>This is more of a strategic plan rather than drilling down into lots of detail into each area of serious and organised crime, but hopefully gives some guidance on key messages we can include in comms as well as the approach we should take.</p> <p>This is a starting point so please feel free to amend/make suggestions on where we can go next. (1/3/16)</p> <p>Update from Marie. Over the past 6 months consistent communications have been delivered against all areas of serious and organised crime, in particular Child Sexual Exploitation, Human Trafficking and Cyber Crime. We have also increased the amount of crime prevention messages above previous levels. This work is ongoing. (30 Aug 16)</p> | <p>Marie Forsyth</p> |
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**NORTHAMPTONSHIRE POLICE AND CRIME COMMISSION and
NORTHAMPTONSHIRE CONSTABULARY**

JOINT INDEPENDENT AUDIT COMMITTEE

MINUTES OF MEETING HELD ON

20 June 2016

(Excluding Exempt Items)

PRESENT

Audit Committee Members

J Beckerleg (in the Chair)

M Pettit

T Knivett

Northamptonshire Police and Crime Commission

S Mold Police and Crime Commissioner

J Neilson Acting Chief Executive

S Dainty Acting Chief Finance Officer and Section 151 Officer

F Kirtley-Paine Governance Assistant

Northamptonshire Police

N Alexander Chief Accountant Corporate Services

R Baldwin Force Risk and Continuity Advisor

P Dawkins Chief Financial Officer

A Frost Deputy Chief Constable

D Spencer Chief Inspector, Corporate Development

Auditors

A Cardoza KPMG

S Lacey KPMG

M Clarkson Mazars

B Welch Mazars

One member of the public.

1. APOLOGIES FOR NON-ATTENDANCE

Gill Scoular had given her apologies.

2. DECLARATIONS OF INTEREST

Members made the following declarations of interest

T Knivett Member of the Police Disciplinary Panel

J Beckerleg i) Worked for the Chief Fire Officers Association
 ii) Member of House of Lords Audit Committee
 iii) Member of the Finance Committee of the Bar Council

M Pettit Daughter employed by Northamptonshire Police

FORCE AGENDA

3. VALUE FOR MONEY

A Frost presented his apologies for there being no report for this item.

M Pettit expressed members' concerns that the Committee had not yet talked about value for money and therefore had received no assurance on this topic.

A Frost explained that HMIC had recently undertaken an inspection, the results of which would be included in the information to the next Committee meeting.

| ACTION POINTS | |
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| Andy Frost | To provide a written report on value for money based on the 8 principles set out in Annex B of the Home Office publication "Financial Management Code of Practice for the Police Forces of England and Wales (October 2013) to the September 2016 meeting. |

4. SERVICE DELIVERY MODEL

The presentation was introduced by A Frost, who provided an overview of the work done so far in relation to the Service Delivery Model (SDM).

The Chair asked what impact the Strategic Alliance would have upon the implementation of the SDM. A Frost explained that work on the SDM had commenced prior to the Strategic Alliance, but confirmed that the two projects were compatible.

A meeting on the Strategic Alliance was taking place on 23 June 2016 but it was now expected that the scope of the model going forward would be much reduced. It was expected to include collaborations on: Niche; Enabling Services; Force Control Room; and ICT. A Frost also noted that throughout this work they had ensured that staff had been consulted, and that the main aims of the SDM was to ensure the right resources were deployed to the right incidents, and to provide a 24/7 service.

The committee **noted** the presentation and were assured by the governance arrangements being implemented for the programme.

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| ACTION POINTS | |
| John Neilson | To provide an update to the next meeting on the progress of the Strategic Alliance |

5. FORCE STRATEGIC RISK REGISTER

R Baldwin presented the report, and informed the Committee that the new Force Governance Board would be responsible for oversight of the Force’s risk and would provide reports to the Committee.

The Chair noted concerns that:

- there was no reference to the Police and Crime Plan in section 7 dealing with Strategic Objectives;
- that there was no role/responsibility in paragraph 5.3 for the Strategic Tasking Coordination Group (despite appearing in the diagram in paragraph 5.2); and
- that using different time periods (i.e. proximity) to assess ‘likelihood’ did not feel like the most commonly used scoring system.

T Knivett questioned whether the progress on retention strategy was part of the People Strategy. A Frost explained that work was being done to identify the high risk posts and work to try and retain those individuals.

The risk register contained a number of programme related risks (e.g. new risk CR81 relating to building work).

The Committee **noted** the report and were assured that programme related risks as well as corporate/ 'business as usual risks' were being reported to the Committee.

6. HMIC REPORTS

A Frost introduced the report and apologised for the lack of a written report.

He informed the meeting that HMIC had changed the way it carried out recommendations, and that D Spencer was currently talking to HMIC to identify the live recommendations for Northamptonshire Police. A Frost also stated that there had been a HMIC inspection in the previous week, and that they expected to receive a report in October/November 2016.

D Spencer noted that out of 140 recommendations from previous HMIC reviews, only 26 were live.

The Chair noted that he would like to see a written summary of the current position so that the Committee could understand the most significant recommendations and receive assurance that the recommendations were being implemented.

| ACTION POINTS | |
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| Andy Frost | To provide written reports on the HMIC recommendations and the actions being taken in response to future meetings of the Committee. |

COMBINED AGENDA

7. ANNOUNCEMENTS FROM THE CHAIR

The Chair reported that a meeting was being planned of the Audit Committee Chairs across the collaboration region to discuss collaboration.

The Chair noted his dissatisfaction that a number of important reports designed to provide assurance to the Committee had not been submitted to the meeting including:

- Draft Statement of Accounts;
- Value for Money;
- HMIC Reports; and
- Treasury Management Update and Outturn 2015-16.

The current state of the accounts for 2015/16 was discussed, and it was noted that the timelines which officers had promised, including circulation in advance of the

Committee’s meeting, had been missed. This prevented the Committee from discharging its responsibilities and there was a further concern because the timetable for the work on 2016/17 accounts had been advanced (from 6 months to 4 months).

The Committee resolved that:

The Committee noted with concern the number of important reports (including the Annual Accounts 2015/16, consideration of Value for Money, the HMIC update and Treasury Management) which had not been provided. As a consequence the Committee was unable to provide assurance in these critical areas and had a continuing concern about the underlying reasons and implications for effective governance.

As part of the usual accountability arrangements, the Chair would formally report the Committee’s concern to the Police and Crime Commissioner and the Chief Constable.

The Committee asked for a report to be circulated to the Committee as a matter of urgency on the key dates/ milestones in the process for the conclusion of the Annual Accounts 2015/16 by the statutory deadline in September 2016.

| ACTION POINTS | |
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| Steve Dainty | To provide a report to be circulated to the Committee as a matter of urgency on the key dates/ milestones in the process for the conclusion of the Annual Accounts 2015/16 by the statutory deadline in September 2016 |
| John Beckerleg | To formally report on the Committee’s concern and resolution to the Police and Crime Commissioner and the Chief Constable |

8. MINUTES AND MATTERS ARISING FROM THE PREVIOUS MEETING

A Cardoza noted that Item 3 was still ongoing. The Auditors had reviewed the advice given to the former Police and Crime Commissioner prior to his decision to dispose of part of the Wootton Hall site for a new school. Consideration of the value for money aspect was still to be concluded.

The Committee **agreed** the minutes subject to the above changes.

9. MATTERS ARISING ACTION LOG

Item 3 (7 March 2016) – the formal response to the Committee’s letter on the estates consultation had been received. M Pettit raised his concern that he was still awaiting a response to his email dated 31/5/16.

Item 5 (7 March 2016) – was still Open

Item 14 (7 March 2016) – the Committee’s workshop in May 2016 had agreed to put forward a ‘deep dive’ examination of one of the collaboration activities to validate that was expected under the agreement and which had been the subject of a self-assessment, was actually happening in practice. The EMOpS Service was agreed as a possible area for this work. J Neilson noted the usefulness of this exercise , and recommended this be done at a workshop meeting.

Item 21 (7 March 2016) – The Chair raised the exclusion of the People Strategy from the May 2016 Workshop. In the light of the election of a new Commissioner it was agreed to suspend this item.

| ACTION POINTS | |
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| Steve Dainty | To present the outcome of a ‘deep dive’ into the governance aspects of EMOpS to the next JIAC workshop and consider the practicality of inviting the collaboration lead managers. |
| Steve Dainty | Item 3 “Ongoing” Item 5 “Ongoing” Item 21 Suspend |

10. DRAFT STATEMENT OF ACCOUNTS – DELETED FROM AGENDA

The Committee expected the draft Annual Accounts 2015/16 to be presented to this meeting of the Committee. However this was not possible because the preparation of the Accounts were not sufficiently advanced.

11. ANNUAL EXTERNAL AUDIT LETTER

A Cardoza introduced the document, explaining that the letter summarised the work done for 2014/15. A Cardoza explained that the letter covered off both the annual accounts and value for money, and that in terms of budget savings he was pleased to report that both the Police and Crime Commissioner and the Chief Constable had achieved the required savings for 2014/15. An unqualified audit opinion had been issued for both value for money and the accounts.

The Chair noted his disagreement with the management response on page 5. A Cardoza stated that the certificate had been issued and that he expected the total fee increase, which was subject to review, to be confirmed.

12. EXTERNAL AUDIT – PROGRESS REPORT

S Lacey introduced the report and explained that it was merely a ‘for information’ report on what other local authorities include in their risk registers.

S Lacey then explained that a plan had been issued regarding the current audit, and noted that 11 July 2016 would be the start date for the final accounts audit. He noted that they had already started to look at the value for money arrangements.

A Cardoza noted that discussions had already taken place with HMIC on value for money and the state of the accounts. S Lacey stated it would take two to three weeks to complete from the 11 July 2016, and noted it would be useful to see the Annual Governance Statement. J Neilson noted that the OPCC’s Annual Governance Statement was drafted and available to share. P Dawkins stated that S Dainty had received a copy of the Force’s Annual Governance Statement, and it was agreed to circulate both.

The Committee **noted** the report.

| | |
|----------------------|--|
| ACTION POINTS | |
| Steve Dainty | Circulate 2015/16 Annual Governance Statements for the Force and OPCC to all members of the Committee |

13. EXTERNAL AUDIT – FEE LETTER

The Annual Audit Fee 2016/17 letter for the OPCC had been circulated with the Committee’s papers; the equivalent letter for the Chief Constable was tabled. A Cardoza introduced the document, and noted that the fee has remained the same from 15/16.

Both letters were **accepted** by the Committee.

14. INTERNAL AUDIT – PROGRESS REPORT

B Welch introduced the report.

The Chair questioned the reasoning behind not offering a formal opinion on the Specials Programme audit, and stated that he would want this practice to be the exception rather than the norm.

B Welch noted that at the last meeting they had provided work on core financials where a number of issues had been found. It had therefore been agreed to undertake a specific follow-up of that report. B Welch stated that they would bring a progress report on those areas to the next Audit Committee meeting.

There was discussion around whether the relevant person was picking up the recommendations provided in the reports, and B Welch explained that the reports were issued to all the relevant people and that Mazars would also follow up.

The committee **noted** the report.

15. INTERNAL AUDIT – ANNUAL REPORT

B Welch introduced the report and commented that this paper brings together all other internal audit reports. It had been identified that for the OPCC there was limited assurance in risk management, and for the Chief Constable there was limited assurance in risk management, financial controls and some operational areas.

J Beckerleg asked for clarification as to the term “generally adequate” in the overall audit opinion because it was not one of the normal assurance categories set out in the report. M Clarkson stated that this meant that satisfactory assurance has been given, but the report recognised some areas for improvement.

The committee **noted** the report.

16a. IMPLEMENTATION OF AUDIT RECOMMENDATIONS - FORCE

R Baldwin presented the report, and was pleased to note there had been progress. R Baldwin noted that virtually all the recommendations from 14/15 were complete. He stated that the National Business Continuity Plan was still not live but that he had seen a draft report. It was agreed that if there were any questions on the detail these could be addressed to R Baldwin.

As a general principle the Committee was looking to receive information about the progress in implementing the actions arising from the recommendations against the agreed timetable. An item would be reported until it had been completed. Once an item had been completed it would be reported to the Committee and marked as ‘complete’. It would then not be reported again.

The committee **noted** the report.

16b. IMPLEMENTATION OF AUDIT RECOMMENDATIONS – OPCC

S Dainty presented the report, and stated that work was progressing to implement any outstanding audit recommendations.

The committee **noted** the report.

17. COUNTER FRAUD

The Chair introduced this item as an area which had been identified in the Committee's 2015 annual report and, subsequently, in the Committee's skills analysis and asked for clarification on what the Force position is and what happens in practice. A Frost provided a helpful overview of the processes in place for the Force, and it was requested that the Committee receive this list in a written summary.

S Dainty commented that the OPCC Policy was first implemented in May 2015, which had been introduced to staff and placed on a shared folder within the computer system. He also noted that it had recently been examined in the governance document update. There was a discussion around the possibility of over-scrutiny due to the size of the team. T Knivett noted the soundness of the policy, but requested assurance that it was actually being used. S Dainty explained that it was on the OPCC website, but recognised that there was some work to be done on training. M Clarkson noted that they offered training at Lincolnshire and would be happy to provide this for Northamptonshire.

| ACTION POINTS | |
|---------------|---|
| Andy Frost | To provide the Committee with a summary of processes in place for this topic |

18. TRANSFORMATION AND ACCOUNTABILITY BOARDS

J Neilson presented this item. He explained that he had recently met with T Knivett to discuss the role of the Transformation Board, and that T Knivett now sat on the Board. J Neilson noted that with the new Police and Crime Commissioner there would be a transitional period; however it was his understanding that the Accountability Board would continue. J Neilson noted that the OPCC needed to have greater insight into the HMIC reports to the Force.

There was a discussion around the future of the commissioning framework between the Police and Crime Commissioner and the Chief Constable. It was noted that going forward A Frost would provide updates on the Transformation Board.

19. RISK MANAGEMENT

J Neilson introduced the report and noted that this paper included a summary of the current approach. There was a discussion around risk management and the OPCC risk register, and how to meet the Committee’s requirements on this issue.

The committee **held** the report.

20. CHAIRMAN’S REPORT

The Chair introduced the report and invited comments from the meeting. He noted that Item C (attendance at meetings from the OPCC) reflected the previous structure and should be revised.

B Welch commented that on page 3 the internal auditor’s Annual Report related to 2015/16.

The Chair commented that he was minded to send the report to the Police and Crime Panel. J Neilson noted this comment, but explained that the Panel was there to hold the Police and Crime Commissioner to account, and that they did not have remit over the Force. It was agreed to make a note that this was a joint report in the cover letter.

A Cardoza stated that there needed to be a note on governance in the conclusion to reflect the concerns expressed on this meeting (June 2016).

T Knivett requested clarification on the model that had been adopted for the recruitment process for members of the Committee, and noted that himself and M Pettit were not happy to be interviewed in the same way as they had been originally for the position. The Chair agreed to discuss the matter with S Dainty.

| ACTION POINTS | |
|-----------------------|--|
| John Beckerleg | <ul style="list-style-type: none"> <li data-bbox="592 1529 1289 1603">i. Edit page 3 point 6 to internal auditor’s Annual Report 2015/16 <li data-bbox="592 1615 1401 1731">ii. Send the report to the Police and Crime Panel, including in cover letter that this is a joint report |
| Steve Dainty | To discuss the recruitment model with J Beckerleg |

21. OPCC RISK REGISTER AND ASSURANCE MAP

J Neilson introduced the report, and noted that risks 3, 4 and 5 were moving in an adverse direction. It was explained that this was due to the arrival of a new Police and Crime Commissioner.

The committee **noted** the report.

22. TREASURY MANAGEMENT UPDATE AND OUTTURN 2015-16 – NO REPORT

There was no report for this item.

23. ITEMS FOR ESCALATION TO THE COMMISSIONER AND/OR THE CHIEF CONSTABLE

The Chair commented that he would pull this together and share with the Committee before sending it in.

24. AGENDA PLAN FOR THE NEXT FOUR MEETINGS

It was agreed to include in the September meeting:

- i. Items on Governance
- ii. Value for Money
- iii. Strategic Alliance Update
- iv. Treasury Management

25. DATE AND VENUE OF NEXT MEETING

The Chair noted that he was unable to attend the September date and requested that the meeting be moved. It was noted that it would be better from an accounts perspective to move the meeting to after the original date. The Chair stated he would also be unavailable at the beginning of August and so would not be able to attend the pre-meeting on the planned date.

26. ANY OTHER BUSINESS

It was noted that the confidential part of the agenda should only be included if it was necessary.

27. RESOLUTION TO EXCLUDE THE PUBLIC FROM MEETING

This resolution was not moved, because there were no confidential matters or minutes to discuss.

THE MEETING CONCLUDED AT 13:41



AGENDA ITEM 7i

NORTHAMPTONSHIRE POLICE AND CRIME COMMISSION and NORTHAMPTONSHIRE CONSTABULARY

JOINT INDEPENDENT AUDIT COMMITTEE

DATE: 25TH AUGUST 2016

| | |
|------------------|-------------------------------|
| REPORT BY | DS Tony Barsby |
| SUBJECT | Counter Corruption Unit (CCU) |

1. Purpose of report

The Northants Police Counter Corruption unit consists of a Detective Inspector, Detective Sergeant, 2 x Detective Constables's and an Analyst. Although under the command of the Head of Professional Standards, the type of work conducted by the CCU is different from that of PSD. The Professional Standards Department in the main deal with public complaints whereby the CCU investigate possible criminality committed by Officers and Staff and as well as manage, collate and analyse intelligence submitted about them.

Part of the CCU work stream is to protect the organisation from Officers and Staff who in these times of potential austerity are tempted to commit criminality and more specifically Fraud to supplement their income. There is a concerning trend nationally whereby Officers and Staff, due to various increasing pressures, are becoming financially challenged. We are certainly seeing an increase in the use of payday loans for example which are an early indication that individuals are starting to struggle and therefore maybe susceptible to corruption.

The CCU now works very closely with the Force Vetting Department. The DI of the CCU is currently managing both teams. This enables an excellent crossover of information and intelligence. The Vetting Unit will review the finances of most new applicants to the organisation and if concerns are raised at this point, individuals may be refused a position based on vetting alone.

The Vetting Department also conduct reviews of individuals vetting, and by association, their financial status and will report to the CCU any concerns they have identified. This may lead to a combined Vetting / CCU Interview with the individual to satisfy the organisation that the individual does not present a risk to the Force or to the individual themselves.

As well as the Vetting Review Process, the CCU monitor and ensure adherence to a number of Force Policies that any breaches of would potentially identify someone who could be involved in or considering Fraud. The CCU also oversees the Forces anonymous reporting line (Bad Apple) to enable Officers and Staff to report concerns about colleagues without fear of retribution from the staff member involved. CCU also has a direct line of contact with 'Crimestoppers' who are able to

report concerns from a member of the public anonymously about suspicious behaviour of Officers and Staff without the organisation as a whole being made aware of the information. CCU maintain a close working relationship with the Forces Fraud Investigation Teams to ensure any identified National Crime Agency (NCA) Financial Suspicious Activity Reports (SARS) are correctly routed to CCU if these concern Officers and Staff.

The CCU maintains the links in Force, Regionally and Nationally with Forces Intelligence Bureaus and Counter Corruption Units to ensure the accurate flow of Information concerning Officers and Staff potentially committing criminality.

Lastly, Northants CCU are fortunate that they are able to not only report directly to the Head of PSD but also have a direct line to all three ACPO Officers and principally to DCC Frost in the absence of the Head of PSD. This is worthy of note as from experience, this is not necessarily reciprocated in other Forces regionally and nationally.

The main policies of note are:-

Monitoring of Force Expenses submitted by Officers and Staff

On a monthly basis the DI of the CCU receives all the submitted expenses for ALL Officers and Staff in Northants Police for the previous month. The Analyst is then able to review these to identify the top ten for the highest submitted expenses per month and more importantly apply the top ten to previous months submissions to identify trends and individuals who MAY be abusing their position and thereby identify those who may be suffering financially and considering ways to illegally enhance their income.

(Appendix i – Northamptonshire Police Expenses & Allowances Policy)

Monitoring of the Gifts and Hospitality Register

Northants Police maintains a Gifts and Hospitality Policy owned by the Head of PSD. The policy makes it clear as to what can be accepted or not and places the onus on the individual Officer or Staff member to ensure they disclose any offer of a Gift or Hospitality. The CCU in addition to this, now give inputs and talks to new recruits (Officers), new Special Constables, Transferees and on the ICIDP Course whereby Gifts and Hospitalities are discussed with a view to those offering may have an ulterior motive and may be looking to cultivate the Officer for corrupt practises.

(Appendix ii – Gift & Hospitality Procedure)

Reviewing and Authorising (or not) of Business Interests

All Officers and Staff are subject to the Force Business Interest Policy. All but the Chief Constable have any Business Interests reviewed and considered by the Head of PSD with the CC if he has any, considered and reviewed by the PCC. The policy sets out some Business Interests which are not compatible with being an Officer or Employee of the Police Service but each application is taken on its individual merit. The overriding factor is to identify any Business Interest which has the ability to compromise the Force and/or the Officer or Staff member applying.

(Appendix iii – Business Interest Policy)

Reviewing and Authorising (or not) of Notifiable Associations

All Officers and Staff are subject to the Notifiable Association Policy. It is evident from the recent HMIC Inspection and talking regionally with other CCU's that Northants Police is very advanced in the

implementation of this policy and we are recognised nationally as being ahead in identifying potential risk of corruption from inappropriate associations and dealing with them robustly. There have been two occasions whereby the CCU have given an instruction (Police Staff) and a Lawful Order (Special Constable) to not associate with an individual, The Police Staff member resigned as she was adamant she wanted to maintain the association.

Each application is individually assessed by the CCU. All low risk associations are managed and authorised by the DS in the CCU and any medium or high are further assessed and considered by the DI in the CCU.

(Appendix iv – Notifiable Association Procedure)

NAME: DS Tony Barsby
TITLE: Detective Sergeant (CCU)

Author: DS Tony Barsby (CCU)

Background Papers:

Appendix I



Northamptonshire
Police Exepnses and /

Appendix ii



Gifts and
hospitality.doc

Appendix iii



Business Interest
Policy.doc

Appendix iv



Notifiable Association
Procedure.doc

END

JOINT INDEPENDENT AUDIT COMMITTEE

14th September 2016

Matters Arising Log

| Minute | Action | Who | Comment | Status |
|--|--|-----|--|-----------|
| Meeting held on 9th September 2015 | | | | |
| 6 | Include a report on the outcome of Baker Tilley's work (Collaborations) on a future agenda of the Committee when appropriate. | JN | Workshop between Audit Chairs, C Exec's and CFO's was held on 21 st July, hosted by RSM. It was agreed IA days would be pooled (50 days). First group to be audited 2016-17 on a 3 year rolling programme. SD lead on EMSOU | Open |
| Meeting held on 7th March 2016 | | | | |
| 3 | Provide a formal response to the Committee's letter reply to the estates consultation | JN | Formal response circulated and formal response to MP e-mail 31/5/16 has been sent | Closed |
| 5 | To include value for money, based on the 8 Home Office principles, on the agenda for May workshop | SD | Included on today's Agenda | Closed |
| 14 | To update the Committee on the outcomes from the CFO meeting so that it could decide whether to put forward an in-depth review on a specific area. | SD | see above | Open |
| 21 | Include People Strategy in May workshop | SD | Agreed with Chair that as Agenda was busy this item would be excluded. | Suspended |
| Meeting held on 20th June 2016 | | | | |
| 3 | To provide a written report on value for money based on the 8 principles set out in Annex B of the Home Office publication "Financial Management Code of Practice for the Police Forces of England and Wales (October 2013) to the September 2016 meeting. | AF | Included on Agenda | Closed |

| Minute | Action | Who | Comment | Status |
|--------|--|-----|--|---------|
| 4 | To provide an update to the next meeting on the progress of the Strategic Alliance | JN | Included on Agenda – now Tri Force | Closed |
| 6 | To provide written reports on the HMIC recommendations and the actions being taken in response to future meetings of the Committee. | AF | Actioned | Closed |
| 7 | To provide a report to be circulated to the Committee as a matter of urgency on the key dates/ milestones in the process for the conclusion of the Annual Accounts 2015/16 by the statutory deadline in September 2016 | SD | e-mail sent 27/07/2016 | Closed |
| | To formally report on the Committee's concern and resolution to the Police and Crime Commissioner and the Chief Constable | JB | Actioned | Closed |
| 9 | To present the outcome of a 'deep dive' into the governance aspects of EMOpS to the next JIAC workshop and consider the practicality of inviting the collaboration lead managers. | SD | Overtaken by events at the Workshop 21 st July. SD now responsible Officer for the IA EMSOU and agreed with Chair that this will substitute | Ongoing |
| 12 | Circulate 2015/16 Annual Governance Statements for the Force and OPCC to all members of the Committee | SD | e-mail sent 14/07/16 | Closed |
| 17 | To provide the Committee with a summary of processes in place for Counter Fraud | AF | Report submitted to this meeting | Closed |
| 20 | i. Edit page 3 point 6 to internal auditor's Annual Report 2015/16 ii. Send the report to the Police and Crime Panel, including in cover letter that this is a joint report | JB | Actioned | Closed |
| | To discuss the recruitment model with J Beckerleg | SD | Actioned – existing members no longer required to attend interview | Closed |

JB - John Beckerleg JN - John Neilson SD - Steve Dainty AF – Andy Frost

Author:

Steve Dainty



5.16

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**Northamptonshire Chief Constable
Statement of Accounts**

2015-16
Agenda Item 9

DRAFT

DRAFT 23.08.16

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| Statement of Responsibilities for the Statement of Accounts | 24 |
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| Chief Constable Comprehensive Income and Expenditure Statement for the Year Ended 31 March 2016 | 25 |
| Chief Constable Balance Sheet | 26 |
| Chief Constable Movement in Reserves Statement – 2015-16 | 27 |
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DRAFT 23.08.16



STATEMENT OF ACCOUNTS 2015-16

NARRATIVE TO THE FINANCIAL STATEMENTS

Introduction

The Statement of Accounts provides details of the finances of the Chief Constable (CC) for Northamptonshire Police Force for the financial year ending 31st March 2016. The Auditor is KPMG LLP.

(a) Narrative to the Financial Statements Pages 4-19

This provides a brief background to the CC's budget for 2015-16, the final outturn position and an assessment of the CC's future financial prospects.

(b) Annual Governance Statement for the Chief Constable (CC) Pages 20-23

The CC has adopted the Code of Corporate Governance and this statement explains how the CC has complied with the code and monitored its effectiveness.

(c) Statement of Responsibilities for the Statement of Accounts Page 24

This outlines the CC's and the Chief Financial Officers (CFO's) responsibilities.

(d) Comprehensive Income and Expenditure Statement Pages 25

This statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation. The ONPCC raises taxation to cover expenditure in accordance with regulations; this may be different from the accounting cost. The taxation position is shown in the Movement in Reserves Statement.

(e) Balance Sheet Page 26

The Balance Sheet shows the value as at the Balance Sheet date of the assets and liabilities recognised by the CC. The net liabilities of the CC (assets less liabilities) are matched by unusable reserves.

Reserves are reported in two categories. The first category of reserves are usable reserves, i.e. those reserves that only the ONPCC may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use (for example the Capital Receipts Reserve that may only be used to fund capital expenditure or repay debt).

The second categories of reserves are those that the CC is not able to use to provide services. This category of reserves includes reserves that hold unrealised gains and losses (for example the Revaluation Reserve), where amounts would only become available to provide services if the assets are sold; and reserves that hold timing differences shown in the Movement in Reserves Statement line 'Adjustments between accounting basis and funding basis under regulations'.

All useable reserves are held under the control of the OPCC.

(f) Movement in Reserves Statement Page 27

This statement shows the movement in the year on the different reserves held by the CC, analysed into 'usable reserves' (i.e. those that can be applied to fund expenditure or reduce local taxation) and other reserves. The Surplus or (Deficit) on the Provision of Services line shows the true economic cost of providing the CC's services, more details of which are shown in the Comprehensive Income and Expenditure Statement. These are different from the statutory amounts required to be charged to the General Fund Balance for council tax setting. The net increase /decrease before transfers to or from earmarked reserves line shows the statutory General Fund Balance before any discretionary transfers to or from earmarked reserves undertaken by the CC, however, reserves balances are owned by the OPCC and so the CC can make transfers but will not own the asset.

(g) Cash Flow Statement Page 28

The Cash Flow Statement shows the changes in cash and cash equivalents of the CC during the year. The statement shows how the CC generates and uses cash and cash equivalents by classifying cash flows as operating, investing or financing activities. The amount of net cash flows arising from operating activities is a key indicator of the extent to which the operations of the CC are funded by way of taxation and grant income or from the recipients of services provided by the CC. Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the CC's future service delivery. Cash flows arising from financing activities are useful in predicting claims on future cash flows by providers of capital (i.e. borrowing) to the CC.

(h) Notes on the Core Financial Statements Page 29-50

Additional information concerning items included within the core financial statements, including additional pension disclosures as required by IAS 19.

(i) Police Pension Fund Account Page 51

The amounts received into and paid out of the police pension fund during the year and a statement of the net current assets and liabilities of the scheme.

(j) Prior Period Adjustments Page 52

Information concerning the prior period restatement of the Core Financial Statements

(k) Accounting Policies Page 54

The Accounts are supported by the Statement of Accounting Policies, which identifies the accounting practices adopted in the preparation of the Accounts. Other notes are provided to explain further the information given.

(l) Glossary of Terms Page 60

Wherever possible, the use of technical phraseology has been avoided, however, the Statement of Accounts does contain some accounting and local government terminology and a glossary is provided to simplify and explain such terminology.

(m) Independent Auditor's Report Pages 63

Introduction to the Financial Statements

I am pleased to introduce the financial Statement of Accounts for the 2015/16 financial year which sets out the single entity statements of the Chief Constable for Northamptonshire Police Force. The Police and Crime Commissioner for Northamptonshire (the Commissioner) have also produced group accounts which consolidate the single entity statements of the Chief Constable and the Commissioner. The accounts are published in accordance with the Accounts and Audit Regulations 2015.

The statement provides a breakdown of net spending during the year and shows the overall financial position of the Chief Constable as at 31 March 2016. The reporting format is specifically designed to meet the requirements of the Code of Practice on Local Authority Accounting. A series of notes are provided to assist readers in their understanding of the statement. This is the first year that the statement has incorporated a narrative statement, which has replaced the Chief Finance Officer introduction. The narrative statement provides a simplified summary of the financial statements with expanded information on the objectives, activities, performance and future financial prospects of the Police Force. This aims to give the reader greater understanding of the context in which the financial statements are set. The narrative statement is also available as a stand-alone document on the same website. The Commissioner's consolidated financial statements can be accessed from the Commissioner's website.

Statutory Framework

The Chief Constable was established as a statutory entity under the Police Reform and Social Responsibility Act 2011 (PRSRA). The PRSRA provides that there will be a Police and Crime Commissioner for each police area with responsibility for ensuring the maintenance of the police Force for the area, securing that the police Force is efficient and effective and holding the Chief Constable to account. The Commissioner has wider responsibilities than those solely relating to the police Force. These include responsibility for the delivery of community safety and crime reduction, the enhancement of the delivery of criminal justice in their area and providing support to victims. The PRSRA established the Chief Constable as a separate statutory entity, distinct from the Commissioner and with operational independence.

Following PRSRA, assets, liabilities and the accounting treatment was been split between the Force (CC) and Commissioner (PCC) in the following way;

| CC | OPCC |
|--|--|
| Vehicles, AUC, IT & Other Operational Assets (Plant & Equipment) Capital Adjustment Account (CAA) relating to (Plant & Equip) | Land & Buildings (Property) Capital Adjustment Account relating to Property |
| Multi Force Shared Services (MFSS) | All cash reserves |
| All Northamptonshire Police Officers (1) | All Joint Arrangements |
| All PCSO's (2) | All OPCC Staff |
| All Non OPCC Police Staff (3) | Pension Liabilities for OPCC Staff |
| Pension Liabilities(for 1,2 & 3) | All Debtors (excl CC EBR) |
| Debtor relating to Employee Benefits Reserves (EBR) | All Creditors |
| Pension Fund Top Up Grant & local CC grants | All Council Tax, incl Debtors & Creditors |
| All income for services by the CC | All Police Grant Funding (incl NNDR) |
| Audit fees relating to CC activities | All Council Tax/ Reform Grant |
| Income relating to the Budget and relating accounting items from the OPCC | Audit fees relating to OPCC activities |
| | All Capital Grants |
| | Money transfer relating to the cost of CC Budget and related accounting items |

Under statute, the OPCC holds all Land & Buildings, reserves, debtors and creditors and this treatment overrides substance over form according to Local Authority accounting practise, except for cases of employee related expenditure such as the Employee Benefit Reserve and pension's reserve. Where items have been accrued in the CC accounts, the OPCC has offset the effect of this within the intra group transfer process, so that all such debtors and creditors are accounted within the OPCC's Balance Sheet.

The Chief Constable is responsible for maintaining the Queen’s peace and the exercise of police powers. The Chief Constable is accountable to the Commissioner for leadership of the Force, the delivery of efficient and effective policing and the management of resources and expenditure for the police Force.

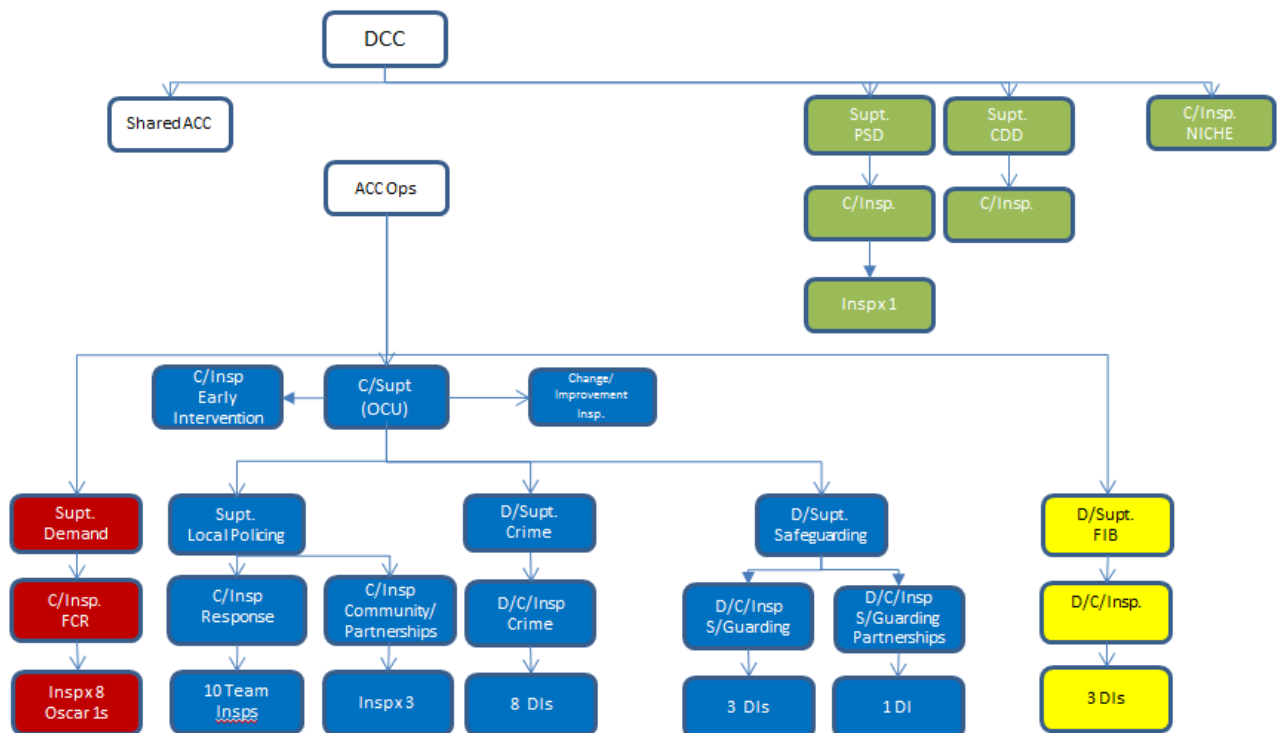
The PRSRA sets out the statutory financial framework for the Commissioner and Chief Constable. The legislation provides for the Secretary of State to issue a financial code of practice in relation to the proper administration of financial affairs. The Home Office, under the legislation, issues a Financial Management Code of Practice for the Police Forces of England and Wales. The Code supports the statutory framework further setting out the financial relationships and requirements for the Commissioner and Chief Constable.

This financial framework provides that the Commissioner receives all funding, including government grants, council tax income. All other funding for the Chief Constable comes from the Commissioner. This, in addition to the powers of the Commissioner to set the strategic direction for policing and appoint and dismiss the Chief Constable, creates a subsidiary relationship between the Commissioner and the Chief Constable. As such, the Commissioner must publish a set of group consolidated accounts in addition to single entity accounts. The Chief Constable must publish single entity accounts and provide information to the Commissioner to support the publication of group accounts.

Organisational Structure

The Chief Constable is supported by a Deputy Chief Constable and Assistant Chief Constable (ACC) who are responsible for a portfolio of functions within the organisation. Operational policing reports to the Assistant Chief Constable. The Crime and Local Policing command is responsible for neighbourhood policing, response, partnerships, Crime and safeguarding.

The Deputy Chief Constable is responsible for the shared regional portfolio and ACC, Crime recording systems, Professional Standards and Corporate Services







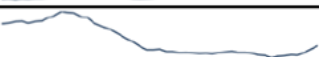



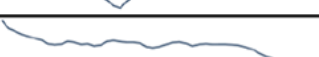
Strategic Objectives

The Police and Crime Plan which runs through 31st March to 2017, which may seek to change the focus of some of the Force’s key strategies, but is unlikely to significantly impact the day to day delivery of operation of Northamptonshire Police as much of the Force’s work is statutory obligation or is of key importance to the safeguarding of Northamptonshire. The Commissions key objectives are

- A reduction of at least 40% in violent crime
- There will be a focus on eradicating drugs and reducing acquisitive crime
- Anti-social behaviour will be robustly and intelligently tackled
- Northamptonshire will have a more visible police Force
- Northamptonshire will be a secure place
- Northamptonshire will have the safest roads

Chief Constable’s Report on Force performance

Below is the headline position over a five years on priority performance, each subsequent section in then followed by a narrative around this indicator.

| <i>5 years cumulative data for comparisons - financial years 2011-12 to 2015-16</i> | | | |
|---|-------------------------------|--|------------------------|
| Indicator | Total recorded 2015-16 | Volume (5 Years) | Trend (5 Years) |
| * All Crime | 49287 |  | Stable |
| Victim Based Crime | 45130 |  | Stable |
| * Violence Offences | 13855 |  | Moderate Increasing |
| * Sexual Offences | 1628 |  | Strong Increasing |
| * Acquisitive Crime | 22484 |  | Strong Decreasing |
| Burglary Dwelling | 2522 |  | Weak Decreasing |
| Vehicle Crime | 4603 |  | Strong Decreasing |
| Robbery | 678 |  | Stable |
| * ASB | 29094 |  | Strong Decreasing |

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| | |
|------------------|---|
| ALL CRIME | <p>Through 2015-16 all crime volume trend has continued a medium term increasing trend, with violence and acquisitive crime providing the greatest contributions. The longer term trend indicates overall stability in crime volume. The effects of the Crime Data Integrity Inspection in 2014, including the reversal of significant reductions in recorded crime and subsequent improved robustness in auditing and crime recording practices, has resulted in normalising crime volumes which are comparable with 3-5 years ago, and still represents a continuing long term crime reduction. The rate at which the Force has increased recorded crime volume in recent years is in line with the national trend, and overall the Force has maintained its national position for rate of crime per 1k population.</p> <p>The Force has a strong victim focussed approach, and increased crime volumes across all victim based crime categories reflects this as a priority for the Force.</p> |
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| VIOLENCE | <p>Violent crime volumes over the longer term have followed a moderate increasing trend, more recently accounting for 1 in 4 crimes. Northamptonshire's volume increase has been at a faster rate than average across Forces, particularly reflecting the organisational focus on violent crime and repeat victimisation. Whilst the Force remains in the top 10% for (high) rate of crime per 1k population, volume increases are stabilising quicker than other Forces, which in turn has a positive impact with improvements to force ranking for rate of change, and the Force no longer being considered an outlier. Rate of change is projected to continue to slow.</p> <p>The Force continues to deliver robust incident auditing and crime recording, ensuring in particular that violence offences are identified and recorded correctly. Both with and without injury offences continue to show a longer term moderate increasing trend, and account for the greater volume of all crime increase. The Force has responded to changes in the social, criminal, and technical landscape, and also the Crime Data Integrity inspection which identified under-recording of violent crime, by re-aligning priorities and resources to tackle violence, identify emerging threats, and protect the vulnerable.</p> <p>Domestic violence is projected to contribute to half of all recorded violence in the next 18 months. The Force has continued to improve its identification of domestic violence, and focus on domestic abuse as a pre-cursor to crime which presents an opportunity to engage potential victims and prevent repeat victimisation and offence escalation.</p> |
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|-----------------|---|
| VIOLENCE | <p>Recorded violence against victims aged under 18 has continued to increase during 2015-16. This reflects improved robustness in crime recording and has resulted in significant increase in child safeguarding work undertaken by the Force. Under 18 violence is a significant contributor to violence without injury, and is a force priority for 2016-17.</p> <p>The Force launched Operation Scorpion in September 2015 to trigger a longer term approach to tackling violent crime. This is a partnership approach, including some intensive activity across the county and innovative prevention work aimed at identifying and tackling the root causes of violent crime. The Operation has been re-launched for Summer 2016 to run until the end of August to address projected increases in violent crime over the summer months. Public attitudes data shows a reduction in fear of being a victim of violent crime.</p> |
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| SEXUAL OFFENCES | <p>Sexual offences, whilst low in volume, represent a higher level of harm to victims and communities, and have been identified as a priority for Northamptonshire Police in 2016-17. Over the longer term this category of recorded crime has seen a strong increasing trend, which has accelerated over the past couple of years. Force national ranking in relation to sexual offence rates per 1k population has duly declined, in line with increased volumes, however the force is not considered an outlier as increase is being seen nationally.</p> <p>In response to the increases in reported and recorded sexual offences, and the importance of delivering the best service to victims, the force is delivering new and innovative training on sexual offences.</p> <p>The Force continues to build trust and confidence for victims to report sexual offences, working in partnerships to better support the needs of victims and witnesses and protect the vulnerable.</p> |
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|--------------------------|---|
| ACQUISITIVE CRIME | <p>Acquisitive crime has followed a strong decreasing trend over the longer term, showing signs of slowing and stabilising in 2015-16. A sustained continuing reduction is seen in the key areas of dwelling burglary, vehicle crime and all other Thefts. Robbery offences are the only exception to this, with volumes remaining stable over the longer term.</p> <p>In the medium term, through 2015-16, volumes of dwelling burglary have shown signs of modest increase, though volume remains far below levels previously seen, and the force is not considered an outlier nationally. Vehicle crime too has started to demonstrate a similar increasing trend over the short term, with rate of increase in the past year faster in Northamptonshire than other Forces.</p> <p>Northamptonshire has a history of robust investigation and volume reductions in relation to serious acquisitive crimes which have the greatest impact on victims, and this short term increase does not at this time reflect a threat to overall organisational performance.</p> <p>Public attitudes data demonstrates that over the past 12 months fear of burglary and vehicle crime has reduced.</p> <p>Through 2015-16 the force has applied predictive policing methodologies to tackle high crime harm areas with success. The Force will continue to explore and tackle performance from the perspective of harm, as well as crime volume, in the future.</p> <p>Working with offenders and those at risk of causing harm, the Integrated Offender Management (IOM) continues to work in partnership to tackle causes of crime and harm. The IOM cohort has expanded to include a offenders who commit a broader range of crime types.</p> |
| ASB | <p>Long term trends in relation to reported incidents of Anti-Social behaviour show a strong decreasing trend over the past 5 years. This is an area of policing demand which is cyclical, and seasonal increases continue to get progressively smaller each year. Public perceptions of ASB as a problem in their area have decreased over the longer term and remain consistently low through 2015-16. Repeat caller rates are decreasing at a slow but steady pace. Victim satisfaction in relation to ASB provides a significant opportunity for development and improvement.</p> |

2015/16 Grant Settlement and Budget

Under the provisions of the PRSRA the Commissioner receives the significant proportion of external funding, principally in the form of central government grants and council tax. The Commissioner is responsible for setting the budget and maintaining the Force through the provision of funding to the Chief Constable. Details of the 2015/16 grant settlement, the Commissioner's overall budget and the level of Council Tax levied are provided below;

| | 2014/15 £'000 | 2015/16 £'000 |
|------------------------------------|------------------|------------------|
| Core Police Grant | (46,249) | (43,418) |
| Precept Grant | (6,645) | (6,644) |
| Non Domestic Rates | (25,135) | (24,319) |
| Central Funding Grants | (78,029) | (74,381) |
| Precept | (42,999) | (45,599) |
| Total Base Funding Envelope | (121,028) | (119,980) |

Of key importance in the grant settlement was the reduction of £3.648m in formula grant funding provided by the Government to the Commissioner in 2015/16 compared to 2014/15. This represents the fifth consecutive year in which central government grants have reduced. The impact on the resources available to the Police Force, which represents by far the recipient of funding from the Commissioner, to police the county is significant and whilst funding sources have decreased cost basis such as Supplies and Services and pay have increased due to inflation and national pay awards.

In July the Home Office also began consultation on the introduction of a new police funding formula, in which Northamptonshire stood to be a 'winner' with an overall increase in funding, however, because of the well-publicised statistical error in calculation from the Home Office, this has resulted in the project being reviewed and therefore delayed, which from a local perspective continues the historical underfunding of policing activities for Northamptonshire.

However, given its level of publicity and that it is fiercely contested by opposing sides of the 'winners and losers', prudently the Force nor regional Forces have assumed a positive or negative change in funding for the Medium Term Financial Plan.

Business Activity

In addition to the day to day work of Protecting the People of Northamptonshire, the Police Force, through its Transformation programme has sought to identify savings and ways in which productivity or efficiencies can be made without impacting service delivery, with the following changes have been made to the way policing works:

- Create a single Force-wide Police team that everyone is a part of
- Build resilience through improved process efficiencies and removing internal barriers
- Match resource availability to volume and time of demand
- Match the correct skill, resource and information to meet the demand
- Improve the flow and availability of resources to ensure that we can meet variations in demand
- Use Active Resource Management (ARM) to match resources to demand based on threat and risks
- Move from a cultural positioning of an emphasis of compliance checking to one of developing quality, reducing re-working and process re-engineering to ensure compliance is more efficiently demonstrated.

Performance Summary Budget and Outturn

The 2015-16 Chief Constable's budget amounted to £114.6m and was based upon the funding agreement with the Commissioner. The table below shows the summary budget for 2015/16 against the outturn expenditure;

In-Year Financial Performance

Below is a summary of the Force's management accounts Outturn position as at 31st March 2016;

| | Full Year Budget £'000 | Year End Position £'000 |
|--------------------------|---------------------------------------|--|
| Police Officer Pay | 51,513 | (538) |
| PCSO Pay | 3,355 | (123) |
| Police Officer Pensions | 11,098 | (83) |
| Operations | 18,712 | 553 |
| Business Support | 21,717 | 331 |
| Collaboration & Regional | 8,204 | (452) |
| TOTAL FORCE | 114,599 | (312) |

Revenue expenditure

The Chief Constable's revenue outturn position for 2015/16, compared to the revised budget and after taking into account approved budget carry forwards, is an underspend of £0.312m, being 0.26% of PCC approved budget.

During the year the Police Force came in under budget in a number of areas, principally through a combination of

- Higher than anticipated attrition of police officers, less movement within the ranking structure and lower than expected recruitment of officers towards the end of the year as the Force readied itself for the implementation of parts of the Service Delivery Model.
- Higher than anticipated PCSO's joining the Police Officer establishment, combined with recruitment freezes to meet future savings plans.
- A one team approach to Crime and Local Policing enabled pooling of resources and skills sets to improve response, demand management and reduce uses of overtime and associated operational budgets;
- Freezing vacancies in preparation for regionalising some of the services in Scope of the proposed Strategic Alliance between Northamptonshire, Leicestershire and Nottingham. This is expected to have an impact on budgeted expenditure within Corporate Services.

The Operational Commands overspent by £0.553m, predominantly as a result of the revenue implications associated with the implementation, training and back filling of staff for the Niche (Crime System) project. The operational teams worked significantly during the final half of the

year to minimise over spends within this area & the one team approach and scrutiny on Supplies & Services expenditure particularly improved this position.

Revenue expenditure within the Management Accounts (Outturn) opposed to the Financial Statements

The presentation of the above revenue position is in accordance with the Forces management accounts figures reported throughout the year and reconcile to the Force's and PCC's approved Force outturn position. This outturn position is recognised within the Financial Statements and reconciles to the position before some Intra Company as a result of the PRSRA including capital financing. Furthermore, at the year-end a number of technical accounting adjustments (required by proper accounting practice) are made.

For this reason, the outturn in the summary table above will not reconcile directly to the Comprehensive Income and Expenditure Statement in either the Group or Chief Constable positions. Therefore the below is a summary of the financial statements by expenditure type, excluding statutory adjustments and then incorporating the subsequent transactions to reconcile to the overall positions within the financial statements, including the intra group adjustment for budget and those statutory items.

DRAFT 23.08.16

| Outturn Summary Accounts, with Summary reconciling to Surplus/ Deficit | | 2014-15 | | | 2015-16 | | |
|--|--|------------------|------------------|-----------------|------------------|------------------|-----------------|
| | | PCC £'m | CC £'m | Total £'m | PCC £'m | CC £'m | Total £'m |
| Comprehensive Income & Expenditure Statement | Police Officer Pay & Pensions | 0 | 77,027 | 77,027 | 0 | 83,394 | 83,394 |
| | Staff Pay & Pensions | 1,677 | 29,442 | 31,119 | 1,395 | 29,019 | 30,414 |
| | PCSO Pay & Pensions | 0 | 4,324 | 4,324 | 0 | 3,588 | 3,588 |
| | Other Employee Costs | 119 | 1,742 | 1,861 | 44 | 1,282 | 1,326 |
| | Supplies & Services | 3,699 | 23,394 | 27,093 | 4,933 | 22,768 | 27,701 |
| | Income | (1,013) | (21,750) | (22,763) | (802) | (28,197) | (28,999) |
| | Cost of Services | 4,482 | 114,179 | 118,661 | 5,570 | 111,854 | 117,424 |
| | Gains & Losses | 0 | (66) | (66) | 0 | (125) | (125) |
| | Levies | 0 | 693 | 693 | 0 | 919 | 919 |
| | Other Operating Expenditure | 0 | 627 | 627 | 0 | 794 | 794 |
| | Interest Income | 0 | 152 | 152 | 0 | 63 | 63 |
| | Interest Expenditure | 0 | (124) | (124) | 0 | (157) | (157) |
| | Financing & Investment Income & Expenditure | 0 | 28 | 28 | 0 | (94) | (94) |
| | Precept | (42,999) | 0 | (42,999) | (45,599) | 0 | (45,599) |
| | Core Police Grant | (46,249) | 0 | (46,249) | (43,418) | 0 | (43,418) |
| | Non Domestic Rates & Other Grants | (31,780) | 0 | (31,780) | (30,963) | 0 | (30,963) |
| Pre SoA Budgetary OPCC to CC Funding Transfer | 116,947 | (116,947) | 0 | 114,029 | (114,029) | 0 | |
| Taxation and Non-Specific Grant Income | (4,081) | (116,947) | (121,028) | (5,951) | (114,029) | (119,980) | |
| Surplus/ Deficit | 401 | (2,113) | (1,712) | (381) | (1,475) | (1,856) | |
| MIRS | Minimum Revenue Provision (Debt Repayment) | 0 | 335 | 335 | 0 | 245 | 245 |
| | Revenue Contribution to fund the Capital Programme | 0 | 644 | 644 | 0 | 1,484 | 1,484 |
| | Net transfers to/ (from) reserves | (401) | 1,357 | 956 | (45) | (567) | (612) |
| | Outturn Position pre SoA Adjustments (below) | 0 | 223 | 223 | (426) | (313) | (739) |
| SoA Adj's for CIES Surplus/ Deficit | Pensions costs within Surplus/ Deficit | (30) | 44,029 | 43,999 | 150 | 34,684 | 34,834 |
| | Capital Financing (Depn, Amortisation, MRP, RCO) | (3,718) | 3,384 | (334) | (926) | 3,186 | 2,260 |
| | Accumulated Absences Adjustment | 0 | 0 | 0 | 0 | 355 | 355 |
| | Collection Fund Adjustment | (646) | 0 | (646) | (515) | 0 | (515) |
| | Removal of Net Transfers | 401 | (1,357) | (956) | 45 | 567 | 612 |
| | SoA Intra Company Adjustment for Statutory Items & outturn | 4,705 | (4,705) | 0 | 0 | 0 | 0 |
| Joint Venture inclusion for reconciliation to main statements | (384) | 0 | (384) | (72) | 0 | (72) | |
| | Surplus/ Deficit after SoA adjustments | 328 | 41,574 | 41,902 | (1,744) | 38,479 | 36,735 |
| Balance Sheet | Land & Buildings | 31,934 | 0 | 31,934 | 36,751 | 0 | 36,751 |
| | Operational Assets | 0 | 11,194 | 11,194 | 0 | 10,758 | 10,758 |
| | Intangibles | 0 | 3,735 | 3,735 | 0 | 5,605 | 5,605 |
| | Other Non-Current Assets | 11 | 0 | 11 | 11 | 0 | 11 |
| | Cash & Cash Equivalents | 8,523 | 0 | 8,523 | 5,974 | 0 | 5,974 |
| | Other Current Assets (inc Debtors) | 20,716 | 1 | 20,717 | 22,171 | 0 | 22,171 |
| | Provisions | (815) | 0 | (815) | (1,155) | 0 | (1,155) |
| | Other Current Liabilities (inc Creditors) | (11,142) | (1,269) | (12,411) | (14,127) | (1,624) | (15,751) |
| | Long Term Borrowing | (1,300) | 0 | (1,300) | (1,300) | 0 | (1,300) |
| | Net Assets Excl Pensions | 47,927 | 13,661 | 61,588 | 48,325 | 14,739 | 63,064 |
| | Usable Reserves | (20,131) | 0 | (20,131) | (16,111) | 0 | (16,111) |
| | Capital Reserves | (59) | 0 | (59) | 0 | 0 | 0 |
| | Unusable Reserves (non Pensions) | (27,739) | (13,658) | (41,397) | (32,214) | (14,739) | (46,953) |
| | Net Assets Excl Pensions | (47,929) | (13,658) | (61,587) | (48,325) | (14,739) | (63,064) |
| | Long Term Pension Liabilities | (991) | (1,191,052) | (1,192,043) | (771) | (1,068,576) | (1,069,347) |
| | Unusable Pensions Reserves | 991 | 1,191,052 | 1,192,043 | 771 | 1,068,576 | 1,069,347 |
| Joint Venture Reserves (Usable & Unusable) | (1,872) | 0 | (1,872) | (1,977) | 0 | (1,977) | |
| Net Assets Including Pensions & JV | (48,810) | 1,177,394 | 1,128,584 | (49,531) | 1,053,837 | 1,004,306 | |

The budget is predominantly made up of funding for employee costs, but within the management accounts is not grossed up for income, nor for income and expenditure relating to pension items within the Top Up Grant calculations. The remainder of the budget relates to non-staff costs including, transport costs, funding for collaborative units and supplies/other costs. Income, which is generated through policing activities, is also shown within the Chief Constable's budget and financial statements.

Capital Expenditure

Under the terms of the funding arrangement between the Commissioner and the Chief Constable, all Property related assets and all capital expenditure is funded and controlled by the Commissioner. Details of capital expenditure and funding in relation to the acquisition and enhancement of assets, which including Revenue Expenditure Funded by Capital Under Statute (REFCUS) amounted to £7.0m in 2015/16 are shown in the financial statements of the Commissioner and intra company adjustments to fund the Force's capital expenditure (Equipment, IT assets, Intangible and Assets Under Construction) are shown within the Force's. The total £7.02m of expenditure on capital, included investment in

- A new Crime Recording system – Niche, which is an East Midlands region wide scheme to improve processes and allow for greater regional interoperability and efficiency (£2.38m);
- The instigation of the build for the new building in Kettering (£0.8m) and the Mereway roundabout (REFCUS) (£0.55m) , both of which forms part of the estates investment plan;
- The Force's E-Services and technology supporting the Agile working programmes of work (£0.77m)
- Replacement of fleet vehicles (£1.37m); and
- A range of ICT systems and operational equipment, including IT infrastructure, computers and Body Worn Video cameras.

As part of the transformation the commission has been successful in applying for and receiving Home Office Innovation Grant Funding (IGF). This on-going investment within the Capital Programme will be supplemented by this Funding. So far the Force has been successful in obtaining

- £0.62m and £0.9m in 2013-14 and 2014-15 for the development of Joint Police and Fire Community Hubs; and
- £2.363m & £0.364m in 2014-15 & 2015-16 for Agile working.
- The Force has also been part of regional programmes that the host Force has benefited from IGF for projects including Niche, Regional IT, Technology underpinning collaborative works and Body Worn Video technology and within 2016-17 the Force will partner regional Forces in implementing a Digital Capacity project, which the Regional Innovation Fund Reserve, held by the OPCC will help supplement other local costs, such as the project implementation team and network changes and this project will also benefit at a regional level from IGF and will help alongside the teams working on implementation evidence the necessary Force match funding requirements under the terms of the grant.

Medium Term Financial Plan (MTFP)

Within 2015-16, the Chief Constable achieved £8.476m of savings and in accordance with the Outturn position and in preparation for the £7.88m savings requirement in 2016-17 maintained an underspend position of £0.312m. Moving forwards whilst largely due to the reduction in planned central government cuts, which is now forecast to be 1.3% as opposed to headline figures between 5 and 10%, the overall budget is increasing. However, there remains around £16.2m of known commitments and £23.0m of planned reserves contributions, which would mean that if all planned savings are generated in full, that there would continue to be a deficit of £5.9m over the MTFP. Mitigation for this is expected to come from plans being finalised for the Strategic Alliance and Service Delivery Model, which encompasses most operations across the Force and within 2016-17 if the timing of savings cannot be maintained, the Commission have agreed to offset shortfalls in savings for this financial year.

The Five Year MTFP and Financial Year of 2015-16 assumptions and headline budgetary plans are summarised below;

| | Original 2016-17 £,000 | 2017-18 £,000 | 2018-19 £,000 | 2019-20 £,000 | 2020-21 £,000 |
|------------------------------|---------------------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
| FUNDING | | | | | |
| Police Grant | 73,994 | 72,644 | 71,324 | 70,034 | 68,764 |
| Precept & CTS | 48,001 | 48,340 | 49,790 | 51,290 | 52,840 |
| | 121,995 | 120,984 | 121,114 | 121,324 | 121,604 |
| SPENDING FORECASTS | 129,588 | 124,096 | 123,502 | 123,694 | 123,738 |
| SAVINGS REQUIRED | (7,593) | (3,112) | (2,388) | (2,370) | (2,134) |
| SAVINGS IDENTIFIED | (5,836) | (2,746) | (1,891) | (827) | (339) |
| SAVINGS YET TO BE IDENTIFIED | (1,757) | (366) | (497) | (1,543) | (1,795) |

In accordance with the Police and Crime Panel budgetary report, the Council Tax precept changes are forecast to increase by 1.99% year on year, with an assumption of an increase in dwellings within the Northamptonshire boundary of 1%. The Commission will engage with the public, the Police and Crime panel and Force around any future planned changes to precepts before these are agreed or revised and as such, these are for forecast purposes only. Increases in dwellings have been estimated based on growth assumptions received, this could significantly increase or decrease over time, but currently this estimated is expected to be prudent for Northamptonshire. Each 1% increase in precept equates to circa £0.5m per year. If the number of dwellings increases by 2% (£0.498m per 1% on average over the five years) between 2017-18 to 2020-21, this would generate an extra £2m and a total of £4.98m by 2020-21. However, each new dwelling and occupant thereof potentially creates additional policing demands, needs and challenges and as such, policing needs will alter as a result and may not directly correlate to a reduction in the cumulative deficit mentioned above.

Organisational Performance

The Police Force operates a comprehensive framework of performance measures to ensure it is meeting its objectives and support the Commissioner in delivering his Police and Crime Plan. The following section provides a summary of performance in relation to crime, incidents and other outcomes for 2015/16.

During 2015/16 all Forces were subject to a PEEL (Police Effectiveness Efficiency and Legitimacy) inspection by Her Majesty's Inspector of Constabularies and the report details are published here <http://www.justiceinspectorates.gov.uk/hmic/wp-content/uploads/police-effectiveness-2015-northamptonshire.pdf>.

The legitimacy report ranks Northamptonshire as "good" overall, with positive progress in the areas under inspection, which included its use of stop and search powers and Taser. It found that individual officers and staff "consistently demonstrated ethical behaviour" and there was a good understanding of the Code of Ethics.

In addition, HMIC found the Force showed a "proportionate, fair and consistent" response to complaints and misconduct while the Workforce felt valued and engaged in decisions affecting them.

In terms of actual engagement with the public, there was also praise for the way in which Northamptonshire Police engages with partner organisations through the likes of the Independent Advisory Group and Community Safety Partnerships. Monitoring of calls to the Force Control Room demonstrated that call handlers were "polite, respectful and effective" when it came to dealing with the public.

Areas for improvement included community and ward profiles not being kept up to date and therefore failing to inform police activity, particularly for frontline officers. More also needed to be done for staff wellbeing, such as return to work arrangements and a lack of awareness of the full range of services open to officers and staff.

The PEEL inspection reports the following high level performance measures against National levels;



Northamptonshire were also praised for the sustainability of their financial position in the short and long term, a sub-section where they achieved a 'Good' rating. The report explains that:

- The Force has a good track record of delivering savings, it has achieved the savings it needed with an annual under-spend, which has enabled the Force to establish a fund to support the cost of future change;
- HMIC also found that the Force also collaborates well with other Forces in the region and beyond, as well as with non-police partners such as the Fire and Rescue Service. This collaboration is helping the Force to work more efficiently and to provide a more resilient service.

People

Having a fit, healthy and motivated workforce is essential to ensuring the Force is able to provide a professional policing service to the communities of Northamptonshire. Healthy staff wellbeing is key to our organisation's performance and we believe it should sit at its very heart.

Organisational well-being is about many things, but some of the most important include ensuring that our staff have meaningful and challenging work, the opportunity to apply your skills and knowledge, and for you to have effective working relationships with your colleagues and managers.

Our Culture and Wellbeing Strategy and the most recent Service Delivery Review therefore recognises that it is our workforce that is our most important asset. We are grateful that they choose to work for us and therefore our wellbeing plan is in place to ensure that our workforce is healthy, engaged and motivated as this is critical to the delivery of effective policing and functions across the Force.

The Chartered Institute of Personnel and Development research suggests that Wellbeing strategies that pay attention to employee health rather than employee sickness are bringing real benefits to organisations, reducing turnover and sickness absence and increasing the productivity, engagement and performance of the employee/officer.

In terms of quantifying our people as whole figures Full Time Equivalents (FTE), as at the 31st March 2016 and looking forwards, but excluding further savings to be delivered through the proposed Service Delivery Model and Strategic Alliance, our Workforce plan is;

| | 2015- | 2016- | 2017- | 2018- | 2019- | 2020- |
|-----------------|--------------|--------------|--------------|--------------|--------------|--------------|
| FTEs | 16 | 17 | 18 | 19 | 20 | 21 |
| Police Officers | 1,220 | 1,220 | 1,220 | 1,220 | 1,220 | 1,220 |
| PCSO's | 96 | 99 | 90 | 82 | 74 | 68 |
| Police Staff | 721 | 677 | 649 | 649 | 649 | 649 |
| | 2,037 | 1,996 | 1,959 | 1,951 | 1,943 | 1,937 |

The Police Force is committed to promoting a workforce who reflects our communities and a culture that respects and celebrates all aspects of diversity across all facets of the workforce mix in the above table.

The Force's diversity strategy will provide an environment where everyone feels able to participate, contribute, enjoy and influence their experience; and where inclusive practices underpin everything we do. Respect for and celebration of individual diversity will shape our strategy, direction and behaviour.'

The Financial Statements

The financial summary provides an explanation of the various elements of the financial statement. The aim is to demonstrate to the reader the overall financial position of the Chief Constable at the end of the financial year, together with the cost of the services provided during the year and the financing of that expenditure.

The key financial statements are the Comprehensive Income and Expenditure Statement (CI&ES), the Balance Sheet (BS), the Movement in Reserves Statement (MiRS) and the Cash Flow Statement (CFS).

Comprehensive Income and Expenditure Statement

This statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation. The Chief Constable prepares this statement in accordance with the service expenditure analysis as required by the code developed by the Chartered Institute of Public Finance and Accountancy (CIPFA). This provides information on the cost of policing, grouped in such a way to provide the reader with an understanding of the costs of providing different policing services over the financial year and a standardised benchmark to compare Most Similar Forces (MSF considers, geography and other factors affecting policing to allow for closer comparisons, as directly comparing a large metropolitan Force to a Rural Force may not provide a fair comparison through this measure). The CIES is shown on page 25 and shows a deficit before gains and losses of £38.479m a change of £1.328m from 2014-15. This movement predominantly arises from a reduction in pensions costs included within the statement totalling (£9.165m), a change in depreciation and gains and losses of £1.282m, with the remainder of £2.952m from Salaries, Supplies and Services Income and an equal and opposite reversal in each year of a £1.767m Pension accrual, which creates a net change itself of £3.534m.

Further details of subjective level expenditure included within the CIES can be found in page 32 of the full statement of accounts within the 'Amounts Reported for Resource Allocation Decisions for the Chief Constable' note. In addition, the CIES also records a number of technical adjustments including 'financing costs & investment income' and 'other comprehensive income & expenditure'. These adjustments principally relate to changes to future pensions obligations over the year based on proper accounting practices. The overall effect of the cost of providing services and the pensions adjustment is to produce an accounting deficit of £38.479m for the year. This is then reconciled to the outturn underspend of £0.312m from the management accounts.

The Balance Sheet

The Balance Sheet shows the value as at 31st March 2016 of the Chief Constable's assets and liabilities. The Financial Statements balance sheet and the summary position set out within the Performance Summary Budget and Outturn section of this report above, shows current assets are comprised of the Chief Constable's share of short term debtors and the balance of funding between the Commissioner and the Chief Constable. Current liabilities reflect amounts owed by the Commissioner and Chief Constable. They include the Chief Constable's share of short term

creditors (the statutory adjustment for employee liabilities). Long term liabilities for the Force represent the Chief Constable's share of the whole pooled LGPS pension fund and the whole Police Pension fund liability (£1.0686bn). The net assets (assets less liabilities) are matched on the balance sheet by the Chief Constable's reserves, comprising of Pensions, Accumulated Absence and Capital Adjustment Account, which offset the Pension Liability, Employee Liabilities (for Accumulated Absences) and the contra entries for the financing of capital matching the operational, Intangible and Asset Under Construction under the control of the Chief Constable. The balance sheet is shown on page 26 in the full statement of accounts.

Movement in Reserves Statement (MiRS)

This statement shows the different reserves held by the Chief Constable analysed into 'Usable Reserves', which can be applied to fund expenditure and other 'Unusable Reserves', which are principally accounting adjustments. It shows the opening balance on each reserve at the start of the year, movements in year and the closing balance.

The Chief Constable's statement of MiRS is shown on page 27 in the full statement of accounts. The table below sets out a summary movement in reserves statement, which is the most material item within the Force's and the Groups balance sheet. The Chief has no year end usable reserves balances as a result of the PRSRA arrangements and as such, all such balances are passed onto the Commissioner through intracompany adjustments, which leaves unusable reserves within the Force's balance sheet, and therefore makes the overall positive reserves balance unusual when compared to some other local authorities or private company accounts.

The reserves shown above on the Chief Constable's movement in reserves statement are all classed as 'unusable' and provide a mechanism through which accounting adjustments can be made to present the accounts in accordance with proper accounting practices, whilst allowing the statutory amounts required to be charged for council tax purposes.

The Chief Constable's movements in reserves statement principally records the Chief Constable's negative reserves in relation to the Police and Local Government Pension Schemes, reflecting the requirement to record pension assets and liabilities as they are earned rather than when they become due for payment. During 2015/16, whilst still large, the overall negative balance on both the police and local government pensions schemes have reduced, largely as a result of changes to actuarial assumptions.

| | 2014-15 | | 2015-16 | | Movement | |
|------------------------------|------------------|----------------|------------------|------------------|------------------|------------------|
| | £'m | £'m | £'m | £'m | £'m | £'m |
| | Balance | Gains/Losses* | Balance | Gains/Losses | Balance | Gains/Losses |
| Police Pension Schemes | 1,115.490 | 107.920 | 1,009.510 | (136.060) | (105.980) | (243.980) |
| CC Local Govt Pension Scheme | 75.562 | 20.577 | 59.066 | (21.101) | (16.496) | (42.584) |
| Total | 1,191.052 | 128.497 | 1,068.576 | (157.161) | (122.476) | (286.564) |

* Includes the first year of the effects of settlement & split of pension fund pool between OPCC and CC

All year end balances on usable reserves are controlled by the Commissioner and are recorded in the balance sheet of the Commissioner, who formally recognises the need to provide contingencies to meet unplanned and planned expenditure in the future. The Commissioner's usable reserves include a general reserve of £4.404m to meet unplanned risks and earmarked reserves of £11.706m for specific revenue and capital purposes.

The Cash Flow Statement

The Cash Flow Statement shows the changes in cash and cash equivalents of the Chief Constable during the reporting period. Under the PRSRA and the funding arrangement between the Commissioner and the Chief Constable, all cash and cash equivalents are held by the Commissioner and as such the Chief Constables cash flow statement simply reflects the remittance of cash to meet liabilities throughout the year and nets to zero cash held position. The statement is shown on page 28 of the full statement of accounts.

Supporting Information to the Financial Statements

The key financial statements are supplemented by an explanation of the accounting policies used in preparing the statements (pages 29-53, including Pension Fund notes). They also contain a comprehensive set of notes that explain in greater detail a number of entries in the primary financial statements. A glossary of terms provides an explanation of the various technical

accounting terms and abbreviations. The statements are published alongside the Annual Governance Statement for the Chief Constable in accordance with the 2015 Accounts and Audit (England) Regulations.

Risks

The Force has a well-established risk management process which is embedded across the organisation.

Force-wide risks are recorded and managed via the Corporate Risk Register with each Command or department also having their own registers to record and manage departmental level risks. The Corporate Risk Register is reviewed at the Strategic Tasking and Co-Ordination Group on a quarterly basis. The Joint Independent Audit Committee provides an independent oversight and assurance of the risk management process.

The highest scoring risks on the Corporate Risk Register are as follows:-

- The capacity and capability to deliver the transformational changes required to enable the Police and Crime Plan;
- Implementation of the new Niche system to replace the existing Case, Custody, Crime and Intelligence systems.
- Delivery of a balanced medium term budget;
- Staff attrition due to uncertainty over future changes to the Force structure.

Change Programme

In response to the current financial uncertainty, the Police Force has developed a strategic approach to addressing its future savings requirements.

There are three strands to the strategy, being:

1. Northamptonshire Police's Service Delivery Model (SDM), which seeks to break down both cultural and process barriers to enable both a one team approach to delivering full county response to policing demands and provide appropriately skilled resources, whilst also delivering financial savings and efficiencies. This plan will be implemented in preparation and knowledge of the Strategic Alliance (below), which is the overarching sub regional plan to delivering effective policing in the 21st century;
2. The Strategic Alliance (SA), seeks to

Maximise opportunities to protect communities

- Fundamentally this is about providing a service to meet the needs of the communities we serve rather than our own organisations.
- Creating the capacity and capability to respond to new and emerging threats i.e. Cyber, CSE, fraud, hate crime

And also to optimise use of available financial resources:

- Recognising the austerity challenges; we need to deliver a sustainable policing model from less resources
 - Taking advantage of economies of scale, avoiding duplication and delivering value for money.
 - Focus on what is possible with combined budgets rather than focusing on what isn't available financially.
 - Potential to access Government support and finance for the Strategic Alliance e.g. for control system/strategic change.
3. The Transformation portfolio, which sought to deliver financial savings across all areas unaffected by either the SDM or SA and where efficiencies could be achieved through better procurement and more effective use of resources.

The ultimate objective will be to produce a single risk based strategy to deliver savings which will enable effective and efficient policing for Northamptonshire Police and to meet 21st century policing demands such as in the current areas of national crime growth, including 'cyber' and CSE crimes.

The Force will also continue to develop its response and predictive ability of demand, with the aim of better understanding the underlying service needs and therefore the resources required to deliver the most effective Policing model possible.



Annual Governance Statement (AGS) for Northamptonshire Police Force 2015-16

The position is as at 31 March 2016, including plans for financial year 2016/17.

1. SCOPE OF RESPONSIBILITIES

Northamptonshire Police Force ('the Force'), must ensure that its business is conducted legally and that public money is safeguarded, accounted for and used economically, efficiently and effectively. The Force has a legal duty to secure continuous improvement in the way which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

In discharging this overall responsibility, the Force is responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, which includes arrangements for the management of risk.

The Force has adopted a Code of Corporate Governance, which is consistent with the principles of CIPFA/ SOLACE Framework: Delivering Good Governance in Local Government. A copy is on the ONPCC website at www.northantspcc.org.uk or can be obtained from the CFO, Northamptonshire Office of the Police & Crime Commissioner, Force Headquarters, Wootton Hall, Mereway, Northampton, NN4 0JQ. This statement explains how the Force has complied with the Code and also meets the requirements of Accounts and Audit (England) Regulations 2011, Regulation 4(3), which requires all relevant bodies to prepare an annual governance statement.

Throughout the period the organisation also ensured that its management arrangements conformed with the governance requirements of the CIPFA Statement on the role of the Chief Financial Officer in Local Government (2010) and its assurance arrangements are in line with the CIPFA statement on the Role of the Chief Internal Auditor (2010). This also includes having effective arrangements in place for the function of the Monitoring Officer.

2. THE PURPOSE OF THE GOVERNANCE FRAMEWORK

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

The system of internal control is a significant part of the framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can, therefore, only provide reasonable and not absolute assurance of effectiveness.

The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the Force's policies, aims and objectives, to evaluate the likelihood and potential impact of those risks being realised, and to manage them efficiently, effectively and economically.

The governance framework is in place at the Force at the year-end 31 March 2016 and up to the date of approval of the Statement of Accounts.

3. THE GOVERNANCE FRAMEWORK

For the period of 1 April 2015 until 31 March 2016 Northamptonshire Police worked with the OPCC as set out under the Police Reform and Social Responsibility Act 2011 (PRSR) and the Policing Protocol Order 2011. Under the PRSR the Force became a corporation sole, therefore the Chief Constable continues to be responsible for all operational policing matters, the direction and control of police personnel, and for putting in place proper arrangements for the governance of the Force. The Chief Constable is required by statute to appoint a person to be responsible for the proper administration of the Force financial affairs (S151 officer). The post that holds this responsibility is

the ACO Finance and Resources. The PCC holds the Chief Constable to account for his policing responsibilities and it follows that the PCC must be satisfied that the Force has mechanisms in place for the maintenance of good governance, and that these operate in practice. The Joint Independent Audit Committee (JIAC) oversees the governance arrangements to ensure robustness and transparency of the frameworks.

Our vision is:

“To Make Northamptonshire the Safest Place in the Country”

Objectives and Targets

The Police and Crime plan was first published in March 2013 and refreshed within 2014 and it set out the strategy for policing the area and the vision for Northamptonshire Police Force until 2017. The strategic outcomes we desire are:

- A reduction of at least 40% in violent crime
- There will be a focus on eradicating drugs and reducing acquisitive crime
- Anti-social behaviour will be robustly and intelligently tackled
- Northamptonshire will have a more visible police Force
- Northamptonshire will be a secure place
- Northamptonshire will have the safest roads

These outcomes enabled the Force to focus our resources on the key strategic themes:

- Reducing all Crime
- Increase our resolution rate
- Reduce Violence against the person
- Reduce Serious and Acquisitive crime volumes
- Protecting Vulnerable People

Monitoring Performance

Within Force, the Executive Group (All Chief Officers and the Departmental Commanders), supported by the Strategic Tasking and Coordination Group will shape and coordinate and monitor strategic delivery of both the policing services and organisational development.

Monitoring within the Force is through the Chief Officers' Team (COT) and the supporting meetings chaired by a Chief Officer:

- Strategic Tasking and Co-Ordination Group is chaired by the Chief Constable (CC).
- Both the Deputy (DCC) and Assistant Chief Constables (ACC's), Departmental Commanders and appropriate Department Heads attend these quarterly meetings to examine performance against the organisation's strategic assessment and control strategy, making strategic resourcing decisions based on intelligence and performance and the resources available.
- Monthly Performance and Tasking is chaired by the Deputy Chief Constable.
- All operational Commanders and Superintendents, appropriate HR, Finance and Organisational Delivery leads attend these monthly meetings, where performance is scrutinised and issues are tasked to be resolved.
- Strategic Workforce Planning is chaired by the Deputy Chief Constable.
- The ACC, Departmental Commanders, Head of Organisational Delivery, Senior HR Business Partner, Unison, Acting Head of Finance, and the Police Federation attend these meetings. This body scrutinises and leads how the organisation plans and delivers a workforce fit for delivering the policing objectives in the future.
- The Transformation Board is chaired by the DCC and CFO for the OPCC and has oversight of the transformational change programmes in the Force, with includes Estates, Agile technology, Specials and Volunteers, the Service Delivery Model and has oversight on work within Interoperability.
- The Interoperability Board is chaired by the ACC and delivers the integration of the Force and Northamptonshire Fire and Rescue, improving our service to our community.

Her Majesty's Inspectorate of Constabulary (HMIC) also continuously monitors the Force performance against other Forces and carries out inspections of the Force for themes agreed with the Home Secretary.

Measuring the quality of services for users

The ONPCC carries out telephone surveys with victims of crime and also undertakes a general public attitude survey, which measures the opinions of members of the public about policing across the County. The victim surveys now incorporate all Hate Crimes, in order to get broader feedback on quality of service beyond Racist Incident/Crime victims. The Force has also undertaken

programmes of consultation with other groups of service-users, including domestic abuse, child abuse and serious Road Traffic Collision victims and families, in order to provide an insight into quality of service beyond the standard groups normally covered by the telephone surveys. Individual Safer Community Teams are concentrating on priorities set by their local communities. The results of these are monitored by the Monthly Performance and Tasking meeting.

The Force's Professional Standards Department also sends out surveys to complainants and monitors the feedback obtained.

Risk Management

The Force continues to implement and embed risk management arrangements across the organisation.

The DCC has established a Professional Standards and Security Board to ensure Force risks are monitored and mitigated. All commands and departments maintain their own risk registers. The corporate risk register is presented to the Chief Officer Group on a quarterly basis, for discussion and awareness, and at every meeting of the Independent Audit Committee for independent oversight and assurance.

Roles and Responsibilities

The Force ensures that staff and officers work together, with clearly defined functions and roles, to achieve a common purpose, through the schemes of delegation approved by the ONPCC.

The Force has in place:

- A framework of statutory and local delegated powers, procedures and regulations
- Officers and staff allocated to PCC meetings to present reports and answer questions as appropriate. For example, the Director for Resources Transformation and Governance (ONPCC) and the ACO for Finance & Resources (CC) meet regularly to discuss finance, budget planning, the Force change programme and contracts. Written reports about Finance are given to the ONPCC bi-monthly.
- A designated liaison officer between the Force and the ONPCC providing a single point of contact
- Effective and professional communications for the Force and the ONPCC via the Communications Department including reactively and proactively representing the ONPCC interests to the media.
- Well publicised codes of conduct for both officers and staff with the code of conduct for officers regulated by police regulations and an effective disciplinary process for breaches of Code of Conduct, managed by the Professional Standards Department.

Compliance

The Force will ensure compliance with relevant laws and regulations, internal policies and procedures, and that expenditure is lawful.

The Chief Constable and Force S151 Officer (ACO Finance & Resources), have legal and professional responsibilities in this respect, assisted by assurances from internal and external audit. The Joint Independent Audit Committee undertakes the core functions of an audit committee as defined by CIPFA.

During 2015-16 the Force had 12 assurance reviews: 1 significant, 4 satisfactory, and 5 limited assurances and due to the type of audit, 2 'no opinion'. These will be the focus for areas of improvement during 2016/17. There are checks and balances built into the financial procedures to ensure that expenditure is lawful, and this is underpinned by financial regulations which apply to each officer and employee of the Force. Departmental Heads and the relevant process groups are responsible for ensuring the Force policies and procedures are lawful. There were also 4 collaborative arrangement audits, of which one was satisfactory, 1 significant and due to the type of audit 2 'no opinion';.

Having reviewed all of the Internal Audit reports for the year, the Force is actively looking to improve processes where possible. The main focus of work over the forthcoming year will be;

- Work with the East Midlands region, including East Midlands Strategic Commercial Unit (Procurement) to ensure the Governance and financial framework is improved;
- To ensure that work between the Force and it's Multi Force Shared Services (MFSS) is improved, including reviews of Service Level Agreements in each direction of work between Force and MFSS to enable more effective controls and processes; and
- The documentation for and around the safeguarding of detained property is improved.

- Officers and staff employed by the Force are expected to adhere to the highest standards of conduct and personal behaviour. The requirements of officers are set out in Schedule 2 of the Police (Conduct) Regulations 2012. The requirements of Police staff are set out in the Police Staff Council Standards of Professional Behaviour document.

The Force has internal procedures managed by Professional Services Department for complaints by both officers and staff, and for members of the public to use. The Force is also regulated by the Independent Police Complaints Commission (IPCC), an external body that has the power to investigate the Force.

A Public Interest Disclosure (whistle-blowing) policy is in place to protect any employee who may wish to raise concerns of public interest.

REVIEW OF EFFECTIVENESS

The Force has responsibility for conducting, at least annually, a review of the effectiveness of the governance framework, including the system of internal control. The review of effectiveness is informed by the work of the senior managers within the Force who have responsibility for the development and maintenance of the governance, the head of internal audit's Annual Report, and also by comments made by the external auditors and other review agencies and inspectorates.

The governance between the Force and the ONPCC has continued to be refined as has the Force framework to ensure the governance remains robust and effective. This has included the Scheme of Consent and a review of leadership and membership of all strategic meetings, and the outcomes being achieved by the Force.

For 2015-16 Mazars (internal audit) concluded that for the Chief Constable:

Our overall opinion is that generally adequate and effective control and governance processes were in place to manage the achievement of the organisation's objectives. We have, however, identified weaknesses in respect of risk management, financial controls and some other operational areas that require addressing.

SIGNIFICANT GOVERNANCE ISSUES IN 2015-16

There were 2 significant governance issues during 2015-16, which were the handling cash and bank and Officers in Kind between regional collaborations. However, the Force will continually try to improve the governance framework both within the Force, the links with partners and the linking into the ONPCC, and the regional governance framework.

Mr Simon Edens
Chief Constable of Northamptonshire Police Force

Mr P Dawkins
ACO Finance & Resources
Northamptonshire Police Force
On behalf of the senior officers Northamptonshire Police Force

Statement of Responsibilities for the Statement of Accounts

The CC's Responsibilities

The CC is responsible for operational Policing and that the financial controls surrounding this are adequate and effective and that a sound system of internal controls is in place including arrangements for risk management.

The CC and CC CFO also has a specific responsibility to sign the Chief Constables Operational Policing's Statement of Accounts following June and September's quarterly JIAC meetings.

The CFO's Responsibilities

The CFO to the PCC is responsible for the preparation of the CC's single entity accounts in line with statutory best practice set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in Great Britain ("The Code") and the Accounts and Audit Regulations 2015.

The accounts are required to present fairly the financial position of the CC at the accounting date and its income and expenditure for the year ended 31 March 2016.

In preparing this Statement of Accounts, the Head of Finance and Asset Management has:

- Selected suitable accounting policies and applied them consistently;
- Made judgements and estimates that were reasonable and prudent; and
- Complied with the Code of Practice on Local Authority Accounting in the United Kingdom 2015-16.

In conjunction with the PCC's Director For Resources Transformation and Governance, the Head of Finance & Asset Management 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.

The Role of the Chief Constable

The Chief Constable, assisted and advised by his Chief Finance Officer, is responsible for day-to-day financial management of the operational Police Force and for ensuring that the Force stays within its approved revenue, in accordance with the financial framework agreed by the Police and Crime Commissioner.

Northamptonshire Police Financial Services staff under the supervision of, and with the assistance of the PCC's Office, carries out the preparation of the CC's accounts and liaises with the external auditors, KPMG LLP, during the audit process.

ACO Finance & Resources (CFO for the CC) Certificate

I certify that the Statement of Accounts presents a true and fair view of the financial position of Northamptonshire Police Force as at 31 March 2015 and the income and expenditure for the year ended 31 March 2016.

Simon Edens
Chief Constable

Paul Dawkins
ACO Finance & Resources

Date:

Date:

COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT FOR THE YEAR ENDED 31 MARCH 2016 FOR THE CHIEF CONSTABLE ACCOUNTS

This account summarises the resources that have been generated and consumed in providing services and managing the CC's resources during the last year. It includes all day-to-day expenses and related income on an accruals basis, as well as transactions measuring the value of fixed assets actually consumed and the real projected value of retirement benefits earned by employees in the year.

Under the new Police Service Expenditure Analysis (SeRCOP) methodology this account allocates and apports expenditure and income over 10 service divisions.

| | 2014-15 | | | 2015-16 | | |
|---|-------------------|-----------------|-----------------|-------------------|-----------------|------------------|
| | Gross Expenditure | Gross Income | Net Expenditure | Gross Expenditure | Gross Income | Net Expenditure |
| | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| Local Policing | 61,977 | (9,010) | 52,967 | 52,693 | (10,069) | 42,624 |
| Dealing with the public | 8,753 | (706) | 8,047 | 10,487 | (897) | 9,590 |
| CJ Arrangements | 11,945 | (1,018) | 10,927 | 11,783 | (1,602) | 10,181 |
| Road policing | 6,456 | (3,308) | 3,148 | 7,191 | (3,340) | 3,851 |
| Operational Support | 6,740 | (1,262) | 5,478 | 5,049 | (1,021) | 4,028 |
| Intelligence | 5,652 | (662) | 4,990 | 850 | (211) | 639 |
| Investigations | 29,544 | (4,492) | 25,052 | 7,078 | (1,124) | 5,954 |
| Investigative support | 4,423 | (186) | 4,237 | 37,611 | (7,576) | 30,035 |
| National policing (Including Counter Terrorism) | 2,108 | (1,106) | 1,002 | 3,665 | (36) | 3,629 |
| Services to victims and witnesses of crime | 0 | 0 | 0 | 3,969 | (2,321) | 1,648 |
| Cost of Services | 137,598 | (21,750) | 115,848 | 140,376 | (28,197) | 112,179 |
| Non Distributed Costs | 7 | 0 | 7 | 359 | 0 | 359 |
| Policing Crime Commissioner | 0 | 0 | 0 | 0 | 0 | 0 |
| Agrees to Net Cost of Service Subjective Analysis | 137,605 | (21,750) | 115,855 | 140,735 | (28,197) | 112,538 |
| Other Operating Expenditure | Note 6 | | 909 | | | 1,095 |
| Financing & Investment Income & Expenditure | Note 6 | | 44,695 | | | 38,875 |
| Taxation & Non-Specific Grant Income | Note 6 | | 0 | | | 0 |
| Intra-Company Adjustment | | | (121,652) | | | (114,029) |
| (Surplus)/ Deficit on Provision of Services | Note 5 | | 39,807 | | | 38,479 |
| Revaluation (Gains)/Losses and Impairment Losses on property, plant and equipment | | | | | | |
| Actuarial (Gains)/Losses on Pension Assets/Liabilities | Note 12 | | 128,497 | | | (157,161) |
| Other comprehensive income and expenditure | | | 128,497 | | | (157,161) |
| TOTAL COMPREHENSIVE (INCOME)/EXPENSE FOR THE PERIOD | | | 168,304 | | | (118,682) |

BALANCE SHEET AS AT 31 MARCH 2016

This account shows the overall financial position of the Chief Constable's resources as at 31 March 2016. Therefore it differs from the other financial accounts shown in this statement in that it deals with the position of the CC's resources at the end of the 2015-16 financial year, instead of dealing with day-to-day transactions within that financial year.

| 2014-15 £'000 | Note | 2015-16 £'000 |
|--------------------|--|--------------------|
| | Non-current assets: | |
| 11,194 | Property, Plant and Equipment (PPE) 13 | 10,758 |
| 3,735 | Intangible Assets 15 | 5,605 |
| 14,929 | Total non-current assets | 16,363 |
| | Current assets: | |
| 0 | Current Assets | 0 |
| 0 | Assets Held for Sale | 0 |
| 0 | Total current assets | 0 |
| | Current liabilities | |
| (1,269) | Short Term Creditors 22 | (1,624) |
| 0 | Current Liabilities | |
| (1,269) | Total current liabilities | (1,624) |
| 13,660 | Total assets less current liabilities | 14,739 |
| | Non-current liabilities: | |
| (1,191,054) | Other Long Term Liabilities 19 | (1,068,576) |
| 0 | Non-Current Liabilities | |
| (1,191,054) | Total non-current liabilities | (1,068,576) |
| (1,177,394) | Net Assets | (1,053,837) |
| | Reserves | |
| 0 | Usable Reserves | 0 |
| 1,177,394 | Unusable Reserves 12 | 1,053,837 |
| 1,177,394 | TOTAL Reserves | 1,053,837 |

MOVEMENT IN RESERVES STATEMENT 2015-16

This statement shows the movement in the year on the different reserves held by the CC, analysed into 'usable reserves' (i.e. those that can be applied to fund expenditure or reduce local taxation) and other reserves. The (surplus)/deficit on the Provision of Services line shows the true economic cost of providing the CC's services, more details of which are shown in the Comprehensive Income and Expenditure Statement. These are different from the statutory amounts required to be charged to the General Fund Balance for council tax setting. The Net Increase/ Decrease before Transfers to Earmarked Reserves line shows the statutory General Fund Balance before any discretionary transfers to or from earmarked reserves undertaken.

| Movement in Reserves Statement 2014/15 | | | | | | | |
|---|----------------|-----------------------|--------------------------|----------------------------|-----------------------|-------------------|------------------|
| | General Fund | Total Usable Reserves | Employee Benefit Reserve | Capital Adjustment Account | TOTAL Pension Reserve | Unusable Reserves | Total Reserves |
| | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| Unusable Reserves NOTE 12 | | | | | | | |
| <u>Movement in Reserves during 2014/15</u> | | | | | | | |
| Opening Balances | 0 | 0 | 1,261 | (11,784) | 1,016,539 | 1,006,016 | 1,006,016 |
| Surplus/ (Deficit) on provision of Services | 39,807 | 39,807 | 0 | 0 | 0 | 0 | 39,807 |
| Other Comprehensive Income & Expenditure | 0 | 0 | 0 | 0 | 128,497 | 128,497 | 128,497 |
| Total Comprehensive Income & Expenditure | 39,807 | 39,807 | 0 | 0 | 128,497 | 128,497 | 168,304 |
| Adjustment between accounting basis & funding basis under regulation (note 9) | (41,351) | (41,351) | 8 | (3,769) | 45,112 | 41,351 | 0 |
| Net Increase/ Decrease before Transfer to Earmarked Reserves | (1,544) | (1,544) | 8 | (3,769) | 173,609 | 169,848 | 168,304 |
| Transfer to/ (from) Earmarked Reserves | 1,544 | 1,544 | 0 | 624 | 906 | 1,530 | 3,074 |
| Increase/ Decrease in 2014/15 | 0 | 0 | 8 | (3,145) | 174,515 | 171,378 | 171,378 |
| Balance as at 31 March 2015 carried forwards | 0 | 0 | 1,269 | (14,929) | 1,191,054 | 1,177,394 | 1,177,394 |
| Movement in Reserves during 2015/16 | | | | | | | |
| Surplus/ (Deficit) on provision of Services | 38,479 | 38,479 | 0 | 0 | (157,161) | (157,161) | 38,479 |
| Other Comprehensive Income & Expenditure | | | 0 | 0 | (157,161) | (157,161) | (157,161) |
| Total Comprehensive Income & Expenditure | 38,479 | 38,479 | 0 | 0 | (157,161) | (157,161) | (118,682) |
| Adjustment between accounting basis & funding basis under regulation (note 9) | (39,455) | (39,455) | 355 | 3,314 | 34,683 | 38,352 | (1,103) |
| Net Increase/ Decrease before Transfer to Earmarked Reserves | (976) | (976) | 355 | 3,314 | (122,478) | (118,809) | (119,785) |
| Transfer to/ (from) Earmarked Reserves | 976 | 976 | | (4,748) | | (4,748) | (3,772) |
| Increase/ Decrease in 2015/16 | 0 | 0 | 355 | (1,434) | (122,478) | (123,557) | (123,557) |
| Balance as at 31 March 2016 carried forwards | 0 | 0 | 1,624 | (16,363) | 1,068,576 | 1,053,837 | 1,053,837 |

CASH FLOW STATEMENT 2015-16

This statement shows a summary of the cash flowing in and out of the Chief Constable arising from transactions with third parties for revenue and capital purposes. Cash is defined for this statement as cash in hand and deposits repayable on demand.

| | 2014-15 | 2015-16 |
|--|-----------------|-----------------|
| | £'000 | £'000 |
| OPERATING ACTIVITIES | | |
| Grants | (16,055) | (23,940) |
| Sales of goods and rendering of services | (6,605) | (126) |
| Interest received | (124) | (156) |
| Cash inflows generated from operating activities | (22,784) | (24,222) |
| Cash paid to and on behalf of employees | 112,435 | 115,276 |
| Cash paid to suppliers of goods and services | 16,836 | 23,041 |
| Interest paid | 152 | 63 |
| Intra Company Cash Transfer | (112,790) | (120,531) |
| Cash outflows generated from operating activities (sub-total) | 16,633 | 17,849 |
| Net cash flows from operating activities | (6,151) | (6,373) |
| INVESTING ACTIVITIES | | |
| Purchase of property, plant and equipment, investment property and intangible assets | 6,151 | 6,247 |
| Proceeds from the sale of property, plant and equipment, investment property and intangible assets | 0 | 126 |
| Other receipts from investing activities | 0 | 0 |
| Net cash flows from investing activities | 6,151 | 6,373 |
| FINANCING ACTIVITIES | | |
| Net cash flows from financing activities | 0 | 0 |
| Net (increase) or decrease in cash & cash equivalents | (0) | (0) |
| Cash & Cash Equivalents at beginning of period | 0 | 0 |
| Cash & Cash Equivalents at end of period | 0 | 0 |

NOTES ON THE CORE FINANCIAL STATEMENTS

1 Critical Judgements in Applying Accounting Policies

In applying the accounting policies set are set out on page 54, the CC has had to make certain judgements about complex transactions or those involving uncertainty about future events. The critical judgements made in the Statement of Accounts are:

- Influences on going concern status, such as future levels of funding for police from central government departments
- Possible impairment of investments
- Whether other entities with which the CC has a relationship are subsidiaries, associates or jointly controlled entities
- The potential outcome of legal claims by or against the CC
- The condition of the local and national housing/industrial building market
- The economic standing of significant debtors and creditors

2 Assumptions Made About the Future and Other Major Sources of Estimation Uncertainty

The Statement of Accounts contains estimated figures that are based on assumptions made by the CC 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 items in the CC's Balance Sheet at 31 March 2016 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

| Item | Uncertainties | Effect if Actual Results Differ from Assumptions |
|-------------------------------|--|---|
| Property, Plant and Equipment | Assets are depreciated over useful lives that are dependent on assumptions about the level of repairs and maintenance that will be incurred in relation to individual assets. The nature of the authority is that for example some equipment, e.g. vehicles can be driven in extreme conditions, which could result in increased impairments or reduced useful economic lives; however, historically this has not been the case. | If the useful life of assets is reduced, depreciation increases and the carrying amount of the assets falls. It is estimated that the annual depreciation charge for vehicles would increase by £2.222m for every year that useful lives had to be reduced. |
| Joint Venture | Assets are depreciated over useful lives that are dependent on assumptions about the level of repairs and maintenance that will be incurred in relation to individual assets. The nature of the authority is that the Joint Venture's helicopter can be used driven in extreme conditions, which could result in increased impairments or reduced useful economic lives, however, historically this has not been the case. | If the useful life of assets is reduced, depreciation increases and the carrying amount of the assets falls. |
| Pensions Liability | Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. Two firms of consulting actuaries are engaged to provide the Authority with expert advice about the assumptions to be applied. | The assumptions interact in complex ways. During 2015/16, the Authority's actuaries advised that the net pension's liability had decreased by £122.476m as a result of estimates being corrected as a result of experience and decreased by £142.191m attributable to updating of the assumptions. If laws and regulations surrounding the management of the Police Pension scheme were to change, the maximum additional liability the Force could face would be £1,068.576m, being the total pension liability. |

3 Events after the Balance Sheet Date

Events taking place after the draft Statement of Accounts were provided to our external auditors on 28th June 2016, are not reflected within the Financial Statements or notes. Where events taking place before this date provided information about conditions existing at 31 March 2016, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information.

On 23 June, the EU referendum took place and the people of the United Kingdom voted to leave the European Union. Until exit negotiations are concluded, the UK remains a full member of the European Union and all the rights and obligations of EU membership remain in force. During this period the Government will continue to negotiate, implement and apply EU legislation. It will be for the Government, under the new Prime Minister to begin negotiations to exit the EU. The outcome of these negotiations will determine what arrangements apply in relation to EU legislation and funding in future once the UK has left the EU. This is therefore a non-adjusting event for which no estimate of its financial effect on the reporting entity can be made.

4 Employee Remuneration for the Chief Constable

In accordance with the Code of Practice and LAAP Bulletin 85 from April 2010, the number of employees whose remuneration was paid in year, excluding pension contributions, exceeded £50,000 or more in the year, were as follows:

Figures below are prepared on a different basis to the table on page 30.

| 2014-15 Total | £000's | 2015-16 Officers | 2015-16 Police Staff | 2015-16 Total Employees |
|------------------|--------------------|---------------------|-------------------------|----------------------------|
| 23 | 50,000 to 55,000 | 17 | 4 | 21 |
| 5 | 55,000 to 60,000 | 7 | 0 | 7 |
| 3 | 60,000 to 65,000 | 2 | 4 | 6 |
| 3 | 65,000 to 70,000 | 3 | 0 | 3 |
| 2 | 70,000 to 75,000 | 0 | 0 | 0 |
| 3 | 75,000 to 80,000 | 2 | 0 | 2 |
| 0 | 80,000 to 85,000 | 1 | 1 | 2 |
| 0 | 85,000 to 90,000 | 1 | 0 | 1 |
| 1 | 90,000 to 95,000 | 0 | 0 | 0 |
| 0 | 95,000 to 100,000 | 0 | 0 | 0 |
| 0 | 100,000 to 105,000 | 1 | 0 | 0 |
| 1 | 105,000 to 110,000 | 0 | 0 | 1 |
| 0 | 110,000 to 115,000 | 0 | 0 | 0 |
| 0 | 115,000 to 120,000 | 0 | 0 | 0 |
| 1 | 120,000 to 125,000 | 0 | 0 | 0 |
| 0 | 125,000 to 130,000 | 0 | 0 | 0 |
| 0 | 145,000 to 150,000 | 1 | 0 | 1 |
| 42 | | 35 | 9 | 44 |

The disclosure above includes senior officers and requires the outlining of total taxable pay, including personal Additional Voluntary Contributions, whereas the Senior Officers table overleaf outlines the entire remunerations by post. Therefore, the two tables are not completely comparable which will result in differing bandings if the two are compared.

... Note 4 continued from previous page

Senior Officers of the organisation whose remunerations, excluding pension contributions, exceeded £50,000 requiring disclosure by post or name were:

| Officers' Remuneration | | | Salary, Fees & Allowances | Expense Allowance | Loss of Office | Benefits in Kind | Other | Total Exc Pensions | Employer's Contributions | Total Inc Pensions |
|---|------------|------------|---------------------------------|----------------------|-------------------|---------------------|---------------|-----------------------|-----------------------------|-----------------------|
| 2015-16 | | | £ | £ | £ | £ | £ | £ | £ | £ |
| Adrian Lee - Chief Constable | 12/10/2009 | 25/Jul/15 | 42,703 | 0 | 366 | 0 | 5,627 | 48,696 | 10,334 | 59,030 |
| Simon Edens - Chief Constable | 27/07/2015 | | 102,445 | 0 | 176 | 0 | 0 | 102,621 | 0 | 102,621 |
| Deputy Chief Constable | 19/03/2015 | | 112,643 | 0 | 151 | 0 | 8,842 | 121,635 | 27,258 | 148,893 |
| Assistant Chief Constable 1 | 26/08/2014 | 30/11/2015 | 63,999 | 0 | 487 | 0 | 0 | 64,486 | 15,488 | 79,974 |
| Assistant Chief Constable 2 | 31/07/2015 | | 85,657 | 0 | 170 | 0 | 2,837 | 88,664 | 20,728 | 109,392 |
| Head of Corporate Service | 29/11/2010 | | 92,757 | 0 | 3,131 | 0 | 0 | 95,888 | 15,769 | 111,657 |
| ACO Resources | 16/02/2015 | | | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total Northamptonshire Police | | | 500,205 | 0 | 4,481 | 0 | 17,305 | 521,991 | 89,577 | 611,568 |
| 2014-15 | | | £ | £ | £ | £ | £ | £ | £ | £ |
| Adrian Lee - Chief Constable | 12/10/2009 | | 135,202 | 1,636 | | 0 | 10,210 | 147,048 | 32,718 | 179,766 |
| Deputy Chief Constable 1 | 01/02/2013 | 31/03/2015 | 111,528 | 869 | | 0 | 8,390 | 120,787 | 26,989 | 147,776 |
| Deputy Chief Constable 2 | 19/03/2015 | | 4,926 | 0 | | 0 | 187 | 5,113 | 1,192 | 6,305 |
| Assistant Chief Constable 1 | 01/09/2010 | 18/03/2015 | 95,545 | 123 | | 0 | 8,565 | 104,233 | 23,121 | 127,354 |
| Assistant Chief Constable 2 | 03/06/2013 | 31/08/2014 | 39,455 | 344 | | 0 | 1,773 | 41,572 | 9,548 | 51,120 |
| Assistant Chief Constable 3 | 26/08/2014 | | 56,119 | 162 | | 0 | 0 | 56,281 | 13,580 | 69,861 |
| Head of Corporate Service | 01/02/2001 | 15/02/2015 | 72,905 | 1,096 | 35,465 | 978 | 0 | 110,444 | 12,394 | 122,838 |
| Head of Finance and Asset Management | 16/02/2015 | | 10,216 | 0 | | 0 | 0 | 10,216 | 1,737 | 11,953 |
| Total Northamptonshire Police | | | 525,896 | 4,230 | 35,465 | 978 | 29,125 | 595,694 | 121,279 | 716,973 |

5 Amounts Reported for Resource Allocation Decisions for the Chief Constable

The analysis of income and expenditure by service on the face of the Comprehensive Income and Expenditure Statement is that specified by the Statement of Recommended Practices. However, decisions about resource allocation are taken by the CC on the basis of budget reports analysed across departments. These reports are prepared on a different basis from the accounting policies used in the financial statements. In particular:

- No charges are made in relation to capital expenditure (whereas depreciation, revaluation and impairment losses in excess of the balance on the Revaluation Reserve and amortisations are charged to services in the Comprehensive Income and Expenditure Statement)
- The cost of retirement benefits is based on cash flows (payment of employer's pensions contributions) rather than current service cost of benefits accrued in the year

The income and expenditure of the CC's principal departments are recorded in the budget reports for the year is as follows:

| 2015-16 | Chief Constable | Total |
|---|------------------|------------------|
| Portfolio Income and Expenditure | £'000 | £'000 |
| Fees Charges & Other Service Income | (28,197) | (28,197) |
| Government Grants | (115,721) | (115,721) |
| Total Income | (143,918) | (143,918) |
| Employee Expenses | 117,284 | 117,284 |
| Other Service Expenses | 26,322 | 26,322 |
| Support Service Recharge | 0 | 0 |
| Total Expenditure | 143,606 | 143,606 |
| Net Income/ Expenditure (Surplus)/ Deficit | (312) | (312) |

| 2014-15 | Chief Constable | Total |
|---|------------------------|------------------|
| Portfolio Income and Expenditure | £'000 | £'000 |
| Fees Charges & Other Service Income | (21,750) | (21,750) |
| Government Grants | (116,946) | (116,946) |
| Total Income | (138,696) | (138,696) |
| Employee Expenses | 110,758 | 110,758 |
| Other Service Expenses | 26,394 | 26,394 |
| Support Service Recharge | 0 | 0 |
| Total Expenditure | 137,152 | 137,152 |
| Net Income/ Expenditure (Surplus)/ Deficit | (1,544) | (1, 544) |

Reconciliation of Portfolio Income & Expenditure to Cost of Services in the Comprehensive Income & Expenditure Statement (CIES)

This reconciliation shows how the figures in the analysis of Income and Expenditure relate to the amounts included in the CIES.

| | 2014-15 £'000 | 2015-16 £'000 |
|---|--------------------------|--------------------------|
| Net Expenditure in the Portfolio Analysis | (1544) | (312) |
| Net Expenditure of Services & Support Departments not included in the Analysis* | 0 | 0 |
| Amounts in the CIES not reported to management in the Analysis | 41,351 | 38,791 |
| Amounts included within the Analysis not included within the CIES | 0 | 0 |
| (Surplus)/ Deficit on the Provision of Services | 39,807 | 38,479 |

* These include adjustments between Accounting Basis and Funding Basis under Regulations, such as depreciation, amortisation, revenue funded from capital under statute, gains and losses on disposals, IAS 19 pension adjustments and joint venture income and expenditure.

Reconciliation to Subjective Analysis

This reconciliation shows how the figures in the analysis of Income and Expenditure relate to a subjective analysis of the Surplus or Deficit on the Provision of Services included in the Comprehensive Income and Expenditure Statement.

| 2015-16 | Portfolio (CC) | Amounts Not Reported | Cost of Services |
|---|------------------|----------------------|------------------|
| | £'000 | £'000 | £'000 |
| Police Pay & Allowance | 63,911 | (6,278) | 57,633 |
| Police Pensions | 19,484 | 0 | 19,484 |
| Police Staff Pay | 32,608 | 1,987 | 34,595 |
| Pay & Other Allowances | 1,282 | 0 | 1,282 |
| Premises | 4,440 | 0 | 4,440 |
| Transport | 1,920 | 0 | 1,920 |
| Supplies & Services | 8,926 | 0 | 8,926 |
| Agency Expenses | 7,483 | 0 | 7,483 |
| Levies | 920 | 0 | 920 |
| Interest Payable and Similar Charges | 63 | 0 | 63 |
| Pension Interest Costs | 0 | 38,967 | 38,967 |
| Pensions NDC | 0 | 359 | 359 |
| Depreciation, Amortisation & Impairments | 0 | 4,613 | 4,613 |
| Minimum Revenue Provision for Capital Financing | 245 | (245) | 0 |
| Pensions Effect of Settlements | 0 | 0 | 0 |
| | 141,282 | 39,403 | 180,685 |
| Service Income | (5,059) | 0 | (5,059) |
| Specific Grants | (23,138) | 0 | (23,138) |
| Police Pensions Top Up Grant | 0 | 0 | 0 |
| Interest and Investment Income | (156) | 0 | (156) |
| Gains & Losses | (128) | 303 | 175 |
| Police Grant | 0 | 0 | 0 |
| Revenue Contribution to Capital | 1,484 | (1,484) | 0 |
| Capital Grants & Contributions | 0 | 0 | 0 |
| Net Transfer to or (from) earmarked reserves | 1,124 | (1,124) | 0 |
| Intra Group Transfer | (115,721) | 1,693 | (114,028) |
| | (141,594) | (612) | (142,206) |
| | (312) | 38,791 | 38,479 |

| 2014-15 | Portfolio (CC) | Amounts Not Reported | Cost of Services |
|---|------------------|----------------------|------------------|
| | £'000 | £'000 | £'000 |
| Police Pay & Allowance | 63,733 | (2,010) | 61,723 |
| Police Pensions | 13,294 | 0 | 13,294 |
| Police Staff Pay | 31,999 | 1,365 | 33,364 |
| Pay & Other Allowances | 1,742 | 0 | 1,742 |
| Premises | 4,655 | 0 | 4,655 |
| Transport | 2,150 | 0 | 2,150 |
| Supplies & Services | 9,324 | 223 | 9,547 |
| Agency Expenses | 6,782 | 0 | 6,782 |
| Levies | 693 | 0 | 693 |
| Interest Payable and Similar Charges | 152 | 0 | 152 |
| Pension Interest Costs | 0 | 45,750 | 45,750 |
| Pensions NDC | 0 | 7 | 7 |
| Depreciation, Amortisation & Impairments | 0 | 4,080 | 4,080 |
| Minimum Revenue Provision for Capital Financing | 335 | 0 | 335 |
| Accumulated Absence | 0 | 8 | 8 |
| Pensions Effect of Settlements | 0 | 0 | 0 |
| | 134,859 | 49,423 | 184,282 |
| Service Income | (6,158) | 0 | (6,158) |
| Specific Grants | (3,128) | 0 | (3,128) |
| Police Pensions Top Up Grant | (12,464) | 0 | (12,464) |
| Interest and Investment Income | (124) | 0 | (124) |
| Gains & Losses | 74 | 142 | 216 |
| Police Grant | 0 | 0 | 0 |
| Revenue Contribution to Capital | 890 | 0 | 890 |
| Capital Grants & Contributions | 5,936 | (5,936) | 0 |
| Net Transfer to or (from) earmarked reserves | 0 | (2,055) | (2,055) |
| Intra Group Transfer | (121,429) | (223) | (121,652) |
| | (136,403) | (8,072) | (144,475) |
| | (1,544) | 41,351 | 39,807 |

6 Intra Company Adjustment

Other Operating Expenditure includes levies; gains or losses on the disposal of non-current assets in the CIES for 2015-16. This is the government funding & Precept income envelope passed to the Chief Constable from the OPCC to allow the Chief Constable operational control of the Police Force.

| 2014-15 £'000 | Description | 2015-16 £'000 |
|--------------------------------|---------------------------------------|--------------------------------|
| (121,652) | Intra-Company Adjustment to the ONPCC | (114,029) |
| (121,652) | Total | (114,029) |

Other Operating Expenditure

Other Operating Expenditure includes levies; gains or losses on the disposal of non-current assets in the CIES for 2015-16.

| 2014-15 £'000 | Description | 2015-16 £'000 |
|--------------------------------|---|--------------------------------|
| 693 | Levies | 919 |
| 216 | Gains/ losses on the disposal of non-current assets | 175 |
| 909 | Total | 1,094 |

Financing and Investment Income and Expenditure

The CIES includes financing and investment income and expenditure including interest payable and similar charges: pension's interest costs and expected return on pension assets, interest income, income, expenditure, changes in the fair values of investment properties, and other income.

| 2014-15 £'000 | Description | 2015-16 £'000 |
|--------------------------------|---|--------------------------------|
| 152 | Interest payable and similar charges | 63 |
| 44,667 | Pensions interest cost and expected return on pensions assets | 38,968 |
| (124) | Interest receivable and similar income | (156) |
| 44,695 | Total | 38,875 |

7 Trading Operations

The Police Force does not have any trading operations. All commercial activities have been outsourced.

8 Related Parties

IPSAS 20 Related Party Disclosures, based on IAS 24, requires the Police Force to disclose material transactions and outstanding balances with related parties – bodies or individual's that have the potential to control or influence the Police Force or to be controlled or influenced by the Police Force.

Central Government has effective control over the general operations of the Police Force. It is responsible for providing the statutory framework within which the Police Force operates, and provides the majority of funding in the form of general or specific grants. Details of government grants are set out in note 16 to the Core Financial Statements.

Chief Officers are required, at the end of each year, to declare whether they, or any member of their immediate family, have had any related party transactions (i.e. significant financial dealings) with the Police Force during the financial year. The Police Service maintain a register of business interests, and has a Business Interest Policy which sets out the criteria for deciding whether the Business Interest is compatible with the individuals role within the organisation. These were all reviewed and no significant transactions were found.

The disclosure requirements of key personnel under IAS 24 are satisfied by the disclosure requirements for officer remuneration and members' allowances.

Companies and Joint Arrangement – The Police Force has a significant interest in joint arrangement, (EMASU, EMSOU, EMTSU, Major Crime Regional, EMSCU, EMOpSS, Regional Learning & Development, EM Forensics, Regional Occupational Health & Regional Legal arrangement).

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9 Adjustments between Accounting Basis and Funding Basis under Regulations

This note details the adjustments that are made to the total comprehensive income and expenditure recognised by the CC in the year, in accordance with proper accounting practice to the resources that are specified by statutory provisions as being available to the CC, to meet future capital and revenue expenditure.

| 2015-16 | General Fund Balance | Collection Fund Adjustment Account | Capital Grants Unapplied | Movement in Unusable Reserves |
|---|----------------------|------------------------------------|--------------------------|-------------------------------|
| Description | £'000 | £'000 | £'000 | £'000 |
| Adjustments involving the Capital Adjustment Account: | | | | |
| <u>Reversal of items debited or credited to the Comprehensive Income & Expenditure Statement (CIES)</u> | | | | |
| Charges for depreciation and impairment of non-current assets | (3,108) | 0 | 0 | 3,108 |
| Amortisation of intangible assets | (1,505) | 0 | 0 | 1,505 |
| Capital grants, contributions and revenue Contributions to Capital applied | 1,484 | 0 | 0 | (1,484) |
| Revenue expenditure funded from capital under statute | 0 | 0 | 0 | 0 |
| Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the CIES | (302) | 0 | 0 | 302 |
| Write down of deferred charges to be financed from Capital Resources | 0 | 0 | 0 | 0 |
| <u>Insertion of items not debited or credited to the CIES:</u> | | | | |
| Statutory provision for the financing of capital investment | 245 | 0 | 0 | (245) |
| Capital expenditure charged against the General Fund | 0 | 0 | 0 | 0 |
| Adjustments involving the Pensions Reserve: | | | | |
| Reversal of items relating to retirement benefits debited or credited to the CIES | (66,070) | 0 | 0 | 66,070 |
| Employer's pensions contributions and direct payments to pensioners payable in the year | 31,386 | 0 | 0 | (31,386) |
| Adjustments involving the Collection Fund Adjustment Account: | | | | |
| Amount by which council tax income credited to the CIES is different from council tax income calculated for the year in accordance with statutory requirements | 0 | 0 | 0 | 0 |
| Adjustment involving the Accumulated Absences Account | | | | |
| Amount by which officer remuneration charged to the CIES on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements | (354) | 0 | 0 | 354 |
| Total Adjustments | (38,224) | 0 | 0 | 38,224 |
| Reconciliation of total adjustments within CIES to the CC's (Surplus)/ Deficit for the Accounting Period | | | | |
| Statutory Adjustments from within CIES (Opposite of above) | | | | 38,224 |
| Intra Company Adjustment for the financing of Capital | | | | (1,512) |
| Surplus/ Deficit on the provision of service | | | | 1,767 |
| Removal of Joint Venture (Surplus)/Deficit | | | | 0 |
| CIES/ Surplus deficit | | | | 38,479 |

2014-15

Description

Adjustments involving the Capital Adjustment Account:**Reversal of items debited or credited to the Comprehensive Income & Expenditure Statement (CIES)**

| | General Fund Balance | Collection Fund Adjustment Account | Capital Grants Unapplied | Movement in Unusable Reserves |
|--|----------------------|------------------------------------|--------------------------|-------------------------------|
| | £'000 | £'000 | £'000 | £'000 |
| Charges for depreciation and impairment of non-current assets | (3,306) | 0 | 0 | 3,306 |
| Revaluation losses on Property Plant and Equipment | 0 | 0 | 0 | 0 |
| Movements in the market value of Investment Properties | 0 | 0 | 0 | 0 |
| Amortisation of intangible assets | (772) | 0 | 0 | 772 |
| Capital grants and contributions applied | 2,810 | 0 | 0 | (2,810) |
| Movement in the Donated Assets Account | 0 | 0 | 0 | 0 |
| Revenue expenditure funded from capital under statute | 0 | 0 | 0 | 0 |
| Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the CIES | (146) | 0 | 0 | 146 |
| Write down of deferred charges to be financed from Capital Resources | | | | 0 |

Insertion of items not debited or credited to the CIES:

| | | | | |
|---|---|---|---|---|
| Statutory provision for the financing of capital investment | 0 | 0 | 0 | 0 |
| Capital expenditure charged against the General Fund | 0 | 0 | 0 | 0 |

Adjustments involving the Pensions Reserve:

| | | | | |
|---|----------|---|---|----------|
| Reversal of items relating to retirement benefits debited or credited to the CIES | (72,277) | 0 | 0 | 72,277 |
| Employer's pensions contributions and direct payments to pensioners payable in the year | 27,166 | 0 | 0 | (27,166) |

Adjustments involving the Collection Fund Adjustment Account:

| | | | | |
|--|--|-------|---|-----|
| Amount by which council tax income credited to the CIES is different from council tax income calculated for the year in accordance with statutory requirements | | (646) | 0 | 646 |
|--|--|-------|---|-----|

Adjustment involving the Accumulated Absences Account

| | | | | |
|---|-----|---|---|---|
| Amount by which officer remuneration charged to the CIES on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements | (8) | 0 | 0 | 8 |
|---|-----|---|---|---|

Total Adjustments

| | | | | |
|--|-----------------|--------------|----------|---------------|
| | (46,533) | (646) | 0 | 47,179 |
|--|-----------------|--------------|----------|---------------|

Reconciliation of total adjustments within CIES to the CC's (Surplus)/ Deficit for the Accounting Period

| | |
|--|---------------|
| Statutory Adjustments from within CIES (Opposite of above) | 46,533 |
| Surplus/ Deficit on the provision of service | (1,767) |
| Intra Company Adjustment for the financing of Capital | (4,741) |
| CIES/ Surplus deficit | 40,025 |

10 External Audit Costs

During the year the CC incurred external audit fees for the Audit of the Accounts, amounting to £15k (£20k in 2014/2015).

| 2014-15 | | 2015-16 |
|-----------|-------------------------|-----------|
| £'000 | Description | £'000 |
| 20 | Fees for External Audit | 15 |
| 20 | Total | 15 |

11 Grant and Other Service Income

The ONPCC credited the following grants, contributions and donations to the Comprehensive Income and Expenditure Statement in 2015-16.

| 2014-15 | | 2015-16 |
|---------------|-----------------------------------|---------------|
| £'000 | Grants credited to Service Income | £'000 |
| 9 | Drug Intervention Programme | 19 |
| 143 | Loan Charges Grant | 99 |
| 12,466 | Pension Top Up Grant | 18,925 |
| 113 | Dept of Health | 20 |
| 0 | Proceeds of Crime | 184 |
| 12,731 | Total Grants | 19,247 |
| | Other Service Income | |
| 2,766 | Partner Income | 3,530 |
| 4,368 | Fees and Charges | 3,882 |
| 0 | ACPO TAM | 331 |
| 462 | Sales (Third Parties) | 152 |
| 1,191 | Reimbursements | 975 |
| 0 | Agency Income | 0 |
| 232 | Mutual Aid | 80 |
| 9,019 | Total Other Income | 8,950 |
| 21,750 | Total Income | 28,197 |

12 Unusable Reserves

| 31 Mar 15 | | 31 Mar 16 |
|------------------|--------------------------------|------------------|
| £'000 | Description | £'000 |
| (14,929) | Capital Adjustment Account | (16,364) |
| 1,191,054 | Pensions Reserve | 1,068,576 |
| 1,269 | Accumulated Absences Account | 1,624 |
| 1,177,394 | Total Unusable Reserves | 1,053,836 |

Capital Adjustment Account

The Capital Adjustment Account absorbs the timing differences arising from the different arrangements for accounting, for the consumption of non-current assets and for financing the acquisition, construction or enhancement of those assets under statutory provisions. The Account is debited with the cost of acquisition, construction or enhancement as depreciation, impairment losses and amortisations are charged to the Comprehensive Income and Expenditure Statement (with reconciling postings from the Revaluation Reserve to convert fair value figures to a historical cost basis). The Account is credited with the amounts set aside by the ONPCC as finance for the costs of acquisition, construction and enhancement.

The Account also contains revaluation gains accumulated on Property, Plant and Equipment before 1 April 2007, the date that the Revaluation Reserve was created to hold such gains.

Note 5, segmental report & note 6, adjustments under statute provides details of the source of all the transactions posted to the Account, apart from those involving the Revaluation Reserve, which is directly transferred between the two reserves.

| 2014-15 £'000 | | 2015-16 £'000 |
|------------------|--|------------------|
| (11,784) | Balance at 1 April | (14,929) |
| 3,308 | Charges for depreciation and impairment of non(current assets | 3,107 |
| 0 | Revaluation losses on Plant and Equipment written off directly to the Capital Adjustment Account | 1 |
| 772 | Amortisation of intangible assets | 1,505 |
| 76 | Amounts of non(current assets written off on disposal or sale as part of the gain/loss on disposal to the CIES | 303 |
| (7,628) | | (10,013) |
| (3,625) | Intra Company Capital Financing Adjustment | (4,622) |
| (3,341) | Capital Financing Applied in Year | 0 |
| (335) | Statutory provision for the financing of capital investment charged against the General Fund* | (245) |
| 0 | Capital expenditure charged against the General Fund balances | (1,484) |
| (14,929) | Balance at 31 March | (16,364) |

Pensions Reserve

The Pensions Reserve absorbs the timing differences arising from the different arrangements for accounting for post-employment benefits and for funding benefits in accordance with statutory provisions. The CC accounts for post-employment benefits in the Comprehensive Income and Expenditure Statement as the benefits are earned by employees accruing years of service, updating the liabilities recognised to reflect inflation, changing assumptions and investment returns on any resources set aside to meet the costs. However, statutory arrangements require benefits earned to be financed as the CC makes employer's contributions to pension funds or eventually pay any pensions for which it is directly responsible. The debit balance on the Pensions Reserve, therefore, shows a substantial shortfall in the benefits earned by past and current employees and the resources the CC has set aside to meet them. The statutory arrangements will ensure that funding will have been set aside by the time the benefits come to be paid.

| 2014-15 £'000 | Description | 2015-16 £'000 |
|------------------|--|------------------|
| 1,016,539 | Balance at 1 April | 1,191,054 |
| 128,497 | Actuarial gains or losses on pensions assets and liabilities | (157,161) |
| 907 | Effect of Settlement and pooling of Chief Constable & CC Pension Fund | 0 |
| 72,277 | Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement | 66,070 |
| (27,166) | Employer's pensions contributions and direct payments to pensioners payable in the year | (31,387) |
| 1,191,054 | Balance at 31 March | 1,068,576 |

Accumulated Absences Account

The Accumulated Absences Account absorbs the differences that would otherwise arise on the General Fund Balance from accruing for compensated absences earned but not taken in the year e.g. annual leave entitlement carried forward at 31 March. Statutory arrangements require that the impact on the General Fund Balance is neutralised by transfers to or from the Account.

| 2014-15 £'000 | Description | 2015-16 £'000 |
|------------------|---|------------------|
| 1,261 | Balance at 1 April | 1,269 |
| (1,261) | Settlement or cancellation of accrual made at the end of the preceding year | (1,269) |
| 1,269 | Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements | 1,624 |
| 1,269 | Balance at 31 March | 1,624 |

13 Property, Plant and Equipment

Movements in 2015-16:

| | Land & Buildings £'000 | Vehicles £'000 | Equipment & IT Equip £'000 | Assets Under Const'n £'000 | Total £'000 |
|---|---------------------------|-------------------|-------------------------------|-------------------------------|----------------|
| Cost at 1 Apr 2015 | 0 | 2,420 | 4,040 | 4,734 | 11,194 |
| Cost or Valuation | | | | | |
| At 1 April | | 6,521 | 8,173 | 4,734 | 19,428 |
| Additions | 0 | 936 | 823 | 0 | 1,759 |
| Additions to Assets Under Construction | 0 | 0 | 0 | 2,137 | 2,137 |
| Transfer out to Fixed Assets | 0 | 687 | 208 | (1,688) | (793) |
| Disposals | 0 | (1,387) | (1,404) | 0 | (2,791) |
| Revaluations/Restatements | 0 | 0 | 0 | 0 | 0 |
| At 31 March 2016 | 0 | 6,757 | 7,800 | 5,183 | 19,740 |
| 1 April Depreciation | 0 | 4,101 | 4,133 | 0 | 8,234 |
| Depreciation charge | 0 | 728 | 2,379 | 0 | 3,107 |
| Revaluations/Restatements | 0 | 0 | 0 | 128 | 128 |
| Disposals | 0 | (1,083) | (1,404) | 0 | (2,487) |
| Depreciation as at 31 March 2016 | 0 | 3,746 | 5,108 | 128 | 8,982 |
| Net Book Value as at 31 Mar 2016 | 0 | 3,011 | 2,692 | 5,055 | 10,758 |

The final capital expenditure figure in the note 13, does not include additions for intangible assets in note 15

Movements in 2014-15:

| | Land & Buildings £'000 | Vehicles £'000 | Equipment & IT Equip £'000 | Assets Under Const'n £'000 | Total £'000 |
|---|---------------------------|-------------------|-------------------------------|-------------------------------|----------------|
| Net book Value 01 Apr 2015 | 0 | 2,935 | 2,505 | 1,949 | 7,389 |
| Cost at 1 Apr 2014 | 0 | 6,726 | 4,364 | 1,949 | 13,039 |
| Cost or Valuation | | | | | |
| At 1 April | | | | | |
| Additions | 0 | 319 | 4,002 | 4,253 | 8,574 |
| Additions to Assets Under Construction | 0 | 147 | 0 | 0 | 147 |
| Transfer out to Fixed Assets | 0 | 0 | 0 | (147) | (147) |
| Disposals | 0 | (671) | (193) | 0 | (864) |
| Revaluations/Restatements | 0 | 0 | 0 | (1,321) | (1,321) |
| At 31 March 2015 | 0 | 6,521 | 8,173 | 4,734 | 19,428 |
| 1 April Depreciation | 0 | 3,791 | 1,859 | 0 | 5,650 |
| Depreciation charge | 0 | 840 | 2,466 | 0 | 3,310 |
| Disposals | 0 | (530) | (192) | 0 | (723) |
| Depreciation as at 31 March 2015 | 0 | 4,101 | 4,133 | 0 | 8,234 |
| Net Book Value as at 31 Mar 2015 | 0 | 2,420 | 4,040 | 4,734 | 11,194 |

14 Impairment Losses

For the financial period 2015/16 there was no impairment losses.

15 Intangible Assets

The CC accounts for its software as intangible assets, to the extent that the software is not an integral part of a particular IT system and accounted for as part of the hardware item of Property, Plant and Equipment. The intangible assets include both purchased licenses and internally generated software.

All software is given a finite useful life, based on assessments of the period in which the software is expected to be of use to the CC.

The carrying amount of intangible assets is amortised on a straight-line basis over three years or where appropriate over the asset life, such as the Multi Force Shared Service (MFSS) which is ten years. Amortisation of £1,505k was charged to revenue in 2015-16.

The movement on Intangible Asset balances during the year is as follows:

| 2014-15 £'000 | Description | 2015-16 £'000 |
|------------------|---|------------------|
| | Balance at 1st April | |
| 4,393 | Net carrying amounts | 3,735 |
| | Additions: | |
| 114 | Internal Development | 2,582 |
| 0 | Asset under Construction (Note 13) | 793 |
| (59) | Disposals | 0 |
| (772) | Amortisation to the Comprehensive Income & Expenditure Statement* | (1,505) |
| 59 | Depreciation on Disposals | 0 |
| 3,735 | CC Net Carrying amount at 31 March | 5,605 |
| | This comprises of: | |
| 6,227 | Net carrying Amount | 9,603 |
| 0 | Joint Venture Net Carry Amount | 0 |
| (2,492) | Accumulated amortisation | (3,998) |
| 3,735 | Total | 5,605 |

* Due to the nature of some of the key operational equipment within Intangible Assets, all lines above the (Surplus)/Deficit on the Provision of Services line from Local to National Policing include elements of Amortisation of Intangible Assets.

16 Capital Expenditure and Capital Financing

The capital financing requirement measures the groups need to borrow for a capital purpose. The following statement shows the effect of the CC's capital investment decisions in 2015-16 upon the capital financing requirement. The groups capital financing requirement reduced by £0.245m, after the CC provided for a repayment of borrowing through revenue. There was no group borrowing to finance capital expenditure during the year and the chief has no statutory ability to borrow.

| 2014-15 £'000 | | 2015-16 £'000 |
|------------------|--|------------------|
| 0 | Opening Capital Financing Requirement | 0 |
| | Capital Investment | |
| 0 | Building | |
| 319 | Vehicles (CC) | 936 |
| 4,002 | Equip & IT Equip (CC) | 823 |
| 114 | Intangibles | 2,583 |
| 4,253 | Assets Under Construction (CC) | 2,009 |
| | Sources of Finance | |
| 0 | Government Grants and Other Contributions | 0 |
| (3,341) | Capital Reserves | 0 |
| (5,012) | Intra Company | (4,622) |
| | Sums set aside from revenue | |
| (335) | MRP* | (245) |
| 0 | Revenue Contributions | (1,484) |
| 0 | Closing Capital Financing Requirement | 0 |

17 Termination Benefits

The CC has taken account of termination benefits in accordance of IAS 19. The termination benefits are dealt with separately from other employee benefits because the event which gives rise to an obligation is the termination rather than employee service.

The CC would have incurred costs if the termination was either a decision to terminate an employee's employment prior to their retirement date, or an employee's decision to accept voluntary redundancy in exchange for those benefits.

The CC terminated the contracts of a number of employees in 2015-16.

| Exit package Cost Bands (including special payments) | Number of Compulsory redundancies | | Number of Other Departures Agreed | | Total No of Exit Packages by Cost Band | | Total Cost of Exit Packages in Each Band | |
|--|-----------------------------------|----------|-----------------------------------|-----------|--|-----------|--|------------------|
| | 2014-15 | 2015-16 | 2014-15 | 2015-16 | 2014-15 | 2015-16 | 2014-15 £'000 | 2015-16 £'000 |
| CC Accounts £0 - £20,000 | 4 | 7 | 44 | 10 | 48 | 17 | 405 | 152 |
| £20,001 - £100,000 | 1 | 1 | 1 | 0 | 2 | 1 | 64 | 33 |
| £100,001 - £150,000 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| TOTAL | 5 | 8 | 45 | 10 | 50 | 18 | 469 | 185 |

18 Pensions

All pensions' notes have been accounted for on the basis of the pooled Pension arrangements. Individual transactions are recorded in the Primary Statements of CC accounts.

a) Participation in Pension Schemes

As part of the terms and conditions of employment of its officers and other employees, the CC offers retirement benefits. Although these benefits will not actually be payable until the employees retire, the CC has a commitment to make the payments that need to be disclosed at the time that employees earn their future entitlement.

The CC participates in pension schemes for both Police Staff and Police Officers, as follows:

- The Local Government Pension Scheme for police staff; this is administered by Northamptonshire County Council. This is a funded scheme, meaning that the CC and employees pay contributions into a fund, calculated at a level intended to balance the pension liabilities with investment assets. The Actuary to the fund is Hymans Robertson LLP.
- The Police Pension Scheme for police officers, which includes two pension schemes; the Police Pension Scheme (PPS) and the New Police Pension Scheme (NPPS). Both schemes are unfunded and administered by Xafinity Paymaster on behalf of the CC, meaning that there are no investment assets built-up to meet the pension's liabilities, and cash has to be generated to meet actual pension's payments as they eventually fall due. Both are defined benefit schemes (lump sum payments and periodic pension). New funding arrangements commenced on 1 April 2006 that required a police pension fund account to be created. This account is credited with employer contributions, and any shortfall over retirements benefits paid is met by a contribution by the CC. The CC's contribution however is met by Home Office Pensions Top Up Grant. If there is a surplus it is paid to the CC in the first instance before being recouped by the Home Office. The level of pension contribution rates are set nationally by the Home Office, following a review by the Government Actuary's Department (GAD).

(b) Transactions Relating to Retirement Benefits

Under IAS 19 the cost of retirement benefits is recognised in the Income and Expenditure Account when employees earn them, rather than when the benefits are actually paid as pensions. However, the charge that is required to be made against the precept is based on the cash payable in the year, by reversing the real cost of retirement benefits out of the Statement of Movement in the General Fund Balance.

Pensions liabilities and future considerations

The current service costs contained in the table, below, are within the following values contained within the Comprehensive Income and Expenditure Statement, forming part of note 18, the reconciliation to the subjective analysis

- Local Government Pension Scheme, within Police Staff Pay and Allowances.
- Police Pension Scheme, within Police Officer Pay and Allowances

CC Pensions Revenue Items

| | Local Government Pension Scheme | | Police Pension Scheme | | TOTAL | |
|---|---------------------------------|------------------|-----------------------|------------------|------------------|------------------|
| | 2014-15 £'000 | 2015-16 £'000 | 2014-15 £'000 | 2015-16 £'000 | 2014-15 £'000 | 2015-16 £'000 |
| Comprehensive Income and Expenditure | | | | | | |
| Net Cost of Services | | | | | | |
| Current service cost | (5,244) | (6,348) | (26,990) | (20,390) | (32,234) | (26,738) |
| Past service cost | (7) | 0 | 0 | (190) | (7) | (190) |
| Net Operating Expenditure | | | | | | |
| Interest Costs** | (6,653) | (6,261) | (42,510) | (36,520) | (49,163) | (42,781) |
| Expected return on employers assets** | 4,489 | 3,808 | 0 | 0 | 4,489 | 3,808 |
| Net Charge to the Income and Expenditure Account | (7,415) | (8,801) | (69,500) | (57,100) | (76,915) | (65,901) |
| Movement In Reserves | | | | | | |
| Movement on Pensions Reserve (Reversal of net charges made for retirement benefits in accordance with IAS 19) | (13,387) | (17,336) | (63,660) | 57,100 | (77,047) | 39,764 |
| Actual amount charged against Council Tax (General Fund Balance) for pensions | | | | | | |
| Employers contributions to the Scheme | 4,000 | 4,361 | 10,694 | 11,671 | 14,694 | 16,032 |
| Additional contributions to the Police Pensions Fund Account | | | 12,466 | 15,349 | | |

** The net of interest costs and return on assets is £36.520m, which reconciles to the amount included within financing and investment income and expenditure on the face of the CIES, as detailed in note 9

In addition to the recognised gains and losses included in the CIES, actuarial gains and losses of £157.164m gain (loss of £138.334m in 2014-15 chief position) were included within other Comprehensive Income & Expenditure.

The estimated 2016/17 pension scheme contributions for the Police Pension Scheme are £11.7m and £4.3m for the Local Government Pension Scheme.

In accordance with the Code of Practice and the Police Service Expenditure Analysis the items within the table above are credited / debited to the CIES in the following ways:

Current Service Costs & Employers contributions to the scheme and additional contributions to the Police Pensions Fund Account are all apportioned across the Local Policing to National Policing headings by officer numbers; and

Past Service Costs are wholly included within the heading Non-Distributed Costs;
Interest Costs and Expected Return on Employers Assets are included within Financing & Investment Income & Expenditure.

19 Defined Benefit Pension Schemes

Assets and Liabilities in relation to Retirement Benefits

Reconciliation of the Present Value of the Schemes Liabilities

| | Funded Liabilities Local Govt. Scheme | | Unfunded Liabilities Police Pension Scheme | |
|--|---------------------------------------|----------------------|--|----------------------|
| | 31 Mar 2015 £'000 | 31 Mar 2016 £'000 | 31 Mar 2015 £'000 | 31 Mar 2016 £'000 |
| Opening Defined Benefit Obligation - 1 April | (151,860) | (192,079) | (967,070) | (1,115,490) |
| Current Service Cost (Grossed up for employee contributions) | (5,244) | (6,348) | (26,990) | (26,220) |
| Interest Cost | (6,653) | (6,261) | (42,510) | (36,520) |
| Contributions by Scheme Participants | (1,490) | (1,423) | 5,840 | 5,830 |
| Actuarial (Gains)/ Losses | (30,025) | 23,991 | (107,920) | 136,060 |
| Past Service (Costs)/ Gains | 0 | 0 | 0 | (190) |
| (Losses)/ Gains on Curtailments | (7) | (169) | 0 | 0 |
| Estimated Unfunded Benefits Paid | 6 | 5 | 0 | 0 |
| Estimated Benefits Paid | 3,194 | 3,180 | 23,160 | 27,020 |
| Closing Defined Benefit Obligation 31st March | (192,079) | (179,104) | (1,115,490) | (1,009,510) |

Reconciliation of the Fair Value of the Schemes Assets

Pension Asset – Local Government Pension Scheme Only

| | 31 Mar 2015 £'000 | 31 Mar 2016 £'000 |
|---|----------------------|----------------------|
| Pensions Asset 1 April | 102,391 | 116,514 |
| Expected Return on Assets | 4,489 | 3,808 |
| Contributions by Members | 1,490 | 1,423 |
| Gains & Losses Effect of Settlement | 1,205 | 0 |
| Employers Contributions (Inc Injuries) - excluding Top-Up Grant | 4,000 | 4,361 |
| Contributions in Respect of Unfunded Benefits | 6 | 5 |
| Pension Fund Asset Split (Group to Single Entity) | (2,110) | 0 |
| Actuarial Gains | 8,243 | (2,890) |
| Estimated Unfunded Benefits paid | (6) | (2) |
| Estimated Benefits Paid | (3,194) | (3,180) |
| Fair Value of Pensions Asset 31 March | 116,514 | 120,039 |

The expected return on scheme assets is determined by considering the expected returns available on the assets underlying 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 estimated return on scheme assets in the year was £3.808m (£4.489m in 2014-15).

Scheme History

| | 2011-12 £'m | 2012-13 £'m | 2013-14 £'m | 2014-15 £'m | 2015-16 £'m |
|---|------------------|--------------------|--------------------|--------------------|--------------------|
| Present Value of Liabilities | | | | | |
| Local Government Pension Scheme | (110.039) | (132.907) | (149.169) | (193.285) | (180.31) |
| Police Pension Scheme | (831.350) | (967.760) | (967.070) | (1,115.490) | (1,009.510) |
| | (941.389) | (1,100.667) | (1,116.239) | (1,308.775) | (1,189.82) |
| Fair Value of Assets LGPS | 78.826 | 93.443 | 99.947 | 115.416 | 121.244 |
| Surplus/ (Deficit) in the Scheme | | | | | |
| Local Government Pension Scheme | (31.404) | (39.986) | (49.469) | (75.565) | (59.066) |
| Police Pension Scheme | (831.350) | (967.760) | (967.070) | (1,115.490) | (1,009.51) |
| Total | (862.754) | (1,007.746) | (1,016.539) | (1,191.054) | (1,068.576) |

The CC's total pension liability of £1,068,576, reconciles to the Unusable Reserves within the Balance Sheet of £1,051,261, by adding back the figures within the Movement in Reserves Statement of the Capital Adjustment Account, the Collection Fund Adjustment Account, the Revaluation Reserve, to the Unusable Reserves total and then subtracting the Employee Benefit Reserve

The CC did not elect to restate fair value of scheme assets for 2005/06 as permitted by IAS 19.

The liabilities show the underlying commitments that the ONPCC has in the long run to pay retirement benefits. The total liability has a substantial impact on the net worth of the CC as recorded in the balance sheet, resulting in a negative overall balance. However, statutory arrangements for funding the deficit mean that the financial position of the CC remains healthy.

Local Government Pension Scheme (LGPS) The deficit on the local government scheme will be made good by increased contributions over the remaining working life of employees, as assessed by the scheme actuary.

Police Pension Schemes Finance is only required to be raised to cover police pensions when the pensions are actually paid. Any deficit on the Pensions Fund Account for the year is funded by the CC with Home Office Top-Up Grant payable to cover the CC's Contribution.

Basis for Estimating Assets and Liabilities

Liabilities have been assessed on an actuarial basis using the projected unit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels, etc. The Police Pension Scheme liabilities are assessed by the Government Actuary's Department (GAD) and the Local Government Pension Scheme by Hymans Robertson LLP, an independent firm of actuaries. The main assumptions used in their calculations have been:

| | Local Govt. Pension Scheme | | Police Pension Scheme | |
|---|----------------------------|---------|-----------------------|---------|
| | 2014-15 | 2015-16 | 2014-15 | 2015-16 |
| Expected Return on Assets | % | % | % | % |
| Investments | 8.5 | 9.5 | n/a | n/a |
| Mortality Assumptions | yrs | yrs | yrs | yrs |
| Longevity at 65 for current pensioners | | | | |
| Men | 22.3 | 22.3 | 23.3 | 23.1 |
| Women | 24.3 | 24.3 | 25.7 | 25.1 |
| Longevity at 65 for future pensioners | | | | |
| Men | 24.0 | 24.0 | 25.4 | 25.1 |
| Women | 26.6 | 26.6 | 27.9 | 27.2 |
| Financial Assumptions | % | % | % | % |
| Rate of Inflation | 2.5 | 2.2 | 1.8 | 0.9 |
| Rate of Increase in Salaries | 4.3 | 4.2 | 4.2 | 4.2 |
| Expected Return on Assets | 2.5 | 0.8 | 2.5 | 2.3 |
| Rate for Discounting Scheme Liabilities (Gross) | 3.2 | 3.6 | 11.7 | 10.6 |
| Take up Option to Convert annual Pension into retirement Lump Sum | 50 | 50 | n/a | n/a |

Changes to the Local Government Pension Scheme permit employees retiring on or after 6 April 2006 to take an increase in their lump sum payment on retirement in exchange for a reduction in their future annual pension. On the advice of our actuaries, we have assumed that 50% of employees retiring after 6 April 2006 will take advantage of this change to the pension scheme. Our actuaries have advised that this will reduce the value of the ONPCC's pension liabilities and this has been included within Non-Distributed Costs on the face of the Income and Expenditure Account.

The Police Pension Scheme has no assets to cover its liabilities. Assets in the Local Government Pension Fund are valued at fair value, principally **market value** for investment, and consist of the following categories by proportion of the total assets held by the Fund:

| 31.03.15 % | Description | 31.03.16 % |
|----------------|--------------------|----------------|
| 88.50% | Equity Investments | 79.00% |
| 4.00% | Bonds | 10.00% |
| 6.50% | Property | 9.00% |
| 1.00% | Cash and Liquidity | 2.00% |
| 100.00% | Total | 100.00% |

Pensions Reserve - History of Experience Gains / Losses

The actuarial gains identified as movements on the Pensions Reserve for 2014-15, can be analysed into the following categories, measured as percentages of assets or liabilities as at 31 March 2015.

| | 2011-12 | | 2012-13 | | 2013-14 | | 2014-15 | | 2015-16 | |
|--|---------|--------|---------|--------|---------|--------|---------|---------|---------|---------|
| | £m | % | £m | % | £m | % | £m | % | £m | % |
| Local Government Pension Scheme Differences between expected and actual return on assets | 7.42 | 7.70% | 0.96 | 0.87% | -0.92 | 0.87% | -8.24 | -17.18% | 2.887 | 4.89% |
| Differences between actuarial assumptions about Liabilities and actual experience. | 0.12 | 0.09% | 7.29 | -4.72% | -7.03 | -4.72% | -30.03 | 25.22% | -23.991 | -40.62% |
| Police Pension Schemes Differences between actuarial assumptions about Liabilities and actual experience. | 22.66 | 3.27% | 37.23 | 4.1% | 37.65 | 4.15% | -107.92 | 18.95% | 16.16 | -1.72% |
| New Police Pension Scheme Differences between actuarial assumptions about Liabilities and actual experience. | 0.86 | 6.89% | 3.84 | 11.77% | 3.84 | 11.77% | -1.16 | -0.97% | -0.62 | 1.62% |
| Injury Awards Police Pension Scheme Differences between actuarial assumptions about Liabilities and actual experience. | -0.42 | -1.55% | 3.58 | 9.87% | 3.58 | 9.87 | 0.69 | 0.58% | 2.37 | -10.27% |
| 2015 Police Pension Scheme Differences between actuarial assumptions about liabilities and actual experience. | N/A | | N/A | | N/A | | N/A | | -0.05 | 0.46% |

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20 POLICE PENSION FUND ACCOUNT

This statement shows movements of funds related to police officer pensions. The CC is required to operate a Police Officer Pension Fund from 1st April 2006, under the Police Pension Fund Regulations 2008. The regulations specify the transactions that are paid into and out of the fund.

The Pensions Fund combines the accounting transaction of three pension schemes. These are the Police Pensions Scheme which was set up in 1987, 2006 Police Pensions Scheme, which was created under the Police Pension Regulations 2006, which applies to new recruits from 1 April 2006 and the 2015 Police Pension Scheme, which was created on 1st April 2015 and involved transfers in from the 1987 and 2006 schemes, based on length of service. The fourth scheme is the injury award scheme.

The Police Officer Pension Schemes are unfunded, which means there are no investment assets. Under these arrangements the Pension Fund Revenue Account balances to nil at the year-end by receiving a grant directly from the Home Office under the Top Up Grant arrangements. There are certain exceptions to these arrangements such as injury awards, which will continue to be charged directly to the CC's and Groups Income and Expenditure Account.

| | Note | 2014-15 £'000 | 2015-16 £'000 |
|---|----------|------------------|------------------|
| Contributions Receivable | 1 | | |
| CC | | | |
| From Employer | | | |
| normal | | (10,374) | (10,693) |
| early retirements | | | |
| From members | | (5,631) | (5,821) |
| Transfers in | | | |
| Individual Transfers in from other schemes | | (76) | (181) |
| Benefits Payable | | | |
| Pensions | | 22,268 | 23,639 |
| Commutations and lump sum retirement benefits | | 5,862 | 7,901 |
| Lump Sum death benefits | | | |
| Other | | | |
| Payments to and on account of leavers | | | |
| Refunds of Contributions | | 0 | 14 |
| Individual transfers out to other schemes | | 417 | 580 |
| Other | | | |
| Sub-total for the year before transfer from the CC of an amount equal to the deficit | | 12,466 | 15,439 |
| Additional funding payable by the CC to fund the deficit for the year | | (12,466) | (15,439) |
| Payments in respect of the Milne vs GAD court case | | 0 | 3,486 |
| Income in respect of the Milne vs GAD court case | | 0 | (3,486) |
| Net amount payable/ receivable for the year | | 0 | 0 |

Details of the long-term pension obligation can be found within Notes 18 and 19 (from page 45).

There was a post balance sheet event in 2014-15 following a Pensions Ombudsman's decision on the 15th May 2015 in the case of GAD v Milne. This judgement agreed that national guidance for calculating pension lump sums between 1st December 2001 and 30th November 2006 contained an error which mainly resulted in substantial underpayments. The payments relating to this were made in 2015-16 and the Force received full re-imbusement for these costs through an additional Pension Fund Grant under the Police Top Up Grant arrangement from the Home Office.

Net Asset Statement

There were no unpaid pensions due or recoverable overpayments of pensions as at 31 March 2016.

Notes to the Police Pension Fund Account

1. Employer and Officer Contributions to the Pension Fund

These are based on percentages of pensionable pay set nationally by the Home Office and subject to a three yearly review by the Government's Actuary's Department. The current percentages of pensionable pay are: -

Employer Contributions 24.2%

Contributions by Police Officers

| | 1987 | 2006 | 2015 |
|--------|-------------|-------------|-------------|
| Tier 1 | 14.25% | 11.00% | 12.44% |
| Tier 2 | 14.25% | 12.05% | 13.44% |
| Tier 3 | 15.05% | 12.75% | 13.78% |

2. Transfer Values

These are received or paid in respect of officers changing employer and taking or bringing their accrued pension benefits with them.

3. Pensions Fund Liabilities

The Pension Fund does not take account of liabilities to pay pensions and other benefits after the period end. There are no IAS19 adjustments in this statement, they are part of the ONPCC Core Financial Statements and can be referred to in notes 18 to 19.

4. Accounting Policies

Accounting Policies conform to those in the Statement of Accounts (from page 54 onwards).

5. Home Office Pensions Top-Up Grant

The Home Office Grant is received by the Group and CC to cover the Group and CC's deficit contribution to the Pension Fund Account. On the other hand, if the Pension Fund Account was in surplus, resulting in a contribution being made to the Group and CC, an equivalent amount is recouped by the Home Office.

The funding arrangements for the police pension scheme in England and Wales changed on 1 April 2006. Before then the scheme did not have a percentage of pensionable pay type of employer's contribution; rather each CC was responsible for paying pensions on a pay-as-you-go basis.

Under the current arrangements the scheme remains unfunded but is no longer on a pay-as-you-go basis as far as individual Police Officers are concerned. The Group and CC's no longer meet the pension liability directly: instead the force pays an employer's contribution based on a percentage of pay into the Pension Fund. Each ONPCC is required by legislation to operate a pension fund and the amounts that must be paid into and paid out of the pension fund are specified by regulation.

At the end of the financial year the pension fund is balanced to nil by a financial transfer from or to the police fund, made by the Secretary of State. Any payment from or to the Secretary of State in relation to the transfer is paid into or out of the police fund.

21 Prior Period Adjustments & Restatements

During the year ended 31st March 2016 four accounting adjustments were reviewed which resulted in the accounts being restated.

These were as follows:

- a. A prior period adjustment for the ONPCC share in a Joint Venture asset .The impact of this adjustment is to restate the fixed asset carrying value and the corresponding entry in the capital adjustment account.

- b. A prior period adjustment for the recognition of a capital creditor in the ONPCC balance sheet. The impact of this adjustment in 2014-15 is to reduce fixed assets by £1.103m with a corresponding adjustment to creditors within the balance sheet of the ONPCC.
- c. A prior period adjustment for the reversal of a pension accrual. The impact of this adjustment is to restate the CIES by £1.767m which has resulted in the reported underspend for 2014-15 to be increased and a corresponding reduction in the underspend initially reported for 2015-16. Retained reserves for 2014-15 and 2015-16 have been adjusted accordingly in the schedules within the statement of accounts of the ONPCC since all useable reserves belong to the ONPCC.
- d. A prior period adjustment for employee benefit accrual. The impact of this adjustment is to restate the employee benefit reserve and corresponding accrual. An adjustment of £668k was made in the 2014-15 comparative disclosures for a correction relating to the financial year ended 31st March 2014.

The 31st March 14 opening balance (2014-15) Accumulated Absence (Unusable) Reserve and the associated non cash creditor has been restated by £668k, the effect of this is as follows;

| | 2014-15 Movement £'000 | 2014-15 Original £'000 | 2014-15 Revised £'000 |
|-------------------|---------------------------------------|---------------------------------------|--------------------------------------|
| Non Cash Creditor | 668 | (1,937) | (1,269) |
| Unusable Reserve | (668) | 1,937 | 1,269 |

22 Short-Term Creditors

These amounts represent sums owed by the ONPCC to various sources, together with receipts in advance.

| 2014-15 £'000 | Description | 2015-16 £'000 |
|--------------------------|---------------------------------------|--------------------------|
| 0 | Central Government Bodies | 0 |
| 0 | Other Local Authorities | 0 |
| 0 | NHS Bodies | 0 |
| 0 | Public Corporations and trading funds | 0 |
| 1,269 | Bodies external to general government | 1,624 |
| 1,269 | As at 31 Mar | 1,624 |

* All creditors relate to the accumulated absence reserve, which are the amounts owed to employees at the balance sheet date.

ACCOUNTING POLICIES

GENERAL PRINCIPLES

The financial statements have been prepared in accordance with the Code of Practice (the code) on Local Authority Accounting in the United Kingdom issued by the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Accounts and Audit Regulations 2011 and the Service Reporting Code of Practice for Local Authorities 2015/16 (SeRCOP). The Accounting policies contained in the Code apply International Financial Reporting Standards (IFRS) as adapted for the public sector by the International Public Sector Accounting Standards (IPSAS). Any exceptions are disclosed below.

1 Recognition of Income and Expenditure

The CC complies with IAS 39 in only recognising creditor liabilities when services are rendered or goods received. Debtors are recorded at historical cost, but the balance has been written down to fair value through a bad debt provision.

Both revenue and capital transactions are recorded on an accruals basis. This means that income and expenditure is accounted for in the year in which it becomes due regardless of whether cash has actually been received or paid in the year.

In particular:-

- Fees, charges and rents due from the customers are accounted for as income at the date the CC provides the relevant goods or services.
- The cost of supplies and services are accrued in that accounting period during which they were consumed or received except for works, which are charged as expenditure when they are completed, before which they are carried as works in progress on the balance sheet.
- Interest payable and receivable on borrowings is accounted for in the year to which it relates; on a basis that it reflects the overall effect of the loan or investment.
- Where income and expenditure has been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the balance sheet. Where it is doubtful that debts will be settled, the balance of debtors is written down and a charge made to the income and expenditure account for the income that might not be collected.

2 Financial Instruments

2.1 Financial Liabilities

As per the recommended practice for local CC's, loans and other liabilities are held at amortised cost.

3 Government Grants and Contributions

Revenue grants and contributions are credited to the Comprehensive Income and Expenditure Statement in the same period as the expenditure to which they relate. For the OPCC grants to support expenditure in general (e.g. Revenue Support Grant) are credited to the foot of the Comprehensive Income and Expenditure Statement after Net Operating Expenditure, within the Group accounts, income is then transferred to the CC through an intra-company adjustment.

4 Intangible Fixed Asset

Intangible assets include software licences and agreements that are capitalised at cost. Intangible assets are amortised on a straight-line basis over the useful life of the asset (between three and five years). As the amortisation charge is not an allowable charge against Council Tax, it is neutralised by adjustment between Accounting Basis and Funding Basis under Regulation, with the corresponding entry in the Capital Adjustments Account. The MFSS (Multi Force Shared Service) is to be amortised over 10 years and new assets are amortised the year they come into use.

Internally generated Intangible Assets are measured at cost during their construction (project staff, physical equipment and associated cost to bring the asset into its useful life) and when transferred is assessed for impairment against marketable value or use in service.

5 Tangible Fixed Assets

5.1 Recognition

All expenditure on the acquisition, creation or enhancement of fixed assets is capitalised in accordance with IAS 16 (Recognition, Revaluation & Measurement of Tangible Fixed Assets). Subsequent capital expenditure is capitalised where it provides an enhancement of the economic benefits of the asset in excess of those previously assessed.

Where assets are bought into Fixed Assets from Assets Under Construction, these will be valued using the appropriate methodology, including componentisation as applicable.

The de minimise level policy is to capitalise all capital expenditure, £10,000 and over, on an individual asset basis (or a grouping of assets).

5.2 Measurement

Northamptonshire PCC's current property valuer is Lambert Smith Hampton, Saddlers House, Cutter Lane, Cheapside, and London.

The Land and buildings portfolio is revalued over a five year period as directed by the Northamptonshire PCC.

In accordance with good practice a rolling programme of revaluation of one fifth of the property portfolio each year will be undertaken from 1st April 2016. All revaluations undertaken ensure that any changes to the use of assets within the portfolio are accounted for.

Surpluses arising from revaluations of land and buildings are taken to the Revaluation Reserve, with the corresponding entries against fixed assets. Any reductions in values are covered in Paragraph 5.4 – Impairment Losses.

The latest revaluation was carried out on 31 March 2016. All valuations are in accordance with Royal Institute of Chartered Surveyors Appraisal and Valuation Standards ensuring compliance with the CIPFA code of practice as modified by IFRS's.

5.3 Depreciation

A depreciation charge is made to the Comprehensive Income and Expenditure Statement for all tangible fixed assets, which have a finite useful life. Depreciation is calculated on a straight line basis as follows:

| | |
|-------------------------|---|
| Operational Buildings | Over the life of the asset (10-40 years) |
| Vehicles | Over the life of the asset (2-10 years with some specialist vehicles over 3-20 years) |
| IT Hardware | 3 years |
| Other Plant & Equipment | 5 years |

New Assets are depreciated in the first year of being an operational asset, but not in the year of disposal.

In accordance with FRS 15, freehold land is not depreciated. Assets under construction are not depreciated until completion.

As the depreciation charge is not an allowable charge against Council Tax, it is neutralised by adjustment between Accounting Basis and Funding Basis under Regulations, with the corresponding entry to the Capital Adjustment Account.

5.4 Impairment Losses

Besides identifying impairments at the five year revaluation review, impairment reviews are carried out in the intervening periods but only if an event or circumstance indicates that the carrying amount of the fixed asset may not be recoverable. When an impairment loss is clearly due to clear consumption of economic benefit or takes the value of the asset below historic cost, the loss is recognised in the Comprehensive Income and Expenditure Statement. However, other impairment losses offset any balance held in the revaluation reserve, with any balance charged to the Comprehensive Income and Expenditure Statement. As these

impairment adjustments are not an allowable charge against Council Tax, it is neutralised by adjustment between Accounting Basis and Funding Basis under Regulations, with the corresponding entry to the Capital Adjustment Account.

5.5 Disposals

The gain or loss on disposal is the amount by which the disposal proceeds are more or less than the carrying amount (net book value) of the fixed asset. The Comprehensive Income and Expenditure Account recognises this gain or loss.

In order that this gain or loss is excluded from the charge to Council Tax, it is neutralised in the Accounting Adjustments between Accounting Basis and Funding Basis under Regulation.

If, however, the asset is carried at current value, in addition to the entries above, the balance on the revaluation reserve in respect of asset disposals is written off to the Capital Adjustment Account. In most cases the asset will be re-valued to its carrying value at the point of disposal so there will be no profit or loss, unless there is an unamortised grant attached to the asset, which will be released to the Income and Expenditure account in full, resulting in a profit on disposal. The CC only recognises a profit on disposal if the asset disposed of is more than £10,000.

5.6 Componentisation

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. The criteria for componentisation are as follows:

- (i) a de-minimis level on implementation is set at £600,000 on the net book value of any asset.
And
- (ii) any single component must exceed £100,000 in value.

Provided that both of these criteria are met the asset will be split into the appropriate components based on its type.

6 Redemption of Debt

Outstanding loan debt relating to police services was transferred to Northamptonshire Police from Northamptonshire County Council on 1 April 1995. Instalments of principal are charged to revenue in accordance with the statutory minimum revenue provision. This is calculated at 4% of the Capital Financing Requirement at the beginning of the year. This is charged to the Capital Adjustment Account with a corresponding adjustment in Accounting Basis and Funding Basis under Regulations.

Valuation is based upon amortised cost, with fair value based upon the cash flow over the remaining term of the debt.

7 Inventories

Inventories are maintained covering such items as vehicle spares, uniforms, stationery, office equipment and provisions. Inventories are valued at the lower of cost or net realisable value in line with the requirements of IAS 2.

8 Reserves

Reserves are maintained to finance expenditure on projects that will be carried out in future years and to protect the CC against unexpected events. Certain reserves/accounts are kept to manage the accounting process for tangible fixed assets (Revaluation Reserve, Capital Adjustment Account) and retirement benefits (Pensions Reserve IAS 19). These do not represent usable resources for the CC.

9 Provisions

Provisions are made for liabilities or losses which are likely to be incurred, or certain to be incurred, but with uncertain amounts or dates on which they will arise, by charging expenditure

to the Comprehensive Income and Expenditure Statement in anticipation of the liability having to be met. When expenditure is incurred to which the provision relates they should be charged to the Provisions Account.

10 Transactions relating to Retirement Benefits

As part of the terms and conditions of employment of its officers and other employees, the CC offers retirement benefits. Although these benefits will not actually be payable until employees retire, the CC has a commitment to make the payments that need to be disclosed at the time that employees earn their future entitlement.

The CC participates in two pension schemes:

i) The Police Pension Scheme for Police Officers

The Police Pension Scheme (PPS) is an unfunded defined benefit final salary scheme administered by Xafinity Paymaster on behalf of ONPCC, and is governed by the Police Pension Regulations 1987 (as amended) and related regulations that are made under the Police Pensions Act 1976. The new Police Pensions Scheme (NPPS) is also governed by the Police Pensions Act 1976 (as amended by the Police Pension Regulations 2006).

They are unfunded which means there are no investment assets built up to meet pension's liabilities, and cash has to be generated to meet actual pension payments as they eventually fall due.

The funding arrangements for police officer pensions changed on 1 April 2006, when an employer's contribution rate was set by the Home Office (currently 24.2% of pensionable salary), which is charged to the Comprehensive Income and Expenditure Statement.

Also from 1 April 2006, each CC was required by legislation to operate a Pension Fund Account. The amounts that must be paid into and out of the Account are specified by regulation. Officer's contributions and the employer's contribution are paid into the pension's account from which pension payments are made. Under the Police Pension Fund Regulations 2007, if the amounts receivable by the pensions fund for the year are less than amounts payable, the CC 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 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 CC, which then must repay the amount to central government.

ii) The Local Government Pension Scheme for civilian employees

The Local Government Pension Scheme for civilian employees, administered locally by Northamptonshire County Council, is a funded defined benefit final salary scheme, meaning that the CC and employees pay contributions into a fund, calculated at a level intended to balance the pension's liabilities with investment assets.

Actuarial valuations of the fund are undertaken every three years to determine the contributions rates needed to meet its liabilities.

The Accounts show the full implementation of IAS 19 (Retirement Benefits). IAS 19 requires organisations to recognise retirement benefits in the Comprehensive Income and Expenditure Statement when they are earned, even though the benefits will not be payable until employees retire. However, as statutory procedures require the charge against Council Tax to be based on the amounts payable by the CC to the pension fund during the year, an appropriation is made with the pension's reserve which equals the net change in the pension's liability, recognised in the Comprehensive Income and Expenditure Statement Account. The neutralising entry is within adjustments made between Accounting Basis and Funding Basis under Regulations.

The Balance Sheet discloses the CC net liability in relation to retirement benefits. The figures are based on the Actuary's latest estimate.

11 Leasing

These Accounts have been prepared in accordance with IAS 17. Rentals paid under operating leases have been accrued and accounted for in the period to which they relate.

The organisation assesses its position on operating leases and lessor arrangements on an annual basis none have been recorded in the accounts; however, it recognises lessor arrangements as the minimum payments on the asset and the residual value of that asset. For operating leases the organisation would not recognise an asset and would account for the associated repayments via the expense costs within the Comprehensive Income & Expenditure Statement

12 Overheads and Support Services

Under the revised Police Objective Analysis within the Comprehensive Income and Expenditure Statement, departments such as Financial Services, Estates and Facilities, and ISD, have been apportioned over nine nationally recognised areas of service. The cost of Corporate and Democratic Core and of Non-Distributable Costs are not allocated to services but shown separately in the Comprehensive Income and Expenditure Statement.

13 Joint Arrangements

The CC has an interest in Joint Arrangements, but all assets, income and expenditure are recognised within the PCC's and Group accounts.

All of these collaborations are governed by formal Section 23 Agreements and the ONPCC shares are fully incorporated in the Comprehensive Income & Expenditure Statement, Balance Sheet, Movement in Reserves Statement and the Cash Flow Statement.

14 Value Added Tax

VAT is included in the Accounts of the CC, whether of a capital or revenue nature, only to the extent that it is not recoverable.

15 Contingent Assets and Contingent Liabilities

They are not recognised in the accounting statements but disclosed in the notes to Core Statements. The CC has no Contingent Liabilities.

16 Exceptional Items and Prior Period Adjustments

Exceptional items are included in the cost of the service to which they relate or on the face of the Comprehensive Income and Expenditure Statement if that degree of prominence is necessary in order to give a fair presentation of the Accounts.

Extraordinary items are disclosed and described on the Comprehensive Income and Expenditure Statement after dealing with all items within the ordinary activities of the CC.

Material adjustments applicable to prior years, arising from changes in accounting policies or from the correction of fundamental errors, are accounted for by restating the comparative figures for the preceding period in the Statement of Account and notes and adjusting the opening balance of reserves for the cumulative effect. The cumulative effect of the adjustments is at the foot of the statement of total movements in gains and losses of the current period.

17 Events After The Balance Sheet Date

Events after the balance sheet date are reflected up to the date when the Statement of Accounts is authorised for issue. The date when the Statement of Accounts was authorised for issue and who gave that authorisation is disclosed in the notes to the Statement of Accounts, including confirmation that this is the date up to which events after the balance sheet date have been considered.

18 Accounting Convention

The accounting convention adopted in these financial statements is historical cost modified by the revaluation of land and buildings.

19 Estimation Techniques Used

The Code distinguishes between accounting concepts and estimation techniques that have been used, when required. The techniques below describe the steps taken to arrive at key monetary values in the Statement of Accounts:

- Capital Creditors – quantity surveyors estimate of the value of the work undertaken. Payroll Creditors i.e. overtime – average overtime rates;
- IAS 19 Valuation – actuarial valuations of future pension's liabilities are provided by independent actuaries.
- Bad Debts are valued at the receivable value. Therefore the cost of collection of debt assessed as recoverable are deducted from the outstanding value.
- Assets are valued at Market Value (MV) and Depreciated Replacement Cost (DRC) for specialist vehicles, but held in Fixed Assets at the depreciated cost assessed as MV/DRC less the cumulative depreciation over the Useful Economic Life of that asset.

20 Comparison with Previous Years

Comparative figures for the previous financial year are shown in the Accounts. The same items are treated alike from one year to the next, except where notes explain otherwise.

21 Employee Benefits

Short-term employee benefits are those due to be settled within 12 months of the year-end. They include such benefits as wages and salaries, annual leave and flexible working hours, leave for current employees, and are recognised as an expense for services in the year in which employees render service to the CC. An accrual is made for the cost of holiday entitlements (or any form of leave, e.g. time off in lieu, flexi-time or annual leave) earned by employees but not taken before the year-end that employees can carry forward into the next financial year.

22 Revenue Expenditure Funded from Capital Under Statute

Expenditure incurred during the year that may be capitalised under statutory provisions but that does not result in the creation of a non-current asset has been charged as expenditure to the relevant service in the Comprehensive Income and Expenditure Statement in the year. Where the CC has determined to meet the cost of this expenditure from existing capital resources, a transfer in the Movement in Reserves Statement from the General Fund Balance to the Capital Adjustment Account then reverses-out the amounts charged so that there is no impact on the level of council tax.

23 Actuarial Gains and Losses

Changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions – debited to other Comprehensive Income and Expenditure in the Comprehensive Income and Expenditure Statement.

24 Termination Benefits

Termination benefits are amounts payable as a result of a decision by the organisation to terminate an officer or staff employment before the normal retirement date or an officer's decision to accept voluntary redundancy and are charged on an accruals basis to the appropriate service or, where applicable, to the Non Distributed Costs line in the Comprehensive Income and Expenditure Statement when the Chief Constable is demonstrably committed to the termination of the employment of an officer or group of officers or making an offer to encourage voluntary redundancy.

Where termination benefits involve the enhancement of pensions, statutory provisions require the General Fund Balance to be charged with the amount payable by the ONPCC to the pension fund or pensioner in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, appropriations are required to and from the Pensions Reserve to remove the notional debits and credits for pension enhancement termination benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end

Glossary of Terms

Accounting Period

The period of time covered by the Accounts, normally a period of twelve months commencing on 1 April.

Accrual

The recognition, in the correct accounting period, of income and expenditure as it is earned and incurred, rather than as cash is received or paid.

Agency Arrangements

Services which are performed by, or for, another ONPCC or public body where the agent is reimbursed for the cost of work done.

Budget

A statement of the CC's plans in financial terms. A budget is prepared and approved by the CC before the start of each financial year and is used to monitor actual expenditure throughout the year.

Capital Expenditure

Expenditure on the acquisition of a fixed asset or expenditure which adds value to the life or value of an existing fixed asset.

Capital Financing Requirement

The Capital Financing Requirement represents capital expenditure financed by external debt and not by capital receipts, revenue contributions, capital grants or third party contributions at the time of spending. It measures the CC's underlying need to borrow for a capital purpose.

Capital Receipts

These are proceeds from the sale of capital assets.

CIPFA

The Chartered Institute of Public Finance and Accountancy. This is the main professional body for accountants working in the public services.

Contingent Liabilities

A potential liability at the balance sheet date when the Accounts are submitted for approval. The liability will be included in the balance sheet if it can be estimated with reasonable accuracy otherwise the liability will be disclosed as a note to the Accounts.

Corporate Democratic Core

This includes the cost of the corporate infrastructure (e.g. the Chief Executive and Treasury Offices, and external audit fees), and the cost of democratic representation (e.g. members allowances).

Council Tax

The local tax levied on householders, based on the relative market values of property, which helps to fund local services.

Creditors

Individuals or organisations to which the CC owes money.

Current Assets and Liabilities

Current assets are items that can be readily converted into cash. Current liabilities are items that are due immediately or in the short-term.

Debtors

Individuals or organisations who owe the CC money.

Deferred Liabilities

Liabilities which by arrangement are payable beyond the next year at some point in the future or paid off by an annual sum over a period of time.

Earmarked Reserves

Monies set aside that are intended to be used for a specific revenue or capital purpose.

Employee Costs

The salaries and wages of employees together with national insurance, superannuation and all other pay-related allowances. Training expenses and professional fees are also included.

Finance Lease

A finance lease normally involves payment by a lessee to a lessor of the full cost of the asset, together with a return on the finance provided by the lessor. The lessee has substantially all the risks and rewards associated with the ownership of an asset, other than legal title.

International Financial Reporting Standards (IFRS)

These standards are developed by the Accounting Standards Board to regulate the preparation of financial statements. The Companies Act 1985, which was later adopted by the SORP making it mandatory for Public Bodies and therefore requires compliance of these Standards or disclosures in the notes if there are any material departures from those standards.

Fixed Assets

This consists of: -

Tangible: These are assets that yield benefits to the CC for a period of more than one year (e.g. buildings and equipment).

Intangible: Under IAS 38 (Goodwill and Intangible Assets), intangible assets are those that do not have physical substance but are identifiable (e.g. software and software licences).

Formula Grant Distribution System

A mechanism by which Central Government determines how much Revenue Support Grant, Home Office Police Grant and Business Rates each local ONPCC should receive in a given year to provide a common level of service. For the police service it is principally based on the resident and daytime populations, plus relevant socio-economic characteristics, for the area covered by an ONPCC.

IAS 19 Retirement Benefits

An accounting standard that requires the recognition of long-term commitments made to employees in respect of retirement benefits in the year in which they are earned.

Impairment

A reduction in value in an asset caused by a general fall in prices, obsolescence or a clear consumption of economic benefit.

Interest Income

The money earned from the investment of surplus cash.

Net Book Value

The amount at which fixed assets are included in the balance sheet, i.e. their historical cost or current values less the cumulative amounts provided for depreciation.

Non-Distributed Costs

This consists of charges for police officers and police staff early retirements.

Operating Lease

An operating lease involves the lessee paying a rental for the hire of an asset for a period of time that is substantially less than its useful economic life. The lessor retains most of the risks and rewards of ownership.

Outturn

The actual amount spent in the financial year.

Payments in Advance

These represent payments made prior to supplies and services received.

Pension – Defined Benefit Scheme

A pension or other retirement benefit scheme other than a defined contribution scheme. The scheme rules define the benefits independently of the contribution payable, and the benefits are not directly related to the investments of the scheme. The scheme may be funded or unfunded.

Pension Assets – Expected Rate of Return

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

Pension – Interest Costs

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

Pension – Past Service Costs

For a defined benefit 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 Fund

A fund which makes pension payments on retirement of its participants.

Pensions Top-Up Grant (PTUG)

A grant from the Home Office that funds the difference between a nationally agreed employer's contribution paid into the Pension Fund Account, employee contributions and benefits paid to pensioners during the year.

Precept

The method by which the ONPCC obtains the income it requires from council tax via the collection ONPCC's (i.e. the seven district councils in Northamptonshire).

Provision

An amount set aside to provide for a liability which is likely to be incurred but the exact amount and the date on which it will arise is uncertain.

Prudential Code

The code developed by CIPFA that sets out a framework for self-regulation of capital spending, in effect allowing ONPCC's to invest in capital projects which best meet their service delivery objectives as long as they are affordable, prudent and sustainable. The code came into Force from 1 April 2004 and is incorporated into the Local Government Act 2003 and associated regulations.

Public Works Loan Board (PWLB)

A government agency which provides longer-term loans to Local ONPCC's at interest rates only slightly higher than those at which the government itself can borrow.

Receipts and Payments

Amounts actually paid or received in a given accounting period irrespective of the period for which they are due.

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 Contributions

Capital Expenditure funded from the Revenue Account which reduces the requirement to borrow.

Revenue Expenditure

Expenditure to meet the continuing cost of services including wages and salaries, purchase of materials and capital financing charges.

DRAFT 23.08.16



COMMUNITY JUSTICE SECURITY

**Group Statement of Accounts for the
Office of the Northamptonshire Police
and Crime Commissioner**

2015-16

Agenda Item 9

DRAFT 23/5

DRAFT 23.08.16

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Foreword by the Police and Crime Commissioner

These accounts reflect the financial performance of the Office of The Police and Crime Commissioner for Northamptonshire (PCC) and in accordance with the Police Reform and Social Responsibility Act 2011. I am responsible for Policing across Northamptonshire, commissioning services from the police and other agencies, working collaboratively to improve outcomes for local people and communities and ensuring value for money.

The over-arching objective of my predecessor was to "make Northamptonshire the safest place in England".

Since 2012 the Office of the Police and Crime Commissioner (OPCC) has :

- Cut Crime including reducing the number of victims of crime each year
- Strengthened frontline operational policing by adding hundreds of volunteers, including Special Constables and Cadets
- Increased public safety and confidence by protecting a frontline of 1,220 police officers
- Engaged with communities including young people and understanding their issues
- Put Victims First including pioneering "VOICE" a service for victims and witnesses of crime.

This has been delivered in an environment of continuing austerity and ever decreasing financial support from Central Government.

The Home Office has actively encouraged collaborative working between police forces and fire authorities. My predecessor has secured Home Office funding from the Police Innovation Fund to support this initiative.

During the tenure of the first Police and Crime Commissioner the existing Estates Strategy was reviewed. In this exercise it was identified that the current Police Head Quarters at Wootton Hall required extensive long term investment to maintain its operational functionality.

A decision to sell Wootton Hall Park estate to the Communities and Local Government was made by my predecessor with the contract being executed prior to my appointment. This contract stipulated that the Force would continue to use Wootton Hall Park until 2020, with The Office of the Police and Crime Commissioner effecting this through taking a lease on part of the Wootton Hall Park site from September 2017 to March 2020.

Construction on the Northern Accommodation Hub (NAH) commenced during the early part of 2016 with completion due in September 2017. The construction of a functional state of the art building will help ensure that the Force will continue to meet the needs of policing Northamptonshire well into the 21st Century.

I am currently working with the Force on a revised Police and Crime Plan which will be effective for the next four years. My commitment is to deliver through the Force better policing supporting Victims and continuing to strive to deliver a safer Northamptonshire.

Chief Finance Officer's Foreword and Financial Summary

This is the first time that a narrative report has been produced for the statement of accounts.

The purpose of this narrative report is to offer a guide on the most important matters reported in the accounts.

This will include information on the budget preparation process, final accounts, performance information, medium term financial plans and other contextual information such as workforce numbers and strategic risks.

The Statement of Accounts has been prepared in accordance with the requirements of the Chartered Institute of Public Finance and Accountancy (CIPFA). It therefore aims to provide information to help the reader.

The accounts are prepared on a going concern basis, assuming that the Police and Crime Commissioner will continue in operation for the foreseeable future. Additionally, the accounts have been prepared in accordance with the Accounts and Audit Regulations 2011, the Code of Practice on Local Authority Accounting 2015/16 and the Service Reporting Code of Practice 2015/16.

The objectives of the Statement of Accounts are to provide useful information to a wide range of users about the financial position, financial performance and cash flows of the Police and Crime Commissioner. The information provided also allows for an assessment of the Commissioner's performance in terms of stewardship and the management of the resources entrusted to him. The accounts are, therefore, necessarily detailed and technical and explanatory notes are included.

This foreword is divided into the following main areas:

- Legislative background
- Relationship between the Police and Crime Commissioner and Chief Constable
- Changes to the statements for 2015/16
- What is included in the statement of accounts
- Review of 2015/16
- Statement on the pension liability
- Statement on provisions
- Analysis of borrowing
- Impact of the current economic climate
- Material assets acquired and liabilities incurred
- Material and unusual charges

1. Legislative Background

The Police Reform and Social Responsibility Act 2011 established the Police and Crime Commissioner and the Chief Constable as separate legal entities. The legal transfer of operational policing to the Chief Constable, who also became the employer of police staff members, was completed on 1 April 2014

2. Relationship between the Police and Crime Commissioner and the Chief Constable

Each has specific roles and responsibilities under legislation.

The Police and Crime Commissioner:

- Appoints the Chief Constable and may suspend her or require her to resign or retire
- Must maintain the Police Force and ensure that it is efficient and effective
- Must issue a Police and Crime Plan
- Must hold the Chief Constable to account for his actions and those of his officers and staff
- Receives all income from grants, precept and charges

The Chief Constable:

- Holds office as a servant of the crown and is not an employee
- Has direction and control over police officers and is the employer of police staff
- Is operationally independent
- Must have regard to the Commissioners Police and Crime Plan
- Holds no property, rights or liabilities
- May not borrow money

3. Changes to the statements for 2015/16

The Code of Practice for 2015/16 changes in relation to IFRS 13 – Fair Value have been introduced into the statement of accounts. There is no impact of this standard in the disclosures that have been made in these accounts.

4. What is included in the Statement of Accounts?

The accounts are prepared using International Financial Reporting Standards (IFRS). Although these are the same standards that a large company would use in preparing its financial statements, some adjustments to costs are made by the Commissioner where they are not a charge to local taxpayers.

This document contains two sets of accounts; the Police and Crime Commissioner Single Entity accounts and the Police and Crime Commissioner Group accounts, which incorporate the accounts produced by the Chief Constable.

4.1 Single Entity Statements and Group Statements

These comprise of the following:

4.2 Movement in Reserves Statement (MIRS) - This statement shows the movement in the year on the different reserves held by the Police and Crime Commissioner. It shows how the deficit for the year in the Comprehensive Income and Expenditure Statement is adjusted by the costs that are not a charge to local taxpayers.

4.3 Comprehensive Income and Expenditure Statement (CIES) - This statement shows the income and expenditure accounting cost in the year of providing services under IFRS.

4.4 Balance Sheet (BS) - The balance sheet shows the Police and Crime Commissioner assets, liabilities, and reserve balances at the financial year end date.

4.5 Cash Flow Statement - This statement shows the reason for changes in in cash balances during the year and the balance held by the Police and Crime Commissioner at the end of the financial year.

4.6 Notes to the Financial Statement

These include information required by the Code and additional material items of interest to assist the readers understanding of the reported figures:

4.6.1 Events after the reporting period and authorised for issue date - This summarises any major events that happened between the year end and the authorised for issue date. Events coming to light after the authorised for issue date will not be included in the financial statements.

4.6.2 Police Pension Fund Account - The Police Pensions scheme is unfunded and holds no assets. The purpose of this account is to demonstrate the cash-based transactions taking place over the year and to identify the arrangements needed to balance the account.

4.6.3 Annual Governance Statement - This statement explains how the Police and Crime Commissioner complied with his Code of Corporate Governance. Preparation and publication of the Statement fulfils his statutory requirement under the Accounts and Audit Regulations 2011 to conduct a review at least once in each financial year of the effectiveness of his system of internal control and to include a statement reporting on the review with his Statement of Accounts.

4.6.4 Glossary of financial terms - The nature of this document means that technical words are unavoidable. The glossary is intended to simplify and explain such words.

5. Review of 2015-16

a) Funding

The government provided the majority of the money required to fund the Police and Crime Commissioner's expenditure. The remainder was paid by local taxpayers through the Precept (police portion of Council tax). The budget is set in February each year in the context of the 5 year Strategic Financial plan. The 2015-16 budget was approved in February 2015 by the Police and Crime Commissioner.

The Band D Precept set was £200.96 (£197.04 2014-15). (+1.99%)

b) Financial Management

Rigorous budgetary control arrangements are in place together with a devolved system of budgetary control, which ensured resources were allocated to priorities as required. Monthly control reports on budgetary performance for the group are considered.

The table below shows the outturn position for the financial year:

| | BUDGET 2015-16 £'000 | CASH LIMIT 2015-16 £'000 | OUTURN 2015-16 £'000 | VARIANCE £'000 |
|-------------------------------------|-------------------------------------|---|-------------------------------------|---------------------------|
| Police Pay | 51,112 | 51,513 | 50,975 | (538) |
| PCSO Pay | 3,355 | 3,355 | 3,232 | (123) |
| Police Pensions | 11,098 | 11,098 | 11,015 | (83) |
| Operations | 19,796 | 18,712 | 19,265 | 553 |
| Business Support Departments | 20,523 | 21,717 | 22,048 | 331 |
| Collaboration & Regional | 8,347 | 8,204 | 7,752 | (452) |
| TOTAL FORCE | 114,231 | 114,599 | 114,287 | (312) |
| | | | | |
| OPCC | 4,626 | 4,258 | 3,831 | (427) |
| | | | | |
| TOTAL EXPENDITURE | 118,857 | 118,857 | 118,118 | (739) |
| | | | | |
| RESERVES | 1,123 | 1,123 | 1,123 | 0 |
| | | | | |
| TOTAL | 119,980 | 119,980 | 119,241 | (739) |

The former PCC delivered his undertaking to ensure the number of Police Officers would be at least 1,220 at the end his term of office (May 2016).

Comments on the variations for individual services are given below:

Police Pay – underspend £538k

The Police Pay under spent by £0.538m, which includes the cost of the Bear Scotland legal ruling (calculation of overtime payments based on normal hour's verses contractual hours). The overall underspend resulted from temporary vacancies, attrition, movement within the overall rank structure, changes to the ranks of officers seconded and more than expected officers seconded to other Forces or through regional and national collaborations.

PCSO Pay – underspend £123k

The PCSO pay under spent by £0.123m, as a result of PCSOs transferring to become Police Officers within Northamptonshire Police and a higher than expected level of maternity leave.

Police Pensions – underspend £83k

This is as a result of a reclassification of a retirement payment, which has now been assessed as a commutation and therefore receives Home Office funding.

Operations – overspend £553k

The Specials and Volunteers budget totalled £1m, with expenditure for 2015-16 totalling £1.746m. The final out-turn was lower than forecast due to the number of specials totalling 700 against the programmed delivery of 900 by May 2016. Nevertheless this still represents a significant achievement with the specials now forming an important resource to policing in Northamptonshire. This planned excess expenditure (£0.746m) will be financed by the use of the Initiatives Fund.

The overall position of £0.553k overspend can predominantly be attributed to the Niche project.

Business Support Departments – overspend £331k

The overspend related to costs attributed to redundancies.

Collaboration and Regional – underspend £452k

Following the regional PCCs board the appropriate underspend of £386K has been held within reserves to fund the 2016-17 Innovation Match Funding. In addition the collaborations have a small underspending of £66K. The total reported underspend is therefore £452k.

OPCC – underspend £427k

An under allocation of the Commissioning budget (£495k) has been partially offset by overspends on Subscriptions and Agency Staff.

Carry Forward to 2016-17

The Force proposed the following carry forwards

| Carry Forward | Amount £'000 |
|--|-------------------------|
| Vehicle and faster roads training | 86 |
| Niche (RCCO to fund increased capital costs) | 225 |
| Regional Innovation Projects | 386 |
| | |
| TOTAL | 697 |

Reserves

General reserves are forecast to be £4.404m at 31st March 2016, representing 3.78% of the proposed net revenue budget 2016-17.

This level of reserves exceeds level proposed in the Reserve Policy (between 2% and 3%) and is also on the high end of the range suggested by External Audit (between 3% and 4%) it is considered that this level of un-earmarked reserve is justified in the context of the climate of financial austerity, and the scale and pace of radical change which is required over the period to 2021.

The provisional level of all cash backed Reserves at 31st March 2016 totals £16.111m, falling to £10.669m at 31st March 2017, as set out in the reserves tables at the end of this narrative statement.

Capital

In addition to revenue expenditure, money is spent on assets such as buildings, computers and vehicles, which will be used by or on behalf of the Police and Crime Commissioner in the long term. Capital expenditure can be financed from:

- Unsupported (or prudential) borrowing, which does not attract government support. The Police and Crime Commissioner decides how much to borrow based on what is affordable, prudent and sustainable within the meaning of the Prudential Code
- Capital grants
- Usable capital receipts arising from the sale of surplus assets
- Amounts set aside from the revenue account

The approved Capital Programme totalled £52.253m with estimated payments in 2015-16 of £7.823m. The reported out turn for 2015-16 was £7.024m* with the slippage of £0.799m falling in later years. The schemes which had significant slippage were:

- Kettering NAH (£191k)
- NICHE (£575k)

Seven approved schemes within the capital programme have exceeded their approved budget and require additional approval. These are:

| Scheme | Approved Cost £'000 | Revised Cost £'000 | Increase £'000 | Reason |
|-----------------------------|------------------------|-----------------------|-------------------|--|
| Demand Reduction | 35 | 38 | 3 | Analyst costs exceeded expectations. |
| NICHE | 4,133 | 4,715 | 582 | £357k relates to expenditure incurred in 2013-14 which was inadvertently omitted from previous costings and the remaining £225k are additional costs which will be funded from the revenue carry forward |
| Estates Investment Strategy | 219 | 355 | 136 | Costs associated with the estates strategy were above 14-15 assumptions, due to the change in scope and timing of the project. |
| Enhancement Schemes | 187 | 250 | 63 | The cessation of the enhancement schemes moving forwards required some projects to be finalised earlier than expected. |
| Mobile Data Roadmap | 2,035 | 2,080 | 45 | The addition relates to an ACPO decision to fund PCSO agile devices, |
| Public Service Network | 150 | 164 | 14 | Additional national costs, which were locally uncontrollable. |
| Vehicle Purchases | 5,693 | 6,017 | 324 | Pressures from EMOPPS & ACPO car replacement added significantly to continuing budget pressures, |
| TOTAL INCREASE | | | 1,167 | |

* Excluding adjustment for Interoperability of £1,103k (see prior year adjustments note 41)

Six approved schemes within the capital programme have decreased in overall costs:

| Scheme | Approved Cost £,000 | Revised Cost £,000 | Increase £,000 | Reason |
|--------------------------------------|------------------------------------|-----------------------------------|---------------------------|---|
| Sharepoint | 419 | 313 | (106) | Phoenix - software licences costs of £93k - were funded from ISD funding as per their planned costs |
| Regional Shared Information Services | 3 | 0 | (3) | Decision received from SRO to treat EMSIS as a dormant project once Proof of Concept (POC) has completed. Advised to put in Northants share of £1k which is £284. |
| Proof of Concept | 33 | 27 | (6) | The underspend relates to the change in accounting and on-going costs will be revenue which is accounting for within revenue budgets. |
| PBS | 110 | 89 | (21) | PBS was ceased in September 2015 and replaced by Strategic Alliance. All costs from October 2015 onwards was put to the new project |
| Accessibility Fund | 110 | 100 | (10) | The accessibility fund underspent as a result of the reductions within the estates portfolio and divestment from our estate. |
| Mereway & CJC Roundabouts | 550 | 545 | (5) | Lower than anticipated overall project costs |
| TOTAL INCREASE | | | (151) | |

Financing of up to £6.9m has been approved by the former Commissioner for the Decant Plan from Wootton Hall. This will be funded from reserves.

Consequently the total cost of the capital programme has increased by £7.916m to £60.169m. The funding of the revised programme is as detailed overleaf:

| Funding | Approved Programme £'000 | Revised Programme £'000 |
|--------------------------------|-------------------------------------|------------------------------------|
| Capital Grants | 3,978 | 3,827 |
| Innovation Funding | 2,668 | 2,421 |
| Useable Capital Receipts | 5,576 | 6,809 |
| Revenue Funded | 2,995 | 1,777 |
| Capital Reserve | 3,400 | 3,400 |
| Prudential Borrowing | 25,000 | 25,000 |
| External Funding | 0 | 1,399 |
| Initiatives Fund | 4,274 | 4,274 |
| Capital/Transformation Reserve | 4,362 | 4,362 |
| Other Reserves | 0 | 6,900 |
| TOTALS | 52,253 | 60,169 |

2016-17 Revenue Budget

When the revenue budget was approved in February 2016 the PCC had £121.995m available. These resources were allocated as per the table below:

| | Amount £'000 |
|--------------|-------------------------|
| Force | 112,315 |
| OPCC | 3,909 |
| Reserves | 5,771 |
| TOTAL | 121,995 |

The 2016-17 Force budget represented a cash reduction of 2% over the 2015-16 budget and to achieve this, the Force were required to make savings of £7.267m. At the time the budget was set the Force had identified £5.510m of these savings, leaving a balance of £1.757m still to be found.

The strategies for identifying solutions to this shortfall were firstly for the majority to be found from the Service Delivery Model and any consequential shortfall to be covered from the newly created Capital and Transformational Reserve.

Medium Term Financial Plan

The PCC's medium term financial plan (MTFP) reflects the impact of the government's Autumn statement.

The Provisional Police Finance Settlement was announced in a written ministerial statement by the Minister for Policing, Criminal Justice and Victims Mike Penning on Wednesday 17 December. Full details of the settlement can be found on the Home Office pages of the gov.uk website.

The MTFP for 2016-21 has been developed on the principles previously established:

- To make the best use of available resources
- To maximise income and funding
- To target spend and investments to priorities and value for money opportunities
- To exploit fixed assets to deliver maximum value
- To optimise delivery costs
- To provide sufficient financial reserves in the context of unprecedented uncertainty, transformation and change

| | Original 2016-17 £'000 | 2017-18 £'000 | 2018-19 £'000 | 2019-20 £'000 | 2020-21 £'000 |
|---|---------------------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
| FUNDING | | | | | |
| Police Grant | 73,994 | 72,644 | 71,324 | 70,034 | 68,764 |
| Precept & CTS | 48,001 | 48,340 | 49,790 | 51,290 | 52,840 |
| | 121,995 | 120,984 | 121,114 | 121,324 | 121,604 |
| SPENDING LIMITS | | | | | |
| Force | 112,315 | 112,832 | 113,076 | 113,396 | 113,783 |
| OPCC | 3,909 | 3,792 | 3,678 | 3,568 | 3,461 |
| Reserves | 5,771 | 4,360 | 4,360 | 4,360 | 4,360 |
| | 121,995 | 120,984 | 121,114 | 121,324 | 121,604 |
| SPENDING FORECASTS | | | | | |
| Force | 119,582 | 115,803 | 115,333 | 115,639 | 115,793 |
| OPCC | 4,235 | 3,933 | 3,809 | 3,695 | 3,585 |
| Reserves | 5,771 | 4,360 | 4,360 | 4,360 | 4,360 |
| | 129,588 | 124,096 | 123,502 | 123,694 | 123,738 |
| SAVINGS REQUIRED | | | | | |
| Force | (7,267) | (2,971) | (2,257) | (2,243) | (2,010) |
| OPCC | (326) | (141) | (131) | (127) | (124) |
| | (7,593) | (3,112) | (2,388) | (2,370) | (2,134) |
| SAVINGS IDENTIFIED | | | | | |
| Force | (5,510) | (2,605) | (1,760) | (700) | (215) |
| OPCC | (326) | (141) | (131) | (127) | (124) |
| | (5,836) | (2,746) | (1,891) | (827) | (339) |
| SAVINGS YET TO BE IDENTIFIED | | | | | |
| FORCE | (1,757) | (366) | (497) | (1,543) | (1,795) |
| OPCC | 0 | 0 | 0 | 0 | 0 |
| | (1,757) | (366) | (497) | (1,543) | (1,795) |

The annual revenue budget for 2016/17 of £121.995m, required a rise in the precept of 1.99% as permitted by government to support the budget. As can be seen in the table above there is continued pressure on the amount of police grant that is forecast to be received over the period of the MTFP.

6. Pensions liability

The Police and Crime Commissioner's staff, Police staff and Police officers are offered retirement benefits as part of their terms and conditions of employment. Although these benefits will not actually be payable until employees retire, International Accounting Standard (IAS) 19 requires that the commitment to make future payments is disclosed at the time that employees and officers earn their future entitlement.

The Police and Crime Commissioner and Chief Constable participate in two pension schemes:

- The Police Pension Scheme for police officers – this is an unfunded defined benefit final salary scheme administered by the Chief Constable on behalf of the Police and Crime Commissioner. There are no investment assets built up to meet the pensions liabilities and cash has to be generated from employee and employer contributions to meet actual pensions payments as they fall due. Under the Police Pensions Fund Regulations 2007, if the amounts receivable by the pensions fund for the year is less than amounts payable, the Police and Crime 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 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 Police and Crime Commissioner, who then must repay the amount to central government. From 2015 member benefits will be accrued based on a retirement age of 60.
- The Local Government Pension Scheme offered to all staff employed by the Police and Crime Commissioner and Chief Constable, is administered locally by Northamptonshire County Council. This is a funded defined benefit final salary scheme and both employers and employees pay contributions calculated at a level intended to balance the pensions liabilities with investment assets.

Within the Local Government Pension scheme two records are maintained; one for the staff employed by the Police and Crime Commissioner and one for the staff employed by the Chief Constable.

The requirements of IAS19 have a significant adverse impact on the net cost of services although, as the adjustments are reversed out in the Movement in Reserves Statement, not at the level of local taxation. There is also a significant adverse impact on the balance sheet which shows the estimated value of the Police and Crime Commissioner's pension commitments should they be called now.

The value of net pension liabilities in the Group Balance Sheet is £1.069 billion, comprising £1.009 billion for police officers and £60 million for police staff

People

At 31st March 2016 Northamptonshire Police Force and the OPCC employed 2,061 members of staff in total. The analysis is shown in the table below:

| Category of employee | 2015-16 £'000 | 2016-17 £'000 |
|----------------------|------------------|------------------|
| Police Officers | 1,220 | 1,220 |
| PCSO | 96 | 99 |
| Police Staff | 721 | 677 |
| PCC Staff | 24 | 22 |
| Total | 2,061 | 2,018 |

7 Provisions

Provisions are made where an event has taken place that gives the Police and Crime Commissioner a legal or constructive obligation that requires settlement by a transfer of economic benefits or service potential, and a reliable estimate can be made of the amount of the obligation. These accounts include number provisions. Further details are included in the notes to the Group Financial Statements.

| Provision | 2014-15 | 2015-16 |
|-------------------------|----------------|----------------|
| | £'000 | £'000 |
| Insurance Provision | 570 | 855 |
| Dilapidations Provision | 245 | 300 |
| Total | 815 | 1,155 |

8 Borrowing

The Police and Crime Commissioner's power to borrow is set out in Part 1 of the Local Government Act 2003, together with a duty to determine and keep under review how much borrowing is affordable. Controls on borrowing are contained within the CIPFA Prudential Code for Capital Finance in Local Authorities and, under the provisions of the 2003 Act, the Police and Crime Commissioner must have regard to the Code when carrying out his duties under the Act.

The key objectives of the Prudential Code are to ensure, within a clear framework, that capital investment plans are affordable, prudent and sustainable. A key prudential indicator is the operational boundary for external debt, which limits the amount of long-term debt outstanding. The limit is set at £25m for 2015-16 and has not been breached.

Borrowing is managed to ensure a reasonable spread of maturity and to minimise interest payable. At 31st March 2016 the level of PWLB debt outstanding was £1.3m. The breakdown to maturity is shown below:

| Debt - Year to Maturity | £'000 |
|--------------------------------|--------------|
| Less Than One Year | 0 |
| Between One and Two Years | 0 |
| Between Two and Five Years | 0 |
| More Than five years | 1,300 |
| Total | 1,300 |

9. Cashflow

Total cash and cash equivalents at 31 March 2016 is £6,677k (including share of JV cash balances). The main factors that will affect cash in the future are:

- Acquisitions and disposals relating to the capital programme
- The value of reserve balances Grants and contributions unapplied.

10. Impact of the current economic climate

Since the start of austerity measures to 2015-16, and the government spending review, reductions have had to be delivered. The scale of the financial challenge, rising crime levels and the changing nature of crime has created a need for the development of a new model for policing. The development of such a model is a priority in order to create a sustainable, diverse and flexible resource whilst balancing the longer term budget. A key enabler to support the delivery of the new model for policing will be Information Technology. The Force has been successful over the last 2 years in obtaining innovation

funding which is being used for Police / Fire Integration and Agile working. This will deliver better and more cost effective policing into the future.

11. Material assets acquired and liabilities incurred

A summary of capital expenditure for the year is described in the capital section of this report. No material liabilities have been incurred during the year.

12. Material and unusual charges

The accounts conform to proper practice and contain full and frank disclosures of all material sums. The decrease in the group pensions liability of £122.7m has had a material impact on the accounts.

Although this amount is substantial, it is a notional debit and as such does not represent cash payments to be made by the Police and Crime Commissioner or Chief Constable or a charge on the General Fund.

Summary and Conclusion

The PCC and Chief Constable have a strong track record of effective financial management and delivering out-turn within the approved budget. The budgeting process is very thorough with rigorous challenge from both the Chief Constable and the PCC

Since 2010-11 cash savings of over £31m have been delivered and the latest medium term plan 2016-17 to 201-20 identifies further cash savings of £15m. Of this £11m has already been identified whilst maintaining the police officer numbers at 1220.

2015-16 has seen the start of a programme of investment into the Estate with the commencement of a modern facility at Kettering, replacing old and poorly maintained buildings, and the decision to vacate the current Headquarters at Wootton Hall.

The level of reserves is healthy but is, required due to the level of change and uncertainty in future years. The Force and PCC have commenced feasibility work on an ambitious tri partied collaboration with Leicestershire and Nottinghamshire Forces which if approved will build on the nationally recognised East Midlands Collaborations.

The financial outlook remains challenging but we are confident that the PCC, Chief Constable and their respective leadership teams will continue to deliver strong and effective financial management in order to maintain an appropriate level of funding for essential operational services

Steve Dainty

Acting Director For Resources
Transformation and Governance

Stephen Mold

Northamptonshire Police and Crime
Commissioner

| RESERVES 2015-16 | | | | | | | | | | | | |
|--|---------------|--------------|--------------|--------------|----------------|--------------|------------------|-----------|-------------------------|-----------------------|--------------|---------------|
| | Carry Forward | | | | | | | | | | | |
| | Force | OPCC | General | Pensions | Transformation | Restructure | Initiatives Fund | Capital | Specials/ Volunteers | Capital/ Transform | Other | TOTAL |
| Opening Balance - 1st April 2015 | 1,212 | 929 | 6,048 | 1,197 | 708 | 2,799 | 1,362 | 59 | 1,684 | 0 | 4,192 | 20,190 |
| Contributions 2015-16 | | | | | | | | | | | | |
| Contribution to General Balances | | | 123 | | | | | | | | | 123 |
| Child Protection | | | | | | | 1,000 | | | | | 1,000 |
| | | | | | | | | | | | | |
| Transfers 2015-16 | | | | | | | | | | | | |
| Transformation Reserve | | | | | (708) | 0 | 708 | | | | | 0 |
| Specials/Volunteers | | | | | | | 1,684 | | (1,684) | | | 0 |
| Restructuring Reserve | | | | | | (2,500) | 2,500 | | | | | 0 |
| Insurance | | | | | | | 1,500 | | | | (1,500) | 0 |
| PCC Reserve | | | | | | | 22 | | | | (22) | 0 |
| Copy Bureau | | | | | | | 48 | | | | (48) | 0 |
| | | | | | | | | | | | | |
| Movement in Reserves 2015-16 | | | | | | | | | | | | |
| Special and Volunteers | | | | | | | (850) | | | | | (850) |
| Initiatives Funding 2015-16 | | | | | | | (743) | | | | | (743) |
| Capital Spending funding 2015-16 | | | | | | | | (59) | | | | (59) |
| Transfer to Capital/Transformation | (1,212) | | | | | (299) | | | | 1,711 | (200) | 0 |
| Under Spending 2015-16 | 697 | 427 | (1,767) | 83 | | | | | | 1,299 | | 739 |
| Temp Internal Borrowing – Capital Programme | | | | | | | (4,289) | | | | | (4,289) |
| | | | | | | | | | | | | |
| Closing Balance 31st March 2016 | 697 | 1,356 | 4,404 | 1,280 | 0 | 0 | 2,942 | 0 | 0 | 3,010 | 2,422 | 16,111 |

| FORECAST RESERVES MOVEMENTS 2016-17 | | | | | | | | | |
|--|----------------------|--------------|----------------|-----------------|-------------------------------|------------------------|-----------------------------|--------------|---------------|
| | Carry Forward | | | | | | | | |
| | Force | OPCC | General | Pensions | Capital/ Transform | Decant Plan | Initiatives Fund | Other | TOTAL |
| Opening Balance - 1st April 2016 | 697 | 1,356 | 4,404 | 1,280 | 3,010 | 0 | 2,942 | 2,422 | 16,111 |
| Contributions 2016-17 | | | | | | | | | |
| Police Grant | | | | | 3,000 | | | | 3,000 |
| Increase in Tax Base | | | | | 790 | | | | 790 |
| Council Tax Surplus | | | | | 1,071 | | | | 1,071 |
| Victims & Witnesses (precept) | | | | | | | 910 | | 910 |
| | | | | | | | | | |
| Transfers 2016-17 | | | | | | | | | |
| Decant Plan Reserve | | (700) | | | (400) | 4,445 | (2,200) | (1,145) | 0 |
| Repayment of Temp Borrowing | | | | | | | 4,289 | | 4,289 |
| | | | | | | | | | |
| Movement in Reserves 2016-17 | | | | | | | | | |
| Force Carry Forward | (697) | | | | | | | | (697) |
| OPCC Revenue 2016-17 | | (159) | | | | | | | (159) |
| Capital/ Transformation | | | | | (3,442) | | | | (3,442) |
| Use of Initiatives Fund 2016-17 | | | | | | | (5,822) | | (5,822) |
| Strategic Alliance | | | | | (2,082) | | | | (2,082) |
| Decant Expenditure | | | | | | (3,300) | | | (3,300) |
| | | | | | | | | | |
| Closing Balance 31st March 2017 | 0 | 497 | 4,404 | 1,280 | 1,947 | 1,145 | 119 | 1,277 | 10,669 |

1. Scope of responsibility

Police and Crime Commissioners are Corporations sole, created by the Police Reform and Social Responsibility Act 2011.

Under the provisions of that Act, Commissioners must secure the maintenance of an efficient and effective police force for their area. The Commissioner must hold the Chief Constable to account.

The Commissioner must issue a Police and Crime Plan within the financial year of their election, and keep that plan under review, produce an annual report on the exercise of the Commissioner's functions and the progress which has been made in the financial year in meeting the police and crime objectives of the Plan.

The Commissioner must maintain a single Police Fund, and must keep accounts of that Fund. Commissioners also have the power to issue a precept, thus allowing council tax to be levied to fund the police.

The Commissioner, the Chief Executive and Chief Finance Officer (the statutory officers) are responsible for ensuring that the business of the Office of the Police and Crime Commissioner (OPCC) is conducted in accordance with the law and proper standards, and that public money is safeguarded, properly accounted for, and used economically, efficiently and effectively.

In discharging this responsibility, the Commissioner and the statutory officers are responsible for putting in place proper arrangements for the governance of the OPCC's affairs including the management of risk, and facilitating the effective exercise of its functions.

The Commissioner has approved and adopted a Corporate Governance Framework, comprising the Code of Corporate Governance, Scheme of Governance and the Decision Making Policy, which were approved by the Commissioner through Executive Order 21 dated 25th April 2013. The entire Corporate Governance Framework is in the process of being reviewed.

Both the existing and draft reviewed governance frameworks are consistent with the principles of the CIPFA/SOLACE Framework Delivering Good Governance in Local Government.

The approved governance framework and the Executive Order are published on the OPCC's website at northantspcc.org.uk or can be obtained from the Chief Executive (and Monitoring Officer), Office of the Northamptonshire Police and Crime Commissioner, Wootton Hall, Northampton, NN4 0JQ.

This statement explains how the Commissioner has complied with the code and also meets the requirements of Accounts and Audit (England) Regulations 2011, regulation 4 (3) which requires all relevant bodies to prepare an annual governance statement.

2. The purpose of the governance framework

CIPFA in its document 'delivering good governance in local government: guidance note for police' states:

"Good governance is about how those responsible for the service ensure they are doing the right things in the right way, for the right people, in a timely, inclusive, open, honest and accountable manner"

Governance comprises the systems, processes, culture and values by which the OPCC is directed and controlled and the activities through which it accounts to, engages with and leads its communities, to achieve success as measured by the delivery of the outcomes set out in the Police and Crime Plan and the demonstrable confidence of stakeholders.

It enables the OPCC to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of effective services and value for money.

The system of internal control is a significant part of the framework and is designed to manage risk at a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness.

The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the OPCC's policies, aims and objectives, to evaluate the likelihood and potential impact of those risks being realised, and to manage them efficiently, effectively and economically.

3. The Governance Framework

The OPCC's Corporate Governance Framework is grounded in the Good Governance Standards for Public Services, which in turn build on the Nolan Principles. Six principles of good governance for public services are set out in the CIPFA/SOLACE Good Governance Framework:

- Developing and promoting the OPCC's purpose and vision;
- Leaders, officers and partners working together towards a common purpose;
- Promoting the values of the OPCC, demonstrating the values of good governance, upholding high standards of conduct and behaviour;
- Taking informed and transparent decisions which are subject to effective scrutiny and risk management;
- Developing the capacity and capability of the OPCC to be effective;
- Engaging with local people and other stakeholders to ensure robust public accountability.

4. Review of Effectiveness

The Commissioner has responsibility for conducting, at least annually, a review of the effectiveness of the governance framework including the system of internal control. The review of effectiveness will be informed by the work of the managers within the OPCC who have responsibility for the development and maintenance of the governance environment, Internal Audit's annual assurance report and also by comments made by the external auditors and other review agencies and inspectorates, principally Her Majesty's Inspectorate of Constabulary (HMIC), and also the work of the Joint Independent Audit Committee (JIAC).

The Commissioner's governance arrangements are intended to deliver the outcomes set out in the Police and Crime Plan. This includes continuing to protect police officer numbers at 1,220 full time officers, as well as increasing the numbers of Special Constables towards 800.

Investment has been made during 2015-16 into understanding healthy relationships in young people, further reform of 'Stop and Search' as well as greater integration of Police and Fire and Rescue services.

Further investment in services to support victims of crime has continued with the provision of services to adults. New services to victims of road traffic collisions and children and young people have been introduced.

In the latest internal audit report on Governance dated 12th May 2015 Baker Tilley commented "Taking account of the issues identified, the OPCC can take substantial assurance that the controls upon which the organisation relies to manage this risk are suitably designed, consistently applied and effective."

These successes are testament to effective governance.

The review of the OPCC governance arrangements considers the extent of compliance of the OPCC with each of the six principles listed in section 3 by:

- Assessing the completeness and timeliness of the formally approved documentation comprising the OPCC's Corporate governance Framework;
- Confirming actions previously identified to strengthen the framework have been implemented;
- Identifying gaps and weaknesses that need to be addressed, and ensuring plans are in place to do so;
- Establishing the extent of the understanding of the framework of the managers responsible for working with it;
- Reviewing the adequacy of the assurances that are in place from both internal and external sources regarding the framework;
- Assessing the extent to which success has been achieved in terms of the outcomes set out in the Police and Crime Plan;
- Assessing the confidence of stakeholders in the OPCC.

Principle 1

Developing and promoting the OPCC's purpose and vision

Overview

The Commissioner's purpose is set out in statute. The vision for Northamptonshire is set out in the Police and Crime Plan, as revised in early 2016. The Plan is the foundation of the Commissioner's activity and has been widely shared internally and externally.

The aspirations set out in the Plan are the starting point for the detailed delivery plans for transformational change, governed through the Commissioner's Accountability Board and the Force's Transformation Board. Delivery is tracked against the benefits and key performance indicators expected to be delivered.

The purpose and vision of the Commissioner, including the activities to deliver it, have been promoted during the year both internally and externally through:

- The OPCC website and social media
- Commissioner speaking engagements, locally, regionally and nationally
- Engagement with a wide range of stakeholder groups

Assessment of the completeness and timeliness of the formally approved documentation

The Commissioner's formal documentation has been assessed against that suggested for this principle set out in CIPFA's document Delivering Good Governance in Local Government published in 2007 and the Addendum published in 2012.

The OPCC has all the recommended policies and documents in place, notably the PCC Annual Report, Police and Crime Plan and the Medium Term Financial Plan.

Confirming Actions previously identified to strengthen the framework have been implemented

Summarised below are the actions proposed in last year's Annual Governance Statement together with their current position

No actions were identified in the previous Annual Governance Statement.

Conclusions on the effectiveness of governance on this principle

The Commissioner and the OPCC have continued to make major efforts to communicate the purpose and vision of the Commissioner to the public and partners.

A wide range of consultation, engagement and communications activities have taken place to support the delivery of this principle and to ensure the Commissioner is informed of stakeholders' views to inform decision making.

Identifying gaps and weaknesses that need to be addressed, and ensuring plans are in place to do so

The following actions are proposed in 2016-17 to strengthen further the OPCC's governance arrangements related to this principle:

- a. Engage with stakeholders including the public to inform the setting of a new vision under the new Police and Crime Commissioner, to then be enshrined within a new Police and Crime Plan.

Principle 2

Leaders, officers and partners working together towards a common purpose

Overview

The OPCC has changed the governance arrangements for the delivery of the Commissioner's priorities and transformational change. In place of the previous Aspire Board and parallel process for holding the Chief Constable to account, the Commissioner chairs the monthly Accountability Board with programme delivery being directed through the Transformation Board chaired by the Deputy Chief Constable.

Significant progress has been made in delivering a range of priorities in terms of increases in the special constabulary, services to victims, police-fire interoperability and in providing the Force with different equipment to enable more agile working.

Assessment of the completeness and timeliness of the formally approved documentation

Appropriate formal documentation as suggested by CIPFA is in place.

Confirming actions previously identified to strengthen the framework have been implemented

Summarised below are the actions proposed in last year's Annual Governance Statement together with their current position

- a. A continuing focus on strengthening regional governance arrangements – specifically building on the current review being undertaken by Baker Tilly
Work has continued by Baker Tilly during 2015-16, as well as further reviews of governance by Mazars. Approved follow up activity will continue in 2016-17.
- b. Review of the overall relationship between the OPCC and the Force in the context of the appointment of a new Chief Constable in June 2015

This has been undertaken resulting in changes in the structure described above and has informed the review of corporate governance arrangements that is being undertaken.

- c. A major programme to take further the work towards the integration of Police and Fire Services

Agreement has been reached with the County Council to take forward work on a business case to meet the requirements outlined in the Policing and Crime Bill currently before Parliament . This action will continue in 2016-17.

Conclusions on effectiveness on this governance principle

There are significant opportunities to further strengthen this area of governance.

Identifying gaps and weaknesses that need to be addressed, and ensuring plans are in place to do so

The following actions are proposed in 2016-17 to strengthen further the OPCC's governance arrangements related to this principle:

- a. Utilising the opportunity of the new Commissioner being the Chair of the Regional PCC governance arrangements to seek to strengthen the governance arrangements for regional collaboration.
- b. Develop the business case for further integration of police and fire services in time for the new legislation being enacted
- c. Develop a new approach for the Commissioner and OPCC to engage and work with partners to better achieve outcomes.
- d. To further improve the governance arrangements around transformational change in light of the internal audit report on Change Management

Principle 3

Promoting the values of the OPCC, demonstrating the values of good governance, upholding high standards of conduct and behaviour

Overview

The Commissioner and Chief Executive aspire to lead an organisation that is passionate about delivering real and sustainable change across the Criminal Justice System and an organisation that works day to day to the highest standards of integrity.

Assessment of the completeness and timeliness of the formally approved documentation

All documentation recommended by CIPFA is in existence.

Confirming actions previously identified to strengthen the framework have been implemented

Summarised below are the actions proposed in last year's Annual Governance Statement together with their current position

- a. Development of a 'People Strategy' by the end of 2015
This has not been completed as described. However progress has been made in providing greater structure through staff objectives and regular 1-1s with Management Team members. A variety of training and development opportunities have been provided to staff during the year. A review of areas for improvement was produced by staff to build into this on-going action.
- b. Based on the findings of a managerial review undertaken in early 2015, a comprehensive review of the OPCC's governance documentation will be undertaken, provisionally for completion by December 2015
This review has commenced, but with a change of Commissioner in May 2016 it was though prudent to seek to complete this in 2016-17.

Conclusions on effectiveness on this governance principle

There is always room for improvement on these issues. The OPCC adopts a continual questioning and self-challenging approach – for example through changes that are

regularly made to the OPCC website to seek to make information more transparent to the public.

The OPCC is also continually pushing for stronger governance arrangement across partnership and collaboration arrangements.

Identifying gaps and weaknesses that need to be addressed, and ensuring plans are in place to do so

The following actions are proposed in 2016-17 to strengthen further the OPCC's governance arrangements related to this principle:

- a. Development of a People Strategy for the OPCC by December 2016
- b. Completion and approval of a revised Corporate Governance Framework by September 2016.

Principle 4

Taking informed and transparent decisions which are subject to effective scrutiny and risk management

Overview

The decision making process has been strengthened and now includes published officer reports with all Executive Orders and the establishment of a Decision Record for all non-Executive Order decisions taken. The Risk Management Policy for the OPCC has been further developed. All Executive Orders are routinely shared with the Police and Crime Panel for their scrutiny.

Assessment of the completeness and timeliness of the formally approved documentation

All recommended documentation is in place.

Confirming actions previously identified to strengthen the framework have been implemented

Summarised below are the actions proposed in last year's Annual Governance Statement together with their current position

- a. Further work to develop the potential added value of the 'Assurance Map' over the next financial year will be shared with the Audit Committee

The Assurance Map has been shared with the Audit Committee and further developed by the OPCC as a tool.

Conclusions on effectiveness on this governance principle

This has further developed during 2015-16, with the revisions to the Corporate Governance Framework that are being drafted likely to enable further development.

Identifying gaps and weaknesses that need to be addressed, and ensuring plans are in place to do so

The following actions are proposed in 2016-17 to strengthen further the OPCC's governance arrangements related to this principle:

None suggested.

Principle 5

Developing the capacity and capability of the OPCC to be effective

Overview

This principle focuses not only on internal capacity and capability but on the OPCC's impact on external capacity and capability in pursuit of the Commissioner's agenda.

The OPCC further realigned the staffing of the office during the year, including changes to both statutory roles and the senior manager with responsibility for governance.

Assessment of the completeness and timeliness of the formally approved documentation

There remain an opportunity for the OPCC to develop a formal training, development and succession plans and a formal induction programme.

Confirming actions previously identified to strengthen the framework have been implemented

Summarised below are the actions proposed in last year's Annual Governance Statement together with their current position

- a. Review of the overall relationship between the OPCC and the Force in the context of the appointment of a new Chief Constable in June 2015

This has been undertaken resulting in changes in the structure described above and has informed the review of corporate governance arrangements that is being undertaken. Some realignment of staff from the OPCC to work on a secondment basis within the Force occurred during 2015 in pursuit of the priorities of the Commissioner.

Conclusions on effectiveness on this governance principle

Further progress needs to be made on this agenda to more formally develop the strategy and approach to developing staff.

Identifying gaps and weaknesses that need to be addressed, and ensuring plans are in place to do so

The following actions are proposed in 2016-17 to strengthen further the OPCC's governance arrangements related to this principle:

- a. Develop as part of the People Strategy plans for formal training, development, succession plans, as well as an induction programme
- b. A managerial review to ensure that the capacity and the capability of the office is aligned to the new Commissioner's agenda

Principle 6

Engaging with local people and other stakeholders to ensure robust public accountability

Overview

The Commissioner is ultimately accountable to the public. Regular reports on progress against the Police and Crime Plan are provided to the Police and Crime Panel. A variety of engagement activities have been undertaken throughout the year and a new and improved website has been developed. A variety of other channels are used to inform the public of activities.

The Commissioner strives to provide quality information transparently on activities and decisions.

Assessment of the completeness and timeliness of the formally approved documentation

The Police and Crime Plan and decision making policy are in place. A variety of information is made available on the OPCC website to ensure public transparency.

Confirming actions previously identified to strengthen the framework have been implemented

Summarised below are the actions proposed in last year's Annual Governance Statement together with their current position

None were proposed for 2015-16

Conclusions on effectiveness on this governance principle

Mechanisms are in place. Further reviews will ensure increased effectiveness through considering how best to engage with the public and key stakeholder groups ever more effectively.

Identifying gaps and weaknesses that need to be addressed, and ensuring plans are in place to do so

The following actions are proposed in 2016-17 to strengthen further the OPCC's governance arrangements related to this principle:

- a. Develop a revised engagement and consultation strategy for the new Commissioner.

5. Significant Governance Issues

It is proposed over the coming year to further enhance the OPCC's governance arrangements through the actions set out above. For convenience these are set out below:

Principle 1

- a. Engage with stakeholders including the public to inform the setting of a new vision under the new Police and Crime Commissioner, to then be enshrined within a new Police and Crime Plan.

Principle 2

- a. Utilising the opportunity of the new Commissioner being the Chair of the Regional PCC governance arrangements to seek to strengthen the governance arrangements for regional collaboration.
- b. Develop the business case for further integration of police and fire services in time for the new legislation being enacted
- c. Develop a new approach for the Commissioner and OPCC to engage and work with partners to better achieve outcomes.
- d. To further build the governance arrangements around transformational change in light of the internal audit report on Change Management

Principle 3

- a. Development of a People Strategy for the OPCC by December 2016
- b. Completion and approval of a revised Corporate Governance Framework by September 2016.
- c.

Principle 5

- a. Develop as part of the People Strategy plans for formal training, development, succession plans, as well as an induction programme
- b. A managerial review to ensure that the capacity and the capability of the office is aligned to the new Commissioner's agenda

Principle 6

- a. Develop a revised engagement and consultation strategy for the new Commissioner.

6. Conclusion

The views of the Audit Committee and internal audit have been considered. The current governance arrangements and the proposals outlined above to develop them are considered appropriate.

The effectiveness of the actions outlined above will be monitored in our next annual review.

DRAFT 23.08.16



Annual Governance Statement (AGS) for Northamptonshire Police Force 2015-16

The position is as at 31 March 2016, including plans for financial year 2016/17.

1. SCOPE OF RESPONSIBILITIES

Northamptonshire Police Force ('the Force'), must ensure that its business is conducted legally and that public money is safeguarded, accounted for and used economically, efficiently and effectively. The Force has a legal duty to secure continuous improvement in the way which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

In discharging this overall responsibility, the Force is responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, which includes arrangements for the management of risk.

The Force has adopted a Code of Corporate Governance, which is consistent with the principles of CIPFA/ SOLACE Framework: Delivering Good Governance in Local Government. A copy is on the ONPCC website at www.northantspcc.org.uk or can be obtained from the CFO, Northamptonshire Office of the Police & Crime Commissioner, Force Headquarters, Wootton Hall, Mereway, Northampton, NN4 0JQ. This statement explains how the Force has complied with the Code and also meets the requirements of Accounts and Audit (England) Regulations 2011, Regulation 4(3), which requires all relevant bodies to prepare an annual governance statement.

Throughout the period the organisation also ensured that its management arrangements conformed with the governance requirements of the CIPFA Statement on the role of the Chief Financial Officer in Local Government (2010) and its assurance arrangements are in line with the CIPFA statement on the Role of the Chief Internal Auditor (2010). This also includes having effective arrangements in place for the function of the Monitoring Officer.

2. THE PURPOSE OF THE GOVERNANCE FRAMEWORK

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

The system of internal control is a significant part of the framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can, therefore, only provide reasonable and not absolute assurance of effectiveness.

The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the Force's policies, aims and objectives, to

evaluate the likelihood and potential impact of those risks being realised, and to manage them efficiently, effectively and economically.

The governance framework is in place at the Force at the year-end 31 March 2016 and up to the date of approval of the Statement of Accounts.

3. THE GOVERNANCE FRAMEWORK

For the period of 1 April 2015 until 31 March 2016 Northamptonshire Police worked with the OPCC as set out under the Police Reform and Social Responsibility Act 2011 (PRSRA) and the Policing Protocol Order 2011. Under the PRSRA the Force became a corporation sole, therefore the Chief Constable continues to be responsible for all operational policing matters, the direction and control of police personnel, and for putting in place proper arrangements for the governance of the Force. The Chief Constable is required by statute to appoint a person to be responsible for the proper administration of the Force financial affairs (S151 officer). The post that holds this responsibility is the ACO Finance and Resources. The PCC holds the Chief Constable to account for his policing responsibilities and it follows that the PCC must be satisfied that the Force has mechanisms in place for the maintenance of good governance, and that these operate in practice. The Joint Independent Audit Committee (JIAC) oversees the governance arrangements to ensure robustness and transparency of the frameworks.

Our vision is:

“To Make Northamptonshire the Safest Place in the Country”

Objectives and Targets

The Police and Crime plan was first published in March 2013 and refreshed within 2014 and it set out the strategy for policing the area and the vision for Northamptonshire Police Force. The strategic outcomes we desire are:

- A reduction of at least 40% in violent crime
- There will be a focus on eradicating drugs and reducing acquisitive crime
- Anti-social behaviour will be robustly and intelligently tackled
- Northamptonshire will have a more visible police Force
- Northamptonshire will be a secure place
- Northamptonshire will have the safest roads

These outcomes enabled the Force to focus our resources on the key strategic themes:

- Reducing all Crime
- Increase our resolution rate
- Reduce Violence against the person
- Reduce Serious and Acquisitive crime volumes
- Protecting Vulnerable People

Monitoring Performance

Within Force, the Executive Group (All Chief Officers and the Departmental Commanders), supported by the Strategic Tasking and Coordination Group will shape and coordinate and monitor strategic delivery of both the policing services and organisational development.

Monitoring within the Force is through the Chief Officers' Team (COT) and the supporting meetings chaired by a Chief Officer:

- Strategic Tasking and Co-Ordination Group is chaired by the Chief Constable (CC).
- Both the Deputy (DCC) and Assistant Chief Constables (ACC's), Departmental Commanders and appropriate Department Heads attend these quarterly meetings to examine performance against the organisation's strategic assessment and control strategy, making strategic resourcing decisions based on intelligence and performance and the resources available.

- Monthly Performance and Tasking is chaired by the Deputy Chief Constable.
- All operational Commanders and Superintendents, appropriate HR, Finance and Organisational Delivery leads attend these monthly meetings, where performance is scrutinised and issues are tasked to be resolved.
- Strategic Workforce Planning is chaired by the Deputy Chief Constable.
- The ACC, Departmental Commanders, Head of Organisational Delivery, Senior HR Business Partner, Unison, Acting Head of Finance, and the Police Federation attend these meetings. This body scrutinises and leads how the organisation plans and delivers a workforce fit for delivering the policing objectives in the future.
- The Transformation Board is chaired by the DCC and CFO for the OPCC and has oversight of the transformational change programmes in the Force, with includes Estates, Agile technology, Specials and Volunteers, the Service Delivery Model and has oversight on work within Interoperability.
- The Interoperability Board is chaired by the ACC and delivers the integration of the Force and Northamptonshire Fire and Rescue, improving our service to our community.

Her Majesty's Inspectorate of Constabulary (HMIC) also continuously monitors the Force performance against other Forces and carries out inspections of the Force for themes agreed with the Home Secretary.

Measuring the quality of services for users

The ONPCC carries out telephone surveys with victims of crime and also undertakes a general public attitude survey, which measures the opinions of members of the public about policing across the County. The victim surveys now incorporate all Hate Crimes, in order to get broader feedback on quality of service beyond Racist Incident/Crime victims. The Force has also undertaken programmes of consultation with other groups of service-users, including domestic abuse, child abuse and serious Road Traffic Collision victims and families, in order to provide an insight into quality of service beyond the standard groups normally covered by the telephone surveys. Individual Safer Community Teams are concentrating on priorities set by their local communities. The results of these are monitored by the Monthly Performance and Tasking meeting.

The Force's Professional Standards Department also sends out surveys to complainants and monitors the feedback obtained.

Risk Management

The Force continues to implement and embed risk management arrangements across the organisation.

The DCC has established a Professional Standards and Security Board to ensure Force risks are monitored and mitigated. All commands and departments maintain their own risk registers. The corporate risk register is presented to the Chief Officer Group on a quarterly basis, for discussion and awareness, and at every meeting of the Independent Audit Committee for independent oversight and assurance.

Roles and Responsibilities

The Force ensures that staff and officers work together, with clearly defined functions and roles, to achieve a common purpose, through the schemes of delegation approved by the ONPCC.

The Force has in place:

- A framework of statutory and local delegated powers, procedures and regulations

- Officers and staff allocated to PCC meetings to present reports and answer questions as appropriate. For example, the Director for Resources Transformation and Governance (ONPCC) and the ACO for Finance & Resources (CC) meet regularly to discuss finance, budget planning, the Force change programme and contracts. Written reports about Finance are given to the ONPCC bi-monthly.
- A designated liaison officer between the Force and the ONPCC providing a single point of contact
- Effective and professional communications for the Force and the ONPCC via the Communications Department including reactively and proactively representing the ONPCC interests to the media.
- Well publicised codes of conduct for both officers and staff with the code of conduct for officers regulated by police regulations and an effective disciplinary process for breaches of Code of Conduct, managed by the Professional Standards Department.

Compliance

The Force will ensure compliance with relevant laws and regulations, internal policies and procedures, and that expenditure is lawful.

The Chief Constable and Force S151 Officer (ACO Finance & Resources), have legal and professional responsibilities in this respect, assisted by assurances from internal and external audit. The Joint Independent Audit Committee undertakes the core functions of an audit committee as defined by CIPFA.

During 2015-16 the Force had 12 assurance reviews: 1 significant, 4 satisfactory, and 5 limited assurances and due to the type of audit, 2 'no opinion'. These will be the focus for areas of improvement during 2016/17. There are checks and balances built into the financial procedures to ensure that expenditure is lawful, and this is underpinned by financial regulations which apply to each officer and employee of the Force. Departmental Heads and the relevant process groups are responsible for ensuring the Force policies and procedures are lawful. There were also 4 collaborative arrangement audits, of which one was satisfactory, 1 significant and due to the type of audit 2 'no opinion';

Having reviewed all of the Internal Audit reports for the year, the Force is actively looking to improve processes where possible. The main focus of work over the forthcoming year will be;

- Work with the East Midlands region, including East Midlands Strategic Commercial Unit (Procurement) to ensure the Governance and financial framework is improved;
- To ensure that work between the Force and it's Multi Force Shared Services (MFSS) is improved, including reviews of Service Level Agreements in each direction of work between Force and MFSS to enable more effective controls and processes; and
- The documentation for and around the safeguarding of detained property is improved.

Officers and staff employed by the Force are expected to adhere to the highest standards of conduct and personal behaviour. The requirements of officers are set out in Schedule 2 of the Police (Conduct) Regulations 2012. The requirements of Police staff are set out in the Police Staff Council Standards of Professional Behaviour document.

The Force has internal procedures managed by Professional Services Department for complaints by both officers and staff, and for members of the public to use. The Force is

also regulated by the Independent Police Complaints Commission (IPCC), an external body that has the power to investigate the Force.
A Public Interest Disclosure (whistle-blowing) policy is in place to protect any employee who may wish to raise concerns of public interest.

REVIEW OF EFFECTIVENESS

The Force has responsibility for conducting, at least annually, a review of the effectiveness of the governance framework, including the system of internal control. The review of effectiveness is informed by the work of the senior managers within the Force who have responsibility for the development and maintenance of the governance, the head of internal audit's Annual Report, and also by comments made by the external auditors and other review agencies and inspectorates.

The governance between the Force and the ONPCC has continued to be refined as has the Force framework to ensure the governance remains robust and effective. This has included the Scheme of Consent and a review of leadership and membership of all strategic meetings, and the outcomes being achieved by the Force.

For 2015-16 Mazars (internal audit) concluded that for the Chief Constable:
Our overall opinion is that generally adequate and effective control and governance processes were in place to manage the achievement of the organisation's objectives. We have, however, identified weaknesses in respect of risk management, financial controls and some other operational areas that require addressing.

SIGNIFICANT GOVERNANCE ISSUES IN 2015-16

There were 2 significant governance issues during 2015-16, which were the handling cash and bank and Officers in Kind between regional collaborations. However, the Force will continually try to improve the governance framework both within the Force, the links with partners and the linking into the ONPCC, and the regional governance framework.

Mr Simon Edens
Chief Constable of Northamptonshire Police Force

Mr P Dawkins
ACO Finance & Resources
Northamptonshire Police Force

On behalf of the senior officers Northamptonshire Police Force



East Midlands Police Collaboration

Derbyshire Leicestershire Lincolnshire Northamptonshire Nottinghamshire

ANNUAL GOVERNANCE STATEMENT FOR REGIONAL COLLABORATION 2015/16

I confirm that the relevant controls and procedures are in place to manage the following issues within Regional Collaboration for the East Midlands:

1. The monitoring processes by which performance against operational, financial and other strategic plans are considered and key issues identified and tasked.

DCC (East Midlands) monitors performance. This is reported to the East Midlands Police and Crime Commissioners (EMPCC) Board on a quarterly basis.

2. Ensuring compliance with relevant laws and regulations, internal policies and procedures, and that expenditure is lawful.

Compliance is monitored by management review and supported by specialist professional advice where appropriate. Where areas for improvement are identified these are subject to action plans that are revisited to ensure that they have been attended to.

Thematic inspections form part of the monitoring controls to ensure compliance with appropriate policies and regulations and demonstrate the effective and efficient use of resources.

During 2015/16 a criminal investigation took place into the theft of monies from Leicestershire Police premises. A member of Police Staff was charged with two counts of theft, and following a guilty plea, a four year custodial sentence was imposed.

The theft highlighted a number of internal control failures which resulted in a review of policies, processes and procedures to strengthen and improve the arrangements for the storage of cash and other assets. These included enhancements to the physical security of buildings including access controls, the upgrading of CCTV and Intruder Alarms, regular audits of cash held and safeguard improvements to ensure the prompt counting and banking of cash.

Throughout the process regional PCC's were briefed alongside their Statutory Officers including Internal and External Auditors.

3. That the appropriate controls are in place for the management of all resources deployed within Regional collaboration

A management structure is in place, with clear lines of accountability for both operational issues and use of resources.

A budget is approved each year at the EMPCC's Board which defines the expenditure targets for each area of policing within regional collaboration. Each force actively supports the budget allocation and sets its own precept accordingly.

Management reports showing costs against budget are provided monthly. Unexpected variances are investigated and explained, ready for reporting to quarterly Management Boards and the EMPCC's Board. Monthly expenditure reports are shared across the region to provide each force with visibility over expenditure to date and projected outturn position.

4. Incorporating good governance arrangements in respect of partnerships.

The EMPCC's Board provides a forum for all members of collaboration to feedback their experiences of the partnership work. All forces can discuss governance, performance and financial issues at the quarterly meetings. The collaboration builds on best practice from across the country and the region to improve performance as well as saving money.

Signed



Date 3/6/16.

Peter Goodman
Deputy Chief Constable (East Midlands)

Statement of Responsibilities for the Statement of Accounts

The PCC's Responsibilities

The PCC is responsible for holding the Chief Constable to account to ensure financial management of the Police service is adequate and effective and that a sound system of internal control is in place including arrangements for risk management. The ONPCC must make arrangements for the proper administration of its financial affairs and to ensure that one of its officers, namely the CFO, has the responsibility for that administration.

The PCC also has a specific responsibility to sign the Statement of Accounts following review by the Joint Independent Audit Committee meetings.

The CFO's Responsibilities

The CFO to the PCC is responsible for the preparation of the ONPCC's Group Accounts in line with statutory best practice set out in the CIPFA/LASAAC Code of Practice on Local ONPCC Accounting in Great Britain ("The Code") and the Accounts and Audit Regulations 2003.

The accounts are required to present fairly the financial position of the ONPCC at the accounting date and its income and expenditure for the year ended 31 March 2016.

In preparing this Statement of Accounts, Director For Resources Transformation And Governance has:

- Selected suitable accounting policies and applied them consistently;
- Made judgements and estimates that were reasonable and prudent; and
- Complied with the Code of Practice on Local Authority Accounting in the United Kingdom 2015-16.
- Kept proper accounting records which are up to date; and
- Taken reasonable steps for the prevention and detection of fraud and other irregularities.

The Role of the Chief Constable

The Chief Constable, assisted and advised by his Chief Finance Officer, is responsible for day-to-day financial management of the Force and for ensuring that the Force stays within its approved revenue and capital budgets, in accordance with the financial framework agreed by the Police and Crime Commissioner.

Northamptonshire Police Financial Services staff under the supervision of, and with the assistance of the PCC's Office, carries out the preparation of the accounts and liaises with the external auditors, KPMG LLP, during the audit process.

Director For Resources Transformation And Governance (CFO for the PCC) Certificate

I certify that the Statement of Accounts presents a true and fair view of the financial position of the ONPCC and Northamptonshire Police Force as at 31 March 2016 and the income and expenditure for the year ended 31 March 2016.

Stephen Mold
Police and Crime Commissioner

Steve Dainty
Acting Director For Resources Transformation and
Governance

Date:

Date

COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT FOR THE YEAR ENDED 31 MARCH 2016 FOR THE POLICE & CRIME COMMISSIONER

This account summarises the resources that have been generated and consumed in providing services and managing the ONPCC during the last year. It includes all day-to-day expenses and related income on an accruals basis, as well as transactions measuring the value of fixed assets actually consumed and the real projected value of retirement benefits earned by employees in the year.

Under the new Police Service Expenditure Analysis (SeRCOP) methodology this account allocates and apports expenditure and income over 9 service divisions.

Joint Associated Non-Entity (Joint Venture) accounting entries are consolidated in the Comprehensive Income and Expenditure service headings. Note 43 to the accounts gives a separate breakdown of these entries.

| | 2014-15 | | | 2015-16 | | |
|--|-------------------|----------------|-----------------|-------------------|----------------|-----------------|
| | Gross Expenditure | Gross Income | Net Expenditure | Gross Expenditure | Gross Income | Net Expenditure |
| | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| Local Policing | 2,147 | (2,253) | (106) | 2,507 | (2,563) | (56) |
| Dealing with the Public | 104 | (109) | (5) | 136 | (139) | (3) |
| Criminal Justice Arrangements | 146 | (153) | (7) | 183 | (186) | (3) |
| Road Policing | 171 | (179) | (8) | 262 | (268) | (6) |
| Operational Support | 239 | (249) | (10) | 245 | (250) | (5) |
| Specialist Operations | 125 | (131) | (6) | 18 | (18) | 0 |
| Intelligence | 808 | (847) | (39) | 245 | (250) | (5) |
| Investigations | 26 | (27) | (1) | 1,656 | (1,693) | (37) |
| Investigative Support | 35 | (37) | (2) | 0 | 0 | 0 |
| National Policing | 678 | 0 | 678 | 80 | (82) | (2) |
| Services to victims and witnesses of crime | 0 | 0 | 0 | 952 | 0 | 952 |
| Cost of Services | 4,479 | (3,985) | 494 | 6,284 | (5,449) | 835 |
| NDC | 1 | 0 | 1 | 0 | 0 | 0 |
| Policing Crime Commissioner | 5,833 | (1,012) | 4,821 | 5,800 | (802) | 4,998 |
| Net Cost of Service | 10,313 | (4,997) | 5,316 | 12,084 | (6,251) | 5,833 |
| Other Operating Expenditure | Note 7 | | 0 | | | 99 |
| Financing & Investment Income & Expenditure | Note 8 | | 27 | | | 35 |
| Taxation & Non Specific Grants Income | Note 9 | | (5,019) | | | (7,711) |
| (Surplus)/ Deficit on Provision of Services | Note 6 | | 324 | | | (1,744) |
| Revaluation Gains & Losses on property, plant & Equipment | Note 18 | | 0 | | | (5,074) |
| Actuarial Gains & Losses on Pension Assets/ Liabilities | Note 17/43 | | 1,205 | | | (9) |
| | | | 1,205 | | | (5,083) |
| Total Comprehensive Income & Expenditure for the Period | | | 1,529 | | | (6,827) |

COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT FOR THE YEAR ENDED 31 MARCH 2016 FOR THE GROUP ACCOUNTS

This account summarises the resources that have been generated and consumed in providing services and managing the ONPCC and CC during the last year. It includes all day-to-day expenses and related income on an accruals basis, as well as transactions measuring the value of fixed assets actually consumed and the real projected value of retirement benefits earned by employees in the year.

Under the new Police Service Expenditure Analysis (SeRCOP) methodology this account allocates and apports expenditure and income over 9 service divisions.

Joint Associated Non-Entity (Joint Venture) accounting entries are consolidated in the Comprehensive Income and Expenditure service headings. Note 43 to the accounts gives a separate breakdown of these entries.

| | 2014-15 | | | 2015-16 | | |
|--|-------------------|-----------------|-----------------|-------------------|-----------------|------------------|
| | Gross Expenditure | Gross Income | Net Expenditure | Gross Expenditure | Gross Income | Net Expenditure |
| | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| Local Policing | 64,124 | (11,263) | 52,861 | 55,200 | (12,632) | 42,568 |
| Dealing with the Public Criminal Justice Arrangements | 8,857 | (815) | 8,042 | 10,623 | (1,036) | 9,587 |
| Road Policing | 12,091 | (1,171) | 10,920 | 11,966 | (1,788) | 10,178 |
| Operational Support | 6,627 | (3,487) | 3,140 | 7,453 | (3,608) | 3,845 |
| Specialist Operations | 6,979 | (1,511) | 5,468 | 5,294 | (1,271) | 4,023 |
| Intelligence | 5,777 | (793) | 4,984 | 868 | (229) | 639 |
| Investigations | 30,352 | (5,339) | 25,013 | 7,323 | (1,374) | 5,949 |
| Investigative Support | 4,449 | (213) | 4,236 | 39,267 | (9,269) | 29,998 |
| National Policing | 2,143 | (1,143) | 1,000 | 3,665 | (36) | 3,629 |
| Services to victims and witnesses of crime | 678 | 0 | 678 | 4,049 | (2,403) | 1,646 |
| | 0 | 0 | 0 | 952 | 0 | 952 |
| Cost of Services | 142,077 | (25,735) | 116,342 | 146,660 | (33,646) | 113,014 |
| NDC | 8 | 0 | 8 | 359 | 0 | 359 |
| Policing Crime Commissioner | 5,833 | (1,012) | 4,821 | 5,800 | (802) | 4,998 |
| Net Cost of Service | 147,918 | (26,747) | 121,171 | 152,819 | (34,448) | 118,371 |
| Other Operating Expenditure | Note 7 | | 909 | | | 1,194 |
| Financing & Investment Income & Expenditure | Note 8 | | 44,722 | | | 38,910 |
| Taxation & Non Specific Grants Income | Note 9 | | (126,671) | | | (121,740) |
| (Surplus)/ Deficit on Provision of Services | Note 6 | | 40,131 | | | 36,735 |
| Revaluation Gains & Losses on property, plant & Equipment | Note 17/18 | | 0 | | | (5,074) |
| Actuarial Gains & Losses on Pension Assets/ Liabilities | Note 17/43 | | 129,702 | | | (157,530) |
| | | | 129,702 | | | (162,604) |
| Total Comprehensive Income & Expenditure for the Period | | | 169,833 | | | (125,869) |

BALANCE SHEET AS AT 31 MARCH 2016

This account shows the overall financial position of ONPCC and the Group at 31 March 2016. It therefore differs from the other financial accounts shown in this statement in that it deals with the position of the ONPCC at the end of the 2015-16 financial year instead of dealing with day-to-day transactions within that financial year.

| 31 March 2015 | | | 31 March 2016 | | |
|-----------------|--------------------|--|---------------|-----------------|--------------------|
| OPCC £'000 | GROUP £'000 | | Note | OPCC £'000 | GROUP £'000 |
| 31,934 | 43,128 | Non-current assets: | | | |
| | | Property, Plant and Equipment | 18 | 36,751 | 47,509 |
| 0 | 0 | Investment Property | | 0 | 0 |
| 0 | 3,735 | Intangible Assets | | 0 | 5,605 |
| 0 | 0 | Assets Held for Sale | 23 | 0 | 0 |
| 11 | 11 | Long Term Investments | | 11 | 11 |
| 5 | 5 | Investments in Associates and Joint Ventures - Intangibles | 23 | 7 | 7 |
| 1,209 | 1,209 | Investments in Associates and Joint Ventures - PPE | 18 | 1,330 | 1,330 |
| 33,159 | 48,088 | Total non-current assets | | 38,099 | 54,462 |
| | | Current assets: | | | |
| 519 | 519 | Inventories | 27 | 474 | 474 |
| 11,186 | 11,186 | Short Term Investments | | 7,654 | 7,654 |
| 9,011 | 9,011 | Short Term Debtors | 26 | 14,043 | 14,043 |
| 8,523 | 8,523 | Cash and cash equivalents (CA) | 33 | 5,974 | 5,974 |
| 942 | 942 | Cash and cash equivalents (CA) - within Joint Venture | 43 | 703 | 703 |
| 0 | 0 | Assets Held for Sale within Joint Venture | 43 | 66 | 66 |
| 179 | 179 | Current Assets within Joint Venture | 43 | 176 | 176 |
| 0 | 0 | Assets Held for Sale | 18 | 0 | 0 |
| 30,360 | 30,360 | Total current assets | | 29,090 | 29,090 |
| | | Current liabilities | | | |
| (19) | (19) | Cash and cash equivalents (CL) | 33 | 0 | 0 |
| 0 | 0 | Short Term Borrowings | | 0 | 0 |
| (11,123) | (12,392) | Short Term Creditors | 29 | (14,127) | (15,751) |
| (815) | (815) | Provisions | 28 | (1,155) | (1,155) |
| (461) | (461) | Current Liability within Joint Venture | 43 | (305) | (305) |
| (12,418) | (13,687) | Total current liabilities | | (15,587) | (17,211) |
| 51,101 | 64,761 | Total assets less current liabilities | | 51,602 | 66,341 |
| | | Non-current liabilities: | | | |
| 0 | 0 | Long Term Creditors | | 0 | 0 |
| (1,300) | (1,300) | Long Term Borrowings | 39 | (1,300) | (1,300) |
| (991) | (1,192,045) | Other Long Term Liabilities | 17 | (771) | (1,069,347) |
| 0 | 0 | Capital Grants Receipts in Advance | 26 | 0 | 0 |
| (2,291) | (1,193,345) | Total non-current liabilities | | (2,071) | (1,070,647) |
| 48,810 | (1,128,584) | Net Assets | | 49,531 | (1,004,306) |
| (20,131) | (20,131) | Usable Reserves | 16 | (16,111) | (16,111) |
| (59) | (59) | Capital Reserves | | 0 | 0 |
| (26,748) | 1,150,646 | Unusable Reserves | 17 | (31,443) | 1,022,394 |
| (1,157) | (1,157) | Joint Venture Unusable Reserves | 43 | (1,303) | (1,303) |
| (715) | (715) | Joint Venture Usable Reserves | 43 | (674) | (674) |
| (48,810) | 1,128,584 | TOTAL Reserves | | (49,531) | 1,004,306 |

OPCC MOVEMENT IN RESERVES STATEMENT 2015-16

This statement shows the movement in the year on the different reserves held by the ONPCC, analysed into 'usable reserves' (i.e. those that can be applied to fund expenditure or reduce local taxation) and other reserves. The (surplus)/deficit on the Provision of Services line shows the true economic cost of providing the ONPCC's services, more details of which are shown in the Comprehensive Income and Expenditure Statement. These are different from the statutory amounts required to be charged to the General Fund Balance for council tax setting. The Net Increase/ Decrease before Transfers to Earmarked Reserves line shows the statutory General Fund Balance before any discretionary transfers to or from earmarked reserves undertaken.

Movement in Reserves Statement 2014/15

| | Restated General Fund Balance | Earmarked Reserve Balance | Joint Venture Reserves | Earmarked Capital | Total Usable Reserves | Capital Adjustment Account | Fund Adjustment Account (CFAA) | Revaluation Reserve | STAFF Pension Reserve | Joint Venture Unusable Reserves | Unusable Reserves | Total Authority Reserves |
|---|-------------------------------------|---------------------------------|------------------------------|----------------------|-----------------------------|----------------------------------|--------------------------------------|------------------------|-----------------------------|---------------------------------------|----------------------|--------------------------------|
| Opening Balances | (4,059.00) | (13,564.00) | (549.00) | (3,400.00) | (21,572.00) | (17,621.00) | (503.00) | (8,656.00) | 1,809.00 | (940.00) | (25,911.00) | (47,483.00) |
| Surplus/ (Deficit) on provision of Services | 712.00 | 0.00 | (384.00) | (4.00) | 324.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 324.00 |
| Other Comprehensive Income & Expenditure | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 1,205.00 | 0.00 | 1,205.00 | 1,205.00 |
| Total Comprehensive Income & Expenditure | 712.00 | 0.00 | (384.00) | (4.00) | 324.00 | 0.00 | 0.00 | 0.00 | 1,205.00 | 0.00 | 1,205.00 | 1,529.00 |
| Adjustment between accounting basis & funding basis | (1,676.00) | 0.00 | 218.00 | 3,345.00 | 1,887.00 | 93.00 | (646.00) | 0.00 | (1,117.00) | (217.00) | (1,887.00) | 0.00 |
| Net Increase/ Decrease before Transfer to | (964.00) | 0.00 | (166.00) | 3,341.00 | 2,211.00 | 93.00 | (646.00) | 0.00 | 88.00 | (217.00) | (682.00) | 1,529.00 |
| Transfer to/ from Earmarked Reserves | (1,325.00) | (219.00) | 0.00 | 0.00 | (1,544.00) | (406.00) | 0.00 | 0.00 | (906.00) | 0.00 | (1,312.00) | (2,856.00) |
| Increase/ Decrease in 2014/15 | (2,289.00) | (219.00) | (166.00) | 3,341.00 | 667.00 | (313.00) | (646.00) | 0.00 | (818.00) | (217.00) | (1,994.00) | (1,327.00) |
| Adjustment | 300.00 | (300.00) | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Balance as at 31 March 2015 carried forwards | (6,048.00) | (14,083.00) | (715.00) | (59.00) | (20,905.00) | (17,934.00) | (1,149.00) | (8,656.00) | 991.00 | (1,157.00) | (27,905.00) | (48,810.00) |

Movement in Reserves Statement 2015/16

| | Restated General Fund Balance | Earmarked Reserve Balance | Joint Venture Reserves | Earmarked Capital | Total Usable Reserves | Capital Adjustment Account | Fund Adjustment Account (CFAA) | Revaluation Reserve | STAFF Pension Reserve | Joint Venture Unusable Reserves | Unusable Reserves | Total Authority Reserves |
|--|-------------------------------------|---------------------------------|------------------------------|----------------------|-----------------------------|----------------------------------|--------------------------------------|------------------------|-----------------------------|---------------------------------------|----------------------|--------------------------------|
| Opening Balances | (6,048.00) | (14,083.00) | (715.00) | (59.00) | (20,905.00) | (17,933.00) | (1,149.00) | (8,656.00) | 990.00 | (1,157.00) | (27,905.00) | (48,810.00) |
| Surplus/ (Deficit) on provision of Services | (1,669.00) | 0.00 | (75.00) | 0.00 | (1,744.00) | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | (1,744.00) |
| Other Comprehensive Income & Expenditure | 0.00 | 0.00 | (105.00) | 0.00 | (105.00) | 0.00 | 0.00 | (4,609.00) | (369.00) | 0.00 | (4,978.00) | (5,083.00) |
| Total Comprehensive Income & Expenditure | (1,669.00) | 0.00 | (180.00) | 0.00 | (1,849.00) | 0.00 | 0.00 | (4,609.00) | (369.00) | 0.00 | (4,978.00) | (6,827.00) |
| Adjustment between accounting basis & funding basis | 1,832.00 | 0.00 | 143.00 | 0.00 | 1,975.00 | (364.00) | (515.00) | 0.00 | 150.00 | (143.00) | (872.00) | 1,103.00 |
| Net Increase/ Decrease before Transfer to Earmarked | 163.00 | 0.00 | (37.00) | 0.00 | 126.00 | (364.00) | (515.00) | (4,609.00) | (219.00) | (143.00) | (5,850.00) | (5,724.00) |
| Transfer to/ from Earmarked Reserves | 1,481.00 | 2,376.00 | 78.00 | 59.00 | 3,994.00 | 984.00 | 0.00 | 29.00 | (1.00) | (3.00) | 1,009.00 | 5,003.00 |
| Increase/ Decrease in 2015/16 | 1,644.00 | 2,376.00 | 41.00 | 59.00 | 4,120.00 | 620.00 | (515.00) | (4,580.00) | (220.00) | (146.00) | (4,841.00) | (721.00) |
| Balance as at 31 March 2016 carried forwards | (4,404.00) | (11,707.00) | (674.00) | 0.00 | (16,785.00) | (17,313.00) | (1,664.00) | (13,236.00) | 770.00 | (1,303.00) | (32,746.00) | (49,531.00) |

GROUP MOVEMENT IN RESERVES STATEMENT 2015-16

This statement shows the movement in the year on the different reserves held by the ONPCC, analysed into 'usable reserves' (i.e. those that can be applied to fund expenditure or reduce local taxation) and other reserves. The (surplus)/deficit on the Provision of Services line shows the true economic cost of providing the ONPCC's services, more details of which are shown in the Comprehensive Income and Expenditure Statement. These are different from the statutory amounts required to be charged to the General Fund Balance for council tax setting. The Net Increase/ Decrease before Transfers to Earmarked Reserves line shows the statutory General Fund Balance before any discretionary transfers to or from earmarked reserves undertaken.

Movement in Reserves Statement 2014/15

Earmarked Reserves Note 16

Unusable Reserves Note 17

Joint Venture Note 43

| | General Fund Balance | Reserve Balance | Venture Reserves | Earmarked Capital | Usable Reserves | Benefit Reserve | Adjustment Account | Adjustment Account (CFAA) | Revaluation Reserve | Pension Reserve | Unusable Reserves | Unusable Reserves | OPCC Reserves |
|---|-------------------------|--------------------|---------------------|----------------------|--------------------|--------------------|-----------------------|------------------------------|------------------------|---------------------|----------------------|----------------------|---------------------|
| Opening Balances | (4,059.00) | (13,564.00) | (549.00) | (3,400.00) | (21,572.00) | 1,261.00 | (29,405.00) | (503.00) | (8,656.00) | 1,018,348.00 | (940.00) | 980,105.00 | 958,533.00 |
| Surplus/ (Deficit) on provision of Services | 40,519.00 | 0.00 | (384.00) | (4.00) | 40,131.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 40,131.00 |
| Other Comprehensive Income & Expenditure | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 129,702.00 | 0.00 | 129,702.00 | 129,702.00 |
| Total Comprehensive Income & Expenditure | 40,519.00 | 0.00 | (384.00) | (4.00) | 40,131.00 | 0.00 | 0.00 | 0.00 | 0.00 | 129,702.00 | 0.00 | 129,702.00 | 169,833.00 |
| Adjustment between accounting basis & funding basis | (43,027.00) | 0.00 | 218.00 | 3,345.00 | (39,464.00) | 8.00 | (3,676.00) | (646.00) | 0.00 | 43,995.00 | (217.00) | 39,464.00 | 0.00 |
| Net Increase/ Decrease before Transfer to | (2,508.00) | 0.00 | (166.00) | 3,341.00 | 667.00 | 8.00 | (3,676.00) | (646.00) | 0.00 | 173,697.00 | (217.00) | 169,166.00 | 169,833.00 |
| Transfer to/ from Earmarked Reserves | 219.00 | (219.00) | 0.00 | 0.00 | 0.00 | 0.00 | 218.00 | 0.00 | 0.00 | 0.00 | 0.00 | 218.00 | 218.00 |
| Increase/ Decrease in 2014/15 | (2,289.00) | (219.00) | (166.00) | 3,341.00 | 667.00 | 8.00 | (3,458.00) | (646.00) | 0.00 | 173,697.00 | (217.00) | 169,384.00 | 170,051.00 |
| Adjustment | 300.00 | (300.00) | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Balance as at 31 March 2015 carried forwards | (6,048.00) | (14,083.00) | (715.00) | (59.00) | (20,905.00) | 1,269.00 | (32,863.00) | (1,149.00) | (8,656.00) | 1,192,045.00 | (1,157.00) | 1,149,489.00 | 1,128,584.00 |

Movement in Reserves Statement 2015/16

| | General Fund Balance | Reserve Balance | Venture Reserves | Capital | Usable Reserves | Benefit Reserve | Adjustment Account | Adjustment Account (CFAA) | Revaluation Reserve | Pension Reserve | Unusable Reserves | Unusable Reserves | OPCC Reserves |
|--|-------------------------|--------------------|---------------------|--------------|--------------------|--------------------|-----------------------|------------------------------|------------------------|---------------------|----------------------|----------------------|---------------------|
| Opening Balances | (6,048.00) | (14,083.00) | (715.00) | (59.00) | (20,905.00) | 1,269.00 | (32,863.00) | (1,149.00) | (8,656.00) | 1,192,045.00 | (1,157.00) | 1,149,489.00 | 1,128,584.00 |
| Surplus/ (Deficit) on provision of Services | 36,810.00 | 0.00 | (75.00) | 0.00 | 36,735.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 36,735.00 |
| Other Comprehensive Income & Expenditure | 0.00 | 0.00 | (105.00) | 0.00 | (105.00) | 0.00 | 0.00 | 0.00 | (4,609.00) | (157,530.00) | 0.00 | (162,139.00) | (162,244.00) |
| Total Comprehensive Income & Expenditure | 36,810.00 | 0.00 | (180.00) | 0.00 | 36,630.00 | 0.00 | 0.00 | 0.00 | (4,609.00) | (157,530.00) | 0.00 | (162,139.00) | (125,509.00) |
| Adjustment between accounting basis & funding basis | (37,623.00) | 0.00 | 143.00 | 0.00 | (37,480.00) | 355.00 | 2,950.00 | (515.00) | 0.00 | 34,833.00 | (143.00) | 37,480.00 | 0.00 |
| Net Increase/ Decrease before Transfer to Earmarked F | (813.00) | 0.00 | (37.00) | 0.00 | (850.00) | 355.00 | 2,950.00 | (515.00) | (4,609.00) | (122,697.00) | (143.00) | (124,659.00) | (125,509.00) |
| Transfer to/ from Earmarked Reserves | 2,457.00 | 2,376.00 | 78.00 | 59.00 | 4,970.00 | 0.00 | (3,764.00) | 0.00 | 29.00 | (1.00) | (3.00) | (3,739.00) | 1,231.00 |
| Increase/ Decrease in 2015/16 | 1,644.00 | 2,376.00 | 41.00 | 59.00 | 4,120.00 | 355.00 | (814.00) | (515.00) | (4,580.00) | (122,698.00) | (146.00) | (128,398.00) | (124,278.00) |
| Balance as at 31 March 2016 carried forwards | (4,404.00) | (11,707.00) | (674.00) | 0.00 | (16,785.00) | 1,624.00 | (33,677.00) | (1,664.00) | (13,236.00) | 1,069,347.00 | (1,303.00) | 1,021,091.00 | 1,004,306.00 |

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OPCC CASH FLOW STATEMENT 2015-16

This statement shows a summary of the cash flowing in and out of the OPCC GROUP arising from transactions with third parties for revenue and capital purposes. Cash is defined for this statement as cash in hand and deposits repayable on demand.

| | 2014-15 | 2015-16 |
|--|------------------|------------------|
| | £'000 | £'000 |
| OPERATING ACTIVITIES | | |
| Taxation | (74,779) | (76,561) |
| Grants | (47,261) | (43,418) |
| Sales of goods and rendering of services | (3,523) | (5,448) |
| Interest received | 0 | 0 |
| Other receipts from operating activities | 0 | 0 |
| Cash inflows generated from operating activities (sub-total) | (125,563) | (125,427) |
| Cash paid to and on behalf of employees | 4,760 | 6,089 |
| Cash paid to suppliers of goods and services | 7,223 | 6,367 |
| Interest paid | 0 | 0 |
| Other payments for operating activities | 112,790 | 120,531 |
| Cash outflows generated from operating activities (sub-total) | 124,773 | 132,987 |
| Net cash flows from operating activities | (790) | 7,560 |
| INVESTING ACTIVITIES | | |
| Purchase of property, plant and equipment, investment property and intangible assets | 2,848 | 703 |
| Purchase of short-term (not considered to be cash equivalents) and long-term investments (includes investments in associates, Joint Arrangements and subsidiaries) | 3,647 | 1,664 |
| Other payments for investing activities | 0 | 0 |
| Proceeds from the sale of property, plant and equipment, investment property and intangible assets | 0 | 0 |
| Proceeds from short-term (not considered to be cash equivalents) and long-term investments (includes investments in associates, Joint Arrangements and subsidiaries) | 0 | 0 |
| Other receipts from investing activities | (1,732) | (7,158) |
| Net cash flows from investing activities | 4,763 | (4,791) |
| FINANCING ACTIVITIES | | |
| Cash receipts of short- and long-term borrowing | 0 | 0 |
| Other receipts from financing activities | 0 | 0 |
| Cash payments for the reduction of the outstanding liability relating to finance leases and on-Balance Sheet PFI contracts | 0 | 0 |
| Repayments of short- and long-term borrowing | 3,000 | 0 |
| Other payments for financing activities | 0 | 0 |
| Net cash flows from financing activities | 3,000 | 0 |
| Net (increase) or decrease in cash & cash equivalents | 6,973 | 2,769 |
| Cash & Cash Equivalents at beginning of period | 16,419 | 9,446 |
| Cash & Cash Equivalents at end of period | 9,446 | 6,677 |

GROUP CASH FLOW STATEMENT 2015-16

This statement shows a summary of the cash flowing in and out of the OPCC GROUP arising from transactions with third parties for revenue and capital purposes. Cash is defined for this statement as cash in hand and deposits repayable on demand.

| | 2014-15 £'000 | 2015-16 £'000 |
|--|--------------------------------|--------------------------------|
| OPERATING ACTIVITIES (Note 34) | | |
| Taxation | (74,779) | (76,561) |
| Grants | (63,316) | (67,358) |
| Sales of goods and rendering of services | (10,128) | (5,574) |
| Interest received | (124) | (156) |
| Other receipts from operating activities | 0 | 0 |
| Cash inflows generated from operating activities (sub-total) | (148,347) | (149,649) |
| Cash paid to and on behalf of employees | 117,195 | 121,365 |
| Cash paid to suppliers of goods and services | 24,059 | 29,408 |
| Interest paid | 152 | 63 |
| Other payments for operating activities | 0 | 0 |
| Cash outflows generated from operating activities (sub-total) | 141,406 | 150,836 |
| Net cash flows from operating activities | (6,941) | 1,187 |
| INVESTING ACTIVITIES (Note 35) | | |
| Purchase of property, plant and equipment, investment property and intangible assets | 8,999 | 6,950 |
| Purchase of short-term (not considered to be cash equivalents) and long-term investments (includes investments in associates, Joint Arrangements and subsidiaries) | 3,647 | 1,664 |
| Other payments for investing activities | 0 | 0 |
| Proceeds from the sale of property, plant and equipment, investment property and intangible assets | 0 | 126 |
| Proceeds from short-term (not considered to be cash equivalents) and long-term investments (includes investments in associates, Joint Arrangements and subsidiaries) | 0 | 0 |
| Other receipts from investing activities | (1,732) | (7,158) |
| Net cash flows from investing activities | 10,914 | 1,582 |
| FINANCING ACTIVITIES | | |
| Cash receipts of short- and long-term borrowing | 0 | 0 |
| Other receipts from financing activities | 0 | 0 |
| Cash payments for the reduction of the outstanding liability relating to finance leases and on-Balance Sheet PFI contracts | 0 | 0 |
| Repayments of short- and long-term borrowing | 3,000 | 0 |
| Other payments for financing activities | 0 | 0 |
| Net cash flows from financing activities | 3,000 | 0 |
| Net (increase) or decrease in cash & cash equivalents | 6,973 | 2,769 |
| Cash & Cash Equivalents at beginning of period | 16,419 | 9,446 |
| Cash & Cash Equivalents at end of period (Note 33) | 9,446 | 6,677 |

NOTES ON THE CORE FINANCIAL STATEMENTS

1 Critical Judgements in Applying Accounting Policies

In applying the accounting policies set out in Note 45, the ONPCC has had to make certain judgements about complex transactions or those involving uncertainty about future events. The critical judgements made in the Statement of Accounts are:

- Influences on-going concern status, such as future levels of funding for police ONPCC's from central government departments
- Possible impairment of investments
- Whether other entities with which the ONPCC has a relationship are subsidiaries, associates or jointly controlled entities
- The potential outcome of legal claims by or against the ONPCC
- The condition of the local and national housing/industrial building market
- The economic standing of significant debtors and creditors

2 Assumptions Made About the Future and Other Major Sources of Estimation Uncertainty

The Statement of Accounts contains estimated figures that are based on assumptions made by the ONPCC 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 items in the ONPCC's Balance Sheet at 31 March 2016 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

| Item | Uncertainties | Effect if Actual Results Differ from Assumptions |
|---|--|--|
| Property | Assets are depreciated over useful lives that are dependent on assumptions about the level of repairs and maintenance that will be incurred in relation to individual assets. The current economic climate makes it uncertain that the Authority will be able to sustain its current spending on repairs and maintenance, bringing into doubt the useful lives assigned to assets. | If the useful life of assets is reduced, depreciation increases and the carrying amount of the assets falls. It is estimated that the annual depreciation charge for buildings would increase £0.035m for every year that useful lives had to be reduced. |
| Property, Plant and Equipment and Intangible Assets | Assets are depreciated over useful lives that are dependent on assumptions about the level of repairs and maintenance that will be incurred in relation to individual assets. The nature of the authority is that for example some equipment, e.g. vehicles can be driven in extreme conditions, which could result in increased impairments or reduced useful economic lives, however, historically this has not been the case. | If the useful life of assets is reduced, depreciation increases and the carrying amount of the assets falls. It is estimated that the annual depreciation charge for vehicles would increase by £2.222m for every year that useful lives had to be reduced. |
| Joint Venture | Assets are depreciated over useful lives that are dependent on assumptions about the level of repairs and maintenance that will be incurred in relation to individual assets. The nature of the authority is that the Joint Venture's helicopter can be used driven in extreme conditions, which could result in increased impairments or reduced useful economic lives, however, historically this has not been the case. | If the useful life of assets is reduced, depreciation increases and the carrying amount of the assets falls. |

| Item | Uncertainties | Effect if Actual Results Differ from Assumptions |
|--------------------|--|--|
| Provisions | The Authority requested an external expert assess its liability at the end of the 2015/16 Financial Year and has made a provision of £854,900 for the settlement of insurance claims, based on the number of known claims. As none of these claims have yet been settlement the extent of the liability is still unknown | An increase over the forthcoming year of 10% in either the total number of claims or the estimated average settlement would each have the effect of adding £0.085m to the provision needed. |
| Pensions Liability | Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. Two firms of consulting actuaries are engaged to provide the Authority with expert advice about the assumptions to be applied. | The assumptions interact in complex ways. During 2015/16, the Authority's actuaries advised that the net pension's liability had decreased by £122.476m as a result of estimates being corrected as a result of experience and decreased by £0.037m attributable to updating of the assumptions. If laws and regulations surrounding the management of the Police Pension scheme were to change, the maximum additional liability the Force could face would be £1069.347m, being the total pension liability. |
| Arrears | At 31 March 2016, the ONPCC had a balance of sundry debtors for £701k. A review of balances suggested that a bad debts provision of £31k was appropriate. However, in the current economic climate it is not certain that such an allowance would be sufficient. | If collection rates were to deteriorate, a doubling of the amount of the impairment of doubtful debts would require an additional £0.031k to set aside as an allowance. |
| Investments | At 31 March 2016, the ONPCC held a balance of investments of £13.628m, before IFRS accounting adjustments for cash & cash equivalents. <ul style="list-style-type: none"> A review of these investments showed they were all banking institutes were either Within the top 30 most secure (rating completed by Building Society's Association, ranked by group assets), or Other financial investment bodies are reviewed for credit worthiness via a stability assessment, based on short and long term market forecasts provided by the three main credit rating agencies. However, in the current economic climate other financial institutes have previously failed. | If one of these institutes were to fail, the maximum liability the ONPCC could face would be £7.6m for our external fund managers, or £4m for an internally managed fund. |

3 Events after the Balance Sheet Date

Events taking place after the draft Statement of Accounts were provided to our external auditors on 30th June 2016, are not reflected within the Financial Statements or notes. Where events taking place before this date provided information about conditions existing at 31 March 2016, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information.

On 23 June, the EU referendum took place and the people of the United Kingdom voted to leave the European Union. Until exit negotiations are concluded, the UK remains a full member of the European Union and all the rights and obligations of EU membership remain in force. During this period the Government will continue to negotiate, implement and apply EU legislation. It will be for the Government, under the new Prime Minister to begin negotiations to exit the EU. The outcome of these negotiations will determine what arrangements apply in relation to EU legislation and funding in future once the UK has left the EU. This is therefore a non-adjusting event for which no estimate of its financial effect on the reporting entity can be made.

4 Employee Remuneration for the Police & Crime Commissioner

In accordance with the Code of Practice and LAAP Bulletin 85 from April 2010, the number of employees whose remuneration was paid in year, excluding pension contributions, exceeded £50,000 or more in the year, were as follows:

| 2014-15 Total | Earnings Bands | 2015-16 Police Officers | 2015-16 Police Staff | 2015-16 Total Employees |
|------------------|----------------------|-------------------------------|----------------------------|-------------------------------|
| 0 | £50,000 to £54,999 | 0 | 0 | 0 |
| 1 | £55,000 to £59,999 | 0 | 0 | 0 |
| 3 | £60,000 to £64,999 | 0 | 4 | 4 |
| 0 | £65,000 to £69,999 | 0 | 0 | 0 |
| 0 | £70,000 to £74,999 | 0 | 1 | 1 |
| 0 | £75,000 to £79,999 | 0 | 0 | 0 |
| 0 | £80,000 to £84,999 | 0 | 0 | 0 |
| 0 | £85,000 to £89,999 | 0 | 0 | 0 |
| 0 | £90,000 to £94,999 | 0 | 0 | 0 |
| 0 | £95,000 to £99,999 | 0 | 0 | 0 |
| 0 | £100,000 to £104,999 | 0 | 0 | 0 |
| 0 | £105,000 to £109,999 | 0 | 0 | 0 |
| 0 | £110,000 to £114,999 | 0 | 0 | 0 |
| 0 | £115,000 to £119,999 | 0 | 0 | 0 |
| 0 | £120,000 to £124,999 | 0 | 0 | 0 |
| 0 | £125,000 to £129,999 | 0 | 0 | 0 |
| 0 | £130,000 to £134,999 | 0 | 0 | 0 |
| 0 | £135,000 to £139,999 | 0 | 0 | 0 |
| 4 | Total | 0 | 5 | 5 |

The disclosure above requires the outlining of total taxable pay, including personal Additional Voluntary Contributions, whereas the Senior Officers table overleaf outlines the entire remunerations by post. Therefore, the two tables are not completely comparable which will result in differing bandings if the two are compared.

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Employee Remuneration for the Group Accounts

In accordance with the Code of Practice and LAAP Bulletin 85 from April 2010, the number of employees whose remuneration was paid in year, excluding pension contributions, exceeded £50,000 or more in the year, were as follows:

Figures in Note 4 are prepared on a different basis to this table;

| 2014-15 Total | £000's | 2015-16 Officers | 2015-16 Police Staff | 2015-16 Total Employees |
|------------------|--------------------|---------------------|-------------------------|----------------------------|
| 23 | 50,000 to 55,000 | 17 | 4 | 21 |
| 6 | 55,000 to 60,000 | 7 | 0 | 7 |
| 6 | 60,000 to 65,000 | 2 | 8 | 10 |
| 3 | 65,000 to 70,000 | 3 | 0 | 3 |
| 2 | 70,000 to 75,000 | 0 | 1 | 1 |
| 3 | 75,000 to 80,000 | 2 | 0 | 2 |
| 0 | 80,000 to 85,000 | 1 | 1 | 2 |
| 0 | 85,000 to 90,000 | 1 | 0 | 1 |
| 1 | 90,000 to 95,000 | 0 | 0 | 0 |
| 0 | 95,000 to 100,000 | 0 | 0 | 0 |
| 0 | 100,000 to 105,000 | 1 | 0 | 0 |
| 1 | 105,000 to 110,000 | 1 | 0 | 1 |
| 0 | 110,000 to 115,000 | 0 | 0 | 0 |
| 0 | 115,000 to 120,000 | 0 | 0 | 0 |
| 1 | 120,000 to 125,000 | 0 | 0 | 0 |
| 0 | 125,000 to 130,000 | 0 | 0 | 0 |
| 0 | 130,000 to 135,000 | 0 | 0 | 0 |
| 0 | 135,000 to 140,000 | 0 | 0 | 0 |
| 0 | 145,000 to 150,000 | 1 | 0 | 1 |
| 46 | Total | 35 | 14 | 49 |

The disclosure above includes senior officers and requires the outlining of total taxable pay, including personal Additional Voluntary Contributions, whereas the Senior Officers table overleaf outlines the entire remunerations by post. Therefore, the two tables are not completely comparable which will result in differing bandings if the two are compared.

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... Note 4 continued from previous page

Senior Officers of the organisation whose remunerations, excluding pension contributions, exceeded £50,000 requiring disclosure by post or name were:

| 2015-16 | | | | | | | | | | | |
|--|---------------|--------------|--------------------------------------|-------|--------------------|----------------|------------------|-------|-------------------------|------------------------|-------------------------|
| Post holder information | Starting Date | Leaving Date | Salary including fees and Allowances | Bonus | Expense Allowances | Loss of Office | Benefits in Kind | Other | Total Excluding Pension | Employers Contribution | Total Including Pension |
| | | | £ | £ | £ | £ | £ | £ | £ | £ | £ |
| Police & Crime Commissioner | | | | | | | | | | | |
| Adam Simmonds - Police & Crime Commissioner | 22/11/2012 | | 70,000 | 0 | 89 | 0 | 0 | 0 | 70,089 | 11,900 | 81,989 |
| Office of the Police & Crime Commissioner | | | | | | | | | | | |
| Chief Executive | 01/12/2012 | 31/10/2015 | 43,824 | 0 | 0 | 0 | 0 | 0 | 43,824 | 7,450 | 51,273 |
| Chief Executive | 12/10/2015 | | 66,256 | 0 | 213 | 0 | 0 | 0 | 66,469 | 11,263 | 77,732 |
| Assistant Chief Executive (Visibility) | 22/11/2012 | | 71,997 | 0 | 60 | 0 | 0 | 0 | 72,057 | 12,239 | 84,296 |
| Acting Chief Finance Officer | 29/09/2014 | | 47,904 | 0 | 36 | 0 | 0 | 0 | 47,940 | 8,144 | 56,083 |
| Chief Constable | | | | | | | | | | | |
| Adrian Lee - Chief Constable | 12/10/2009 | 25/07/2015 | 42,703 | 0 | 366 | 0 | 0 | 5,627 | 48,696 | 10,334 | 59,030 |
| Simon Edens - Chief Constable | 27/07/2015 | | 102,445 | 0 | 176 | 0 | 0 | 0 | 102,621 | | 102,621 |
| Deputy Chief Constable 1 | 19/03/2015 | | 112,643 | 0 | 151 | 0 | 0 | 8,842 | 121,636 | 27,258 | 148,893 |
| Assistant Chief Constable | 26/08/2014 | 30/11/2015 | 63,999 | 0 | 487 | 0 | 0 | 0 | 64,486 | 15,488 | 79,974 |
| Assistant Chief Constable | 31/07/2015 | | 85,657 | 0 | 170 | 0 | 0 | 2,837 | 88,664 | 20,728 | 109,392 |
| Head of Finance and Asset Management | 29/11/2010 | | 92,757 | 0 | 3,131 | 0 | 0 | 0 | 95,888 | 15,769 | 111,657 |
| Finance and Resources | 14/01/2016 | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |

| 2014-15 | | | | | | | | | | | | |
|--|---------------|--------------|--------------------------------------|-------|--------------------|----------------|------------------|--------|-------------------------|------------------------|-------------------------|--|
| Post holder information | Starting Date | Leaving Date | Salary including fees and Allowances | Bonus | Expense Allowances | Loss of Office | Benefits In Kind | Other | Total Excluding Pension | Employers Contribution | Total Including Pension | |
| | | | £ | £ | £ | £ | £ | £ | £ | £ | £ | |
| Police & Crime Commissioner | | | | | | | | | | | | |
| Adam Simmonds - Police & Crime Commissioner | 22/11/2012 | | 70,000 | 0 | 305 | 0 | 0 | 0 | 70,305 | 11,900 | 82,205 | |
| Office of the Police & Crime Commissioner | | | | | | | | | | | | |
| Assistant Commissioner - Public Engagement | 22/11/2012 | 04/11/2014 | 32,443 | 0 | 0 | 0 | 0 | 0 | 32,443 | 5,515 | 37,958 | |
| Assistant Commissioner - Justice | 22/11/2012 | 31/07/2014 | 23,885 | 0 | 0 | 0 | 0 | 0 | 23,885 | 4,060 | 27,945 | |
| Chief Executive | 01/08/2014 | | 47,770 | 0 | 0 | 0 | 0 | 0 | 47,770 | 8,120 | 55,890 | |
| Assistant Commissioner - Governance | 22/11/2012 | 31/07/2014 | 23,525 | 0 | 131 | 0 | 0 | 0 | 23,656 | 3,999 | 27,655 | |
| Assistant Chief Executive 1 | 01/08/2014 | | 47,050 | 0 | 261 | 0 | 0 | 0 | 47,311 | 7,999 | 55,310 | |
| Assistant Commissioner - Resources | 22/11/2012 | 31/01/2015 | 47,600 | 0 | 0 | 3,286 | 0 | 0 | 50,886 | 8,092 | 58,978 | |
| Assistant Chief Executive 2 | 01/08/2014 | | 43,935 | 0 | 293 | 0 | 0 | 0 | 44,228 | 0 | 44,228 | |
| Director for Resources, Transformation & Governance | 01/02/2015 | | 9,625 | 0 | 0 | 0 | 0 | 0 | 9,625 | 1,636 | 11,261 | |
| Chief Constable | | | | | | | | | | | | |
| Adrian Lee - Chief Constable | 12/10/2009 | | 135,202 | 0 | 1,636 | 0 | 0 | 10,210 | 147,048 | 32,718 | 179,766 | |
| Deputy Chief Constable 1 | 01/02/2013 | 31/03/2015 | 111,528 | 0 | 869 | 0 | 0 | 8,390 | 120,787 | 26,989 | 147,776 | |
| Deputy Chief Constable 2 | 19/03/2015 | | 4,926 | 0 | 0 | 0 | 0 | 187 | 5,113 | 1,192 | 6,305 | |
| Assistant Chief Constable 1 | 01/09/2010 | 18/03/2015 | 95,545 | 0 | 123 | 0 | 0 | 8,565 | 104,233 | 23,121 | 127,354 | |
| Assistant Chief Constable 2 | 03/06/2013 | 31/08/2014 | 39,455 | 0 | 344 | 0 | 0 | 1,773 | 41,572 | 9,548 | 51,120 | |
| Assistant Chief Constable 3 | 26/08/2014 | | 56,119 | 0 | 162 | 0 | 0 | 0 | 56,281 | 13,580 | 69,861 | |
| Head of Corporate Service | 01/02/2001 | 15/02/2015 | 72,905 | 0 | 1,096 | 35,465 | 978 | 0 | 110,444 | 12,394 | 122,838 | |
| Head of Finance and Asset Management | 16/02/2015 | | 10,216 | 0 | 0 | 0 | 0 | 0 | 10,216 | 1,736 | 11,952 | |

5 Amounts Reported for Resource Allocation Decisions for the Police & Crime Commissioner

The analysis of income and expenditure by service on the face of the Comprehensive Income and Expenditure Statement is that specified by the Statement of Recommended Practices. However, decisions about resource allocation are taken by the ONPCC on the basis of budget reports analysed across departments. These reports are prepared on a different basis from the accounting policies used in the financial statements. In particular:

- No charges are made in relation to capital expenditure (whereas depreciation, revaluation and impairment losses in excess of the balance on the Revaluation Reserve and amortisations are charged to services in the Comprehensive Income and Expenditure Statement)
- The cost of retirement benefits is based on cash flows (payment of employer's pensions contributions) rather than current service cost of benefits accrued in the year

The income and expenditure of the groups principal departments are recorded in the budget reports for the year is as follows:

| 2015-16 | Police & Crime Commissioner | Chief Constable | Total |
|---|--|------------------------|------------------|
| Portfolio Income and Expenditure | £'000 | £'000 | £'000 |
| Fees Charges & Other Service Income | (802) | (28,197) | (28,999) |
| Government Grants | (4,259) | (115,721) | (119,980) |
| Total Income | (5,061) | (143,918) | (148,979) |
| Employee Expenses | 1,439 | 117,284 | 118,723 |
| Other Service Expenses | 3,195 | 26,322 | 29,517 |
| Support Service Recharge | 0 | 0 | 0 |
| Total Expenditure | 4,634 | 143,606 | 148,240 |
| | | | |
| Net Income/ Expenditure (Surplus)/ Deficit | (427) | (312) | (739) |

Reconciliation of Portfolio Income & Expenditure to Cost of Services in the Comprehensive Income & Expenditure Statement (CIES)

This reconciliation shows how the figures in the analysis of Income and Expenditure relate to the amounts included in the CIES.

| 2014-15 | Police & Crime Commissioner | Chief Constable | Total |
|---|--|------------------------|------------------|
| | £'000 | £'000 | £'000 |
| Portfolio Income and Expenditure | | | |
| Fees Charges & Other Service Income | (1,012) | (21,750) | (22,762) |
| Government Grants | (4,082) | (116,946) | (121,028) |
| Total Income | (5,094) | (138,696) | (143,790) |
| Employee Expenses | 1,796 | 110,758 | 112,554 |
| Other Service Expenses | 3,298 | 26,394 | 29,692 |
| Support Service Recharge | 0 | 0 | 0 |
| Total Expenditure | 5,094 | 137,152 | 142,246 |
| | | | |
| Net Income/ Expenditure (Surplus)/ Deficit | 0 | (1,544) | (1,544) |

| | REVISED 2014-15 | REVISED 2015-16 |
|--|----------------------------|----------------------------|
| Net Expenditure in the Portfolio Analysis | (1,544) | (739) |
| Net Expenditure of Services & Support Departments not included in the Analysis | 0 | 0 |
| Amounts in the CIES not reported to management in the Analysis | 42,063 | 37,549 |
| Amounts included within the Analysis not included within the CIES | (388) | (75) |
| (Surplus)/ Deficit on the Provision of Services | 40,131 | 36,735 |

* These include adjustments between Accounting Basis and Funding Basis under Regulations, such as depreciation, amortisation, revenue funded from capital under statute, gains and losses on disposals, IAS 19 pension adjustments and joint venture income and expenditure and Joint Venture income and expenditure

Group Reconciliation to Subjective Analysis

This reconciliation shows how the figures in the analysis of Income and Expenditure relate to a subjective analysis of the Surplus or Deficit on the Provision of Services included in the Comprehensive Income and Expenditure Statement

| 2015-16 | Portfolio (Group) | Amounts Not Reported | Cost of Services |
|---|--------------------------|-----------------------------|-------------------------|
| | £'000 | £'000 | £'000 |
| Police Pay & Allowance | 63,911 | (4,768) | 59,143 |
| Police Pensions | 19,484 | 0 | 19,484 |
| Police Staff Pay | 34,003 | 4,547 | 38,550 |
| Pay & Other Allowances | 1,326 | 131 | 1,457 |
| Premises | 4,455 | 46 | 4,501 |
| Transport | 1,936 | 436 | 2,372 |
| Supplies & Services | 13,826 | 663 | 14,489 |
| Agency Expenses | 7,483 | 18 | 7,501 |
| Levies | 920 | 0 | 920 |
| Interest Payable and Similar Charges | 63 | 0 | 63 |
| Pension Interest Costs | 0 | 39,003 | 39,003 |
| Pensions NDC | 0 | 359 | 359 |
| Depreciation, Amortisation & Impairments | 0 | 4,962 | 4,962 |
| Minimum Revenue Provision for Capital Financing | 245 | (245) | 0 |
| Pensions Interest & ROA | 0 | 0 | 0 |
| | 147,652 | 45,152 | 192,804 |
| Service Income | (5,060) | (5,424) | (10,484) |
| Specific Grants | (23,939) | (25) | (23,964) |
| Police Pensions Top Up Grant | 0 | 0 | 0 |
| Interest and Investment Income | (156) | 0 | (156) |
| Gains & Losses | (126) | 401 | 275 |
| Precept | (45,599) | 0 | (45,599) |
| CTAA | 0 | (515) | (515) |
| CT Grants | (6,644) | 0 | (6,644) |
| Non domestic Rates distribution | (24,319) | 0 | (24,319) |
| Police Grant | (43,418) | 0 | (43,418) |
| Revenue Contribution to Capital | 1,484 | (1,484) | 0 |
| Capital Grants & Contributions | 0 | (1,245) | (1,245) |
| Net Transfer to or (from) earmarked reserves | (614) | 614 | 0 |
| Intra Group Transfer | 0 | 0 | 0 |
| | (148,391) | (7,678) | (156,069) |
| | (739) | 37,474 | 36,735 |

Reconciliation to Subjective Analysis continued

| 2014-15 | Portfolio (Group) | Amounts Not Reported | Cost of Services |
|---|--------------------------|-----------------------------|-------------------------|
| | £'000 | £'000 | £'000 |
| Police Pay & Allowance | 63,733 | (1,180) | 62,553 |
| Police Pensions | 13,294 | 0 | 13,294 |
| Police Staff Pay | 33,676 | 3,397 | 37,073 |
| Pay & Other Allowances | 1,861 | 58 | 1,919 |
| Premises | 4,672 | 32 | 4,704 |
| Transport | 2,171 | 150 | 2,321 |
| Supplies & Services | 12,986 | 1,033 | 14,019 |
| Agency Expenses | 6,782 | 29 | 6,811 |
| Levies | 693 | 0 | 693 |
| Interest Payable and Similar Charges | 152 | 0 | 152 |
| Pension Interest Costs | 0 | 44,695 | 44,695 |
| Pensions NDC | 0 | 0 | 0 |
| Depreciation, Amortisation & Impairments | 0 | 5,223 | 5,223 |
| Minimum Revenue Provision for Capital Financing | 335 | (335) | 0 |
| | 0 | 0 | 0 |
| Pensions Interest & ROA | 0 | 0 | 0 |
| | 140,355 | 53,102 | 193,457 |
| Service Income | (6,158) | (3,423) | (9,581) |
| Specific Grants | (4,139) | (562) | (4,701) |
| Police Pensions Top Up Grant | (12,465) | 0 | (12,465) |
| Interest and Investment Income | (124) | 0 | (124) |
| Gains & Losses | 74 | 142 | 216 |
| Precept | (42,999) | (646) | (43,645) |
| CTAA | 0 | 0 | 0 |
| CT Grants | (6,644) | 0 | (6,644) |
| Non domestic Rates distribution | (25,136) | 0 | (25,136) |
| Police Grant | (46,249) | 0 | (46,249) |
| Revenue Contribution to Capital | 890 | (890) | 0 |
| Capital Grants & Contributions | 0 | (4,997) | (4,997) |
| Net Transfer to or (from) earmarked reserves | 1,051 | (1,051) | 0 |
| | (141,899) | (11,427) | (153,326) |
| | (1,544) | 41,675 | 40,131 |

6 Adjustments between Accounting Basis and Funding Basis under Regulations

This note details the adjustments that are made to the total comprehensive income and expenditure recognised by the ONPCC in the year, in accordance with proper accounting practice to the resources that are specified by statutory provisions as being available to the ONPCC, to meet future capital and revenue expenditure.

| Description | | Collection Fund Adjustment Account | Capital Grants Unapplied | Movement in Unusable Reserves |
|---|-----------------|--|-----------------------------|-------------------------------------|
| | | £'000 | £'000 | £'000 |
| 2015-16 (Group) | | | | |
| Adjustments involving the Capital Adjustment Account: | | | | |
| <u>Reversal of items debited or credited to the Comprehensive Income & Expenditure Statement (CIES)</u> | | | | |
| Charges for depreciation and impairment of non-current assets | (3,457) | | | 3,457 |
| Revaluation losses on Property Plant and Equipment | 0 | | | 0 |
| Movements in the market value of Investment Properties | 0 | | | 0 |
| Amortisation of intangible assets | (1,507) | | | 1,507 |
| Capital grants and contributions applied | 2,675 | | | (2,675) |
| Movement in the Donated Assets Account | 0 | | | 0 |
| Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the CIES | (304) | | | 304 |
| Write down of deferred charges to be financed from Capital Resources | 0 | | | 0 |
| <u>Insertion of items not debited or credited to the CIES:</u> | | | | |
| Statutory provision for the financing of capital investment | 432 | | | (432) |
| Revenue Expenditure Funded from Capital Under Statute* | 1,776 | | | (1,776) |
| Adjustments involving the Pensions Reserve: | | | | |
| Reversal of items relating to retirement benefits debited or credited to the CIES (see Note 44) | (66,398) | | | 66,398 |
| Employer's pensions contributions and direct payments to pensioners payable in the year | 31,564 | | | (31,564) |
| Adjustments involving the Collection Fund Adjustment Account: | | | | |
| Amount by which council tax income credited to the CIES is different from council tax income calculated for the year in accordance with statutory requirements | 515 | (515) | | 0 |
| Adjustment involving the Accumulated Absences Account | | | | |
| Amount by which officer remuneration charged to the CIES on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements | (419) | | | 419 |
| Total Adjustments | (35,123) | (515) | | 35,638 |

Reconciliation of total adjustments within CIES to the ONPCC's (Surplus)/ Deficit for the Accounting Period

| | |
|--|---------------|
| Statutory Adjustments from within CIES (Opposite of above) | 35,123 |
| Transfers to/ From Reserves | 699 |
| Surplus/ Deficit on the provision of services | 878 |
| Removal Of Joint Venture (Surplus)/ Deficit | 35 |
| CIES (Surplus)/ Deficit | 36,735 |

Values from this Note will require addition through Notes 17 and 43, as the balance sheet unusable reserves are split between the PCC/CC Unusable Reserves (17) and Joint venture (43), but amalgamated within the charges above.

2015-16 (OPCC)

| Description | Collection Fund Adjustment Account | Capital Grants Unapplied | Movement in Unusable Reserves |
|---|--|-----------------------------|-------------------------------------|
| | £'000 | £'000 | £'000 |
| Adjustments involving the Capital Adjustment Account: | | | |
| <u>Reversal of items debited or credited to the Comprehensive Income & Expenditure Statement (CIES)</u> | | | |
| Charges for depreciation and impairment of non-current assets | (349) | | 349 |
| Revaluation losses on Property Plant and Equipment | 0 | | 0 |
| Movements in the market value of Investment Properties | 0 | | 0 |
| Amortisation of intangible assets | (2) | | 2 |
| Capital grants and contributions applied | 1,191 | | (1,191) |
| Movement in the Donated Assets Account | 0 | | 0 |
| Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the CIES | (2) | | 2 |
| Write down of deferred charges to be financed from Capital Resources | 0 | | 0 |
| <u>Insertion of items not debited or credited to the CIES:</u> | | | |
| Statutory provision for the financing of capital investment | 187 | | (187) |
| Revenue Expenditure Funded from Capital Under Statute* | 1,776 | | (1,776) |
| Adjustments involving the Pensions Reserve: | | | |
| Reversal of items relating to retirement benefits debited or credited to the CIES (see Note 44) | (328) | | 328 |
| Employer's pensions contributions and direct payments to pensioners payable in the year | 178 | | (178) |
| Adjustments involving the Collection Fund Adjustment Account: | | | |
| Amount by which council tax income credited to the CIES is different from council tax income calculated for the year in accordance with statutory requirements | 515 | (515) | 0 |
| Adjustment involving the Accumulated Absences Account | | | |
| Amount by which officer remuneration charged to the CIES on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements | (65) | | 65 |
| Total Adjustments | 3,101 | (515) | 0 (2,586) |
| Reconciliation of total adjustments within CIES to the ONPCC's (Surplus)/ Deficit for the Accounting Period | | | |
| Statutory Adjustments from within CIES (Opposite of above) | (3,101) | | |
| Transfers to/ From Reserves | 2,211 | | |
| Surplus/ Deficit on the provision of services | (889) | | |
| Removal Of Joint Venture (Surplus)/ Deficit | 0 | | |
| CIES (Surplus)/ Deficit | (1,744) | | |

*The OPCC had £545k of REFCUS relating to the roundabout at Mereway.

Values from this Note will require addition through Notes 17 and 43, as the balance sheet unusable reserves are split between the PCC/CC Unusable Reserves (17) and Joint venture (43), but amalgamated within the charges above.

2014-15 (OPCC)

| Description | Collection Fund Adjustment Account | Capital Grants Unapplied | Movement in Unusable Reserves |
|---|--|-----------------------------|-------------------------------------|
| | £'000 | £'000 | £'000 |
| Adjustments involving the Capital Adjustment Account: | | | |
| <u>Reversal of items debited or credited to the Comprehensive Income & Expenditure Statement (CIES)</u> | | | |
| Charges for depreciation and impairment of non-current assets | (1,143) | | 1,143 |
| Revaluation losses on Property Plant and Equipment | 0 | | 0 |
| Movements in the market value of Investment Properties | 0 | | 0 |
| Amortisation of intangible assets | 0 | | 0 |
| Capital grants and contributions applied | 2,054 | | (2,054) |
| Movement in the Donated Assets Account | 0 | | 0 |
| Revenue expenditure funded from capital under statute | 215 | | (215) |
| Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the CIES | (135) | | 135 |
| Write down of deferred charges to be financed from Capital Resources | 0 | | 0 |
| <u>Insertion of items not debited or credited to the CIES:</u> | | | |
| Statutory provision for the financing of capital investment | 335 | | (335) |
| Capital expenditure charged against the General Fund | 644 | | (644) |
| Adjustments involving the Pensions Reserve: | | | |
| Reversal of items relating to retirement benefits debited or credited to the CIES (see Note 44) | 937 | | (937) |
| Employer's pensions contributions and direct payments to pensioners payable in the year | 175 | | (175) |
| Adjustments involving the Collection Fund Adjustment Account: | | | |
| Amount by which council tax income credited to the CIES is different from council tax income calculated for the year in accordance with statutory requirements | 646 | (646) | 0 |
| Adjustment involving the Accumulated Absences Account | | | |
| Amount by which officer remuneration charged to the CIES on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements | 0 | | 0 |
| Total Adjustments | 3,728 | (646) | 0 (3,082) |
| Reconciliation of total adjustments within CIES to the ONPCC's (Surplus)/ Deficit for the Accounting Period | | | |
| Statutory Adjustments from within CIES (Opposite of above) | (3,728) | | |
| Transfers to/ From Reserves | (1,130) | | |
| Surplus/ Deficit on the provision of services | 223 | | |
| Intra Company Adjustment for the Financing of Capital | 4,959 | | |
| Removal Of Joint Venture (Surplus)/ Deficit | 0 | | |
| CIES (Surplus)/ Deficit | 324 | | |

Values from this Note will require addition through Notes 17 and 43, as the balance sheet unusable reserves are split between the PCC/CC Unusable Reserves (17) and Joint venture (43), but amalgamated within the charges above.

2014-15 (Group)

Description

Adjustments involving the Capital Adjustment Account:

Reversal of items debited or credited to the Comprehensive Income & Expenditure Statement (CIES)

| | Collection Fund Adjustment Account | Capital Grants Unapplied | Movement in Unusable Reserves |
|--|------------------------------------|--------------------------|-------------------------------|
| | £'000 | £'000 | £'000 |
| Charges for depreciation and impairment of non-current assets | (4,449) | | 4,449 |
| Revaluation losses on Property Plant and Equipment | 0 | | 0 |
| Movements in the market value of Investment Properties | 0 | | 0 |
| Amortisation of intangible assets | (772) | | 772 |
| Capital grants and contributions applied | 4,864 | | (4,864) |
| Movement in the Donated Assets Account | 0 | | 0 |
| Revenue expenditure funded from capital under statute | 215 | | (215) |
| Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the CIES | (281) | | 281 |
| Write down of deferred charges to be financed from Capital Resources | 0 | | 0 |

Insertion of items not debited or credited to the CIES:

| | | | |
|---|-----|--|-------|
| Statutory provision for the financing of capital investment | 335 | | (335) |
| Capital expenditure charged against the General Fund | 644 | | (644) |

Adjustments involving the Pensions Reserve:

| | | | |
|---|----------|--|----------|
| Reversal of items relating to retirement benefits debited or credited to the CIES (see Note 44) | (71,340) | | 71,340 |
| Employer's pensions contributions and direct payments to pensioners payable in the year | 27,341 | | (27,341) |

Adjustments involving the Collection Fund Adjustment Account:

| | | | |
|--|-----|-------|---|
| Amount by which council tax income credited to the CIES is different from council tax income calculated for the year in accordance with statutory requirements | 646 | (646) | 0 |
|--|-----|-------|---|

Adjustment involving the Accumulated Absences Account

| | | | |
|---|-----|--|---|
| Amount by which officer remuneration charged to the CIES on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements | (8) | | 8 |
|---|-----|--|---|

| | | | | |
|--------------------------|-----------------|--------------|----------|---------------|
| Total Adjustments | (42,805) | (646) | 0 | 43,451 |
|--------------------------|-----------------|--------------|----------|---------------|

Reconciliation of total adjustments within CIES to the ONPCC's (Surplus)/ Deficit for the Accounting Period

| | |
|--|---------|
| Statutory Adjustments from within CIES (Opposite of above) | 42,805 |
| Transfers to/ From Reserves | (1,130) |
| Surplus/ Deficit on the provision of services | (1,544) |
| Removal Of Joint Venture (Surplus)/ Deficit | 0 |

| | |
|--------------------------------|---------------|
| CIES (Surplus)/ Deficit | 40,131 |
|--------------------------------|---------------|

Values from this Note will require addition through Notes 17 and 43, as the balance sheet unusable reserves are split between the PCC/CC Unusable Reserves (17) and Joint venture (43), but amalgamated within the charges above.

7 Other Operating Expenditure

Other Operating Expenditure includes levies; gains or losses on the disposal of non-current assets in the CIES for 2015-16.

| 2014-15 | | Description | 2015-16 | |
|---------------|----------------|---|---------------|----------------|
| OPCC £'000 | GROUP £'000 | | OPCC £'000 | GROUP £'000 |
| 0 | 693 | Levies | 0 | 920 |
| 0 | 216 | Gains/ losses on the disposal of non-current assets | 99 | 274 |
| 0 | 909 | Total | 99 | 1,194 |

8 Financing and Investment Income and Expenditure

The CIES includes financing and investment income and expenditure including interest payable and similar charges: pension's interest costs and expected return on pension assets, interest income, income, expenditure, changes in the fair values of investment properties, and other income.

| 2014-15 | | Description | 2015-16 | |
|---------------|----------------|---|---------------|----------------|
| OPCC £'000 | Group £'000 | | OPCC £'000 | Group £'000 |
| 0 | 152 | Interest payable and similar charges | 0 | 63 |
| 27 | 44,694 | Pensions interest cost and expected return on pensions assets | 35 | 39,003 |
| 0 | (124) | Interest receivable and similar income | 0 | (156) |
| 27 | 44,722 | Total | 35 | 38,910 |

9 Taxation and Non-Specific Grant Income

The CIES includes income comprising of council tax income, NNDR, non-ring fenced government grants and all capital grants.

| 2014-15 | | Description | 2015-16 | |
|------------------|------------------|---|------------------|------------------|
| OPCC £'000s | GROUP £'000 | | OPCC £'000s | GROUP £'000 |
| (43,644) | (43,644) | Council tax income | (46,114) | (46,114) |
| (25,136) | (25,136) | Non domestic rates | (24,319) | (24,319) |
| (6,645) | (6,645) | Council Tax Burden Grant | (6,644) | (6,644) |
| (46,249) | (46,249) | Non-ring fenced government grants | (43,418) | (43,418) |
| (1,734) | (1,734) | Capital grants and contributions | (881) | (881) |
| (900) | (900) | Police/Fire Innovation Fund Capital Grant | 0 | 0 |
| (2,363) | (2,363) | Agile Innovation Fund Capital Grant | (364) | (364) |
| (126,671) | (126,671) | Total funding | (121,740) | (121,740) |
| 121,652 | 0 | Intra-Company Funding | 114,029 | 0 |
| (5,019) | (126,671) | OPCC Tax & Non-Specific Grant Income | (7,711) | (121,740) |

10 Material Items of Income and Expense

Where items are not disclosed on the face of the Comprehensive Income and Expenditure Statement or within notes 5-9, such as the disposals of Fixed Assets and Investments or reversals of provisions, the nature of these material amounts are set out below:

| 2014-15 OPCC & Group £'000 | | Description | 2015-16 OPCC & Group £'000 | |
|----------------------------------|--|-----------------------------------|----------------------------------|--------------|
| 223 | | Insurance Provision | | 855 |
| 245 | | Property dilapidations provisions | | 300 |
| 468 | | Total | | 1,155 |

11 Trading Operations

The ONPCC & group do not have any trading operations. All commercial activities have been outsourced.

12 Members' Allowances

During 2015/16 a total of £16k was paid in Allowances and Reimbursements for ONPCC members (2014/15 £19k)

| 2014-15 OPCC & Group £'000 | | Description | 2015-16 OPCC & Group £'000 | |
|----------------------------------|--|-----------------------------------|----------------------------------|-----------|
| 19 | | Allowances and Re-imburements | | 16 |
| 0 | | Other Expenses (including travel) | | 0 |
| 19 | | Total | | 16 |

13 External Audit Costs

During the year the group incurred direct KPMG external audit fees for the Audit of the Accounts, amounting to £44k (£64k in 2014/15) and a further £1k (2k in 14/15) relating to other audits.

| 2014-15 | | Description | 2015-16 | |
|---------------|----------------|-------------------------|---------------|----------------|
| OPCC £'000 | Group £'000 | | OPCC £'000 | Group £'000 |
| 44 | 64 | Fees for External Audit | 29 | 44 |
| 1 | 1 | EMSOU Audit share* | 0 | 0 |
| 1 | 1 | NFI Audit | 1 | 1 |
| 46 | 66 | Total | 30 | 45 |

14 Grant and Other Service Income

The ONPCC credited the following grants, contributions and donations to the Comprehensive Income and Expenditure Statement in 2015-16.

| 2014-15 OPCC £'000 | 2014-15 GROUP £'000 | | 2015-16 OPCC £'000 | 2015-16 GROUP £'000 |
|--------------------------|---------------------------|--|--------------------------|---------------------------|
| | | Grants credited to Service Income | | |
| 0 | 9 | Drug Intervention Programme | 0 | 19 |
| 0 | 143 | Loan Charges Grant | 0 | 99 |
| 0 | 12,466 | Pension Top Up Grant | 0 | 18,925 |
| 0 | 113 | Dept of Health | 0 | 20 |
| 825 | 825 | Ministry of Justice | 782 | 782 |
| 0 | 0 | Proceeds of Crime | 20 | 204 |
| 825 | 13,556 | Total | 802 | 20,049 |
| | | Other Service Income | | |
| 157 | 2,923 | Partner Income | 0 | 3,530 |
| 30 | 4,398 | Fees and Charges | 0 | 3,882 |
| 0 | 0 | ACPO TAM | 0 | 331 |
| 0 | 462 | Sales (Third Parties) | 0 | 152 |
| 0 | 1,191 | Reimbursements | 0 | 975 |
| 0 | 0 | Agency Income | 0 | 0 |
| 0 | 232 | Mutual Aid | 0 | 80 |
| 187 | 9,206 | Total | 0 | 8,950 |
| 3,985 | 3,985 | Joint Venture Income | 5,449 | 5,449 |
| 4,997 | 26,747 | Total Income | 6,251 | 34,448 |

The increase in Police Top Up Grant is partly resulting from the £3.486m Milne vs GAD legal settlement, which affected all Forces and we paid the costs and received equal income from this settlement in the year.

15 Related Parties

IPSAS 20 Related Party Disclosures, based on IAS 24, requires the ONPCC to disclose material transactions and outstanding balances with related parties – bodies or individual's that have the potential to control or influence the ONPCC or to be controlled or influenced by the ONPCC.

Central Government has effective control over the general operations of the ONPCC. It is responsible for providing the statutory framework within which the ONPCC operates, and provides the majority of funding in the form of general or specific grants. Details of government grants are set out in note 14 to the Core Financial Statements.

The ONPCC has direct control over the ONPCC's financial and operating policies. Chief Officers might also be in a position to influence significantly the policies of the ONPCC.

The ONPCC and Chief Officers are required, at the end of each year, to declare whether they, or any member of their immediate family, have had any related party transactions (i.e. significant financial dealings) with the ONPCC during the financial year. The Police Service maintain a register of business interests, and has a Business Interest Policy which sets out the criteria for deciding whether the Business Interest is compatible with the individuals role within the organisation. There was a transaction amounting to £50,000 during the financial year ended 31st March 2016 with Walgrave Wellbeing Centre of which John Neilson is also a director.

16 Transfers to/from Earmarked Reserves

This note sets out the OPCC & Group amounts set aside from the General Fund in earmarked reserves to provide financing for future expenditure plans and the amounts posted back from earmarked reserves to meet the General Fund requirements in 2015-16.

The adequacy of reserves is assessed as part of the annual budget process where the strategic, operational and financial risks facing the ONPCC are considered. The Reserves Policy is published annually in the Budget Report and included in the Budget Book where the rationale for each Reserve is clearly stated. On 31 March 2016 total reserves stood at £16.785m. These were made up as follows:

| Group & OPCC | Balance at 31 March 2014 AS REPORTED | Transfers Out 2014-15 AS REPORTED | Transfers In 2014-15 AS REPORTED | 2014/15 - ADJUSTMENT | Balance at 31 March 2015 RESTATED | Transfers Out 2015-16 | Transfers In 2015-16 | Balance at 31 March 2016 |
|---|--------------------------------------|-----------------------------------|----------------------------------|----------------------|-----------------------------------|-----------------------|----------------------|--------------------------|
| Description | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| Earmarked General Fund: | | | | | | | | |
| Shaping the Future Reserve | 0 | 0 | 0 | 0 | 0 | 0 | 3,010 | 3,010 |
| Expenditure Transferred to Future Years | 1,971 | (1,971) | 1,212 | 929 | 2,141 | (1,212) | 1,124 | 2,053 |
| Insurance | 2,453 | (775) | 0 | 105 | 1,783 | (1,700) | 0 | 83 |
| Pensions (Ill Health and Injury Awards) | 1,195 | 0 | 0 | 2 | 1,197 | 0 | 83 | 1,280 |
| Initiatives Fund | 0 | 0 | 0 | 1,362 | 1,362 | (5,883) | 7,462 | 2,941 |
| Copy Bureau | 49 | 0 | 0 | 0 | 49 | (49) | 0 | 0 |
| PCC Carry Forwards Reserve | 25 | (517) | 1,044 | (530) | 22 | (22) | 0 | 0 |
| Safety Camera Reserve | 621 | 0 | 641 | (68) | 1,194 | 0 | 0 | 1,194 |
| Specials & Volunteers | 0 | 0 | 1,684 | 0 | 1,684 | (1,684) | 0 | 0 |
| Restructuring Reserve | 4,979 | (680) | 0 | (1,500) | 2,799 | (2,799) | 0 | 0 |
| Employee Benefit Reserve | 1,144 | 0 | 0 | 0 | 1,144 | 2 | 0 | 1,146 |
| Transformation Reserve | 1,127 | (419) | 0 | 0 | 708 | (708) | 0 | 0 |
| Total | 13,564 | (4,362) | 4,581 | 300 | 14,083 | (14,055) | 11,679 | 11,707 |
| General Fund Balance | 4,059 | 0 | 2,289 | (300) | 6,048 | (1,767) | 123 | 4,404 |
| Usable Reserves - Revenue | 17,623 | (4,362) | 6,870 | 0 | 20,131 | (15,822) | 11,802 | 16,111 |
| Future Capital Spending | 3,400 | (3,341) | 0 | 0 | 59 | (59) | 0 | 0 |
| Total Capital Reserves | 3,400 | (3,341) | 0 | 0 | 59 | (59) | 0 | 0 |
| Total (OPCC & Group) | 21,023 | (7,703) | (6,870) | 0 | 20,190 | (15,881) | 11,802 | 16,111 |
| ONPCC Share of JV Reserves | 549 | 0 | 166 | 0 | 715 | (41) | 0 | 674 |
| Total Group Usable Reserves | 22,159 | (4,512) | (6,704) | 0 | 20,905 | (15,922) | 11,802 | 16,785 |

The Initiatives Fund includes a drawdown of £4.289m in reserves for the financing of capital expenditure, which is solely related to the time of cash payments versus receipts. There will be borrowing equivalent to this value within 2016-17, which will replace the sums internally borrowed for cash flow purposes.

- The PCC operates a devolved financial management policy. Carry forward of under/over spends on budgets were considered by the PCC and CC and at the end of 2015-16 no carry forwards were required.
- The pensions reserve is maintained for those liabilities relating to Police Officers pension payments that still fall to be met by the ONPCC. These include one-off lump sum payments due when an officer retires on ill health and payments of injury awards.
- The Copy Bureau was a rechargeable department, and a Reserve was created to smooth surpluses and deficits generated by the department and where possible, to fund replacement equipment.
- The Insurance reserve is designed to meet potential future claims.
- The Employee Benefit reserve was created to mitigate fluctuations within the Accumulated Absence Reserve, which the ONPCC set up as a result of the adoption of IAS 19 as outlined within the Accounting Policies. The balance has now been transferred as a result of this no longer being required.

- The reserve for future capital spending has been created to ensure the ONPCC can continue to fund its capital programme at the planned levels.
- The Safety Camera Reserve is designed to allocate funding for future costs of running the safety camera team, including replacement vehicles in the future years.
- Specials & Volunteers is designed to offset the cost of implementing the initial recruitment of 900 specials & volunteers, but on going needs are expected to be met from base budget revenue provisions and as such, the reserve balance has been transferred.
- PCC reserve is for carry forwards requirements in alignment to the process for the Chief Constable for pressures consistent with the PCC revenue budgetary needs.
- The regional innovation reserve, will meet future planned needs for regional collaborative match funding requirements for claims against the Home Office Innovation Fund.
- The Shaping the Future reserve will be used to meet to help fund the unprecedented change programme currently underway. Specifically the pressures on the Capital Programme (Estates etc.), the Strategic Review, and will also provide financial mitigation against the risk of budgeted savings not being achieved within the proposed timeframes
- After taking account of transfers to and from reserves and the required provisions, the ONPCC generated a reduction of £2.120m that was transferred from the General Fund Balance.

17 Unusable Reserves

| 2014-15 | | Description | 2015-16 | |
|-----------------|------------------|------------------------------------|-----------------|------------------|
| OPCC £'000 | Group £'000 | | OPCC £'000 | Group £'000 |
| (8,656) | (8,656) | Revaluation Reserve | (13,236) | (13,236) |
| (17,934) | (32,863) | Capital Adjustment Account | (17,313) | (33,677) |
| 991 | 1,192,045 | Pensions Reserves | 771 | 1,069,347 |
| (1,149) | (1,149) | Collection Fund Adjustment Account | (1,664) | (1,664) |
| 0 | 1,269 | Accumulated Absences Account | 0 | 1,624 |
| (26,748) | 1,150,646 | Total Unusable Reserves | (31,443) | 1,022,394 |

The unusable reserves are separate to the Joint Venture (JV) Unusable reserves and do not include JV entries

Revaluation Reserve

The Revaluation Reserve contains the gains made by the ONPCC arising from increases in the value of its Property, Plant and Equipment. The balance is reduced when assets with accumulated gains are:

- Revalue downwards or impaired and the gains are lost
- Used in the provision of services and the gains are consumed through depreciation
- Disposed of and the gains are realised

| 31 Mar 15 £'000 | GROUP & OPCC | 31 Mar 16 £'000 |
|--------------------|---|--------------------|
| (8,656) | Balance at 1 April | (8,656) |
| 0 | Upward revaluation of assets | (5,074) |
| 0 | Downward revaluation of assets and impairment losses not charged to the Surplus/Deficit on the Provision of Services | 0 |
| 0 | Surplus or deficit on revaluation of non-current assets not posted to the Surplus or Deficit on the Provision of Services | 0 |
| (8,656) | | (13,730) |
| 0 | Difference between fair value depreciation and historical cost depreciation | 0 |
| 0 | Accumulated gains on assets sold or scrapped | 0 |
| 0 | Amount written off to the Capital Adjustment Account | 494 |
| (8,656) | Balance at 31 March | (13,236) |

Capital Adjustment Account

The Capital Adjustment Account absorbs the timing differences arising from the different arrangements for accounting, for the consumption of non-current assets and for financing the acquisition, construction or enhancement of those assets under statutory provisions. The Account is debited with the cost of acquisition, construction or enhancement as depreciation, impairment losses and amortisations are charged to the Comprehensive Income and Expenditure Statement (with reconciling postings from the Revaluation Reserve to convert fair value figures to a historical cost basis). The Account is credited with the amounts set aside by the ONPCC as finance for the costs of acquisition, construction and enhancement.

The Account also contains revaluation gains accumulated on Property, Plant and Equipment before 1 April 2007, the date that the Revaluation Reserve was created to hold such gains.

Note 5, segmental report & note 6, adjustments under statute provides details of the source of all the transactions posted to the Account, apart from those involving the Revaluation Reserve, which is directly transferred between the two reserves.

| 2014-15 | | Description | 2015-16 | |
|-----------------|-----------------|--|-----------------|-----------------|
| OPCC | Group | | OPCC | Group |
| £'000 | £'000 | | £'000 | £'000 |
| (17,621) | (29,405) | Balance at 1 April | (17,934) | (32,863) |
| 1,078 | 4,386 | Charges for depreciation and impairment of non-current assets | 269 | 3,376 |
| 0 | 0 | Revaluation losses on Property, Plant and Equipment | (12) | (11) |
| 0 | 772 | Amortisation of intangible assets | 0 | 1,505 |
| 218 | 218 | Revenue expenditure funded from capital under statute | 1,776 | 1,776 |
| 206 | 282 | Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the CIES | 0 | 303 |
| | | Adjusting amounts written out of the Revaluation Reserve | (494) | (494) |
| (16,119) | (23,747) | | (16,395) | (26,408) |
| (4,796) | (4,796) | Capital grants and contributions credited to the CIES that have been applied to capital financing | (1,191) | (1,191) |
| 3,625 | 0 | Intra Company Capital Financing Adjustment | 4,622 | 0 |
| 0 | (3,341) | Capital Financing Applied in Year | (4,349) | (4,349) |
| 0 | (335) | Statutory provision for the financing of capital investment charged against the General Fund* | 0 | (245) |
| (644) | (644) | Capital expenditure charged against the General Fund balances | 0 | (1,484) |
| (17,934) | (32,863) | Balance at 31 March | (17,313) | (33,677) |

* 2014-15 charges include a £0.064m voluntary provision.

Values within this note are separate to the Joint Venture Unusable Reserves and so additions through overall group Notes will require additions through this and note 43.

Pensions Reserve

The Pensions Reserve absorbs the timing differences arising from the different arrangements for accounting for post-employment benefits and for funding benefits in accordance with statutory provisions. The ONPCC accounts for post-employment benefits in the Comprehensive Income and Expenditure Statement as the benefits are earned by employees accruing years of service, updating the liabilities recognised to reflect inflation, changing assumptions and investment returns on any resources set aside to meet the costs. However, statutory arrangements require benefits earned to be financed as the ONPCC makes employer's contributions to pension funds or eventually pay any pensions for which it is directly responsible. The debit balance on the Pensions Reserve, therefore, shows a substantial shortfall in the benefits earned by past and current employees and the resources

the ONPCC has set aside to meet them. The statutory arrangements will ensure that funding will have been set aside by the time the benefits come to be paid.

Pensions Reserve

| 2014-15 | | Description | 2015-16 | |
|---------------|------------------|--|---------------|------------------|
| OPCC £'000 | Group £'000 | | OPCC £'000 | Group £'000 |
| 1,809 | 1,018,348 | Balance at 1 April | 991 | 1,192,045 |
| 1,205 | 129,702 | Actuarial gains or losses on pensions assets and liabilities | (369) | (157,530) |
| (911) | (4) | Effect of Settlement and pooling of Chief Constable and OPCC Pension Fund | 0 | 0 |
| (937) | 71,340 | Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement | 328 | 66,398 |
| (175) | (27,341) | Employer's pensions contributions and direct payments to pensioners payable in the year | (179) | (31,566) |
| 991 | 1,192,045 | Balance at 31 March | 771 | 1,069,347 |

Collection Fund Adjustment Account

The Collection Fund Adjustment Account manages the differences arising from the recognition of council tax income in the Comprehensive Income and Expenditure Statement as it falls due from council tax payers compared with the statutory arrangements for paying across amounts to the General Fund from the Collection Fund.

| 2014-15 £'000 | GROUP & OPCC | 2015-16 £'000 |
|------------------|--|------------------|
| (503) | Balance at 1 April | (1,149) |
| (646) | Amount by which council tax income credited to the Comprehensive Income and Expenditure Statement is different from council tax income calculated for the year in accordance with statutory requirements | (515) |
| (1,149) | Balance at 31 March | (1,664) |

Accumulated Absences Account

The Accumulated Absences Account absorbs the differences that would otherwise arise on the General Fund Balance from accruing for compensated absences earned but not taken in the year e.g. annual leave entitlement carried forward at 31 March. Statutory arrangements require that the impact on the General Fund Balance is neutralised by transfers to or from the Account.

| 2014-15 | | Description | 2015-16 | |
|---------------|----------------|---|---------------|----------------|
| OPCC £'000 | Group £'000 | | OPCC £'000 | Group £'000 |
| 0 | 1,261 | Balance at 1 April | 0 | 1,269 |
| 0 | (1,261) | Settlement or cancellation of accrual made at the end of the preceding year | 0 | (1,269) |
| 0 | 1,269 | Amounts accrued at the end of the current year | 0 | 0 |
| 0 | 0 | Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements | 0 | 1,624 |
| 0 | 1,269 | Balance at 31 March | 0 | 1,624 |

18 Property, Plant and Equipment

Movements in 2015-16

| | OPCC Land & Builds | CC Vehicle | CC Equip & IT | OPCC Joint Vent | CC Other AUC | CC AUC | OPCC AHFS | OPCC Total | Group Total |
|---|--------------------------|---------------|---------------------|-----------------------|--------------------|--------------|--------------|---------------|----------------|
| | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| Net book Value 01 Apr 2015 | 31,934 | 2,420 | 4,040 | 1,209 | 2,357 | 2,377 | 0 | 33,143 | 44,337 |
| Cost or Valuation At 1 April 2015 | 48,039 | 6,521 | 8,173 | 3,123 | 2,357 | 2,377 | 0 | 51,162 | 70,590 |
| Additions | 0 | 936 | 823 | 303 | 0 | 0 | 0 | 303 | 2,062 |
| Additions from Assets Under Construction | 0 | 0 | 0 | 24 | 931 | 1,206 | 0 | 24 | 2,161 |
| Transfer out to Fixed Assets | 0 | 687 | 208 | 0 | 0 | (1,688) | 0 | 0 | (793) |
| Re-categorisation of Assets Held for Sale | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Disposals | 0 | (1,387) | (1,404) | (36) | 0 | 0 | 0 | (36) | (2,827) |
| Accumulated Impairments | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Revaluations/ Restatements | (11,019) | 0 | 0 | (87) | 0 | 0 | 0 | (11,106) | (11,106) |
| At 31 March 2016 Accumulated Depreciation and Impairment | 37,020 | 6,757 | 7,800 | 3,327 | 3,288 | 1,895 | 0 | 40,347 | 60,087 |
| At 1 April 2015 | 16,105 | 4,101 | 4,133 | 2,098 | 0 | 0 | 0 | 18,203 | 26,437 |
| Depreciation charge | 269 | 728 | 2,379 | 83 | 0 | 0 | 0 | 352 | 3,459 |
| Re-categorisation of Depreciation of Assets Held for Sale | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Impairment Losses through CIES | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Impairment Losses in Revaluation Reserve | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Accumulated Depreciation on Revaluations | (16,105) | 0 | 0 | 0 | 0 | 0 | 0 | (16,105) | (16,105) |
| Revaluations/Restatements | 0 | 0 | 0 | 0 | 128 | 0 | 0 | 0 | 128 |
| Disposals | 0 | (1,083) | (1,404) | 0 | 0 | 0 | 0 | 0 | (2,487) |
| Depreciation as at 31 March 2016 | 269 | 3,746 | 5,108 | 2,181 | 128 | 0 | 0 | 2,450 | 11,432 |
| Net Book Value as at 31 Mar 2016 | 36,751 | 3,011 | 2,692 | 1,330 | 3,160 | 1,895 | 0 | 38,081 | 48,839 |

The figures contained within this note are represented by three separate figures within the Balance Sheet, the organisation Fixed Assets, the Joint Venture Assets & the assets held for sale.

The ONPCC's final capital expenditure figure in note 24 to the Accounts, of £7.024m, was made up of additions for REFCUS (Revenue expenditure funded from Capital under statute £0.545m, intangible assets in note 23 & the Joint Venture expenditure.

Movements in 2014-15:

| | OPCC Land & Builds £'000 | CC Vehicle £'000 | CC Equip & IT £'000 | OPCC Joint Venture £'000 | CC AUC £'000 | CC AUC £'000 | OPCC AHFS £'000 | OPCC Total £'000 | Group Total £'000 |
|---|-----------------------------------|------------------------|------------------------------|-----------------------------------|--------------------|--------------------|-----------------------|------------------------|-------------------------|
| Net book Value 01 Apr 2015 | 32,918 | 2,935 | 2,505 | 995 | 924 | 1,025 | 140 | 34,053 | 41,442 |
| Cost or Valuation | 47,945 | 6,726 | 4,364 | 3,030 | 924 | 1,025 | 140 | 51,115 | 64,154 |
| At 1 April | | | | | | | | | |
| Additions | 94 | 319 | 4,002 | 97 | 2,754 | 1,499 | 0 | 191 | 8,765 |
| Additions to Assets Under Construction | 0 | 147 | 0 | 188 | 0 | 0 | 0 | 188 | 335 |
| Transfer out to Fixed Assets | 0 | 0 | 0 | 0 | 0 | (147) | 0 | 0 | (147) |
| Disposals | 0 | (671) | (193) | (4) | 0 | 0 | (140) | (144) | (1,008) |
| Revaluations/ Restatements | | | 0 | 0 | (1,321) | 0 | 0 | 0 | (1,321) |
| At 31 March 2015 | 48,039 | 6,521 | 8,173 | 3,311 | 2,357 | 2,377 | 0 | 51,350 | 70,778 |
| 1 April Depreciation | 15,027 | 3,791 | 1,859 | 2,031 | 0 | 0 | 0 | 17,058 | 22,708 |
| Depreciation charge | 1,078 | 840 | 2,466 | 67 | 0 | 0 | 0 | 1,145 | 4,451 |
| Disposals | 0 | (530) | (192) | 0 | 0 | 0 | 0 | 0 | (722) |
| Depreciation as at 31 March 2015 | 16,105 | 4,101 | 4,133 | 2,098 | 0 | 0 | 0 | 18,203 | 26,437 |
| Net Book Value as at 31 Mar 2015 | 31,934 | 2,420 | 4,040 | 1,209 | 2,357 | 2,377 | 0 | 33,143 | 44,337 |

19 Impairment Losses

For the Financial period 2015/16 there was no impairment losses.

20 Assets Held for Sale

There are no Assets held for sale as at 31st March 2016.

21 Investment Properties

The ONPCC does not hold any investment property interests that could be classified and accounted for as investment properties, therefore, no adjustments or disclosures are required.

22 Leases

Operating Leases

The ONPCC holds premises and some equipment on an operating lease basis, made payments of £368k for the year and was committed to making the following lease payments.

| | Land £'000 | Buildings £'000 | Equipment £'000 | Total £'000 |
|---|---------------|--------------------|--------------------|----------------|
| Leases expiring in 2016/17 | 40 | 54 | 1 | 95 |
| Leases expiring between 2017/18 & 2020/21 | 93 | 127 | 0 | 220 |
| Leases expiring 2022/23 and after | 17 | 23 | 0 | 40 |
| Total | 150 | 204 | 1 | 355 |

At the balance sheet date, considering any known new commitments and as if it was 31 March 2016, the commitments would be.

| | Land £'000 | Buildings £'000 | Equipment £'000 | Total £'000 |
|---|---------------|--------------------|--------------------|----------------|
| Leases expiring in 2017/18 | 24 | 33 | 0 | 57 |
| Leases expiring between 2018/19 & 2021/22 | 69 | 94 | 0 | 163 |
| Leases expiring 2022/23 and after | 17 | 23 | 0 | 40 |
| Total | 110 | 150 | 0 | 260 |

As at the end of 31st March 2015 and 2016, the group had no Finance Leases.

23 Intangible Assets

The ONPCC accounts for its software as intangible assets, to the extent that the software is not an integral part of a particular IT system and accounted for as part of the hardware item of Property, Plant and Equipment. The intangible assets include both purchased licenses and internally generated software.

All software is given a finite useful life, based on assessments of the period in which the software is expected to be of use to the ONPCC.

The carrying amount of intangible assets is amortised on a straight-line basis over three years or where appropriate over the asset life, such as the Multi Force Shared Service (MFSS) which is ten years. Amortisation of £1,505k was charged to revenue in 2015-16.

The movement on Intangible Asset balances during the year is as follows:

| 2014-15 | | Description | 2015-16 | |
|---------------|----------------|---|---------------|----------------|
| OPCC £'000 | Group £'000 | | OPCC £'000 | Group £'000 |
| | | Balance at 1st April | | |
| 0 | 4,393 | Gross carrying amounts | 0 | 3,735 |
| | | Additions: | | |
| 0 | 114 | Internal Development | 0 | 2,583 |
| 0 | 0 | Asset under Construction (Note 27) | 0 | 792 |
| 0 | 59 | Disposals | | |
| 0 | (772) | Amortisation to the Comprehensive Income & Expenditure Statement* | 0 | (1,505) |
| 0 | (59) | Depreciation on Disposals | 0 | 0 |
| 5 | 5 | Joint Venture Intangible Assets | 7 | 7 |
| 5 | 3,740 | Net Carrying amount at 31 March | 7 | 5,612 |
| | | Comprising: | | |
| 0 | 6,227 | Net carrying Amount | 0 | 9,603 |
| 0 | 5 | Joint Venture Net Carry Amount | | 7 |
| 5 | (2,492) | Accumulated amortisation | 0 | (3,998) |
| 5 | 3,740 | Total | 7 | 5,612 |

* Due to the nature of some of the key operational equipment within Intangible Assets, all lines above the (Surplus)/Deficit on the Provision of Services line from Local to National Policing include elements of Amortisation of Intangible Assets.

24 Capital Expenditure and Capital Financing

The capital financing requirement measures the ONPCC's need to borrow for a capital purpose. The following statement shows the effect of the ONPCC's capital investment decisions in 2015-16 upon the capital financing requirement. The capital financing requirement reduced by £0.245m, this was due to the CC providing for a repayment of borrowing through revenue. There was no further borrowing to finance capital expenditure during the year.

| 2014-15 | | | 2015-16 | |
|---------------|----------------|---|---------------|----------------|
| OPCC £'000 | Group £'000 | | OPCC £'000 | Group £'000 |
| 6,783 | 6,783 | Opening Capital Financing Requirement | 5,346 | 5,346 |
| | | Capital Investment | | |
| 94 | 94 | Building | 0 | 0 |
| 0 | 319 | Vehicles | 0 | 936 |
| 0 | 4,002 | Equip & IT Equip | 0 | 823 |
| 0 | 114 | Intangibles | 0 | 2,583 |
| 0 | 4,253 | Assets Under Construction | 0 | 2,009 |
| 0 | 0 | REFCUS | 1,776 | 1,776 |
| (1,103) | (1,103) | Restatement of Capital Creditors | 1,103 | 1,103 |
| | | Sources of Finance | | |
| (4,796) | (4,796) | Government Grants and Other Contributions | (1,191) | (1,191) |
| 0 | (3,341) | Capital Reserves | (59) | (59) |
| 0 | 0 | Internal Borrowing From Reserves to Fund the Capital Programme | (4,289) | (4,289) |
| 5,012 | 0 | Intra Company Adjustment | 4,622 | |
| 0 | (335)* | MRP | 0 | (245) |
| (644) | (644) | Revenue Contributions | 0 | (1,484) |
| 5,346 | 5,346 | Closing Capital Financing Requirement | 7,308 | 7,308 |
| | | Explanation of Movements in Year | | |
| 0 | 335 | Decrease in underlying need to borrow (supported) | 0 | 245 |
| | | Increase in underlying need to borrow (unsupported) | | |
| 0 | 335 | Decrease in Capital Financing Requirement | 0 | 245 |

* 0.064m relates to a voluntary revenue provision

This statement relates to PCC/CC entries only.

25 Construction Contracts

At 31 March 2016 the ONPCC had a construction contract in progress for the Northern Accommodation Hub with Bowman Kirkland. The contractual value is £18.558m

26 Short-Term Debtors

These amounts represent sums falling due within one year to the ONPCC from various sources, together with bad debt provision and prepayments.

| 2014-15 | | Group & OPCC Description | 2015-16 | |
|---------------|----------------|---------------------------------------|---------------|----------------|
| OPCC £'000 | Group £'000 | | OPCC £'000 | Group £'000 |
| 3,186 | 3,186 | Central Government Bodies | 1,579 | 1,579 |
| 833 | 833 | Other Local Authorities | 1,360 | 1,360 |
| 74 | 74 | NHS Bodies | 0 | 0 |
| 32 | 32 | Public Corporations and trading funds | 5 | 5 |
| 4,886 | 4,886 | Bodies external to general government | 11,099 | 11,099 |
| 9,011 | 9,011 | As at 31 Mar | 14,043 | 14,043 |

27 Inventories

The following stocks were held as available for issue as at 31 March 2016:

| 2014-15 | | Description | 2015-16 | |
|---------------|----------------|---------------------------------------|---------------|----------------|
| OPCC £'000 | Group £'000 | | OPCC £'000 | Group £'000 |
| 83 | 83 | Vehicle Fuel | 75 | 75 |
| 100 | 100 | Vehicle Parts & operational Equipment | 107 | 107 |
| 336 | 336 | Uniforms | 294 | 292 |
| 519 | 519 | Total | 474 | 474 |

28 Provisions

An independent evaluation of the Insurance Provision as at 31 March 2016 has identified a requirement of £0.855m for future year's potential claims, an increase of £0.285m.

OPCC & Group

| | Balance As at 31-Mar-14 | Amounts Used In Period | Amounts Reversed Unused | Additional Amounts | Balance As at 31-Mar-15 |
|------------------------|----------------------------|------------------------------|-------------------------------|-----------------------|-------------------------------|
| | £'000 | £'000 | £'000 | £'000 | |
| Insurance Provision | (160) | 160 | 0 | (570) | (570) |
| Property Dilapidations | (308) | | 308 | (245) | (245) |
| Total | (468) | 160 | 308 | (815) | (815) |

| | Balance As at 31-Mar-15 | Amounts Used In Period | Amounts Reversed Unused | Additional Amounts | Balance As at 31-Mar-16 |
|------------------------|----------------------------|------------------------------|-------------------------------|-----------------------|-------------------------------|
| | £'000 | £'000 | £'000 | £'000 | £'000 |
| Insurance Provision | (570) | 570 | 0 | (855) | (855) |
| Property Dilapidations | (245) | 0 | 245 | (300) | (300) |
| Total | (815) | 570 | 245 | (1,155) | (1,155) |

The Insurance provision provides financial resources for Motor, Property, Public and Employers Liability claims. Costs outside of the known and expected provision will be met by the Force's legal revenue budget or reserves. The main assumptions and methodologies are:

This report uses the Chain Ladder actuarial method for forecasting ultimate mature loss levels from the last available data point for a given risk and year. The Chain Ladder method has been applied to the progression of incurred losses, plotted at annual intervals. The full stated methodology is;

- The Chain Ladder method assumes that the development profile of historic mature underwriting (policy) years will be repeated as the more immature years' run-off. However, in applying the development factors, any anomalies are first excluded before calculating average development factors. If the assumptions underlying the Chain Ladder method are not borne out then the future development of claims will differ from the predictions in this report, but we believe this forecasting method is robust, evidenced by the fact that it is used extensively by insurance companies.

The recommended fund injection for future losses is based on the projected ultimate claims under the Chain Ladder Method with a margin added for prudence.

29 Short-Term Creditors

These amounts represent sums owed by the ONPCC to various sources, together with receipts in advance.

| 2014-15 | | | 2015-16 | |
|---------------|----------------|---------------------------------------|---------------|----------------|
| OPCC £'000 | Group £'000 | | OPCC £'000 | Group £'000 |
| 0 | 0 | Central Government Bodies | 0 | 0 |
| 918 | 918 | Other Local Authorities | 490 | 490 |
| 126 | 126 | NHS Bodies | 1 | 1 |
| 147 | 147 | Public Corporations and trading funds | 64 | 64 |
| 9,932 | 11,201 | Bodies external to general government | 13,572 | 15,196 |
| 11,123 | 12,392 | As at 31 Mar | 14,127 | 15,751 |

30 Capitalisation of Borrowing Costs

The ONPCC did not borrow any new money to finance the capital programme and therefore has not capitalised any borrowing. The OPCC has internally borrowed £4.289m of reserves to fund the 2015/16 capital programme, borrowing will be completed within 2016/17.

31 Contingent Liabilities

Our insurance consultants, Gallacher Heath, suggested the ONPCC do not have any Contingent Liabilities for 2015-16 as 2014-15.

The Police and Crime Commissioner of Northamptonshire, along with other PCC, Forces and the Home Office, currently has 25 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. The Tribunal is unlikely to consider the substance of the claims until 2017. Legal advice suggests that there is a strong defence against these claims. The quantum and who will bear the cost is also uncertain, if the claims are partially or fully successful and therefore at this stage it is not practicable to estimate the financial impact. For these reasons, no provision has been made in the 2015/16 Accounting Statements.

32 Contingent Assets

As at 31 March 2016, there were no assets that arose from past events, either where their existence has not been confirmed by the occurrence or non-occurrence of one or more uncertain future events.

33 Group Cash and Cash Equivalents

The balance of Cash and Cash Equivalents is made up of the following elements:

| 31 Mar 2015 | | Description | 31 Mar 2016 | |
|---------------|----------------|--|---------------|----------------|
| OPCC £'000 | Group £'000 | | OPCC £'000 | Group £'000 |
| 7 | 7 | Cash held by the ONPCC | 62 | 62 |
| 942 | 942 | Cash held by Joint Venture | 703 | 703 |
| 8,516 | 8,516 | Short Term Investment Realised within three months | 5,912 | 5,912 |
| (19) | (19) | Bank Overdraft | 0 | 0 |
| 9,446 | 9,446 | Total Cash and Cash Equivalents | 6,677 | 6,677 |

Cash & cash equivalents for 2015/16 accounts has been restated by £1 million from Short term Investments.

34 Group Cash Flow Statement – Operating Activities

The cash flows for operating activities include the following items:

| 2014-15 | | Description | 2015-16 | |
|---------------|----------------|--|---------------|----------------|
| OPCC £'000 | Group £'000 | | OPCC £'000 | Group £'000 |
| (42,999) | (42,999) | Precept income | (45,599) | (45,599) |
| (31,780) | (31,780) | Non domestic Rates distribution income | (24,319) | (24,319) |
| (46,249) | (46,249) | Police Grant | (43,418) | (43,418) |
| (1,012) | (4,602) | Specific Grants | (6,462) | (9,641) |
| 0 | (12,465) | Police Officer Pensions Top Up Grant | 0 | (15,439) |
| (3,523) | (3,523) | Joint Venture Income | (5,503) | (5,503) |
| 0 | (6,605) | Sales, Fees & Charges | (126) | (5,574) |
| 0 | (124) | Interest Received | 0 | (156) |
| 0 | 152 | Interest Paid | 0 | 63 |
| 830 | 77,028 | Police Officer Pay | 1,506 | 85,259 |
| 3,930 | 38,306 | Police Staff Pay | 3,842 | 34,683 |
| 0 | 1,861 | Other Staff Costs | 195 | 1,422 |
| 17 | 4,704 | Premises Costs | 61 | 4,455 |
| 21 | 2,321 | Transport Costs | 452 | 1,935 |
| 52 | 1,879 | Communications | 0 | 1,898 |
| 47 | 1,894 | IT Maintenance | 57 | 2,479 |
| 0 | 822 | Miscellaneous | 69 | 252 |
| 1,361 | 1,361 | Hospitality | 91 | 182 |
| 539 | 2,113 | Professional Services | 1,103 | 3,321 |
| 1,617 | 6,781 | Agency Costs (Third Party Payments) | 18 | 7,501 |
| 3,569 | 2,184 | Other Supplies and Services | 5,062 | 7,386 |
| 112,790 | 0 | Intra Company | 120,531 | 0 |
| (790) | (6,941) | Net Cash Flow from Operating Activities | 7,560 | 1,187 |

35 Group Cash Flow Statement – Investing Activities

The cash flows for investing activities include the following items:

| 2014-15 | | Description | 2015-16 | |
|---------------|----------------|---|----------------|----------------|
| OPCC £'000 | Group £'000 | | OPCC £'000 | Group £'000 |
| 2,848 | 2,848 | Land & Buildings related capital expenditure | 545 | 1,244 |
| 0 | 1,002 | Purchase of Vehicles | 0 | 1,366 |
| 0 | 4,264 | Purchase of Equipment | 158 | 1,423 |
| 0 | 885 | Purchase of Intangible Assets | 0 | 2,917 |
| 3,647 | 3,647 | Purchase of short-term and long-term investments | (4,302) | (4,302) |
| 0 | 0 | Proceeds from the sale of property, plant and equipment | 0 | 126 |
| (1,732) | (1,732) | Proceeds from Capital Grant | (1,192) | (1,192) |
| | 0 | Proceeds from External Capital contributions | | |
| 4,763 | 10,914 | Net cash flows from investing activities | (4,791) | 1,582 |

36 Termination Benefits

The ONPCC has taken account of termination benefits in accordance of IAS 19. The termination benefits are dealt with separately from other employee benefits because the event which gives rise to an obligation is the termination rather than employee service. The ONPCC would have incurred costs if the termination was either a decision to terminate an employee's employment prior to their retirement date, or an employee's decision to accept voluntary redundancy in exchange for those benefits.

The ONPCC terminated the contracts of a number of employees in 2015-16 incurring liabilities of £0.198m, of which £0.185m relates to the Chief Constables account. The previous year's total was £0.472m,

| Exit package Cost Band (including special payments) | Number of compulsory redundancies | | Number of Other Departures Agreed | | Total No of Exit Packages by Cost Band | | Total Cost of Exit Packages in Each Band | |
|---|-----------------------------------|-----------|-----------------------------------|-----------|--|-----------|--|------------------|
| | 2014-15 | 2015-16 | 2014-15 | 2015-16 | 2014-15 | 2015-16 | 2014-15 £'000 | 2015-16 £'000 |
| PCC Accounts | | | | | | | | |
| £0 -£20,000 | 0 | 2 | 1 | 0 | 1 | 2 | 3 | 13 |
| £20,001 - £100,000 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| £100,001 - £150,000 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| TOTAL | 0 | 2 | 1 | 0 | 1 | 2 | 3 | 13 |
| Group | | | | | | | | |
| £0 -£20,000 | 4 | 9 | 45 | 10 | 49 | 19 | 408 | 165 |
| £20,001 - £40,000 | 1 | 1 | 1 | 0 | 2 | 1 | 64 | 33 |
| £40,001 - £100,000 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| £100,001 - £150,000 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| TOTAL | 5 | 10 | 46 | 10 | 51 | 20 | 472 | 198 |

37 Pensions

a) Participation in Pension Schemes

As part of the terms and conditions of employment of its officers and other employees, the ONPCC offers retirement benefits. Although these benefits will not actually be payable until the employees retire, the ONPCC has a commitment to make the payments that need to be disclosed at the time that employees earn their future entitlement.

The ONPCC participates in pension schemes for both Police Staff and Police Officers, as follows:

- The Local Government Pension Scheme for police staff; this is administered by Northamptonshire County Council. This is a funded scheme, meaning that the ONPCC and employees pay contributions into a fund, calculated at a level intended to balance the pension liabilities with investment assets. The Actuary to the fund is Hymans Robertson LLP.
- The Police Pension Scheme for police officers, which includes two pension schemes; the Police Pension Scheme (PPS) and the New Police Pension Scheme (NPPS). Both schemes are unfunded and administered by Equiniti on behalf of the ONPCC, meaning that there are no investment assets built-up to meet the pension's liabilities, and cash has to be generated to meet actual pension's payments as they eventually fall due. Both are defined benefit schemes (lump sum payments and periodic pension). New funding arrangements commenced on 1 April 2006 that required a police pension fund account to be created. This account is credited with employer contributions, and any shortfall over retirements benefits paid is met by a contribution by the ONPCC. However, the ONPCC's contribution is met by Home Office Pensions Top Up Grant. If there is a surplus it is paid to the ONPCC in the first instance before being recouped by the Home Office. The level of pension contribution rates are set nationally by the Home Office, following a review by the Government Actuary's Department (GAD).

(b) Transactions Relating to Retirement Benefits

Under IAS 19 the cost of retirement benefits is recognised in the Income and Expenditure Account when employees earn them, rather than when the benefits are actually paid as pensions. However, the charge that is required to be made against the precept is based on the cash payable in the year, by reversing the real cost of retirement benefits out of the Statement of Movement in the General Fund Balance.

Pensions liabilities and future considerations

The current service costs contained in the table, below, are within the following values contained within the Comprehensive Income and Expenditure Statement, forming part of note 36, the reconciliation to the subjective analysis

- Local Government Pension Scheme, within Police Staff Pay and Allowances.
- Police Pension Scheme, within Police Officer Pay and Allowances

Group Pensions Revenue Items

| <u>Comprehensive Income and Expenditure</u> | Local Government Pension Scheme | | Police Pension Scheme | | TOTAL | |
|---|--|----------------|------------------------------|-----------------|-----------------|-----------------|
| | 2014-15 | 2015-16 | 2014-15 | 2015-16 | 2014-15 | 2015-16 |
| | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| Net Cost of Services | | | | | | |
| Current service cost | (5,478) | (6,641) | (26,990) | (20,390) | (32,468) | (27,031) |
| Past service cost | (8) | 0 | 0 | (190) | (8) | (190) |
| Net Operating Expenditure | | | | | | |
| Interest Costs** | (6,726) | (6,344) | (42,510) | (36,520) | (49,236) | (42,864) |
| Expected return on employers assets** | 4,535 | 3,856 | 0 | 0 | 4,535 | 3,856 |
| Net Charge to the Income and Expenditure Account | (7,677) | (9,129) | (69,500) | (57,100) | (77,177) | (66,229) |
| <u>Movement In Reserves</u> | | | | | | |
| Movement on Pensions Reserve (Reversal of net charges made for retirement benefits in accordance with IAS 19) | (13,772) | (17,451) | (63,660) | 57,100 | (77,432) | 39,649 |
| <u>Actual amount charged against Council Tax (General Fund Balance) for pensions</u> | | | | | | |
| Employers contributions to the Scheme | 4,175 | 4,539 | 10,694 | 11,671 | 14,869 | 16,210 |
| 3) Additional contributions to the Police Pensions Fund Account | | | 12,466 | 15,349 | | |

OPCC Pensions Revenue Items

| Comprehensive Income and Expenditure | Local Government Pension Scheme | |
|--|--|----------------|
| | 2014-15 | 2015-16 |
| | £'000 | £'000 |
| Net Cost of Services | | |
| Current service cost | (234) | (293) |
| Past service cost | (1) | 0 |
| Net Operating Expenditure | | |
| Interest Costs** | (73) | (83) |
| Expected return on employers assets** | 46 | 48 |
| Net Charge to the Income and Expenditure Account | (262) | (328) |
| Movement In Reserves | | |
| Movement on Pensions Reserve (Reversal of net charges made for retirement benefits in accordance with IAS 19) | (385) | (219) |
| Actual amount charged against Council Tax (General Fund Balance) for pensions | | |
| Employers contributions to the Scheme | 175 | 178 |

** The net of interest costs and return on assets is £36.520m, which reconciles to the amount included within financing and investment income and expenditure on the face of the CIES

In addition to the recognised gains and losses included in the CIES, actuarial losses of £136.20m (£107.920m in 2014-15) were included within other Comprehensive Income & Expenditure.

The estimated 2015/16 pension scheme contributions for the Police Pension Scheme are £11.7m and £4.6m for the Local Government Pension Scheme.

In accordance with the Code of Practice and the Police Service Expenditure Analysis the items within the table above are credited / debited to the CIES in the following ways:

Current Service Costs & Employers contributions to the scheme and additional contributions to the Police Pensions Fund Account are all apportioned across the Local Policing to National Policing headings by officer numbers; and

Past Service Costs are wholly included within the heading Non-Distributed Costs;
Interest Costs and Expected Return on Employers Assets are included within Financing & Investment Income & Expenditure.

38 Defined Benefit Pension Schemes

Assets and Liabilities in relation to Retirement Benefits

Reconciliation of the Present Value of the Schemes Liabilities

| Group | Funded Liabilities Local Govt. Scheme | | Unfunded Liabilities Police Pension Scheme | |
|--|---------------------------------------|----------------------|--|----------------------|
| | 31 Mar 2015 £'000 | 31 Mar 2016 £'000 | 31 Mar 2015 £'000 | 31 Mar 2016 £'000 |
| Opening Defined Benefit Obligation - 1 April | (154,621) | (195,615) | (967,070) | (1,115,490) |
| Current Service Cost (Grossed up for employee contributions) | (5,478) | (6,641) | (26,990) | (26,220) |
| Interest Cost | (6,726) | (6,344) | (42,510) | (36,520) |
| Contributions by Scheme Participants | (1,568) | (1,504) | 5,840 | 5,830 |
| Actuarial (Gains)/ Losses | (30,414) | 24,397 | (107,920) | 136,060 |
| Past Service (Costs)/ Gains | 0 | 0 | 0 | (190) |
| (Loses)/ Gains on Curtailments | (8) | (169) | 0 | 0 |
| Estimated Unfunded Benefits Paid | 6 | 5 | 0 | 0 |
| Estimated Benefits Paid | 3,194 | 3,180 | 23,160 | 27,020 |
| Closing Defined Benefit Obligation 31st March | (195,615) | (182,691) | (1,115,490) | (1,009,510) |

| OPCC | Funded Liabilities Local Govt. Scheme | | Unfunded Liabilities Police Pension Scheme | |
|--|---------------------------------------|----------------------|--|----------------------|
| | 31-Mar-2015 £'000 | 31-Mar-2016 £'000 | 31-Mar-2015 £'000 | 31-Mar-2016 £'000 |
| Opening Defined Benefit Obligation - 1 April | (2,761) | (3,536) | 0 | 0 |
| Current Service Cost (Grossed up for employee contributions) | (234) | (293) | 0 | 0 |
| Interest Cost | (73) | (83) | 0 | 0 |
| Contributions by Scheme Participants | (78) | (81) | 0 | 0 |
| Actuarial (Gains)/ Losses | (389) | 406 | 0 | 0 |
| Past Service (Costs)/ Gains | 0 | 0 | 0 | 0 |
| (Loses)/ Gains on Curtailments | (1) | 0 | 0 | 0 |
| Estimated Unfunded Benefits Paid | 0 | 0 | 0 | 0 |
| Estimated Benefits Paid | 0 | 0 | 0 | 0 |
| Closing Defined Benefit Obligation 31st March | (3,536) | (3,587) | 0 | 0 |

Reconciliation of the Fair Value of the Schemes Assets

Pension Asset – Local Government Pension Scheme Only

| Group | 31 Mar 2015 | 31 Mar 2016 |
|--|--------------------|--------------------|
| | £'000 | £'000 |
| Pensions Asset 1 April | 103,343 | 119,059 |
| Expected Return on Assets | 4,535 | 3,856 |
| Contributions by Members | 1,568 | 1,504 |
| Employers Contributions (Incl Injuries) - excluding Top-Up Grant | 4,175 | 4,539 |
| Contributions in Respect of Unfunded Benefits | 6 | 5 |
| Actuarial Gains | 8,632 | (2,927) |
| Estimated Unfunded Benefits paid | (6) | (2) |
| Estimated Benefits Paid | (3,194) | (3,180) |
| Fair Value of Pensions Asset 31 March | 119,059 | 122,854 |

| OPCC | 31 Mar 2015 | 31 Mar 2016 |
|--|--------------------|--------------------|
| | £'000 | £'000 |
| Pensions Asset 1 April | 952 | 2,545 |
| Expected Return on Assets | 46 | 48 |
| Contributions by Members | 78 | 81 |
| Gains & Losses Effect of Settlement | (1,205) | 0 |
| Employers Contributions (Incl Injuries) - excluding Top-Up Grant | 175 | 178 |
| Contributions in Respect of Unfunded Benefits | 0 | 0 |
| Pension Fund Asset Split (Group to Single Entity) | 2,110 | 0 |
| Actuarial Gains | 389 | (37) |
| Estimated Unfunded Benefits paid | 0 | 0 |
| Estimated Benefits Paid | 0 | 0 |
| Fair Value of Pensions Asset 31 March | 2,545 | 2,815 |

The expected return on scheme assets is determined by considering the expected returns available on the assets underlying 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 estimated return on scheme assets in the year was £3.586m (£4.535m in 2014/15).

Scheme History (Group)

| | 2011-12 | 2012-13 | 2013-14 | 2014-15 | 2015-16 |
|---|------------------|--------------------|--------------------|--------------------|--------------------|
| | £'m | £'m | £'m | £'m | £'m |
| Present Value of Liabilities | | | | | |
| Local Government Pension Scheme | (114.061) | (137.765) | (154.621) | (195.615) | (182.690) |
| Police Pension Scheme | (831.350) | (967.760) | (967.070) | (1,115.490) | (1,009.510) |
| | (945.411) | (1,105.525) | (1,121.691) | (1,311.105) | (1,192.200) |
| Fair Value of Assets LGPS | 81.509 | 96.317 | 103.343 | 119.059 | 182.691 |
| Surplus/ (Deficit) in the Scheme | | | | | |
| Local Government Pension Scheme | (32.552) | (41.448) | (51.278) | (76.555) | (59.837) |
| Police Pension Scheme | (831.350) | (967.760) | (967.070) | (1,115.490) | (1,009.510) |
| Total | (863.902) | (1,009.208) | (1,018.348) | (1,192.045) | (1,069.347) |

| Scheme History (OPCC) | | 2011-12 | 2012-13 | 2013-14 | 2014-15 | 2015-16 |
|----------------------------------|------|---------|---------|---------|---------|---------|
| | | £'m | £'m | £'m | £'m | £'m |
| Present Value of Liabilities | LGPS | (3.831) | (4.336) | (5.205) | (2.330) | (2.381) |
| Fair Value of Assets | LGPS | 2.683 | 2.874 | 3.396 | 1.339 | 1.610 |
| Surplus/ (Deficit) in the Scheme | LGPS | (1.148) | (1.462) | (1.809) | (0.991) | (0.771) |

The ONPCC's total Group pension liability of £1,069.347m, reconciles to the Unusable Reserves within the Balance Sheet of £1,019,818, by adding back the figures within the Movement in Reserves Statement of the Capital Adjustment Account, the Collection Fund Adjustment Account, the Revaluation Reserve, to the Unusable Reserves total and then subtracting the Employee Benefit Reserve (Note 17)

The ONPCC did not elect to restate fair value of scheme assets for 2005/06 as permitted by IAS 19.

The liabilities show the underlying commitments that the ONPCC has in the long run to pay retirement benefits. The total liability has a substantial impact on the net worth of the ONPCC as recorded in the balance sheet, resulting in a negative overall balance. However, statutory arrangements for funding the deficit mean that the financial position of the ONPCC remains healthy.

- Local Government Pension Scheme (LGPS) The deficit on the local government scheme will be made good by increased contributions over the remaining working life of employees, as assessed by the scheme actuary.
- Police Pension Schemes Finance is only required to be raised to cover police pensions when the pensions are actually paid. Any deficit on the Pensions Fund Account for the year is funded by the ONPCC with Home Office Top-Up Grant payable to cover the ONPCC's Contribution

Basis for Estimating Assets and Liabilities

Liabilities have been assessed on an actuarial basis using the projected unit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels, etc. The Police Pension Scheme liabilities are assessed by the Government Actuary's Department (GAD) and the Local Government Pension Scheme by Hymans Robertson LLP, an independent firm of actuaries. The main assumptions used in their calculations have been:

Assumptions are the same for both OPCC & Group

| | Local Govt. Pension Scheme | | Police Pension Scheme | |
|---|----------------------------|---------|-----------------------|---------|
| | 2014-15 | 2015-16 | 2014-15 | 2015-16 |
| Expected Return on Assets | % | % | % | % |
| Investments | 8.5 | 6.0 | n/a | n/a |
| Mortality Assumptions | yrs | yrs | yrs | yrs |
| Longevity at 65 for current pensioners | | | | |
| Men | 22.3 | 22.3 | 23.3 | 23.1 |
| Women | 24.3 | 24.3 | 25.7 | 25.1 |
| Longevity at 65 for future pensioners | | | | |
| Men | 24.0 | 24.0 | 25.4 | 25.1 |
| Women | 26.6 | 26.6 | 27.9 | 27.2 |
| Financial Assumptions | % | % | % | % |
| Rate of Inflation | 2.5 | 2.2 | 1.8 | 0.9 |
| Rate of Increase in Salaries | 4.3 | 4.2 | 4.2 | 4.2 |
| Expected Return on Assets | 2.5 | 0.8 | 2.5 | 2.3 |
| Rate for Discounting Scheme Liabilities (Gross) | 3.2 | 3.6 | 11.7 | 10.6 |
| Take up Option to Convert annual Pension into retirement Lump Sum | 50 | 50 | n/a | n/a |

Changes to the Local Government Pension Scheme permit employees retiring on or after 6 April 2006 to take an increase in their lump sum payment on retirement in exchange for a reduction in their future annual pension. On the advice of our actuaries, we have assumed that 50% of employees retiring after 6 April 2006 will take advantage of this change to the pension scheme. Our actuaries have advised that this will reduce the value of the ONPCC's pension liabilities and this has been included within Non-Distributed Costs on the face of the Income and Expenditure Account.

The Police Pension Scheme has no assets to cover its liabilities. Assets in the Local Government Pension Fund are valued at fair value, principally market value for investment, and consist of the following categories by proportion of the total assets held by the Fund:

| 31.03.15 % | Description | 31.03.16 % |
|----------------|--------------------|----------------|
| 88.50% | Equity Investments | 79.00% |
| 4.00% | Bonds | 10.00% |
| 6.50% | Property | 9.00% |
| 1.00% | Cash and Liquidity | 2.00% |
| 100.00% | Total | 100.00% |

Pensions Reserve - History of Experience Gains / Losses

The actuarial gains identified as movements on the Pensions Reserve for 2015-16, can be analysed into the following categories, measured as percentages of assets or liabilities as at 31 March 2016.

| GROUP | 2011-12 | | 2012-13 | | 2013-14 | | 2014-15 | | 2015-16 | |
|---|---------|--------|---------|--------|---------|--------|---------|--------|---------|--------|
| | £m | % | £m | % | £m | % | £m | % | £m | % |
| Local Government Pension Scheme | | | | | | | | | | |
| Differences between expected and actual return on assets | 7.42 | 7.7% | 0.96 | 0.87% | -0.96 | -0.93% | 8.63 | 7.25% | 2.924 | 4.89% |
| Differences between actuarial assumptions about Liabilities and actual experience. | 0.12 | 0.09% | 7.29 | -4.72% | -7.29 | 4.71% | -30.41 | 15.55% | -24.397 | 40.77% |
| Police Pension Schemes | | | | | | | | | | |
| Differences between actuarial assumptions about Liabilities and actual experience. | 22.66 | 3.27% | 37.23 | 4.15% | 37.27 | 4.15% | -113.82 | 10.91% | 16.16 | -1.72% |
| New Police Pension Scheme | | | | | | | | | | |
| Differences between actuarial assumptions about Liabilities and actual experience. | 0.86 | 6.89% | 3.84 | 11.77% | 3.84 | 11.77% | -5.24 | 11.58% | -0.62 | 1.62% |
| Injury Awards Police Pension Scheme | | | | | | | | | | |
| Differences between actuarial assumptions about Liabilities and actual experience. | -0.42 | -1.55% | 3.58 | 9.87% | 3.58 | 9.87% | 11.14 | 41.66% | 2.37 | 10.27% |
| 2015 Police Pension Scheme | | | | | | | | | | |
| Differences between actuarial assumptions about Liabilities and actual experience. | N/A | | N/A | | N/A | | N/A | | -0.05 | 0.46% |

| OPCC | 2011-12 | | 2012-13 | | 2013-14 | | 2014-15 | | 2015-16 | |
|---|---------|-----|---------|-----|---------|--------|---------|--------|---------|-------|
| | £m | % | £m | % | £m | % | £m | % | £m | % |
| Local Government Pension Scheme | | | | | | | | | | |
| Differences between expected and actual return on assets | N/A | N/A | N/A | N/A | -0.03 | -0.02% | 0.39 | 0.24% | 0.037 | 4.8% |
| Differences between actuarial assumptions about Liabilities and actual experience. | N/A | N/A | N/A | N/A | -0.26 | 0.09% | -0.39 | -0.10% | -0.406 | 52.6% |

39 Financial Instruments

Northamptonshire Police has implemented a seven-step approach to considering financial instruments, as illustrated in the recommended practice, and has updated its accounting policies in recognition of the introduction of the three new reporting standards. The ONPCC is satisfied that it has no premiums or discounts for early settlement attached to its debt arrangements, no overhanging premiums or discounts, no unrecognised financial guarantees and no contracts to forward purchase financial assets. The ONPCC has reviewed its contractual arrangements and it has no contracts that could be classified as derivatives.

The ONPCC has reconsidered its treatment of its managed portfolio of investments following clarification of the recommended practice and consultation with its fund managers. The investments are considered to be part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short term profit-taking. They are, therefore, held for trading and treated as Fair Value through Profit and Loss.

The ONPCC has the following financial instruments held in its balance sheet as at 31 March 2016.

| OPCC & Group | 2014-15 | | 2015-16 | |
|------------------------------------|-----------|---------|-----------|---------|
| | £'000 | £'000 | £'000 | £'000 |
| | Long Term | Current | Long Term | Current |
| Financial Liabilities | | | | |
| Amortised Cost | | | | |
| Borrowing | 1,300 | 0 | 1,300 | 0 |
| Fair Value through Profit and Loss | | | | |
| Borrowing | 0 | 0 | 0 | 0 |
| Creditors | | | | |
| Amortised Cost | 0 | 12,392 | 0 | 15,751 |
| Financial Assets | | | | |
| Fair Value through Profit and Loss | | | | |
| Managed Portfolio | 0 | 7,662 | 0 | 7,654 |
| Loans and Receivables | | | | |
| Debtors and Prepayments | 0 | 9,011 | 0 | 14,043 |
| Cash in Hand | 0 | 2 | 0 | 2 |
| Money Market Investments | 0 | 11,105 | | 5,974 |
| Joint Venture Cash Balance | 0 | 942 | 0 | 703 |

Gains on Financial Assets at Fair Value through the CIES were £78k during 2015-16.

The ONPCC manages its debt portfolio through a combination of short (between 1 and 5 years) and long term (five years plus) borrowing, in order to manage its liability to interest and repayment costs. All of the borrowings (of the £1.300m) as at 31 March are held by the Public Works Loans Board and, therefore, represents negligible risk to default of the debt holder.

As approved within the ONPCC's Treasury Management Strategy, the limits for the fixed and variable debts are £25m.

Group Income, Expense, Gains and Losses Statement

| | 2014-15 | | | | | 2015-16 | | | | |
|--|---|--|---|---|----------------|---|--|---|---|----------------|
| | Financial Liabilities measured at amortised cost £'000 | Financial Assets: Loans and receivables £'000 | Financial Assets: Available for sale £'000 | Assets and Liabilities at Fair Value through Profit and Loss £'000 | Total £'000 | Financial Liabilities measured at amortised cost £'000 | Financial Assets: Loans and receivables £'000 | Financial Assets: Available for sale £'000 | Assets and Liabilities at Fair Value through Profit and Loss £'000 | Total £'000 |
| Interest expense | - | - | - | 152 | 152 | - | - | - | 63 | 63 |
| Total expense in Surplus or Deficit on the Provision of Services | - | - | - | 152 | 152 | - | - | - | 63 | 63 |
| Interest income | - | - | - | (124) | (124) | - | - | - | (156) | (156) |
| Total income in Surplus or Deficit on the Provision of Services | - | - | - | 28 | 28 | - | - | - | (93) | (93) |
| Surplus/deficit arising on revaluation of financial assets in Other CIES | - | - | - | 107,920 | 107,920 | - | - | - | (136,060) | (136,060) |
| Net gain/(loss) for the year | - | - | - | 107,948 | 107,948 | - | - | - | (136,153) | (136,153) |

Fair Values of Assets and Liabilities

Financial liabilities, 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:

- estimated interest rates at 31 March 2016 for new loans through PWLB are between 2.47% and 3.33%, based on new lending rates for equivalent loans at that date (10 year & 25 year rates)
- no early repayment or impairment is recognised
- where an instrument will mature in the next 12 months, carrying amount is assumed to approximate to fair value
- the fair value of trade and other receivables is taken to be the invoiced or billed amount less cost of collection by third party agency if applicable.

The carrying value of the liabilities is higher than the fair value amount because the organisations portfolio of loans includes a number of fixed rate loans from the Public Works Loan Board (PWLB) where the interest rate payable is lower than the prevailing rates at the Balance Sheet date.

| | 2014-15 | | 2015-16 | |
|-------|-----------------|------------|-----------------|------------|
| | Carrying amount | Fair Value | Carrying amount | Fair Value |
| Loans | 1,300 | 1,456 | 1,300 | 2,026 |

The fair value of the assets is lower than the carrying amount because the ONPCC's portfolio of investments includes a number of fixed rate loans where the interest rate

receivable is lower than the rates available for similar loans at the Balance Sheet date.

Available for sale assets and assets and liabilities at fair value through profit or loss are carried in the Balance Sheet at their fair value. These fair values are based on public price quotations where there is an active market for the instrument.

Long term assets are held at face value as a reflection of a fair approximation of fair value as at 31st March.

Short term investments and cash and cash equivalents, short-term debtors and creditors are carried at cost as this is a fair approximation of their value.

Interest rate exposure – the maximum percentage of borrowing at Fixed and Variable Rates

| | 2014-15 | 2015-16 | 2016-17 |
|-------------------------------|----------------|----------------|----------------|
| Fixed Rate – maximum limit | 100% | 100% | 100% |
| Variable Rate – maximum limit | 100% | 100% | 100% |

Liquidity Risk

Liquidity risk – the possibility that the ONPCC might not have funds to meet its commitments to make payments.

The ONPCC manages its liquidity position through the risk management procedures above (the setting and approval of prudential indicators and the approval of the Treasury and Investment Strategies reports), as well as through a comprehensive cash flow management system, as required by the Code of Practice. This seeks to ensure that cash is available when it is needed.

The ONPCC has ready access to borrowings from the money markets to cover any day-to-day cash flow need, and whilst the Public Works Loan Board (PWLB) provides access to longer term funds, it also acts as a lender of last resort to ONPCC's (although it will not provide funding to an ONPCC whose actions is unlawful). The ONPCC is also required to provide a balanced budget through the Local Government Finance Act 1992, which ensures sufficient monies are raised to cover annual expenditure. There is, therefore, no significant risk that it will be unable to raise finance to meet its commitments under financial instruments.

The maturity profile of loans raised is spread over a period of up to 30 years, to mitigate the risk of encountering difficulties in raising liquidity on favourable terms in any one year. The team monitor the maturity profile and amend it accordingly through either new borrowing or the rescheduling of the existing debt.

The maturity analysis of financial liabilities is as follows (note: this reflects loan principal, but not accrued interest)

Amount of fixed rate borrowing maturing in each period as a percentage of total fixed rate borrowing – prudential limits

| Period | Upper Limit | Actual 2015-16 | Lower Limit |
|-----------------------|--------------------|-----------------------|--------------------|
| Under 12 months | 0% | 0.00% | 0% |
| 12 months to 10 years | 66% | 23.08% | 0% |
| 10 years and above | 80% | 76.92% | 0% |

Credit risk – the possibility that other parties might fail to pay amounts due to the ONPCC

Whilst the current credit crisis in international markets has raised the overall possibility of default, the ONPCC maintains strict credit criteria for investment counterparties. No breaches of the ONPCC's counterparty criteria occurred during the reporting period and the ONPCC does not expect any losses from non-performance by any of its counterparties in relation to deposits.

In accordance with the Prudential Code, and as a result of the credit crisis, in order to minimise the ONPCC's risk to investments, the Treasury Management Strategy sets the limits to which principals are invested for greater than one year. However, the ONPCC is within these limits as no investment was greater than 364 days as at 31st March in either 2014-15 or 2015-16.

Money Market Investments are made with a spread of periods, from overnight to one year, using the creditworthiness service provided by Sector. This service uses a sophisticated modelling approach with credit ratings from all three rating agencies – Fitch, Moody’s and Standard & Poors - forming the core element. The minimum credit rating criteria for investment counterparties is Short Term F1, Long Term A, Support C and Individual 3 (Fitch or equivalent rating) with the lowest available rating being applied to the criteria. The ONPCC only invests in highly rated bodies, which hold smaller risk levels than some higher yield institutes. The maximum risk the ONPCC held in one institute within 2015-16 was £5m (excluding our externally managed fund of £7.6m).

The managed portfolio is designed to achieve greater results than the ONPCC normally can achieve using standard investment strategies. The managed portfolio ensures a spread of investments and analysis to ensure appropriate limitation of risks, utilising;

5/10/40 rule – Good diversification

This refers to counterparty exposure and implies 40% of the fund can hold between 5%-10% in any one issuer, the balance (60%), has to be below 5% in any one issuer, ensuring a good spread of risk.

Therefore, the maximum risk the ONPCC could be liable for the loss of is £765k (10% of the £7.6m holdings) as at 31 March.

Developed major government bonds – Seek higher yielding assets.

This offers potential exposure to other higher yielding sovereign governments, e.g. Australia or New Zealand, where interest rates have already risen. These would be hedged back into Sterling with no currency exposure.

Short positions using derivatives

This is the ability to sell a market first, with a view to buying the asset back at a future date. This strategy would involve the use of highly liquid and commonly used derivatives, known as financial futures contracts, of the major developed markets.

The Target Return Fund has further aspects including:

Corporate Bond Exposure

Strong diversification characteristics, typically no more than 1% will be held in any one corporate bond issuer for investment grade credits (BBB rated or better).

For high yield corporate bonds, the issuer limit is less than 0.5%. An example of a high yield bond would be William Hill or Avis (car rental firm).

Emerging Market Sovereign Debt

Generally no more than 2% is held in any one emerging market issuer e.g. Brazil, Mexico, Turkey or Malaysia. Relative value strategies imply the fund would be short one market relative to another, thus reducing the overall risk to the sector.

Foreign Exchange

This is the active management of currency exposure.

The organisations maximum exposure to credit risk in relation to its investments in banks and building societies of £5.966m cannot be assessed generally as the risk of any institution failing to make interest payments or repay the principal sum will be specific to each individual institution. Recent experience has shown that it is rare for such entities to be unable to meet their commitments. A risk of recoverability applies to all of the organisations deposits, but there was no evidence at the 31 March 2016 that this was likely to crystallise.

The organisations potential maximum exposure to credit risk on other financial assets, based on experience of default and collectability over the last five financial years, adjusted to reflect current market conditions is £7.6m.

Summary

The model has far greater exposure to AAA assets, which equates to the most secure Investments available on the market. Whilst it also has exposure to lower credit quality, which represents a potential risk, the positions would be very small and well diversified.

Debtors and Prepayments

Customers for the ONPCC’s goods and services are assessed for their ability to pay in accordance with parameters set by the ONPCC. The ONPCC does not allow credit for its trade debtors beyond the

standard 30-day period and makes prudent financial provision for bad debts based on an assessment of each type of debt and the age of those debts.

Outstanding invoices can be analysed by age as follows:

| Age of Trade Debts | 31.03.15 £'000 | 31.03.16 £'000 |
|--------------------|----------------|----------------|
| 0-14 Days | 330 | 173 |
| 15-30 Days | 30 | 70 |
| 31-60 Days | 24 | 403 |
| 61-90 Days | 23 | 24 |
| 91+ Days | 41 | 31 |
| Total | 448 | 701 |

Whilst reviewing its debtors portfolio the ONPCC has provided against £30.58k within 2015-16 and £40.90k in 2014-15.

Inter-governmental organisational debt has been accessed with negligible prospect of this debt being unrecoverable. Therefore, the highest debt held by a non-governmental or public body where offsetting arrangements with Group creditors to the same company was £10.4k (£63.2k for the offset company) within 2015-16 and only 13.81% of the £701.3k debtor portfolio was held by a non-public body. Therefore, the maximum single risk the ONPCC holds is the full bad-debt provision of £30.58k.

Cash In Hand

The ONPCC's cash-in-hand position of £2k within 2015-16 and £2k at 2014-15 is as a result of the tight financial controls and positive cash management strategy in place. This deposit is held with a well-recognised financial institution with a high credit rating. The levels of risk are, therefore, negligible. However, the maximum level of risk would be the full cash-in-hand balance, which is monitored on a daily basis to maintain it at less than £100k at any given point, which would, therefore, represent the maximum liability faced by the ONPCC.

Interest rate risk

The ONPCC is exposed to interest rate movements on its borrowings which have a complex impact on the ONPCC, depending on how variable and fixed interest rates move across differing financial instrument periods. For instance, a rise in variable and fixed interest rates would have the following effects:

- Borrowings at variable rates – the interest expense charged to the Income and Expenditure Account would rise;
- Borrowings at fixed rates – the fair value of the borrowing would fall.

The ONPCC currently has no variable rate borrowings; therefore, changes in interest rates will have no impact on the carrying value of the ONPCC's borrowings. However, the impact of a 1% increase in interest rates would reduce the fair value of fixed rate borrowings by £0.6m.

Borrowings are not carried at fair value on the Balance Sheet, so nominal gains and losses on fixed rate borrowings would not impact on the Comprehensive Income and Expenditure Statement.

Price risk

The ONPCC, excluding the pension fund, does not invest in equity shares or marketable bonds.

Foreign exchange risk

The ONPCC has no financial assets or liabilities denominated in foreign currencies. It, therefore, has no exposure to loss arising from movements in exchange rates.

Nature and Extent of Risks Arising from Financial Instruments

Financial Liabilities

Financial liabilities are carried in the Balance Sheet at amortised cost. The ONPCC has carefully considered the nature of its borrowing activities in relation to the recommended practice. It is recommended that annual charges to the Income and Expenditure Account for interest payable be

based on the carrying amount of the liability multiplied by the effective interest rate of the instrument. The ONPCC has fixed rate loans and some variable rate loans:

For the fixed rate instruments it is clear that the nominal interest rate (the coupon rate on the debt security) would be the same as the effective interest rate, as there are no premiums or discounts and the instrument carries the same interest rate for the whole term.

For the variable rate instruments, this would also be the case as again there are no premiums or discounts or transaction costs included in the initial carrying amount.

Financial Assets

The fair value has been assessed as being the same as the carrying value due to the investments being short-term in nature, and the portfolio of investments are valued at market value (bid price).

Gains and Losses from Financial Assets and Liabilities

Gains and Losses on assets and liabilities are clearly shown in the Comprehensive Income and Expenditure Statement on page 39. Interest on Investments of £0.156m was earned during the year, and interest on loans of £0.63m was paid out.

Credit Risk Exposure

This is the risk that one party to a financial instrument will fail to meet their contractual obligations, causing a loss for the other party. Exposure to this risk is managed through the ONPCC's Treasury Management Strategy. The ONPCC only invests in approved institutions with secure credit ratings; there are also limits in place as to how much can be invested with counterparties.

Treasury Management Policy

Given the national banking crisis that occurred during 2008/09, the ONPCC's Policies on Treasury Management came under scrutiny. The, below, is an extract from the ONPCC's Treasury Management Policy Statement (S6.1) that refers to the type of instruments the ONPCC is permitted to invest in:

"ONPCC's, other public bodies and investment institutions where their credit rating is assessed by IBCA (or an equivalent body) as AA- or better. The ONPCC may add to this list organisations which achieve different credit ratings, such as UK Building Societies, but must specifically report this to the ONPCC".

The ONPCC monitors the credit ratings of the institutions it invests in on a daily basis to reduce credit risk exposure from both new and existing investments.

Liquidity Risk Exposure

The organisation has a comprehensive cash flow management system that seeks to ensure that cash is available as needed.

This is the risk that a party will be unable to raise funds to meet its commitments associated with financial instruments. As the ONPCC currently has ready access to borrowings from the Public Works Loan Board, there is no significant risk that it will be unable to raise finance to meet its commitments under financial instruments. Instead, the risk is that the ONPCC will be bound to replenish a significant proportion of its borrowings at a time of unfavourable interest rates. The financial liabilities, however, do mature at different times.

Market Risk Exposure

This is the risk that the value of an instrument will fluctuate because of changes in interest rates, market prices or foreign currency exchange rates. The ONPCC has limited risk. PWLB interest rates are a mix of fixed and variable rates. Investments are only temporarily invested (less than a year). The ONPCC does not invest in equity shares and has no financial assets or liabilities in foreign currencies.

The organisation has a Treasury Management policy and number of strategies for managing interest rate risk. The Policy is to aim to keep a maximum of 10% of its borrowings in variable rate loans. During periods of falling interest rates, and where economic circumstances make it favourable, fixed rate loans may be repaid early to limit exposure to losses. The risk of loss is ameliorated by the fact that a proportion of government grant payable on financing costs will normally move with prevailing

interest rates or the organisations cost of borrowing and provide compensation for a proportion of any higher costs.

The treasury management team has an active strategy for assessing interest rate exposure that feeds into the setting of the annual budget and which is used to update the budget monthly during the year. This allows any adverse changes to be accommodated. The analysis will also advise whether new borrowing taken out is fixed or variable.

According to this assessment strategy, at 31 March 2016, if interest rates had been 1% higher with all other variables held constant, the financial effect would be:

| | £'000 |
|--|--------------|
| Decrease in interest payable on variable rate borrowings | (32) |
| Increase in interest receivable on variable rate investments | (89) |
| Increase in government grant receivable for financing costs | 43 |
| Impact on Surplus or Deficit on the Provision of Services | (78) |
| Decrease in fair value of fixed rate investment assets | 46 |
| Impact on Other Comprehensive Income and Expenditure | (32) |
| Decrease in fair value of fixed rate borrowings liabilities (no impact on the Surplus or Deficit on the Provision of Services or Other Comprehensive Income and Expenditure) | |

The impact of a 1% fall in interest rates would be as above but with the movements being reversed.

40 Accounting Standards That Have Been Issued But Have Not Yet Been Adopted

Northamptonshire OPCC and Force has adopted all applicable standards that have so far been issued with regards to the Code of Practice 2015/16 based on International Financial Reporting Standards (IFRS).

The requirement for recognition of the Carbon Reduction Scheme has been reviewed and in accordance with the standard, the ONPCC's Accounting Policies and materiality, it was agreed that as our usage was under the 6,000 megawatt hour requirement that we did not need to recognise any accounting arrangements under the new IFRS.

The adoption by the Code of amendments to IFRS 7 Financial Instruments Disclosures – offsetting financial assets and liabilities (December 2011 amendments) will take effect for the accounting period beginning 1 April 2015. The standard focuses on the significance of offsetting financial instruments. Offsetting takes place when entities present their rights and obligations to each other as a net amount in their statement of financial position. The impact of the policy on the financial statements of the PCC Group is not expected to be material.

The adoption by the Code of amendments to IAS 19 Employee Benefits (June 2011 amendments) will also take effect for the accounting period beginning 1 April 2015. These amendments will make it easier for users of financial statements to understand how defined benefit plans affect an entity's financial position, financial performance and cash flows. There will be no changes to pension liabilities of the PCC. Assets in the Local Government Pension Scheme will be affected.

41 Prior Period Adjustment & Restatements

During the year ended 31st March 2016 four accounting adjustments were reviewed which resulted in the accounts being restated.

These were as follows:

- a. A prior period adjustment for the ONPCC share in a Joint Venture asset .The impact of this adjustment is to restate the fixed asset carrying value and the corresponding entry in the capital adjustment account. Net impact £486k

- b. A prior period adjustment for the recognition of a capital creditor. The impact of this adjustment in 2014-15 is to reduce fixed assets by £1.103m with a corresponding adjustment to creditors. As a result of this adjustment the reported amount spent on the capital programme for 2015-16 is increased as a result. (cf. narrative statement)
- c. A prior period adjustment for the reversal of a pension accrual. The impact of this adjustment is to restate the CIES by £1.767m which has resulted in the reported underspend for 2014-15 to be increased and a corresponding reduction in the underspend initially reported for 2015-16. Retained reserves for 2014-15 and 2015-16 have been adjusted accordingly in the schedules within this statement of accounts.
- d. A prior period adjustment for employee benefit accrual. The impact of this adjustment is to restate the employee benefit reserve and corresponding accrual. An adjustment of £668k was made in the 2014-15 comparative disclosures for a correction relating to the financial year ended 31st March 2014.

All of the above adjustments have no impact on the closing reserves as at 31st March 2016. As a consequence there is no impact to the tax payer and future precepts are not affected for these adjustments.

42 Joint Ventures and Transactions with Government Bodies

Central Government has effective control over the general operations of the Police and PCC's powers - it is responsible for providing the statutory framework within which the ONPCC operates and provides the majority of its funding in the form of grants. Details of significant transactions with government departments are disclosed elsewhere in the Statement of Accounts.

The material transactions are all disclosed within notes 10, 16, 29, 31 and within the Financial Instrument note.

The East Midlands Forces operate several Joint Arrangements, such as the East Midlands Special Operations Unit (EMSOU), Major Crime & East Midlands Technical Support Units. These are fully covered by Section 23 Agreements and all outstanding balances are fully recorded and disclosed within the appropriate Statements and Notes to these accounts.

The Police Pension Top-Up Grant was £18.925m within 2015-16 and is paid in arrears by the Home Office. This value was accrued for within the Financial Statements and will be received within July 2016.

The Innovation Fund Grant claim was £0.364m* within 2015-16 and is also paid in arrears by the Home Office.

The Ministry of Justice grant was £0.782m and was received by the OPCC throughout the financial year.

The Police Funding grants, including capital grants are received in staged payments throughout the year as part of the funding settlement and were as follows;

| | |
|---------------------------------|----------|
| Capital | £0.827m* |
| Precept Grant | £6.644m |
| Non domestic Rates distribution | £24.319m |
| Core Grant | £43.418m |

Grant settlements can be found here;

https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/401176/46784_HC_930_accessible.pdf

* These two values equate to the £1.191m within the notes to the accounts

There are no other material outstanding transactions requiring disclosure as at 31 March 2016.

43 East Midlands Joint Arrangements

| East Midland Joint Arrangements | Restated* 2014-15 | 2015-16 |
|---|----------------------|----------------|
| Police Pay | 830 | 1,507 |
| Civilian Pay and Allowances | 2,083 | 2,447 |
| Other Pay and Allowances | 58 | 131 |
| Premises | 32 | 46 |
| Transport | 150 | 436 |
| Supplies and Services | 551 | 664 |
| Agency Expenses (Third Party payments) | 29 | 18 |
| Depreciation, Amortisation and Impairment of Assets | 67 | 84 |
| Revenue Expenditure Funded from Capital Resources | 2 | 0 |
| | 3,802 | 5,333 |
| Income from fees and charges | (100) | (316) |
| Profit & Loss on Disposal of Fixed.Assets | 0 | 12 |
| NET OPERATING EXPENDITURE | 3,702 | 5,029 |
| Income from Government Grants | (462) | (452) |
| Contribution from Partner's | (3,423) | (4,681) |
| Capital Grants & Contributions | (201) | (54) |
| (Surplus) / Deficit for the year | (384) | (158) |
| (Surplus) / Deficit on revaluation of non-current assets | 0 | 87 |
| Other Comprehensive Income and Expenditure | 0 | 87 |
| Total Comprehensive Income and Expenditure | (384) | (71) |
| MIRS | | |
| Charges for amortisation | 0 | (1) |
| Charges for depreciation | (67) | (84) |
| Disposal of non-current assets | (1) | (2) |
| Capital grants & contributions applied to capital expenditure | 67 | 187 |
| Revenue expenditure funded from capital under statute | (2) | 0 |
| Charges for Employee Benefits | 3 | (32) |
| Revaluation of non-current assets | 0 | (65) |
| Capital expenditure charged against the General Fund | 218 | 137 |
| MRP | 0 | 0 |
| Transfers to / from Earmarked Reserves | 166 | (33) |
| Net add amount required to be (credited) / debited GFB | 0 | 35 |
| Fixed Assets | | |
| Property, Plant & Equipment* | 1,021 | 1,306 |
| Assets Under Construction | 188 | 24 |
| AHFS | 0 | 66 |
| Intangibles | 5 | 7 |
| Current Assets | | |
| Cash & Cash Equivalents | 942 | 703 |
| Current Assets | 179 | 176 |
| Current Liabilities | | |
| Current Liabilities | (416) | (223) |
| Employee Benefits | (47) | (82) |
| | 1,872 | 1,977 |
| Reserves | | |
| Capital Adjustment Account* | (1,204) | (1,385) |
| Employee Benefit Reserve | 47 | 82 |
| Useable Cash Reserves | (715) | (674) |
| TOTAL BALANCE SHEET | (1,872) | (1,977) |

* Fixed assets and the Capital Adjustment account have been restated as a result in the change in accounting treatment of a shared building asset.

2015-16 CIES Position for East Midlands Joint Arrangements

| Ownership %'age | Arrangement | Net Op Exp | Income | Surplus/(Deficit) |
|-----------------|------------------------------|--------------|----------------|-------------------|
| | | £000's | £000's | £000's |
| 14.70% | EM Technical Support Unit | 277 | (285) | (8) |
| 14.70% | EM Legal Services | 190 | (209) | (19) |
| 33.33% | EMASU | 6 | 0 | 6 |
| 33.33% | EM Strategic Commercial Unit | 321 | (321) | 0 |
| 14.70% | EM Major Crime | 168 | (162) | 6 |
| 14.70% | EM Serious Organised Crime | 1,817 | (1,825) | (8) |
| 18.80% | EM Criminal Justice | 113 | (104) | 9 |
| 18.80% | EMOPPS | 1,310 | (1,298) | 12 |
| 14.70% | EM Occupational Health | 238 | (251) | (13) |
| 14.80% | EM Forensics | 530 | (581) | (51) |
| 16.90% | EM Learning & Development | 405 | (410) | (5) |
| Total | | 5,375 | (5,446) | (71) |

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44 POLICE PENSION FUND ACCOUNT

This statement shows movements of funds related to police officer pensions. The Group and CC is required to operate a Police Officer Pension Fund from 1st April 2006, under the Police Pension Fund Regulations 2008. The regulations specify the transactions that are paid into and out of the fund.

The Pensions Fund combines the accounting transaction of two pension schemes. These are the Police Pensions Scheme which was set up in 1987, 2006 Police Pensions Scheme, which was created under the Police Pension Regulations 2006, which applies to new recruits from 1 April 2006 and the 2015 Police Pension Scheme, which was created on 1st April 2015 and involved transfers in from the 1987 and 2006 schemes, based on length of service. The fourth scheme is the injury award scheme.

The Police Officer Pension Schemes are unfunded, which means there are no investment assets. Under these arrangements the Pension Fund Revenue Account balances to nil at the year-end by receiving a grant directly from the Home Office under the Top Up Grant arrangements. There are certain exceptions to these arrangements such as injury awards, which will continue to be charged directly to the CC's and Groups Income and Expenditure Account.

| Note | 2014-15 £'000 | 2015-16 £'000 |
|--|------------------|------------------|
| Contributions Receivable | | |
| ONPCC | | |
| From Employer | | |
| Normal | (10,374) | (10,693) |
| early retirements | | |
| From members | (5,631) | (5,821) |
| Transfers in | | |
| Individual Transfers in from other schemes | (76) | (181) |
| Benefits Payable | | |
| Pensions | 22,268 | 23,639 |
| Commutations and lump sum retirement benefits | 5,862 | 7,901 |
| Lump Sum death benefits | | |
| Other | | |
| Payments to and on account of leavers | | |
| Refunds of Contributions | 0 | 14 |
| Individual transfers out to other schemes | 417 | 580 |
| Other | | |
| Sub-total for the year before transfer from the ONPCC of an amount equal to the deficit | 12,466 | 15,439 |
| Additional funding payable by the ONPCC to fund the deficit for the year | (12,466) | (15,439) |
| Payments in respect of the Milne vs GAD court case | 0 | 3,486 |
| Income in respect of the Milne vs GAD court case | 0 | (3,486) |
| Net amount payable/ receivable for the year | 0 | 0 |

Details of the long-term pension obligation can be found within Note 40.

There was a post balance sheet event in 2014-15 following a Pensions Ombudsman's decision on the 15th May 2015 in the case of GAD v Milne. This judgement agreed that national guidance for calculating pension lump sums between 1st December 2001 and 30th November 2006 contained an error which mainly resulted in substantial underpayments. The payments relating to this were made in 2015-16 and the Force received full re-imbursement for these costs through an additional Pension Fund Grant under the Police Top Up Grant arrangement from the Home Office.

Net Asset Statement

There were no unpaid pensions due or recoverable overpayments of pensions as at 31 March 2015.

Notes to the Police Pension Fund Account

1. Employer and Officer Contributions to the Pension Fund

These are based on percentages of pensionable pay set nationally by the Home Office and subject to a three yearly review by the Government's Actuary's Department. The current percentages of pensionable pay are: -

Employer Contributions

24.2%

Contributions by Police Officers

| | 1987 | 2006 | 2015 |
|--------|--------|--------|--------|
| Tier 1 | 14.25% | 11.00% | 12.44% |
| Tier 2 | 14.25% | 12.05% | 13.44% |
| Tier 3 | 15.05% | 12.75% | 13.78% |

3. Transfer Values

These are received or paid in respect of officers changing employer and taking or bringing their accrued pension benefits with them.

4. Pensions Fund Liabilities

The Pension Fund does not take account of liabilities to pay pensions and other benefits after the period end. There are no IAS19 adjustments in this statement, they are part of the Group and CC Core Financial Statements and can be referred to in notes 39 to 40.

5. Accounting Policies

Accounting Policies conform to those in the Statement of Accounts (from page 86 onwards).

6. Home Office Pensions Top-Up Grant

The Home Office Grant is received by the Group and CC to cover the Group and CC's deficit contribution to the Pension Fund Account. On the other hand, if the Pension Fund Account was in surplus, resulting in a contribution being made to the Group and CC, an equivalent amount is recouped by the Home Office.

The funding arrangements for the police pension scheme in England and Wales changed on 1 April 2006. Before then the scheme did not have a percentage of pensionable pay type of employer's contribution; rather each ONPCC was responsible for paying pensions on a pay-as-you-go basis.

Under the current arrangements the scheme remains unfunded but is no longer on a pay-as-you-go basis as far as individual Police Officers are concerned. The Group and CC's no longer meet the pension liability directly: instead the Force pays an employer's contribution based on a percentage of pay into the Pension Fund. Each ONPCC is required by legislation to operate a pension fund and the amounts that must be paid into and paid out of the pension fund are specified by regulation.

At the end of the financial year the pension fund is balanced to nil by a financial transfer from or to the police fund, made by the Secretary of State. Any payment from or to the Secretary of State in relation to the transfer is paid into or out of the police fund.

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ACCOUNTING POLICIES

GENERAL PRINCIPLES

The financial statements have been prepared in accordance with the Code of Practice (the code) on Local Authority Accounting in the United Kingdom issued by the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Accounts and Audit Regulations 2011 and the Service Reporting Code of Practice for Local Authorities 2015/16 (SeRCOP). The Accounting policies contained in the Code apply International Financial Reporting Standards (IFRS) as adapted for the public sector by the International Public Sector Accounting Standards (IPSAS). Any exceptions are disclosed below.

1 Recognition of Income and Expenditure

The ONPCC complies with IAS 39 in only recognising creditor liabilities when services are rendered or goods received. Debtors are recorded at historical cost, but the balance has been written down to fair value through a bad debt provision (see note 30).

Both revenue and capital transactions are recorded on an accruals basis. This means that income and expenditure is accounted for in the year in which it becomes due regardless of whether cash has actually been received or paid in the year.

In particular:-

- Fees, charges and rents due from the customers are accounted for as income at the date the ONPCC provides the relevant goods or services.
- The cost of supplies and services are accrued in that accounting period during which they were consumed or received except for works, which are charged as expenditure when they are completed, before which they are carried as works in progress on the balance sheet.
- Interest payable and receivable on borrowings is accounted for in the year to which it relates; on a basis that it reflects the overall effect of the loan or investment.
- Where income and expenditure has been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the balance sheet. Where it is doubtful that debts will be settled, the balance of debtors is written down and a charge made to the income and expenditure account for the income that might not be collected.

2 Financial Instruments

2.1 Financial Liabilities

As per the recommended practice for local ONPCC's, loans and other liabilities are held at amortised cost.

2.2 Financial Assets

Although the ONPCC invests reserve balances and has actively managed financial instruments, they are held for re-investment by the ONPCC, not for speculative motives, they are not equity investments and are not, therefore, "available for sale". The ONPCC recognises there is often evidence of short-term profit taking in its portfolio of managed investments and the value of the investments is reflected at market value (bid price) in the Balance Sheet, with accrued interest being reflected as part of the balance due to the ONPCC.

Note 41 to the Accounts cover's the recommended classification of Financial Assets and Liabilities contained within the Accounts.

In accordance with the bank mandate with the ONPCC facility provider, the Force is able to net off all three bank accounts held to enable an 'end of day' position to be gained over the balance of these three accounts. The facility provider and the ONPCC take the view that there is one

single balance for management purposes and as such, the net position is the position recognised within these statements.

3 Government Grants and Contributions

Revenue grants and contributions are credited to the Comprehensive Income and Expenditure Statement in the same period as the expenditure to which they relate. For the OPCC grants to support expenditure in general (e.g. Revenue Support Grant) are credited to the foot of the Comprehensive Income and Expenditure Statement after Net Operating Expenditure, within the Group accounts, income is transferred to the CC through an intra-company adjustment within Taxation and Non Specific Grant income line.

4 Intangible Fixed Asset

Intangible assets include software licences and agreements that are capitalised at cost. Intangible assets are amortised on a straight-line basis over the useful life of the asset (between three and five years). As the amortisation charge is not an allowable charge against Council Tax, it is neutralised by adjustment between Accounting Basis and Funding Basis under Regulation, with the corresponding entry in the Capital Adjustments Account. The MFSS (Multi Force Shared Service) is to be amortised over 10 years and new assets are amortised the year they come into use.

Internally generated Intangible Assets are measured at cost during their construction (project staff, physical equipment and associated cost to bring the asset into its useful life) and when transferred is assessed for impairment against marketable value or use in service.

5 Tangible Fixed Assets Recognition

All expenditure on the acquisition, creation or enhancement of fixed assets is capitalised in accordance with IAS 16 (Recognition, Revaluation & Measurement of Tangible Fixed Assets). Subsequent capital expenditure is capitalised where it provides an enhancement of the economic benefits of the asset in excess of those previously assessed.

Where assets are bought into Fixed Assets from Assets Under Construction, these will be valued using the appropriate methodology, including componentisation as applicable.

The de minimise level policy is to capitalise all capital expenditure, £10,000 and over, on an individual asset basis (or a grouping of assets).

5.1 Measurement

Northamptonshire PCC's current property valuer is Lambert Smith Hampton, Saddlers House, Cutter Lane, Cheapside, and London.

The Land and buildings portfolio is revalued over a five year period as directed by the Northamptonshire PCC.

In accordance with good practice a rolling programme of revaluation of one fifth of the property portfolio each year will be undertaken from 1st April 2016. All revaluations undertaken ensure that any changes to the use of assets within the portfolio are accounted for.

Surpluses arising from revaluations of land and buildings are taken to the Revaluation Reserve, with the corresponding entries against fixed assets. Any reductions in values are covered in Paragraph 5.4 – Impairment Losses.

The latest revaluation was carried out on 31 March 2016. All valuations are in accordance with Royal Institute of Chartered Surveyors Appraisal and Valuation Standards ensuring compliance with the CIPFA code of practice as modified by IFRS's.

5.2 Depreciation

A depreciation charge is made to the Comprehensive Income and Expenditure Statement for all tangible fixed assets, which have a finite useful life. Depreciation is calculated on a straight line basis as follows:

| | |
|-------------------------|---|
| Operational Buildings | Over the life of the asset (10-40 years) |
| Vehicles | Over the life of the asset (2-10 years with some specialist vehicles over 3-20 years) |
| IT Hardware | 3 years |
| Other Plant & Equipment | 5 years |

New Assets are depreciated in the first year of being an operational asset, but not in the year of disposal.

In accordance with FRS 15, freehold land is not depreciated. Assets under construction are not depreciated until completion.

As the depreciation charge is not an allowable charge against Council Tax, it is neutralised by adjustment between Accounting Basis and Funding Basis under Regulations, with the corresponding entry to the Capital Adjustment Account.

5.3 Impairment Losses

Besides identifying impairments at the five year revaluation review, impairment reviews are carried out in the intervening periods but only if an event or circumstance indicates that the carrying amount of the fixed asset may not be recoverable. When an impairment loss is clearly due to clear consumption of economic benefit or takes the value of the asset below historic cost, the loss is recognised in the Comprehensive Income and Expenditure Statement. However, other impairment losses offset any balance held in the revaluation reserve, with any balance charged to the Comprehensive Income and Expenditure Statement. As these impairment adjustments are not an allowable charge against Council Tax, it is neutralised by adjustment between Accounting Basis and Funding Basis under Regulations, with the corresponding entry to the Capital Adjustment Account.

5.4 Disposals

The gain or loss on disposal is the amount by which the disposal proceeds are more or less than the carrying amount (net book value) of the fixed asset. The Comprehensive Income and Expenditure Account recognise this gain or loss.

In order that this gain or loss is excluded from the charge to Council Tax, it is neutralised in the Accounting Adjustments between Accounting Basis and Funding Basis under Regulation.

If, however, the asset is carried at current value, in addition to the entries above, the balance on the revaluation reserve in respect of asset disposals is written off to the Capital Adjustment Account. In most cases the asset will be re-valued to its carrying value at the point of disposal so there will be no profit or loss, unless there is an unamortised grant attached to the asset, which will be released to the Income and Expenditure account in full, resulting in a profit on disposal. For 2015-16 the ONPCC only recognises a profit on disposal if the asset disposed of is more than £10,000.

5.5 Componentisation

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. The criteria for componentisation are as follows:

- (i) a de-minimis level on implementation is set at £600,000 on the net book value of any asset.
And
- (ii) any single component must exceed £100,000 in value.

Provided that both of these criteria are met the asset will be split into the appropriate components based on its type.

6 Redemption of Debt

Outstanding loan debt relating to police services was transferred to Northamptonshire Police from Northamptonshire County Council on 1 April 1995. Instalments of principal are charged to revenue in accordance with the statutory minimum revenue provision. This is calculated at 4% of the Capital Financing Requirement at the beginning of the year. This is charged to the Capital Adjustment Account with a corresponding adjustment in Accounting Basis and Funding Basis under Regulations.

Valuation is based upon amortised cost, with fair value based upon the cash flow over the remaining term of the debt.

7 Capital Receipts

Capital receipts from the disposal of assets are held in the Capital Receipts Reserve Account until such time as they are used to finance capital expenditure. Individual receipts of less than £10,000 are credited to revenue income.

8 Stocks and Stores

Stocks and stores are maintained covering such items as vehicle spares, uniforms, stationery, office equipment and provisions. Stocks are valued at the lower of cost or net realisable value in line with the requirements of IAS 2.

9 Reserves

Reserves are maintained to finance expenditure on projects that will be carried out in future years and to protect the ONPCC against unexpected events. Certain reserves/accounts are kept to manage the accounting process for tangible fixed assets (Revaluation Reserve, Capital Adjustment Account) and retirement benefits (Pensions Reserve IAS 19). These do not represent usable resources for the ONPCC.

10 Provisions

Provisions are made for liabilities or losses which are likely to be incurred, or certain to be incurred, but with uncertain amounts or dates on which they will arise, by charging expenditure to the Comprehensive Income and Expenditure Statement in anticipation of the liability having to be met. When expenditure is incurred to which the provision relates they should be charged to the Provisions Account.

11 Investments

Investments are shown in the Balance Sheet at cost, less any provision required for loss in value. Note 41 covers how the ONPCC's investments are disclosed in relation to recently introduced Financial Reporting Standards covering Financial Instruments.

Valuation is based upon amortised cost, with fair value based upon the cash flow over the remaining term of the investment.

12 Transactions relating to Retirement Benefits

As part of the terms and conditions of employment of its officers and other employees, the ONPCC offers retirement benefits. Although these benefits will not actually be payable until employees retire, the ONPCC has a commitment to make the payments that need to be disclosed at the time that employees earn their future entitlement.

The ONPCC participates in two pension schemes:

i) The Police Pension Scheme for Police Officers

The Police Pension Scheme (PPS) is an unfunded defined benefit final salary scheme administered by Xafinity Paymaster on behalf of ONPCC, and is governed by the Police Pension Regulations 1987 (as amended) and related regulations that are made under the Police Pensions Act 1976. The new Police Pensions Scheme (NPPS) is also governed by the Police Pensions Act 1976 (as amended by the Police Pension Regulations 2006).

They are unfunded which means there are no investment assets built up to meet pension's liabilities, and cash has to be generated to meet actual pension payments as they eventually fall due.

The funding arrangements for police officer pensions changed on 1 April 2006, when an employer's contribution rate was set by the Home Office (currently 24.2% of pensionable salary), which is charged to the Comprehensive Income and Expenditure Statement.

Also from 1 April 2006, each ONPCC was required by legislation to operate a Pension Fund Account (shown on page 84). The amounts that must be paid into and out of the Account are specified by regulation. Officer's contributions and the employer's contribution are paid into the pension's account from which pension payments are made. Under the Police Pension Fund Regulations 2007, if the amounts receivable by the pensions fund for the year are less than amounts payable, the ONPCC 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 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 ONPCC, which then must repay the amount to central government.

ii) **The Local Government Pension Scheme for civilian employees**

The Local Government Pension Scheme for civilian employees, administered locally by Northamptonshire County Council, is a funded defined benefit final salary scheme, meaning that the ONPCC and employees pay contributions into a fund, calculated at a level intended to balance the pension's liabilities with investment assets.

Actuarial valuations of the fund are undertaken every three years to determine the contributions rates needed to meet its liabilities.

The Accounts show the full implementation of IAS 19 (Retirement Benefits). IAS 19 requires organisations to recognise retirement benefits in the Comprehensive Income and Expenditure Statement when they are earned, even though the benefits will not be payable until employees retire. However, as statutory procedures require the charge against Council Tax to be based on the amounts payable by the ONPCC to the pension fund during the year, an appropriation is made with the pension's reserve which equals the net change in the pension's liability, recognised in the Comprehensive Income and Expenditure Statement Account. The neutralising entry is within adjustments made between Accounting Basis and Funding Basis under Regulations.

The Balance Sheet discloses the ONPCC's net liability in relation to retirement benefits. The figures are based on the Actuary's latest estimate.

Notes 37, 38 to 47 to the Core Financial Statements provide further information about the pension schemes.

13 Leasing

These Accounts have been prepared in accordance with IAS 17. Rentals paid under operating leases have been accrued and accounted for in the period to which they relate. Further information on Operating Leases is available in note 24 to the Accounts.

The organisation assesses its position on operating leases and lessor arrangements on an annual basis none have been recorded in the accounts; however, it recognises lessor arrangements as the minimum payments on the asset and the residual value of that asset. For operating leases the organisation would not recognise an asset and would account for the associated repayments via the expense costs within the Comprehensive Income & Expenditure Statement.

14 Overheads and Support Services

Under the revised Police Objective Analysis within the Comprehensive Income and Expenditure Statement, departments such as Financial Services, Estates and Facilities, and ISD, have been apportioned over nine nationally recognised areas of service. The cost of Corporate and Democratic Core and of Non-Distributable Costs are not allocated to services but shown separately in the Comprehensive Income and Expenditure Statement.

15 Joint Arrangements

The ONPCC has an interest Joint Arrangements; the East Midlands Air Support Unit (EMASU), the East Midlands Special Operations Unit (EMSOU), Occupational Health, Learning & Development, Occupational Health, Legal, East Midlands Strategic Commercial Unit (EMSCU) & EMoPSS. Leicestershire Police acts as lead ONPCC for both Joint Associate Non-Entity (JANE) schemes. See note 43 percentage and net operating expenditure table.

The ONPCC contributes to the running costs of:

EMSOU

A collaboration between the five Forces in the East Midlands region (Derbyshire, Leicestershire, Lincolnshire, Northamptonshire and Nottinghamshire). The Unit works exclusively on serious and organised crime, focusing on firearms criminality, drug trafficking, money laundering and other types of organised crime.

EMTSU

Also a collaboration of the Forces supporting EMSOU. The East Midlands Technical Surveillance Unit is designed to adopt a common approach to support local, regional and national policing operations and a "one stop shop" approach, coordinating regional TSU activity.

Major Crime & Forensics

Also a collaboration of the Forces supporting EMSOU and EMTSU. The unit provides a joint regional facility to investigate major crimes through a central tasking process and is designed to professionalise and improve police responses to high profile investigations.

EMASU

A collaboration between three Forces in the East Midlands region (Leicestershire, Warwickshire and ourselves) to provide the best possible aerial support, to its operational Police colleagues and other Partner Agencies. The aerial support is in the form of a helicopter and is available 24 hours a day 7 days a week to assist in all forms of operational performance.

The ONPCC share is 1/3rd EMASU and 14.7% for all of EMSOU, EMTSU and the Major Crime Collaborations.

All of these collaborations are governed by formal Section 23 Agreements and the ONPCC shares are fully incorporated in the Comprehensive Income & Expenditure Statement, Balance Sheet, Movement in Reserves Statement and the Cash Flow Statement.

16 Value Added Tax

VAT is included in the Accounts of the ONPCC, whether of a capital or revenue nature, only to the extent that it is not recoverable.

17 Contingent Assets and Contingent Liabilities

They are not recognised in the accounting statements but disclosed in the notes to Core Statements.

18 Exceptional Items and Prior Period Adjustments

Exceptional items are included in the cost of the service to which they relate or on the face of the Comprehensive Income and Expenditure Statement if that degree of prominence is necessary in order to give a fair presentation of the Accounts.

Extraordinary items are disclosed and described on the Comprehensive Income and Expenditure Statement after dealing with all items within the ordinary activities of the ONPCC.

Material adjustments applicable to prior years, arising from changes in accounting policies or from the correction of fundamental errors, are accounted for by restating the comparative figures for the preceding period in the Statement of Account and notes and adjusting the opening balance of reserves for the cumulative effect. The cumulative effect of the adjustments is at the foot of the statement of total movements in gains and losses of the current period.

19 Events After The Balance Sheet Date

Events after the balance sheet date are reflected up to the date when the Statement of Accounts is authorised for issue. The date when the Statement of Accounts was authorised for issue and who gave that authorisation is disclosed in the notes to the Statement of Accounts, including confirmation that this is the date up to which events after the balance sheet date have been considered.

20 Accounting Convention

The accounting convention adopted in these financial statements is historical cost modified by the revaluation of land and buildings.

21 Estimation Techniques Used

The Code distinguishes between accounting concepts and estimation techniques that have been used, when required. The techniques below describe the steps taken to arrive at key monetary values in the Statement of Accounts:

- Capital Creditors – quantity surveyors estimate of the value of the work undertaken. Payroll Creditors i.e. overtime – average overtime rates;
- IAS 19 Valuation – actuarial valuations of future pension's liabilities are provided by independent actuaries.
- Bad Debts are valued at the receivable value. Therefore the cost of collection of debt assessed as recoverable are deducted from the outstanding value.
- Assets are valued at Market Value (MV) and Depreciated Replacement Cost (DRC) for specialist vehicles, but held in Fixed Assets at the depreciated cost assessed as MV/ DRC less the cumulative depreciation over the Useful Economic Life of that asset.

22 Comparison with Previous Years

Comparative figures for the previous financial year are shown in the Accounts. The same items are treated alike from one year to the next, except where notes explain otherwise.

23 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are investments that mature in three months or less from the date of acquisition, and that are readily convertible to or change in value. In the Cash Flow Statement, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the ONPCC's cash management.

24 Employee Benefits

Short-term employee benefits are those due to be settled within 12 months of the year-end. They include such benefits as wages and salaries, annual leave and flexible working hours, leave for current employees, and are recognised as an expense for services in the year in which employees render service to the ONPCC. An accrual is made for the cost of holiday entitlements (or any form of leave, e.g. time off in lieu, flexi-time or annual leave) earned by employees but not taken before the year-end that employees can carry forward into the next financial year.

25 Revenue Expenditure Funded from Capital Under Statute

Expenditure incurred during the year that may be capitalised under statutory provisions but that does not result in the creation of a non-current asset has been charged as expenditure to the relevant service in the Comprehensive Income and Expenditure Statement in the year. Where the ONPCC has determined to meet the cost of this expenditure from existing capital resources or by borrowing, a transfer in the Movement in Reserves Statement from the General Fund Balance to the Capital Adjustment Account then reverses-out the amounts charged so that there is no impact on the level of council tax.

26 Actuarial Gains and Losses

Changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions – debited to other Comprehensive Income and Expenditure in the Comprehensive Income and Expenditure Statement.

27 Termination Benefits

Termination benefits are amounts payable as a result of a decision by the organisation to terminate an officer or staff employment before the normal retirement date or an officer's decision to accept voluntary redundancy and are charged on an accruals basis to the appropriate service or, where applicable, to the Non Distributed Costs line in the Comprehensive Income and Expenditure Statement when the ONPCC is demonstrably committed to the termination of the employment of an officer or group of officers or making an offer to encourage voluntary redundancy.

Where termination benefits involve the enhancement of pensions, statutory provisions require the General Fund Balance to be charged with the amount payable by the ONPCC to the pension fund or pensioner in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, appropriations are required to and from the Pensions Reserve to remove the notional debits and credits for pension enhancement termination benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end.

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Glossary of Terms

Accounting Period

The period of time covered by the Accounts, normally a period of twelve months commencing on 1 April.

Accrual

The recognition, in the correct accounting period, of income and expenditure as it is earned and incurred, rather than as cash is received or paid.

Agency Arrangements

Services which are performed by, or for, another ONPCC or public body where the agent is reimbursed for the cost of work done.

Budget

A statement of the ONPCC's plans in financial terms. A budget is prepared and approved by the PCC before the start of each financial year and is used to monitor actual expenditure throughout the year.

Capital Expenditure

Expenditure on the acquisition of a fixed asset or expenditure which adds value to the life or value of an existing fixed asset.

Capital Financing Requirement

The Capital Financing Requirement represents capital expenditure financed by external debt and not by capital receipts, revenue contributions, capital grants or third party contributions at the time of spending. It measures the ONPCC's underlying need to borrow for a capital purpose.

Capital Receipts

These are proceeds from the sale of capital assets.

CIPFA

The Chartered Institute of Public Finance and Accountancy. This is the main professional body for accountants working in the public services.

Contingent Liabilities

A potential liability at the balance sheet date when the Accounts are submitted for approval. The liability will be included in the balance sheet if it can be estimated with reasonable accuracy otherwise the liability will be disclosed as a note to the Accounts.

Corporate Democratic Core

This includes the cost of the corporate infrastructure (e.g. the Chief Executive and Treasury Offices, and external audit fees), and the cost of democratic representation.

Council Tax

The local tax levied on householders, based on the relative market values of property, which helps to fund local services.

Creditors

Individuals or organisations to whom the ONPCC owes money.

Current Assets and Liabilities

Current assets are items that can be readily converted into cash. Current liabilities are items that are due immediately or in the short-term.

Debtors

Individuals or organisations who owe the ONPCC money.

Deferred Liabilities

Liabilities which by arrangement are payable beyond the next year at some point in the future or paid off by an annual sum over a period of time.

Earmarked Reserves

Monies set aside that are intended to be used for a specific revenue or capital purpose.

Employee Costs

The salaries and wages of employees together with national insurance, superannuation and all other pay-related allowances. Training expenses and professional fees are also included.

Finance Lease

A finance lease normally involves payment by a lessee to a lessor of the full cost of the asset, together with a return on the finance provided by the lessor. The lessee has substantially all the risks and rewards associated with the ownership of an asset, other than legal title.

International Financial Reporting Standards (IFRS)

These standards are developed by the Accounting Standards Board to regulate the preparation of financial statements. The Companies Act 1985, which was later adopted by the SORP making it mandatory for Public Bodies and therefore requires compliance of these Standards or disclosures in the notes if there are any material departures from those standards.

Fixed Assets

These consists of: -

Tangible: These are assets that yield benefits to the ONPCC for a period of more than one year (e.g. buildings and equipment).

Intangible: Under IAS 38 (Goodwill and Intangible Assets), intangible assets are those that do not have physical substance but are identifiable (e.g. software and software licences).

Formula Grant Distribution System

A mechanism by which Central Government determines how much Revenue Support Grant, Home Office Police Grant and Business Rates each local ONPCC should receive in a given year to provide a common level of service. For the police service it is principally based on the resident and daytime populations, plus relevant socio-economic characteristics, for the area covered by an ONPCC.

IAS 19 Retirement Benefits

An accounting standard that requires the recognition of long-term commitments made to employees in respect of retirement benefits in the year in which they are earned.

Impairment

A reduction in value in an asset caused by a general fall in prices, obsolescence or a clear consumption of economic benefit.

Interest Income

The money earned from the investment of surplus cash.

Net Book Value

The amount at which fixed assets are included in the balance sheet, i.e. their historical cost or current values less the cumulative amounts provided for depreciation.

Non-Distributed Costs

This consists of charges for police officers and police staff early retirements.

Operating Lease

An operating lease involves the lessee paying a rental for the hire of an asset for a period of time that is substantially less than its useful economic life. The lessor retains most of the risks and rewards of ownership.

Outturn

The actual amount spent in the financial year.

Payments in Advance

These represent payments made prior to supplies and services received.

Pension – Defined Benefit Scheme

A pension or other retirement benefit scheme other than a defined contribution scheme. The scheme rules define the benefits independently of the contribution payable, and the benefits are not directly related to the investments of the scheme. The scheme may be funded or unfunded.

Pension Assets – Expected Rate of Return

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

Pension – Interest Costs

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

Pension – Past Service Costs

For a defined benefit 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 Fund

A fund which makes pension payments on retirement of its participants.

Pensions Top-Up Grant (PTUG)

A grant from the Home Office that funds the difference between a nationally agreed employer's contribution paid into the Pension Fund Account, employee contributions and benefits paid to pensioners during the year.

Precept

The method by which the ONPCC obtains the income it requires from council tax via the collection Authorities (i.e. the seven district councils in Northamptonshire).

Provision

An amount set aside to provide for a liability which is likely to be incurred but the exact amount and the date on which it will arise is uncertain.

Prudential Code

The code developed by CIPFA that sets out a framework for self-regulation of capital spending, in effect allowing ONPCC's to invest in capital projects which best meet their service delivery objectives as long as they are affordable, prudent and sustainable. The code came into Force from 1 April 2004 and is incorporated into the Local Government Act 2003 and associated regulations.

Public Works Loan Board (PWLB)

A government agency which provides longer-term loans to Local ONPCC's at interest rates only slightly higher than those at which the government itself can borrow.

Receipts in Advance

These represent income received prior to supplies and services being provided by the ONPCC.

Receipts and Payments

Amounts actually paid or received in a given accounting period irrespective of the period for which they are due.

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 Contributions

Capital Expenditure funded from the Revenue Account which reduces the requirement to borrow.

Revenue Expenditure

Expenditure to meet the continuing cost of services including wages and salaries, purchase of materials and capital financing charges.

DRAFT 23.08.16



Report to those charged with governance (ISA 260) 2015/16

**Police and Crime Commissioner for
Northamptonshire and Chief Constable for
Northamptonshire**

6 September 2016



Contents

The contacts at KPMG in connection with this report are:

Andrew Cardoza
Director

KPMG LLP (UK)

Tel: 0121 232 3869
andrew.cardoza@kpmg.co.uk

Simon Lacey
Manager

KPMG LLP (UK)

Tel: 0115 945 4484
simon.lacey@kpmg.co.uk

David Schofield
Assistant Manager

KPMG LLP (UK)

Tel: 0115 945 4480
david.schofield@kpmg.co.uk

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This report is addressed to the PCC and CC and has been prepared for the sole use of the PCC and CC. We take no responsibility to any member of staff acting in their individual capacities, or to third parties. The Audit Commission issued a document entitled Statement of Responsibilities of Auditors and Audited Bodies summarising where the responsibilities of auditors begin and end and what is expected from audited bodies. We draw your attention to this document which is available on Public Sector Audit Appointment's website (www.psa.co.uk).

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

We are committed to providing you with a high quality service. If you have any concerns or are dissatisfied with any part of KPMG's work, in the first instance you should contact Andrew Cardoza, the engagement lead to the PCC and CC, who will try to resolve your complaint. If you are dissatisfied with your response please contact the national lead partner for all of KPMG's work under our contract with Public Sector Audit Appointments Limited, Andrew Sayers (on 020 7694 8981, or by email to andrew.sayers@kpmg.co.uk). After this, if you are still dissatisfied with how your complaint has been handled you can access PSAA's complaints procedure by emailing generalenquiries@psaa.co.uk, by telephoning 020 7072 7445 or by writing to Public Sector Audit Appointments Limited, Third Floor, Local Government House, Smith Square, London, SW1P 3HZ.



Section one: Introduction



This document summarises:

- The key issues identified during our audit of the 2015/16 financial statements for the year ended 31 March 2016 for both the PCC and the CC; and
- Our 2015/16 assessment of the PCC and CC's arrangements to secure value for money.

Scope of this report

This report summarises the key findings arising from:

- Our audit work at the Police and Crime Commissioner for Northamptonshire ('the PCC') and the Chief Constable for Northamptonshire ('the CC') in relation to their 2015/16 financial statements; and
- The work to support our 2015/16 conclusion on the PCC and CC's arrangements to secure economy, efficiency and effectiveness in its use of resources ('VFM conclusion').

Financial statements

Our External Audit Plan 2015/16, presented to you in February 2016, set out the four stages of our financial statements audit process.



This report focuses on the third stage of the process: substantive procedures. Our on site work for this took place during July/August 2016.

We are now in the final phase of the audit, the completion stage. Some aspects of this stage are also discharged through this report.

VFM Conclusion

Our External Audit Plan 2015/16 explained our risk-based approach to VFM work. We have now completed the work to support our 2015/16 VFM conclusion. This included:

- Assessing the potential VFM risks and identifying the residual audit risks for our VFM conclusion;
- Considering the results of any relevant work by the PCC and CC and other inspectorates and review agencies in relation to these risk areas; and
- Carrying out additional risk-based work.

Structure of this report

This report is structured as follows:

- Section 2 summarises the headline messages.
- Section 3 sets out our key findings from our audit work in relation to the 2015/16 financial statements of the PCC and CC.
- Section 4 outlines our key findings from our work on the VFM conclusion.

Our recommendations are included in Appendix one. We have also reviewed your progress in implementing prior year recommendations and this is detailed in Appendix two.

Acknowledgements

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



Section two: Headlines



This table summarises the 2015/16 headline messages for the PCC and CC. Sections three and four of this report provide further details on each area.

| | |
|---|--|
| Proposed audit opinion | At the time of writing this report we anticipate issuing unqualified audit opinions on the PCC and CC's 2015/16 financial statements by 30 September 2016. We will also report that your Annual Governance Statement complies with guidance issued by CIPFA/SOLACE in June 2007. |
| Audit adjustments | <p>Revised 2015/16 financial statements were received by us on 23 August 2016. We have reviewed these revised statements and noted that they contained a number of adjustments for both the PCC and the CC. These adjustments have been summarised within section three of our report.</p> <p>We did not identify any material misstatements and all non material misstatements have been adjusted. Details of the impact of these adjustments are shown in appendix three.</p> <p>The review undertaken by the PCC after the submission of the 2015/16 accounts for audit also identified a number of other adjustments to the financial statements, most of which were presentational and disclosure issues in relation to the accounting treatments for the CC and Joint Ventures as shown in appendix three.</p> <p>The final signed 2015/16 financial statements have not yet been received, but we understand that these will be adjusted to reflect the identified changes.</p> |
| Key financial statements audit risks | <p>We identified the following key financial statements audit risks in our External Audit Plan 2015/16 presented to you in February 2016.</p> <ul style="list-style-type: none"> — Management override of controls; — Fraudulent revenue recognition; — Generation of Financial Statements; and — Assurance over regional collaboration accounts and transactions. <p>We have worked with officers throughout the year to discuss these key risks and our detailed findings are reported in section three of this report. We have raised recommendations within the report to address matters arising as a result of our audit work in these key risk areas.</p> |



This table summarises the 2015/16 headline messages for the PCC and CC. Sections three and four of this report provide further details on each area.

| | |
|---|--|
| <p>Accounts production and audit process</p> | <p>The quality of working papers to support the audit were adequate and met the requirements of our Accounts Audit Protocol. Officers dealt efficiently with the majority of audit queries in a timely manner.</p> <p>The PCC/CC is yet to implement two of the recommendations in our ISA 260 Report 2014/15 relating to the financial statements and we therefore have reiterated these in our 2015/16 work.</p> |
| <p>Completion</p> | <p>At the date of this report our audit of the 2015/16 financial statements is substantially complete subject to completion of the following areas:-</p> <ul style="list-style-type: none"> — Review of the final signed financial statements to ensure that the identified adjustments have been actioned; — Review of the final Fixed Asset Register; and — Management letters of representation. <p>Before we can issue our opinion we require a signed management representation letter from the PCC and CC.</p> <p>We confirm that we have complied with requirements on objectivity and independence in relation to this year's audit of the PCC and CC's financial statements.</p> |
| <p>VFM conclusion and risk areas</p> | <p>We identified the following VFM risk from our risk assessment work which we reported in our 2015/16 External Audit Plan in February 2016:</p> <ul style="list-style-type: none"> — Budget Performance and Medium Term Financial Strategy; and — Strategic Alliance. <p>We have worked with officers throughout the year to discuss these VFM risks and our detailed findings are reported in section four of this report. There are no matters of any significance arising as result of our audit work in this VFM risk area.</p> <p>We have concluded that the PCC and CC has made proper arrangements to secure economy, efficiency and effectiveness in its use of resources.</p> <p>We therefore anticipate issuing an unqualified VFM conclusion by 30 September 2016.</p> |



Section three: Financial Statements

Proposed opinion and audit differences



We have reviewed the revised 2015/16 financial statements produced for the PCC and the CC and have summarised the main changes.

We anticipate issuing an unqualified audit opinion in relation to the PCC and CC's financial statements by 30 September 2016.

Proposed audit opinion

Subject to all outstanding queries being resolved to our satisfaction, at the date of writing this report we anticipate issuing an unqualified audit opinion on the PCC and CC's 2015/16 financial statements following approval of the Statement of Accounts by the PCC and CC.

Revised financial statements

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

We received revised 2015/16 financial statements for both the PCC and the CC on 23 August 2016. These contained a number of material changes, identified by the Finance team following a quality review by management, to the financial statements approved by the 30 June 2016. We have identified a small number of adjustments to these revised statements and will confirm the changes on receipt of the final signed 2015/16 financial statements.

Audit differences

The final account audit materiality (see Appendix 5 for more information on materiality) level for this year's audit was set at £2.8m. Audit differences below £140k are not considered significant.

Our audit identified a number of non material differences which we have discussed with officers and understand that these will be amended within the changes shown in Appendix three.

Proposed opinion and audit differences (cont.)



The wording of your Annual Governance Statement complies with guidance issued by CIPFA/SOLACE in June 2007 and revised in December 2012.

Disclosure errors

In addition to the audit differences that relate directly to the primary statements or their related notes, our audit also identified a number of disclosure errors in relation to other disclosures. These have been discussed with management and again it is our understanding that these will be adjusted on the final version of the financial statements. However, we have not yet received a revised set of financial statements to confirm this:

- CIES and BS - the adjustments that impact on the prior years figures, as previously reported, will need an added disclosure note including within the financial statements to recognise that the accounts have been restated and to detail the reason why;
- Creditors – a number of creditors totalling £124k were included in this year's balance relating to prior years. This is below our reporting threshold but we recommend that they are reviewed for accuracy for the preparation of the 2016/17 financial statements;
- Cash / Cash equivalents – a £790k adjustment to the presentation of the disclosure note as a current liability when it should be included within the overall cash and cash equivalent asset balance;
- Staff Disclosure – an amendment has been made to the disclosure of staff within banding and values within the disclosure note; and
- Casting Errors – casting and cross casting errors between CC / PCC and group were identified through analytics and corrected.

Presentation amendments

A further change was discussed with management in relation to the Narrative Report where disclosure in relation to the potential impact of Brexit on the PCC and CC has been included.

Annual Governance Statement

We have reviewed the Annual Governance Statement and confirmed that:

- It complies with Delivering Good Governance in Local Government: A Framework published by CIPFA/SOLACE; and
- It is not misleading or inconsistent with other information we are aware of from our audit of the financial statements.

Significant risks and key areas of audit focus



We have worked with the PCC and CC throughout the year to discuss significant risks and key areas of audit focus.

This section sets out our detailed findings on those risks.

In our External Audit Plan 2015/16, presented to you in February 2016, we identified the significant risks affecting the PCC and CC's 2015/16 financial statements. We have now completed our testing of these areas and set out our evaluation following our substantive work. The table below sets out our detailed findings for each of the risks that are specific to the PCC and CC.

| Significant audit risk | Issue | Findings |
|------------------------|--|--|
| | <p>Generation of the financial statements</p> <ul style="list-style-type: none"> — We have incurred additional audit time to progress and complete the 2014/15 financial statements audit which we reported in our ISA260 report. We have met with Senior Officers to review the completion of financial statements for audit and the future working paper requirements. The CC accounts will also become the responsibility of a new S151 officer for 2015/16. — We will continue to work with Section 151 Officers, Senior Officers and finance staff through our interim visit and our prepared by client list to identify required working papers. We will also review the Section 151 Officer and Senior Officers quality review of working papers to support the accounts submitted for audit. | <p>We have continued to work with Senior Officers and finance staff during the audit and have held meetings during the interim visit to discuss developments.</p> <p>Despite requests from member of the Audit Committee draft accounts were not prepared for their review at the meeting on the 20 June 2016. We received accounts from the PCC and CC signed by the respective S151 Officers by the 30 June 2016 deadline.</p> <p>However, ahead of the final accounts visit on the 11 July 2016 were advised of several changes to the draft accounts for both the PCC and CC following an internal quality review by finance staff from the PCC. As a result the PCC and CC have been internally discussing the changes required and generating a revised set of accounts for both the PCC and CC.</p> <p>Despite this we continued with the audit visit and identified audit changes that would also need to be included within the amended accounts.</p> <p>We have now received a revised version of the 2015/16 accounts for the PCC and CC and we are in the process of checking that desired changes have been applied to the accounts as reported elsewhere in this report.</p> |

Significant risks and key areas of audit focus




We have worked with the PCC and CC throughout the year to discuss significant risks and key areas of audit focus.

This section sets out our detailed findings on those risks.

In our External Audit Plan 2015/16, presented to you in February 2016, we identified the significant risks affecting the PCC and CC’s 2015/16 financial statements. We have now completed our testing of these areas and set out our evaluation following our substantive work.

The table below sets out our detailed findings for each of the risks that are specific to the PCC and CC.

| Significant audit risk | Issue | Findings |
|---|---|---|
|  | <p>Assurance over Regional Collaboration Accounts and Transactions</p> <ul style="list-style-type: none"> — The level of collaborative work with other forces across the East Midlands has increased significantly over the past few years. This level of collaboration brings with it the need to ensure that appropriate governance arrangements are in place for each arrangement and that the necessary assurances are held over the completeness and accuracy of the financial information being provided to the PCC and CC for consolidation into its accounts. — We will review your governance arrangements over each aspect of regional collaboration and, more specifically, over the assurances you have sought in respect of the completeness and accuracy of the year end figures consolidated into your financial statements. | <p>We have reviewed your arrangements to seek assurances over each aspect of regional collaboration, in particular those covering the completeness and accuracy of the year end figures consolidated into your financial statements.</p> <p>We found that the appropriate assurances had been received in respect of the governance arrangements of the regional collaboration, and that assurances had been received from each lead body’s Chief Finance Officer over the completeness and accuracy of financial transactions.</p> <p>Our work on the regional collaboration has been completed appropriately.</p> |

Significant risks and key areas of audit focus

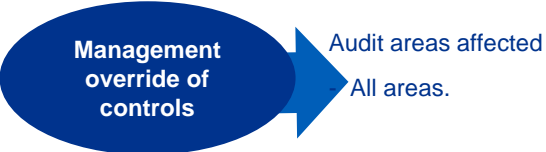
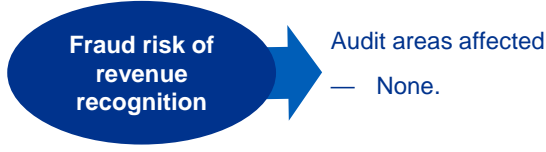


We have worked with the PCC and CC throughout the year to discuss significant risks and key areas of audit focus.

This section sets out our detailed findings on those risks.

In our External Audit Plan 2015/16, presented to you in February 2016, we identified the significant risks affecting the PCC and CC's 2015/16 financial statements. We have now completed our testing of these areas and set out our evaluation following our substantive work.

The table below sets out our detailed findings for each of the risks that are specific to the PCC and CC.


| Significant audit risk | Summary of findings |
|---|--|
|  | <p>Our audit methodology incorporates the risk of management override as a default significant risk. Management is typically in a unique position to perpetrate fraud because of its ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively. We have not identified any specific additional risks of management override relating to this audit.</p> <p>In line with our methodology, we carried out appropriate controls testing and substantive procedures, including over journal entries, accounting estimates and significant transactions that are outside the normal course of business, or are otherwise unusual.</p> <p>There are no matters arising from this work that we need to bring to your attention.</p> |
|  | <p>Professional standards require us to make a rebuttable presumption that the fraud risk from revenue recognition is a significant risk.</p> <p>In our External Audit Plan 2015/16 we reported that we do not consider this to be a significant risk for Local Authorities as there is unlikely to be an incentive to fraudulently recognise revenue.</p> <p>This is still the case. Since we have rebutted this presumed risk, there has been no impact on our audit work.</p> |

Significant risks and key areas of audit focus (cont.)



In our External Audit Plan 2015/16, presented to you in February 2016, we identified two areas of audit focus. These are not considered as significant risks but areas of importance where we would carry out some substantive audit procedures to ensure there is no risk of material misstatement.

We have now completed our testing. The table sets out our detailed findings for each area of audit focus.

| Areas of audit focus | Issue | Findings |
|---|---|--|
|  <p>Multi Force Shared Service</p> | <p>Multi Force Shared Service</p> <ul style="list-style-type: none"> — The financial statements for the PCC/CC will be generated using information from the Multi Force Shared Service (MFSS). Internal Audit have identified weaknesses within financial systems operated through MFSS for both the Payments/Creditors and Payroll systems. The 2015/16 financial statements are prepared using the information provided by these two systems, which could impact on the audit approach and the degree of substantive testing that would be required. — We reviewed the controls and output from MFSS financial systems in place that generates information to compile the financial statements. | <p>We have reviewed the controls in place with the Payments/Creditors and Payroll systems following the work undertaken by Internal Audit.</p> <p>We identified that despite the weaknesses identified by Internal Audit the controls in place for the generation of the financial statements were operating as expected and required.</p> <p>In view of this we undertook some additional tests on the controls and were satisfied with the results that in turn enabled us to rely on the outputs for the audit of the 2015/16 financial statements.</p> <p>We have identified the amendments needed to the 2015/16 financial statements in relation to Payments/Creditors and Payroll within appendix three of this report.</p> |

Accounts production and audit process



We have noted an improvement in the quality of the 2015/16 accounts and the supporting working papers.

Officers dealt efficiently with the majority of audit queries and the audit process could be completed within the planned timescales.

The PCC and CC have implemented the majority of the recommendations in our ISA 260 Report 2014/15.

Accounts production and audit process

ISA 260 requires us to communicate to you our views about the significant qualitative aspects of the PCC and CC's accounting practices and financial reporting. We also assessed the PCC and CC's processes for preparing the accounts and their support for an efficient audit.

We considered the following criteria:

| Element | Commentary |
|---|---|
| Accounting practices and financial reporting | The PCC and CC has developed its financial reporting process by improving its review arrangements for the production of the financial statements. We consider that accounting practices are appropriate. |
| Completeness of draft accounts | We received a complete set of draft accounts on 30 June 2016 and a complete set of revised 2015/16 statements were received on 23 August 2016. The PCC and CC have made a number of disclosure and accounting treatment amendments to the accounts presented for audit. However, there have been no changes which affect the financial position. |
| Quality of supporting working papers | Our Accounts Audit Protocol, which we issued in February 2016 and discussed with the Finance team, set out our working paper requirements for the audit. The quality of working papers provided were adequate and met the standards specified in our Accounts Audit Protocol. |

| Element | Commentary |
|----------------------------------|--|
| Response to audit queries | The response in resolving audit queries were effective with the majority of audit queries being resolved in a reasonable time. |

Findings in respect of the control environment for key financial systems

There are no significant findings to report to you in respect of the control environment.

Prior year recommendations

As part of our audit we have specifically followed up the PCC and CC's progress in addressing the recommendations in last year's ISA 260 report.

The PCC and CC has implemented some of the recommendations in our ISA 260 Report 2014/15 and we have reiterated the recommendations yet to be implemented as part of our 2015/16 work.

Appendix 2 provides further details.



We confirm that we have complied with requirements on objectivity and independence in relation to this year's audit of the PCC and CC's 2015/16 financial statements.

Before we can issue our 2015/16 opinions we require signed management representation letters.

Once we have finalised our 2015/16 opinions and conclusions we will prepare our 2015/16 Annual Audit Letter and close our audit.

Declaration of independence and objectivity

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

In relation to the 2015/16 audit of the financial statements of the Police and Crime Commissioner for Northamptonshire and the Chief Constable for Northamptonshire for the year ending 31 March 2016, we confirm that there were no relationships between KPMG LLP and the Police and Crime Commissioner for Northamptonshire and the Chief Constable for Northamptonshire, its directors and senior management and its affiliates that we consider may reasonably be thought to bear on the objectivity and independence of the audit engagement lead and audit staff. We also confirm that we have complied with Ethical Standards and the Public Sector Audit Appointments Ltd requirements in relation to independence and objectivity.

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

Management representations

You are required to provide us with representations on specific matters such as your financial standing and whether the transactions within the accounts are legal and unaffected by fraud. We have provided a template to the respective Chief Finance Officers for presentation to the PCC and CC. We require a signed copy of their management representations before we issue our 2015/16 audit opinion.

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

Other matters

ISA 260 requires us to communicate to you by exception 'audit matters of governance interest that arise from the audit of the 2015/16 financial statements' which include:

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

We have commented on other matters which we wish to draw to your attention in addition to those highlighted in this report on the following page.



We confirm that we have complied with requirements on objectivity and independence in relation to this year's audit of the PCC and CC's 2015/16 financial statements.

Before we can issue our 2015/16 opinions we require a signed management representation letter.

Once we have finalised our opinions and conclusions we will prepare our 2015/16 Annual Audit Letter and close our audit.

Other matters

Related Party Transaction

We reviewed the governance processes in place at the PCC and CC to capture declarations of interest and report related party transactions for inclusion within the financial statements.

We identified that a related party transaction had not been included within the PCC's financial statements for all declarations.

The omitted transaction was in relation to a grant payment for £50,000 made by the PCC to Walgrave Wellbeing Centre Community Interest Company (CIC) towards the purchase of a minibus and modular building. The Chief Executive Officer for the PCC has a declaration of interest as a Director of the Walgrave Wellbeing Centre.

A record has now been included within the related parties note within the financial statements and we have raised a recommendation in appendix one in relation to this.

Data Analytics

We have undertaken an analysis of non pay expenditure as part of our data analytics work. Our testing did not identify any errors or weaknesses in control. We provided the Finance team with some reports that identify areas where they may wish to make further enquiries in relation to the effective processing of payments.



Section four: Value for Money



Our 2015/16 VFM conclusion considers whether the PCC and CC had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people.

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

We have concluded that in all significant respects the PCC and CC have proper arrangements during 2015/16 to ensure they took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people.

Background

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

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

The VFM approach is fundamentally unchanged from that adopted in 2014/2015 and the process is shown in the diagram below. However, the previous two specified reporting criteria (financial resilience and economy, efficiency and effectiveness) have been replaced with a single criteria supported by three sub-criteria.

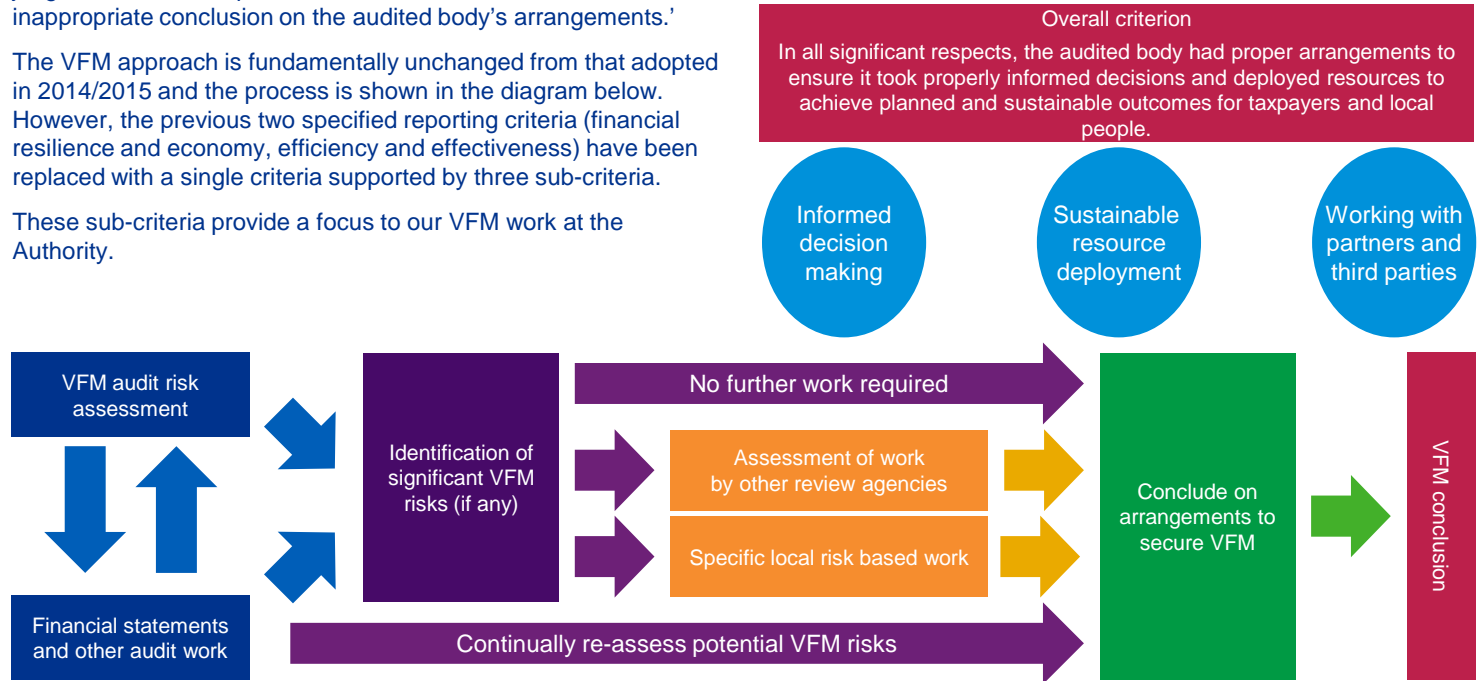
These sub-criteria provide a focus to our VFM work at the Authority.

Overview of the VFM audit approach

The key elements of the VFM audit approach are summarised below.

Conclusion

We have concluded that in all significant respects the PCC and CC have proper arrangements during 2015/16 to ensure they took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for the taxpayers and local people.



VFM Conclusion (cont.)



We have identified a single specific VFM risk.

Work completed

In line with the risk-based approach set out on the previous page, and in our 2015/16 External Audit Plan we have:

- Assessed the PCC and CC's key business risks which are relevant to our VFM conclusion;
- Identified the residual audit risks for our VFM conclusion, taking account of work undertaken in previous years or as part of our financial statements audit;
- Considered the results of relevant work by the PCC and CC, inspectorates and review agencies in relation to these risk areas; and
- Completed specific local risk based work.


Key findings

Below we set out the findings in respect of those areas where we have identified a residual audit risk for our VFM conclusion.

We concluded that we needed to carry out additional work for these risks. This work is now complete and we also report on this below.



We are satisfied that external or internal scrutiny provides sufficient assurance that the PCC and CC's current arrangements in relation to this 2015/16 VFM risk area is adequate.


| Key VFM risk | Risk description and link to VFM conclusion | Assessment |
|---|--|--|
|  | <p>Budget Performance and MTFS</p> <ul style="list-style-type: none"> — Northamptonshire PCC/CC along with other police forces face on-going financial pressures to achieve desired priorities. Despite the settlement announcements the PCC/CC continue to face reductions in resources for 2015/16. The MTFS identified savings required of £7.5m which have been achieved in year. The PCC/CC face continuing pressures and need to achieve significant savings as part of the latest MTFS 2016/17 to 2020/21 and need to achieve a further £11.7m savings. — We reviewed financial information provided through the MFSS for budget reporting, savings plans and the future MTFS. We also reviewed this against external reviewers/inspectors such as the HMIC. | <p>All police bodies have been affected by reductions in central funding and the PCC/CC has to date responded well to these pressures, with levels of service provision being maintained whilst delivering planned savings identified through the Medium Term Financial Strategy and annual budget. Against this backdrop the PCC has continued to maintain a prudent level of general reserves.</p> <p>The PCC/CC has developed a Medium Term Financial Strategy based on key assumptions and has commenced plans for the delivery of savings needed to 2020/21. These future plans are based on realistic assumptions for reductions in grant funding.</p> <p>As part of our VFM work we have reviewed the governance processes and arrangements for the disposal of Wootton Hall. We have reviewed the governance processes for agreeing and approving the sale along with the valuation information received. The sale value was £3.45m based on the valuation advice received from professional valuers, after allowing for a reduction in relation to a ransom strip that could be applied from Northamptonshire County Council.</p> <p>Our review of the specific risk indicators would suggest that there is no adverse impact on financial resilience or value for money.</p> |

Section four

Specific VFM Risks



We are satisfied that external or internal scrutiny provides sufficient assurance that the PCC and CC's current arrangements in relation to this risk area is adequate.

| Key VFM risk | Risk description and link to VFM conclusion | Assessment |
|---|---|--|
|  | <p>Strategic Alliance</p> <ul style="list-style-type: none"> — The final business case for the Strategic Alliance was due to be signed in March 2016 and changes the way in which the PCC/CC deliver its services. There are long term beneficial aims for the Strategic Alliance but the PCC/CC will need to continually monitor the delivery plans in the short term to ensure they are affordable and current priorities continue to be delivered. — We reviewed the development of the Strategic Alliance and the impact on financial plans and performance, considering the views of external inspectorates. | <p>The final business case for the Strategic Alliance was not concluded in March 2016.</p> <p>The impact of the full business case was considered by representatives from the three forces (Northamptonshire, Leicestershire and Nottinghamshire) in June 2016 following the PCC elections.</p> <p>The three forces decided that the proposals within the full business case would not be fully developed into a single Strategic Alliance but certain aspects of the proposals would be developed on a Tri-Force Collaboration basis. This would involve the expansion of collaborative working between the three forces rather than full alliance.</p> <p>Northamptonshire will need to review the impact this has on the Medium Term Financial Strategy, funding of the Tri Force team and impact on service delivery as it develops the collaborative working with other forces.</p> |



Appendices

Appendix 1: Key issues and recommendations

Appendix 2: Follow up of prior year recommendations

Appendix 3: Audit differences

Appendix 4: Declaration of independence and objectivity

Appendix 5: Materiality and reporting of audit differences

Appendix 6: KPMG Audit Quality Framework

Key issues and recommendations

Key issues and recommendations

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

The PCC and CC should closely monitor progress in addressing specific risks and implementing our recommendations.

We will formally follow up these recommendations next year.

| Priority rating for recommendations | | | |
|-------------------------------------|--|----------|--|
| 1 | Priority one: issues that are fundamental and material to your system of internal control. We believe that these issues might mean that you do not meet a system objective or reduce (mitigate) a risk. | 2 | Priority two: issues that have an important effect on internal controls but do not need immediate action. You may still meet a system objective in full or in part or reduce (mitigate) a risk adequately but the weakness remains in the system. |
| | | 3 | Priority three: issues that would, if corrected, improve the internal control in general but are not vital to the overall system. These are generally issues of best practice that we feel would benefit you if you introduced them. |

| No. | Risk | Issue and recommendation | Management response/responsible officer/due date |
|-----|----------|---|---|
| 1 | 1 | <p>Financial Statements Findings</p> <p>The PCC and CC Financial Statements were prepared by the respective S151 by the deadline of the 30 June 2016. A quality review of the Financial Statements was not undertaken until after these accounts had been prepared for audit. This resulted in several changes to the Financial Statements prepared for audit after submission by the respective S151 Officers.</p> <p>Recommendation</p> <p>The S151 Officers should ensure that a quality review of the PCC and CC accounts are undertaken ahead of the accounts being presented for audit.</p> | <p>Management Response (Responsible officer N/A – Due Date N/A)</p> <p>Due to the ongoing review of the financial statements by the finance team a full review of the financial statements was not completed by the statutory filing deadline of 30th June 2016. A more detailed review of the accounts was undertaken for the 2015/16 accounts following the difficulties encountered with the 2014/15 accounts preparation and audit. There were complex issues unresolved as at the 30th June 2016 and both s.151 officers were made aware of these and the potential impact on the draft accounts. We engaged with our external auditors in communicating that there would be a possible change to the accounts prior to the external audit commencing.</p> <p>At the commencement of the audit on the 11th July 2016 amendments to the draft accounts filed on the 30th June 2016 were explained to the external audit team. It is anticipated with the improved internal review processes implemented that the accounts for 2016/17 will be able to be reviewed in advance of the 30th June 2017 deadline for draft publication.</p> |

Key issues and recommendations

| Key issues and recommendations | No. | Risk | Issue and recommendation | Management response/responsible officer/due date |
|--------------------------------|-----|------|---|---|
| | 2 | 2 | <p>Strategic Alliance Findings</p> <p>The final business case was not completed in March 2016 but was considered by representatives of the three forces in June 2016. This resulted in agreement to pursue Tri Force Collaborations in certain aspects of the Strategic Alliance agenda rather than full adoption.</p> <p>Recommendation</p> <p>The PCC and CC will need to review the impact this will have on the delivery of services, the delivery of the Medium Term Financial Strategy and the future funding of the Tri Force team.</p> | <p>Management Response (Responsible officer N/A – Due Date N/A)</p> <p>There is no short term impact on the delivery of services as a result of the Strategic Alliance becoming a Tri-Force collaboration. The MTFS is due to be completed by the 30th November 2016 and will be the joint responsibility of the force and OPCC finance teams.</p> |
| | 3 | 1 | <p>Related Party Transactions Findings</p> <p>The governance processes used to identify and capture related party transactions did not identify all the related party transactions during the year.</p> <p>A payment was made to an organisation where the PCC Chief Executive Officer had declared an interest as a Director.</p> <p>Recommendation</p> <p>The PCC and CC should review the governance process for the capture and reporting of related parties on signed hard copy records. When the accounts are compiled a check against payments made to related parties should be undertaken and disclosed within the financial statements.</p> | <p>Management Response (Responsible officers Debbie Clark (CC) , Stuart McCartney (OPCC) – effective 01.09.16)</p> <p>A detailed register holding information is kept by each responsible officer. The disclosure omission was an oversight and the process for reporting any related party disclosures has been reviewed to ensure that this does not happen in the future.</p> |

Appendix 1

Key issues and recommendations

Key issues and recommendations

| No. | Risk | Issue and recommendation | Management response/responsible officer/due date |
|-----|------|---|--|
| 4 | 2 | <p>Creditors</p> <p>Findings</p> <p>Balances totalling £124k were included relating to prior years. These had not been subject to review to show that they are still valid amounts due.</p> <p>Recommendation</p> <p>The PCC and CC should review the Creditor balance and remove any balances that are not valid creditors prior to completion of the 2016/17 statements.</p> | <p>Management Response (Responsible officer Debbie Clark (CC), Jelena Mott (PCC) Due date 31.12.16)</p> <p>It is agreed that there should be a process to ensure that all balance sheet accounts should be reviewed more frequently. The OPCC finance team will work with the force finance team to ensure that a formal process to review all balance sheet accounts is implemented by the 31st December 2016. The £124k creditor that was outstanding as at the 31st March 2016 will be reviewed as part of this process and written off if no longer applicable.</p> |

Appendix 2

Follow up of prior year recommendations

The PCC and CC has implemented some of the recommendations in our ISA 260 Report 2014/15.

This appendix summarises the progress made to implement the recommendations identified in our ISA 260 Report 2014/15 and re-iterates any recommendations still outstanding.

Number of recommendations that were:

| | |
|-----------------------------------|---|
| Included in original report | 4 |
| Implemented in year or superseded | 2 |
| Remain outstanding | 2 |

| No. | Risk | 2014/15 Issue and recommendation | 2014/15 Officer responsible and due date | Status as at August 2016 |
|-----|------|--|--|---|
| 1 | 1 | <p>Accounts Presented to the Audit Committee</p> <p><i>The version of the accounts presented to the Audit Committee on the 24 June 2015 were not complete and were only for the PCC. The subsequent version 1 of the statement of accounts that we received for audit were reviewed at the start of the audit and included a series of errors, omissions and inconsistencies between the PCC/Group/CC accounts. This version also omitted to include entries in relation to a 2014-15 valuation and 2014-15 entries for the pension fund.</i></p> <p>Recommendation</p> <p><i>The Audit Committee should ensure that they receive a complete version of the accounts which they are able to effectively review and raise questions with management regarding their accounts being presented for audit.</i></p> | <i>No response was received</i> | Not implemented – A complete set of the 2015/16 PCC and CC financial statements were not presented to the Audit Committee on the 20 June 2016. |

Follow up of prior year recommendations

The PCC and CC has implemented some of the recommendations in our ISA 260 Report 2014/15.

| No. | Risk | 2014/15 Issue and recommendation | 2014/15 Officer responsible and due date | Status as at August 2016 |
|-----|------|--|---|--|
| 2 | 1 | <p>Quality and Completeness of the Accounts</p> <p><i>At the commencement of the audit on 29 June we reviewed the accounts previously presented to the Audit Committee and provided for audit. We identified a series of errors, omissions and inconsistencies with the presentation and accuracy of the accounts. These were discussed and provided feedback to the Finance team on the 9 July 2015. In view of the amount of errors and inconsistencies we agreed to leave site and arranged to reschedule the audit when the omissions had been addressed.</i></p> <p>Recommendation</p> <p><i>The Finance team should ensure that the version of the accounts presented to the Audit Committee and presented for audit have been subject to a fully documented internal quality and completeness check to ensure that all requirements of the SORP have been included.</i></p> | <p><i>I agree that a quality check should have been completed before presentation to the Audit Committee, although it is worth pointing out that there is no requirement to present the accounts to the Audit Committee. The intention was to complete this in the week leading up to the 6 July when the Audit team were originally due to arrive. The Audit Team from KPMG came in a week earlier than expected, this was accepted by the Finance team as other dates available were far to late, and the Finance team were finishing off working papers and were expected to answer queries at the same time and this was a compounding factor in errors and omissions not being corrected in time.</i></p> <p><i>Responsible Officer: Joint Head of Finance Nottinghamshire/Northamptonshire Police.</i></p> <p><i>Due Date: March 2016</i></p> | <p>Partly - The 2015/16 working papers provided to support the 2015/16 financial statements did not have any evidenced quality review. We were subsequently provided with a schedule of changes to the 2015/16 financial statements at the commencement of the audit on 11 July 2016 that the PCC had identified during a quality review of the 2015/16 accounts.</p> |

Follow up of prior year recommendations (cont.)

The PCC and CC has implemented some of the recommendations in our ISA 260 Report 2014/15.

| No. | Risk | 2014/15 Issue and recommendation | 2014/15 Officer responsible and due date | Status as at August 2016 |
|-----|------|--|---|---|
| 3 | 2 | <p>Accounts Production</p> <p><i>The accounts prepared for PCC and CC are the responsibility of the PCC and CC to produce and ensure are fully compliant and complete. The external auditor is responsible for the audit of the accounts presented for audit by the PCC and CC. The PCC and CC are responsible for the ownership of the accounts prepared for 'their' respective bodies. In our view the production of the 2014/15 accounts has over-relied on the auditor identifying errors, omissions and inconsistencies within the versions of the accounts presented for audit.</i></p> <p>Recommendation</p> <p><i>The PCC and CC need to take ownership for the preparation of its financial statements and ensure that the Finance team generate financial statements that they have had the opportunity to review and approve. The S151 Officer for each body should be accountable to the PCC and CC for the accuracy and completeness of the accounts presented for audit.</i></p> | <p><i>The over reliance on the audit check was compounded by the early arrival of the auditors on site, resulting in the requirement to reschedule and cancel meetings at short notice and meaning working papers and notes were being finalised at the same time as the audit was being undertaken. More resource will be aimed at peer review and cross casting checks in the accounts for 2015-16.</i></p> <p><i>Responsible Officer: Joint Head of Finance Nottinghamshire/Northamptonshire Police</i></p> <p><i>Due Date: March 2016</i></p> | <p>Implemented - Additional resources have been made available and a review has been undertaken by the PCC. This helped to identify and schedule a list of changes between the PCC and CC accounts as provided to us on 11 July 2016 after the accounts being signed off by the respective PCC and CC S151's for 30 June deadline.</p> |

Follow up of prior year recommendations (cont.)

The PCC and CC has implemented some of the recommendations in our ISA 260 Report 2014/15.

| No. | Risk | 2014/15 Issue and recommendation | 2014/15 Officer responsible and due date | Status as at August 2016 |
|-----|------|---|--|--|
| 4 | 2 | <p>Omission of Valuation and Pension Figure</p> <p>The first version of the 2014/15 accounts presented for audit omitted entries related to the 2014/15 year for pension liabilities and in the absence of such, the previous year's figures had been simply included. The first version of the accounts also included figures for the previous year's asset valuation which had not been subject to a revaluation during the year.</p> <p>Recommendation</p> <p>The Finance team should ensure that the pension figures are requested and included within the financial statements annually. In line with SORP requirements, a revaluation of assets should be included within the annual statement of accounts. Where information required for the completion of the accounts is received from an external party, the Finance team should ensure that this is received during the accounts preparation process.</p> | <p>It has been demonstrated that the Pension figures were requested and chased up on numerous occasions from February onwards. The Force cannot afford a full revaluation of assets every year and the RICS exercise has been shown to be sufficient and agreed with KPMG while on site. The Force is prepared to accept the immaterial unadjusted item. For the LGSS Valuation, the information was requested during the accounts preparation process and the urgency of the situation expressed.</p> <p>Responsible Officer: Joint Head of Finance Nottinghamshire/Northamptonshire Police</p> <p>Due Date: March 2016</p> | <p>Implemented – The 2015/16 accounts produced for the 30 June 2016 included a valuation and pension figures that support the 2015/16 year.</p> |

Audit differences

This appendix sets out the audit differences.

The financial statements have been amended for all of the errors identified through the audit process.

We are required by ISA 260 to report all uncorrected misstatements, other than those that we believe are clearly trivial, to those charged with governance (which in your case is the Audit Committee). With regards to the 2015/16 financial statements we are also required to report all material misstatements that have been corrected but that we believe should be communicated to you to assist you in fulfilling your governance responsibilities.

Revised Financial Statements

The draft financial statements were received on the 30 June 2016 and then a subsequent quality review was undertaken and a number of changes identified by management. Revised financial statements were received on 23 August 2016 including such changes. The main movements and changes from the draft statements and the revised statements have been summarised in this section for your information.

CIES Movements

The principal movement to the CIES have been summarised as follows:

CC

| 2014/15 CC | Original Expenditure | Original Income | Original Net | Restated Expenditure | Restated Income | Restated Net | Expenditure Difference |
|------------------|----------------------|-----------------|--------------|----------------------|-----------------|--------------|------------------------|
| | £m | £m | £m | £m | £m | £m | £m |
| Cost of Services | 139,365 | (21,750) | 117,615 | 137,598 | (21,750) | 115,848 | 1,767 |
| 2015/16 CC | Original Expenditure | Original Income | Original Net | Restated Expenditure | Restated Income | Restated Net | Expenditure Difference |
| | £m | £m | £m | £m | £m | £m | £m |
| Cost of Services | 138,609 | (28,197) | 110,412 | 140,376 | 28,197 | 112,179 | (1,767) |

The main reason for the movement in the CIES is that an accrual was made for a one off payment to match the planned increases in the pension contribution rate. It was decided to fund this increase through the capital programme. The above adjustments reflects the reversal of expenditure in 2014/15 and the effect of the accrual in 2015/16. There is no effect on the 2015/16 usable reserves balance.

Audit differences

This appendix sets out the audit differences.

The financial statements have been amended for all of the errors identified through the audit process.

Balance Sheet Movements

The principal movement to the Balance Sheet been summarised as follows:

CC

The principal movements to the CC accounts for 2014/15 and 2015/16 have been summarised in the table below:

| 2014/15 CC | Original | Restated | Difference |
|-----------------|-----------|-----------|------------|
| | £m | £m | £m |
| PPE | 13,642 | 11,194 | (2,448) |
| Usable Reserves | 1,174,946 | 1,177,394 | 2,448 |
| 2015/16 CC | Original | Restated | Difference |
| | £m | £m | £m |
| PPE | 13,334 | 10,758 | (2,576) |
| Usable Reserves | 1,051,261 | 1,053,837 | 2,576 |

The main reason for the changes is to reflect the accounting treatment for both the Titan House and Lucerne property purchases within the joint venture accounts and the integration of the joint police and fire operation within the Mereway Fire site.

Local arrangements were in place for the accounting treatment of Titan House and Lucerne property purchases where the asset was recognised by the CC. These arrangements have now been reviewed and the asset is recognised as a joint venture asset.

The Mereway Fire site costs have been reduced from the PPE and costs have been financed through the Comprehensive Income and Expenditure Statement (CIES) through Revenue Expenditure Funded by Capital under Statute (REFCUS) as legal ownership of the property is still owned by Northamptonshire County Council.

Appendix 3

Audit differences

This appendix sets out the audit differences.

The financial statements have been amended for all of the errors identified through the audit process.

PCC

The reasons for the movement in the PPC balance sheet for 2014/15 and 2015/16 are summarised in the table below:

| 2014/15 PCC | Original | Restated | Difference |
|----------------------------------|----------|----------|------------|
| | £m | £m | £m |
| Investments in Joint Ventures | 568 | 1,209 | 641 |
| Short Term Creditors | 13,993 | 11,123 | (2,870) |
| Usable Reserves | 18,364 | 20,131 | 1,767 |
| Unusable Reserves | 25,645 | 26,748 | 1,103 |
| Joint Ventures Unusable Reserves | 516 | 1,157 | (641) |
| 2015/16 PCC | Original | Restated | Difference |
| | £m | £m | £m |
| Investments in Joint Ventures | 686 | 1,330 | (644) |
| Joint Ventures Unusable Reserves | 659 | 1,303 | 644 |

The movement in joint ventures reflects the adjustments for the accounting treatment for Titan House from Northamptonshire asset to a joint venture asset as adjusted for depreciation.

The movement in short term creditors in 2014/15 reflects the changes to the Pension Fund Creditor and the change in the accounting for the Mereway Fire site costs.

Audit differences

We have not identified additional material differences to those identified by management after the submission of draft accounts.

We anticipate issuing an unqualified audit opinion in relation to the PCC and CC's financial statements by 30 September 2016.

Proposed audit opinion

Subject to all outstanding queries being resolved to our satisfaction, we anticipate issuing an unqualified audit opinion on the PCC and CC's financial statements following approval of the Statement of Accounts by the PCC and CC. At the time of writing this report we have not received the final versions of the PCC and CC financial statements and will need to confirm all changes have been made.

Audit differences

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

The final materiality (see Appendix five for more information on materiality) level for this year's audit was set at £2.8m. Audit differences below £140k are not considered significant.

Uncorrected audit differences

We confirm that there are no uncorrected misstatements, other than those that we believe are clearly trivial. This will be confirmed when the final signed statements are received and we have completed our final review.

Corrected audit differences

Material misstatements

We did not identify any material misstatements in addition to those identified in tables above following the quality review by management after the approval of the draft financial statements on 30 June 2016.

Non-material misstatements

Our audit identified a number of other audit differences in the financial statements. These have been discussed with management and it is our understanding that these will be adjusted as part of the changes in the above tables. However, we have not yet received a final set of financial statements to confirm this.

Audit differences (cont.)

Our review of the disclosures identified an number of disclosure errors

Disclosure errors

In addition to the above differences that relate directly to the primary statements or their related notes, our audit also identified a number of errors in relation to other disclosures. These have been discussed with management and again it is our understanding that these will be adjusted. However, we have not yet received a revised set of financial statements to confirm this:

- CIES and BS - the adjustments that impact on the prior year's figures, as previously reported, will need an added disclosure note including within the financial statements to recognise that the accounts have been restated and to detail the reason why;
- Creditors – a number of creditors totalling £124k were included in this year's balance relating to prior years. This is below our reporting threshold but we recommend that they are reviewed for accuracy for the preparation of the 2016/17 financial statements;
- Cash / Cash equivalents – a £790k adjustment to the presentation of the disclosure note as a current liability when it should be included within the overall cash and cash equivalent asset balance;
- Staff Disclosure – an amendment has been made to the disclosure of staff within banding and values within the disclosure note; and
- Casting Errors – casting and cross casting errors between CC / PCC and group were identified through analytics and corrected.

Presentation amendments

A further change was discussed with management in relation to the Narrative Report where disclosure in relation to the potential impact of Brexit on the PCC and CC has been included.

Declaration of independence and objectivity

The Code of Audit Practice requires us to exercise our professional judgement and act independently of both Public Sector Audit Appointments Ltd and the PCC and CC.

Requirements

Auditors appointed by Public Sector Audit Appointments Ltd must comply with the Code of Audit Practice (the 'Code') which states that:

'Auditors and their staff should exercise their professional judgement and act independently of both the Commission and the audited body. Auditors, or any firm with which an auditor is associated, should not carry out work for an audited body that does not relate directly to the discharge of auditors' functions, if it would impair the auditors' independence or might give rise to a reasonable perception that their independence could be impaired.'

In considering issues of independence and objectivity we consider relevant professional, regulatory and legal requirements and guidance, including the provisions of the Code, the detailed provisions of the Statement of Independence included within the Public Sector Audit Appointments Ltd *Terms of Appointment* ('Public Sector Audit Appointments Ltd Guidance') and the requirements of APB Ethical Standard 1 *Integrity, Objectivity and Independence* ('Ethical Standards').

The Code states that, in carrying out their audit of the financial statements, auditors should comply with auditing standards currently in force, and as may be amended from time to time. Public Sector Audit Appointments Ltd guidance requires appointed auditors to follow the provisions of ISA (UK&I) 260 Communication of *'Audit Matters with Those Charged with Governance'* that are applicable to the audit of listed companies. This means that the appointed auditor must disclose in writing:

- Details of all relationships between the auditor and the client, its directors and senior management and its affiliates, including all services provided by the audit firm and its network to the client, its directors and senior management and its affiliates, that the auditor considers may reasonably be thought to bear on the auditor's objectivity and independence.

- The related safeguards that are in place.
- The total amount of fees that the auditor and the auditor's network firms have charged to the client and its affiliates for the provision of services during the reporting period, analysed into appropriate categories, for example, statutory audit services, further audit services, tax advisory services and other non-audit services. For each category, the amounts of any future services which have been contracted or where a written proposal has been submitted are separately disclosed. We do this in our *Annual Audit Letter*.

Appointed auditors are also required to confirm in writing that they have complied with Ethical Standards and that, in the auditor's professional judgement, the auditor is independent and the auditor's objectivity is not compromised, or otherwise declare that the auditor has concerns that the auditor's objectivity and independence may be compromised and explaining the actions which necessarily follow from his. These matters should be discussed with the PCC and CC.

Ethical Standards require us to communicate to those charged with governance in writing at least annually all significant facts and matters, including those related to the provision of non-audit services and the safeguards put in place that, in our professional judgement, may reasonably be thought to bear on our independence and the objectivity of the Engagement Lead and the audit team.

General procedures to safeguard independence and objectivity

KPMG's reputation is built, in great part, upon the conduct of our professionals and their ability to deliver objective and independent advice and opinions. That integrity and objectivity underpins the work that KPMG performs and is important to the regulatory environments in which we operate. All partners and staff have an obligation to maintain the relevant level of required independence and to identify and evaluate circumstances and relationships that may impair that independence.

Declaration of independence and objectivity (cont.)

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

Acting as an auditor places specific obligations on the firm, partners and staff in order to demonstrate the firm's required independence. KPMG's policies and procedures regarding independence matters are detailed in the *Ethics and Independence Manual* ('the Manual'). The Manual sets out the overriding principles and summarises the policies and regulations which all partners and staff must adhere to in the area of professional conduct and in dealings with clients and others.

KPMG is committed to ensuring that all partners and staff are aware of these principles. To facilitate this, a hard copy of the Manual is provided to everyone annually. The Manual is divided into two parts. Part 1 sets out KPMG's ethics and independence policies which partners and staff must observe both in relation to their personal dealings and in relation to the professional services they provide. Part 2 of the Manual summarises the key risk management policies which partners and staff are required to follow when providing such services.

All partners and staff must understand the personal responsibilities they have towards complying with the policies outlined in the Manual and follow them at all times. To acknowledge understanding of and adherence to the policies set out in the Manual, all partners and staff are required to submit an annual ethics and independence confirmation. Failure to follow these policies can result in disciplinary action.

Auditor declaration

In relation to the audit of the 2015/16 financial statements of the Police and Crime Commissioner for Northamptonshire and the Chief Constable for Northamptonshire for the financial year ending 31 March 2016, we confirm that there were no relationships between KPMG LLP and the Police and Crime Commissioner for Northamptonshire and the Chief Constable for Northamptonshire, its directors and senior management and its affiliates that we consider may reasonably be thought to bear on the objectivity and independence of the audit engagement lead and audit staff. We also confirm that we have complied with Ethical Standards and the Public Sector Audit Appointments Ltd requirements in relation to independence and objectivity.

Materiality and reporting of audit differences

For 2015/16 our materiality is £2.8m for the PCC and CC's accounts.

We have reported all audit differences over £140k for the PCC and CC's accounts to the PCC and CC respectively.

Materiality

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

- Material errors by value are those which are simply of significant numerical size to distort the reader's perception of the financial statements. Our assessment of the threshold for this depends upon the size of key figures in the financial statements, as well as other factors such as the level of public interest in the financial statements.
- Errors which are material by nature may not be large in value, but may concern accounting disclosures of key importance and sensitivity, for example the salaries of senior staff.
- Errors that are material by context are those that would alter key figures in the financial statements from one result to another – for example, errors that change successful performance against a target to failure.

We used the same planning materiality reported in our External Audit Plan 2015/16, presented to you in February 2016.

Materiality for the PCC and CC's accounts was set at £2.8m which equates to around 1.5 percent of the group gross expenditure. We design our procedures to detect errors in specific accounts at a lower level of precision.

Reporting to the PCC and CC

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

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

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

In the context of the PCC and CC, we propose that an individual difference could normally be considered to be clearly trivial if it is less than £140k for the PCC and CC.

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

KPMG Audit quality framework

We continually focus on delivering a high quality audit.

This means building robust quality control procedures into the core audit process rather than bolting them on at the end, and embedding the right attitude and approaches into management and staff.

KPMG's Audit Quality Framework consists of seven key drivers combined with the commitment of each individual in KPMG.

The diagram summarises our approach and each level is expanded upon.

At KPMG we consider audit quality is not just about reaching the right opinion, but how we reach that opinion. KPMG views the outcome of a quality audit as the delivery of an appropriate and independent opinion in compliance with the auditing standards. It is about the processes, thought and integrity behind the audit report. This means, above all, being independent, compliant with our legal and professional requirements, and offering insight and impartial advice to you, our client.

KPMG's Audit Quality Framework consists of seven key drivers combined with the commitment of each individual in KPMG. We use our seven drivers of audit quality to articulate what audit quality means to KPMG.

We believe it is important to be transparent about the processes that sit behind a KPMG audit report, so you can have absolute confidence in us and in the quality of our audit.

Tone at the top: We make it clear that audit quality is part of our culture and values and therefore non-negotiable. Tone at the top is the umbrella that covers all the drivers of quality through a focused and consistent voice. Andrew Cardoza as the Engagement Lead sets the tone on the audit and leads by example with a clearly articulated audit strategy and commits a significant proportion of his time throughout the audit directing and supporting the team.

Association with right clients: We undertake rigorous client and engagement acceptance and continuance procedures which are vital to the ability of KPMG to provide high-quality professional services to our clients.

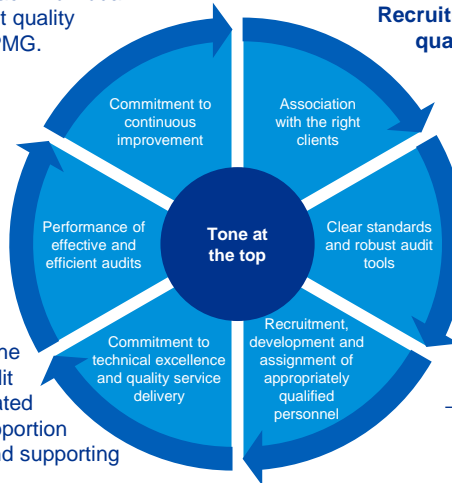
Clear standards and robust audit tools: We expect our audit professionals to adhere to the clear standards we set and we provide a range of tools to support them in meeting these expectations. The global rollout of KPMG's eAudit application has significantly enhanced existing audit functionality. eAudit enables KPMG to deliver a highly technically enabled audit. All of our staff have a searchable data base, Accounting Research Online, that includes all published accounting standards, the KPMG Audit Manual Guidance as well as other relevant sector specific publications, such as the National Audit Office's Code of Audit Practice.

Recruitment, development and assignment of appropriately qualified personnel:

One of the key drivers of audit quality is assigning professionals appropriate to the PCC and CC's risks. We take great care to assign the right people to the right clients based on a number of factors including their skill set, capacity and relevant experience.

We have a well developed technical infrastructure across the firm that puts us in a strong position to deal with any emerging issues. This includes:

- A national public sector technical director who has responsibility for co-ordinating our response to emerging accounting issues, influencing accounting bodies (such as CIPFA) as well as acting as a sounding board for our auditors.
- A national technical network of public sector audit professionals is established that meets on a monthly basis and is chaired by our national technical director.
- A dedicated Department of Professional Practice comprised of over 100 staff that provide support to our audit teams and deliver our web-based quarterly technical training.



KPMG Audit quality framework (cont.)

We continually focus on delivering a high quality audit.

This means building robust quality control procedures into the core audit process rather than bolting them on at the end, and embedding the right attitude and approaches into management and staff.

Quality must build on the foundations of well trained staff and a robust methodology.

Commitment to technical excellence and quality service delivery:

Our professionals bring you up-the-minute and accurate technical solutions and together with our specialists are capable of solving complex audit issues and delivering valued insights.

Our audit team draws upon specialist resources including Forensic, Corporate Finance, Transaction Services, Advisory, Taxation, Actuarial and IT. We promote technical excellence and quality service delivery through training and accreditation, developing business understanding and sector knowledge, investment in technical support, development of specialist networks and effective consultation processes.

Performance of effective and efficient audits: We understand that how an audit is conducted is as important as the final result. Our drivers of audit quality maximise the performance of the engagement team during the conduct of every audit. We expect our people to demonstrate certain key behaviours in the performance of effective and efficient audits. The key behaviours that our auditors apply throughout the audit process to deliver effective and efficient audits are outlined below:

- Timely Engagement Lead and manager involvement;
- Critical assessment of audit evidence;
- Exercise of professional judgment and professional scepticism;
- Ongoing mentoring and on the job coaching, supervision and review;
- Appropriately supported and documented conclusions;
- If relevant, appropriate involvement of the Engagement Quality Control reviewer (EQC review);

- Clear reporting of significant findings;
- Insightful, open and honest two-way communication with those charged with governance; and
- Client confidentiality, information security and data privacy.

Commitment to continuous improvement: We employ a broad range of mechanisms to monitor our performance, respond to feedback and understand our opportunities for improvement.

Our quality review results

Public Sector Audit Appointments Ltd publishes information on the quality of work provided by us (and all other firms) for audits undertaken on behalf of them (<http://www.psa.a.co.uk/audit-quality/principal-audits/kpmg-audit-quality/>).

The latest Annual Regulatory Compliance and Quality Report (issued June 2015) showed that we are meeting the overall audit quality and regulatory compliance requirements.



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The information contained herein is of a general nature and is not intended to address the circumstances of any particular individual or entity. Although we endeavour to provide accurate and timely information, there can be no guarantee that such information is accurate as of the date it is received or that it will continue to be accurate in the future. No one should act on such information without appropriate professional advice after a thorough examination of the particular situation.

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Agenda Item No: 11

JOINT INDEPENDENT AUDIT COMMITTEE

14th SEPTEMBER 2016

**REPORT BY THE ACTING CHIEF FINANCE OFFICER (OPCC) AND ACTING
HEAD OF FINANCE CORPORATE SERVICES**

2016-17 Revenue and Capital Expenditure Monitoring

1. INTRODUCTION

1.1. This report sets out at a high level, the revenue and capital monitoring position for both the Police and Crime Commissioner and the Force. It details actual spend against the approved budget as at 31st July 2016 and forecasts the estimated outturn for 2016-17

2. OVERALL REVENUE POSITION

2.1. The net revenue budget which was approved by the Police and Crime Panel in February 2015 totalled £116.224m.

2.2. The overall forecast position is as below:

| | BUDGET 2016-17 £,000 | CASH LIMIT 2016-17 £,000 | PROFILE TO July 16 £,000 | ACTUAL TO July 16 £,000 | FORECAST OUTURN £,000 | VARIANCE £,000 |
|--|-------------------------------------|---|---|--|--------------------------------------|---------------------------|
| FORCE | | | | | | |
| Police Pay | 51,587 | 51,587 | 17,209 | 16,838 | 51,387 | -200 |
| PCSO Pay | 3,335 | 3,335 | 1,146 | 938 | 3,335 | 0 |
| Police Pensions | 11,098 | 11,098 | 5,206 | -7,556 | 11,198 | 100 |
| Specials & Vol Operations | 1,005 | 1,004 | 335 | 408 | 1,004 | 0 |
| Business Sup Depts. | 18,495 | 18,459 | 6,154 | 5,981 | 19,259 | 800 |
| Collaboration & Reg. | 19,180 | 19,272 | 8,348 | 6,543 | 21,072 | 1,800 |
| | 7,615 | 7,560 | 2,520 | 2,512 | 8,160 | 600 |
| | | | | | | |
| TOTAL FORCE | 112,315 | 112,315 | 40,918 | 25,664 | 115,415 | 3,100 |
| | | | | | | |
| OPCC | 3,909 | 3,909 | 1,303 | 1,128 | 3,954 | 45 |
| | | | | | | |
| TOTAL EXPEND | 116,224 | 116,224 | 42,221 | 26,792 | 119,369 | 3,145 |
| | | | | | | |

2.3. The current forecast is showing forecast overspends of £3.1m for the Force and £45k for the OPCC. However carry forward approval was given to the Force in 2015-16 for expenditure of £697k (£86k Force training, £386k Regional Innovation and £225 Niche) thus reducing the Force net overspend to £2.403m. The £45k overspend on the OPCC was anticipated when the budget was agreed, and is earmarked to be funded from the OPCC carry forward reserve.

2.4. When the budget for 2016-17 was constructed the Force had a savings requirement of £7.267m, but only managed to identify £5.510m, leaving a balance of £1.757m still to find. It was assumed at the time that the Service Delivery Model, which is reviewing the workforce model, would deliver a substantial proportion of this gap. Unfortunately, currently, this has not been the case and the gap has now risen to £2.403m. Work is currently underway by the Force to reduce this overspend and it is anticipated that this forecast will reduce as the year progresses. Any remaining balance will be funded from the Capital/Transformation Reserve

2.5. The budget provision for Police Officers is based on an average establishment of 1,220 through the 2016-17 financial year.

2.6. Comments on the individual services are given below,

Police Pay – underspend £200k

Movement within the overall ranking structure together with any changes to the workforce mix under the Service Delivery model, have resulted in this small forecast underspend

PCSO Pay – Nil Movement

Savings from attrition and changes to the pay rates have offset a reduction in funding received from external partners. Negotiations are underway with a view to improving the funding across the County.

Police Pensions – overspend £100k

Delays in the procurement of an external provider for the administration of Police Pensions has resulted in the forecast overspend. Any variance on this budget will be balanced through the use of the Pension Reserve which currently totals £1.28m.

Specials and Volunteers – Nil movement

It has been agreed that the level of specials will be maintained at their current level (around 700) and in future will be measured against the available operational hours. Consequently no expenditure on additional training/uniforms etc. will be required but only on attrition and replacement. No variance has been identified at this stage.

Operations – overspend £800k

The overspend is attributable to three main areas:

- Expenditure on high speed training of officers £86k and Niche £225k. Both of these will be funded from the Force carry forward reserve (see para 2.3 above)
- Additional over establishment recruitment within the Force Control Room has resulted in a forecast £200k pressure. Unless this is offset by attrition this will lead to a permanent pressure and will need to be accommodated within the updated MTFP
- The Safer Roads Team have identified a requirement for further investment of £500k relating to breathalysers, mobile average speed cameras and a potential VAT liability. Clarification and agreement is currently being sought on the latter through our professional advisors. A reserve for Safer Roads Team has been created and currently stands at £1.194m. The rationale of this reserve is to receive surpluses of fines and speed awareness course income over expenditure and to reinvest in replacement equipment and road safety initiatives. This expenditure would qualify for funding from the reserve.

Business Support Departments – overspend £1.8m

This represents the savings gap of £1.757m which has not yet been allocated.

Collaboration and Regional – overspend £0.6m

£386k of this overspend relates to the regional innovation funding which will be funded through the Force carry forward reserve (see para 2.3 above). The remaining 214k relates to a forecast pressure within EMOPSS which is being investigated within the regional finance team.

OPCC – overspend £45k

Overspending on Agency Staff (+£251k) resulting from the engagement of 2 Accountants to oversee the close down process and other project work have been partially offset by savings on vacant posts and savings resulting from the closure of the OFBCI.

2.7. To summarise the position after the approved use of reserves the overall position is:

| | FORCE £,000 | PCC £,000 | TOTAL £,000 |
|--------------------------|------------------------|----------------------|------------------------|
| Variance as above | 3,100 | 45 | 3,145 |
| Use of Reserves | | | |
| Carry forward reserves | -697 | -45 | -742 |
| Pension Reserve | -100 | | -100 |
| Safer Roads Team Reserve | -500 | | -500 |
| | | | |
| Unfunded variance | 1,803 | 0 | 1,803 |

This is more comparable to the unfunded position at the time the budget was approved.

3. Forecast Level of Reserves

3.1. The provisional level of Reserves at 31st March 2017 total £10.182m as set out in appendix 1.

4. Capital

4.1. The Capital Programme approved by the former Commissioner in February 2016 totalled £52.253m. However since the approval the former Commissioner has approved the financing of up to £6.9m for the decant Plan from Wootton Hall. The Commissioner has also approved other variations in costs to the approved schemes totalling £1.016m.

4.2. Additional minor variations have also been identified totalling £0.199m, the majority of which being funded from approved carry forward reserves or revenue.

4.3. The updated Capital Programme is detailed in Appendix 2 and totals £60.308m.

4.4. Any further additions to the capital programme will mean the recommended level of borrowing could be exceeded as all internal available financing has been utilised. This will also mean the financing charges for interest will increase along with the Minimum Revenue Provision of 7.75%. The only exceptions will be if the scheme is funded from revenue, external income or currently approved schemes are cancelled.

5. Recommendations

5.1. To note the forecast out-turn position for 2016-17.

Steve Dainty
Acting Director for Finance

Nick Alexander
Acting Head of Finance
Corporate Services

**EQUALITY, DIVERSITY AND HUMAN RIGHTS
IMPLICATIONS**

None

HUMAN RESOURCES IMPLICATIONS

None

ENVIRONMENTAL IMPLICATIONS

None

RISK MANAGEMENT IMPLICATIONS

Small

REPORT AUTHOR

Steve Dainty
Acting Director for Finance

| RESERVES 2016-17 | | | | | | | | | | | |
|--|---------------|--------------|--------------|--------------|------------------|-----------------|--------------|-----------|--------------|------------------|---------------|
| | Carry Forward | | Pensions | General | Initiatives Fund | Capital/Transfm | Decant Plan | Insurance | Safer Roads | Employee Benefit | TOTAL |
| | Force | OPCC | | | | | | | | | |
| Opening Balance - 1st April 2016 | 697 | 1,356 | 1,280 | 4,404 | 2,941 | 3,010 | 0 | 83 | 1,194 | 1,145 | 16,110 |
| Contributions 2016-17 | | | | | | | | | | | |
| Police Grant | | | | | | 3,000 | | | | | 3,000 |
| Increase in Tax Base | | | | | | 790 | | | | | 790 |
| Council Tax Surplus | | | | | | 1,071 | | | | | 1,071 |
| Victims & Witnesses (precept) | | | | | 910 | | | | | | 910 |
| Transfers 2016-17 | | | | | | | | | | | |
| Decant Plan Reserve | | -700 | | | -2,200 | -400 | 4,445 | | | -1,145 | 0 |
| Repay Temp Borrowing | | | | | 4,289 | | | | | | 4,289 |
| | | | | | | | | | | | |
| Movement in Reserves 2016-17 | | | | | | | | | | | |
| Force Carry Forward | -697 | | | | | | | | | | -697 |
| OPCC Revenue 2016-17 | | -45 | | | | | | | | | -45 |
| Force Overspends | | | -100 | | | | | | -500 | | -600 |
| Capital Programme 2016-17 | | | | | | -3,442 | | | | | -3,442 |
| Initiatives Funding 2016-17 | | | | | -5,822 | | | | | | -5,822 |
| Tri Force 2016-17 | | | | | | -2,082 | | | | | -2,082 |
| Decant 2016-17 | | | | | | | -3,000 | | | | -3,000 |
| | | | | | | | | | | | |
| | | | | | | | | | | | |
| Closing Balance 31st March 2017 | 0 | 611 | 1,180 | 4,404 | 118 | 1,947 | 1,145 | 83 | 694 | 0 | 10,182 |

CAPITAL PROGRAMME 2015-16 TO 2020-21

| PROJECT | TOTAL COST | PREVIOUS YEARS | 2016-17 | 2017-18 | 2018-19 | 2019-20 | 2020-21 |
|---|---------------|----------------|---------------|--------------|------------|--------------|----------|
| | £000 | £000 | £000 | £000 | £000 | £000 | £000 |
| Transformation Investment | | | | | | | |
| Interoperability Programme | 1,971 | 1,231 | 317 | 423 | | | |
| Agile Working | 4,032 | 472 | 1,472 | 1,588 | 500 | | |
| Demand Reduction | 38 | 38 | | | | | |
| Criminal Justice - Interoperable CJ NICHE | 4,875 | 2,736 | 1,341 | 798 | | | |
| Sharepoint | 313 | 313 | | | | | |
| Decant Plan | 6,900 | | 3,300 | 1,500 | 400 | 1,700 | |
| | | | | | | | |
| Other Force Projects | | | | | | | |
| 21st Century Estate (NAH) | 20,550 | 1,992 | 13,992 | 4,566 | | | |
| Capital Programme Management | 184 | 129 | 55 | | | | |
| Organisational Development | 232 | 171 | 0 | 61 | | | |
| Business Intelligence | 284 | 156 | 0 | 128 | | | |
| Policing the Future Pilots | 43 | 38 | 0 | 5 | | | |
| | | | | | | | |
| Regional Collaboration | | | | | | | |
| Tri Force (Strategic Alliance) (PBS) | 724 | 430 | 197 | 97 | | | |
| Procurement of Body Worn Video | 1,103 | 590 | 68 | 104 | 80 | 261 | |
| Proof of concept project on live links and virtual courts | 27 | 27 | | | | | |
| PBS - OPA – Knowledge/Policy Management | 85 | 89 | -4 | | | | |
| Legacy - IT | 103 | 49 | 54 | | | | |
| | | | | | | | |
| TOTAL CHANGE PROGRAMME | 41,464 | 8,461 | 20,792 | 9,270 | 980 | 1,961 | 0 |
| | | | | | | | |
| REPLACEMENT SCHEMES | | | | | | | |
| Information Services | | | | | | | |
| IT Replacement Equip. | 2,754 | 401 | 738 | 455 | 455 | 705 | |
| Comms Replacement Equipment - VOIP | 16 | 16 | | | | | |

CAPITAL PROGRAMME 2015-16 TO 2020-21

| PROJECT | TOTAL COST | PREVIOUS YEARS | 2016-17 | 2017-18 | 2018-19 | 2019-20 | 2020-21 |
|--|---------------|----------------|---------------|---------------|--------------|--------------|----------|
| | £000 | £000 | £000 | £000 | £000 | £000 | £000 |
| IT Infrastructure Hardware Replacement | 1,897 | 580 | 492 | 275 | 275 | 275 | |
| Photocopier Replacement Programme | 329 | 57 | 176 | 48 | 48 | | |
| | | | | | | | |
| TOTAL REPLACEMENT SCHEMES | 4,996 | 1,054 | 1,406 | 778 | 778 | 980 | 0 |
| | | | | | | | |
| OTHER SCHEMES | | | | | | | |
| Property | | | | | | | |
| Estates Investment Strategy | 390 | 355 | 35 | | | | |
| Accessibility Fund | 100 | 0 | 25 | 25 | 25 | 25 | |
| Crime and Justice | | | | | | | |
| Criminal Justice Centre | 45 | -15 | 60 | | | | |
| CJC Intercom | 29 | | 29 | | | | |
| Digital Recording | 179 | 67 | 0 | 112 | | | |
| Information Services | | | | | | | |
| Airwave - Essential Costs | 3,124 | 41 | 49 | 3,034 | | | |
| Vehicles | | | | | | | |
| Vehicle Purchases | 6,281 | 2,368 | 1,018 | 995 | 950 | 950 | |
| Operational Equipment | | | | | | | |
| ANPR Equipment programme (RCU) | 250 | 61 | 69 | 60 | 60 | | |
| | | | | | | | |
| TOTAL OTHER SCHEMES | 10,398 | 2,877 | 1,285 | 4,226 | 1,035 | 975 | 0 |
| | | | | | | | |
| COMPLETED SCHEMES | | | | | | | |
| Various Schemes | 3,510 | 3,510 | | | | | |
| | | | | | | | |
| TOTAL CAPITAL PROGRAMME | 60,368 | 15,902 | 23,483 | 14,274 | 2,793 | 3,916 | 0 |
| | | | | | | | |

CAPITAL PROGRAMME 2015-16 TO 2020-21

| FINANCING | TOTAL | PREVIOUS YEARS | 2016-17 | 2017-18 | 2018-19 | 2019-20 | 2020-21 |
|--------------------------|---------------|-------------------|---------------|---------------|--------------|--------------|----------|
| | £000 | £000 | £000 | £000 | £000 | £000 | £000 |
| Capital Grants | 3,827 | 1,827 | 500 | 500 | 500 | 500 | |
| Innovation Funding | 2,421 | 2,421 | | | | | |
| Useable Capital Receipts | 6,809 | 335 | | 3,379 | 1,644 | 1,650 | |
| Revenue Funded | 1,552 | 931 | 423 | 66 | 66 | 66 | |
| Capital Reserve | 3,400 | 3,400 | | | | | |
| Prudential Borrowing | 25,000 | 5,589 | 11,319 | 8,092 | | | |
| External Funding | 1,399 | 1,399 | | | | | |
| Reserves - Capital | 4,274 | | 4,274 | | | | |
| Capital/Transformation | 4,362 | | 3,442 | 737 | 183 | | |
| Force Carry Forward | 225 | | 225 | | | | |
| Other | 6,900 | | 3,300 | 1,500 | 400 | 1,700 | |
| | | | | | | | |
| TOTAL | 60,308 | 15,902 | 23,483 | 14,274 | 2,793 | 3,916 | 0 |



Report to the Audit Committee

14th September 2016

**Report of the Acting Chief Finance and s151 Officer for the
Police and Crime Commission and ACO Finance & Resources
and s151 for the Chief Constable**

TREASURY MANAGEMENT MONITORING REPORT 2015-16

RECOMMENDATION

The Committee is recommended to note and comment on the report.

1 PURPOSE OF THE REPORT

- 1.1 This report provides an update on the forecast outturn position on Treasury Management Performance for the Office of the Northamptonshire Police and Crime Commissioner (ONPCC) for the financial year 2015-16. The report is based on actual performance up to the end March 2016.

2 BACKGROUND

- 2.1 The Bank of England base rate has remained at 0.50% for over 5 years and as forecast when the budget was set, has remained at this level throughout the year to date and remained at this level through 2015/16. The Table on the following page summarises the Budget, Actual and forecast Variance in respect of Treasury Management income and expenditure for the year 2015-16

Fund Performance

| | Budget | Actuals | Sums (Invested) Borrowed | Average Return / Cost | Variance |
|-----------------------------------|---------------|----------------|-------------------------------------|------------------------------|-----------------|
| | £'000s | £'000s | £'000s | % | £'000's |
| Net Interest (Receivable) | | | | | |
| Managed Funds-Investec - | (111) | (105) | (7,629) | 1.38% | 6 |
| Short-term fixed deposits | (55) | (51) | (12,960) | 0.45% | 4 |
| Total | (166) | (156) | (20,590) | 1.83% | 10 |
| Net Interest Payable | | | | | |
| PWLB - fixed | 611 | 63 | 1,300 | 4.82% | (548) |
| Short-term loans | 5 | 0 | | | (5) |
| Current Account | 20 | 12 | | | (8) |
| Total | 636 | 75 | 1,300 | 4.82% | (561) |
| Net Interest - (Rec) / Pay | 470 | (81) | (19,290) | | (551) |

Net Interest Receivable

2.2 For the second year following historically lower than expected returns, our external fund managers Investec have returned a rate of around 1.4%, preceding this the expected forecast of an average interest earned would have been 1.60%. Table 1 shows that the fund actually earned a rate of 1.38%, which resulted in only a slight under achievement of interest receivable of £6,000. Which given a challenging investment climate was above in year expectations.

This looks in part to be with our new Fund manager and also as a result of the change in decisions on the fund investment portfolio. This compared favourably to the internally managed fixed term deposits of 0.52%, however, single month losses on the investment fund have previously been in excess of the weighted difference in returns.

2.3 When the budget was set, cash reserves were forecast to reduce, however net cash flow to March 2016 was slower than anticipated, with timing reflecting the overall underspend before reserves expenditure. This was most significantly affected by the actual expenditure on the Capital Programme, particularly with the Northern Accommodation Hub and the Agile programmes. Capital spend to March 2016 was expected to be in the region of £19.95m but the outturn was £7.0m as a result of the slippage on these schemes, with the underspend within revenue further positively affected our cash position.

2.4 Treasury Management investment options were limited further in 15/16 than in previous years and also by the continued financial

environment and investment restrictions within the portfolio. Furthermore reductions in returns offered from financial institutions to Public Bodies and with the Bank of England maintaining the base rate at 0.5%, also made for difficult investment. However with the benefit of additional cash reserves as described in paragraph 2.3 the internally managed short term fixed deposits under achieved by £4,000.

2.5 All lending has been maintained within the maximum criteria for amounts and days as defined within our approved investment criteria. Additionally, no investments are made in instruments whose capital value may fluctuate in order to comply with the objective of principal security first.

2.6 Counterparties Limits

Shown below are the counterparty limits, as per the Treasury Management Strategy.

| | * Minimum Credit Criteria | Use | Max £ of total Investments | Max. maturity period |
|---|----------------------------------|----------------------------|-----------------------------------|-----------------------------|
| Contracted Bank Group (Natwest) | See note 1 & 2 | In-house | £30m | 364 days |
| Contracted Bank Group Short Term Interest Bearing Account (SIBA) | See note 1 & 2 | In-house | £8m | 364 days |
| UK nationalised banks | See note 1 | In-house | £5m | 364 days |
| UK nationalised banks | See note 1 | Fund Managers | £5m | 364 days |
| Banks nationalised by high credit rated (sovereign rating) countries – non UK | Sovereign rating | In-house and Fund Managers | £3m | 182 days |

Where economically advantageous and allowable within risk tolerances and the Treasury Management Strategy, the Treasury team can contact the Acting Director of Resources in advance of need to extend the total allowable in an individual bank, where proper mitigation is in place, i.e.. guarantees.

As at 31st March there has been no breach of the counterparty limits. The course of action if this were to occur would be for the Exchequer Accountant to notify and inform Acting Director for Resources for appropriate action to be taken, then reported through the audit committee.

Note 1. Short-term F1+, Long-term AA-, Viability/financial strength C, Support 3

Note 2. The Commission contracts a UK nationalised bank to provide its banking facilities. The risk of failure of any bank is equally weighted across any given working day/ hour or potentially looking at equivalents within the Greek banking crisis even whilst banks are closed, it is important that the Commission highlights that if the bank were to fail, any assets at this time would be frozen and all deposits at that point in time potentially seized

Long-term borrowing

- 2.7 No long term borrowing was required during the year, as there was sufficient reserves, capital grant and revenue budget available. The resulting under-spend on interest payable was £548,000, but this can be extremely volatile and depends heavily on timing decisions relating to forecasts and borrowing decisions to fund the capital programme.

Short-term borrowing activities

- 2.8 No short term bank borrowings were required and this resulted in savings on interest payable against the budget of £5,000. This budget has reduced significantly and managing the cash flow has resulted in reduced costs, but whilst infrequently, has affected the ability to invest, which has a negative impact on income receivable, however, the cost benefits are currently positive, however, it is expected that during 2016/17 that we may utilise more short term borrowing to maximise investment income.

3 Conclusion

- 3.1 The years investment outturn is an under achievement of £10,000 on receivable interest, mainly due to the financial environment, with budgets and expectations being reviewed. Furthermore predominantly due to there being no new borrowing, there was a single year saving on external borrowing of £561,000, resulting in an overall benefit of £551,000.

Steve Dainty, Acting Director of Resources Governance

Paul Dawkins, ACO Finance and Resources

Author: Debbie Clark Chief Corporate Accountant

Background Papers: None

INTERNAL AUDIT RECOMMENDATIONS DASHBOARD

Summary of Audit Progress and Outcomes

2014/15

Audits are graded as Red, Amber, Amber/Green or Green. Some thematic audits are advisory only and not graded. Recommendations are prioritised as High, Medium or Low to reflect the assessment of risk associated with the control weaknesses.

| AUDIT | DATE | GRADE | RECOMMENDATIONS MADE | | |
|---|-------------------|-------------|----------------------|--------|-----|
| | | | High | Medium | Low |
| Operational Areas – Stock Management – 1.14/15 | 02 July 2014 | Green | 0 | 0 | 0 |
| Firearms Licensing – 2.14/15 | 18 August 2014 | Green | 0 | 0 | 2 |
| Medium Term Financial Planning and Budget Setting - 3.14/15 | 20 November 2014 | Green | 0 | 0 | 1 |
| Risk Management – 4.14/15 | 02 September 2014 | Amber/Green | 0 | 2 | 6 |
| Estates Strategy / Management 5.14/15 | 24 November 2014 | Amber/Green | 0 | 1 | 0 |
| Force Control Room Business Continuity 6.14/15 | 10 December 2014 | Amber | 0 | 3 | 3 |
| Key Financial Controls 7.14/15 | 05 February 2015 | Green | 0 | 1 | 0 |
| Commissioning – 8.14/15 | 26 May 2015 | Amber | 0 | 2 | 1 |
| Follow up – 9.14/15 - Draft | 12 May 2015 | Not graded | | | |
| Governance – 10.14/15 | 20 March 2015 | Green | 0 | 1 | 2 |
| Human Resources – Workforce Strategy – 11.14/15 | 27 May 2015 | Amber/Green | 0 | 3 | 2 |
| IT Licenses | | | | | |
| Volunteers – Strategy, recruitment and training | | | | | |
| Collaboration – Efficiency Savings Plans | | | | | |

2015/16

Audits are graded as No Assurance, Limited Assurance, Satisfactory Assurance or Significant Assurance. Some thematic audits are advisory only and not graded. Recommendations are prioritised as Priority 1 (Fundamental), Priority 2 (Significant) or Priority 3 (Housekeeping) to reflect the assessment of risk associated with the control weaknesses.

| AUDIT | DATE | GRADE | RECOMMENDATIONS MADE | | |
|--|----------------|-------------------|----------------------|------------|------------|
| | | | Priority 1 | Priority 2 | Priority 3 |
| Risk Management | September 2015 | Limited Assurance | 2 | 3 | 6 |
| Procurement – EMSCU Level Purchases (above £25000) | February 2016 | Limited Assurance | 2 | 6 | 1 |

| AUDIT | DATE | GRADE | RECOMMENDATIONS MADE | | |
|--|---------------|------------------------|----------------------|------------|------------|
| | | | Priority 1 | Priority 2 | Priority 3 |
| Procurement – Local Level Purchases (below £25000) | February 2016 | Satisfactory Assurance | | | |
| Detained Cash | February 2016 | Limited Assurance | 1 | 5 | 2 |
| Specials Governance | February 2016 | Satisfactory Assurance | 0 | 2 | 0 |
| Core Financials | March 2016 | Limited Assurance | 3 | 5 | 3 |
| Change Management | May 2016 | Not Graded | 7 ungraded | | |
| | | | | | |
| | | | | | |

2016/17

Audits are graded as No Assurance, Limited Assurance, Satisfactory Assurance or Significant Assurance. Some thematic audits are advisory only and not graded. Recommendations are prioritised as Priority 1 (Fundamental), Priority 2 (Significant) or Priority 3 (Housekeeping) to reflect the assessment of risk associated with the control weaknesses.

| AUDIT | DATE | GRADE | RECOMMENDATIONS MADE | | |
|-----------------------|--------------|------------------------|----------------------|------------|------------|
| | | | Priority 1 | Priority 2 | Priority 3 |
| OPCC Victims Code | 01 June 2016 | Limited Assurance | | 7 | 3 |
| Complaints Management | June 2016 | Satisfactory Assurance | | 2 | 2 |
| | | | | | |
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OUTSTANDING RECOMMENDATIONS

Key to Status



Action complete



Action ongoing



Action outstanding and past its agreed implementation date

2014/15

Force Control Room Business Continuity – 6.14/15

| REF | RECOMMENDATION | CATEGORY | ACCEPT Y/N | ORIGINAL IMPLEMENTATION DATE | MANAGEMENT COMMENT | REVISED IMPLEMENTATION DATE | MANAGER RESPONSIBLE | STATUS |
|-----|---|----------|------------|------------------------------|--|-----------------------------|---------------------|--------|
| 3.2 | A business impact analysis should be undertaken to determine recovery priorities and required resources and timeframes to recover business operations following a disruption. The BCP and backup arrangements should be reviewed upon completion of the business impact analysis to ensure recovery arrangements meet business objectives. | Medium | Y | 28 February 2015 | When the plan is finalised I will liaise with Richard Baldwin and discuss it to ensure compliance and compatibility with other force contingency. I will discuss business impact analysis with him. Update – The BIA analysis is scheduled to be complete by the end of w/c 31 Aug 15. BCP's will be reviewed once the BIA analysis is complete Update – The FCR Business Continuity Plan has been updated and is due to be published in June 2016. The BIA is due to be re-assessed in June 2016. Update – The updated BCP has been published. Work on the BIA is ongoing. | Ongoing | Steve Herbert | |
| 3.5 | Upon completion of the Business Impact analysis exercise: The Force Control Room Business Continuity Plan should be reviewed for compatibility and alignment with the IT Disaster Recovery Plan. | Medium | Y | 28 February 2015 | Compatibility and alignment with the IT disaster Recovery Plan will be considered prior to acceptance. Update – This is dependent on completion of the BIA analysis | Ongoing | Steve Herbert | |
| 3.6 | The Force should define a testing strategy and a future schedule for periodic testing of the FCR Business Continuity Plan. | Medium | Y | 28 February 2015 | I have consulted with C/Insp Tennet and have agreed that testing of the plan should commence during January /February. Impact on normal business operations are considered inappropriate prior to this time. This will include the testing of contingency areas including Silver 3, Campbell Square and Wellingborough. All sites have been | October 2015 | Steve Herbert | |

| | | | | | | | | |
|--|--|--|--|--|---|--|--|--|
| | | | | | <p>checked for operability within the last month with ISD professionals and deemed to be suitable for contingency use at this time. This testing will be ongoing to cover all relevant staff and test all parts of the FCR spectrum.</p> <p>Update - Testing has been delayed somewhat due to work on technical equipment at Campbell Square. Back up servers for Aspect UIP have been rigorously tested in the current FCR due to system problems. Silver 3 has been tested for Dispatch during May. Dark Site reality testing should now be in a position to commence during the summer. The BCP plan has been placed into operation within the FCR environment due to technical problems on 3 occasions. On all occasions it has stood up to requirements and feedback has been positive. Feedback has been co-ordinated by SH and the next version will be completed after testing of all facilities is complete. The timescale on this is currently October 2015. Continuing checks are made on a BI-Monthly basis by the FCR and ISD staff to ensure dark sites are fit for purpose. All equipment at the FCR is tested for functionality monthly. This is recorded.</p> <p>Update - Thorough testing of the DR site at Campbell Square has been undertaken with the site operating independently for two hours and then as a joint site for a further ten hours. Some minor technical points have been passed to ISD for resolution but they are not critical. The FCR is confident that the site functions adequately as a fall back site and could be used immediately should the need arise. Further testing is planned to increase staff familiarisation.</p> <p>The Dispatch DR site at Wellingborough has been tested again and some minor technical issues reported to ISD. The site is functional but there are ongoing issues because of the conflict between this site being a day to day operational LRO site and also the DR site which has resulted in some equipment being moved. Additional equipment is being provided in the contingency boxes to mitigate this issue.</p> <p>The FCR Business Continuity Plan has been</p> | | | |
|--|--|--|--|--|---|--|--|--|

| | | | | | | | | |
|--|--|--|--|--|--|--|--|--|
| | | | | | <p>updated and is due to be published in June 2016.</p> <p>Update – Further testing of the Campbell Sq site, involving as many personnel from the FCR as possible, is scheduled to take place in September/October. The Wellingborough Dark Site has now seen an APD upgrade with new machines which replace the older versions. This will improve the reliability of this site as they are all touch screen and do not require mice or keyboards which tended to get moved around. The terminals at this site have now been recently tested by FCR SIDO staff and are in working order.</p> | | | |
|--|--|--|--|--|--|--|--|--|

Key Financial Controls – 7.14/15

| REF | RECOMMENDATION | CATEGORY | ACCEPT Y/N | ORIGINAL IMPLEMENTATION DATE | MANAGEMENT COMMENT | REVISED IMPLEMENTATION DATE | MANAGER RESPONSIBLE | STATUS |
|-----|---|----------|----------------------------------|------------------------------|---|-----------------------------|---------------------|--------|
| 5.1 | <p>Restated recommendation 2013/14</p> <p>Reconciliation should be undertaken on a periodic basis between the IT items on the Fixed Asset register back to local inventory records to ensure that it represents an accurate view of the assets held. Periodic verifications should be undertaken against the items held in the LANDesk system to ensure the accuracy of records is maintained. This could be done on a sample basis to identify the highest value items.</p> | Medium | Yes accept a process is required | 2016/17 | Unlikely to be implemented in the next 12 months. | | Nick Alexander | |

Follow Up – 9.14/15

| 2.2 Business Continuity [4.13/14] | | | | | | | | |
|-----------------------------------|--------------------------------|----------|------------|------------------------------|--|-----------------------------|---------------------|--------|
| REF | RECOMMENDATION | CATEGORY | ACCEPT Y/N | ORIGINAL IMPLEMENTATION DATE | MANAGEMENT COMMENT | REVISED IMPLEMENTATION DATE | MANAGER RESPONSIBLE | STATUS |
| 3.3 | Original Recommendation | Medium | Y | TBC | <p>Original Comment</p> <p>As the report states an NCALT training package</p> | Ongoing | Richard Baldwin | |

| | | | | | | | |
|---|--|--|--|--|--|--|--|
| <p>A communication programme should be designed to ensure that all employees understand the Business Continuity Management Policy, business continuity priorities and what their individual responsibilities are in respect of business continuity management.</p> <p>Update</p> <p>We were informed by the Force Risk and Business Continuity Advisor, that no further progress had been made regarding this recommendation, pending roll out of the NCALT training package.</p> <p>This recommendation had not been implemented and has been carried forwards for further review.</p> | | | | <p>for all employees is being developed as part of the national BC strategy and is expected to be delivered in 2014.</p> <p>Once this has been delivered we can review the content to see if any further material is needed.</p> <p>Update – The training package being developed as part of the national strategy is still being outstanding. A national lead has been appointed to drive this forward.</p> <p>Update – Work by the national BC Forum to deliver a training package is ongoing.</p> <p>Update – A draft training package has been produced and circulated for feedback.</p> | | | |
|---|--|--|--|--|--|--|--|

2015/16

Risk Management – September 2015

| | Observation/Risk | Recommendation | Priority | Management response | Timescale/ responsibility | Status |
|-----|--|---|----------|--|--|--------|
| 4.1 | <p>Service Level Risk Registers</p> <p><i>Observation:</i> In order for risks to be effectively managed across departments within the force, service level risk registers should be in place that include all key risks to the departments.</p> <p>A sample of six service areas within the Force were selected and it was confirmed that in two instances (Northampton Local Policing and Cyber Crime Unit) the service area did not have a risk register in place.</p> <p>Further to this, in one instance (Human Resources) only two risks for the department had been identified and, therefore, these may not be sufficient for an appropriate risk register for the service.</p> <p>Risk: Where service specific risk registers are not in place, risks at an operational level may</p> | <p>Service level risk registers should be in place across all services at the Force and should include comprehensive details of all key risks to the departments. (Force)</p> | 1 | <p>Agreed. The Risk and Business Continuity Advisor will meet with departmental heads to ensure that they are correctly identifying and recording risks and that they maintain risk registers</p> <p>Update – Risk Advisors have been identified for a number of the areas where risk registers were not in use and training has been provided as required.</p> <p>Further work will need to be undertaken to align the risk following implementation of the Service Delivery Model.</p> | <p>Risk & Business Continuity Advisor 31/12/2015</p> | |

| | Observation/Risk | Recommendation | Priority | Management response | Timescale/ responsibility | Status |
|-----|---|--|----------|---|--|--------|
| | not be effectively managed and escalated for further action to be taken. | | | | | |
| 4.2 | <p>Transformation Risks</p> <p><i>Observation:</i> It was noted that a key risk to the OPCC is that of meeting its priorities. A number of the OPCC priorities are delivered via the Transformation Programme which has its own risk register in place. The Aspire Board for the Transformation Programme was a key mechanism of assurance to the OPCC that their priorities were being delivered and this was included within the OPCC risk register as a level of assurance. However, it was confirmed that the Aspire Board is now dormant and this assurance no longer exists. Proposals are in place to develop an appropriate governance structure for the Transformation Programme. This includes the introduction of a Portfolio Board, which will be chaired by the Force, to oversee the management of the individual programmes. This will be overseen by an overarching Transformation Programme Board to be chaired by the OPCC. However, at the time of the audit this governance structure was not in place and was in the very early stages of design.</p> <p>Risk: Where the Transformation Programme is not being effectively managed there is a risk to the OPCC that the Police & Crime Plan is not delivered.</p> | The OPCC should seek to ensure that there is an appropriate source of assurance in respect of the management of risks relating to the Transformation Programme. (OPCC) | 1 | <p>Each SRO of each Transformation programme is required to ensure a Risk Register is produced and maintained. It should be regularly reviewed by the SRO.</p> <p>The OPCC and Force are about to introduce re-designed the Governance arrangements for oversight of the Transformation Programme. The Accountability Board, chaired by the Commissioner, had its first meeting on 22nd September 2015 and reviewed progress with baselining review of the Programme. That Board will in due course sign off revised Programme Mandates and Delivery Plans. The new Transformation Board, chaired by the Deputy Chief Constable, will be responsible for oversight of delivery of the Programme. The DCC will report on progress to each meeting of the Accountability Board.</p> <p style="color: green;">Update – The Transformation Programme Board is now in place and all risks are recorded in the Transformation Board Risk Register.</p> | <p>September 2015 Chief Executive OPCC</p> <p>November 2015 Deputy Chief Constable</p> | |

Procurement – February 2016

| | Observation/Risk | Recommendation | Priority | Management response | Timescale/ responsibility | Status |
|-----|---|--|----------|--|---|--------|
| | Force may not receive the level of service required from the supplier. | | | | | |
| 4.3 | <p>Framework Record Update In order for Officers to be aware of all frameworks that are currently in place, the frameworks list should be up to date and maintained on a regular basis as new suppliers are added or removed. Audit confirmed with the EMSCU that at the time of the audit the frameworks list required an update to include all current frameworks in place and that this was not being regularly reviewed. Risk: Where staff and Officers are unaware of all frameworks in place there is a risk that value for money is not obtained.</p> | <p>The record of frameworks in place should be updated and reviewed on a regular basis to include all current frameworks. (EMSCU responsibility)</p> | 2 | <p>Accepted Action:- EMSCU to update framework list on an active basis. This to be circulated to all stakeholders via the Engagement Partners Update - Reviews and updating of information is on-going, as this is an active database, this review will continue and will continue as a Business as Usual practise.</p> | David Bailey 31st March 2016 | |
| 4.4 | <p>Value for Money Across Forces Audit confirmed that the Northamptonshire Police Finance Department conduct local monitoring of purchases on the MFSS Oracle system to identify any inappropriate purchases. However, it was noted that currently no cross-force monitoring of purchases below £25,000 takes place. Monitoring of purchases below £25,000 across the shared service forces could identify further efficiencies. Reviewing the accumulated spend across the Forces in specific areas would identify where multiple contracts could be amalgamated to deliver greater economies of scale and further savings. Risk: Where duplicate purchases and/or high value purchases with suppliers across East Midlands Forces are not identified there is a risk that value for money is not obtained.</p> | <p>Consideration should be given to monitoring purchases below £25,000 across the shared service forces. (Local responsibility)</p> | 2 | <p>We have employed a Procurement Officer on an 18 month Fixed term Contract to deliver, Force-wide scrutiny of similar catalogue spend (& escalated to EMSCU if appropriate), alignment to on-going EMSCU contract negotiations, improved procurement processes/ efficiency and better contractual terms and ability to hold those suppliers for the services provided. Update - The position has been filled and work is ongoing with EMSCU and the IT team to implement a robust new system to streamline reviews of expenditure prior to commitment.</p> | As part of the business planning, this will have a no PO no pay by the end of the financial year & the purchasing review will be completed before June 2016 (Strategic Alliance). Nick Alexander | |
| 4.5 | <p>Purchases Supported by Business Cases To ensure that all purchases for a value greater than £25,000 are appropriate, these should be supported by an appropriate business case. The business case should be in the form of a detailed statement of</p> | <p>Purchases for a value greater than £25,000 should be supported by a business case. (Local responsibility)</p> | 2 | <p>In conjunction with Internal Audit we are currently looking at how senior teams with the responsibility to spend above £25k ensure that decisions are taken with full knowledge of the current situation regarding Strategic Alliance, Regional ISD, Niche, Transformation portfolio and Corporate Services/ Business plans &</p> | The no PO no pay & internal audit plan for 2015/16 will conclude by 31st March, | |

Agenda Item 14a

| | Observation/Risk | Recommendation | Priority | Management response | Timescale/ responsibility | Status |
|-----|---|---|----------|---|---|--------|
| | <p>requirement, single tender award or individual business case where appropriate. Audit could not confirm in two out of 15 contracts tested (CN1000799 and CN1000959) that an appropriate business case had been provided for the purchases. Risk: Where purchases greater than £25,000 are not appropriate there is a risk of a substantial financial loss to the Force.</p> | | | <p>where appropriate those decision take note of the inherent risk of each of those and then in conjunction with the EMSCU Business Partner the terms of that contract can then be considered there in.</p> <p>Update -</p> | <p>therefore the Force where possible (ie there will be some expenditure such as legal cases that will not be made via PO) will ensure that expenditure above £25k is supported by a business statement/ justification. Nick Alexander</p> | |
| 4.6 | <p>Retrospective Purchase Orders To ensure that the Force is invoiced for the correct value of goods/services required and to ensure that these are appropriately authorised, a purchase order should be raised on the MFSS Oracle system prior to ordering the goods/services with the supplier. Testing of a sample of 25 purchases below a value of £25,000 identified that in two instances (PO 93440011079 and PO 93440011869) a purchase order was raised after the date of the invoice. These were therefore retrospectively raised on the system. Risk: If a purchase order is not raised prior to the order, the Force may purchase goods or service that it does not require.</p> | <p>A purchase order should be raised for all purchases prior to ordering the goods/services, authorised by an appropriate member of staff or Officer.</p> <p>(Local responsibility)</p> | 2 | <p>The force is currently in the process of implementing a No PO no pay process, which will seek to eradicate negative behaviour around purchasing decisions post decision to buy (ie seeking input from a requisitioner/ finance/ procurement & MFSS post decisions and actions to buy).</p> <p>Update - All viable invoices where it does not create a threat/ risk/ harm are now required to have an authorised PO prior to payment.</p> | 31st March 2016 Debbie Clark / Michael Montgomery | |
| 4.7 | <p>Number of Quotations Sought To ensure that value for money is obtained, 3 quotations should be obtained for all purchases above £10,000, in accordance with the Contract procedure Rules. In order to confirm that values of purchases on the Oracle system are accurate in accordance with the</p> | <p>The correct number of quotations should be sought for purchases below £25,000 in line with the Contract Procedure Rules. All quotes should be attached to the purchase order on the Oracle</p> | 2 | <p>During the process of implementing a No PO No pay policy & also the embedding of the Procurement Officer (point 4.4), we will ensure that every requisition process adheres to the minimum quote process and that the procurement officer liaises and reviews those to improve purchasing efficiency and where possible reviews those processes in alignment to existing resources and the</p> | 31st March 2016 Debbie Clark / Michael Montgomery | |

| | Observation/Risk | Recommendation | Priority | Management response | Timescale/ responsibility | Status |
|-----|--|--|----------|---|---|--------|
| | <p>quote received, the original quotations should be retained on the system. Testing of a sample of 25 purchases below £25,000 identified that on one occasion only one quote was obtained from a supplier. The value of the purchase was over £10,000 and therefore three quotes were required to be obtained. This was for the purchase of a new fire alarm system at the force (PO 93440009345). Additionally, in four out of 25 instances the quotes received had not been attached to the system (Req 93410036811, Req 93410032546, Req 93410026335 and Req 93410026314). Audit was required to liaise with the original requisition requester to obtain the quotes that had been received. Risk: Without quotations being obtained, the Force may not be purchasing the most cost effective solution.</p> | <p>system. (Local responsibility)</p> | | <p>position on Strategic Alliance, Regional ISD, Niche, Transformation portfolio and Corporate Services/ Business plans. Update - No PO no pay has been implemented & Line Managers/ MFSS review each PO to ensure that appropriate levels of quotes are contained.</p> | | |
| 4.8 | <p>Requisition Approval/ Segregation of Duties To ensure that only appropriate purchases and payments to suppliers are processed, a segregation of duties should occur between raising and approving a requisition. Audit confirmed through testing the sample of 25 purchases below £25,000 that in 2 instances (Req 93410028337 and Req 93410035462), a requisition was raised for the purchases but these were approved by the same officer. For both of these purchases, the value was above the £250 self approval limit. Risk: Where a segregation of duties does not occur for purchases greater than £250 there is a risk of inappropriate and / or inaccurate transactions being processed which could result in reputational and financial damage to the Force.</p> | <p>A segregation of duties should occur between raising a requisition and approving a requisition over £250. (Local responsibility)</p> | 2 | <p>We are conducting a review with MFSS on the existing levels and segregations and any inappropriate responsibilities are currently being removed, however, there are around 20 people that have 'super user' rights who regularly buy/ are closer to the corporate services function that most operational staff and can self-approve up to £1,000 which is in alignment to Purchase Card policy. Update - Systems responsibilities are now bi annually reviewed to ensure that persons only have appropriate responsibilities. Also all force purchase cards have been reviewed & recalled as appropriate.</p> | 29th February 2016 Debbie Clark / Michael Montgomery | |
| 4.9 | <p>Procedure Update To ensure that all staff follow the correct</p> | <p>Procedure notes should be reviewed and updated where</p> | 3 | <p>The force with EMSCU will review these documents at least annually (a review was completed with the</p> | 29th February 2016 | |

| Observation/Risk | Recommendation | Priority | Management response | Timescale/ responsibility | Status |
|---|---|----------|---|---------------------------|--------|
| <p>procedures for procurement, all procedure documents should be reviewed and updated on an annual basis with appropriate approval. Audit confirmed that there are sufficient procedures in place for the procurement process. It was identified that these are available to staff via the forces internal website that all staff have access to. The available documentation are divided into a number of areas on the EMSCU Policies and Procedures page on the intranet. Audit reviewed the guidance available to staff and it was identified that a number of the documents were not up date i.e. these had not been reviewed/updated within the last 12 months.</p> <p>Risk: Where staff do not follow the correct procedures there is a risk of inefficient, ineffective and out dated working practices.</p> | <p>necessary on at least an annual basis.</p> <p>(Local responsibility)</p> | | <p>previous EMSCU business Partner, however, I do not believe that this has been recorded. The head of Finance with the Procurement officer and EMSCU will review the documents again before the close of the third quarter of the financial year.</p> <p>Update - All processes are currently being reviewed & updated & as part of the MFSS optimisation group processes are being improved where possible or plans put in place to improve their output over time. This includes both self service, retained process & MFSS resource implications, as service & processes are reliant on all aspects of staff across the bodies.</p> | Nick Alexander | |

Detained Cash – February 2016

| Observation/Risk | Recommendation | Priority | Management response | Timescale/ responsibility | Status |
|--|---|----------|--|-----------------------------------|--------|
| <p>4.1 Storage of Safe Keys To ensure that only appropriate persons can access the safes that are holding cash, the keys to the safe should be securely stored at all times.</p> <p>Visits to the Force Control Room, two police stations and Detained Property were conducted during the audit. It was confirmed that the keys to the safes at the Force Control Room and two police stations were securely stored within Traka storage cabinets. In order to obtain the keys, officers must enter their unique code to access the Traka Cabinet. Only keys that the Officer has been assigned access to on their code can be removed from the Traka Cabinet.</p> <p>However, it was identified through a visit to</p> | <p>Keys to the rooms containing safes that are holding cash and keys to the safes should be securely stored at all times.</p> | 1 | <p>Whilst this is a secure covert site & there are only a few persons who can access the site with Force ID cards, the keys to the safe do have to be held in the appropriate locked facility & we will issue policy to ensure that staff are aware of their responsibility to lock away the keys when not in use.</p> <p>Update – All keys are now stored within the key cabinet within DP office at all times to ensure that access is restricted.</p> | 31st March 2016 Nick Alexander | |

| | Observation/Risk | Recommendation | Priority | Management response | Timescale/ responsibility | Status |
|-----|---|--|----------|--|---------------------------------|--------|
| | <p>Detained Property that the key to the strong room containing the detained cash safe was not securely stored during the day. The key was located on the Team Leader's desk during the day. The key would allow access to the strong room and access to the key cabinet for the safes. A Traka cabinet was not in place at Detained Property.</p> <p>Risk: Where inappropriate persons can access the safes holding cash, there is a risk that cash could be stolen which could lead to a financial loss to the Force and reputational damage where cash should be returned.</p> | | | | | |
| 4.2 | <p>Fingerprints Procedure To ensure that an appropriate and agreed process is followed by the Officer's completing the fingerprints procedure, formal and approved procedural guidance should be developed. The public are able to obtain sets of fingerprints from the Force at Corby Police Station only. However, it was identified during the audit that there is currently not an agreed process in place for the fingerprints procedure that Officers should follow. It was noted through discussion that cash used to be collected and then booked in and taken to Detained Property for banking. However, this process has now ceased as Detained Property feel they should not be banking this cash. It was also noted by the Officer conducting the fingerprints process that this was an inefficient method of banking the money. The cash would have to be counted in the presence of two members of staff, double bagged and signed by both officers, registered on the Detained Property system, entered into the safe and the details entered into the safe log book. The cash would then have to be collected by Detained Property before banking.</p> | <p>Procedural guidance should be developed for the fingerprints process that includes, but is not limited to, the following areas: · Booking appointments; · Collecting and recording of payments; · Banking payments; and, · Storage of cash. The guidance should be formally approved by the appropriate persons.</p> | 2 | <p>A full process for this is in the process of being written and it will be issued as policy following its completion.</p> <p>Update – All information has been received & the process is in place, the force is currently issuing the written guidance for the policies on the intranet.</p> | 31st March 2016 Debbie Clark | |

| | Observation/Risk | Recommendation | Priority | Management response | Timescale/ responsibility | Status |
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| | <p>The Officer conducting the fingerprints process now completes the process of collecting and banking payments for fingerprints. However, this process has not been formally agreed by appropriate persons within the Force.</p> <p>Risk: Where an agreed process is not followed there is a risk that inappropriate collecting, storage and banking of cash occurs which could lead to a financial loss to the Force.</p> | | | | | |
| 4.3 | <p>Cash Counting and Bagging</p> <p>To ensure that there is a clear record of the involvement of two officers in the counting and bagging process of seized cash, and in order for cash to be adequately secured, cash should be double bagged and the bag should be signed by both officers that were involved in the process.</p> <p>It was confirmed through testing a sample of four items held in the cash safes across three force locations that:</p> <ul style="list-style-type: none"> · In three instances, the bagged items had not been countersigned to evidence the involvement of two officers in the cash counting and bagging process; and, · In one of the three instances above, the cash had only been single bagged when held in the safe. <p>This was also raised as a weakness in the initial audit in 2011/12.</p> <p>Risk: Where there is a failure to evidence involvement of two officers in the counting and bagging process there is a risk of officer vulnerability in the event of errors, omissions and/ or misappropriation.</p> | <p>An individual observer should be present when cash is counted and the cash should be double bagged in line with the Detained Property procedure. The bags should be signed by the two officers involved in the process to confirm a true and accurate total has been recorded.</p> | 2 | <p>All non-double bagged/signed items will be rejected by the detained property function, with officers being required to present and complete a second signature process.</p> <p>Where possible an independent person will be present for the counting of cash, however, given the 24/7/365 operational requirements of the Force, this may not be possible in some instances & the value would be too large to hold in other facilities or not appropriate, as in hold within the vehicle & as such, in these instances, we will only require officers to ensure items are double bagged & signed.</p> <p>A recommunication of this within Force Orders & broadcast email will be issued</p> <p>Update – Cash is no longer accepted into Property & is rejected & officers are instructed to amend errors unless all procedures have been adhered to and it is appropriately counted/ signed. A notice regarding seizure of cash procedures was included in Force Orders 19 August 2016.</p> | 31st March 2016 Robyn Bishop/ Debbie Clark in conjunction with ACPO | |
| 4.4 | <p>Segregation of Duties for Fingerprints</p> <p>To ensure that there is appropriate overview of the fingerprints process, and in order for there to be more than one officer involved in the entire fingerprints process, a segregation of duties should be present.</p> <p>It was confirmed that one Officer conducts the</p> | <p>A segregation of duties should occur in the process of providing the public with fingerprints.</p> | 2 | <p>Following the full implementation of the E-Services project, we will request a new online functionality is created to record bookings of finger prints rather than phone call records, with a process to allow for cancellations to be emailed back to the end user, which will mean an ability to reconcile between cash in vs appointments.</p> | Nick Alexander 31.03.17 | |

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| | <p>fingerprints process at Corby Police Station. Appointments are made for the fingerprints and the member of the public will pay on the day their fingerprints are taken. The Officer conducting the process maintains a manual fingerprints register. Receipts are issued to the payee via the use of the receipt book in which the Force retains a copy. Cash is banked as soon as possible by the Officer and where this is required to be stored it will be securely kept in the Corby cash safe. The fingerprints register details are sent to MFSS on a monthly basis to support the income account reconciliation process.</p> <p>However, it was noted this Officer may be the only one involved in the process. For example, the Officer could arrange the appointment, take the fingerprints, take the payment and bank the cash, with no other officer or record being involved in the process. This could therefore lead to the risk that a payment may not be recorded and a receipt may not be present which could cause fraudulent activity to go unidentified.</p> <p>Risk: Where there is only one officer involved in the entire fingerprints process there is a risk of errors or fraudulent activity going undetected.</p> | | | <p>Update - The E-Services project is aware of this requirement, but it is being managed on a prioritisation basis and will be delivered as part of the online package expected on full implementation across the next 12 months.</p> <p>Currently we rely on the Trust & Professional Integrity of our officers & will continue to do so until a practical electronic process is available.</p> | | |
| 4.5 | <p>Safe Log Books To ensure that there is an adequate record of all cash movements and full details of cash seizures, the cash safe log book should be updated each time an item is entered into or removed from the safe.</p> <p>Visits to the Force Control Room, two police stations and Detained Property were conducted during the audit. It was identified through a review of the safe log books at each location that the details recorded across the Force are inconsistent. All of the safe log books recorded details of the date the cash was entered into the safe, the officer entering</p> | <p>Consistent safe log books should be in operation across the Force which record the following:</p> <ul style="list-style-type: none"> · Date item entered into safe; · Item description; · Officer entering item into the safe; · Officer observing; · Date item removed from safe; and, · Officer removing item from | 2 | <p>This will be captured within the 4.3 recommendation to ensure that all processes and procedures are reissued & updated to capture this requirement.</p> <p>Update – In 2011 when property was centralised a decision was taken that log books were not required, as the property system records persons placing in/ when and also when it is removed and we have a paper copy of when and by whom it was removed, a log book would therefore be triplicating (it doesn't strengthen or weaken our insurance policy)</p> | 31st March 2016 Robyn Bishop/ Debbie Clark in conjunction with ACPO | |

| | Observation/Risk | Recommendation | Priority | Management response | Timescale/ responsibility | Status |
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| | <p>the item into the safe and a description of the item. However, not all safe log books recorded details of the date items were removed from the safe and the officer removing the item from the safe.</p> <p>It was further identified through testing a sample of four items in the various cash safes that in one instance the safe log book had not been updated to record the item entering the safe.</p> <p>This item related to the cash safe at Wellingborough Station.</p> <p>Risk: Where there is a failure to record all cash movements and full details of the seizure, there is a risk of unrecorded access and subsequent lack of audit trail to locate cash in the event that this is misplaced.</p> | <p>the safe.</p> <p>Safe log books should be updated each time an item is entered into or removed from the safe.</p> | | | | |
| 4.6 | <p>Timely Collection/Banking of Cash</p> <p>To ensure that the Force is aware of the value of cash held, and in order for only appropriate amounts of cash to be held in the cash safes, cash seized should be counted and banked in a timely manner.</p> <p>It was identified through discussions and a review of the Detained Property procedure that there is no requirement for when a decision must be made on whether cash is to be counted and banked or retained in the cash safes. There is also not a time restraint in the procedure for how long cash can be stored on site prior to being transported to Detained Property.</p> <p>This has therefore led to uncounted funds being retained in the cash safes and an accurate record of the value of funds held being unable to be obtained. Audit discussed this issue with the Detained Property Team Leader and it was noted than an accurate record of the value of items in the cash safe at DP would not be able to be obtained. The cash insurance policy restricts the value of cash that can be held in safes across the Force and</p> | <p>Where possible, cash seized should counted and banked in a timely manner. Cash that cannot be banked should be transferred to Detained Property in a timely manner.</p> | 2 | <p>In conjunction with a revised publicised timetable for cash collection, this will be encaptured within the 4.3 recommendation to ensure that all processes and procedures are reissued & updated to encapture this requirement.</p> <p>Update – A notice regarding seizure of cash procedures was included in Force Orders 19 August 2016. We now collect every 7 days (subject to 4.3 ie it being received correctly), unless there is no requirement or the value is deminimus</p> | 31st March 2016 Robyn Bishop/ Debbie Clark in conjunction with ACPO | |

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| | <p>therefore the insurance policy could be breached.</p> <p>Testing of a sample of four items held in cash safes outside of Detained Property also identified that one item has been retained in the Force HQ Control Room safe since November 2015 and, at the time of the audit, this had not been transported to the Detained Property cash safe. This item holds a value of £2,324.02.</p> <p>Risk: Where the Force is unaware of the value of cash held there is a risk that unidentified values of cash may be lost or stolen. Additionally, the cash insurance policy may be breached which could lead to a financial loss and reputational damage to the Force.</p> | | | | | |
| 4.7 | <p>Procedure Update</p> <p>To ensure that staff follow the correct procedure for seizing and handling cash, the Detained Property procedure should be reviewed and updated on an annual basis. It was identified that a Detained Property procedure is in place for the Force which includes a section on cash (section 4.4). The procedure includes a review date of 17 July 2015 although, at the time of the audit, this had not been reviewed and updated. Discussion with the Financial Investigation Unit noted that the procedure is currently being reviewed as it is required to be updated and communicated to staff.</p> <p>Risk: Where procedure notes are not updated on a regular basis there is a risk that staff working practices may become inefficient, ineffective, and/or out-dated. This could subsequently lead to mistakes and errors in the seizing and handling of cash.</p> | <p>The Detained Property procedure should be reviewed and updated, where necessary, on at least an annual basis.</p> | 3 | <p>This will be captured within the 4.3 recommendation including an annual review point to ensure that processes/ procedures are up to date.</p> <p>Update – see 4.3</p> | 31st March 2016 Robyn Bishop/ Debbie Clark in conjunction with ACPO | |
| 4.8 | <p>Training Plan for Officers</p> <p>To ensure that all Officers are aware of the correct process to follow when seizing and handling cash, and in order for them to be</p> | <p>A proactive training plan should be developed to ensure that all new officers, or those that have not</p> | 3 | <p>The training plan, during and following the Niche system implementation will be reviewed to look at updating cash handling training.</p> | Judith McQuiad/ Debbie Clark 31.07.16 | |

Agenda Item 14a

| | Observation/Risk | Recommendation | Priority | Management response | Timescale/ responsibility | Status |
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| | <p>informed of any changes to legislation, a proactive training plan should be developed. It was confirmed through discussion with the Core Policing and Assessment Team Leader that student officers receive training regarding handling cash as part of their induction training prior to commencing full duties. This initial training is directed by a college and delivered by the Force making sure that they deliver all the learning outcomes/descriptors that the college recommends.</p> <p>However, it was noted that the Core Policing and Assessment Team Leader has not been asked to deliver any refresher training regarding cash handling and cash seizure. This should be included within the Continual Professional Development of Officers.</p> <p>As highlighted elsewhere in this report, Audit have identified a number of issues relating to the detention and handling of cash.</p> <p>Risk: Where Officers are not aware of the correct process to follow there is a risk of a failure to follow required processes/ legislation to enable correct control and recording of cash seized.</p> | <p>received training for a number of years, have received up to date cash seizure and handling training. Consideration should be given to including this within the roll out of the NICHE programme.</p> | | <p>Update – A notice regarding seizure of cash procedures was included in Force Orders 19 August 2016. We completed a training plan during the Niche implementation & all officers are aware of this and it is part of the new recruit plan.</p> | | |

Core Financials – March 2016

| | Observation/Risk | Recommendation | Priority | Management response | Timescale/ responsibility | Status |
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| 4.1 | <p>New and Amended Supplier Details Observation: New suppliers are set up on the payments system by MFSS upon request of the Force. An approved new supplier form or a supplier invoice is required to create the new supplier. The creation or amendment (for example, update to bank details) to the master file however, although restricted to a small team, is undertaken by one member of staff and not subject to a secondary check or verification. In addition, when setting up a new supplier MFSS only verify VAT and Companies House registration number and this is not deemed sufficiently robust to reduce the risk of payments to 'high risk' suppliers. Risk: Incorrect or inappropriate updates to suppliers key details going unidentified. Increased risk of payments made to suppliers that may cause financial or reputational damage to the Force. Increased risk of bank mandate fraud.</p> | <p>Segregation of duties should be introduced into the process for creating or amending supplier details within Oracle. In addition, new suppliers should only be set up upon receipt of an approved new supplier form and this should include key details that then can be verified by MFSS, for example identification of directors of the company, so the reputation and current financial status of the company can be verified. Consideration should be given to reviewing a sample of new suppliers set up since the implementation of MFSS processes to ensure appropriate checks have been made.</p> | 1 | <p>Segregation of duties is in place – i.e. access to create and update supplier records is separated from transactional processing of purchase orders and supplier invoices. For every invoice that currently comes in without a PO we would potentially need to get retrospective approval to create an account for a supplier that has already provided goods or services, which is not a practical approach. When the forces move to No PO No Pay early next year the challenge to creating a new supplier would come at the point that the requisition is received in MFSS, as the purchasing team would use existing contracted / framework suppliers wherever possible or source the goods from a reputable supplier. We could look at including a step in the process at that point if a new supplier is to be used. On top of the above, all MFSS Processes are currently being reviewed and during the review of this process we will include</p> <ul style="list-style-type: none"> · Where bank details are changed, existing Supplier info verification checks upon change requests · Only changes/new requests from approved forms will be processed unless approved by the s151 or their deputy. <p style="color: green;">Update - The amended procedure has been implemented & reviewed on an interim visit by Internal audit</p> | <p>Pam Rourke, MFSS, & Nick Alexander (Acting Head of Finance) 31.03.16</p> | |
| 4.2 | <p>Segregation of duties – Purchasing Process Observation: Audit tested a sample of fifteen purchases and identified that two (with a value exceeding the authorised self-serve limit of £250) had been ordered, receipted and approved for payment by one member of staff. Staff at the Force have now reviewed this issue and identified that some staff have access to both the Oracle Ordering and i-payments system. Work is now underway to address this issue between the Force and MFSS.</p> | <p>The Purchasing Process and controls/ access within Oracle system should be reviewed to ensure that at least two members of staff are involved in the ordering, receipt and payment approval process for goods and services which exceed the value of £250.</p> | 1 | <p>We have requested the system details & are reviewing access & have re-issued guidance to teams within MFSS that only approved persons within the Finance team can approve new Finance responsibilities (Debbie Clark, Nick Alexander, Paul Dawkins, but not for themselves & the OPCC s151 for the OPCC). There are several super users (generically Estates personnel or PA's, who are centralised buyers for the Forces) who are approved to self- procure up to £1,000.</p> <p style="color: green;">Update - Systems responsibilities are now bi annually reviewed to ensure that persons only have appropriate</p> | <p>Debbie Clark 31.03.16</p> | |

| | Observation/Risk | Recommendation | Priority | Management response | Timescale/ responsibility | Status |
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| | <p>Risk: Failure to embed segregation of duties in the payment process, resulting in increased risk of procurement of goods and services not achieving value for money or purchases that are not compliant with the Force Financial Regulations and/ or Scheme of Delegation.</p> | | | <p>responsibilities. Also all force purchase cards have been reviewed & recalled as appropriate.</p> | | |
| 4.3 | <p>Scheme of delegation <i>Observation:</i> The current Scheme of Delegation has not been reviewed / updated to reflect the current purchasing arrangements embedded through the MFSS processes. The Force scheme allows only authorised officers and staff to place an order for up to £20,000 (prior to application of further procurement rules), however in practice all staff can 'self-serve' up to £250 then a further hierarchy exists within the Oracle system up to £1,000 and then stages up to £25,000. It is noted that management within the Force are due to review the Scheme of Delegation and Financial Regulations and action updates to ensure consistency between required process and practice. <i>Risk:</i> The current purchasing hierarchy and activity is not in line with the Force Scheme of Delegation and therefore there is a risk that spending is not authorised and controlled in line with Financial Regulations.</p> | <p>Northamptonshire Police Scheme of Delegation should be reviewed and updated to ensure that authorised spending limits (if considered appropriate) embedded within the Oracle system are reflected in the Force Financial Regulations and Scheme of Delegation. The updated documents should then be reissued across the Force and OPCC to ensure current regulations are available to all staff.</p> | 1 | <p>The financial regulations are currently being updated to the appropriate levels ie £25k & to include the explicit line regarding £1,000 self-approval. <i>Update - We have issued a revised Scheme of delegation from the OPCC and the Force's policy is currently being completed for 30.10.16</i></p> | Debbie Clark 31.03.16 | |
| 4.4 | <p>Payroll Manual Input Process <i>Observation:</i> Due to the lack of interface between the Oracle and epayfact Payroll system, all starters, leavers and variations have to be manually input to Payroll based on service desk requests or extracts from the Oracle system. It is the intention to introduce an interface and project work was on going at the time of the audit. From testing undertaken on five starters, it was identified that one had been manually input as working 7 hours a week rather than 37. The officer had subsequently received an</p> | <p>The implementation of the interface for the Payroll system should be progressed. In the interim, and for the purpose of actioning starters, leavers and variations, Payroll should introduce 'checklists' to identify and confirm that all key details (including staff and officer grade, contracted hours and personal details) have been</p> | 2 | <p>Checklist will be introduced – Payroll Team Leader is currently working on this. The implementation of the new Oracle Payment and the development of extracts from HR for upload into ePayfact has been accelerated and the team have been reminded in the interim of the care that needs to be taken when carrying out secondary checks. <i>Update - The payroll system implementation is on-going and will remove all but necessary (ie emergency adjustments, death etc) significant proportion of manual entry.</i></p> | Pam Rourke, MFSS Process 31.03.16 System implementation 31.07.16 | |

| | Observation/Risk | Recommendation | Priority | Management response | Timescale/ responsibility | Status |
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| | <p>incorrect salary and an emergency payment had to be actioned. Although staff stated that secondary checks are carried out on Payroll input, and a signature did exist on paperwork to indicate this, it was unclear whether all key details were being checked given that this error had not been identified through the secondary check process. <i>Risk:</i> Operation of a manual input system and weaknesses in the secondary checking process leading to increased risk of errors effecting staff and officer remuneration. This can cause both financial and reputation risk to the Force and inconvenience members of staff. In addition, the use of this manual system is deemed an inefficient use of resource.</p> | <p>correctly input to the system prior to the payroll run.</p> | | | | |
| 4.5 | <p>Leaver Documentation <i>Observation:</i> When staff and officers leave the Force, a service request is raised by the appropriate manager which is then submitted to Payroll with supporting documentation. Audit tested five leavers and found that although service requests were on file, two were not supported by adequate documentation to confirm authorisation to remove the employee from the payroll. In addition, there was no confirmation as to whether any adjustments (for example, annual leave) were required to their final salary. At the close of the audit the Force were reviewing these leavers to establish the reason for this lack of documentation. Due to the lack of documentation audit were unable to confirm whether the correct salary / adjustments had been paid. <i>Risk:</i> Failure to retain adequate documentation to support a leaver being removed from Payroll resulting increased risk of staff being removed who have not actually left , incorrect final salaries and failure to recoup any outstanding monies due back to the Force. This can result</p> | <p>Authorisation of the supporting line manager, and key details of the employee to be removed from the Payroll, should be retained with the Leaver documentation. These key details should be subject to secondary checks to ensure details are accurate the correct member of staff has been removed and appropriate adjustments made to their final salary.</p> | 2 | <p>We would not expect all of the information contained in and attached to a service request to be printed and filed. The SR is available electronically as supporting documentation for any changes made to ePayfact. The creation of a SR by a line manager or Retained HR is authorisation to terminate an employee. The payroll team are only able to process the information provided and would not hold up the termination of an employee because information had not been received in respect of salary adjustments as this could result in overpayment of salary. Agreed that secondary checks should be made and evidenced and this is part of our process. With regards to corporate processes (ie large changes), it will be appropriate for Retained HR or Finance Professional to approve spreadsheets with large volumes of changes to either be attached or emailed directly to the MFSS teams.</p> <p>Update - Secondary checks within the MFSS payroll team have been implemented</p> | <p>Pam Rourke, MFSS, & Nick Alexander 31.03.16</p> | |

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| | in increased financial and reputational risk. | | | | | |
| 4.6 | <p>Proforma Invoices <i>Observation:</i> From testing of a sample of fifteen invoice payments, it was identified that one payment had been made in advance of the service being delivered based on a proforma invoice dated August 2015. The payment had been made to a small supplier who had subsequently failed to provide the service as planned in September 2015 and a refund had been received in October 2015. MFSS payments staff stated they do pay on proforma invoices however, from discussions with staff at the Force, it was identified that these payments should only be made in certain circumstances – for example, payment of legal fees rather than to small suppliers. <i>Risk:</i> Proforma invoices are mainly used as quotation documentation and any payments processed are not supported by a valid VAT or accounting document to support the transaction under audit or HMRC scrutiny. In addition, payments for service to new or small suppliers in advance can lead to an increased risk of financial loss to the Force where goods and services are not subsequently provided.</p> | <p>Payments should not be made on a proforma invoice as this is not a valid VAT document to support the accounting transaction. Clarification should be provided to MFSS to ensure these payments are not made going forward. If advance payments and proforma invoices are accepted in certain circumstances, a list detailing these approvals should be produced and provided to MFSS and any variations to this approved on a case by case basis.</p> | 2 | <p>MFSS will ensure that all staff are updated on the process in regards to proforma invoices. All invoices are approved by the budget holder prior to payment.</p> <p><i>Update - Unless approved by the s151's, Head of Finance or Chief Accountant, we no longer pay on any pro-forma invoices.</i></p> | <p>Pam Rourke, MFSS 31.03.16</p> | |
| 4.7 | <p>Starter Documentation <i>Observation:</i> When staff and officers take up employment with the Force a service request is raised by the appropriate manager which is then submitted to Payroll with supporting documentation. Audit tested five starters and found that two were not supported by full starter documentation to confirm all key details. It was identified that these officers were part of an intake of new police officers approved by ACPO and therefore details are provided of all employees on a spreadsheet to Payroll rather than completing individual starter forms. Although this practice is accepted within the</p> | <p>Further documentation should be retained for new starters who are part of an agreed intake. Personal details should be available for checking and to confirm accuracy of input. In addition, the officer approving the intake and creation of the payroll record should be noted to prevent the risk of unauthorised additions to the spreadsheet.</p> | 3 | <p>For new starters the information is received by the payroll team partially from the MOD 205 extracts from Oracle HR and partially via service request, which will also contain attachments (forms or spreadsheets). The SR created by the line manager or Retained HR is authorisation to set up an employee on the payroll system. This combined information is used to update the payroll system. The MOD 205 extract consists of 2 parts:</p> <ul style="list-style-type: none"> • An xml file for address & bank details which is uploaded to ePayfact. No further checks are made as this is an import. • A report containing further employee information. This is manually keyed and a secondary check on | <p>Pam Rourke, MFSS, & Nick Alexander 31.03.16 or 31.07.16 for systems changes</p> | |

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| | <p>Force, this spreadsheet retained by Payroll did not include certain key details such as the authorising officer for the appointment and the new starter's personal details. Audits were therefore unable to test accuracy of input to the Payroll system.</p> <p><i>Risk:</i> Failure to maintain adequate evidence to support new starters input to payroll leading to lack of verification that the input process is accurate. In addition, failure to evidence the appropriate authorisation for the number of staff leading to increased risk of creation of ghost employees.</p> | | | <p>the data keyed is carried out.</p> <ul style="list-style-type: none"> Further information may also be contained in a spreadsheet or starter form to support this. <p>The spreadsheet or mover form attached to the SR cannot be updated or removed from the SR giving a full audit trail.</p> <p>With regards to large corporate recruitment processes (ie large changes), it will be appropriate for Retained HR or Finance Professional to approve spreadsheets with large volumes of changes to either be attached or emailed directly to the MFSS teams.</p> <p>Update - Relevant mitigation in place</p> | | |
| 4.8 | <p>Retrospective Ordering Process</p> <p><i>Observation:</i> Order requisitions should be raised by staff and officers within the Force prior to the goods being delivered and an invoice being received into MFSS. Audit tested a sample of fifteen invoice payments and found that two orders had been raised retrospectively after the invoice had been received. MFSS are moving to a 'No Purchase Order, No Pay' system in February 2016. Therefore, this highlights the importance of raising orders on a timely basis and ensuring any payment made is supported by the commitment of an order in advance.</p> <p><i>Risk:</i> Failure to identify commitments to expenditure in a timely manner can impact on the accuracy of the budget monitoring process. In addition, if orders are not received in advance then invoices will be rejected causing delays in payments to suppliers and delivery of goods and services.</p> | <p>An order requisition should be raised at the time the order / commitment with the supplier is made to ensure this is reflected in the Oracle system and valid expenditure and subsequent invoice payment is not unnecessarily delayed.</p> | 3 | <p>No retrospective requests for PO's will be made unless legally required & following the implementation of the No PO No Pay policy, it is expected that all orders will be completed in advance or where invoices are received during the cutover process, suppliers contact users directly to arrange Requisitions/ PO's to be raised, which will then result in invoices being issued with PO numbers.</p> <p>Update - No PO No pay has now been implemented & we're working towards as close as legally & practicably possible to deliver PO's in advance of purchase, where threat/ risk/ harm allows.</p> | Debbie Clark 31.05.16 | |
| 4.9 | <p>MFSS Process Maps/ Desk Instructions</p> <p><i>Observation:</i> MFSS operate a large number of procedural guidance notes and 'desk instructions' for staff reference to support their</p> | <p>MFSS process maps and desk instructions should be subject to review and update where necessary, following</p> | 2 | <p>Agreed that we need to update the documents for the inclusion of Nottingham. Although the processes themselves have not changed we will review the documents annually.</p> | Nick Alexander & Pam Rourke, | |

| | Observation/Risk | Recommendation | Priority | Management response | Timescale/ responsibility | Status |
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| | <p>transactional processes. Audit reviewed these processes and identified that some had not been updated since 2012. In addition, version control did not exist on all documentation and therefore it could not be confirmed these were subject to regular review and update.</p> <p><i>Risk:</i> Failure to regularly review, update and maintain key procedural guidance can lead to working practices becoming inconsistent and outdated. Furthermore, if guidance for new staff is not current, this may lead to incorrect processes being applied and reputational damage for MFSS.</p> | <p>which they should be subject to this process at least annually. Any revisions to instructions should be communicated to all relevant staff.</p> | | <p>However, a wholesale review of processes is underway to update as appropriate.</p> <p><i>Update - All processes are currently being reviewed & updated & as part of the MFSS optimisation group processes are being improved where possible or plans put in place to improve their output over time. This includes both self service, retained process & MFSS resource implications, as service & processes are reliant on all aspects of staff across the bodies.</i></p> | <p>MFSS 31.07.16</p> | |
| 4.10 | <p>VAT default codes</p> <p><i>Observation:</i> The Oracle system is assigned a VAT default code of 20% for the majority of suppliers with a few exceptions, including doctors.</p> <p>Audit noted that if an invoice is received through the post and scanned to the system, Oracle will default to creating an invoice entry at 20% VAT and if the invoice is exempt or zero rated a mismatch will occur and the payment will be put on hold.</p> <p>Audit identified (outside the sample for Northamptonshire) six invoices that had been on hold for this reason for a number of months, although they were processed by the close of the audit.</p> <p>It is acknowledged that organisations such as Local Authorities, NHS and other police authorities (to which these invoices related) will generally provide goods or services at different rates, however categories of services, such as NNDR for example will always attract 1 rate.</p> <p><i>Risk:</i> Failure to provide an accurate default VAT code to certain suppliers resulting in invoices being placed on hold and subsequent delays in the payment process. This can result</p> | <p>MFSS should ensure that invoices put on hold due to a mismatch in the VAT rate of the invoices are reviewed and cleared by staff on a timely basis.</p> <p>Management should ascertain whether categories of expenditure (rather than the supplier as a whole) can be set with a default VAT code to prevent these rejections.</p> <p>In addition, consideration should be given to assigning key categories of suppliers with a zero rated VAT percentage to ensure invoices placed on hold are kept to a minimum.</p> | 3 | <p>Agreed, MFSS practises are being updated.</p> <p><i>Update - The process has been updated and is implemented</i></p> | <p>Pam Rourke, MFSS 31.03.16</p> | |

| Observation/Risk | Recommendation | Priority | Management response | Timescale/ responsibility | Status |
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| in distribution to service provided by suppliers if accounts are outstanding and reputational damage to the Force. | | | | | |

Change Management – May 2016

| Observation/Risk | Recommendation | Priority | Management response | Timescale/ responsibility | Status |
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| 4.3 Governance - Transformation Board: in our discussions it was unclear if the recent 'baseline' exercise resulted in key programme documents (i.e. Business Case, Programme Initiation Document, Programme Budget & Plan etc) being signed off by the Transformation Board. It is important that <i>key programme documents are signed off</i> to avoid any confusion or challenge over programme direction going forward. | OPCC / Force to explore further and action as appropriate. | | Agreed. It is now accepted practice that all projects require business cases, PID's and budgets to be signed off prior to commencement, as well as having to pass through 3 "Stage Gate" processes | March 2016 Andy Frost / John Neilson | |
| 4.4 Governance - Transformation Board: we understand a number of programme stage gate reports and highlight reports will be presented to the next Transformation Board meeting on 28 January 2016. It is important to ensure complete, accurate and timely <i>programme reporting</i> to make informed decisions at the Transformation Board plus recommendations to the Accountability Board. | OPCC / Force to explore further and action as appropriate. | | Agreed – see above | March 2016 Andy Frost / John Neilson | |
| 4.5 Programme Management (Resourcing): whilst we recognise that a suite of programme management tools and templates has been developed and a number of staff members have attended MSP training, we heard that certain programme management roles can at times be filled with staff that do not necessarily have the right practical experience. It is important that programme teams are designed with reference to expected good | OPCC / Force to explore further and action as appropriate. | | Agreed and accepted | March 2016 Andy Frost / John Neilson / Paul Bullen | |

| Observation/Risk | Recommendation | Priority | Management response | Timescale/ responsibility | Status |
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| practice and then roles filled with <i>appropriate capability (skills and experience)</i> . If a compromise is accepted, for whatever reason, it is important that appropriate compensating measures are put in place (e.g. training, support, monitoring). | | | | | |

2016/17

OPCC Victims Code – June 2016

| Observation/Risk | Recommendation | Priority | Management response | Timescale/ responsibility | Status |
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| <p>4.1 Written Acknowledgement <i>Observation:</i> VCOP entitles all victims to receive written acknowledgement that they have reported a crime, including basic details of the offence. Northamptonshire Police Officers should issue the personalised Information for Victims booklet to each victim, with relevant details completed, and this should be recorded on the Niche system. (For the legacy system cases, an automatic letter or email to acknowledge the crime was generated and issued to the victim). Sample testing on twenty cases identified: •Five out of twelve cases which related to FIS did not evidence generation / issue of the standard letter. Out of the remaining eight cases created in Niche (post 8th March 2016): •Four cases evidenced that the 'booklet issued' field had been left blank; •Two cases noted that the booklet had not been issued due to this being dealt with by telephone resolution; •One case noted that the booklet had not been issued but the reason to support this was not recorded; and</p> | <p>Officers should be reminded that all victims should be issued with written acknowledgement that they have reported a crime in line with their VCOP entitlements. This should include their crime reference number and the basic details of the offence. In addition, the Force should establish how these requirements can be met for telephone resolutions and explore the possibility of letters or email in these cases, with evidence maintained on the Niche system to support this acknowledgement has been provided.</p> | 2 | <p>Further development of the booklet is required to meet diverse needs of service users and improve accessibility. There is a potential training requirement but the Niche Programme Team will support the business as necessary with reminder communications regarding minimum requirements for both officer deployed and FCR support to non-deployed scenarios. This will help ensure the written (email/text/post) update can be provided as required. A further comms campaign for the use of Track my Crime where appropriate will automatically track updates in Niche each time there is an update to the victim. The recording of the issuing of the booklet in Niche is a Yes or No field in the VCOP module. If No is selected, there isn't yet anything that confirms how this is going to be provided. This will be referred to the regional Niche Design Authority to consider how this can be improved.</p> | Rachel Swann/Paul Bullen – December 16 | |

| | Observation/Risk | Recommendation | Priority | Management response | Timescale/ responsibility | Status |
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| | <p>•For the remaining case the officer had noted that the booklet had been issued to the victim. Therefore, from our sample of twenty cases, the written acknowledgement could only be confirmed in eight instances. <i>Risk:</i> Failure to acknowledge the victim has reported a crime and to provide basic details of the offence as confirmation, alongside officer contact details and crime reference number, may result in the victim's entitlements not being met under VCOP.</p> | | | | | |
| 4.2 | <p>Opt In Field <i>Observation:</i> As part of the crime recording process, officers are required to ask the victim whether they require victim support and this is now required to be recorded within the new VCOP module in Niche on an 'accept' or 'decline' basis. It was noted that although officers are instructed to complete this field, it is not mandatory in terms of system functionality which is also the case in the VCOP module. Where this field is not completed by an officer the acceptance is 'unknown' however the victim is still referred to Voice. No exception reporting is currently undertaken to highlight where this field has not been completed. From sample testing on twenty cases we found that: •Six did not have accept/ decline completed (four related to Niche and two to FIS); and •Two further cases were marked as 'not applicable' as the victim was recorded as a business (rather than the business owner for example). The Victims Code of Practice states that: 'All businesses or enterprises (such as charities) that have had criminal offences committed against them are entitled to receive services in accordance with Chapter 2</p> | <p>Officers should be reminded to complete the Accept/ Decline options in Niche to ensure that only those victims who agree to support are referred to Voice. Clarification on treatment of business/ organisations as victims should also be provided to ensure a named point of contact is established, where applicable, to accommodate their referral for support. Performance reporting in respect of the completion of the Accept and Decline (Opt In / Opt Out) field within Niche should be introduced. This should highlight where this field has not been completed and minimise the risk of referrals/ data sharing being actioned where there is no consent to do so. As an alternative, the implementation of a mandatory field to support the Opt In model should be revisited with the other forces</p> | 2 | <p>VCOP states that "The police will explain to you [the victim] that they will automatically pass your details to victim support services within 2 working days of reporting the crime. You are entitled to ask the police not to pass on your details to victim support services." Voice was commissioned to provide an 'opt out' service where unless otherwise stated, the victim's details were automatically passed to Voice, who would then independently of the police seek to make contact with the victims and offer support services. The development plan for the Niche web form includes system improvements that mandate the use of the 'opt in' or 'opt out' referral options. The development timescales are still to be confirmed but it is likely that work will commence after Derbyshire's Niche go-live at the end of June 2016. In the interim, Northants have agreed that any null returns will create an automatic referral to Voice, thereby ensuring we do still have a position where victim's details are passed unless otherwise specifically stated as endorsed by the OPCC and Voice. The OPCC has requested and is awaiting data and analysis of the 'take up' of the VCOP module and particularly the number of null returns. The Corporate Performance Team have produced performance reports monitoring completion of the VCOP module in Niche but these do not yet drill down to whether the accept or decline selection is made. There is a wider training consideration for the business regarding raising awareness of the VCOP requirement for</p> | Rachel Swann – December 16 | |

| | Observation/Risk | Recommendation | Priority | Management response | Timescale/ responsibility | Status |
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| | <p>of the Code provided they give a named point of contact for all communication between the business and service provider.’ <i>Risk:</i> Where the relevant fields are not completed, Victim’s may not be automatically referred for the support that they have requested, leading to the risk of repeat victimisation and VCOP entitlements not being met.</p> | <p>to establish whether there is any support to request a system change. This should consider the cost of making this field mandatory against the resource that would be utilised in the compensating controls.</p> | | <p>business / organisations. Although there may not have been a named individual from the above organisation samples who requested a written update, and the ‘not applicable’ selection was correct, the regional Niche Design Authority should be asked to consider business rules for how such information will be captured in Niche.</p> | | |
| 4.3 | <p>Preferred method of contact/ Track my Crime <i>Observation:</i> VCOP entitles witnesses to verify their preferred method and frequency of contact to ensure they are updated throughout any case/ investigation. From testing undertaken on twenty crimes we found that in four cases email had been identified as a preferred method of contact but the officer recording the details had not documented an email address. Northamptonshire Police are promoting the use of ‘Track my Crime’ functionality and therefore encourage officers to inform victims of this availability, especially where email is the preferred method of contact. Track my Crime was not selected as a preferred method on any of the cases identified. In addition, testing carried out on a sample of six victim support cases with ‘Voice’ identified that in one case a ten day delay had been incurred as the officer had not recorded a telephone number of the victim within Niche. <i>Risk:</i> Failure to provide victim updates through preferred communication methods, resulting in dissatisfaction and reputational risk of the Force. In addition, failure to utilise more efficient use of resources through email or track my crime updates.</p> | <p>Officers should ensure that relevant details are recorded to enable contact to be made with victims in line with their preference. The availability of Track my Crime should continue to be communicated to victims to encourage take up and enable the functionality to be utilised.</p> | 3 | <p>The preferred method of contact information should be provided to Voice to inform how they approach/contact the victim to offer support services. The extract from Niche to Voice includes the preferred means of contact and the detail where this is available. Monitoring has shown that the email/phone number is being populated in a significant majority of cases but there is currently no mandatory system requirement in Niche and development will be more complex than with the web form. This should be considered as part of the wider training requirement analysis.</p> | Rachel Swann – October 16 | |
| 4.4 | <p>Training <i>Observation:</i> Officer awareness of victim requirements and associated processes to</p> | <p>Dedicated VCOP training should be rolled out to all officers to ensure they are</p> | 2 | <p>Senior members of the Force and OPCC are attending a West Midlands Training Event on 16 June 2015 on a training package covering the Victims’ Code, with</p> | Paul Bullen/Rachel Swann – | |

| | Observation/Risk | Recommendation | Priority | Management response | Timescale/ responsibility | Status |
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| | <p>evidence these requirements have been met is fundamental to a consistent approach and compliance across the Force. There has not been any dedicated VCOP training in recent years. Niche VCOP training was issued in 'How to' guidance via Chief Orders due to the timing of the initial system training and roll out of the dedicated module. <i>Risk:</i> Lack of awareness of officers resulting in lack of compliance with VCOP and evidencing that associated entitlements have been met.</p> | <p>fully aware of victim's entitlements and Northamptonshire processes for ensuring these entitlements are met. Findings and recommendations as a result of the internal audit review should be considered in designing the training.</p> | | <p>particular emphasis on the use of special measures and identifying and managing vulnerable victims – as well as how to record and monitor compliance with the Code. The Voice Family has undertaken awareness training about victim service provision to a new intake of call handlers within the FCR. A large scale Public Awareness Campaign is also planned commencing in September 2016. An interactive Victim and Witness Journey App is currently in development that will provide information about the criminal justice system, what they should expect of the criminal justice system (linking with expectations of criminal justice and other agencies within VCOP). A VCoP/Voice related training requirement should be considered and this could include a short input from Niche as to exactly how they record this correctly (which can be supported with an online captive video demonstrating the correct process. Senior Niche Programme representatives will also be in attendance at the training event on 16 June to ensure the system developments can support the strategy and training plans.</p> | <p>December 16</p> | |
| <p>4.5</p> | <p>Complaints Process <i>Observation:</i> Victims of crime have the entitlement to make a complaint should they be dissatisfied with the service they receive. Although Northamptonshire operate a standalone complaints process, there is no link on the victims information leaflet/ victim support web page to sign post them to this process. This could cause lack of clarity in respect of where complaints should be directed dependent on where they are in their victims' journey. For example, if the victim will have interaction with the Force, Voice or other specialist support agencies. <i>Risk:</i> Increase in victim dissatisfaction and ongoing failure in operational practices and / or VCOP compliance to be identified and addressed.</p> | <p>Victims of crime should be signposted to the Force complaints procedure to enable them to make a complaint should they be dissatisfied with the service they receive or if they feel their associated entitlements are not being met. This should define the appropriate route of complaint dependent on the progress of their journey (for example, Force, Voice and CPS). It is suggested that this be incorporated into the Information for Victims that should be provided to each</p> | <p>3</p> | <p>The Voice website has detailed information at: http://www.voicenorthants.org/contact-us/complaints-anddissatisfaction/ to enable a formal complaint or an expression of dissatisfaction about the service received to be made. This Voice complaints procedure links to both the policies and procedures of Northamptonshire Police and Victim Support as the provider of Voice. The website also provides information on the complaints procedures for other services, notably CPS, HMCTS and Local Authority.</p> | <p>Paul Bullen – October 16</p> | |

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| | | victim of crime and, in addition, on the dedicated victims Northamptonshire Police web page. | | | | |
| 4.6 | <p>Right to Review <i>Observation:</i> Following a police or CPS decision not to prosecute, victims are entitled to be notified of the reasons why this decision was made, how they can access further information about the decision and also to seek a review of the decision if they are dissatisfied. This process is termed Victims' Right to Review. There is no dedicated scheme in place currently for Northamptonshire to outline or confirm they are complying with this entitlement or to outline the associated roles, responsibilities and procedures to follow for right to review. <i>Risk:</i> Failure to adhere with Right to Review legislation, lack of compliance with VCOP, lack of transparency and increased victim dissatisfaction.</p> | <p>A dedicated Right to Review policy should be documented for Northamptonshire to provide an open and transparent process which enables a victim of crime to have a decision not to prosecute their case reviewed. This will ensure that appropriate decisions are made with regard to case outcomes and will seek to improve victim satisfaction and public confidence in the service. The review process should accord with the policing principles of openness, fairness and accountability, as set out in the Code of Ethics.</p> | 2 | Supportive of this recommendation. | Rachel Swann – October 16 | |
| 4.7 | <p>Performance Reporting <i>Observation:</i> Performance reporting is an effective tool to highlight areas of non-compliance and to direct resource for continuous improvement. A report is generated in Niche by the Implementation Team to highlight where the Victim & Witness report has not been created, however this does not cover completion of individual fields, frequency of contact, etc. In addition, the performance reports currently provided to the OPCC in respect of the Voice contract do not include any dedicated performance targets around VCOP compliance. <i>Risk:</i> Non-compliance going unidentified and therefore improvement action not being</p> | <p>Performance reporting should be developed to highlight areas of noncompliance with Victims Code of Practice, with oversight provided to the Victim & Witness Service Improvement Board. This should consider the following areas: •Compliance with VCOP in terms of completion of individual fields (current reports on overall creation of the Victim & Witness report but no confirmation of completion of individual fields</p> | 3 | <p>A performance framework and dashboard has been developed and agreed. KPIs, including targets, relating to VCOP and Witness Charter compliance have been agreed between the Commissioner and Provider of Voice services – to be signed off at the next Contract Management meeting on 25 May 2015. Work to develop the performance mechanism and methodology is being developed by the Provider for OPCC sign off (see 4.9). Compliance with VCOP and other performance KPIs will be managed through effective contract management arrangements rather than through a Board arrangement. This recommendation has been shared with the Corporate Performance Team to consider what developments can be made to improve the existing</p> | Rachel Swann/Paul Bullen – October 16 | |

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| | taken. This can lead to victim entitlements not being met and increased reputational risk. | within Niche to evidence entitlements have been met); and •Performance of Voice in terms of VCOP compliance and KPIs. | | report and this can then be reviewed as part of the Victim and Witness Service Improvement Board going forward. | | |
| 4.8 | <p>Referral Mechanisms <i>Observation:</i> Adequate processes should be in place to ensure all records are transferred from Niche to Voice and then to ensure information is complete and facilitate contact with the victim to be made timely and initial support conversations to be informed. Niche data is transferred to Victim Support, the provider for Voice, on an overnight download. Currently however there is no reconciliation process to ensure the number of records in Niche have been received/ created in the Victim Support systems. In addition, it was noted that that fields on the transfer of data (e.g. required information) have not been refined for Victim Support or ASSIST Trauma Care (who provided the victim and witness support service for children and young people). This has resulted in not all the information required to action timely support being received by the service providers. The required data fields had not been established as part of the commissioning process. <i>Risk:</i> If all required information is not made available there is a risk that untimely or inappropriate support may be provided. Increased reputational risk and victim dissatisfaction.</p> | A process should be introduced whereby the number of records transferred from the Niche system and subsequently created in the Victim Support CMS (and ADT) systems are reconciled to ensure referrals do not 'drop out' as part of the data transfer process. Victim Support and ASSIST Trauma Care should refine what information they require to be included on the initial referral data and this be communicated to the Niche Team (via the OPCC Head of Commissioning) to ensure complete information is received going forward to enable timely and appropriate support to be given to victims. This should include consideration of priority crime types which are not currently received by victim support. | 2 | Data requirements, processes and Data Processing Agreements are being developed to ensure data quality and that the data transfer is undertaken in a safe and secure manner. Technical representatives of the Niche Programmes will work with Voice to ensure data is appropriately reconciled. | Rachel Swann/Paul Bullen October 16 | |
| 4.9 | <p>Voice Dip Sampling Process <i>Observation:</i> Dip sampling is an effective means to confirming that key requirements of the process are being met and to address any areas of poor performance. This also drives consistency across the organisation and</p> | The dip sampling process being embedded by Voice should be enhanced to ensure the key entitlements of VCOP have been met (please refer to Appendix A1 | 2 | The Provider is developing dip sampling methodology for the Case Management and Courts teams against VCOP and Witness Charter compliance. KPIs, including targets, have been agreed between the Commissioner and Provider including VCOP and Witness Charter compliance. | Paul Bullen – September 16 | |

| | Observation/Risk | Recommendation | Priority | Management response | Timescale/ responsibility | Status |
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| | <p>quality of service. Staffing and resource issues have affected VCOP compliance within the Voice processes over the last twelve months, however a new team has been established and processes are being revised to ensure that requirements are being met and support is in line with victim needs and entitlements. As part of these improvements the team are rolling out a dip sampling procedure which will seek to review ongoing cases to ensure support is effective, timely and adequate processes are in place to ensure VCOP compliance. This process however is not supported by a documented methodology and the draft monitoring sheets do not incorporate specific key entitlements of VCOP. <i>Risk:</i> Inadequate quality assurance process, ineffective use of resources and failure to address non-compliance with VCOP in the victim support process.</p> | <p>provided in this report). In addition, the process should be supported by a documented methodology to include - frequency, required approach, sample selection/size, evidence of checks and action to be taken where issues have been identified. Enhancements recommended in this report should be actioned by Voice following communication with the OPCC Head of Commissioning.</p> | | <p>The OPCC will sign off the methodology once it has been presented and compliance will thereafter be managed through internal service performance management and by the OPCC as part of its Contract Management regime.</p> | | |
| 4.10 | <p>Voice Contract Monitoring Targets (Timeliness of Support) <i>Observation:</i> Victims should be allocated for support on a timely basis to ensure they receive the support at the earliest opportunity, to prevent any further victimisation and to ensure that their entitlements under VCOP are met. From testing undertaken on six cases referred to Voice, we found two had not been allocated for support within the 'informal' target of two weeks. In these cases a support worker had not been allocated for approximately four weeks. No formal target or associated performance monitoring is in place. <i>Risk:</i> Delays in provision of victim support going unidentified and increased risk of repeat victimisation, victim entitlements not being met and increased reputational risk.</p> | <p>Formal targets should be introduced to ensure that victims are referred to a support worker on a timely basis and to enable monitoring of this process to highlight where victims remain unsupported for a period of time outside of this target. Performance in this area should be included in the reporting mechanisms back to the OPCC.</p> | 2 | <p>As part of a contract review and variation, the Provider has committed to more than doubling the number of volunteers, who provide out-reach support to victims, within the lifetime of the contract. Following a needs assessment, where required, the victim is supported by a Support Worker within the Case Management Team whilst the case is allocated to the most appropriate volunteer, or by the Support Worker themselves. The Voice operating model provides flexibility to meet changing demands, with members of the Introductions Team providing additional Case Management capacity and supporting victims. Although no current target has been set for the allocation from to Case Management and then to Volunteer/Case Worker in the community, it will be monitored as part of the Voice Performance Framework. KPI and target setting will be reviewed with the Provider in light of this audit.</p> | Paul Bullen – September 16 | |

Complaints Management – June 2016

| | Observation/Risk | Recommendation | Priority | Management response | Timescale/ responsibility | Status |
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| 4.1 | <p>28 Day Updates to Complainants Observation: To ensure that complainants are aware of the progress of their complaint, and in order for the Force to be compliant with the IPCC guidance, complainants should be updated at least every 28 days. In order for the Force to be able to evidence the complainant updates, the Centurion system should be adequately updated and documentation should be uploaded against the complaint where appropriate. An automated reminder is set on the Centurion system to notify when a complainant is due a 28 day update for their complaint. This reminder is set against the complaint on the system and this can be updated with details of the update. Testing of a sample of 20 complaints closed between September 2015 and May 2016 confirmed that in all 20 instances 28 day reminders had been set against the complaint on the Centurion system. However, in seven of these instances the reminder had not been updated with adequate details to evidence when and how the complainant had been updated in line with the 28 day requirement. Additionally, in these seven instances no documents had been retained to evidence that the complainant had been updated. Audit could therefore not confirm that these complainants had been appropriately updated with the progress of their complaints. Risk: Where the complainant is not aware of the progress of their complaint there is a risk that the complainant may feel that their complaint is not being effectively handled which could result in a further complaint to</p> | <p>In line with the IPCC guidance, complainants should be updated with the progress of their complaint at least every 28 days. The Centurion system should be adequately updated against the 28 day reminder to detail when and how the complainant was updated and, where appropriate, documentation should be uploaded to evidence this update.</p> | <p>2</p> | <ul style="list-style-type: none"> •PSD monitor 28 day update performance at Quarterly Performance meeting. •PSD has introduced a PSD SPOC to support Area Appointed Officers with complaints; this includes supporting them with 28 days update. SPOC will be responsible for documenting evidence of the update on the Centurion progress log. •PSD IO's all use an IO log which will include the details of the 28 day updates, therefore ensuring a consistent approach. Where it is agreed with a complainant or officer that updates will not be given every 28 days, this will be recorded on IO log. | <p>Business as usual/ SMT to monitor at performance meeting.</p> | |

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| | the Force and subsequent reputational damage. | | | | | |
| 4.2 | <p>Contact Prior to Discontinuation <i>Observation:</i> In accordance with Force and IPCC guidance, to ensure that adequate and appropriate attempts to contact the complainant have been made by the Force prior to discontinuation, contact should be attempted at least twice using at least two methods of communication. Testing of a sample of 20 complaints closed between September 2015 and May 2016 identified two complaints which had been discontinued by the Force, both due to a lack of engagement by the complainant. In one of these two instances contact with the complainant was attempted by the Force at least twice using more than one method of communication. However, in the other instance, although contact with the complainant was attempted more than once, this was only using letters as a method of communication. No other methods of communication were attempted. <i>Risk:</i> Where adequate and appropriate attempts to contact the complainant have not been made there is a risk that a complaint could be discontinued inappropriately which may result in reputational damage to the Force.</p> | Prior to discontinuation, contact should be attempted to be made with the complainant at least twice and using at least two methods of communication. | 2 | PSD has a process in place whereby the IO will attempt on at least 2 occasions, and by at least 2 methods of contact (if possible) to engage with the complainant, before submitting a Discontinuance request to the Business Manager. | Business as usual/Business Manager | |
| 4.3 | <p>Preferred Communication Method <i>Observation:</i> An important part of the process is to ensure that the complainants preferred method of contact has been established so that effective communication takes place throughout the complaint handling process. The preferred method of contact should be used when communicating with the complainant. Testing of a sample of 20 complaints closed between September 2015 and May 2016</p> | The preferred method of contact should be established with each complainant and appropriately recorded. Complainants should be contacted in line with their preferred method. | 3 | <ul style="list-style-type: none"> •PSD acknowledge this best practice recommendation, and PSD do request this information to be specified on a number of electronic forms when a complaint is first submitted. •PSD, in order to be able to document the communications sent to complainants will always send the initial recording decision in writing, and if an email address is available, by email. •PSD will always respond to a specific request for a preferred method of contact after the initial response has been sent in writing. | Business as usual/SMT | |

| | Observation/Risk | Recommendation | Priority | Management response | Timescale/ responsibility | Status |
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| | <p>identified the following:</p> <ul style="list-style-type: none"> •In six instances there was no evidence that the complainants preferred method of communication had been established and recorded; and •In two instances the complainants preferred method of communication had been established but the Force contacted the complainant in the first instance using an alternative method. <p><i>Risk:</i> Where the method of communication used with the complainant is not effective there is a risk of a misunderstanding of the complaints process, delays and further complaints could be raised.</p> | | | <ul style="list-style-type: none"> •When an IO is appointed and contact made with the complainant, the IO will agree the method of communication thereafter. This may not always be documented but will be adhered to. | | |
| 4.4 | <p>Two-Day Acknowledgement <i>Observation:</i> In line with the IPCC guidance, the Force should acknowledge receipt of the complaint with the complainant within two working days of receipt in order for the complainant to be aware that their complaint is being processed. If a complaint is received via the PSD main email account, the complainant will receive an acknowledgement from the PSD which notes that the request is being processed to determine the appropriate way to deal with the issue. If a complaint is received through the online web form, and the complainant has entered an email address, the complainant will receive an automated acknowledgement and the form is forwarded to the PSD main inbox. If a complaint is received through the Northants Police Mail Room, the complainant will receive an acknowledgement to note that this has been received and forwarded to PSD. If a complaint is received over the phone, a 'Form 1' is completed by the Officer and the complainant will receive a reference number for the form and informed that the complaint has been forwarded to PSD. However, if the complaint is received through</p> | <p>In line with IPCC statutory guidance, upon receipt of a complaint, the Force should make contact / acknowledge this with the complainant within two working days. If a recorded decision has not been finalised by this point then contact should still be made to ensure that the complainant is informed that their complaint is being dealt with.</p> | 3 | <ul style="list-style-type: none"> •PSD acknowledge this best practice recommendation. •PSD has a number of automatic acknowledgements in place e.g. Force Website complaint form submission. •PSD do not send an acknowledgement letter to all complaints that are received as a formal recording decision letter will be sent within 14 days of receipt. •However if there is a particular complaint that is of a more urgent nature e.g. sensitive in nature, concerns for welfare etc then an acknowledgement letter may be sent. • This is an IPCC recommendation and not a requirement within legislation. | | |

Agenda Item 14a

| | Observation/Risk | Recommendation | Priority | Management response | Timescale/ responsibility | Status |
|--|--|----------------|----------|---------------------|------------------------------|--------|
| | <p>other methods, for example, by letter or through referral from the IPCC, the first point of contact with the complainant is the recording decision and there is not a process in place for an initial acknowledgement to be sent.</p> <p>Testing of a sample of 20 complaints closed between September 2015 and May 2016 identified that in four instances an acknowledgement of receipt had not been sent to the complainants. Additionally, in one instance an acknowledgement was sent to the complainant although this was sent five working days after receipt of the complaint. Discussion with the Business Manager noted that an acknowledgement used to be sent to all complainants within two working days although, through efficiency savings, this process was ceased. It is not in legislation to acknowledge a complainant within two days although is in line with best practice set out within the IPCC guidance.</p> <p><i>Risk:</i> Where the IPCC standards in regards to communication with complainants are not adhered to there is a risk of further enquiries/complaints being raised and potential delays in the complaint handling process.</p> | | | | | |

JOINT INDEPENDENT AUDIT COMMITTEE
14th September 2016
OPCC - OUTSTANDING AUDIT RECOMMENDATIONS

| Agreed action on recommendations | Owner | Date | Priority | Comment | Status |
|--|-------|-----------|----------|---|---------|
| Change Management May 2016 | | | | | |
| <p>4.6 In our meetings with OPCC and Force representatives we discussed the established 'Three Lines of Defence' or 'Three Sources of Assurance' model. At high level and with examples in the context of programme assurance, the 1st line = programme management controls (i.e. controls executed by the SRO and programme team); the 2nd line = corporate controls (e.g. programme assurance provided by a source outside the programme team, reporting to the SRO and Programme Board); and the 3rd line is more external / independent (e.g. internal audit, reporting to top level governance layers). There appears to be an opportunity to <i>plug the gap at the 2nd line of defence</i> – in our meetings we discussed the use of a structured PM Scorecard for this. Internal Audit and others can then choose to place reliance on such if deemed appropriate.</p> | JN | June 2016 | | Agreed – OPCC to consider this as part of functional roles of the office post May | Ongoing |

| Agreed action on recommendations | Owner | Date | Priority | Comment | Status |
|--|-------|-----------|----------|---|---------|
| <p>4.7 In our meetings we discussed a number of examples of reprioritisation to respond to the changing external environment, in particular Police/Fire Integration and the Strategic Alliance. As stated under Governance above, it will be important going forward to clarify how the Boards and SROs work in practice for key decisions about transformation programmes, and how these will be documented / evidenced. This will include upfront and continued <i>business justification plus re prioritisation</i> in response to changing internal and external factors.</p> | JN | June 2016 | | Agreed – OPCC to consider this as part of functional roles of the office post May | Ongoing |
| | | | | | |
| <p>Victims Code of Practice June 2016</p> | | | | | |
| <p>4.1 Officers should be reminded that all victims should be issued with written acknowledgement that they have reported a crime in line with their VCOP entitlements. This should include their crime reference number and the basic details of the offence. In addition, the Force should establish how these requirements can be met for telephone resolutions and explore the</p> | RS/PB | Dec 2016 | 2 | Further development of the booklet is required to meet diverse needs of service users and improve accessibility. There is a potential training requirement but the Niche Programme Team will support the business as necessary with reminder communications regarding minimum requirements for both officer deployed and FCR support to non-deployed scenarios. This will help ensure the written | Ongoing |

| Agreed action on recommendations | Owner | Date | Priority | Comment | Status |
|---|--------------|-----------------|----------|---|----------------|
| <p>possibility of letters or email in these cases, with evidence maintained on the Niche system to support this acknowledgement has been provided.</p> | | | | <p>(email/text/post) update can be provided as required. A further comms campaign for the use of Track my Crime where appropriate will automatically track updates in Niche each time there is an update to the victim. The recording of the issuing of the booklet in Niche is a Yes or No field in the VCOP module. If No is selected, there isn't yet anything that confirms how this is going to be provided. This will be referred to the regional Niche Design Authority to consider how this can be improved.</p> | |
| <p>4.4 Dedicated VCOP training should be rolled out to all officers to ensure they are fully aware of victim's entitlements and Northamptonshire processes for ensuring these entitlements are met. Findings and recommendations as a result of the internal audit review should be considered in designing the training.</p> | <p>PB/RS</p> | <p>Dec 2016</p> | <p>2</p> | <p>Senior members of the Force and OPCC are attending a West Midlands Training Event on 16 June 2016 on a training package covering the Victims' Code, with particular emphasis on the use of special measures and identifying and managing vulnerable victims – as well as how to record and monitor compliance with the Code.</p> <p>The Voice Family has undertaken awareness training about victim service provision to a new intake of call handlers within the FCR. A large scale Public Awareness Campaign is also planned commencing in September 2016.</p> | <p>Ongoing</p> |

| Agreed action on recommendations | Owner | Date | Priority | Comment | Status |
|--|-------|----------|----------|---|---------|
| | | | | <p>An interactive Victim and Witness Journey App is currently in development that will provide information about the criminal justice system, what they should expect of the criminal justice system (linking with expectations of criminal justice and other agencies within VCOP).</p> <p>A VCoP/Voice related training requirement should be considered and this could include a short input from Niche as to exactly how they record this correctly (which can be supported with an online captive video demonstrating the correct process. Senior Niche Programme representatives will also be in attendance at the training event on 16 June to ensure the system developments can support the strategy and training plans.</p> | |
| <p>4.5 Victims of crime should be signposted to the Force complaints procedure to enable them to make a complaint should they be dis-satisfied with the service they receive or if they feel their associated entitlements are not being met. This should define the appropriate route of complaint dependent on the progress</p> | PB | Oct 2016 | 3 | <p>The Voice website has detailed information at: http://www.voicenorthants.org/contact-us/complaints-anddissatisfaction/ to enable a formal complaint or an expression of dissatisfaction about the service received to be made.</p> <p>This Voice complaints procedure links to</p> | Ongoing |

| Agreed action on recommendations | Owner | Date | Priority | Comment | Status |
|---|-------|----------|----------|---|---------|
| <p>of their journey (for example, Force, Voice and CPS). It is suggested that this be incorporated into the Information for Victims that should be provided to each victim of crime and, in addition, on the dedicated victims Northamptonshire Police web page.</p> | | | | <p>both the policies and procedures of Northamptonshire Police and Victim Support as the provider of Voice.</p> <p>The website also provides information on the complaints procedures for other services, notably CPS, HMCTS and Local Authority.</p> | |
| <p>4.7 Performance reporting should be developed to highlight areas of noncompliance with Victims Code of Practice, with oversight provided to the Victim & Witness Service Improvement Board. This should consider the following areas:</p> <ul style="list-style-type: none"> • Compliance with VCOP in terms of completion of individual fields (current reports on overall creation of the Victim & Witness report but no confirmation of completion of individual fields within Niche to evidence entitlements have been met); and • Performance of Voice in terms of VCOP compliance and KPIs. | RS/PB | Oct 2016 | 3 | <p>A performance framework and dashboard has been developed and agreed.</p> <p>KPIs, including targets, relating to VCOP and Witness Charter compliance have been agreed between the Commissioner and Provider of Voice services – to be signed off at the next Contract Management meeting on 25 May 2016. Work to develop the performance mechanism and methodology is being developed by the Provider for OPCC sign off (see 4.9).</p> <p>Compliance with VCOP and other performance KPIs will be managed through effective contract management arrangements rather than through a Board arrangement.</p> <p>This recommendation has been shared</p> | Ongoing |

| Agreed action on recommendations | Owner | Date | Priority | Comment | Status |
|--|-------|-----------|----------|---|---------|
| | | | | with the Corporate Performance Team to consider what developments can be made to improve the existing report and this can then be reviewed as part of the Victim and Witness Service Improvement Board going forward. | |
| <p>4.8 A process should be introduced whereby the number of records transferred from the Niche system and subsequently created in the Victim Support CMS (and ADT) systems are reconciled to ensure referrals do not 'drop out' as part of the data transfer process. Victim Support and ASSIST Trauma Care should refine what information they require to be included on the initial referral data and this be communicated to the Niche Team (via the OPCC Head of Commissioning) to ensure complete information is received going forward to enable timely and appropriate support to be given to victims. This should include consideration of priority crime types which are not currently received by victim support.</p> | RS/PB | Oct 2016 | 2 | <p>Data requirements, processes and Data Processing Agreements are being developed to ensure data quality and that the data transfer is undertaken in a safe and secure manner.</p> <p>Technical representatives of the Niche Programmes will work with Voice to ensure data is appropriately reconciled.</p> | Ongoing |
| <p>4.9 The dip sampling process being embedded by Voice should be</p> | PB | Sept 2016 | 2 | The Provider is developing dip sampling methodology for the Case Management | Ongoing |

| Agreed action on recommendations | Owner | Date | Priority | Comment | Status |
|--|-------|-----------|----------|--|---------|
| <p>enhanced to ensure the key entitlements of VCOP have been met In addition, the process should be supported by a documented methodology to include - frequency, required approach, sample selection/size, evidence of checks and action to be taken where issues have been identified.</p> | | | | <p>and Courts teams against VCOP and Witness Charter compliance.</p> <p>KPIs, including targets, have been agreed between the Commissioner and Provider including VCOP and Witness Charter compliance.</p> <p>The OPCC will sign off the methodology once it has been presented and compliance will thereafter be managed through internal service performance management and by the OPCC as part of its Contract Management regime.</p> | |
| <p>4.10 Formal targets should be introduced to ensure that victims are referred to a support worker on a timely basis and to enable monitoring of this process to highlight where victims remain unsupported for a period of time outside of this target. Performance in this area should be included in the reporting mechanisms back to the OPCC.</p> | PB | Sept 2016 | 2 | <p>As part of a contract review and variation, the Provider has committed to more than doubling the number of volunteers, who provide out-reach support to victims, within the lifetime of the contract.</p> <p>Following a needs assessment, where required, the victim is supported by a Support Worker within the Case Management Team whilst the case is allocated to the most appropriate volunteer, or by the Support Worker themselves.</p> <p>The Voice operating model provides</p> | Ongoing |

| Agreed action on recommendations | Owner | Date | Priority | Comment | Status |
|--|------------------|----------|----------|--|---------|
| | | | | <p>flexibility to meet changing demands, with members of the Introductions Team providing additional Case Management capacity and supporting victims.</p> <p>Although no current target has been set for the allocation from to Case Management and then to Volunteer/Case Worker in the community, it will be monitored as part of the Voice Performance Framework. KPI and target setting will be reviewed with the Provider in light of this audit.</p> | |
| | | | | | |
| Police & Crime Commissioners Board Governance August 2016 | | | | | |
| 4.1 A Governance Framework should be produced to support the operation of the PCC Board. This should define and consider, as a minimum,: <ul style="list-style-type: none"> • Objective, role and purpose of the Board; • Strategic oversight arrangements; • Reporting requirements (operational and financial); • Clear accountability and delegations for collaboration activity; | Chief Execs (JN) | Dec 2016 | 2 | Agreed | Ongoing |

| Agreed action on recommendations | Owner | Date | Priority | Comment | Status |
|---|------------------|------------|----------|---------|---------|
| <ul style="list-style-type: none"> • Compliance management procedures • Decision making processes; and • Risk management processes. | | | | | |
| <p>4.2 A Strategic Plan should be produced to provide oversight of the current collaboration arrangements, associated activity and future direction or creation of new collaborations.</p> <p>It would be beneficial for the strategic plan to illustrate a high level overview of each existing collaboration alongside, for example, key targets and milestones, financial budgets/ associated costings, any required efficiency savings and any significant change or transformation considerations.</p> <p>There is also an opportunity for the plan to be supported by a Strategic Risk Register developed as part of the Controls Assurance Statement work being progressed with RSM.</p> <p>The plan and risk register should be updated on a quarterly basis and presented to the PCC Board to enable oversight of all collaborative activity in a</p> | Chief Execs (JN) | April 2017 | 2 | Agreed | Ongoing |

| Agreed action on recommendations | Owner | Date | Priority | Comment | Status |
|---|------------------|----------|----------|---------|---------|
| consistent and regular format. | | | | | |
| <p>4.3 The East Midlands Police and Crime Commissioners Board TOR should be reviewed to ensure it adequately reflects the purpose, remit and responsibilities of the current operation. The review, as a minimum, should consider:</p> <ul style="list-style-type: none"> • frequency and structure of meetings (are quarterly meetings and a separate business meeting still required); • the requirement to separate the duty of chairmanship and secretariat support; • standardisation of documentation and critical paths for decisions (in terms of current format and availability); and • requirements to review governance arrangements | Chief Execs (JN) | Dec 2016 | 3 | Agreed | Ongoing |
| <p>4.4 An annual Board Work Programme should be documented and approved to include:</p> <ul style="list-style-type: none"> • Any standing items which are required/considered under the remit of the Board; • Timetables for submission of key discussion documents, including | Chief Execs (JN) | Dec 2016 | 3 | Agreed | Ongoing |

| Agreed action on recommendations | Owner | Date | Priority | Comment | Status |
|---|------------------|------------|----------|---------|---------|
| <p>collaboration budgets and any decisions in terms of approving new collaborations and controls assurance statement submission and scrutiny;</p> <ul style="list-style-type: none"> Performance and financial information requirements of the Board. <p>The programme should be used to shape meeting agendas accordingly.</p> | | | | | |
| <p>4.5 Critical paths for decision making by the Commissioners should be documented to outline the required route of key decisions, including approval for amendments to collaboration agreements, budget approvals, operational changes to the way collaborative services are delivered and transformation projects.</p> <p>This path should be readily available to all collaborations to ensure officers and staff are aware of the requirements for any proposals for decisions and that a consistent approach is applied and monitored.</p> | Chief Execs (JN) | Dec 2016 | 3 | Agreed | Ongoing |
| <p>4.6 The current performance reports should</p> | Chief | April 2017 | 2 | Agreed | Ongoing |

| Agreed action on recommendations | Owner | Date | Priority | Comment | Status |
|--|------------------|------------|----------|---------|---------|
| <p>be reviewed by the Board to establish:</p> <ul style="list-style-type: none"> • High level aims and objectives of each collaboration; • Quantifiable targets to support these aims and objectives; • Reporting of targets against aims and objectives; and • Value for money assessments. <p>Where collaborations are operating as business as usual, a high level performance reporting template should be used to evidence that operations are meeting their aims and objectives.</p> | Execs (JN) | | | | |
| <p>4.7 Value for money assessments should be introduced to demonstrate to the PCC Board on a regularly basis that investment in collaborations are providing VFM and operating efficiently and effectively in line with their overarching section 22 agreements.</p> <p>Dedicated value for money/ best value key performance indicators should be considered for each collaboration to bring together elements of their initial aims and objectives against the cost of delivering their services.</p> | Chief Execs (JN) | April 2017 | 3 | Agreed | Ongoing |

| Agreed action on recommendations | Owner | Date | Priority | Comment | Status |
|--|-------|------|----------|---------|--------|
| Further support for value for money assessment can be made available by internal audit on request. | | | | | |

KEY:

Audit Assurance

| | | | | |
|-------------|----------------|---------------------|--------------------|-------------------|
| None | Limited | Satisfactory | Significant | Not Scored |
|-------------|----------------|---------------------|--------------------|-------------------|

Priority

| | | |
|-----------------------|-----------------------|------------------------|
| 1. Fundamental | 2. Significant | 3. Housekeeping |
|-----------------------|-----------------------|------------------------|

Owner

JN John Neilson
 PB Paul Bullen
 RS Rachel Swann

Author:

Steve Dainty

END



**NORTHAMPTONSHIRE POLICE AND CRIME COMMISSIONION
and NORTHAMPTONSHIRE POLICE**

Joint Independent Audit Committee



Transformation Programme

An update on the current status of the Transformation Programme for the Joint Independent Audit Committee.

| | |
|------------------------------------|---------------------------------|
| Agenda Item: | |
| Title: | Transformation Programme Update |
| Senior Responsible Officer: | DCC Andy Frost (X0034) |
| Author: | Ryan Doyle (C0678) |

ISSUE

To provide the Joint Independent Audit Committee with an overview of Transformation within Northamptonshire Police.

BACKGROUND

The current Transformation Board was established in the Fall of 2015 to provide governance to transformation programmes following the disbanding of the Aspire Board and the consolidation of constituent work streams from the wound up Aspire Programme. The Transformation Board reports to the Accountability Board in line with its recently agreed upon Terms of Reference (**TAB "A"**).

CURRENT STATUS

There are currently six (6) transformational programmes that present to the Transformation Board, including:

- Digital Services and Technology;
- Niche;
- OP Evolution (Decant Strategy);
- Police-Fire Interoperability;
- Service Delivery Model; and,
- Specials, Volunteers and Cadets.

Each of the programmes provided a brief update at the Transformation Board on August 3, 2016, in addition to an overall finance budget for transformation at **TAB "B"**.

Digital Services and Technology

The programme is operating on a three-year plan focussing on both digital services (integration of systems, intranet, record management and the web) and the complete implementation of agile/mobile technology. The programme is currently under review by the Assistant Chief Officer for Information Technology to determine what will be adopted regionally. A decision on the regional way forward is anticipated in late September.

Niche

Niche replaces local case, custody, crime and intelligence systems (CCCI) with a regional solution (Northamptonshire, Lincolnshire, Leicestershire, Nottinghamshire, Derbyshire and EMSOU). The delivery is split into four phases. The programme is currently between phases 2 and 3:

- Phase 1 Implementation
- Phase 2 Early Life Support
- Phase 3 Optimisation
- Phase 4 Decommissioning of Legacy Systems

OP Evolution (Decant Strategy)

A briefing will take place for senior leader's week commencing September 1, 2016, which will set out the proposed base working location for employee's resultant from the estates strategy. It is anticipated that formal consultation with employees will commence the week of October 3.

Police-Fire Interoperability

The Deputy Chief Constable is the national police lead for police-fire integration and is working with the Home Office and other partners to provide advice to central government on the development of policy, legislation and direction on facilitating and implementing blue light interoperability. Legislation to facilitate interoperability between police and fire services, as a first step, is currently before Parliamentary committee for consideration. It is anticipated to receive Royal Assent in early Spring 2017.

Service Delivery Model

The Service Delivery Model (SDM) programme seeks to review all elements of operational demand for the Force. In so doing, we intend on reducing, removing and better managing demand to improve the efficiency and effectiveness of the Force, while critically providing an improved service to the public.

Plans are currently being developed regarding programme activity – we are currently between phases II and III referred to below:

- Phase I: Research - with frontline officers gathering issues, concerns, ideas, thoughts
- Phase II: Research - understanding demand on services, flow of work, who does what and why
- Phase III: Development of the model
- Phase IV: Presenting the new model & staff/stakeholder consultation
- Phase V: Implementation
- Phase VI: Review and Improvement

Specials, Volunteers and Cadets

The Special Constabulary (SC) has returned to the Force to manage, with Volunteers and Cadets becoming separate, distinct and independent programmes of work. The SC has ceased all recruitment activities and will now focus its efforts on the delivery of training, while working within the organisation to enhance the retention, and make better use of, Special Constables. A temporary programme structure has been formed until March 31, 2017, to address training deficiencies and the lack of independent patrol qualified constables. A revised programme strategy will be presented to the Transformation Board in November 2016 with the view to seeking approval of the proposed way forward.

CONSIDERATIONS

A programme-wide risk register has been compiled by programme heads at **TAB "C"**.

The next meeting of the Transformation Board will be November 7, 2016.

Tab “A”

TERMS OF REFERENCE

TRANSFORMATION BOARD

Purpose:

- to direct and oversee the delivery of the Force's transformational change portfolio as approved by the Accountability Board;
- make recommendations to the Accountability Board for new programmes and/or services; and
- direct and oversee the Force's budget and medium term financial strategy that are pertinent to the transformation programme..

The business of the Board will include:

- ensuring that the transformational change portfolio remains consistent with the strategic direction of the Force, the Office of the Police and Crime Commissioner and Her Majesty's Government;
- ensuring that each programme of work has a robust and well defined delivery plan and/or stage gate document that outlines how, if implemented, it fully realises the intended benefits before investment is made or development continued;
- considering the activity and resourcing required to deliver programmes of work and securing that resource as required;
- reviewing the governance, in addition to financial and non-financial risks, of programme strands;
- reviewing regular progress and performance updates of programme strands to ensure that all necessary steps have been taken to deliver the programme on time, on budget and in accordance with statutory requirements to attain best value for money;
- reporting to each meeting of the Accountability Board on the status of the transformational change portfolio, its overall affordability and recommended priority of each programme; and
- undertaking scenario planning and options appraisal to inform recommendations to the Accountability Board on the Force budget and medium term financial strategy.

Membership:

Deputy Chief Constable - Chair

All Change Programme Leads (or designate)

Office of the Police and Crime Commissioner Representative

Staff Associations and Trade Union Representatives

A member of the Audit Committee

Police Finance Representative

ISD Representative

Secretariat - DCC PA

Meeting frequency:

The Transformation Board of Northamptonshire Police will meet quarterly as directed by the Deputy Chief Constable.

Date agreed: 27 July 2016

Review date: July 2017

Tab “B”

Transformation Programme Finance Report as of 25th July 2016

| PROJECT | Approved OPCC Capital (as of Accountability Board 14th June 2016) | | | | | | | 2016/17 | | | | |
|---|---|----------------------------|---------------------|--------------|--------------|------------|--------------|--------------------------------------|------------------------------|--------------------------------|-------------------|----------------------|
| | Programme Budget | Previous Years Expenditure | 2015-16 Expenditure | 2016-17 | 2017-18 | 2018-19 | 2019-20 | Actual Expenditure YTD (Jun Actuals) | Commitments (as of 4th July) | Forecast for remainder of year | Total Expenditure | (Slippage)/Overspend |
| | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | | £'000 | | |
| Northants Force Transformation - Capital | | | | | | | | | | | | |
| Digital Services and Technology ² | 6,425 | 2,452 | 413 | 2,560 | 500 | 500 | 0 | 87 | 0 | 1,384 | 1,472 | (1,088) |
| Niche ¹ | 4,715 | 357 | 2,379 | 1,729 | 250 | 0 | 0 | 405 | 6 | 930 | 1,341 | (388) |
| SDM ³ | 38 | 5 | 33 | 0 | 0 | 0 | 0 | 18 | 15 | 7 | 40 | 40 |
| Interoperability Programme | 1,971 | 1,103 | 128 | 740 | 0 | 0 | 0 | 49 | 36 | 232 | 317 | (423) |
| Op Evolution (Decant Programme) ⁴ | 6,900 | | 0 | 3,300 | 1,500 | 400 | 1,700 | 0 | 0 | 3,300 | 3,300 | 0 |
| Transformation Programme - Capital | 20,049 | 3,917 | 2,953 | 8,329 | 2,250 | 900 | 1,700 | 559 | 58 | 5,853 | 6,470 | (1,859) |

| PROJECT | Revenue costs associated with Programme | | | | | |
|---|---|--------------------------------------|------------------------------|--------------------------------|-------------------|----------------------|
| | 2016-17 Budget | Actual Expenditure YTD (Jun Actuals) | Commitments (as of 4th July) | Forecast for remainder of year | Total Expenditure | (Slippage)/Overspend |
| Digital Services and Technology | | | | 128 | 128 | 128 |
| Niche ¹ | | | | | 0 | 0 |
| SDM | | | | | 0 | 0 |
| Interoperability Programme ⁵ | | 7 | | | 7 | 7 |
| Op Evolution (Decant Programme) | | | | | 0 | 0 |
| Specials & Volunteers | | | | | 0 | 0 |
| Transformation Programme - Revenue | 0 | 7 | 0 | 128 | 135 | 135 |

| Proposed Expenditure | | |
|----------------------|----------|----------|
| 2017-18 | 2018-19 | 2019-20 |
| 8 | 8 | |
| 0 | 0 | 0 |
| 0 | 0 | 0 |
| 0 | 0 | 0 |
| 0 | 0 | 0 |
| 0 | 0 | 0 |
| 8 | 8 | 0 |

| PROJECT | Northants Force Revenue | | | | | |
|---|-------------------------|--------------------------------------|------------------------------|--------------------------------|-------------------|----------------------|
| | 2016-17 Budget | Actual Expenditure YTD (Jun Actuals) | Commitments (as of 4th July) | Forecast for remainder of year | Total Expenditure | (Slippage)/Overspend |
| Digital Services and Technology | | | | 11 | 11 | 11 |
| Niche ¹ | 221 | 36 | 26 | 214 | 275 | 54 |
| SDM | 0 | 0 | 0 | 0 | 0 | 0 |
| Interoperability Programme ⁵ | 0 | 8 | 0 | 0 | 8 | 8 |
| Op Evolution (Decant Programme) | 0 | 0 | 0 | 0 | 0 | 0 |
| Specials & Volunteers ⁶ | 1,004 | 282 | 0 | 671 | 953 | (51) |
| Transformation Programme - Revenue | 1,225 | 326 | 26 | 896 | 1,247 | 22 |
| Transformation Programme - Gross Costs | 21,274 | 892 | 83 | 6,877 | 7,852 | (1,702) |

| Proposed Expenditure | | |
|----------------------|--------------|--------------|
| 2017-18 | 2018-19 | 2019-20 |
| 332 | 67 | 67 |
| 245 | 221 | 221 |
| 0 | 0 | 0 |
| 4 | 4 | 4 |
| 0 | 0 | 0 |
| 500 | 500 | 500 |
| 1,081 | 792 | 792 |
| 3,331 | 1,692 | 2,492 |

Proposals to OPCC (not reflected in the above)

Niche – to move £250k from 2016/17 to 2017/18. £65k to be removed from 2016/17 to fund Analytical and business intelligence capability (Revenue)
 Interoperability – to split £350k evenly across 2017/18 and 2018/19
 Digital Services and Technology - to move £1m to 2017/18

Notes

- 1 - includes RCCO of £225k
- 2 - includes Mobile Data Roadmap Programme Budget and Expenditure (£2,080k)
- 3 - 6 months costs Analyst & Process Evolution work. Informed by OPCC that this was to be met from Force revenue budget
- 4 - As Programme is in infancy, assumption made that 2016/17 budget will be fully spent
- 5 - 34S1051
- 6 - Review of 2016/17 forecast to be undertaken with Kate Beck/Mick Stamper - 15th August

Tab “C”

| Date Identified | RISK DESCRIPTION AND IMPACT IF OCCURS | Likelihood Impact | Risk Score | OWNER | Mitigation Measures | most mitigation published | mitigation in progress | mitigation in scope | Risk Response | Review Date | Status |
|-----------------|--|-------------------|------------|-----------------------------------|--|---------------------------|------------------------|---------------------|--|-------------|--------|
| Dec-14 | Risk: Insufficient ISD resource to support the implementation and installation of technical products including both hardware and software for delivery of Agile Working. Impact: Unable to deliver expected benefits from Agile working through changes in technology and process. | 3 | 4 | # Digital Services and Technology | ISD resource plan is being produced in terms of Force technical commitments and priority. A business needs report is being produced for ISD to understand the MoSCoW status of all agile working requirements | 2 | 2 | 4 | If there is insufficient resource available within the Force to deliver the needs of agile working some consideration may need to be given to the temporary recruitment of additional resource in order to support the delivery of agile. Failing this further consideration would need to be given by the organisation as to the priority and realistic timescales of all technical pieces of work to decide if it is possible to realign prioritisation. | 01/10/2016 | Open |
| 02/09/2015 | Risk: There are insufficient skilled human resources and fit for purpose resources (e.g., IT Infrastructure) to efficiently and effectively deliver the Digital Services programme of work. Impact: Failing to address the significant gap in both human and physical resource deficiencies will see significant cost over-runs, contracted/retained staff resigning out of frustration, poor deliver of the programme, and failing to meet the intended deliverable with a quality product. | 5 | 5 | # Digital Services and Technology | Thus far, delivery timetables have been reduced to ensure that the Force continues to receive a quality product, but in slower time. However, this is not feasible over the longer-term given the speed with which technology advances. | 5 | 2 | # | A paper has been issued to the Aspire Board, the Transformation Board and the OPCC to solidify this programme of work with a stable budget. The issue has also been identified with the new ACO for Information Technology to factor in his way forward strategy for IT. A decision is anticipated in the Autumn of 2016. | 01/10/2016 | Open |
| | Risk: There is a risk that the project budget will be insufficient to support the operation. There are likely to be a number of alterations and preparations required to current buildings and the cost of using removal services must also be accounted for. | | | # OP Evolution | Caution should be exercised regarding any project activity that will incur a cost (e.g. not the opportunity cost of project resource). | | | # | | 01/10/2016 | Open |
| | A number of officers and staff will be required to relocate to the Northern Accommodation Hub (NAH) near Kettering. This is a new construction due to be completed in June 2017 and ready for use by August 2017. There is also a building under construction/preparation at Angel Street in Northampton which is earmarked for use by both Northampton Borough Council and Police personnel. There is a risk that any delay in these construction schedules will impact the ability to complete the relocation. | | | # OP Evolution | A revised milestones plan has been created following consultation with Estates/Facilities. The timescale for completion of the majority of relocation is set for September 2017. | | | # | | 01/10/2016 | Open |
| | Niche does not contain the functionality required to effectively audit use of the system. There is a diagnostic tool but it requires interpretation of coded data records and familiarity with the syntax, and is therefore not transparent (it was originally intended for use by design and development). NCS is more difficult to audit than NC4. There is a clear risk to the organisation if unauthorised access of the system is not readily detectable. | | | # Niche | At present mitigation of the risk would be either by labour intensive scrutiny of data records or by the application of alternative monitoring software. The latter approach would be best progressed as a regional solution which would require all EM forces to implement the same monitoring tool. It is anticipated that any Niche development work will be time consuming and therefore medium to long term. 19.04.16 Data quality issues have arisen following changes to records - which are difficult to identify and resolve because of the lengthy process of acquiring audit data. | | | # | | 01/10/2016 | Open |
| | A number of optimisation requirements have been identified to make the web form a more effective tool. Some are significant developments to the web form while others are simpler software enhancements to alter processes or correct functional defects. The software development of the web form is managed entirely by Nottinghamshire Police and there exists a significant risk that optimisation work will be delayed while it remains outside of Northants control. Input of data through the web form directly impacts Niche data quality and is in need of improvement. | | | # Niche | Discussion and promotion/support of Northants web form optimisation requirements will be through the bi-weekly web form DA meetings. It is recommended that Northants explore the option of acquiring the web form software to allow in-house development, coupled with ISD resource learning the skills necessary for development and maintenance (C# within the .Net environment). | | | # | | 01/10/2016 | Open |
| 11/08/2016 | RISK: Lack of productive engagement with unions, staff associations and labour organisations - this has been a consistent issue ever since the establishment of the Interoperability Programme. | 3 | 5 | # Interoperability | Labour organisations, including unions and staffing associations, now join the Interoperability Board and the Transformation Board to better share information and engage them early on in the development of the programme. | 2 | 2 | 4 | | 01/10/2016 | Open |
| 11/08/2016 | RISK: Parliament may water down, or even withdraw the proposed legislation to enable interoperability through Statute. | 3 | 5 | # Interoperability | N/A | | | | | 01/10/2016 | Open |
| 11/08/2016 | RISK: There is a single point of failure across the programme side of the Interoperability Programme, with its coordination and overall management split between two resources dependent on other competing priorities. | 3 | 3 | 9 Interoperability | To be identified by programme. | | | | | 01/10/2016 | Open |
| 11/08/2016 | RISK: A freeze on recruitment will see the Special Constabulary numbers reduce. The return of investment may not be realised for those. | 5 | 3 | # Special Constabulary | To be identified by programme. | | | | | 01/10/2016 | Open |
| 11/08/2016 | RISK: With the uncertainty surrounding the future of the programme post March 2017 any loss of staff in the programme may inhibit the programmes capability to provide the required service. | 4 | 3 | # Special Constabulary | To be identified by programme. | | | | | 01/10/2016 | Open |



COMMUNITY JUSTICE SECURITY

CORPORATE GOVERNANCE FRAMEWORK

Draft – September 2016

Introduction

The purpose of this framework is to set out how the Police and Crime Commissioner (the PCC) as a corporation sole will govern ensuring business is conducted in the right way, for the right reason at the right time.

The principal elements of the statutory framework within which the PCC operates are:

- Police Reform and Social Responsibility Act 2011,
- Policing Protocol Order 2011,
- Financial Management Code of Practice – issued by the Home Office October 2013,
- The Accounts and Audit (England) Regulations 2011,
- The Police and Crime Commissioner Elections (Declaration of Acceptance of Office) Order 2012.

There are also a range of broader legislation within which the Commissioner operates including employment law, human rights law and environmental law.

Over and above statutory requirements, the PCC and OPCC will act in accordance with best practice principles and ensure its actions and behaviours are conducted to the highest ethical standards. These principles and standards are summarised below.

Principles

The seven core principles will be those established in the Chartered Institute of Public Finance and Accountancy (CIPFA) Delivering Good Governance: Guidance notes for Policing bodies in England and Wales 2016 edition. This builds on the CIPFA Delivering Good Governance in Local Government: Framework published in association with the Society of Local Authority Chief Executives (SOLACE) Good Governance Framework in 2007. This is the standard against which all local government bodies, including the PCC, should assess themselves. These principles are:

- Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law;
- Ensuring openness and comprehensive stakeholder engagement;
- Defining outcomes in terms of sustainable economic, social and environmental benefits;
- Determining the interventions necessary to optimise the achievement of the intended outcomes;
- Developing the entity's capacity, including the capability of its leadership and the individuals within it;

- Managing risks and performance through robust internal control and strong public financial management;
- Implementing good practices in transparency, reporting and audit to deliver effective accountability.

Further detail on how the Commissioner meets these principles is available in Appendix 1.

Operating Ethically

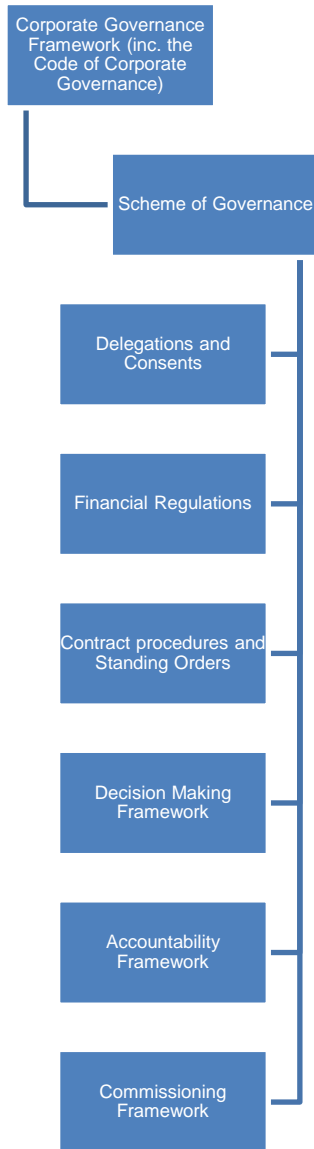
The PCC and OPCC are committed to ensuring that, across all the functions of the PCC, ethical standards and behaviours are paramount. For this reason the PCC and OPCC has adopted the Seven Principles of Public Life (commonly referred to as the Nolan Principles – Appendix 2) and the SOLACE Local Public Services Senior Managers: Code of Ethics (Appendix 3) which builds on the Seven Principles further.

The Corporate Governance Framework

The Corporate Governance Framework comprises:

- The Code of Governance (this document)
- Scheme of Governance

These are shown schematically below



Appendix 1

Code of Corporate Governance for Northamptonshire Police and Crime Commissioner

Introduction

This Code of Corporate Governance sets out how the Northamptonshire Police and Crime Commissioner (the Commissioner) will govern their organisation in accordance with the Corporate Governance Framework. It does this by highlighting the key enablers for ensuring good governance.

Context

This code sets out how the organisation will govern, using the six good governance core principles¹ as the structure for setting out the statutory framework and local arrangements.

The Code

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

The Policing Protocol 2011 requires the Commissioner to abide by the seven Nolan Principles and these will be central to the conduct and behaviour of all. It also highlights the expectation that the relationship between the Commissioner and the Chief Constable will be based upon the principles of goodwill, professionalism, openness and trust.

The Financial Management Code of Practice requires the Commissioner to ensure that good governance principles are embedded within the way the OPCC operates.

The Police and Crime Commissioner Elections (Declaration of Acceptance of Office) Order 2012 specifies the form of declaration of acceptance of office as an oath of impartiality.

The Nolan principles form a key part of the governance of the OPCC. Within the Annual Governance Statement, the OPCC will self-assess against these principles every year.

The OPCC will produce a People Strategy that will outline the behaviours expected of staff, as well as the support and development available to staff to meet the standards required. Standards of behaviour and conduct will form part of the recruitment process for any role in the OPCC.

B. Ensuring openness and comprehensive stakeholder engagement

¹ Good governance standard for public services, 2005

The Policing Protocol highlights that the Commissioner is accountable to local people and that he draws on this mandate to set and shape the strategic objectives for the police force area in consultation with the Chief Constable.

The Police and Crime Plan will clearly set out what the strategic direction and priorities are to be and how they will be delivered.

The PCC's Annual Report will outline performance against the objectives of the Police and Crime Plan.

To complement this, the staff of the Commissioner will ensure a plan is set out to involve local people and key stakeholders to ensure they inform decision making and future direction. This will be achieved through engaging as part of the yearly planning arrangements and becoming involved in issues of interest to local people as they emerge.

The Office of the Police and Crime Commissioner will produce an Annual Governance Statement on which it will consult with the Independent Audit Committee and a final version will be published on the OPCC website.

The Office of the Police and Crime Commissioner is subject to the Freedom of Information Act. Details of how to submit requests under this Act to the OPCC are provided on the OPCC website.

The Office of the Police and Crime Commissioner maintains an up to date website with a range of publicly available information.

Consultation will take place in a planned way with the public on a range of matters including the Police and Crime Plan and the budget.

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

The Act requires the Commissioner to issue a Police and Crime Plan. It will outline the police and crime objectives (outcomes) and the strategic direction for policing.

Northamptonshire Police must have regard to the Plan and the PCC must have regard to the priorities of the responsible authorities during its development.

On an annual basis, the PCC will develop a business plan for the following year (which will effectively be the commissioning intentions of the organisation) which will set out what activity and interventions that will be put in place during that year to deliver the longer term Police and Crime Plan.

A Commissioning Framework will be developed by the PCC, which will set out how activity to deliver the agreed outcomes in the Police and Crime Plan will be commissioned, including the quality of service to be delivered. The

Commissioning Framework will set out how the PCC operates with all organisations, including the Force.

The Medium Term Financial Plan will be aligned to the Police and Crime Plan and the Commissioning Framework.

The PCC will develop and implement Financial Regulations which will set out how effective financial management will be delivered. How the PCC ensures value for money is included within the Financial Regulations

An Annual Report will be published on a timely basis to communicate the PCC's activities and achievements, and financial position and performance.

D. Determining the interventions necessary to optimise the achievement of the intended outcomes

The Police and Crime Plan sets the overarching objectives for the area. The OPCC will ensure that annual business plans will develop the more detailed interventions that will be necessary to achieve the outcomes of the Plan.

The OPCC annual business plan and Commissioning Framework will ensure that appropriate performance measures are in place to ensure delivery against the Police and Crime Plan.

The OPCC will have a risk management policy that is kept under regular review.

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

The Act clearly sets out the functions of the Commissioner and Chief Constable, and the Policing Protocol Order sets out how these functions will be undertaken to achieve the outcomes of the Police and Crime Plan.

The PCC will set personal performance objectives for the Chief Constable on an annual basis.

The Commissioner may appoint a deputy who will be a member of his staff as set out in the Act. The role description approved by the Commissioner will incorporate functions delegated within the Commissioner's Scheme of Consents and Delegations.

The Act requires the Commissioner to have a Chief Executive and a Chief Finance Officer. The Chief Executive will be the Head of Paid Service and undertake the responsibilities of Monitoring Officer .

The Financial Management Code of Practice and the Statement on the Role of the Chief Finance Officer set out the responsibilities of Chief Finance Officers for the Commissioner.

The Commissioner's Scheme of Governance highlights the parameters for key roles including delegations or consents from the Commissioner, financial regulations and contract standing orders.

Staff of the Office of the Police and Crime Commissioner will operate within:

- The policies and procedures of the organisation,
- The Corporate Governance Framework,
- Discipline Regulations and Codes of Conduct.

The PCC will develop, implement and maintain effective risk management.

An Independent Audit Committee will operate in line with guidance from the Chartered Institute of Public Finance and Accountancy (CIPFA) and the requirements of the Financial Management Code of Practice . The Committee will also ensure that the risk controls are effective.

The statutory requirements and relevant guidance for police collaboration will inform work on collaboration with other police forces and PCCs.

The Commissioning Framework outlines how the PCC will work with others, including partners and this governs the relationships that the PCC will have with other organisations to assist in delivering the Police and Crime Plan.

The Office of the Police and Crime Commissioner will ensure that staff are developed and supported to perform their duties. This will include developing individuals' capability to undertake effective scrutiny, change management, performance appraisal and career development.

As part of the OPCC People Strategy, a skills audit will be undertaken to ensure that the skills required for the functions of the PCC are understood and development plans put in place to develop staff. The People Strategy will also outline the indication and other developmental opportunities available to staff. Developing leadership will also form part of this strategy.

F. Managing risks and performance through robust internal control and strong public financial management

The OPCC will produce and ensure adherence to a risk management policy. A risk register will ensure that corporate risks are kept under regular review.

G. Implementing good practices in transparency, reporting and audit to deliver effective accountability

The Decision Making Framework sets out the principles drive decisions taken by the Commissioner and the standards to be adopted throughout the decision making process.

It requires a forward plan of decisions. This will ensure proper governance by bringing together the right information at the right time e.g. needs assessments, costs and budgets.

The Commissioner's Scheme of Delegations and Consents highlights the parameters for decision making, including the delegations, consents, financial limits for specific matters and standing orders relating to contracts.

The Decision Making Framework will ensure that information relating to decisions will be made readily to local people, with those of greatest public interest receiving the highest level of transparency, consistent with and subject to any relevant operational and legal constraints.

A Whistle-Blowing policy will be established to which all staff and those contracting with the PCC will have access.

Policies on complaints against the PCC or against staff are produced and published on the OPCC website.

Appendix 2

THE SEVEN PRINCIPLES OF PUBLIC LIFE

SELFLESSNESS

Holders of public office should act solely in terms of the public interest. They should not do so in order to gain financial or other material benefits for themselves, their family, or their friends.

INTEGRITY

Holders of public office should not place themselves under any financial or other obligation to outside individuals or organisations that might seek to influence them in the performance of their official duties.

OBJECTIVITY

In carrying out public business, including making public appointments, awarding contracts, or recommending individuals for rewards and benefits, holders of public office should make choices on merit.

ACCOUNTABILITY

Holders of public office are accountable for their decisions and actions to the public and must submit themselves to whatever scrutiny is appropriate to their office.

OPENNESS

Holders of public office should be as open as possible about all the decisions and actions that they take. They should give reasons for their decisions and restrict information only when the wider public interest clearly demands.

HONESTY

Holders of public office have a duty to declare any private interests relating to their public duties and to take steps to resolve any conflicts arising in a way that protects the public interest.

LEADERSHIP

Holders of public office should promote and support these principles by leadership and example.

Appendix 3

SOLACE LOCAL PUBLIC SERVICE SENIOR MANAGERS: CODE OF ETHICS

SELFLESSNESS

Senior managers should act solely in terms of the public interest.

- Put the people you serve first
- Advise wisely and implement faithfully
- Ensure the need to speak truthfully to those in power, challenge impropriety or investigate wrongdoing comes before your own popularity or career prospects
- Carry out your obligations and duties to the best of your ability and seek additional training or support where necessary
- Support your colleagues in their work
- Demonstrate an efficient and effective use of public resources
- Consider the changing needs and expectations of local communities, and do what is necessary and proportionate to address them
- Be faithful to your organisation's purpose

INTEGRITY

Senior managers should avoid placing themselves under any obligation to people or organisations that might try to influence them inappropriately in their work. They should not act or take decisions in order to gain financial or other material benefits for themselves, their family or their friends. They should declare and resolve any interests and relationships.

- Show courage in doing what you believe is right
- Ensure decisions and actions are not influenced by improper considerations or personal gain
- Neither solicit nor accept the offer of any gift, gratitude or hospitality that could, or could be seen to, compromise your impartiality
- Do not use your position to inappropriately coerce any person or settle personal grievances
- Remain composed and respectful, even in the face of provocation
- Ensure that any relationship at work does not create an actual or apparent conflict of interest
- Take a personal responsibility to assess whether we have performed appropriately

OBJECTIVITY

Senior managers should act and take decisions impartially, fairly and on merit, using the best available evidence and without discrimination or bias.

- Proactively seek evidence in advance of making decisions

- Promote evidence-led decision making
- Keep an open mind and do not prejudge situations or individuals
- Be aware of the influence that unconscious biases can have on your actions and decisions
- Use all information, training, equipment and management support you are provided with and take personal responsibility for your continuous professional development and keeping yourself up to date on your role and responsibilities
- Actively seek or use opportunities to promote equalities and diversity and uphold the law regarding human rights and equalities
- Ensure frameworks for decision making are robust, legal and sound
- Ensure political decision makers have access to balanced, accurate and well-informed advice, even when it is counter to the prevailing orthodoxy or when they do not want to receive it

ACCOUNTABILITY

Senior managers are accountable for their decisions and actions and should submit themselves to the scrutiny necessary to ensure this.

- Take full responsibility for, and be prepared to explain and justify, your actions and decisions and those made within your span of responsibility to the public
- Encourage challenge and review of decision making to ensure that good practice is identified and lessons are learned
- Ensure the appropriate accurate records of your decisions and actions are kept
- Safeguard confidential information and ensure the protection of personal data to comply with both FOI and Data Protection legislation

OPENNESS

Senior managers should act and take decisions in an open and transparent manner. Information should not be withheld from the public unless there are clear and lawful reasons for doing so.

- Share information with colleagues, partners and the public when required for legitimate purposes and in a way that respects democratic decision making
- Ensure briefings are made available to all political groups and not just those in positions of power
- Seek to create cultures that embrace learning, scrutiny and continuous improvements
- Model a presumption of transparency
- Share information in a manner that promotes accessibility

HONESTY

Senior managers should act with sincerity and respect the need for truthfulness.

- Do not knowingly make false, misleading or inaccurate oral or written statements
- Ensure all communications seek to actively engage and inform the audience
- Be mindful of wilful blindness and ensuring that appropriate checks and balances are in place which guard individuals and organisations
- Be prepared to challenge and be challenged
- Promote a culture that supports and encourages whistleblowing

LEADERSHIP

Senior managers should exhibit in their own behaviour the 'principles of Public Life' published by the Committee on Standards in Public Life. They should actively promote and robustly support the principles and be willing to challenge poor behaviour, including by all those employed to deliver local public services and elected representatives wherever it occurs.

- Step forward, take control and be proactive when required by the circumstances
- Never ignore unethical or unprofessional behaviour by a colleague or elected member, irrespective of the person's role
- Proactively question the conduct of colleagues or elected members that you believe falls below the expected standards and, if necessary, challenge, report or take action against such conduct
- Ensure your behaviour is not, and could not reasonably be perceived to be abusive, oppressive, harassing, bullying, victimising or offensive by the public or your colleagues
- Use your authority only in ways that are proportionate, lawful, respectful, accountable, necessary and ethical
- Seek feedback on your behaviour and management style in order to actively pursue continuous professional development

DEMOCRACY

Senior managers should uphold the principles of a representative government and ensure the effective working of the democratic process.

- Uphold the democratic process
- Do not engage in party political promotion and ensure you do not place yourself in a position where your political impartiality may be reasonably questioned

- Use your right and responsibility to voice your opinion on public issues but advocate for issues of personal interest only when doing so does not conflict with the performance of your professional duties



COMMUNITY JUSTICE SECURITY

SCHEME OF GOVERNANCE

September 2016

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Appendix 1 – Financial Regulations

Appendix 2 – Contract Standing Orders

Appendix 3 – Commissioning Framework

Appendix 4 – Officer Report Template to Support Decision Making

Appendix 5 – Accountability Framework

1. Introduction

1.1 The Financial Management Code of Practice for the Police Forces of England and Wales published by the Home Office in October 2013 provides that a Scheme of Governance should be prepared by the Police and Crime Commissioner (PCC). In doing so the PCC should be advised by the Chief Finance Officer of the PCC in consultation with the Chief Executive, the Chief Constable and the Police Force Chief Finance Officer.

1.2 The Scheme should identify those powers which may be exercised by either the PCC or the Chief Constable (as applicable) but which, for the benefit of good practice, may be exercised by their staff. It should also set out any constraints on those powers, including requirements to report back or advise the PCC or the Chief Constable, and should address circumstances which will require consultation between the staff of the PCC and the Chief Constable. Key elements of a Scheme of Governance will be comprised of:

- Scheme of Consent
- Financial Regulations
- Standing Orders relating to Contracts
- Scheme of Delegation

1.3 The purpose of this Scheme is to set out the extent of, and any conditions attaching to, the PCC's consent to the Chief Constable's exercise of the powers to enter into contracts and acquire or dispose of property.

1.4 This Scheme of Governance comprises:

- Delegations and Consents – Sections 5 to 9
- Financial Regulations – Section 10
- Contract Standing Orders – Section 11
- Decision Making Framework – Section 12
- Accountability Framework – Section 13
- Commissioning Framework – Section 14

The latter three parts (Decision Making Framework, Accountability Framework, Commissioning Framework) are not explicitly set out in the Code of Practice but the Code does envisage OPCC's setting out further detail on how the relationship between the PCC and Chief Constable works in practice. This is the reason for the inclusion of these parts in this document.

1.5 The Scheme will be kept under regular review (at least annual) and amended in consultation with and on the advice of those officers identified in paragraph 1.1

2 Legislative Background

- 2.1 The Police Reform and Social Responsibility Act 2011 established the role of the PCC, creating both the PCC and the Chief Constable as a corporation sole.
- 2.2 The Act has conferred wide powers upon the PCC. A PCC may do anything that is calculated to facilitate or is conducive or incidental to, the exercise of the functions of a PCC. This includes entering into contracts and other agreements, acquiring and disposing of property (including land) and borrowing money.
- 2.3 The Chief Constable has similar powers within the functions of the Chief Constable including entering into contracts and agreements and to acquire or dispose of property (apart from land) provided the PCC provides this consent to the Chief Constable. The Chief Constable has the power to enter in contracts of employment for police staff.
- 2.4 In addition to this legislation, this Scheme also requires all other statutory and regulatory requirements and relevant professional guidance to be adhered to including:
- Policing Protocol Order 2011
 - Home Office Financial Management Code of Practice
 - CIPFA Statement on the role of the Chief Finance Officer of the PCC
 - The broader PCC Corporate Governance Framework
 - Employment legislation, policy and procedures
 - The Data Protection Act 1998 and the Freedom of Information Act 2000
 - Health and safety at work legislation and codes
 - Equality Act 2010 and related equality and diversity regulations and guidance
- 2.5 This Scheme also sets out how:
- The PCC expects the funds provided to the Chief Constable for policing to be applied – Section 10 Financial Regulations
 - The PCC will hold the Chief Constable to account for the day to day management of those funds – Section 14 Accountability Framework
 - The Chief Constable will carry out their duty to assist in the exercise of the PCC's functions – Section 4 Key Role of the Chief Constable and Section 7 Functions delegated or consented to the Chief Constable
 - The Chief Constable will exercise their power to do anything calculated to facilitate the exercise of their own functions – Section 4 Key Role of the Chief Constable

- The PCC will exercise their power to delegate the exercise of their functions to their own staff – Section 8 Functions delegated to the Chief Executive and Section 9 Functions delegated to the Chief Finance Officer.
- The terms on which the PCC will exercise any functions they retain to aid the delivery of efficient and effective policing – Section 6 Matters that will not be delegated by the PCC

2.6 The PCC may require specific reporting arrangements to be put in place regarding any delegated powers.

2.7 All delegated powers should be exercised in line with the law and all requirements set out in the Corporate Governance Framework.

3 Key Role of the Police and Crime Commissioner

3.1 The legal powers and duties of the PCC are established by legislation and summarised within the Policing Protocol Order 2011. This Scheme does not seek to list all statutory duties of the PCC.

3.2 The key roles of the PCC are:

- To hold the Chief Constable to account on behalf of the public for the performance of the Force
- To be the recipient of all funding related to policing
- Set the strategic direction and objectives of the Force through the Police and Crime Plan, having regard to the Strategic Policing Requirement
- Secure the maintenance of an efficient and effective police force for Northamptonshire
- Set the budget, determine the level of precept and allocate funds and assets (including the allocation of such assets and funds to particular functions) to the Chief Constable
- Appoint, suspend and if necessary remove the Chief Constable
- Enter into collaboration agreements that improve the efficiency and effectiveness of policing for one or more police force, in consultation with the Chief Constable (where it relates to the functions of the police force, then it must be with the agreement of the Chief Constable)
- Enter into collaborations, partnerships and contracts with other parties other than police forces
- Hear the voice of the public
- Publish information specified by the Secretary of State and any information the PCC considers necessary to enable the people of the force area to assess performance
- Produce an annual report to the Police and Crime Panel on delivery against the Police and Crime Plan
- Monitor all complaints made against officers and staff, having responsibility for complaints against the Chief Constable
- Make Crime and Disorder Reduction Grants
- Ensure the delivery of services for victims within their area
- Have oversight of the delivery of community safety and crime reduction in the area
- Have responsibility for the enhancement of the delivery of the criminal justice system in their area
- Appoint a Chief Executive and Chief Finance Officer to ensure the appropriate management of staff and budgets on behalf of the PCC

3.3 The PCC will require access to information and officers and staff of the Chief Constable within their Force area. Such access to any information must not be unreasonably withheld or obstructed by the Chief Constable and/or fetter the Chief Constable's discretion and control of the Force

3.4 To deliver these functions, the PCC will where necessary or appropriate:

- Commission services to be provided by the Force for the public, specifying clearly what functions the Force will be required to provide as part of the allocation of assets and funds to the Chief Constable
- Commission other providers to provide any function required to deliver services to the public to discharge the PCC's statutory duties

How this operates in practice is set out in the OPCC Commissioning Framework (Section 14).

4 Key Role of the Chief Constable

- 4.1 The Chief Constable is responsible for maintaining the Queen's Peace and has direction and control over the Force's officers and staff. The Chief Constable holds office under the Crown but is appointed by the PCC.
- 4.2 The Chief Constable is accountable to the law for the exercise of police powers and to the PCC for the delivery of an efficient and effective police force, including for the management of resources and expenditure by the Force. At all times the Chief Constable, their constables and staff, remain operationally independent in the service of the communities they serve.
- 4.3 The key statutory roles, as defined by the Police Reform and Social Responsibility Act 2011 and Policing Protocol Order 2012 of the Chief Constable are:
- To lead the Force in a way that is consistent with the attestation made by all constables on appointment and ensuring that it acts impartially
 - To appoint the Force's officers and staff (after consultation with the PCC in the case of officers above the rank of Chief Superintendent and police staff equivalents)
 - To support the PCC in the delivery of the strategy and objectives set out in the Police and Crime Plan
 - To provide the PCC with access to information, officers and staff as required
 - To have regard to the Strategic Policing Requirement when exercising and planning their policing functions in respect of the Force's national and international policing responsibilities
 - Notifying and briefing the PCC of any matter or investigation which they may need to provide public assurance either alone or with the PCC
 - To be the operational voice of policing in the Force area, and to regularly explain to the public the operational actions of officers and staff under their command
 - To enter into collaboration agreements with other Chief Constables, other policing bodies and partners that improve the efficiency and effectiveness of policing, subject to the agreement of the PCC
 - To remain politically independent of the PCC
 - To manage all complaints against the Force, its officers and staff, except in relation to the Chief Constable, and to ensure that the PCC is kept informed to enable them to discharge their statutory obligations in relation to complaints in a regular, meaningful and timely fashion. Serious complaints and conduct matters must be passed to the Independent Police Complaints Commission (IPCC)

- To exercise the power of direction and control in such a way as is reasonable to enable the PCC to have access to all necessary information and staff within the Force
- To oversee and be accountable for the financial management of the Force within the framework of the agreed budget allocation and levels of authorisation issued by the PCC

5 Scheme of Delegations and Consents

- 5.1 Delegations are those matters that the PCC allows others to undertake but in the PCC's name. Consents are those matters that the PCC allows the Chief Constable to undertake in their own name and as a separate legal entity.
- 5.2 This Scheme of Delegations and Consents is a record of the formal consents and delegations as required by the Home Office Financial Management Code of Practice (2013). With the exception of those matters listed in paragraph 6.3 below, the Scheme allows any person, with appropriate authority, to delegate that power further. Any such sub-delegation does not relieve the person who has sub-delegated a power from due responsibility for any decision taken by a person they have authorised to act on their behalf.
- 5.3 The PCC has the discretion to limit and/or withdraw the powers consented or delegated by them at any time, provided that the reasons for doing so are documented in writing.
- 5.4 The PCC may ask that a specific matter is referred to them for a decision and not dealt with under powers of delegation.
- 5.5 The PCC must be advised of any policing and crime matter which may have a significant impact, as defined within the decision making framework in Section 13 within this Scheme, on the people of Northamptonshire
- 5.6 The Scheme does not prevent an individual from referring a matter to the PCC for a decision if the individual thinks this is appropriate. For example, this may be because it is of a sensitive nature.
- 5.7 The PCC expects anyone exercising consented or delegated powers under this Scheme to draw their attention to any issue which is likely to be regarded by them as novel, contentious or repercussive before exercising such powers. This includes any potential financial liability.
- 5.8 In this document, all references to specific roles include those authorised by them to act on their behalf.
- 5.9 The Chief Executive (who is the Monitoring Officer and Head of Paid Service) and the Chief Finance Officer of the PCC have statutory powers and duties relating to their positions, and therefore do not rely on matters being delegated to them to discharge those responsibilities.

- 5.10 Individuals are responsible for making sure that members of staff they supervise are aware of and understand provisions and obligations of this Scheme
- 5.11 This Scheme provides an officer with the legal power to carry out duties of the PCC. In carrying out these duties, the officer must comply with all other statutory and regulatory requirements and relevant professional guidance, including those listed at paragraph 2.4.
- 5.12 When carrying out any duties, the PCC and any officers named in this Scheme must have regard to:
- The Police and Crime Plan
 - Any report or recommendations made by the Police and Crime Panel on the annual report for the previous financial year
- 5.13 The following sections set out further detail on delegations and consents including those matters not to be delegated, those matters delegated or consented to the Chief Constable, to the OPCC Chief Executive and to the OPCC Chief Finance Officer.

6 Matters that will not be delegated by the PCC

- 6.1 The Police Reform and Social Responsibility Act 2011 makes provisions for the PCC to appoint a deputy to undertake any functions of the PCC with the exception of:
- Approving and issuing the Police and Crime Plan
 - Appointing, suspending and removing the Chief Constable
 - Approving the budget requirement for the purpose of issuing a precept
- 6.2 There is no deputy PCC at the date of this Scheme and therefore there are no delegations included within this Scheme.
- 6.3 The Police Reform and Social Responsibility Act 2011 makes provision for the PCC to appoint other staff to carry out their functions. In addition to those functions listed at 6.1 which cannot be delegated to staff, the following are also defined in the Act as being matters that cannot be delegated:
- Determining the police and crime objectives in the Police and Crime Plan
 - Attendance at the Police and Crime Panel for specified duties
 - Approving the annual report to the Police and Crime Panel
- 6.4 In addition, the PCC, except in exceptional and urgent circumstances, will not delegate decisions of Significant Public Interest. A full definition of decisions of Significant Public Interest is included in the Decision Making Framework in Section 13 of this Scheme.
- 6.5 Should the PCC be unable to act for any reason, the Police Reform and Social Responsibility Act 2011 makes provisions for the Police and Crime Panel to appoint an Acting PCC and subsequently, should the PCC be unable to return to their duties a by-election would be triggered.
- 6.6 Should any decision be required of the PCC whilst unable to act and prior to the Police and Crime Panel meeting to appoint an Acting PCC, the delegated powers to the Chief Executive and Chief Finance Officer within this Scheme (at 8.2.24 and 9.4 respectively) are enacted.

7 Functions consented or delegated to the Chief Constable

7.1 In addition to the statutory duties of the Chief Constable (as outlined in the Police Reform and Social Responsibility Act 2011 and Policing Protocol Order 2011), the PCC can give consent to functions being undertaken by the Chief Constable in their own name and as a separate legal entity.

7.2 Consents

7.2.1 The PCC consents that the Chief Constable may enter into contracts for supplies or services for any matter required to facilitate the running of the Police Force and provided such contracts falls within the overall cash limit of Chief Constable, with the exceptions of:

- Buildings over £100,000 which must be entered into by the PCC
- Collaboration Agreements which must be agreed by both the Chief Constable and the PCC

7.2.2 To provide financial assistance to police officers, staff or volunteers (including special constables) in legal proceedings taken by or against them as a result of performing their duties. This action must be taken in line with Home Office advice.

7.2.3 To undertake the day to day management of the facilities and asset management function subject to any provisions in the Financial Regulations.

7.2.4 To approve the retirement, in the interests of the efficiency of the service, of employees and to report to the PCC on this issue each year

7.2.5 To bring national agreements on salaries, wages and conditions into effect on the clear understanding that any issues which are sensitive or have major financial implications will be referred to the PCC for a decision

7.2.6 To negotiate with, and reach agreements with, recognised trade unions and staff associations on any matters that can be decided locally. Any significant agreements must be reported to the PCC.

7.3 Delegations

7.3.1 To provide the functions detailed by the PCC as part of the annual budget settlement for the Force, delivering them within cash limits and meeting any conditions of the funding imposed by the PCC.

7.3.2 The numbers and locations of officers and staff to deliver the requirements set out by the PCC in the Police and Crime Plan and specific objectives for the Force, subject to any conditions attached to the cash limit set for the Force by the PCC.

7.3.3 Detailed financial management delegations are set out in Financial Regulations within this Scheme in Section 10.

8 Functions delegated to the Chief Executive of the Office of the PCC

8.1 The Chief Executive is the most senior officer of the OPCC and is the Head of Paid Service. This statutory appointment is made under Schedule 1 to the Police Reform and Social Responsibility Act 2011. For the purposes of section 5(1) of the Local Government and Housing Act 1989 (as amended by Reform and Social Responsibility Act 2011) the Chief Executive is designated as the body's monitoring officer with responsibility for ensuring the legality of the actions of the policing body and its officers.

8.2 The formal delegations are as follows:

8.2.1 Take day to day action to ensure the efficient and effective management of the Office of the PCC, including the appointment or dismissal of all staff and volunteers with the exception of the Deputy PCC

8.2.2 Ensure the discharge of the PCC's functions, with the exception of those matters within Section 6 of this Scheme, giving effect to the decisions and direction of the PCC

8.2.3 Prepare the Police and Crime Plan, consulting with the Chief Constable, for submission to the PCC

8.2.4 Prepare an Annual Report for submission to the Commissioner for the Commissioner to fulfil his statutory duty to report annually on progress against the Police and Crime Plan to the Police and Crime Panel.

8.2.5 Provide information to the Police and Crime Panel as lawfully and reasonably required to enable the Panel to carry out its functions

8.2.6 To approve arrangements for the signing of all contracts on behalf of the PCC taking into account any requirements specified in the Contract Standing Orders within this Scheme.

8.2.7 To affix the common seal of the Northamptonshire Police and Crime Commissioner to all contracts, were any of the following applies:

- Agreements or transactions in respect of which there is no consideration
- That relate to the provision of goods and services by the PCC to another body and which are £300,000 or above in value over the life of the contract
- That are £300,000 or above in value over the life of the contract

- Which grant or convey an interest in land
- Which are grants that are £100,000 or above
- When it is determined by the PCC that there is a particular need for the seal to be attached
- Where any of the contracting parties require it

8.2.8 To consider, in consultation with the Chief Finance Officer, whether to provide indemnity to the PCC and to deal with or make provision to deal with other matters arising from any proceedings relating to them.

8.2.9 To consider and approve, in consultation with the Chief Finance Officer, provision of indemnity and/or insurance to individual staff of the PCC in accordance with the Local Authorities (Indemnities for Members and Officers) Order 2004.

8.2.10 To make financial and contractual decisions as outlined in the Financial Regulations and Contract Standing Orders.

8.2.11 To oversee the way that complaints against officers and staff within Northamptonshire Police are managed so this is efficient and effective and to advise the PCC on this basis.

8.2.12 To manage the PCC's budget in accordance with Financial Regulations.

8.2.13 To fix fees for copies of documents and extracts of documents requested under the Freedom of information Act 2000, or the Data Protection Act 1998, or otherwise

8.2.14 To make recommendations to the PCC with regard to staff terms and conditions of service in respect of the PCC's staff in consultation with the Chief Finance Officer.

8.2.15 To administer the Independent Custody Visitors (ICV) Scheme and any other volunteer schemes including the appointment, suspension and removal of custody visitors and other volunteers.

8.2.16 To obtain legal or other expert advice.

8.2.17 To commence, defend, withdraw or settle any claim or legal proceedings where required, on the PCC's behalf in consultation with the Chief Finance Officer.

- 8.2.18 To facilitate the management of appeals made by police officers against the Chief Constable's decision to require retirement due to ill health and to implement the subsequent awards made, in line with the provisions of the Police and Pensions Regulations.
- 8.2.19 To consider, with the PCC, any complaint made against the Chief Constable, and where appropriate, to make arrangements for appointing an officer to investigate the complaint.
- 8.2.20 To respond to consultations on proposals affecting the PCC.
- 8.2.21 To ensure that appropriate arrangements are in place to gather community's views on policing and crime in Northamptonshire.
- 8.2.22 To ensure compliance with the requirements for publication of all aspects of the Local Policing Bodies (Specified Information Order 2011).
- 8.2.23 To decide on whether any information to support a decision taken by the PCC and published by Executive Order should be exempt from being published under the exemptions contained within the Local Government Act 1972 – Schedule 12A.
- 8.2.24 In the event of the PCC being unable to act for any reason, and before the Police and Crime Panel are able to meet to appoint an Acting PCC, to take urgent decisions of significant public interest, other than those precluded under paragraph 6.3 of this Scheme. Where decisions are taken under this provision, the Chief Executive will inform the PCC at the earliest opportunity. See also paragraphs 13.5.1 and 13.5.2
- 8.2.25 To ensure compliance with the responsibilities of the PCC as the Pension Supervising Authority for the Chief Constable Pension

9 Functions delegated to the Chief Finance Officer of the PCC

9.1 The Chief Finance Officer is the financial advisor to the PCC and has statutory responsibilities as set out in Section 151 of the Local Government Act 1972, sections 112 and 114 of the Local Government Finance Act 1988, and the Accounts and Audit Regulations 2011.

9.2 The Financial Regulations at Section 10 in this Scheme set out the responsibilities of the Chief Finance Officer.

9.3 The Chief Finance Officer must:

- Be a key member of the PCC's Leadership Team, working closely with the Chief Executive
- Be actively involved in and able to bring influence to bear on, all strategic business decisions of the PCC
- Lead the promotion and delivery by the PCC of good financial management so that public money is safeguarded at all times and used appropriately
- Ensure that the finance function is fit for purpose

9.4 In the event of the PCC being unable to act for any reason, and before the Police and Crime Panel are able to meet to appoint an Acting PCC to take urgent decisions of significant public interest, other than those precluded under paragraph 6.3 of this Scheme. This will be undertaken normally following consultation with the Chief Executive. Where decisions are taken under this provision, the Chief Finance Officer will inform the PCC at the earliest opportunity.

10 Financial Regulations

- 10.1 The Financial Regulations govern the relationship between the PCC, OPCC and Force in relation to financial matters. The Financial Regulations are part of this Scheme and included at Appendix 1.

11 Contract Standing Orders

- 11.1 Contract Standing Orders relate to how the PCC enters in to contracts. The Contract Standing Orders are part of this Scheme and included at Appendix 2.

12 Commissioning Framework

12.1 The Commissioning Framework explains how the PCC determines the provision of services. The Commissioning Framework is included in Appendix 3.

13 Decision Making Framework

13.1 The statutory framework for decision making is outlined in Section 2 of this Scheme.

13.2 Approach to Decision Making

13.2.1 Decisions taken by the PCC will arise from the discharge of their statutory functions. The PCC will demonstrate probity and regularity in their decision making and will therefore take decisions in accordance with the Good Governance Standards for Public Service (the Nolan Principles).

13.2.2 The PCC and the Office of the PCC will apply good governance principles to all decisions regardless of significance and impact.

13.3 Principles of Decision Making

13.3.1 Decision-making will be transparent and well informed.

- The PCC will give proper consideration to all relevant parties. Arrangements will be made for obtaining the views of people in the local area about matters related to policing, community safety and criminal justice. These views will be used to inform all decisions.
- The principle means of public consultation will be on the Police and Crime Plan. This is a statutory requirement as defined in the Police Reform and Social Responsibility Act 2011. The Plan will seek to include all key policy initiatives that the PCC will seek to execute.
- The OPCC will also consider specific consultation where the Police and Crime Plan is insufficient consultation on specific decisions. The OPCC Chief Executive will be responsible for deciding when additional consultation is required on a decision.
- Consultation will take a variety of forms to ensure the most appropriate method and audience (e.g. the public, the Chief Constable or other stakeholders including the Police and Crime Panel) is sought for each decision.
- A Forward Plan of Significant Public Decisions will be maintained and published on the OPCC website to enable public awareness of likely dates for decision making.

- At times, some information will not be appropriate to be published due to confidentiality reasons. The potential reasons (as described in Local Government Act 1972 – Schedule 12A) are:
 - Information relating to any individual
 - Information which is likely to reveal the identity of an individual
 - Information relating to the financial or business affairs of any particular person (including the authority holding that information)
 - Information relating to any consultations or negotiations, or contemplated consultations or negotiations, in connection with any labour relations matter arising between the PCC or a Minister of the Crown and employees of, or office holders under, the authority
 - Information in respect of which a claim to legal professional privilege could be maintained in legal proceedings
 - Information which reveals that the authority proposes
 - a) to give under any enactment a notice under or by virtue of which requirements are imposed on a person; b) to make an order or direction under any enactment
 - Information relating to any action taken or to be taken in connection with the prevention, investigation or prosecution of crime

13.3.2 Decisions will make use of good quality information, advice and support.

- Decisions will be taken based on quality information and clear advice in order to reduce the risk of taking decisions that fail to achieve the PCC's objectives or have unintended consequences.
- Advice will include that taken from the Chief Constable as well as statutory and other officers of the PCC.
- Any decisions taken will be accompanied by an officer report detailing material information relied upon in making the decision. The report will be provided in the format specified at Appendix 4 of this Scheme. Such reports will be published in conjunction with the final decision.

13.3.3 Decisions will make use of risk management information.

- Risk registers of the PCC will be regularly reviewed by the officers and the Audit Committee to inform decision making.
- Risks specific to the decision will be identified, together with any mitigation that is in place.

13.3.4 Decisions will be lawful, reasonable, fair and proportionate.

- The PCC will make use of their professional advisers in decision making and will take into consideration the impact of any decisions of all those who live and work in Northamptonshire.
- The PCC will take decisions with a view to achieving value for money.
- The PCC will consider equality and human rights issues when taking decisions, as required by the Equality Act 2010. Decisions of significant public interest will be accompanied by an Equality Impact Assessment which will be used to inform the decision making.

13.3.5 Decisions will be recorded and published.

- The PCC has a statutory duty under the Police Reform and Social Responsibility Act 2011 to publish decisions of 'significant public interest'. These will be published as Executive Orders on the PCC website.
- The PCC will inform the Host Authority (Northamptonshire County Council) of the Police and Crime Panel once each Executive Order is agreed and published. Upon receiving this, the Host Authority will disseminate the Executive Order to all members of the Police and Crime Panel. Should the Host Authority receive any questions or requests for further information from members of the Panel, they will liaise with the PCC to ensure such enquiries are responded to as appropriate.
- The PCC will provide each meeting of the Police and Crime Panel with a summary of the decisions that have been taken and published in the period since the previous meeting.
- Other decisions taken by the PCC or by statutory officers under the delegations outlined in this Scheme will also be recorded on a decision record that will be available for inspection as required.

13.4 Decisions of Significant Public Interest

13.4.1 The following will be considered Decisions of Significant Public Interest:

- Decisions that result in expenditure or savings of £300,000 or more
- Any decision to issue or vary the Police and Crime Plan
- Any decision to consult the public on specific matters
- Any decision to appoint, remove or suspend a Chief Constable
- Any decision to appoint a Deputy Police and Crime Commissioner, Chief Executive or Chief Finance Officer
- Any decision to approve or amend the Corporate Governance Framework of the OPCC

13.4.2 All decisions of Significant Public Interest will require the PCC to sign an Executive Order, which will be published on the PCC website within 5 working days of the decision. Alongside the publication of the Executive Order all material information used to make the decisions will be published, including an officer report to the PCC in the format specified in Appendix 4 of this Scheme

13.4.3 The PCC will take other decisions that are not classed as being of significant public interest. These will typically be decisions that have been referred by the Chief Executive on grounds that further decisions that would be of significant public interest will be required or where the delegated officer considers it to be sufficiently novel, contentious or repercussive to require the PCC to decide. These decisions will be taken following written advice from officers and a decision record will be recorded and held for inspection if required.

13.5 Decisions of an Urgent Nature

13.5.1 Should the PCC be unable to act and an urgent decision is required, the Chief Executive and/or the Chief Finance Officer is able to take decisions on the PCC's behalf. In these circumstances it would be normally the case that the two statutory officers would confer and agree on the action proposed. Such decisions would only be taken in circumstances where paragraph 6.5 had been invoked as noted in paragraph 6.6.

13.5.2 Where either statutory officer takes an urgent decision that would otherwise require the approval from the PCC, the reason for the decision, including the reasons precluding the PCC taking the decision, and the decision itself should be recorded and the PCC informed of the decision at the earliest opportunity. If an Executive Order would normally have been required, the PCC will be asked to retrospectively agree an appropriate Executive Order to ensure that all significant public decisions are published as required.

14 Accountability Framework

14.1 The PCC has a statutory duty to hold the Chief Constable to account for the performance of Northamptonshire Police on behalf of the public.

14.2 Principles for Accountability

14.2.1 A focus on where we are going rather than where we have come from. This is not to say that understanding reasons for current and previous performance is not important. Understanding reasons for the current and previous performance is vital to help make strategic decisions. However performance success is not about 'distance travelled' but is about 'distance to target'. The emphasis is placed therefore on looking forward to improve performance rather than looking backwards.

14.2.2 Reflecting victims' and the wider community's priorities and concerns. The PCC's chief role is to be the 'voice of the public' within conversations on performance. This should usually be reflected in the outcomes of the Police and Crime Plan.

14.2.3 Adopting a long term strategic perspective. The focus is not on month to month or even year to year comparisons. The focus is on long term trends to improve performance systematically rather than superficially. Long term sustainable improvements are required rather than achieving short term targets by any means necessary.

14.2.4 Being 'intrusive' when it needs to be and 'light touch' when it does not. The focus will be on areas of risks to performance, and where there are risks it is right that the PCC is challenging and sets high expectations for improvement. This must be balanced with avoiding placing an unnecessary burden on the Force that distracts from delivery.

14.2.5 Open, honest and transparent. Poor performance should not be hidden. There should be discussion on issues to enable solutions to be sought in an environment without fear of being seen as a failure.

14.3 Process for Holding the Chief Constable to Account

14.3.1 The current process employed by the PCC to hold the Chief Constable to account is included in Appendix 5.

14.4 Holding the PCC to Account

14.4.1 The Police Reform and Social Responsibility Act 2011 includes provisions for a Police and Crime Panel to scrutinise the PCC.

14.4.2 The Police and Crime Panel (PCP) holds the Police and Crime Commissioner to account. The Police and Crime Panel is a body made up of local elected councillors and independent members with the responsibility to scrutinise and support the work of the Police and Crime Commissioner. The PCP is not a local government committee however it is obliged to meet in public, to publish agendas and minutes, and to fulfil the following responsibilities:

- To consider the Police and Crime Commissioner's Police and Crime Plan – a document setting out the PCC's priorities for a five year period and how those priorities will be delivered.
- To consider the draft policing budget and draft policing precept. The precept is the amount of money that the PCC proposes to levy on council taxpayers for the local force. The budget will set out how both the money raised from the precept will be spent, and also how other funds will be spent for which the PCC has overall responsibility.
- To consider the PCC's annual report, setting out their activities in the previous year.
- To carry out hearings when the PCC proposes to appoint a new chief constable, a deputy PCC, a chief of staff, chief executive or a chief finance officer.
- To work to resolve (but not investigate) non-criminal complaints made about the PCC.

14.4.3 The panel is made up of councillors drawn from each of the local authorities in Northamptonshire according to a set allocation of places, and three independent co-opted members drawn from the local community.

14.4.4 The agenda papers for meetings are published five working days in advance and are available to download from the Northamptonshire County Council website. The panel meetings are normally held in public and members of the public can attend. and address the Police and Crime Panel or ask a question on any item on the agenda for a particular meeting.

Appendix 1 – Financial Regulations



**OFFICE OF NORTHAMPTONSHIRE POLICE
AND CRIME COMMISSIONER**

FINANCIAL REGULATIONS

Issued: September 2016

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INTRODUCTION

OVERVIEW

1. Public sector accounting is covered by a range of government legislation and accounting standards that are designed to ensure proper accountability for public funds, including:
 - The Local Government Act 1972
 - The Local Government Finance Act 1988
 - The Accounts and Audit Regulations 2003, 2006 and 2011

In addition, the Home Office has issued a Financial Management Code of Practice (FMCOP) under section 17 of the Police Reform and Social Responsibility Act 2011 and section 39 of the Police Act 1996 which permit the Secretary of State to issue codes of practice to all Police and Crime Commissioners (Commissioner) and Chief Constables.

2. The Police Reform and Social Responsibility Act 2011 defined arrangements for separate corporations sole for the Police and Crime Commissioner (PCC) and Chief Constable (CC), each of which is required to appoint a Chief Finance Officer (CFO). The FMCOP deals specifically with the financial management of the corporations sole of the PCC and CC. The professional responsibilities of the PCC and CC CFOs are defined in the FMCOP and in a CIPFA Statement issued in September 2012, "Responsibilities of the CFO to the PCC and the CFO to the CC".
3. As separate corporations sole, both are enabled by law to employ staff and hold funds in their official capacity. Chief Constables are charged with the impartial direction and control of all constables and staff within the police force that they lead. The staff of the Commissioner are accountable to the directly elected holder of that office.
4. The public accountability for the delivery and performance of the police service is placed into the hands of the Commissioner on behalf of their electorate. The Commissioner draws on their mandate to set and shape the strategic objectives of their force area in consultation with the Chief Constable. The Commissioner is accountable to the electorate; the Chief Constable is accountable to their Commissioner. The Police and Crime Panel is empowered to maintain a regular check on the performance of the Commissioner in that context.
5. The Commissioner within each force area has a statutory duty and electoral mandate to hold the police to account on behalf of the public.

6. The Commissioner may appoint a Deputy Police & Crime Commissioner who may exercise some of the functions of the Commissioner as determined by the Scheme of Governance.
7. The Commissioner is the recipient of all funding, including the government grant and precept and other sources of funding, related to policing and crime reduction and all funding for a force must come via the Commissioner. How this money is allocated is a matter for the Commissioner in consultation with the Chief Constable, or in accordance with any grant terms. The Chief Constable will provide professional advice and recommendations.
8. To conduct its business effectively, any organisation needs to ensure that sound financial management policies are in place and that they are strictly adhered to. Part of this process is to adopt and implement Financial Regulations. These Regulations have been drawn up in such a way as to ensure that the financial matters are conducted properly and in compliance with necessary requirements.
9. The Regulations are designed to establish overarching financial responsibilities, to confer duties, rights and powers upon the Commissioner and those for whom they are responsible and to provide clarity about the financial accountabilities of groups or individuals. They apply to every member and officer of the service and anyone acting on their behalf.
10. A modern organisation should also be committed to innovation, within the regulatory framework, providing that the necessary risk assessment and approval safeguards are in place.

STATUS

11. These Financial Regulations should not be seen in isolation, but rather as part of the overall regulatory and governance framework that includes the policing protocol, codes of governance, codes of conduct, scheme of consent, scheme of delegation and Contract Standing Orders
12. The Commissioner and all employees have a general duty to take reasonable action to provide for the security of assets under their control and for ensuring that the use of these resources is legal, properly authorised, provides value for money and achieves best value.
13. Financial Regulations explain the working financial relationship between the Commissioner and the Chief Constable and their respective Chief Financial

Officers, having regard also to the role played by the Commissioner's Chief Executive.

14. These regulations include responsibilities for Statutory Officers and it is the responsibility for each of the Statutory Officers to fulfil these requirements individually and by working together.
15. The Commissioner is responsible for approving or amending Financial Regulations for the Commission. The CFO to the Commissioner is responsible for maintaining a review of Financial Regulations and submitting any additions or amendments to the Commissioner, after consulting with the Chief Constable, the Force CFO and the Chief Executive.
16. Senior Officers are responsible for ensuring that all employees, contractors and agents are aware of the existence and content of these Financial Regulations and that they are complied with. An adequate number of copies must be available for reference.
17. Any case of potential non-compliance with these regulations or Standing Orders should be reported immediately and directly to the CFO to the Commissioner. Breaches of Financial Regulations of a serious nature may result in disciplinary proceedings and, potentially, criminal action.
18. The Commissioner and all employees have a duty to abide by the highest standards of probity (i.e. honesty, integrity and transparency) in dealing with financial issues.

CONTENT AND DELEGATED LIMITS

19. The Financial Regulations are divided into a number of sections, each with detailed requirements relating to the section heading. References are made throughout the individual sections to delegated limits of authority. These are also summarised in Section F in order to avoid reviewing the whole set of Financial Regulations when changes to delegated limits are made. Section F contains the appropriate cross-reference to the regulation in question
 - Section A - Financial management framework
 - Section B - Financial planning and Control
 - Section C - Management of risk and resources
 - Section D - Systems and procedures

- Section E - External arrangements
- Section F - Summary of delegated limits

DEFINITIONS WITHIN THE REGULATIONS

20. The 'Office of the Police and Crime Commissioner for Northamptonshire (OPCCN) when used as a generic term shall refer to the PCC, the PCC CFO, and staff under the PCC direction.
21. The 'Force' shall refer to the CC, CC CFO, police officers, the special constabulary, and police staff under his/her direction.
22. Within these Regulations, references have been made to the responsibilities of the CC since the responsibility for day to day financial management of the funds the PCC delegates to the Force is delegated to the CC and is vested with the CC post of Force's Chief Finance Officer (S.151) who is the CC CFO acting on behalf of the CC. Where responsibility for day to day financial management has not been delegated to the CC and is vested with the PCC or PCC CFO (the Director for Resources, Governance and Transformation), the duties, rights and powers as detailed for the CC shall apply equally to the PCC CFO.
23. The terms CC, CC CFO, PCC, PCC Monitoring Officer and PCC CFO include any member of staff, contractors or agents to whom particular responsibilities may be delegated. However, the level of such delegated responsibility must be evidenced clearly, made to an appropriate level, and the member of staff given sufficient authority, training and resources to undertake the duty in hand.
24. The Statutory Officers referred to relate to the Chief Constable, the Chief Executive and the two Chief Financial Officers.
25. The Chief Executive also fulfils the monitoring officer role of the OPCC.
26. "Senior officers" is a generic term relating to all officers with managerial responsibility for resources and their use.
27. 'Employees' when referred to as a generic term shall refer to police officers, police staff and other members of the wider police family.
28. The expression 'authorised officer' refers to employees authorised by a chief officer.

29. The expression 'contract' refers to any commitment (including purchase orders, memoranda of understanding, leases and service level agreements) to acquire, purchase or sell goods, services or building works made on behalf of the Commissioner, the Force or their affiliated bodies.
30. The expression 'best value for money' shall mean the most cost effective means of meeting the need and takes account of whole life costs.
31. The expression 'he' shall refer to both male and female.
32. A virement is a planned and approved reallocation of resources between budgets or heads of expenditure

SECTION A

FINANCIAL MANAGEMENT FRAMEWORK

A1 INTRODUCTION

- 1.1 The Home Office advises on the roles and responsibilities of the PCC, the Force and statutory officers. The PCC CFO and the CC CFO have certain statutory obligations and the PCC Monitoring Officer a specific monitoring role.
- 1.2 As far as possible financial management should be delegated to the PCC CFO and the CC CFO acting on behalf of the Commissioner and the CC respectively. The CC should actively encourage devolution of financial budgets within the Force, provided that the financial information used to support this devolution is reliable, accurate, timely and complete.
- 1.3 Devolved budget monitoring responsibilities will ensure greater accountability within the Force.
- 1.4 The PCC has responsibility for the Police Fund with the specific responsibilities of the PCC and CC being defined in the Home Office FMCOP. The professional responsibilities of the PCC CFO and CC CFO are defined in the FMCOP and in a CIPFA Statement.

A2 THE ROLE OF THE PCC

2.1 The role and responsibilities of the PCC include to:

- Ensure an efficient and effective Police Service and to hold the Police to account on behalf of the public. The Commissioner is the recipient of funding relating to policing and crime reduction, including government grant, council tax precept and other sources of income. How this money is allocated is a matter for the Commissioner in consultation with the Chief Constable, or in accordance with any grant terms. The statutory officers of the Chief Constable and the Commissioner will provide professional advice and recommendations.
- Prepare revise and update a Police and Crime Plan
- Appoint a Chief Financial Officer to be responsible for the proper administration of the Commissioner's financial affairs. The Commissioner shall provide his Chief Finance Officer with such staff, accommodation and other resources that are sufficient to allow the duties under this section to be

performed. He shall also appoint a Chief Executive who will act as the Commissioner's monitoring officer.

- Agree a budget requirement and capital programme and set the precept following advice from the PCC CFO in liaison with the CC CFO and in consultation with the Police and Crime Panel (PCP).
- Rigorously scrutinise, challenge and monitor aspects of financial performance and, if required, agree action taken to contain spending within approved plans. The Commissioner is also responsible for approving procedures for agreeing variations to approved budgets, plans and strategies forming the policy framework.
- Identify and agree the medium term financial strategy of the PCC and any long term spending commitments.
- Agree the Treasury Management Strategy and policies, including the annual investment strategy
- Participate in inspections and audits of the Force and the PCC.
- Comply with all relevant codes of conduct and maintain the highest standards of conduct and ethics.
- Approve Financial Regulations and any amendments to them, as drawn up between the PCC Monitoring Officer, the CC, the PCC CFO and the CC CFO.
- Ensure that the internal control environment meets proper requirements including a Risk Management Strategy and recommendations from internal and external audit are actioned.
- Be responsible for the ownership of property including the Asset Management Strategy
- Delegate financial management of the Force budget to the CC and CC CFO so that the CC CFO has as much day to day responsibility for financial management of the Force as possible within the framework of the agreed budget and rules of virement.
- Be responsible for approving procedures for recording and reporting decisions taken and for monitoring compliance with agreed policy and related executive decisions.

- Where appropriate draw up financial procedures (subject to these Financial Regulations) to apply specifically to the Office of the Police and Crime Commissioner.
- The Commissioner may appoint a Deputy Police & Crime Commissioner who may exercise some of the functions of the Commissioner as determined by the Scheme of Governance.

A3 THE ROLE OF THE CC

3.1 The role and responsibilities of the CC in relation to financial management include to:

- The Chief Constable shall appoint a Chief Finance Officer to be responsible for the proper administration of the Chief Constable's financial affairs.
- Ensure overall financial management of the Force and report financial management issues and implications to the PCC.
- The CC shall prepare Financial Regulations for the Force, in consultation with CC CFO (in liaison with the PCC CFO). The CC shall ensure that all employees are made aware of the existence of these Regulations and are given access to them. Where appropriate, training shall be provided to ensure that the Regulations can be complied with.
- Comply with financial policies and procedures for use by the Force including the Scheme of Delegation, ensuring that officers and staff comply with them and with the Force's own Financial Regulations.
- The CC shall prepare Financial Regulations for the Force, in consultation with CC CFO (in liaison with the PCC CFO). The CC shall ensure that all employees are made aware of the existence of these Regulations and are given access to them. Where appropriate, training shall be provided to ensure that the Regulations can be complied with.
- Draw up financial policies and financial instructions in consultation with the CC CFO (in liaison with the PCC CFO), who must be satisfied that they provide for effective managerial control and review.
- Exercise delegated financial responsibilities and assume, with his staff, as much day-to-day responsibility for financial management of the Force as possible within the framework of the agreed budget and rules of virement.

- Seek approval from the Commissioner when he intends to make significant change of policy or seeks to move significant sums, in accordance with agreed virement rules, of their budget
- Ensure the provision of professional advice to the PCC.
- Ensure proper financial management of resources allocated to him/her through the budget or arising from income generated by activities within the operational area, including control of officers, staff, security, custody and the management and safeguarding of assets. Ensure all resources are used efficiently and effectively.
- Where delegated by the PCC administer property and contracts.
- Advise the PCC on financial propriety for areas under his/her control.

A4 THE ROLE OF THE AUDIT COMMITTEE

- 4.1. The Home Office Financial Management Code of Practice states that the Commissioner and Chief Constable should establish an independent audit committee. The code recommends this be a combined body which will consider the internal and external audit reports of both the Commissioner and the Chief Constable. This committee will advise the Commissioner and the Chief Constable according to good governance principles and will embrace appropriate risk management arrangements in accordance with proper practices. In establishing the Audit Panel the Commissioner and Chief Constable shall have regard to CIPFA Guidance on Audit Committees.
- 4.2. The Audit Committee shall comprise of no fewer than three and no more than five members who are independent of the Commissioner and the Force.
- 4.3. The Audit Committee shall establish formal terms of reference, covering its core functions, which shall be formally adopted and reviewed on an annual basis
- 4.4. The Commissioner and Chief Constable shall be represented at all meetings of the Audit Committee.
- 4.5. The terms of reference for the Audit Committee cover requirements in relation to Internal and External Audit appointments, plans and reports, HMIC reports, risk management, governance, annual accounts and related reports.

A5 THE ROLE OF STATUTORY OFFICERS

PCC CFO

5.1. The PCC CFO has responsibility for proper financial administration and stewardship, which includes a personal fiduciary responsibility to the local council taxpayers.

5.2. These roles have statutory responsibilities specified by:

- Paragraph 6 of Schedule 1 to the Police Reform and Social Responsibility Act 2011. (PCC CFO)
- Paragraph 4 of Schedule 2 and paragraph 1 of Schedule 4 to the Police Reform and Social Responsibility Act 2011 (CC CFO)
- Section 151 of the Local Government Act 1972 which requires arrangements to be made for the proper administration of the PCC's and CC's financial affairs.
- Section 114 of the Local Government Finance Act 1988 which requires the Statutory Finance Officer to report to the PCC and the CC if the PCC or the CC or one of their staff:
 - has made, or is about to make, a decision which involves incurring unlawful expenditure,
 - has taken, or is about to take, an unlawful action which has resulted or would result in a loss or deficiency,
 - is about to make an unlawful entry in the PCC or CC's accounts.
- The Accounts and Audit Regulations 2015.

5.3. The PCC CFO is the principle professional adviser on financial matters to the PCC. To enable him/her to fulfil these duties and to ensure the PCC is provided with adequate financial advice the PCC CFO:

- Must be a key member of the respective organisation's Leadership Team, (working closely with the Chief Executive), helping the team to develop and implement strategy and to resource and deliver the Commissioner's strategic objectives sustainably and in the public interest;
- Must be actively involved in, and able to bring influence to bear on, all strategic business decisions, of the PCC, to ensure that the financial aspects of immediate and longer term implications, opportunities and risks are fully considered, and alignment with the organisation's financial strategies;

- Must lead the promotion and delivery by the PCC of good financial management so that public money is safeguarded at all times and used appropriately, economically, efficiently and effectively; and
- Must ensure that the finance function is resourced to be fit for purpose.

5.4. It must be recognised that Financial Regulations cannot foresee every eventuality. The PCC CFO shall be responsible for interpreting these regulations so as to ensure the efficient and effective operation of services.

5.5. The role and responsibilities of the PCC CFO, which are undertaken in consultation with the PCC Monitoring Officer, are to:

- Ensure that the financial affairs of the PCC are properly administered and that financial regulations are observed and kept up to date and accounting standards applied consistently.
- Ensure regularity, propriety and Value for Money (VfM) in the use of public funds.
- Ensure that the funding required to finance agreed programmes is available from Central Government funding, precept, other contributions and recharges.
- Report to the PCC, the PCP and to the external auditor:
 - Any unlawful, or potentially unlawful, expenditure by the PCC or staff of the PCC.
 - When it appears that expenditure is likely to exceed the resources available to meet that expenditure.
- Advise the PCC on a budget requirement and capital programme and the robustness of the budget and adequacy of financial reserves.
- Advise the PCC in respect of the Treasury Management Strategy and policies prepared by the CC CFO
- Ensure production of the statements of accounts of the PCC.
- Ensure receipt and scrutiny of the statements of accounts of the Chief Constable and ensuring production of the group accounts.
- Liaise with the external auditor.
- Advise the PCC on the application of Value for Money principles by the Force to support the PCC in holding the Chief Constable to account for efficient and effective financial management.
- Advise, in consultation with the PCC Monitoring Officer, on the safeguarding of assets, including risk management and insurance.
- Ensure that accurate, complete and timely financial management information is provided to the PCC.
- Arrange for the determination, issue and payment of the precept.
- Assist the PCC to monitor the revenue and capital budgets.

- Secure, in liaison with the CC CFO, the provision of an effective internal audit service. Ensure there is a safe and efficient financial arrangements including a system of effective internal control.
- Be responsible for all banking arrangements and authorise the creation and closure of any account

The PCC CFO has certain statutory duties which cannot be delegated, namely, reporting any potentially unlawful decisions by the Commissioner on expenditure and preparing each year, in accordance with proper practices in relation to accounts, a statement of the Commissioner's accounts, including group accounts incorporating the accounts of the CC..

In the absence of the PCC CFO his roles and responsibilities may be fully exercised by the Deputy PCC CFO (the Strategic Resources Officer), except for certain statutory duties which cannot be delegated.

5.6. The PCC CFO, in consultation with the PCC Monitoring Officer, shall be given powers to institute any proceedings or take any action necessary to safeguard the finances of the OPCCN .

PCC MONITORING OFFICER

5.7. The Chief Executive is also the Commissioner's designated monitoring officer, appointed under the Police Reform and Social Responsibility Act 2011, and is responsible for the leadership and general administration of the Commissioner's office.

5.8. The role and responsibilities of the PCC Monitoring Officer in relation to financial management are to;

- Enable the PCC to fulfil his/her statutory responsibilities.
- Ensure the legality of the actions of the PCC and his officers.
- Ensure that procedures for recording and reporting PCC decisions are operating effectively.
- Advise the PCC and CC about who has authority to take a particular decision.
- Advise the PCC and CC about whether a decision is likely to be considered contrary or not wholly in accordance with the policy framework.
- Ensure the provision of information and reports required by the PCP.
- Ensure the PCC meets his obligations in relation to statutory publications including the Police and Crime Plan, Annual Report and Council Tax Leaflet.

- Develop a strong partnership with the PCC and CC ensuring the provision of effective and efficient policing is fulfilled.
- Undertake the role of designated Monitoring Officer to detect and report any illegality or maladministration.
- Advising the Commissioner on matters relating to standards of conduct.

A6 FINANCIAL MANAGEMENT STANDARDS

Overview & Control

6.1. The PCC and all staff have a duty to abide by the highest standards of probity (i.e. honesty, integrity and transparency) in dealing with financial issues. This is facilitated by ensuring that everyone is clear about the standards to which they are working and the controls that are in place to ensure that these standards are met.

6.2. The PCC shall receive updates on the financial performance by way of ongoing budget monitoring and outturn reports, reports by Internal Audit, HMIC and External Audit.

Key Controls

6.3. The key controls and objectives for financial management standards are:

- Their promotion throughout the organisation. The PCC shall ensure that all officers and staff are aware of, and comply with, proper financial management standards, including these Financial Regulations.
- A monitoring system to review compliance with financial standards, and regular comparisons of performance indicators with benchmark standards that are reported to the Audit Committee.
- All staff are to be properly managed, developed, trained and have adequate support to carry out their financial duties effectively. The PCC shall ensure that specific duties and responsibilities in financial matters are made clear to individual members of staff and that these are properly recorded.
- Systems of internal control are in place that ensures financial transactions are lawful.
- Suitable accounting policies are selected and applied.
- Proper accounting records are maintained.
- Financial statements are prepared, which present fairly the financial position of the PCC, including expenditure and income.

Responsibilities of the Statutory Officers

6.4. The responsibilities of Statutory Officers for financial management are:

- To ensure the proper administration of the financial affairs of both legal entities.
- To ensure that proper practices are adhered to.
- To ensure financial information is available to enable accurate and timely monitoring and reporting of comparisons of national and local financial performance indicators.
- To advise on the key strategic controls necessary to secure sound financial management.
- To ensure that all staff are aware of, and comply with, proper financial management standards including these Financial Regulations.
- To ensure that all staff are properly managed, developed, trained and have adequate support to carry out their financial duties effectively.
- To report any actual or potential breaches of the law or maladministration to the PCC CFO or the Monitoring Officer.

A7 ACCOUNTING RECORDS AND RETURNS

Overview and Control

7.1. Maintaining proper accounting records is one of the ways in which the Commissioner will discharge his/her responsibilities for stewardship of public resources. The Commissioner has a responsibility to prepare annual accounts that present fairly its operations during the year. These are subject to external audit. This audit provides assurance that the accounts are prepared properly, that proper accounting practices have been followed and that quality arrangements have been made for securing economy, efficiency and effectiveness in the use of resources.

7.2. The PCC CFO in liaison with the CC CFO is responsible for determining the accounting policies of the PCC and CC, in accordance with recognised accounting practices, and for approving strategic accounting systems and procedures. All officers and staff are to operate within the required accounting policies and published timetables.

7.3. Financial systems are used to record the financial transactions of the PCC and CC. With possible minor exceptions, these are electronic systems. Maintaining proper accounting records is one of the ways in which the PCC discharges his/her responsibility for stewardship of public resources.

Key Controls

7.4. The key controls for accounting records and returns are:

- Finance staff and those authorised to make expenditure operate within the required accounting standards and timetables.
- All of the organisation's transactions, material commitments and contracts and other essential accounting information are recorded completely, accurately and on a timely basis.
- Procedures are in place to enable accounting records to be reconstituted in the event of systems failure.
- Reconciliation procedures are carried out to ensure transactions are correctly recorded.
- Prime documents are retained in accordance with legislative and other requirements.
- Proper system of internal control such that:
 - staff with the duty of examining or checking the accounts of cash transactions must not themselves be originators or approvers of these transactions
 - the duties of providing information about sums due to or from the PCC and calculating, checking and recording these sums, are to be separated from the duties of collecting or disbursing them

Responsibilities of the Statutory Officers

7.5. The PCC CFO shall:

- To determine the accounting procedures and records, in accordance with recognised accounting practices, and approve the strategic accounting systems and procedures in place.
- Ensure that there is agreement with the CC CFO before making any fundamental changes to accounting records and procedures or accounting systems.
- Ensure that all employees operate within the required accounting policies and timetables.
- Make proper arrangements for the audit of the Commissioner's and Force's accounts in accordance with the Accounts and Audit Regulations 2015.
- Ensure that all claims for funds, including grants are made by the due date.
- Prepare and publish the audited accounts in accordance with the statutory timetable.

- Ensure that all transactions, material commitments and contracts and other essential accounting information are recorded completely, accurately and on a timely basis.
- Maintain adequate records to provide a management trail leading from the source of income and expenditure through to the accounting statements.
- Ensure that reconciliation procedures are carried out on recognised control accounts on an agreed timetable to ensure transactions are correctly recorded.
- Ensure that Financial Instructions provide details of retention periods. The format of such documents shall satisfy the requirements of internal and external audit, and appropriate staff are provided with a detailed schedule of requirements.

A8 THE ANNUAL STATEMENT OF ACCOUNTS

Overview and Control

8.1. The PCC and CC have a statutory responsibility to prepare accounts to present fairly their operations during the year. The PCC CFO and CC CFO are responsible for the preparation of the accounts in accordance with proper practices as set out in *the Code of Practice on Local Authority Accounting in the United Kingdom: (The CODE)* and with the Accounts and Audit Regulations 2003, 2006, 2011 and 2015.

The Commissioner has a statutory responsibility to prepare the accounts relating to the Office of the Police & Crime Commissioner and also the Group Accounts for both entities. These must present fairly the financial position of organisation's and be prepared in accordance with proper practices as set out in the Code of Practice on Local Authority Accounting in the United Kingdom.

The Commissioner is responsible for approving these annual accounts.

Key Controls

8.2. The accounts are subject to detailed independent review by the external auditor. This audit provides assurance that the accounts are prepared correctly and that proper accounting practices have been followed.

8.3. The PCC is required to make arrangements for the proper administration of its financial affairs.

8.4. The PCC statement of accounts must be prepared in accordance with proper practices as set out in the Code of Practice on Local Authority Accounting in the United Kingdom.

Responsibilities of the Statutory Officers

8.5. The PCC CFO and CC CFO shall:

- Ensure that there is a timetable for final accounts preparation, in consultation with the PCC, CC and external auditor.
- Select suitable accounting policies within the overall agreed approach and apply them consistently.
- Make judgements and estimates that are reasonable and prudent.
- Comply with the Code.
- Prepare, sign and date the statement of accounts, stating that it presents truthfully and fairly the financial position at the accounting date and its income and expenditure.
- Publish the approved and audited accounts each year, in accordance with the statutory timetable and to produce summary accounts for publication on the website.

8.6. The PCC and CC shall consider for approval the annual accounts in accordance with the statutory timetable.

SECTION B

FINANCIAL PLANNING AND CONTROL

B1 FINANCIAL PLANNING

Overview and Control

- 1.1. The PCC is a complex organisation. Systems are needed to enable scarce resources to be allocated in accordance with carefully judged priorities. Proper financial planning is essential if the PCC is to function effectively.
- 1.2. The financial planning process will be directed by the approved policy framework, a business planning process and a need to meet key objectives.
- 1.3. The planning process will be continuous and the planning period will cover at least four years. The process should include a more detailed annual budget, covering the forthcoming financial year. This allows the PCC to plan, monitor and manage the way funds are allocated and spent. This should be used to support the Police and Crime Plan and the alignment of business and financial planning.
- 1.4. The format of the annual budget determines the level of detail to which financial control and management will be exercised and shapes how the rules around virement operate.

Medium Term Financial Planning

Responsibilities of the Statutory Officers

- 1.5. The PCC CFO and the CC CFO are responsible for ensuring that a medium term financial plan for at least four years ahead is prepared. The Plan should be submitted to the PCC and be subject to review during the Financial Year.

The Plan should be informed by:

- The Police and Crime Plan
- policy requirements approved by the PCC as part of the policy framework
- the risk management policy ensuring that risk appraisals are embedded throughout the forecast

The Plan should set out:

- the forecast
- unavoidable future commitments, including legislative requirements
- initiatives already underway

- spending patterns and pressures revealed through the budget monitoring process
 - efficiency and savings requirements
 - proposed service developments and plans
 - revenue consequences of capital spending proposals
 - taxation or other constraints
 - public and partner consultation
- 1.6. The PCC shall prepare at least a four year forecast of potential resources, including options for transfers to and from general balances and earmarked reserves and use of provisions, based upon an interpretation of government funding assumptions and all other available information. This will include potential implications for local taxation.
- 1.7. A gap may be identified between available resources and required resources. Requirements should be prioritised carefully by the PCC and CC to enable best informed judgements as to future funding levels and planning the use of resources.
- 1.8. The PCC and CC shall integrate financial and budget plans into service planning so that such plans can be supported by financial and non-financial performance measures.
- 1.9. The PCC is responsible for agreeing, in consultation with the CC, Section 22/23 agreements and other collaborative operational arrangements between Forces and to keep under consideration the ways in which the collaboration functions could be exercised by the policing body and by one or more other persons to improve:
- (a) The efficiency or effectiveness of:
 - (i) that policing body,
 - (ii) the police force which that policing body is responsible for maintaining, or
 - (iii) that body and that force, and
 - (b) The efficiency or effectiveness of one or more other policing bodies and police forces

Annual Revenue Budget Preparation

Overview and Control

- 1.10. The revenue budget provides an estimate of the annual income and expenditure requirements for the police service and sets out the financial implications of the Commissioner's strategic policies.
- 1.11. The format of the budget determines the level of detail to which financial control and management will be exercised. The format shapes how the rules around virement operate (see para's 2.18 to 2.25 and section F2), the operation of cash limits and sets the level at which funds may be reallocated within budgets.
- 1.12. The Commissioner will consult with the Chief Constable and other relevant partners and stakeholders in planning the overall annual budget, which will include a separate force budget. This will also take into consideration funding from government and other sources, and balance the expenditure needs of the policing service against the level of local taxation. This should meet the statutory requirement to achieve a balanced budget (Police Reform and Social Responsibility Act 2011) and which is completed in accordance with the statutory timeframe. The PCC will set out each year how he/she expects the funds provided to the CC for policing will be applied

Key Controls

- 1.13. The key controls for the budget are:
- The format complies with all legal requirements.
 - The format complies with CIPFA's Code of Practice.
 - The format reflects the accountabilities of service delivery.

Responsibilities of the Statutory Officers

- 1.14. The Commissioner should agree the budget planning timetable with the Chief Constable.
- 1.15. To obtain the views of the local community on proposed expenditure (including capital expenditure) in the financial year ahead of the financial year to which the proposed expenditure relates (Police Reform and Social Responsibility Act 2011).
- 1.16. To present the proposed council tax implications and precept requirement with the budget to the Police and Crime Panel at their meeting in early February

- 1.17. The impact of the annual budget on the priorities and funding of future years as set out in the Police and Crime Plan and the medium term financial plan should be clearly identified.
- 1.18. The format of the budget is to comply with all legal requirements and with the latest guidance issued by CIPFA and approved by the PCC CFO
- 1.19. The PCC CFO to ensure timely and accurate information is to be obtained from billing authorities on the council tax base and the latest surplus/deficit position on collection funds to inform budget deliberations.
- 1.20. The PCC CFO is to advise the Commissioner on the appropriate level of general balances, earmarked reserves and provisions to be held.
- 1.21. The PCC CFO to the Commissioner is to submit a report to the Commissioner on:
- The robustness of the estimates in the proposed Budget and the adequacy of the proposed reserves.
 - The prudential and treasury management indicators for the next three years.
- 1.22. Upon approval of the annual budget, the PCC CFO is to submit the council tax requirement form to central government and precept notifications to appropriate bodies in accordance with legal requirements.
- 1.23. The PCC CFO to produce, in accordance with statutory requirements, the council tax information leaflet.
- 1.24. Prior to the final budget being agreed, the CC CFO is to prepare detailed budget estimates for the forthcoming financial year in accordance with the timetable agreed with the PCC CFO.

B2 BUDGETARY CONTROL

Overview and Control

- 2.1. Budget management ensures that once the PCC has approved the overall budget, resources allocated are used for their intended purpose, subject to virement rules, and are properly accounted for. Budgetary control is a continuous process, enabling the PCC to review and adjust budget targets

during the financial year. It also provides the mechanism that calls to account managers responsible for defined elements of the budget.

Key Controls

- 2.2. There is a nominated budget manager for each cost centre or account code heading who is accountable for the budgets under his direct control.
- 2.3. Budget Managers shall accept accountability for the budgets under their management and the level of service to be delivered and understand their financial responsibility.
- 2.4. Management of budgets must not be seen in isolation. It should be undertaken in conjunction with service outcomes and performance measures.
- 2.5. For strategic monitoring and management purposes, the budget shall identify operational policing, other policing costs, PCC costs, financing items and transfers to and from general balances and earmarked reserves.

Revenue Budget and Capital Programme Monitoring

Overview and Control

- 2.6. By continuously identifying and explaining variances against budgetary targets changes in trends and resource requirements can be identified at the earliest opportunity.
- 2.7. To ensure that the PCC in total does not overspend, each Budget Manager is required to manage expenditure within their budget allocation. All budget officers responsible for committing expenditure must comply with relevant guidance and Financial Regulations.

Key Controls

- 2.8. The key controls for managing and controlling the revenue budget are:
 - Budget managers should be responsible only for income and expenditure that they can influence.
 - Budget managers accept accountability for their budgets and the level of service to be delivered and understand their financial responsibilities.
 - Budget managers follow an approved certification process for all expenditure.

- Income and expenditure are properly recorded and accounted for.
- Performance levels are monitored in conjunction with the budget and necessary action is taken to align outputs and budget.

Responsibilities of the Statutory Officers

- 2.9. To provide appropriate financial information in a form determined by the PCC CFO, to enable budgets to be monitored and reported effectively.
- 2.10. To ensure that each element of income or expenditure has a nominated budget holder to take responsibility for that part of the budget. Budget responsibility should be aligned as closely as possible to the decision making process that commits the expenditure – usually at cost centre level. The CC shall ensure also that a nominated officer is responsible for monitoring income and expenditure against the pensions account.
- 2.11. It is the responsibility of budget holders to manage income and expenditure within their area and to monitor performance, taking account of financial information provided. Detailed budget monitoring is to be undertaken by Budget Managers at least monthly and reported to the PCC CFO, including any variances within their own areas. Budget Managers will also take any action necessary to avoid exceeding their budget allocation and alert the PCC CFO to any problems.
- 2.12. The PCC CFO shall ensure that budget holders receive sufficient financial support to enable them to undertake the budgetary control responsibilities.
- 2.13. The CC shall ensure as far as possible that total spending for operational policing remains within the allocation of resources and takes, where possible, corrective action where significant variations from the approved budget are forecast. Where total projected expenditure is likely to exceed the allocation of resources, the PCC CFO shall be alerted immediately and proposals for remedy should be put forward as part of the regular reporting process. The same responsibilities apply to the Chief Executive and PCC CFO for their budgets.
- 2.14. The CC CFO shall submit a budget monitoring report monthly to the PCC containing the most recently available financial information. The monitoring reports shall compare projected income and expenditure with the latest approved budget allocations.. The reports shall be in a format agreed by the PCC CFO.

2.15. The PCC CFO to co-ordinate a budget monitoring report for presentation to the Police & Crime Panel, as necessary, containing the most recently available financial information.

Resource Allocation

Overview and Control

2.16. Available financial resources are inevitably limited. It is therefore imperative that spending is rigorously prioritised and that resources are fairly allocated, in order to fulfil all legal responsibilities. Resources may include staff, money, equipment, goods and materials.

Key Controls

2.17. The key controls for resource allocation are;

- Resources are acquired in accordance with the law and using an approved authorisation process
- Resources are used only for the purpose intended, to achieve the approved policies and objectives, and are properly accounted for.
- Resources are securely held for use when required.
- Resources are used with the minimum level of waste, inefficiency or loss for other reasons

Virement

Overview and Control

2.18. A virement is a planned and approved reallocation of resources between budgets or heads of expenditure. A budget head is considered to be a line in the approved budget report. For clarity these are defined as the budget lines immediately below the Force and OPCC headings which are reported on in both the Budget and monitoring reports. The scheme of virement is intended to enable senior officers to manage their budgets with a degree of flexibility within the overall policy framework determined by the PCC and, therefore, to provide the opportunity to optimise the use of resources to emerging needs.

2.19. The overall budget is agreed by the PCC and budget managers are expected to incur expenditure in accordance with the estimates that make up their budget, subject to agreed virement rules, and within the limit of total resources allocated. Virement should not be allowed to create additional overall budget liability. Senior officers are expected to exercise discretion in managing budgets

responsibly and prudently. Virements are not to be used as a tool to create future commitments. Therefore, it is vital that virement decisions do not lead to additional future spending without the prior approval of the PCC CFO.

2.20. Overall, the rules on virement are designed to allow the CC greater flexibility to meet operational requirements and to facilitate the decision making process. The CC shall still be held to account by the PCC for decisions made and the way in which resources are deployed. The virement rules allow greater freedom but require reports on significant changes.

2.21. The PCC can withdraw the ability for virement in any year should he/she feel it is prudent to do so.

Key Controls

2.22. The key controls for the scheme of virement are:

- The PCC is responsible for any transfers to and from PCC balances.
- It is administered by senior officers within delegated powers given by the Commissioner. Any variation from this scheme requires approval of the Commissioner.
- The overall budget is agreed by the Commissioner. Budget managers are therefore authorised to incur expenditure in accordance with the estimates that make up the budget
- Virement does not create additional overall budget liability.
- By definition all virement is a net nil
- Each senior officer shall ensure that virement is undertaken to maintain the accuracy of budget monitoring.

Responsibilities of the Statutory Officers

2.23. Subject to 2.20 it is a requirement that the PCC CFO approves all virement requirements of the CC

2.24. Each budget monitoring report reported to the PCC shall contain details where revised budgets or forecast income and expenditure varies to a significant degree from the original approved budget. However any virement over £100,000 that is identified between reports should be reported to the PCC CFO immediately. Each budget monitoring report should include any virement requests for approval by the PCC CFO or PCC as necessary

2.25. The approval of the Commissioner shall be required:

- As part of updating the budget through the budget monitoring process

- If an approved change of policy results in a virement requirement.
- If the virement results in a significant addition to commitments in future years

Treatment of Year End Balances

Overview and Control

2.26. A year end balance is the amount by which actual income and expenditure including capital costs varies from the final budget, normally identified at devolved budget holder level. Arrangements may be necessary for the transfer of resources between accounting years, i.e. a carry forward. This may increase or decrease the resources available to budget holders in the following financial year. All carry forwards are to be approved by the PCC at year end for each financial year

2.27. As part of the monitoring and control process, reporting of potential variations from budget and proposals for reallocation of resources shall be made as early as possible in the financial year. All reasonable endeavours shall be taken to provide a service that matches the approved budget.

2.28. There may be occasions when an overall overspend position occurs, particularly where exceptional events occur so close to the end of the financial year that a balanced outturn position is not possible. In this event, the overspend will be funded initially from General Balances.

Key Controls

2.29. Devolved budget holders who overspend their budget in any financial year may have their devolved budget reduced for the following financial year up to the amount of overspend, subject to the determination of the PCC.

2.30. As a default position, any underspends against budgets will be taken to reserves. For the Force any exception to this policy must be proposed by the CC in consultation with the CC CFO and determined by the PCC in consultation with the PCC CFO. For the PCC any exception to this policy must be proposed by the PCC CFO and determined by the PCC

B3 CAPITAL PROGRAMME

Overview and Control

- 3.1. Capital expenditure involves acquiring or enhancing fixed assets with a long-term value to the PCC, such as land, buildings, and major items of plant, equipment or vehicles. Capital assets shape the way services are delivered in the long term and may create financial commitments for the future in the form of financing costs and revenue running costs.
- 3.2. The PCC is able to undertake capital investment providing the spending plans are affordable, prudent and sustainable. Capital expenditure and financing should be managed in accordance with the Local Government Act 2003 and the CIPFA Prudential Code for Capital Finance in Local Authorities.
- 3.3. The capital programme should be linked to capital strategies including the Estates Strategy, the ICT strategy and the Transport Strategy.
- 3.4. A report should be addressed to the PCC annually to formally report the performance against prudential indicators in accordance with the Local Government Act 2003 and the Prudential Code for Capital Finance. Assurance should be provided during the year as part of budget monitoring reports on compliance with the prudential indicators.

Key Controls

- 3.5. Capital expenditure on land and buildings should be in accordance with the requirements of the approved capital strategies.
- 3.6. The PCC CFO shall ensure that a business case is prepared for each project and that proposals undergo an option appraisal that demonstrates the costs and benefits of the project to the service.
- 3.7. The results of the appraisal shall provide evidence for the scheme's viability and inclusion in the proposed capital programme, including a recommended solution resulting from consideration of the business case / option appraisal.
- 3.8. Schemes proposed after the annual budget meeting for inclusion in the capital programme during the current financial year shall be submitted to the PCC in accordance with the limits shown in Section F.
- 3.9. Each individual scheme will have a nominated budget manager who will be accountable for that project. The budget manager's responsibilities include the

monitoring of progress in conjunction with expenditure and comparison with approved budget

Responsibilities of the Statutory Officers

- 3.10. The PCC CFO in liaison with the CC CFO shall prepare at least a four year rolling programme of proposed capital expenditure for submission to the PCC and the PCP. This shall cover the forthcoming financial year and the following three years. Each scheme shall identify the total capital cost of the project, any additional revenue commitments and a named budget manager who is responsible for the project and will report on progress. The PCC will determine the Capital Programme and will also determine the overall monitoring arrangements of the delivery of the Capital Programme.
- 3.11. The PCC CFO shall identify funding for the capital programme, including the identification of potential capital receipts. Amendments to the programme increasing its overall cost must demonstrate how such changes are to be funded.
- 3.12. A gap may be identified between available resources and required resources. In these instances requirements of the Force should be prioritised carefully by the CC CFO to enable the PCC to make the best informed judgements as to future funding levels and planning the use of resources.
- 3.13. No capital expenditure shall be incurred unless the scheme is included in the capital programme approved by the PCC or as subsequently modified. In this respect, the vehicle replacement programme, equipment replacement programme and ICT replacement programme shall each be regarded as one scheme.
- 3.14. Schemes within the Capital Programme will be required to pass through the Stage Gate process before any final approval to commit expenditure is given. The Stage Gate process is:
- Stage Gate 1 – Agreement to strategic shaping and prioritisation by Transformation Board.
 - Stage Gate 2 – Transformation Board agreement to the Programme Brief (or Project Initiation Document in the case of a project) and, at least, Initial Equality Impact Assessments
 - Stage Gate 3 – Transformation Board agreement to detailed design work (Detailed delivery plan, operating model and/or Business case)

- 3.15. Detailed estimates for each scheme in the approved capital programme shall be prepared as part of the option appraisal before tenders are sought or commitments made. Schemes need not be referred back to the PCC for further approval unless, when negotiating contract details, amendments to the nature of the scheme are sought or the cost of the scheme exceeds the limits shown in Section F (3.2).
- 3.16. Arrangements covering variations in contract conditions and prices are covered to be managed in accordance with the scheme of consent.
- 3.17. Finance and operating leases and any other credit arrangements shall not be entered into without the prior approval of the PCC and sufficient revenue resources must be available to meet the repayments.
- 3.18. The CC shall submit capital monitoring reports to the PCC monthly containing the most recently available financial information. The monitoring reports will show spending to date and compare projected income and expenditure with the approved programme.. The reports shall be in a format agreed by the PCC CFO in liaison with the CC CFO. It is the responsibility of budget holders to manage capital expenditure estimates, taking account of financial information provided by the CC CFO. Detailed budget monitoring is to be undertaken by Budget Managers at least monthly and reported to the PCC including any variances within their own areas. Budget Managers should also take any action necessary to avoid exceeding their budget allocation and alert the PCC to any problems.
- 3.19. The CC CFO shall report to the PCC projections of spending on individual capital projects and reasons for significant changes to the Programme including spending slipping between financial years.
- 3.20. The CC CFO shall report capital expenditure for the year and cumulative expenditure on individual schemes to the PCC as part of the closure of accounts arrangements.
- 3.21. The CC CFO shall take steps to ensure that any external funding that is subject to a specific timescale is, wherever possible, fully utilised within that timescale.
- 3.22. Where there is a requirement such as the adherence to the Accounting Standards (AS) that requires budget or expenditure to be interchanged between capital and revenue, the CC CFO or their delegate can affect such accounting adjustments.

B4 MAINTENANCE OF BALANCES AND RESERVES

Overview and Control

- 4.1. General fund balances are maintained as a matter of prudence. They enable the PCC to provide for cash flow fluctuations and unexpected costly events and thereby help protect it from overspending the annual budget, should such events occur. They provide mitigation against adverse financial implications. Earmarked reserves for specific purposes may also be maintained where it is likely that a liability will arise in the future.

The Commissioner will approve the policy on reserves and balances and their planned use as part of the annual budget setting process.

Key Controls

- 4.2. The key controls for maintaining reserves are:
- To maintain reserves in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom: A statement of Recommended Practice (CIPFA) and agreed accounting policies.
 - For each reserve established, the purpose, usage and basis of transactions should be clearly identified.
 - Authorisation and expenditure from reserves by the PCC CFO.

Responsibilities of the Statutory Officers

- 4.3. The PCC CFO shall advise the PCC on reasonable levels of general fund balances and earmarked reserves and take account of professional best practice.
- 4.4. When the annual budget and capital programme are submitted to the PCC for approval and for consultation with the PCP, the PCC CFO is required to advise on the adequacy of the PCC's balances and reserves.
- 4.5. The PCC shall approve the creation and transfers to and from general balances and reserves. The purpose, usage and basis of transactions should be clearly identified for each reserve established.

SECTION C

MANAGEMENT OF RISK AND RESOURCES

C1 RISK MANAGEMENT

Overview and Control

- 1.1. It is essential that robust, integrated systems are developed and maintained for identifying and evaluating all potential significant corporate and operational risks to the PCC. This should include the proactive participation of all those associated with planning and delivering services.
- 1.2. All organisations, whether private or public sector, face risks to people, property and continued operations. Risk is the threat or possibility of loss, damage, injury or failure to achieve objectives caused by an unwanted or uncertain action or event. Risk cannot be eliminated altogether. However, risk management is the planned and systematic approach to the identification, evaluation and control of risk. Its objectives are to secure the assets of the organisation and to ensure the continued corporate and financial wellbeing of the organisation. In essence it is, therefore, an integral part of good business practice.
- 1.3. Procedures should be in place to identify, assess, prevent or contain material known risks, with a monitoring process in place to review regularly the effectiveness of risk reduction strategies and the operation of these controls. The risk management process should be formalised and conducted on a continuing basis.

Key Controls

- 1.4. The key controls for risk management are:
 - A Risk Management Policy is in place and has been promoted throughout the organisation.
 - The Policy identifies the Risk Appetite of the organisation.
 - Procedures are in place to identify, assess, prevent or contain material known risks, and these procedures are operating effectively throughout the organisation.
 - A monitoring process is in place to review regularly the effectiveness of risk reduction strategies and the operation of these controls. The risk management process should be conducted on a continuing basis.
 - Managers know that they are responsible for managing relevant risks and are provided with relevant information on risk management initiatives.

- Provision is made for losses that might result from the risks that remain.
- Procedures are in place to investigate insurance claims within required timescales.
- Acceptable levels of risk are determined and insured against where appropriate.
- The organisation has identified business continuity plans for implementation in the event of disaster that results in significant loss or damage to its resources.

Responsibilities of the Statutory Officers

- 1.5. The PCC is responsible for ensuring a Risk Management Policy is prepared within the Commission. He is responsible for promoting a culture of risk management awareness, reviewing risk management as an ongoing process and reporting on a half yearly basis, a corporate risk register.

To implement procedures to identify, assess, prevent or contain material known risks, with a monitoring process in place to review regularly the effectiveness of the risk reduction strategies and the operation of these controls. The risk management process should be formalised and conducted on a continuing basis.

- 1.6. To ensure that appropriate business continuity plans are developed, implemented and tested on a regular basis.
- 1.7. The PCC is responsible for approving the risk management policy statement and strategy, including determining the strategy for insurance, and for reviewing the effectiveness of risk management.
- 1.8. The CC CFO, in liaison with the PCC CFO, is responsible for advising the PCC on appropriate arrangements for insurance. Acceptable levels of risk should be determined and insured against where appropriate. Activities leading to levels of risk assessed as unacceptable should not be undertaken.
- 1.9. The CC CFO shall;
- ensure that insurance cover is provided within the terms of the approved strategy and take account of all new risks as appropriate
 - ensure that claims made by the CC against insurance policies are made promptly
 - negotiate all claims in consultation with other officers where necessary

- notify the PCC promptly of all new risks that require insurance and of any alterations affecting existing insurance
- make all appropriate staff aware of their responsibilities for managing relevant risks and provide information on risk management initiatives be responsible for risk management.
- ensure there are regular reviews of risk across the service.
- ensure that staff, or anyone covered by the PCC's insurance, are instructed not to admit liability or make any offer to pay compensation that may prejudice the assessment of liability in respect of any insurance claim.
- ensure all appropriate staff are aware of their responsibilities to notify the CC immediately of any loss, liability or damage that may lead to a claim against the PCC together with the information required
- approve, before any contract for works is made, the insurance cover to be furnished by the contractor in respect of any act or default unless the PCC chooses to provide insurance cover itself.

1.10. The CC CFO shall be authorised to settle insurance liability claims up to the value shown in Section F. Beyond this value, claims must be referred to the PCC for approval.

1.11. The CC CFO shall be authorised to settle claims subject to decision by Employment Tribunal up to the value shown in Section F. Beyond this value, claims must be referred to the PCC for approval.

1.12. The CC CFO shall present an annual written claims report to the PCC summarising activity for the year.

1.13. The PCC Chief Executive shall evaluate and authorise any terms of indemnity that the PCC is requested to give by external parties.

C2 INTERNAL CONTROLS

Overview and Control

2.1. Internal control refers to the systems of control devised by management to help ensure PCC objectives are achieved in a manner that promotes economical, efficient and effective use of resources and that assets and interests are safeguarded.

- 2.2. The PCC requires internal controls to manage and monitor progress towards strategic objectives. The PCC also has statutory obligations and, therefore, require internal controls to identify, meet and monitor compliance with these obligations.
- 2.3. The PCC faces a wide range of financial, administrative and commercial risks, both from internal and external factors, which threaten the achievement of its objectives. Internal controls are necessary to manage these risks. The system of internal controls is established in order to provide measurable achievement of:
- Efficient and effective operations.
 - Reliable financial information and reporting.
 - Compliance with laws and regulations.
 - Risk management.

Key Controls

- 2.4. The key controls for internal control systems are:
- Managerial, including defining policies, setting objectives and plans, monitoring financial and other performance and taking appropriate anticipatory and remedial action. The key objective of these systems is to promote ownership of the control environment by defining roles and responsibilities.
 - Financial and operational procedures, which include physical safeguards for assets, segregation of duties, authorisation and approval procedures and information systems.
 - An effective internal audit function, which operates in accordance with CIPFA's Code of Practice for Internal Audit and with any other relevant statutory obligations and regulations.

Key controls should be reviewed on a regular basis and the PCC should make formal statements annually to the effect that they are satisfied that the system of internal control operates effectively.

Responsibilities of the Statutory Officers

- 2.5. The PCC is responsible for implementing effective systems of internal control and the PCC CFO, for advising on such. These arrangements shall ensure compliance with all applicable statutes and regulations, and other relevant statements of best practice. They shall ensure that public resources are properly safeguarded and used economically, efficiently and effectively.

- 2.6. The PCC shall ensure that internal controls exist for managerial control systems, including defining policies, setting objectives and plans, monitoring financial and other performance information and taking appropriate anticipatory and remedial action where necessary. The key objective of these systems is to promote ownership of the control environment by defining roles and responsibilities.
- 2.7. The PCC shall ensure that internal controls exist for financial and operational systems and procedures. This includes physical safeguards for assets, segregation of duties, authorisation and approval procedures and robust information systems.
- 2.8. The PCC shall agree and sign an Annual Governance Statement following a review of systems of internal control. This statement will be included in the Group Accounts. The statement should be signed by the Commissioner, and the Chief Executive. The Accounts and Audit Regulations 2003, 2006 and 2011 require the PCC to review Internal Control arrangements at least annually.
- 2.9. The PCC shall have an Audit Committee (section A4 refers) which has a responsibility for the continual oversight of corporate governance, internal control and risk management. The terms of reference of the Committee should include the following key requirements:
- to provide proactive and effective leadership on audit and governance issues and champion both audit and the embedding of risk management by all PCC staff and all CC officers and staff;
 - to be assured as to the adequacy of financial and other controls, corporate governance (including an anti-fraud and corruption strategy), financial regulations, contract standing orders and risk management arrangements, and ensure that they are reviewed and revised;
 - to examine and consider a draft Annual Governance Statement, and to make any recommendations to the PCC in this respect.
- 2.10. Public Sector Audit Appointments Ltd is responsible for appointing external auditors to the PCC and CC. The duties of the external auditor are governed by Section 15 of the Local Government Finance Act 1982, as amended by Section 5 of the Audit Commission Act 1998.
- 2.11. The PCC may, from time to time, be subject to audit, inspection or investigation by external bodies such as HM Revenue and Customs, who have statutory rights of access.

C3 AUDIT REQUIREMENTS

Internal Audit

Overview and Control

- 3.1. The requirement for an internal audit function is implied by section 151 of the Local Government Act 1972, which requires that authorities “make arrangements for the proper administration of their financial affairs”. The Accounts and Audit Regulations 2011 more specifically require that a relevant body shall maintain an adequate and effective system of internal audit of their accounting records and control systems. The guidance accompanying the legislation states that proper internal control practices for internal audit are those contained in the CIPFA Code of Practice. Both the PCC and CC corporations sole are auditable bodies.
- 3.2. Internal auditing is an independent, objective assurance and consulting activity designed to add value and improve an organisation’s operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.
- 3.3. Internal audit is required to comply with the Auditing Practices Board’s guidelines “Guidance for Internal Auditors”, as interpreted by CIPFA’s Code of Practice for Internal Audit in Local Government in the United Kingdom, along with any other statutory obligations and regulations.
- 3.4. The work of the Internal Audit function provides overall assurances to:
 - The PCC and the CC that effective internal control systems are in place.
 - External Audit on financial systems and internal control are effective and external auditors may use the work of internal audit when carrying out their functions.

Key Controls

- 3.5. The key controls for internal audit are:
 - That it is independent in its planning and operation.
 - That Internal audit has direct access to the PCC, the PCC Chief Executive, PCC CFO, CC, CC CFO and all levels of management.
 - The internal auditors comply with the Code of Practice for Internal Audit issued by CIPFA.

Responsibilities of the Statutory Officers

3.6. The PCC CFO, shall ensure the provision of an effective internal audit service.

3.7. The PCC and CC shall ensure that internal auditors have the authority to;

- Access premises at all reasonable times.
- Access all assets, records, documents, correspondence, control systems and appropriate personnel.
- Receive any information and explanation considered necessary concerning any matter under consideration.
- Require any staff to account for cash, stores or any other asset under their control.
- Access records belonging to third parties, such as contractors, when required. This shall be achieved by including an appropriate clause in all contracts.

3.8. Any instances where the CC considers it inappropriate for internal audit to have the access detailed above, such as items considered to be of a sensitive operational nature, are to be confirmed with the PCC Chief Executive and PCC CFO.

3.9. The PCC CFO and the CC CFO, taking advice from internal audit and after consulting with the PCC and CC and external auditor, are responsible for ensuring an annual audit plan is prepared. The plan is to take account of the characteristics and relative risks of the activities involved.

3.10. The PCC CFO and the CC CFO shall submit the annual internal audit plan to the Audit Committee for consideration prior to the start of the forthcoming financial year.

3.11. The PCC and CC CFO shall consider and respond promptly to recommendations in audit reports and ensure that any agreed actions arising from audit recommendations are carried out in a timely and efficient manner.

3.12. The PCC and CC CFO shall ensure that new systems for maintaining financial records or records of assets, or significant changes to existing systems, are discussed with and agreed by the PCC CFO and internal audit prior to implementation.

- 3.13. Internal audit shall provide an annual report to the Audit Committee summarising activities and findings for the year. This shall include an opinion on the effectiveness of the systems of internal control to support the Annual Governance Statement.
- 3.14. The PCC CFO shall be notified immediately of any suspected fraud, theft, irregularity, improper use or misappropriation of property or resources. Pending investigation and reporting, PCC CFO, CC CFO, senior managers should take all necessary steps to prevent further loss and to secure records and documentation against removal or alteration. Investigation of internal financial irregularities shall be conducted as detailed below:
- PCC
PCC CFO shall agree any further investigative process. This may include disciplinary, criminal proceedings and/or dismissal.
 - FORCE
Investigations will normally be carried out by the Professional Standards Department, who shall consult with the Internal Audit Manager as appropriate and keep him informed of progress. The operation of this Regulation shall be in accordance with the agreed protocol between the Professional Standards Department and Internal Audit and authorised by the PCC CFO and the CC CFO.

At the conclusion of the investigation the Internal Audit Manager shall review the case to identify any internal control weaknesses that allowed the financial irregularity to happen and shall make recommendations to ensure that the risk of recurrence is minimised

- 3.15. Internal audit shall provide an undertaking to respect the confidential nature of the service and to employ suitable staff only.

External Audit

Overview and Control

- 3.16. Public Sector Audit Appointments Ltd is responsible for appointing external auditors to the PCC and CC. The basic duties of the external auditor are governed by section 15 of the Local Government Finance Act 1982, the Audit

Commission Act 1998 and the Local Government Act 1999. In particular, section 4 of the 1998 Act requires the Audit Commission to prepare a code of audit practice, which external auditors follow when carrying out their duties. The code of audit practice issued in April 2005 sets out the auditor's objectives to review and report upon:

- The audited body's financial statements and its statement on internal control, including the Annual Governance Statements.
- Aspects of the audited body's corporate governance arrangements
- Whether the audited body has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources.
- Aspects of the audited body's arrangements to manage performance.

3.17. In auditing the accounts the external auditor must be satisfied that:

- The accounts are prepared in accordance with the relevant regulations.
- They comply with the requirements of all other statutory provisions applicable to the accounts.
- They "present fairly" the financial position of the organisation.
- Proper practices have been observed in the compilation of the accounts.
- The body whose accounts are being audited has made proper arrangements for securing economy, efficiency and effectiveness.

Key Controls

3.18. The key controls for external auditors are

- External auditors are appointed by Public Sector Audit Appointments Ltd, which prepares a code of audit practice, which external auditors follow when carrying out their duties.
- External auditors are independent in their operation.

Responsibilities of the Statutory Officers

3.19. The PCC CFO and the CC CFO shall liaise with the external auditor and advise the PCC and CC on their responsibilities in relation to external audit and ensure there is effective liaison between external and internal audit.

To ensure that for the purposes of their work the external auditors are given the access to which they are statutorily entitled in relation to premises, assets, records, documents, correspondence, control systems and personnel, subject to appropriate security clearance.

3.20. To provide the Audit Committee with :

- The external audit Annual Governance Report for consideration.
- The external audit annual work plan and fee are reported for approval.
- The Annual Audit Letter.

C4 PREVENTING FRAUD AND CORRUPTION

Overview and Control

- 4.1. The PCC will not tolerate fraud or corruption in the administration of their responsibilities, whether from inside or outside.
- 4.2. The PCC's expectation of propriety and accountability is that officers, staff, volunteers and members at all levels will lead by example in ensuring adherence to legal requirements, rules, procedures and practices.
- 4.3. The PCC also expects that individuals and organisations (e.g. suppliers, contractors, and service providers) with whom they come into contact will act towards the PCC with integrity and without thought or actions involving fraud or corruption.

Key Controls

- 4.4. The key controls regarding the prevention of financial irregularities are that:
 - There is an effective system of internal control.
 - The organisation has an effective anti-fraud and corruption policy and maintains a culture that will not tolerate fraud or corruption.
 - All officers, staff, volunteers and members will act with integrity and lead by example.
 - Senior managers are required to deal swiftly and firmly with those who defraud or attempt to defraud the organisation or who are corrupt.
 - High standards of conduct are promoted amongst officers, staff, volunteers and members through adherence to codes of conduct.

- There is an approved Gifts, Gratuities and Hospitality Policy and procedure that must be followed. This includes the maintenance of a register of interests in which any hospitality or gifts accepted must be recorded.
- Whistle blowing policy and procedures are in place and operate effectively.
- Legislation including the Public Interest Disclosure Act 1998 and the Bribery Act 2010 is adhered to.

Responsibilities of the Statutory Officers

- 4.5. To ensure all staff act with integrity and lead by example.
- 4.6. The PCC is responsible for preparing an effective anti-fraud and anti-corruption policy and maintaining a culture that will not tolerate fraud or corruption and ensuring that internal controls are such that fraud or corruption will be prevented where possible.
- 4.7. The PCC shall prepare a policy for the registering of interests and the receipt of hospitality and gifts covering officers and staff. A register of interests and a register of hospitality and gifts shall be maintained for staff in a manner to be determined by the PCC.
- 4.8. The PCC shall prepare a whistle blowing policy to provide a facility that enables staff, the general public and contractors to make allegations of fraud, misuse and corruption in confidence, and without recrimination, to an independent contact. Procedures shall ensure that allegations are investigated robustly as to their validity that they are not malicious and that appropriate action is taken to address any concerns identified. The PCC shall ensure that all staff are aware of any approved whistle blowing policy.
- 4.9. To implement and maintain an adequate and effective internal financial framework clearly setting out the approved financial systems to be followed.
- 4.10. The PCC and the CC shall notify the PCC CFO and the CC CFO immediately if a preliminary investigation gives rise to any suspected fraud, theft, irregularity, improper use or misappropriation of property or resources. This reporting fulfils the requirements of Section 17 of the Crime and Disorder Act 1998. In such instances, the PCC, the CC, the PCC CFO and the CC CFO shall agree any further investigative process. Pending investigation and reporting, the PCC and CC shall take all necessary steps to prevent further loss and to secure records and documentation against removal or alteration.

4.11. The PCC and CC may instigate disciplinary procedures where the outcome of an investigation indicates improper behaviour.

C5 MONEY LAUNDERING AND PROCEEDS OF CRIME

Overview and Control

- 5.1. The PCC has adopted an anti-money laundering policy and procedures intended to prevent the use of proceeds from crime. This policy has been developed with regard to the Proceeds of Crime Act 2002 and the Money Laundering Regulations 2007.
- 5.2. The PCC and CC have nominated the CC CFO and PCC CFO to jointly perform the role of Money Laundering Reporting Officer (MLRO) whose principal role is to receive, consider and respond to any reports received of known or suspected money laundering.
- 5.3. The PCC and CC are responsible for ensuring that:
 - All officers and staff most likely to be exposed to or suspicious of money laundering situations are made aware of the requirements and obligations placed on the OPCCN and Constabulary and themselves by the legislation.
 - Those officers and staff considered most likely to encounter money laundering will be given appropriate training. The appropriate managers within the section will periodically identify and deliver training to all appropriate staff.
 - Procedures are established to help forestall and prevent money laundering including making arrangements for reporting concerns about money laundering to the MLRO.
 - Periodic and regular assessments are undertaken of the risks of money laundering.

C6 ASSETS

Overview and Control

6.1. The PCC holds assets in the form of land, property, vehicles, equipment, and other items. It is important that assets are safeguarded and used efficiently in service delivery, that there are arrangements for the security of both assets and information required for service operations and that proper arrangements exist for the disposal of assets. An up-to-date asset register is a prerequisite for proper fixed asset accounting and sound asset management. The function of the asset register alongside an asset management plan is to provide the PCC with information about fixed assets so that they are:

- Safeguarded.
- Used efficiently and effectively.
- Adequately maintained.
- Valued in accordance with statutory and management requirements.

6.2. Intellectual property is a generic term that includes inventions and writing. If these are created by officers and staff during the course of employment, then, as a general rule, they belong to the PCC, not the officer or member of staff. Various Acts of Parliament cover different types of intellectual property. Certain activities undertaken within the PCC or the CC may give rise to items that could be patented, for example, software development. These items are collectively known as intellectual property. In the event that the PCC decides to become involved in the commercial exploitation of inventions, the matter should proceed in accordance with an approved intellectual property policy.

6.3. The PCC will own and fund all assets regardless of whether they are used by the PCC, by the force or by both bodies. However, with consent from the PCC, the CC through the delegation to the CC CFO can acquire property (other than land or buildings) as set out in the scheme of delegation and the standing orders for land & property.

6.4. The CC is responsible for the direction and control of the force and should therefore have day-to-day management of all assets used by the force.

6.5. The PCC should consult the CC in planning the budget and developing a medium term financial strategy. Both these processes should involve a full assessment of the assets required to meet operational requirements, including in terms of human resources, infrastructure, land, property and equipment.

Key Controls

6.6. The key controls for the security of resources and assets are:

- Resources are used only for approved purposes and properly accounted for.
- Resources are available for use when required.
- Resources no longer required are disposed of in accordance with the law and regulations so as to maximise benefits.
- An asset register is maintained for the organisation. Assets are recorded when they are acquired and this record is updated as changes occur with respect to the location and condition of the asset.
- All staff are aware of their responsibilities with regard to safeguarding the organisations assets and information, including the requirements of the Data Protection Act and software copyright legislation.
- All staff are aware of their responsibilities with regard to safeguarding the security of the organisations computer systems, including maintaining restricted access to the information held on them and compliance with the organisations computer and internet security policies.

Security

Responsibilities of the Statutory Officers

6.7. To ensure that an asset register is maintained to provide information about fixed assets so that they are safeguarded, used efficiently and effectively, adequately maintained and valued in accordance with statutory management requirements.

6.8. The CC CFO shall ensure that assets and records of assets are properly maintained and securely held and that contingency plans for the security of assets and continuity of service in the event of disaster or system failure are in place.

6.9. To ensure that title deeds to property are held securely.

6.10. To ensure that no asset is subject to personal use by an employee without proper authority.

- 6.11. Attractive and portable items such as computers, cameras and recording devices should be identified with appropriate security markings.
- 6.12. To ensure that all staff are aware of their responsibilities with regard to safeguarding the PCC's assets, information and IT systems, including the requirements of the Data Protection Act, software copyright legislation and compliance with the information and security policies.
- 6.13. The CC shall ensure that title deeds to the PCC's property are held securely.
- 6.14. Lessees and other prospective occupiers of PCC land are not allowed to take possession of the land until a lease or agreement in a form approved by the CC is in place.
- 6.15. To ensure that assets no longer required are disposed of in accordance with the law and the regulations of the PCC.

Valuation

Responsibilities of the Statutory Officers

- 6.16. To maintain an asset register for all fixed assets in accordance with the Accounting Policies shown in the annual Statement of Accounts, in a form approved by the PCC CFO. Assets are to be recorded when they are acquired by the PCC and this record updated as changes occur with respect to location, condition and ownership. Assets are to be valued:
- in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom: (The Code)
 - for insurance purposes
- 6.17. Assets may also be valued at market rates for asset management planning purposes where this is different from other valuations.
- 6.18. To arrange for the valuation of assets for accounting purposes.

Inventories

Responsibilities of the Statutory Officers

- 6.19. To maintain inventories that record an adequate description of portable and desirable items such as computers, monitors, printers, facsimile machines, mobile phones and photographic equipment above the value shown in Section F.
- 6.20. There shall be at least an annual check of all items on the inventory in order to verify location, review, and condition and to take action in relation to surpluses or deficiencies, annotating the inventory accordingly. The annual check is to be undertaken by the responsible budget holder, who shall ensure that another member of staff is responsible for maintaining the inventory.
- 6.21. To make sure that property is only used in the course of the business, unless specific approval has been given.

Stocks and Stores

Responsibilities of the Statutory Officers

- 6.22. To make arrangements for the care, custody and control of stocks and stores and maintain detailed stores accounts in a form approved by the PCC CFO. Stocks are to be maintained at reasonable levels so as to balance the need for availability and the risk of obsolescence.
- 6.23. A complete stock check is to be undertaken at least once per year either by means of continuous or annual stock take. The stock take shall be undertaken and certified by an authorised member of staff who is independent of the stock keeping function. This procedure will be followed and a complete stock check undertaken whenever stock keeping duties change.
- 6.24. Where significant, values of stocks and stores at 31 March each year are to be certified and included in the annual accounts.
- 6.25. Discrepancies between the actual level of stock and the book value of stock for the Force may be written off by the CC CFO up to the level shown in Section F. Amounts for write off by the CC CFO above this value must be referred to the PCC for approval, supported by a written report explaining the reasons for the write off and any investigation undertaken.
- 6.26. Obsolete stock for the Force may be written off by the CC CFO up to the level shown in Section F. Amounts for write off above this value must be referred to the PCC for approval, supported by a written report explaining the reasons for the write off and any investigation undertaken.

Intellectual Property

Responsibilities of the Statutory and Key Officers

6.27. The PCC and CC jointly are responsible for preparing guidance on intellectual property procedures and ensuring that staff are aware of these procedures.

6.28. The PCC is responsible for approving an intellectual property policy.

Asset Disposal

Responsibilities of the Statutory Officers

6.29. Assets shall be disposed of provided they meet the following criteria:

- Have been declared surplus to requirements
- When in the best interests of the PCC,
- In accordance with the Police and Crime Plan
- In accordance with the approved Estate Strategy.
- At the most advantageous price.

The CC may dispose of surplus land and buildings, vehicles and items of equipment up to the estimated value shown in Section F (5.4). Where this is not the highest offer, the PCC shall prepare a report for the PCC outlining the reasons. Disposals above this value are to be reported to the PCC for prior approval.

6.30. The CC may dispose of surplus land and buildings, vehicles and items of equipment up to the estimated value shown in Section F (5.4). Where this is not the highest offer, the PCC CFO shall prepare a report for the PCC outlining the reasons.

6.31. Disposals above the value detailed in Section F (5.4) are to be reported to the PCC for prior approval and will generally be disposed of by public auction or sealed bids after advertisement, unless it can be shown that an alternative method of disposal would provide better value for the PCC.

- 6.32. All asset disposals shall be recorded in the asset register or inventory as appropriate.
- 6.33. The CC CFO shall inform the PCC CFO of any disposals that may have a significant impact upon the balance sheet.
- 6.34. To ensure that appropriate accounting entries are made to remove the value of the disposed assets from the Commissioner's records.

C7 TREASURY MANAGEMENT AND BANKING ARRANGEMENTS

Overview and Control

- 7.1. The PCC and CC are large organisations. It is important that PCC and CC money is managed properly, in a way that balances risk with return, but with the prime consideration being given to the security of all monies. All treasury management activities should be undertaken in accordance with the CIPFA Treasury Management Code.

Key Controls

- 7.2. The key controls for treasury management are:
- That the PCC borrowings and investments comply with the CIPFA Code of Practice on Treasury Management and the Prudential Indicators and with the PCC treasury management strategy statement.
 - Suitable Treasury Management Practices (TMP) setting out the manner in which the organisation will seek to achieve those policies and objectives, and prescribing how it will manage and control those activities.

Responsibilities of the Statutory Officers and Committees

- 7.3. To adopt the key recommendations of *CIPFA's Treasury Management in the Public Services: Code of Practice (the Code)*, as described in Section 4 of that Code.
- 7.4. Accordingly to ensure the adoption, the PCC shall create and maintain, as the cornerstone for effective treasury management, a Treasury Management Strategy statement, stating the policies and objectives of its treasury management activities suitable treasury management practices, setting out the manner in which the organisation will seek to achieve those policies and

objectives, and prescribing how it will manage and control those activities. The content of the policy statement and TMPs will follow the recommendations contained in Section 6 and 7 of the Code, subject only to amendment where necessary to reflect the particular circumstances of the PCC. Such amendments will not result in the PCC deviating materially from the Code's key recommendations.

- 7.5. The PCC shall receive reports on his treasury management strategies, practices and activities, including as a minimum, an annual strategy and plan in advance of this year, a mid-year review and an annual report after its close, in the form prescribed in its TMPs. During the financial year, reports on action undertaken shall be submitted to the PCC, by the CC CFO, as part of the financial monitoring information and included within Budget monitoring reports..
- 7.6. The PCC is responsible for the implementation of its treasury management strategies and practices and delegates responsibility for the execution and administration of treasury management decisions to the PCC CFO, in liaison with the CC CFO, who will act in accordance with the organisation's policy statement and TMPs and, CIPFA's *Statement of Professional Practice on Treasury Management*.
- 7.7. The Audit Committee is responsible for ensuring effective scrutiny of the treasury management strategy and policies.
- 7.8. The PCC shall adopt the following Treasury Management Strategy Statement.
The PCC:
 - Defines its treasury management activities as "the management of the PCC's cash flows, its banking, money market and capital market transactions; the effective management of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks."
 - Regards the successful identification, monitoring and control of risk to be the prime criteria by which the effectiveness of its treasury management activities will be measured. Accordingly, the analysis and reporting of treasury management activities will focus on their risk implications for the PCC.
 - Acknowledges that effective treasury management will provide support towards the achievement of its business and services objectives. It is therefore committed to the principles of achieving best value in treasury management, and to employ suitable performance measurement techniques, within the context of effective risk management.

- 7.9. All investments shall be in the name of the PCC.
- 7.10. The PCC CFO may delegate aspects of the treasury management function to the CC CFO where this is deemed more appropriate.
- 7.11. The PCC CFO shall have overall responsibility for banking arrangements. The PCC CFO, in liaison with the CC CFO, shall determine a policy for the secure operation of bank accounts. All bank accounts shall be in the name of the PCC unless authorised by the PCC CFO and PCC Chief Executive. The CC has authority to open or close covert accounts to aid operations. The opening and closing of other bank accounts requires the authorisation of the PCC CFO.
- 7.12. The PCC CFO shall provide appropriate staff with cash or bank imprests to meet minor expenditure. The PCC CFO shall determine reasonable petty cash limits and maintain a record of all transactions and petty cash advances made, and periodically review the arrangements for the safe custody and control of these advances.
- 7.13. The PCC CFO shall prepare detailed Financial Instructions for dealing with petty cash, and these shall be issued to all appropriate staff.
- 7.14. The use of purchase cards shall be allowed for undertaking OPCC business. The PCC CFO, in consultation with the CC CFO, shall determine a policy for the secure operation of such purchase cards.
- 7.15. All imprest cheques shall be signed at an appropriate level in accordance with an approved list of signatories and up to the level shown in Section F. All other cheques shall be signed at an appropriate level in accordance with an approved bank mandate.
- 7.16. To comply with the requirements of the Money Laundering Regulations 2003.

C8 STAFFING

Overview and Control

- 8.1. Staffing costs form a significant element of the annual revenue budget. In order to provide the highest level of service and ensure effective use of resources, it is crucial to recruit and retain high calibre, knowledgeable officers and staff, qualified to an appropriate level.

Key Controls

8.2. The key controls for staffing are

- An appropriate staffing strategy and policy exists, in which staffing requirements and budget allocations are matched.
- Procedures are in place for forecasting staffing requirements and cost.
- Controls are implemented that ensure staff time is used efficiently and to the benefit of the organisation.
- Checks are undertaken prior to employing new staff to ensure that they are appropriately qualified, experienced and trustworthy.

Responsibilities of the Statutory Officers

8.3. To ensure that employees are appointed and dismissed in accordance with relevant statutory regulations, national agreements and personnel policies, budgets and strategies agreed by the PCC.

8.4. To advise the PCC on the budget necessary in any given year to cover estimated staffing levels.

8.5. To adjust the staffing numbers to meet the approved budget provision, and varying the provision as necessary within policy constraints to meet changing operational needs.

8.6. To have systems in place to record all matters affecting payments to staff, including appointments, resignations, dismissals, secondments, suspensions, transfers and all absences from work.

8.7. To approve, in consultation with the PCC CFO, policy arrangements for premature retirements on grounds of ill-health or efficiency for all staff and redundancy arrangements for support staff.

C9 CUSTODY OF UNOFFICIAL FUNDS AND PRIVATE PROPERTY

Trust Funds and other Voluntary Unofficial Funds

Overview and Control

9.1. These are deemed to be funds, other than those of the PCC or CC, which are controlled wholly or partly by staff by reason of their employment e.g. Benevolent Fund.

- 9.2. Trust Funds have a formal legal status governed by a Deed of Trust. Employees and police officers acting as trustees must ensure that they are conversant with the requirements of the Trust Deed and the law and comply fully with them.
- 9.3. These funds should be kept separate from all PCC and CC transactions and bank accounts and those responsible must ensure that appropriate insurance arrangements are in place.

Key Controls

- 9.4. The key controls for Trust Funds and other Voluntary Unofficial Funds are:
- No employee shall open a trust fund without the specific approval of the PCC Chief Executive and PCC CFO
 - These financial regulations should be seen as best practice which need to be followed whenever possible

Responsibilities of the Statutory Officers

- 9.5. Staff controlling such funds shall ensure that a suitably experienced independent person audits the fund in accordance with procedures required by the PCC, and arrange for the annual audited accounts to be received by the appropriate management body.
- 9.6. The PCC shall be informed of the existence, purpose and nature of all voluntary unofficial funds and receive minutes from the management bodies confirming the adoption of the audited accounts.
- 9.7. The PCC shall issue Financial Instructions detailing how unofficial funds are to be managed and controlled.

Custody of Private Property

Overview and Control

9.8. The CC is required to exercise a duty of care and safeguard found or seized property pending decisions on its ownership, or private property of an individual e.g. a suspect in custody.

Key Controls

9.9. The key controls for private property are

- Secure environment for storage of property/monies
- Audit trail of booking in and returning property to owners
- Audit trail for the disposal of property where appropriate and any income received
- Policy for specific items (e.g. bicycles) for returning these for community benefit
- Policy for the use of Property Act monies as approved by the PCC
- Policy for the use of the Proceeds of Crime Act monies as approved by the PCC

Responsibilities of the Statutory Officers

9.10. The CC is responsible for the safekeeping of the private property of a person, other than a member of staff, under his/her guardianship or supervision, and shall determine procedures for such. These procedures shall be made available to all appropriate staff.

9.11. The CC is responsible for the safekeeping of found or seized property and shall determine procedures for such. These procedures shall be made available to all appropriate staff.

9.12. The CC shall be informed without delay in the case of loss or diminution in value of such private property.

9.13. The CC shall issue separate financial instructions for dealing with cash, including seized cash under the Proceeds of Crime Act. These procedures shall be approved by the PCC and the PCC CFO.

9.14. The CC shall comply with the requirements of the Proceeds of Crime Act 2002

SECTION D

SYSTEMS AND PROCEDURES

D1 GENERAL

Overview and Control

1.1. There are many systems and procedures relating to the control of the PCC's assets, including purchasing, costing and management systems. The PCC is reliant on electronic systems for financial management information. This information must be accurate and the systems and procedures sound and well administered. They should contain controls to ensure that transactions are properly processed and errors detected promptly.

The PCC CFO and the CC CFO both have a statutory and professional responsibility to ensure that the organisations' financial systems are sound and should therefore be notified of any new developments or changes.

1.2. It is imperative that operating systems and procedures are secure and that basic data exists to enable the PCC objectives, targets, budgets and plans to be formulated and measured. Performance measures need to be communicated to appropriate personnel on an accurate, complete and timely basis.

Key Controls

- 1.3. The key controls for systems and procedures are:
- Basic data exists to enable the organisation's objectives, targets, budgets and plans to be formulated.
 - Performance is communicated to the appropriate managers on an accurate, complete and timely basis.
 - Early warning is provided of deviations from target, plans and budgets that require management attention.
 - Operating systems and procedures are secure and up-to-date.

Responsibilities of the Statutory Officers

- 1.4. The PCC CFO, in liaison with the CC CFO, is responsible for determining the overall accounting systems and procedures including to.
- Issue advice, guidance and procedures for officers and others acting on behalf of the organisation

- Determine the accounting systems, form of accounts and supporting financial records
- Establish arrangements for the audit of the organisation's financial affairs
- Approve any new system to be introduced
- Approve any changes to existing financial systems
- Approve any changes to service delivery in relation to the finance function

1.5. To ensure, in respect of systems and processes, that

- Systems are secure, adequate internal controls exist and accounting records are properly maintained and held securely. This is to include an appropriate segregation of duties to minimise the risk of error, fraud or other malpractice.
- Appropriate controls exist to ensure that all systems input, processing and output is genuine, complete, accurate, timely and not processed previously
- A complete audit trail is to be maintained, allowing financial transactions to be traced from the accounting records to the original document and vice versa.
- Systems are documented and staff trained in operations.

1.6. The CC shall register compliance with the Data Protection Act 1988 ensuring that data processing (manual or electronic) involving personal information is registered.

1.7. The CC shall ensure compliance with copyright legislation around software being used.

1.8. To ensure that there is a documented and tested business continuity plan to allow system processing to resume quickly in the event of an interruption. Effective contingency arrangements, including back up procedures, are to be in place in the event of a failure in computer systems.

1.9. To establish a Scheme of Governance and Consents, identifying officers and staff authorised to act upon the PCC's behalf in respect of income collection, placing orders, making payments and employing staff. A schedule of officers and staff, their specimen signatures and the delegated limits of their authority shall be maintained.

D2 INCOME

Overview and Control

- 2.1. Income can be a vulnerable asset and effective income collection systems are necessary to ensure that all income due is identified, collected, receipted and banked properly.
- 2.2. The PCC should keep in mind that the purpose of charging for special services is to ensure that, wherever appropriate, those using the services pay for them.

Key Controls

- 2.3. The key controls for income are:
 - All income due is identified and charged correctly, in accordance with an approved charging policy, which is regularly reviewed.
 - All income is collected from the correct person, at the right time, using the correct procedures and the appropriate stationery.
 - All money received by an employee on behalf of the PCC is paid without delay to the Commissioner's bank and properly recorded. The responsibility for cash collection should be separated from that:
 - For identifying the amount due
 - For reconciling the amount due to the amount received
 - Effective action is taken to pursue non-payment within defined timescales.
 - Formal approval for debt write-off is obtained.
 - Appropriate accounting adjustments are made following write-off action.
 - All appropriate income documents are retained and stored for the defined period in accordance with the document retention schedule.
 - Money collected and deposited is reconciled to the bank account by a person who is not involved in the collection or banking process.

Responsibilities of the Statutory Officers

- 2.4. The PCC advised by the CC shall determine and review annually a policy for all fees and charges.
- 2.5. To make arrangements for the collection of all income due including the appropriate and correct charging of VAT.

- 2.6. To review scales of fees and charges at least annually. All charges should be at full cost recovery except where regulations require otherwise or with the express approval of the PCC.
- 2.7. The CC CFO shall order and supply to appropriate officers and staff all receipt forms, books or tickets and similar items and be satisfied as to the arrangements for their control. Official receipts or other suitable documentation shall be issued for all income received.
- 2.8. Income is to be paid fully and promptly in the form in which it is received. Appropriate details should be recorded on to paying-in slips to provide an audit trail. Money collected and deposited must be reconciled to the bank account on a monthly basis. Income must not be used to cash personal cheques or other payments.
- 2.9. Sponsorship Income shall be entered into a Sponsorship Register in accordance with the approved policy. The total value of gifts and sponsorship in any financial year should not exceed 1% of the PCC net revenue budget. Where the monetary value of a sponsorship proposal is over the limits shown in section F or is perceived to be of a sensitive or controversial nature, this must be approved by the PCC before acceptance.
- 2.10. The CC CFO shall establish and initiate appropriate recovery procedures, including legal action where necessary, for debts that are not paid in accordance with the PCC terms and conditions.
- 2.11. Income due shall not be written off until the PCC is satisfied that all reasonable steps have been taken for its recovery. Individual amounts may be written off by the CC CFO up to the level shown in Section F. Amounts for write off above this value must be referred to the PCC for approval, supported by a written report explaining the reasons for the write off. A record must be kept of all sums written off up to the approved limit.
- 2.12. The CC CFO shall prepare detailed Financial Instructions for dealing with income, to be agreed with the PCC CFO, and these shall be issued to all appropriate officers and staff.

D3 ORDERING OF GOODS AND SERVICES

Overview and Control

3.1. Public money should be spent with demonstrable probity and in accordance with PCC policies. The statutory officers have a statutory duty to achieve best value, in part through economy and efficiency. Procedures should ensure that services obtain value for money from their purchasing arrangements. These procedures should be read in conjunction with the Contract Standing Orders.

Key Controls

- 3.2. The key controls for ordering work goods and services are:
- All goods and services are ordered only by appropriate persons and are correctly recorded.
 - All goods and services shall be ordered in accordance with the PCC's standing orders.
 - A computer-generated order should always be issued and authorised. This control should only be set-aside in exceptional circumstances.
 - All orders should be raised at the time of placing the order and not on receipt of the goods/services or invoice.
 - Goods and services received are checked to ensure that they are in accordance with the order. The person who placed the order should not receive goods.

Responsibilities of the Statutory Officers

3.3. The PCC is responsible for approving the Contract Standing Orders

3.4. To ensure all officers and staff are made aware of the responsibility they have to declare any links or personal interests that they may have with purchasers, suppliers and contractors if they are engaged in contractual or purchasing decisions.

3.5. All orders issued shall be in accordance with the approved procurement policy or Financial Instructions. Purchase orders must be issued for all work, goods or services to be supplied, except for supplies of utilities, periodic payments such as rent or rates, petty cash purchases or other exceptions approved by the PCC CFO. All purchase orders must be generated by Oracle unless expressly authorised by PCC CFO

- 3.6. To ensure that purchase orders are issued for all work, goods or services except for supplies of utilities, periodic payments such as rent or rates, purchasing card purchases, imprest purchases or other exceptions specified by the PCC CFO.
- 3.7. To ensure authorisation of requisitions / orders are in accordance with the limits shown in section F. Only authorised officers and staff can raise requisitions / orders and therefore an authorised signatory list will be maintained. Purchasing Cards may be used in compliance with the requirements and guidance.
- 3.8. Purchase orders must not be raised for any personal or private purchases, nor must personal or private use be made of PCC contracts.
- 3.9. Goods and services ordered must be appropriate and needed, there must be adequate budgetary provision and quotations or tenders must be obtained where necessary.
- 3.10. Tenders and quotations shall be obtained in accordance with Contract Standing Orders within the limits shown in Section F.
- 3.11. Commitments incurred by placing orders are to be shown against the appropriate budget allocation and incorporated within budget monitoring reports.
- 3.12. Where possible, a different person should authorise the payment from the person who signed the requisition / order.

D4 PAYMENTS OF GOODS AND SERVICES

Overview and Control

- 4.1. Apart from petty cash the normal method of payment from the PCC shall be by BACs payment, cheque or other instrument or approved method, drawn on the PCC bank account. The use of direct debit shall require the prior agreement of the PCC CFO.

Key Controls

4.2. The key controls for paying for work goods and services are:

- Goods and services received are checked to ensure that they are in accordance with the order. The person who placed the order should not receive goods.
- Payments are not made unless goods have been received and to the correct price, quantity and quality standards.
- All payments are made to the correct person, for the correct amount and are properly recorded, regardless of the payment method.
- All appropriate evidence of the transaction and payment documents are retained and stored for the defined period, in accordance with the document retention schedule.
- All expenditure, including VAT, is accurately recorded against the right budget and any exceptions are corrected.
- In addition, the effect of e-business/e-commerce and electronic purchasing requires that processes are in place to maintain the security and integrity of data for transacting business electronically

Responsibilities of the Statutory Officers

4.3. All payments are to be made in accordance with the approved procurement procedures or Financial Instructions.

4.4. Payments are not to be made unless goods and services have been received at the correct price, quantity and quality in accordance with any official order. Goods should not be received by the person who placed the initial requisition, unless this is impracticable.

4.5. Segregation will exist between the person ordering and the person approving the order. The receipting of goods confirms the invoice is suitable for payment. In the case of a manual invoice the 2 members of staff need to be involved in the ordering/receipting/authorising process

4.6. Authorisation of invoices shall be in accordance with the limits shown in section F.

4.7. Procedures should be in place to ensure that all payments are to be made to the correct person, for the correct amount and be recorded properly, regardless of the method of payment. Systems should ensure the invoice has not been processed for payment before and that full advantage has been taken of any discounts offered.

- 4.8. Where VAT is charged, payment is not to be made unless a proper VAT invoice has been received.
- 4.9. All payments should be processed promptly to comply with the Late Payment of Commercial Debt (Interest) Act 1988.

D5 PAYMENTS TO EMPLOYEES AND MEMBERS

Overview and Control

- 5.1. Employee costs are the largest item of expenditure for most organisations. Therefore, it is important that payments are accurate, timely, made only where they are due and that payments accord with individuals' conditions of employment. It is also important that all payments are accurately and completely recorded and accounted for.
- 5.2. All overtime claims and other claims for remuneration, travel and expenses should be submitted at least monthly. This is to ensure that monitoring of expenditure is more accurate and that authorisation of claims can be certified properly.

Key Controls

- 5.3. The key controls for payments to employees and members are:

- Proper authorisation procedures are in place and that there is adherence to corporate timetables in relation to:
 - Starters
 - Leavers
 - Variations
 - Enhancements

and that claims for payment are made on the approved and appropriate documentation.

- Regular reconciliation of the HR system to the Payroll system.
- Frequent reconciliation of payroll expenditure against approved budget and bank account.
- All appropriate payroll documents are retained and stored for the defined period in accordance with the document retention schedule.
- The HM Revenue & Customs regulations are complied with.
- Recovery of overpayment
- Responsibility of adhering to time lines

Responsibilities of the Statutory Officers

- 5.4. To ensure appointments are made in accordance with approved establishments, grades and scale of pay and adequate budget provision should be available. Payroll staff must be notified of all appointments, terminations or variations in the correct format and to the timescales required.
- 5.5. The CC shall make arrangements for the secure and reliable payment of salaries, wages, pensions, compensation and other emoluments to existing and former officers and staff. Adequate and effective systems are to be in place and procedures operated so that payments are only authorised to bona fide officers, staff and pensioners payments are only made where there is a valid entitlement conditions and contracts of employment are applied correctly officer and staff names listed on the payroll are checked at regular intervals to verify accuracy and completeness.
- 5.6. The PCC Chief Executive shall make arrangements for the payment of all PCC travel and expenses claims. Such claims should be in the prescribed form, duly completed and certified. Certification is taken to mean that journeys were authorised and expenses incurred properly and necessarily and that allowances are payable properly, ensuring that cost effective use of travel arrangements is achieved. Due consideration should be given to tax implications. Payments shall be made to the value of presented receipts up to the prescribed limits, in accordance with Financial Instructions.
- 5.7. Payroll transactions are to be processed only through the payroll system. Payments to individuals engaged on a self-employed consultant or subcontract basis shall only be made in accordance with HM Revenue and Customs requirements. The HM Revenue and Customs applies a tight definition of employment status, and in cases of doubt, advice should be sought.
- 5.8. To ensure that full records are maintained of benefits in kind and that they are properly accounted for in any returns to the HM Revenue and Customs.
- 5.9. To ensure compliance with all HM Revenue and Customs regulations and record and make arrangements for the accurate and timely payment of income tax and national insurance. To ensure compliance with regulations regarding the pay over of pension deductions and other statutory or voluntary deductions from pay. Payroll staff should be notified of all employee benefits in kind to enable full and complete reporting within the income tax self-assessment system.

D6 TAXATION

Overview and Control

- 6.1. Like all organisations, the PCC is responsible for ensuring its tax affairs are in order. Tax issues are often very complex and the penalties for incorrectly accounting for tax are often severe.
- 6.2. It is important that all relevant officers and staff are kept up to date on tax issues and instructed on required record keeping.

Key Controls

- 6.3. The key controls for taxation are:
 - Relevant staff are provided with relevant information and kept up to date on tax issues.
 - Accurate record keeping.
 - All taxable transactions are identified, properly carried out and accounted for within stipulated timescales.
 - Records are maintained in accordance with instructions.
 - Returns are made to the appropriate authorities within the stipulated timescale.

Responsibilities of the Statutory Officers

- 6.4. To ensure the completion of all HM Revenue and Customs requirements regarding PAYE and that due payments are made in accordance with statutory requirements.
- 6.5. To ensure that the correct VAT liability is attached to all income due and that all VAT reclaimed on purchases complies with HM Revenue and Customs regulations. The CC CFO shall ensure the completion of VAT claims for receipts and payments are made in accordance with statutory requirements.
- 6.6. Where construction and maintenance works are undertaken, the contractor shall fulfil the necessary construction industry tax deduction requirements. The CC CFO shall provide details to the HM Revenue and Customs regarding the construction industry tax deduction scheme.
- 6.7. To ensure up to date guidance is given to officers and staff on organisational taxation issues (e.g. VAT and CIS).

D7 EX GRATIA PAYMENTS

Overview and Control

7.1. An ex gratia payment is a payment made where no legal obligation exists. An example may be to recompense staff for damage to personal property in the execution of duty.

Responsibilities of the Statutory Officers

7.2. The PCC may make ex gratia payments to members of the public up to the level shown in section F in any individual instance, for damage or loss to property or for personal injury or costs incurred as a result of police action where such a payment is likely to facilitate or is conducive or incidental to the discharge of any of the functions of the PCC. The CC CFO shall maintain details of such payments in a register.

7.3. The PCC may make ex gratia payments up the level shown in section F in any individual instance, for damage or loss of property or for personal injury to staff in the execution of duty or to staff in relation to employment errors. The PCC shall maintain details of such payments in a register.

D8 PENSIONS

Overview and Control

8.1. As a responsible public body the PCC will ensure that the Pension Schemes are made easily available to all eligible staff and police officers. The recent changes which have introduced auto enrolment enforce this concept. Due to the changes in relation to PCC and CC being new legal entities the requirement to comply with auto enrolment has been deferred until 2017.

Key Controls

8.2. The key controls relating to pensions are:

- Relevant staff are provided with relevant information and kept up to date on pension issues.
- Accurate record keeping
- Good communication with the County Council Pension Administrator
- Compliance with acts and regulations
- Records are maintained in accordance with instructions.

Responsibilities of the Statutory Officers

- 8.3. To ensure that there are adequate arrangements for administering police pension and Local Government Pension Scheme (LGPS) matters on a day-to-day basis.
- 8.4. To record and make arrangements for the accurate and timely payment of pensions and police pensions to the scheme administrators
- 8.5. The appointment of a Pension Administrator to administer the LGPS and police pensions on behalf of the PCC.
- 8.6. The Home Office are responsible for the Police Pension schemes and the organisation acts as a “holding account” although the transactions are shown in the PCC statement of accounts.
- 8.7. To ensure Pension Boards are established to administer the schemes in accordance with current legislation and regulations.
- 8.8. To ensure that timely and accurate information is supplied to the Home Office for the Top Up arrangements.
- 8.9. To ensure that timely information is supplied to the actuaries.
- 8.10. To refer internal disputes relating to pensions to the Pension Administrator in the first stage, with second stage disputes being referred to the PCC CFO
- 8.11. The PCC CFO is responsible for the governance arrangements.

D9 GOVERNMENT PROCUREMENT CARDS

Overview and Control

- 9.1. Government Procurement Cards provide an effective method for payment for designated officers who, in the course of their official business, have an immediate requirement for expenditure which is relevant to the discharge of their duties. They provide an alternative method of buying and paying for relatively low value goods, which generate a high volume of invoices. This should generate an efficiency saving from lower transaction costs (i.e. fewer invoices processed and paid for through the integrated accounts payable system), as well as reducing the number of petty cash transactions.

Key Controls

- 9.2. The key controls for Government Procurement Cards are
- Detailed instructions to all authorised card holders and users
 - A procedure which controls the issue of cards and limits on each card.

Responsibilities of the Statutory Officers

- 9.3. That the CC CFO and the PCC CFO undertake periodic reviews of the register of individuals and limits assigned to each card.
- 9.4. To ensure that all card holders are aware of the financial instructions relating to the use of cards.
- 9.5. To ensure that all purchases are checked to ensure compliance with approved policies (e.g. Gifts, Gratuities and Hospitality, Catering).
- 9.6. To ensure that the process requires receipted details of payments, particularly VAT receipts and all requirements of the providers electronic receipting and payments processes are adhered to.

SECTION E

EXTERNAL ARRANGEMENTS

E1 PARTNERSHIPS

Overview and Control

1.1. Partnerships with other organisations can play a key role in delivering community strategies and in helping to promote and improve the wellbeing of the area. A partner may be defined as:

- an organisation joining to undertake, part fund or participate as a beneficiary in a joint project, or
- a body whose nature or status give it a right or obligation to support a joint project

Partnerships typically fall into three main categories:

- **Statutory based** - These are partnerships that are governed by statute. They include, for example, Crime and Disorder Reduction Partnerships (CDRPs) and Local Strategic Partnerships (LSPs).
- **Strategic** - These are partnerships set up to deliver core policing objectives. They can either be force-wide or local.
- **Ad Hoc** - These are typically locally based informal arrangements agreed by the PCC

1.2. The main reasons for entering into a partnership with others are:

- to provide new and better ways of delivering services
- to comply with statutory requirements
- the ability to access new resources
- the desire to find new ways to share risk
- to forge new relationships
- mitigate costs when looking to achieve shared goals

1.3. Partners undertaking a joint venture have common responsibilities:

- to act in good faith at all times and in the best interests of the partnership's aims and objectives
- to be willing to take on a role in the broader programme, appropriate to the skills and resources of the contributing organisation
- to be open about any conflicts that might arise
- to encourage joint working and promote the sharing of information, resources and skills

- to keep secure any information received as a result of partnership activities or duties that is of a confidential or commercially sensitive nature
 - to promote the project
- 1.4. The PCC and CC should welcome the opportunity for forming partnerships with other local organisations to address local needs. As set out in section 10 of the Police Reform and Social Responsibility Act 2011, the Commissioner, in exercising his functions, must have regard to the relevant priorities of each responsible authority. Subject to the constraints that may be placed on individual funding streams, Commissioners are free to pool funding as they and their local partners see fit. Commissioners can enter into any local contract for services, individually or collectively with other local partners, including non-police bodies.
- 1.5. When the PCC acts as a commissioner of services, he will need to agree the shared priorities and outcomes expected to be delivered through the contract or grant agreement with each provider. The Commissioner is able to make crime and disorder grants in support of local priorities.. The power to make crime and disorder grants with conditions is contained in section 9 of the Police Reform and Social Responsibility Act 2011. The power to contract for services is set out in paragraph 14 of Schedule 1 and paragraph 7 of Schedule 3 to the Police Reform and Social Responsibility Act 2011.
- 1.6. The PCC may also make grants under Community Empowerment in support of new or local priorities. Such grants will not exceed the limit detailed in Section F.

Key Controls

- 1.7. The key controls for partnerships are:
- If appropriate, to be aware of their responsibilities under the PCC financial regulations.
 - To ensure that risk management processes are in place to identify and assess all known risks.
 - To ensure that project appraisal processes are in place to assess the viability of the project in terms of resources, staffing and expertise.
 - To agree and accept formally the roles and responsibilities of each of the partners involved in the project before the project commences.

- Information sharing agreements should be incorporated for compliance with Management Of Police Information and Data Protection Act.
- To communicate regularly with other partners throughout the project so that problems can be identified and shared to achieve their successful resolution.
- Exit strategies should be included from the start.

Responsibilities of the Statutory Officers

- 1.8. The PCC Chief Executive is responsible for preparing a policy statement on partnership arrangements. The PCC is responsible for approving the policy.
- 1.9. The PCC shall ensure there is adequate budget provision for partnerships as part of the annual budget setting process.
- 1.10. The PCC and CC are responsible for undertaking the partnership funding arrangements, in accordance with the agreed policy. The PCC and CC shall consider the overall governance arrangements and legal issues when arranging contracts with external bodies.
- 1.11. The PCC and CC shall ensure that the roles and responsibilities of each of the partners involved are agreed and accepted formally before the partnership commences.
- 1.12. The PCC CFO and CC CFO should ensure that the accounting and reporting arrangements relating to partnerships are satisfactory.
- 1.13. The PCC and CC, upon taking appropriate advice, shall ensure that:
- before entering into the agreement, a risk management appraisal has been prepared
 - such agreements do not impact adversely upon the services provided by the PCC and CC
 - project appraisal is in place to assess the viability of the project in terms of resources, staffing and expertise
 - all arrangements are properly documented
 - regular communication is held with other partners throughout the project in order to achieve the most successful outcome
 - audit, security and control requirements are satisfied

- accounting arrangements are in place and satisfactory, including resourcing, taxation procedures and carry-forward arrangements

1.14. The PCC Chief Executive shall maintain a register of all partnership arrangements.

1.15. The PCC and CC shall ensure that all officers and staff involved in partnership arrangements have access to Financial Regulations and Contract Standing Orders. On occasion, the possibility of non-compliance with these Regulations may arise from entering into partnership arrangements. In such cases, prior approval of the PCC following the agreement of the PCC CFO, in liaison with CC CFO should be sought.

E2 EXTERNAL FUNDING

Overview and Control

- 2.1. External funding is a very important source of income. The main source of such funding is government grants, but consideration should be given to ensuring that the potential for all income sources is maximised. The PCC should agree a fees and charges policy and review this on a regular basis.
- 2.2. Any match funding requirements should be given due consideration prior to entering into agreements and resources identified for future commitments.

Key Controls

- 2.3. The key controls for external funding are:
- To ensure that key conditions of funding and any statutory requirements are complied with and that the responsibilities of the accountable body are clearly understood.
 - To ensure that funds are acquired only to meet the priorities approved in the Police and Crime Plan.
 - To ensure that any match-funding requirements are given due consideration prior to entering into long term agreements and that future revenue budgets reflect these requirements.

Responsibilities of the Statutory Officers

- 2.4. To ensure that any conditions in relation to external funding are in accordance with the approved policies of the PCC. In such cases, shall ensure compliance with the key conditions determined by the funding body and any statutory requirements. If there is a conflict, this needs to be taken to the PCC for resolution.
- 2.5. To ensure that the match-funding requirements and exit strategies are considered prior to entering into the agreements and that future medium term financial forecasts reflect these requirements.
- 2.6. To pursue actively any opportunities for additional funding where this is considered to be in the interests of the PCC.
- 2.7. All bids for external funding and the proper recording of grant income shall be coordinated through the CC and subject to the approval of the PCC.
- 2.8. To ensure that all funding notified by external bodies is received and properly recorded in the accounts, that all claims for funds are made by the due date and that audit requirements are met.

E3 WORK FOR THIRD PARTIES

Overview and Control

- 3.1. Current legislation enables the Commissioner to provide services to other bodies. Such work may enable economies of scale and existing expertise to be maintained.. Arrangements should be in place to ensure that any risks associated with this work are minimised and that such work is not ultra vires.

Key Controls

- 3.2. The key controls for working for third parties are:
 - To ensure that proposals are costed properly in accordance with guidance provided by the Home Office, or the PCC.
 - To ensure that contracts are drawn up using guidance provided by the Home Office, or the PCC.

- To issue guidance with regard to the financial aspects of third party contracts and the maintenance of the contract register.

Responsibilities of the Statutory Officers

3.3. To ensure that :

- proposals for assistance are costed,
- that contracts are drawn up where appropriate,
- that no contract is subsidised by the organisation
- that contracts do not impact adversely on the services provided.
- that charges are made in accordance with the PCC policy
- that, where possible, payment is received in advance of the delivery of the service
- that the PCC is not put at risk from any bad debts.

3.4. The CC shall ensure that appropriate insurance arrangements are in place.

E4 COLLABORATED ACTIVITIES AND CONSORTIUM ARRANGEMENTS

Overview and Control

- 4.1. Providing services under collaborated arrangements can achieve efficiencies, savings and improve service reliance requirements. All collaboration activities involving functions under the direction of the CC shall be financially appraised by the CC CFO and discussed with the PCC CFO. Final approval of all s22/s23 collaborative arrangements rests with the PCC.
- 4.2. The PCC and CC may enter into Consortium (Shared Services) arrangements. Such an arrangement is a long term joint working arrangement with other PCCs/Forces operating within a formal legal structure approved by the PCC. Prior to entering into any consortium arrangement the proposal shall be financially appraised by the CC CFO and the PCC CFO. The PCC Chief Executive will sign the Memorandum of understanding (setting out the governance arrangements of the project) on behalf of the PCC/Force.

Responsibilities of the Statutory Officers

- 4.3. To ensure that each activity covered by collaborated arrangements is subject to the financial regulations of one of the PCC's involved. The particular PCC's financial regulations should be selected having regard to the staffing, activity and location of the collaborated activity.
- 4.4. To contact the PCC Chief Executive before entering into a formal consortium agreement, to establish the correct legal framework.
- 4.5. To consult, as early as possible, the PCC CFO and the CC CFO to ensure the correct treatment of taxation and other accounting arrangements.
- 4.6. To produce a business case to show the full economic benefits to be obtained from participation in the collaboration/consortium.
- 4.7. To produce a Memorandum of Understanding (MOU) setting out the appropriate governance arrangements.

E5 COMMISSIONING

Overview and Control

- 5.1. Under Section 10 of the Police Reform and Social Responsibility Act 2011, the PCC is given the responsibility for co-operative working. This allows, within the constraints of the relevant funding streams, the PCC to pool funding as they and their local partners deem appropriate. In accordance with the Commissioning Framework the PCC can commission services or award grants to organisations or bodies that they consider will support their community safety priorities in accordance with their Police and Crime Plan. They may do this individually or collectively with other local partners including non-policing bodies. The PCC must have regard to the relevant priorities of each responsible authority.
- 5.2. It is important to ensure that risk management and project appraisals are in place to assess the viability – both on initiation and on an on-going basis – of all external arrangements and an exit strategy is prepared.

Key Controls

5.3. The key controls for commissioning are:

- Agreements with clear priorities and outcomes
- Grant conditions and outcomes

Responsibilities of the Statutory Officers

5.4. To have regard to relevant priorities of local partners when considering and setting the Police and Crime Plan.

5.5. To work effectively with other local leaders who can also provide significant resources, to influence how all parties prioritise and bring together their resources to tackle local problems and priorities.

5.6. To consult with victims and witnesses of crime about policing and the proposed Police and Crime Plan. To commission the victim and witnesses support services in Northamptonshire.

5.7. To make appropriate robust arrangements to commission services from the Force or external providers.

5.8. To award crime and disorder grants as approved by the PCC.

5.9. To develop a commissioning framework that will support the objectives as set out in the Police and Crime Plan. The framework should encourage a mixed economy of provider options and where necessary .

5.10. To develop financial framework as part of the wider Commissioning framework with approved authorisation levels.

5.11. To keep under review the performance and outcomes of any investments agreed by the Commissioner in respect of partnership activity.

5.12. Ensure financial expenditure does not exceed the budgeted level to achieve the objectives set out in the Police and Crime Plan

SECTION F

DELEGATED LIMITS

The section references below refer to the main body of text within sections A to E of these Financial Regulations. All financial limits are contained within this section in order to minimise the need for change when values are updated.

F1 Financial Planning

Annual Revenue Budget Preparation

1.1. The budget estimates shall identify all proposed individual major revenue projects. A major revenue project shall be defined as one in excess of the estimated value shown below.

£250,000

F2 Budgetary Control

Virement is defined to be the transfer of budget between budget heads within a financial year and will always be a net nil, whereas a budget adjustment is defined as a budget movement at the time budgets are prepared for the forthcoming financial year.

2.1. Virement Limits

It is the responsibility of the Budget Manager to request approval to virement subject to the following limits

Force Budget

- **Up to £100,000 CC CFO**
- **Between £100,000 to £1,000,000 PCC CFO**
- **Over £1,000,000 PCC**

PCC's own budget

- **Up to £300,000 PCC CFO**
- **Over £300,000 PCC**

2.2. Treatment of Year End Balances

As a default position, any underspends against budgets will be taken to PCC reserves. In exceptional circumstances, budget holders who underspend their

budget in any financial year may have their devolved budget increased for the following financial year, , based on known future service requirements and with the approval of the PCC.

F3 Capital Programme

- 3.1. The PCC shall approve any in-year variations to the Capital Programme.
- 3.2. Cost of scheme varies from approved estimate by lesser of 10% or £100,000, subject to a minimum variation of £25,000.

F4 Risk Management and Insurance

- 4.1. The CC shall be authorised to settle insurance liability claims up to the value shown below. Beyond this value, claims must be referred to the PCC, for approval.

£50,000

- 4.2. The CC shall be authorised to settle claims subject to decision by Employment Tribunal up to the value shown below. Beyond this value, claims must be referred to the PCC, for approval.

£50,000

F5 Assets

Inventories

- 5.1. The Statutory Officers shall maintain inventories that record an adequate description of portable and desirable items such as computers, monitors, printers, facsimile machines, mobile phones and photographic equipment above the value shown below.

£1000

Stocks and Stores

- 5.2. Discrepancies between the actual level of stock and the book value of stock may be written off by the CC CFO up to the level shown below. Amounts for write off above this value must be referred to the PCC for approval.

Individual items £10,000

Cumulative for financial year £25,000

- 5.3. Obsolete stock may be written off by the CC CFO up to the level shown below. Amounts for write off above this value must be referred to the PCC for approval.

Individual items £10,000

Cumulative for financial year £25,000

Asset Disposal

- 5.4. The CC may dispose of surplus land and buildings, vehicles, leases and items of equipment up to the estimated value shown below. Disposals above this value are to be reported to the PCC for prior approval.

Land & Buildings £100,000

Equipment £15,000

Individual vehicles £25,000.

- 5.5. Items above the estimated value shown below shall be disposed of by public auction or sealed bids after advertisement, unless it can be shown that an alternative method of disposal would provide better value.

Land & Buildings £50,000

Equipment £15,000

F6 Banking Arrangements

- 6.1. All imprest cheques shall be signed at an appropriate level in accordance with an approved list and up to the level shown below

Up to £1,000 One signatory

Over £1,000 Two signatories

F7 Income

- 7.1. Where the monetary value of a sponsorship proposal is over the limit shown below or is perceived to be of a sensitive and controversial nature, this must be approved:

Up to £30,000 PCC CFO

Over £30,000 PCC or PCC CFO

- 7.2. Individual amounts may be written off by the CC CFO up to the level shown below. Amounts for write off above this value must be referred to the PCC for approval.

£20,000

F8 Ordering of Goods and Services

- 8.1. Authorisation of orders shall be in accordance with the limits shown below:

Up to £20,000 Nominated authorised signatory

£20,001 - £100,000 Authorised Budget Holders

Over £100,000 Countersigned by PCC CFO

- 8.2. Written quotations shall be obtained in accordance with Contract Standing Orders as detailed below:

Supplier identified as providing best value up to £25,000

At least 3 written quotations (unless exemption granted by EMSCU) £25,000 to £50,000

Over £50,000 formal tender process undertaken in conjunction with the Procurement Advisor and complying with the special conditions for tenders over EU threshold

Note: Any contract in excess of £25,000 can only be awarded following consultation with the Procurement Advisor.

F9 Payments for Goods and Services

9.1. Authorisation of statutory (e.g. HMRC tax liabilities) invoices where prior approval has not already been received from an appropriate person under the scheme of delegation may be approved in accordance with the limits shown below:

Up to £20,000 Nominated authorised signatory

£20,001 - £100,000 Authorised Budget Manager

Over £100,000 Countersigned by PCC CFO

F10 Ex Gratia Payments

10.1. The CC may make ex gratia payments to members of the public up to the level shown below in any individual instance, for damage or loss to property or for personal injury or costs incurred as a result of police action where such a payment is likely to facilitate or is conducive or incidental to the discharge of any of the functions of the CC. Amounts greater than those specified must be referred to the PCC for approval.

£20,000

10.2. The CC may make ex gratia payments up to the level shown below in any individual instance, for damage or loss of property or for personal injury to personnel in the execution of duty or to a member of the public assisting the police. Amounts greater than those specified must be referred to the PCC for approval.

£10,000

F11 Community Fund Grants

11.1 *The PCC may make Community Fund Grants up to the level specified below*

Total in any one year £100,000 cumulative

Appendix 2 – Contract Standing Orders



Contract Procedure Rules and Standing Orders

September 2016

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Appendix A – Terms and Definitions

Appendix B - List of relevant legislation

Appendix C – EU Procurement Thresholds

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Appendix E - Single Tender Approval Request

1. Introduction

- 1.1 These Contract Procedure Rules and Standing Orders for the Northamptonshire Office of the Police and Crime Commissioner (NOPCC) are intended as a guide for our suppliers and staff to help those engaged in buying or providing goods and services.

Public procurement is a complex process governed by rules and regulations. They aim to ensure the freedom of opportunity to trade with us as an organisation and that we are open and transparent in the way we do business. This also helps to ensure we achieve value for money, the right balance between quality, performance and price, when we buy goods and services. In doing so we ensure we make the best use of scarce public resources.

It is important to note that wherever there is a relationship between the NOPCC and another organisation that can be defined as “a binding agreement for performing, or refraining from performing, some specified act(s) in exchange for lawful consideration”, this constitutes a Contract. Even if the arrangement has historically been called something else, (excluding grants), it is actually a Contract, and is therefore subject to these Contract Procedure Rules and Standing Orders. These rules ensure that a competitive procurement exercise, resulting in value for money, is undertaken, or that in exceptional cases appropriate approvals, based on sound reasoning, are gained for not competing the Contract opportunity.

These Contract Procedure Rules and Standing Orders relate to NOPCC, and Northamptonshire Police (NP) must determine their own procedures. The PCC has given a range of formal delegations to the Chief Constable (CC) and similarly delegation to undertake the associated procurement activity on behalf of the Force and to authorise the CC to accept any tenders and sign contracts in accordance with their own Contract Procedure Rules and Standing Orders which relate to NP.

2. Business Code of Conduct

2.1 Purpose

This is the Business Code of Conduct for the NOPCC. The purpose of this section is to advise the minimum standards expected of all staff and agents employed by the NOPCC and also to ensure fairness and consistency of approach in line with sound commercial practice.

2.2 Application

All staff and agents employed by the Police and Crime Commissioner (PCC) must abide by this code in the conduct of the business of the office. In addition, the CC must define his/her own Contract Procedure Rules and Standing Orders and staff and Police Officers of Northamptonshire Police employed by the CC must abide by the standards within the NP code as part of the conditions of funding that exist between the PCC and/or the CC.

Staff should regard the code as the basis of best conduct. Staff should raise any matter of concern of an ethical nature with their line manager, the PCC Chief Finance Officer (PCC CFO) or the Chief Executive, irrespective of whether it is addressed in this Code. Staff should also ensure that they comply with the Anti-Fraud and Corruption requirements in respect of gifts, gratuities and hospitality as set out within the financial regulations. Any matters arising which are outside the bounds of this Code should be referred immediately to line management.

2.3 Conduct

2.3.1 Staff shall always seek to uphold and enhance the reputation of the organisation and always act professionally by:

- (i) maintaining the highest possible standard of probity in all commercial relationships, inside and outside the organisation;
- (ii) rejecting and reporting any business practice which might reasonably be deemed illegal or improper and never using authority for personal gain;
- (iii) enhancing the proficiency and stature of the organisation by acquiring and maintaining current technical knowledge and the highest standards of ethical behaviour;
- (iv) ensuring the highest possible standards of professional competence including technical and commercial knowledge
- (v) optimising the use of resources to provide the maximum benefit to the organisation

Complying both with the letter and the spirit of:

- (i) the law and all legislation governing their procurement activity;
- (ii) this code, procurement policy and procedure, contract standing orders and financial regulations;
- (iii) guidance on professional advice; and

(iv) contractual obligations

2.3.2 Staff must never allow themselves to be deflected from this code of conduct. Failure to do so may result in disciplinary action. In abiding by this code, the rules set out below must be followed:

2.3.2.1 **Declaration of Interest**

Any personal interest which may affect or be seen by others to affect your impartiality in any matter relevant to your duties must be declared.

2.3.2.2 **Confidentiality and Accuracy of Information**

The confidentiality of information received in the course of duty must be respected and must never be used for personal gain. Information given in the course of duty should be honest and clear.

2.3.2.3 **Competition**

The nature and length of contracts and business relationships with suppliers can vary according to circumstances. These should always be constructed to ensure deliverables and benefits. Arrangements which might in the long term prevent the effective operation of fair competition should be avoided.

2.3.2.4 **Business gifts**

Gifts from suppliers other than items of very small or no intrinsic value, such as business diaries or calendars, should not be accepted but should be declined courteously.

2.3.2.5 **Hospitality**

The recipient should not allow themselves to be influenced, or be perceived by others to have been influenced, in making a business decision as a consequence of hospitality. The frequency and scale of hospitality accepted should be recorded and managed openly with care. It should not be greater than that which the organisation would reciprocate and which would be acceptable to the public as a good use of public funds.

3. NOPCC Policy and Procedures

3.1. Introduction

Procurement policy and procedures are determined and owned by the NOPCC and the procurement policies and procedures aim to ensure that the supply of goods, services and works are procured in accordance with relevant legislation and in the most cost effective manner. They also aim to ensure that procurement activity is undertaken in a fair, transparent and consistent manner, ensuring the highest standards of probity and accountability. Procedures define the minimum processes expected of staff engaged in the procurement of goods, services and works on behalf of the NOPCC.

3.2. Responsibilities

Our Procurement Advisor is responsible to the PCC CFO for ensuring that procurement policy, procedures and contract standing orders are maintained. The day to day activity of procuring goods, services and works is undertaken by Authorised Officers, based on the value, and must be conducted in accordance with the principles and rules of this document and the NOPCC financial regulations and the scheme of delegation.

3.3. Scope

All staff employed by the Police and Crime Commissioner (PCC) must abide by procurement policy and procedure in the conduct of the business of the office. Failure to comply may result in disciplinary action.

4 Procurement Policy

4.1 The procurement policy of the NOPCC is that:

- i. All procurement activity will be undertaken in a transparent, fair and consistent, manner, ensuring the highest standards of probity and accountability.
- ii. All staff will adhere to the Procurement Policy and procurement procedures of the NOPCC and seek to ensure acceptance and operation of it among colleagues and stakeholders.
- iii. All procurement will be compliant with good commercial practice and open to continuous improvement and development to ensure value for money.
- iv. All staff involved in procurement activities will familiarise themselves with the Business Code of Conduct and consideration will be given to circumstances where members of staff would need to be excluded where their position may be compromised.
- v. All procurement activity shall comply with statutory requirements including, but not limited to, UK legislation, Directives of the European Community and relevant Government guidance.
- vi. All procurement activity will also comply with Contract Procedure Rules and Standing Orders; Financial Regulations, and Scheme of Delegation.
- vii. All procurement activity will be ethically, environmentally and socially responsible with due consideration being given to any economic benefits and regeneration opportunities.

5 Procurement Procedures

5.1. Introduction

Procurement procedures provide information on how to procure goods, services and works on behalf of the Northamptonshire Office of the Police and Crime Commissioner (NOPCC). They also define the minimum processes expected of staff engaged in a procurement process and when and where to get further professional advice. Before undertaking any procurement staff are required to read through these procedures and the associated business code of conduct and procurement policy.

5.2. Procedures

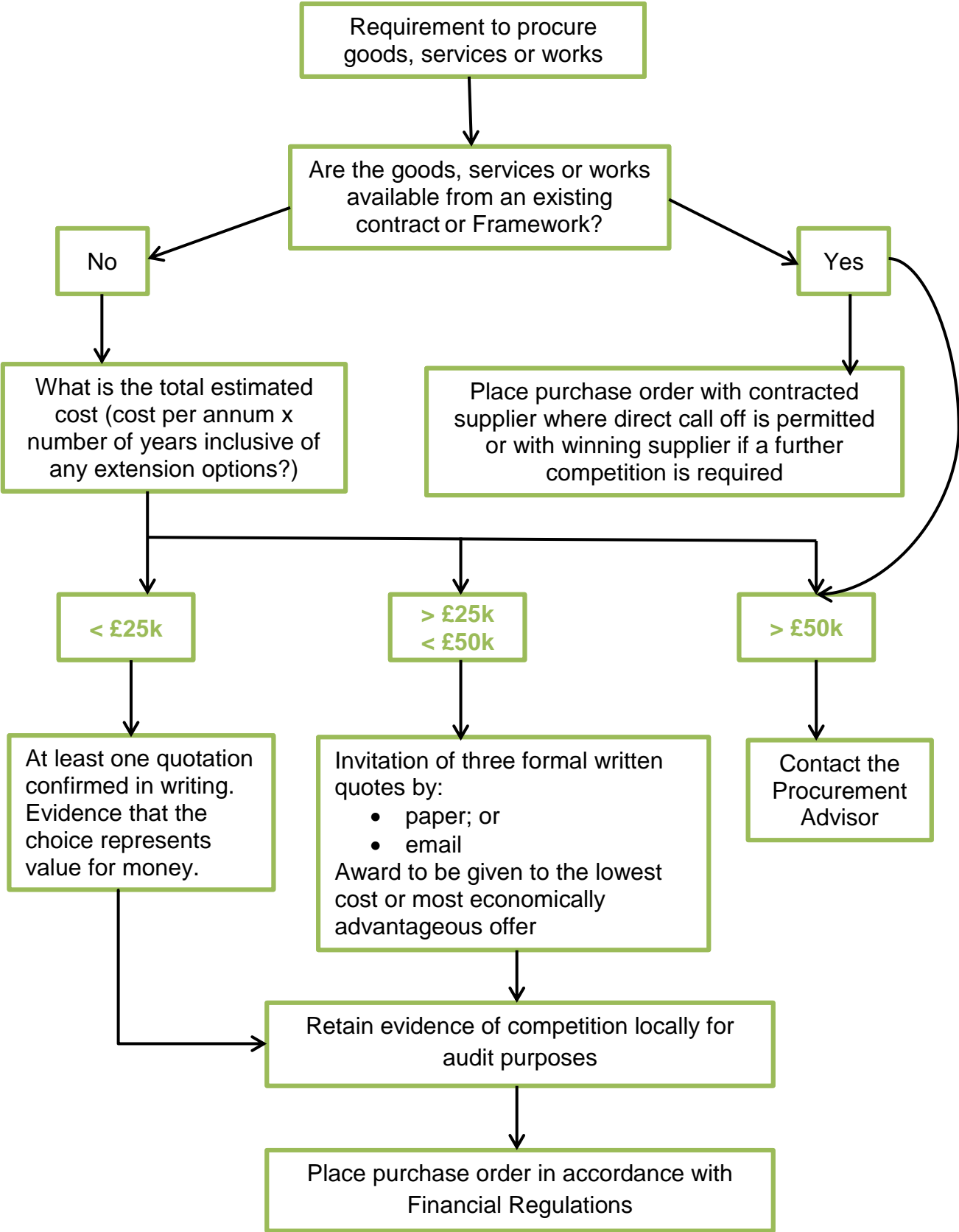
- 5.2.1 There are a number of routes through which goods, services and works can be procured. These include using existing contracts that have already been negotiated locally and running a new competitive procurement, for which the process is dependent on the value of spend. Procurement can also be carried out through framework agreements. These are National, Regional or local that can be used to buy directly from a supplier or by conducting a further competition exercise where there is more than one supplier.
- 5.2.2 These procedures cover all of these procurement routes and set out the rules that apply and the staff that have to be involved in the process. They also cover how to deal with exceptions. This is when the rules may not apply.
- 5.2.3 Once procurement has begun, these procedures will also set out rules for how to manage the process including dealing with late Tenders, evaluation of Tenders, variations to contracts and the documents and records that need to be maintained.
- 5.2.4 Should these procedures not appear to provide the appropriate mechanisms at any stage of the procurement process, advice must be sought from line management or the Procurement Advisor before proceeding further. Information contained within the procedures refers to both procurement activity involving a Tender process and to NOPCC contracts regardless of how they were entered into.
- 5.2.5 Further advice on these procedures and any aspects of the procurement process can also be provided from the Procurement Advisor and the PCC CFO.

6. Procurement Routes

6.1 Introduction

There are a number of different routes through which procurement may take place. This section of the procedures provides instruction on how to identify the most appropriate procurement route. A procurement procedure flow chart is set out below. This has been developed to identify which procurement route should be followed based on the framework agreements/collaborative contracts available and accessible, together with the estimated total contract value. Once the most appropriate procurement route has been identified, the relevant section of this document will explain the detailed procurement procedure.

6.2 Procurement Procedure Flowchart



6.3 Procuring through Existing Contracts and Frameworks

- 6.3.1. If the goods, services or works are available under an existing contract and represents value for money, that contract must be used. An existing contract includes those contracts where NOPCC are not the lead organisation but where we have committed to use the contract. This can include Regional and National Framework arrangements. For some goods, works and services national arrangements are mandated by Central Government.
- 6.3.2. The Procuring Officer must consult with the Procurement Advisor to ascertain whether an existing contract or framework should be used.
- 6.3.3. Existing contracts offer many benefits. The contract will already be compliant with EU legislation and Contract Standing Orders and there is no requirement to run a further procurement process. Through the whole organisation using the same contract we minimise the administrative costs associated with the use of multiple suppliers and achieve better value for money by being able to offer suppliers more business. In using existing contracts we also have assurance that the supplier has met numerous rigorous standards including financial stability, health & safety, insurance, ethical and environmental standards etc. and robust contract terms will be in place.
- 6.3.4. When purchasing through an existing contract the only requirement is to place a purchase order with the contracted supplier, referencing the contract number, which is then approved by the Authorising Officer in accordance with these Contract Procedure Rules and Standing Orders. The Procurement Advisor can provide advice on whether a contract exists.

6.4 Competitive Procurement

Where there is no existing contract available it will be necessary to go through a new procurement process. The rules to follow depend on the amount of money that is likely to be spent and this must be based on the Total Estimated Value of the contract for the whole duration of the contract, including any extension options.

6.5 Procurement under £25,000

A minimum of one written quotation must be obtained either by e-mail or from a catalogue or price list. A quotation may be initially requested by telephone but the supplier must then be asked to follow this up in writing by either of the above methods prior to a purchase order being authorised and issued. Should the minimum of one quotation be used particular care should be given to

ensure compliance with Procurement Policy and the Business Code of Conduct. The issue of an official purchase order to the supplier ensures the purchase is made against the Commissioners Standard Terms and Conditions of Order.

6.6 Procurement over £25,000 and under £50,000

- 6.6.1. The Procuring Officer must seek a minimum of three formal written quotations in writing either on paper or by email. The number of organisations invited to submit quotes or otherwise offer to supply must be sufficient to demonstrate that genuine market forces are employed to maximise value for money. This should either be on the basis of lowest cost or the most economically advantageous Tender, after taking in to account any quality criteria.
- 6.6.2. Care must be taken to ensure all potential suppliers are treated fairly and each supplier is assessed using a pre-determined evaluation model. The evaluation should assess the quality and whole life cost of the offer if possible against the specification. An official NOPCC purchase order number must be issued to the supplier to authorise the purchase and ensure the procurement is in accordance with the NOPCC Standard Terms and Conditions of Order. If in doubt, contact your Procurement Advisor.
- 6.6.3. The quotations should be retained locally for audit purposes together with a record of the details of the quotation exercise, in accordance with the NOPCC requirements. The details recorded should include the number and details of quotations received together with a summary of the evaluation and award decision made.
- 6.6.4. The PBP can offer advice and guidance on specifying your requirements, invitation to quote documents, evaluation models, award procedures and protocol involved in debriefing suppliers.

6.7 Procurement over £50,000 and under EU Threshold

- 6.7.1. Where the total value of contract is estimated to exceed £50,000 over the whole duration the procurement process must be managed by the Procurement Advisor on behalf of the NOPCC. Tenders may be invited in a number of ways including using a single stage or two stage procedure, select list, using a framework arrangement for a direct call-off or conducting a further competition and exploiting any existing contractual arrangements. Whichever process is used, the Procurement Advisor in consultation with the Procurement Officer will formulate a Procurement Strategy for the procurement which will be based on a Statement of Requirement (SOR) obtained from the originator or budget holder. The evaluation models,

matrices and other tools used to assess and compare the Tenders will be determined and agreed with stakeholders or project members as part of the Procurement Strategy, prior to receipt of Tenders and quotes.

- 6.7.2. Where a **Single Stage Invitation to Tender** is being used an Advertisement will be placed by the Procuring Officer in accordance with Clause 7.6.1 and expressions of interest invited from organisations who wish to receive Tender documents. All organisations expressing an interest are sent an Invitation to Tender within the time scales set out. Such Tenders shall include elements to assess their ability to meet financial requirements in addition to specific areas of technical ability relevant to the contract.
- 6.7.3. **Two Stage Tenders** require that **expressions of interest** are invited from the market through advertisement in accordance with Clause 7.6.1. On receipt of expressions of interest a **Pre-Qualification Questionnaire** will be forwarded to the interested organisations and these, when completed, shall be assessed to determine the most appropriate organisations from whom Tenders shall be invited. Tenders will be invited from those organisations who meet the minimum selection criteria. The selection process shall always be predetermined.
- 6.7.4. Select Tender lists may be drawn up where it can be satisfactorily demonstrated that the number of competitive Tenders that could be received is limited. Such lists will be formulated and maintained by the Head of Procurement Services and reviewed on an ongoing basis. However, there is a mandate to comply with the spirit of EU Legislation and Contract Standing Orders regarding open competition which must be duly regarded.
- 6.7.5. Having identified the organisations from whom Tenders would be considered, the organisations shall be invited to express their desire to receive a Tender by requiring them to respond to an appropriate brief.
- 6.7.6. The use of further competition exercises will be adopted where pre-tendered Framework arrangements exist, such as National or Regional Frameworks, for example Government Procurement Service (GPS) or other consortia frameworks e.g. ESPO/Pro5. This involves identifying organisations that are able to meet the requirement from those who have been pre-tendered and pre-qualified. The further competition exercise is a leaner process due to the supplier already having gone through a Tender process to be awarded a place on the framework, and the evaluation criteria is dictated by the framework call off mechanism which concentrate on the price and service delivery elements of the requirement.
- 6.7.7. The Procurement Advisor will maintain a database of all available frameworks which will include an on - going assessment of the overall value for money of each framework. The Procurement Advisor will utilise a suitable framework if it is considered to offer value for money, prior to undertaking an independent procurement exercise.

6.8 Procurement above EU Threshold

- 6.8.1. In accordance with clauses 6.7.6 and 6.7.7 a Framework will be utilised in the first instance, if considered to be commercially suitable, ahead of undertaking any other EU procurement procedure.
- 6.8.2. When letting contracts above the EU threshold, the Public Contracts Regulations 2006 must be followed and adhered to by the Procurement Advisor. When undertaking a procurement in accordance with EU Procurement Directives there are different types of procurement procedures that can be selected such as the Open Procedure and Restricted Procedures. In addition it is open to undertake a Negotiated Procedure or Competitive Dialogue. Competitive Dialogue may be used and is permitted under EU Legislation within strict guidelines. Negotiated Procedure or Competitive Dialogue are suitable in exceptionally complex procurements, e.g. Private Finance Initiative (PFI) and are only to be undertaken after approvals have been granted based on tests being satisfied. Whichever, of these routes is utilised will depend on the type and complexity of the procurement and will be agreed between the Procurement Officer and the Procurement Advisor as part of the strategy for that particular project.
- 6.8.3. Concerning all EU procurement the EU Directives require that consideration is given to “aggregation of demand” and that this is calculated as the total estimated annual expenditure multiplied by the total number of years for which a contract would be in place, including any extension options. If the value derived is over the EU threshold for the goods, service or works, then an EU Tender must be conducted. The EU Directives are clear that deliberate attempts to reduce, avoid or misrepresent the total value of the contract are a breach of the legislation.
- 6.8.4. The timescales for tendering under the EU Directives are prescriptive and may generally be longer than a non EU Tender. Failure to leave sufficient time to complete the tendering process is legislatively not an acceptable reason for avoidance of the regulations.
- 6.8.5. A project team will be assembled to undertake the project and will involve all the relevant stakeholders for that type of procurement. This will usually include the Chief Executive and/or Procurement Officer, PCC CFO, Procurement Advisor and other relevant representatives.

7. Procurement Process

7.1. Introduction

This section of the procedures sets out the different processes involved in undertaking procurement once the procurement route has been determined. It also sets out how to manage the process when procedures have not been followed, for example dealing with late Tenders or missing information.

7.2. Steps Prior to Purchase

7.2.1. No contract for the execution of works or for the supply of goods or services shall be made unless budgetary provision has been made in annual revenue or capital estimates approved by the NOPCC or unless an estimate is reported to and approved by the PCC CFO.

7.2.2. The Procuring Officer must assess the requirement, in a manner commensurate with its complexity and value, by:

- i. appraising the need for the expenditure and its priority
- ii. defining the objectives of the purchase
- iii. confirming that there is delegated approval for the expenditure and the purchase accords with the approved policy framework and scheme of delegation.
- iv. if the total value of the proposed expenditure is estimated to be below £50,000 then action the procurement in accordance with the Procurement Routes stipulated in Clause 6.6 in the Procurement Procedures Section of this document
- v. assess the types of risks associated with the purchase and how to manage them

if the total value of the proposed expenditure is estimated to exceed £50,000 then contact the Procurement Advisor to enable a SOR to be completed And forwarded for action

7.3. Pre-Tender Market Research and Consultation

7.3.1. The Procuring Officer responsible for the purchase:

- i. may consult potential suppliers prior to the issue of the Invitation to Tender in general terms about the nature, level and standard of the supply, indicative prices, contract packaging and other relevant matters, provided this does not prejudice any potential Applicant/Tenderer.
- ii. may seek or accept advice on the preparation of an Invitation to Tender or Quotation from anyone, but not if the advice given may prejudice the equal treatment of all potential suppliers or distort competition, and
- iii. should seek advice from the Supplier Services Team

7.4 Statement of Requirement

- 7.4.1. Specifications and standards are used to describe the requirement – goods, services and/or works – for which the procurement process is being conducted. They are included within the documents inviting suppliers to Tender. This information will be obtained when an SOR is agreed between the Procurement Advisor and the Procurement Officer.
- 7.4.2. The Procurement Advisor will provide as much assistance as possible to Procurement Officers to enable them to identify and express their requirements so that the market can respond appropriately.
- 7.4.3. Although the Procurement Officer is responsible for identifying and owning the specification, the Procurement Advisor will utilise their skills, knowledge of the market and experience in assisting compiling the specification to aid identification and expression of the requirement.
- 7.4.4. Standards adopted to identify minimum, maximum or equivalent shall be in accordance with all current legislation and will ensure equal and fair treatment for all prospective suppliers.

7.5 Exceptions to normal procedures/single tender action

- 7.5.1. ALL exceptions that exceed £25,000 in value must be authorised prior to the procurement of goods, services or works. For such contracts the Procurement Officer or Chief Executive must complete a Single Tender Approval Request form as detailed at Appendix E and submit it for agreement to the Procurement Advisor.
- 7.5.2. Any proposed extension to a contract, where there is no extension option provided for in the terms of the current contract, must be treated as an exception to normal procedures, requiring the completion of a Exception to Contract Procedure Rules / Single Tender Approval Request form (Appendix

E). The value of such an extension is the total value of the proposed contract and consists of the total value of the current contract plus the value of the proposed extension.

7.5.3. Any value so negotiated after the Single Tender Approval Request has been approved shall be agreed and authorised in accordance with the Award of Contract thresholds detailed in the Contract Authorisation limits within the Standing Orders of this document (Clause 8.10.1).

7.5.4. Exceptions made for the reasons outlined below, but without prior single tender approval may expose the NOPCC to commercial and legal risk and will be treated as breaches of Contract Standing Orders, and may be subject to disciplinary action. Requests for exceptions to normal procedures will only be considered under the following circumstances:

- i. urgency reasons - the contract is required as a matter of extreme urgency and this is due to circumstances outside the control of the NOPCC. This does not include circumstances brought about by the lack of internal planning.
- ii. product reasons – where there are strong compatibility issues relating to the goods or the service that the NOPCC already uses and it would be uneconomic to consider alternative solutions.
- iii. limited supplier – where there is only one supplier of a particular product or service. This may arise, for example, if ownership of the relevant Intellectual Property Rights excludes all other potential suppliers.

7.5.5. A report of all exceptions approved is provided for the PCC CFO to scrutinise on a quarterly basis.

7.6 Advertising and Assessing Potential Applicants

7.6.1. Procuring Officers shall ensure that proposed contracts with an estimated value that exceed £50,000 are advertised to the widest possible audience of proposed Applicants. The method of advertising will depend on the type of procurement and the procurement strategy and contracts will be advertised using at least one or more of the following examples:

- i. The NOPCC website
- ii. Bluelight

- iii. Portal websites specifically created for contract advertisements e.g Source East Midlands
- iv. Contracts Finder (Business Link)
- v. National official journals, trade magazines as appropriate or
- vi. The Official Journal of the European Union (OJEU)/ Tenders Electronic Daily (TED) (if the procurement is subject to EU Procurement Directives).

7.6.2. Procuring Officers are responsible for ensuring that all Applicants for a Contract are suitably evaluated. For contracts above £50,000, where a formal process undertaken by Procurement Advisor shall take place and following the contract being advertised as 7.6.1, the assessment process shall establish that the potential Applicants adequately meet selection criteria in the following areas :

- i. The Legal capacity to contract
- ii. The required level of financial standing
- iii. The technical ability and capacity to fulfil the requirements of the NOPCC

7.6.3. Tenders/Quotations will also be obtained in respect of proposed contracts that are expected to exceed £50,000 by selecting organisations using the following Procurement routes, where the suppliers have already been satisfactorily evaluated against selection criteria using a formal procurement process :

- i. National or Regional Framework with single or multiple suppliers
- ii. Approved Lists of providers, maintained by the Procurement Advisor on behalf of NOPCC, and compiled following responses to a public advertisement and after undergoing a formal procurement process. A suitable Framework should be used in preference to an Approved or Select Tender List.

7.6.4. Where an Applicant is a subsidiary within a group, the soundness of the group will be considered together with the appropriateness of obtaining a bond or a 'guarantee' from the parent company.

7.6.5. Where a contract is advertised or a select Tender list is used then invitations to Tender will be sent to not less than four of the Applicants who meet the selection criteria or if less than four Applicants meet the selection criteria, then the Tender will be sent to all the Applicants who do meet the selection criteria.

7.7. Framework Agreements

- 7.7.1. The Procurement Advisor will maintain a database of Framework Agreements that are available to utilise. Each Framework Agreement will be assessed for the value for money it offers and suitability in terms of service delivery.
- 7.7.2. The Procurement Advisor will utilise a Framework in the first instance, if judged to be suitable, prior to conducting any Tender process for a contract that exceeds a value of £50,000
- 7.7.3. For procurements of less than £50,000, budget holders should seek advice from the Procurement Advisor prior to utilising a Framework Agreement.
- 7.7.4. Contracts based on Framework Agreements may be awarded directly if the terms laid down in the Framework Agreement permit direct call-off. Where the terms stipulate a further competition should be held then these will be conducted in accordance with the following procedure:
- i. inviting all the organisations within the Framework Agreement that are capable of executing the subject of the contract to submit written offers
 - ii. fixing a time limit which is sufficiently long to allow offers for each specific contract to be submitted, taking into account factors such as the complexity of the subject of the contract
 - iii. awarding each contract to the supplier who has submitted the best offer on the basis of the Award Criteria set out in the terms and conditions of the Framework Agreement
- 7.7.5. Under the Police Act 1996 (Equipment) Regulations 2010, the use of specific framework agreements is mandated. See Appendix D.

7.8. Approved or Select Tender Lists

- 7.8.1. Approved Lists cannot be used where the EU Procedure applies. The Procurement Advisor may draw up, manage and maintain:
- i. Approved Lists of suppliers able to perform contracts for the provision of services or supply of goods
 - ii. Apply set criteria for selecting from the lists

- 7.8.2. No supplier may be entered on an Approved List until there has been an adequate investigation into legal, financial and technical ability to perform the contract, unless such matters are to be investigated each time Tenders are invited from that list.
- 7.8.3. Approved Lists must be drawn up following the opportunity being advertised as per Clause 7.6.1. Suppliers may be entered on a list between the initial advertisement and re-advertisement provided they meet the criteria above.
- 7.8.4. Suppliers on the list will be reviewed at least annually against the criteria and the list re-advertised at least every three years. Review means:
- i. The reassessment of the legal, financial and technical ability and performance of those persons on the list, unless such matters are to be investigated each time Tenders are invited from suppliers on that list.
 - ii. The deletion of those suppliers who no longer meet the criteria
- 7.8.5. All Approved Lists shall be maintained in an open, fair and transparent manner and be open to public inspection.

7.9. Collaborative contracts

Where Tenders are invited by any Police and Crime Commissioner other than Nottinghamshire, Derbyshire and Northamptonshire, or by any other Public Authority, the invitation, submission, opening and acceptance of those Tenders shall comply with the provisions of the Contract Standing Orders of that Commissioner or Authority unless these provisions are considerably inconsistent with the method by which Tenders are dealt with by the Northamptonshire Office of the Police and Crime Commissioner.

7.10 Invitations to Tender / Quotation

7.10.1. The Invitation to Tender shall state that no Tender will be considered unless it is received by the date and time stipulated in the Invitation to Tender. No Tender delivered in contravention of this clause shall be considered other than in accordance with the rules for submission of Tenders.

7.10.2. All Invitations to Tender shall include the following:

- a) a specification that describes the NOPCC requirements in sufficient detail to enable the submission of competitive offers.
- b) a price schedule with the facility for the Tenderer to submit prices and/or variant Tenders for consideration if appropriate.
- c) a requirement for Tenderers to declare that the Tender content including price has not been disclosed by the Tenderer to any other party (except where such a disclosure is made in confidence for a necessary purpose, for example a Tender submitted by a Consortium).
- d) a requirement for Tenderers to complete fully and sign all Tender documents including a Form of Tender and certificates relating to canvassing and non-collusion
- e) notification that Tenders are submitted to the NOPCC on the basis that they are compiled at the Tenderer's expense.
- f) a definition of the Selection and Award Criteria being applied that details all weightings for criteria.
- g) notification that no Tender will be considered unless it is in accordance with the "Instructions to Tenderer".
- h) a stipulation that any Tender submitted must be made electronically using the approved electronic Tender system and no other means will be considered, unless they comply with the rules on Tender submission.
- i) the method by which any areas requiring clarification in the submitted Tenders are to be dealt with, as defined in Clause 7.15.
- j) the Terms and Conditions that will apply to any subsequent contract

- k) a stipulation that the NOPCC is not bound to accept any Tender
- l) a statement stating that all Applicants invited to Tender or quote will be issued with the same information at the same time and subject to the same conditions. Any supplementary information will be given on the same basis.

7.11 Receipt, custody and opening of Tenders

- 7.11.1. Tenderers must be given an adequate period in which to prepare and submit their Quotation or Tender, consistent with the complexity of the contract requirement. This should normally be no less than 15 days. For contracts valued above the EU threshold and being conducted using an EU Tender procedure, specific minimum time periods for the receipt of Tenders must be adhered to.
- 7.11.2. Tenders shall be submitted electronically using the National Police approved electronic Tender portal called Bluelight or any subsequent e-tendering system utilised by the Procurement Advisor. Tenderers shall be notified accordingly. No Tender will be considered unless it is submitted electronically by the requested route, unless a failure of the system prohibits its use.
- 7.11.3. The Procurement Advisor shall be responsible for the safekeeping of Tenders which will be held in the electronic tender system, until the appointed time of opening. The electronic tendering system as part of its functionality will :
 - i. suitably record and verify the date and precise time it was received
 - ii. adequately protect immediately on receipt and guard against amendment of its contents
- 7.11.4. The electronic tendering system does not permit the Tenders to be viewed or amended until they have been opened and verified electronically by a nominated Officer from Procurement Advisor. Verification cannot take place until after the closing date and time.

7.12 Late Tenders

7.12.1. Tenders that have been received following the closing time and date may only be considered under the following circumstances; where it can be proven beyond any reasonable doubt that, if received:

- i. electronically, the Tender was uploaded before the closing date and time and that due to technical difficulties was unavailable; or
- ii. there is evidence that the Tenderer has made appropriate arrangements for the electronic delivery of the Tender before the closing date and time and had a justifiable technical reason for not submitting their response electronically before the deadline.

7.12.2. Any late Tender received that satisfies the conditions above will be treated as a 'late Tender' and shall be accepted and opened in accordance with 7.12.3

7.12.3. The electronic tender system will mark the Tender as technically late but its lateness must be recorded by the Procurement Advisor. The decision to accept or reject a late Tender will be taken by the Procurement Advisor.

7.13 Alteration to Tenders

7.13.1. No alteration to Tenders may be made after the closing deadline unless in accordance with this Clause or Clause 7.15

7.13.2. Where it is suspected that there has been an error in a Tender and following the closing date for receipt of Tenders but before acceptance of any Tender, discussions may take place with Tenderers in order to :

- i. ensure that the Tender is constructed correctly; or
- ii. ensure that the Tenderer has fully understood the specification; or
- iii. seek clarification from Tenderers of cost, quality and performance indicators

7.13.3. A written note of the discussions must be made to record the suspected error, date, time, detail of the discussion and any agreement reached.

7.13.4. Any changes which alter the final costs must be supported by documentation confirming the change from the organisation who submitted the Tender.

7.14 Evaluation of Tenders and quotations

7.14.1. The Procuring Officer must ascertain what are the relevant British, European or international standards which apply to the subject matter of the contract. If applicable the Officer must include those standards or equivalent which are necessary to define the required quality, allowing for equivalent standards.

7.14.2. For contracts below £50,000 in value, the Procuring Officer must define award methodology and evaluation criteria that are appropriate to the purchase to secure an outcome giving Value for Money for the NOPCC. The basic criteria shall be:

- i. 'lowest price' where payment is to be made by the NOPCC
- ii. 'higher price' if payment is to be received, or
- iii. 'most economically advantageous', where criteria other than price also apply for example quality

7.14.3. For contracts that exceed £50,000 in value, the Procurement Advisor will define the award methodology and evaluation criteria as part of the procurement strategy. These will be stipulated in the Invitation to Tender document issued to suppliers and will include all relevant weightings that will apply.

7.14.4. Where criteria other than price apply, all relevant evaluation criteria will be set to achieve the Most Economically Advantageous Tender (MEAT) whilst satisfying the requirement and will be a combination of price and service delivery factors. All offers received will be evaluated against the defined Award Criteria

7.14.5. MEAT evaluation criteria considers a range of whole life factors and will be defined and some examples of factors are:

- i. price;
- ii. delivery time;
- iii. training;
- iv. service delivery considerations;
- v. support and maintenance;
- vi. methodology, experience;
- vii. skill;
- viii. sustainability
- ix. implementation

7.14.6. The Tender evaluation team will have an appropriate governance structure with chair and be convened from members of the project team to encompass appropriate stakeholders with skills to consider Tenders meaningfully. Evaluation teams will generally consist of at least the following representatives:

- i. procurement;
- ii. technical; and/or
- iii. specialist(s) e.g. Commissioning Manager

7.14.7. All members of the evaluation panel should participate in all evaluation activity except where an expert adviser is only required to evaluate a particular part of the Tenders. Panel members should familiarise themselves with the Code of Conduct for procurers of Goods and Services, in particular declarations of interest.

7.15 Discussions and Post Tender Negotiations

7.15.1. In the case where the Estimated Contract Value is below the EU Threshold, and following the closing date for receipt of Tenders but before acceptance of any Tender, the Procuring Officer may carry out Post Tender Negotiations in an attempt to secure improvements in the price or economic advantage in one or more of the following circumstances:

- i. where the most competitive Tender (according to the pre-determined award methodology and evaluation criteria) submitted exceeds the Estimated Value;
- ii. where it is considered that the price of the most competitive Tender submitted does not represent the best value for money that can reasonably be obtained;
- iii. where Tenders have been invited only on the basis of unit prices or a schedule of rates and the lowest in aggregate is not the lowest on all items;
- iv. where the most competitive Tender contains conditions, trading terms, guarantees, or provisions relating to performance or service delivery less favourable than in other Tenders, or than stipulated for

and this defect appears capable of being remedied by Post Tender Negotiations.

7.15.2. When conducting Post Tender Negotiations, as part of a Procurement Exercise where the Estimated Contract Value is £50,000 or more (but below the EU Threshold), only the Tenderer submitting the most competitive Tender in accordance with the award methodology and evaluation criteria (Clause 7.14) may be invited to participate in Post Tender Negotiations.

7.15.3. When conducting Post Tender Negotiations, the following additional rules shall apply:

- i. At no time during the negotiations must a Tenderer be informed of the detail of any other Tender submitted or as to whether or not the Tender they submitted was the lowest.
- ii. During negotiations in person there must always be present at least one Officer of the Procurement Advisor.
- iii. A note of the negotiations will be made by one of the Procuring Officers present recording those present, the time and location of the negotiations, detail of the discussion and any agreement reached.
- iv. Post Tender Negotiation shall not enable any material departure from the published specification. The Procurement Advisor shall determine whether any proposed change to the specification constitutes a material departure and whether as a consequence other Tenderers shall be permitted to participate in Post Tender Negotiations and/or whether new Tenders should be invited, to avoid any potential allegations of competition being distorted.

7.15.4. Post Tender Negotiations are not allowed in the case of contracts with an Estimated Contract Value exceeding the relevant EU Threshold. However, clarifications of errors or discrepancies in Tenders may take place in accordance with Clause 7.13.

7.16 Award of Contract and Debriefing Tenderers

7.16.1. The confidentiality of Quotations, Tenders and the identity of Tenderers must be preserved at all times and information about one Tenderers response must not be given to another Tenderer.

- 7.16.2. Tenders must be evaluated and Contracts awarded in accordance with the Selection and Award Criteria. The arithmetic in compliant Tenders must be checked. If arithmetical errors are found they should be notified to the Tenderer, who should be requested to confirm or withdraw their Tender.
- 7.16.3. Procuring Officers may accept Quotations and Tenders received in respect of proposed contracts, provided they have been sought and evaluated fully in accordance with these contract procedure rules.
- 7.16.4. Where provision has been made within the annual budget or formally approved capital programme, a Tender may be accepted if it is within the estimate. Where a Tender exceeds the estimated amount then the PCC CFO must be consulted.
- 7.16.5. Where the Total Value exceeds £50,000 the Procurement Advisor will notify and debrief all Tenderers simultaneously and as soon as possible of the intention to award the contract to the successful Tenderer. For Two Stage Tenders all Applicants will be notified and debriefed simultaneously following completion of the pre-qualifying stage.
- 7.16.6. For all contracts subject to EU Procurement Regulations, the Procurement Advisor will ensure compliance with enhanced notice requirements under Alcatel standstill rules. Failure to comply with the EU procedures can result in various penalties including those defined in the Remedies Directive.
- 7.16.7. There is now a requirement to issue an “Award Decision Notice” to all unsuccessful Applicants. This has to be done as soon as possible after making the decision and by the most rapid means possible. The notice must contain:
 - i. the score of the recipient against the Award Criteria used
 - ii. the name of the winner and their score
 - iii. reasons for the decision, including the characteristics and relative advantages of the successful Tender
 - iv. if the Tender was not held to be compliant with any technical specification, the reasons for that decision
 - v. a precise statement of when the standstill period starts and ends, including how it may be affected by any “contingencies” e.g. clarification requests from Tenderers or formal legal challenges
 - vi. the date after which the contract may be entered into.
- 7.16.8. If the decision is formally challenged by an unsuccessful Tenderer then the Procuring Officer shall not award the contract and shall immediately seek the advice of the Procurement Advisor and Legal Services.

- 7.16.9. For all contracts where the total value exceeds £50,000 a formal Tender Award Report shall be prepared for the attention of the Authorising Officer. The report should detail the scoring methodology used, the Tender scores, identify the winning Tenderer, and the justification for the winning Tender (lowest price or most economically advantageous Tender).
- 7.16.10. No formal award will be made to the successful Tenderer until written authorisation has been obtained for the total value of the contract in accordance with the Contract Authorisation Limits stipulated in the Standing Orders
- 7.16.11. Under no circumstances, must a letter of intent be communicated to any Tenderer prior to the formal award of contract.
- 7.16.12. For NP tenders the PCC gives formal delegation to the CC to award all tenders for which the Force are responsible

7.17 Cancellations, variations, extensions or termination of contracts

- 7.17.1. Other than at the expiry of an agreed term, no contracts shall be terminated or cancelled without considering as to whether such action is in accordance with contractual terms and conditions. Any cancellation or termination must be made formally in writing and any requirement for a period of notice must be observed and acted on.
- 7.17.2. Where there is a wish to cancel or terminate contracts prior to their “natural” expiry or to utilise a contract term which allows for early termination other than by way of breach, advice must be taken from the Procurement Advisor who may in turn take appropriate legal advice depending on the reason for the request. Under no circumstances should employees verbally instruct suppliers or others engaged on behalf of contracted suppliers that their services or goods are no longer required. Inappropriate cancellation or termination of contracts may result in legal action and subsequent costs being borne by the NOPCC. All cancellations or terminations shall be made by the Procurement Advisor in writing.
- 7.17.3. If a request is made for a variation to contract, the value of the variation must be considered in line with the total contract value specified in the Advertisement (especially any OJEU notice) and/or if a material change,

whether this changes the scope specified in the Advertisement. If the aggregated value exceeds the authority level of the original contract signatory, then appropriate authorisation should be sought prior to issue of the variation to contract. All variations to contract must be made formally in writing by the Procurement Advisor and written agreement received from the supplier.

- 7.17.4. The Procurement Advisor will conduct a formal review with the budget holder at an appropriate time prior to the expiry of any contract. If there are options within the terms to extend the contract, then subject to satisfactory performance by the supplier and agreement from the budget holder, the contract will be extended with the supplier by the Procurement Advisor after exploring any cost reduction opportunities. Where there are no further extension options available then the contract may be terminated by Procurement Advisor and any subsequent contract will be let in accordance with these Contract Procedure Rules and Standing Orders, unless extended as per Clause 7.17.5.
- 7.17.5. Where an extension to a contract is beyond the extension period allowed in the contract, the exceptions to normal procedures (clause 7.5) must be followed. However, this is not permitted if the contract was advertised in OJEU. The total value of the contract must be considered which is the total current contract value plus the value of the proposed extension.

7.18 Document retention and record keeping

- 7.18.1. All documentation relating to contracts should be retained in accordance with the NOPCC requirements.
- 7.18.2. All amounts quoted throughout this document are exclusive of VAT. Where the Contract Value is less than £25,000 it is advisable to keep basic records. As a minimum, records must be maintained of any quotations received and the award made.
- 7.18.3. Where the Total Value is between £25,000 and £50,000, the following records must be kept in accordance with Clause 7.18.5:
- i. invitation to quote and quotations from the successful and unsuccessful Applicants
 - ii. any exceptions and the reason for them
 - iii. the evaluation criteria and methodology applied to the award decision.

- iv. Written records of communications with the successful supplier or an electronic record if a written record of the transaction would normally not be produced.
- 7.18.4. Where the Contract Value exceeds £50,000 the Procurement Advisor will manage and conduct the full procurement process on behalf of the NOPCC and will take responsibility for formally recording and retaining all documents relating to the process in accordance with NOPCC requirements
- 7.18.5. Records must be kept for six years after the end of the contract and for contracts signed under seal, records must be kept for twelve years after the end of the contract. Pre-Qualification Questionnaires and Invitation to Tender documents which relate to unsuccessful Applicants will be retained for 12 months from the commencement date of contract.
- 7.18.6. The Procurement Advisor shall maintain a register of all contracts, let on behalf of the NOPCC and will provide reports for the NOPCC as appropriate.
- 7.18.7. The content and frequency of the reports referenced in clause 7.18.6 will be agreed with the OPCC Chief Executive.

7.19 Freedom of Information

- 7.19.1. Information may be requested at any time on any process managed by the Procurement Advisor. Where information, for example, Tender responses must be retained, they should be kept in a manner that ensures they are secure and accessible at a later date.
- 7.19.2. Generally almost all of the content of a Tender will be considered commercially sensitive by a prospective supplier. This does not ensure that all the information the supplier would rather have kept in confidence, is not ultimately released.
- 7.19.3. Appropriate steps will be taken to enquire with prospective suppliers, as to the information they feel should be exempt from release and the FOI legislation allows for certain exemptions, although the decision as to potential release rests with the NOPCC and the FOI team.
- 7.19.4. If in doubt as to whether information should be released, the Officer should seek advice from their line manager.

8. Contract Standing Orders

8.1. Introduction and Purpose

These Contract Standing Orders set out the rules by which the NOPCC spends money on supplies, services and works in order to deliver its services. They apply to any contracts that result in a payment being made by, or to, the NOPCC. Contract standing orders aim to ensure that we:

- i. achieve Value for Money for public money spent
- ii. be consistent with the highest standards of integrity
- iii. ensure fairness in allocating public contracts
- iv. comply with all legal requirements, particularly in relation to the Public Contract Regulations
- v. support the corporate aims and policies of the NOPCC
- vi. comply with Procurement policy and procedures of the NOPCC

8.2. Responsibilities

8.2.1. All staff employed by the PCC must abide by contract standing orders in the conduct of the business of the office unless an exception is granted by the PCC CFO. Failure to comply may result in disciplinary action. All those engaged in procurement and contracting activity must also ensure that any Agents, Consultants and contractual partners acting on their behalf also comply.

8.2.2. Prior to undertaking a procurement exercise, Procuring Officers must:

- i. check with the Procurement Partner whether a suitable Corporate Contract or Framework exists before seeking to let another contract. Where a suitable Corporate Contract exists, this must be used unless there is an auditable reason not to
- ii. keep the records required under these rules as per Clause 7.18.

- iii. ensure that the Transfer of Undertaking (Protection of Employment) (TUPE) issues are considered and obtain legal advice before proceeding with inviting Tenders when an employee of the NOPCC, or of a service provider may be affected by any transfer arrangement
- iv. take proportionate account of all relevant risks, particularly relating to the Public Contracts Regulations*

*Note: Any public sector or utilities contract awarded in breach of certain fundamental Public Contract Regulations can be declared “ineffective” by the Courts. Depending on the circumstances of the breach, the Courts may order the setting aside of the decision concerned; order the contracting authority to amend any document; make an award of damages to an economic operator, and order the contracting body to pay a fine.

8.3. Responsibilities of the Chief Executive and Procurement Partner

8.3.1. The responsibilities of the Chief Executive are to :

- i. Ensure that their respective staff comply with these orders

8.3.2. The responsibilities of the Procurement Partner are to :

- i. act on behalf of the Chief Executive where referenced within these contract standing orders and comply with the requirements of the scheme of delegation ensuring the necessary authorisations are given.
- ii. keep a register of contracts and arrange their safekeeping
- iii. keep a register of contract exceptions

8.4. Relevant Contracts

8.4.1. All Relevant Contracts must comply with these Contract Standing Orders. A Relevant Contract is any arrangement made by, or on behalf of, the NOPCC

for the carrying out of works or for the supply of goods, materials or services. These include arrangements for:

- i. the supply or disposal of goods
- ii. the hire, rental or lease of goods or equipment
- iii. the execution of works
- iv. the provision of services

8.4.2. Relevant Contracts do not include:

- i. Contracts of employment which make an individual a direct employee of the NOPCC
- ii. Instruction of counsel and external legal advisors
- iii. Partnership Agreements.

8.5. Purchasing – Competition Requirements

8.5.1. Where the Total Contract Value for a purchase is within the values in the first column of the table below, the Procurement Process in the second column must be followed.

| Total Contract Value | Procurement Process | Procurement Lead |
|--|---|-------------------------|
| Up to £25,000 | One oral Quotation confirmed in writing | Officer |
| Over £25,000 and below £50,000 | At least three written Quotations | Officer |
| Above £50,000 and below EU Threshold See Appendix C | Use of Framework or Invitation to Tender. | Procurement Partner |
| Above EU Threshold See Appendix C | Apply EU Procurement Directive | Procurement Partner |

8.5.2. A Procuring Officer must not disaggregate a requirement nor select a method of calculating the Total Contract Value in order to minimize the robustness of the procurement process.

8.6. Assets for Disposal

Assets for disposal must be sent to public auction except where better Value for Money is likely to be obtained by inviting Quotations and Tenders. These may be invited by advertising on the NOPCC internet site, the UK Police Property Disposal Site or in an appropriate journal. In the case of the latter, the method of disposal of surplus or obsolete stocks / stores or assets other than land must be formally agreed by the PCC CFO in accordance with the NOPCC Scheme of Delegation. The basis upon which obsolete stocks / stores are declared surplus to requirements shall be in accordance with the NOPCC Financial Regulations.

8.7. Collaborative and Partnership Arrangements

Collaborative arrangements are subject to UK and EU procurement legislation and case law. They must follow these Contract Procedure Rules. In the case of private finance initiatives (PFI) and other public/private sector partnerships, such contracts must be approved and authorised in accordance with the scheme of delegation. If in doubt, Officers must first seek the advice of the Chief Executive.

8.8. The Appointment of Consultants to Provide Services

Consultant architects, engineers, surveyors and other professional Consultants shall be selected and commissions awarded in accordance with these Contract Procedure Rules.

8.9. Contract Documents

8.9.1. A NOPCC Purchase Order must be used wherever possible and include :

- a description of what is to be supplied (i.e. the product, materials, works, services)
- the provisions for payment (i.e. the price to be paid and when, including any milestones)
- the time, or times, within which the contract is to be performed

- the Standard Terms and Conditions of Order or the terms and conditions of the Framework being used.

8.9.2. All Relevant Contracts that exceed £50,000, and excluding direct call-offs using Purchase Orders against Frameworks, shall be in writing and will clearly specify :

- i. Contract Title
- ii. Contract Duration
- iii. The Invitation to Tender
- iv. Full details of the specification agreed between both parties
- v. Pricing Details
- vi. Insurance levels of the supplier
- vii. Contract Terms and Conditions including ant Special Conditions
- viii. The Data Handling Schedule that will apply
- ix. Performance Schedules
- x. Change Control mechanism and a record of any Changes agreed

8.9.3. All written contracts that exceed £200,000 as per clause 8.10.2 are to be signed under seal

8.10 Contract Authorisation Levels

8.10.1. The following Contract Authorisation Limits shall apply:

| Total Value of Contract (includes any extension options) | Method of Completion | Level of Authorisation |
|---|--|--|
| £0 to £24,999 | Signature / Purchase Order | Budget Holder/ Director |
| £25,000 to £49,999 | Signature / Purchase Order | Budget Holder/ Director |
| £50,000 to £99,999 | Signature / Purchase Order if a Framework call-off or Written Contract | Budget Holder/ Director in consultation with Procurement Advisor |
| £100,000 to £249,999 | Signature / Purchase Order if a Framework call-off or Written Contract | Director/Chief Executive/PCC CFO |
| Above £250,000 | Signature / Purchase | Chief Executive/PCC |

| | | |
|--|---|-----|
| | Order if a Framework call-off or Written Contract | CFO |
|--|---|-----|

8.10.2. All contracts must be concluded formally in writing before the supply, service or construction work begins, except in exceptional circumstances, and then only with the written authorisation as per the above authorisation levels. An award letter is insufficient. The Procuring Officer responsible for securing signature of the contract must ensure that the person signing for the other contracting party has authority to bind it.

8.11 Bond and Parent Company Guarantees

The Procuring Officer must consult the PCC CFO about whether a Parent Company Guarantee is necessary when an Applicant is a subsidiary of a larger group/company and:

- i. the Total Value exceeds £250,000, or
- ii. award is based on evaluation of the parent company, or
- iii. there is some concern about the stability of the Applicant.

8.12 Prevention of Fraud and Corruption

8.12.1. The Officer must comply with the NOPCC Business Code of Conduct and Anti-Fraud and Corruption Policy and must not invite or accept any gift or reward in respect of the award or performance of any contract. It will be for the Officer to prove that anything received was not received corruptly. High standards of conduct are obligatory. Corrupt behaviour will lead to dismissal and is a crime.

8.12.2. The following clause must be included in every written NOPCC contract:

“The NOPCC may terminate this contract and recover all its loss if the Supplier, its employees or anyone acting on the Supplier’s behalf do any of the following:

- a) offer, give or agree to give to anyone any inducement or reward in respect of this or any other NOPCC contract (even if the Supplier does not know what has been done), or
- b) commit an offence under the Bribery Act 2010 or Section 117(2) of the Local Government Act 1972, or
- c) commit any fraud in connection with this or any other NOPCC contract whether alone or in conjunction with NOPCC members, suppliers or employees.

8.12.3. The NOPCC could be liable where someone who performs services for it, such as an employee or agent, pays a bribe specifically to gain business, keep business, or gain a business advantage for a particular organisation. The Officer should perform a risk assessment regarding the bribery risks that the organisation might face, and exercise due diligence before engaging others to represent the NOPCC in business dealings. Written contracts shall also refer to and highlight whistle blowing arrangements as set out in the Anti-Fraud and Corruption policy documents.

8.13 Declaration of Interests

- 8.13.1. If it comes to the knowledge of an Officer or an employee of the NOPCC or anyone acting on behalf of the NOPCC that a contract in which he or she has a pecuniary interest has been or is proposed to be entered into by the NOPCC, he or she shall immediately give written notice to the Chief Executive. The Chief Executive shall report such declarations to the PCC.
- 8.13.2. Such written notice is required irrespective of whether the pecuniary interest is direct or indirect. An indirect pecuniary interest is distinct from a direct pecuniary interest in as much as it is not a contract to which the member or employee is directly a party.
- 8.13.3. The Chief Executive as the monitoring Officer shall maintain a record of all declarations of interests notified to him by any Officer.

APPENDIX A

Terms and Definitions

“Advertisement” is the means by which a Procurement Exercise is advertised, and includes (where appropriate) the ‘Contract Notice’ as defined in the Public contract Regulations 2006.

“Applicant” means an organisation that applies to be a supplier of goods and/or services to the NOPCC, usually by responding to an advertisement issued by the PCC for a specific contract requirement

“Authorised Officer” means any member of staff authorised to undertake procurement activity on behalf of the PCC.

“Award Criteria” means the evaluation criteria applied to select the successful tenderer in a single stage process, or for two stage tenders, the evaluation criteria applied to the second stage of the process to evaluate offers from Tenderers. In a two stage process, Award Criteria is specific to the delivery of the contract and can be solely based on the proposed cost of the contract or used to select the most economically advantageous Tender which evaluates the proposed cost and all the service delivery factors of the contract.

“Best Value” means the duty of the NOPCC, and the Procurement Advisor to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

“CC” means the Chief Constable of Northamptonshire Police

“Chief Executive” – means the Chief Executive to the Northamptonshire Police and Crime Commissioner

"Contract" means a binding agreement between two or more parties for performing, or refraining from performing, some specified act(s) in exchange for lawful consideration.

"Contract Extension" means an extension to the duration of the contract, but not including any alteration to the scope of the contract.

"Contract Variation" means an alteration to the scope of the contract, but not the extension of the duration of the contract.

“Corporate Contract” means any Contract or Framework Agreement or other arrangement put in place by the Procurement Advisor itself, or any other Public Sector Organisation (including other Local Authorities) or Consortium in which the Procurement Advisor on behalf of the NOPCC is entitled to participate and which, where necessary, has been awarded in an EU compliant manner.

“Estimated Contract Value” or **“Estimated Value”** means the total estimated value of the contract. Where the contract period is fixed the Estimated Value shall be the total estimated maximum value of the supplies, services or works to be supplied over the period covered including any extensions to the contract. If the contract period is unknown, a nominal period of 48 months shall be applied to the calculation.

“EU Directives” as implemented in to the Public Contracts Regulations (see separate definition)

“EU Threshold” means the respective threshold for Supplies, Works or Part A services contracts referred to in the Public Contract Regulations 2006.

“FOI Team” means the team that receives and processes Freedom of Information requests on behalf of the NOPCC

“Framework Agreement” is a general term for agreements with suppliers which set out terms and conditions under which specific purchases (call-offs) can be made throughout the term of the agreement. The Framework Agreement may, itself, be a contract to which the EU procurement directives apply.

A **“Further Competition”** is undertaken where not all the terms of a proposed contract are laid down in a Framework Agreement. It involves re-opening competition between the organisations which are parties to the Framework Agreement and which are capable of performing the proposed contract, on the basis of the same or, if necessary, more precisely formulated terms, and where appropriate other terms referred to in the contract documents based on the Framework Agreement.

A public sector **“Grant”** involves the provision of subsidy (capital or revenue) funding, by the relevant public sector body, in support of a charitable, or other public benefit, service, which the public body wishes to support, as part of fulfilling its own public benefit remit. A grant is provided on conditions aimed at ensuring the proper application of the grant funds, but not in return for anything.

“Invitation to Tender” means the document(s) containing the specification, proposed terms and conditions and other appropriate information as issued to the Tenderers to solicit Formal Tenders.

“NOPCC” means the Northamptonshire Office of the Police and Crime Commissioner

“NP” means Northamptonshire Police

“Officer(s)” means any member of Staff employed by the PCC, other than named references to specific posts.

“OJEU” means Official Journal of the European Union

“PCC” means the Northamptonshire Police and Crime Commissioner

“PCC CFO” means the Chief Financial Officer of the Police and Crime Commissioner (or in his/her absence the nominated Deputy Chief Finance Officer of the PCC)

“Post Tender Negotiations” means the ability to negotiate with a Tenderer after a Tender has been opened and evaluated in accordance with the published evaluation criteria for the purposes of securing an improvement in the delivery of the contract including but not limited to improvements in price.

“Procurement Advisor” means the body appointed by the NOPCC to provide advice and support on all procurement matters

“Procurement Exercise” means any process by which goods, services and/or works are to be procured including but not limited to Request for Quotations and Formal Tender Processes.

“Procuring Officer” means any Officer, acting under the delegated powers of the PCC, who is responsible for the procurement of goods and services. **“Public Contracts Regulations 2006”** means the Public Contracts Regulations 2006 as amended, modified, consolidated, extended, re-enacted or replaced, including the Public Contracts (Amendment) Regulations 2009. These Regulations implement the EU Consolidated Directive on Public Procurement into UK law and reflect the principles of the EU Treaty of Rome.

A **“Quotation”** is an offer to sell works, goods and/or services at a stated price under specified conditions. A Quote or Quotation may or may not be written.

“Selection Criteria” means the evaluation criteria used to assess Applicants/Tenderers regarding their legal status, economic and financial standing and technical capacity and capability to deliver a specific contract for goods and/or services to the PCC. In a two stage process successful Applicants that pass the evaluation criteria progress to the tender stage of the process

“Standard Terms and Conditions of Order” means the standard contractual terms used by the NOPCC, including those attached to Purchase Orders or Purchase Orders generated by the Purchase Order System and those included in Request for Quotation templates.

“Tender” means the formal offer from a Tenderer, which is capable of acceptance by the PCC, which is a response to an Invitation to Tender. It shall include all documents comprising the submission including pricing, technical specification and method statements as well as information about the Tenderer. A written Quote or Quotation is also a Tender.

“Tenderer” or **“Tenderers”** means the organisations invited to participate in a Procurement Exercise.

“Variation” – see “Contract Variation”

APPENDIX B

List of relevant legislation

(to be continually updated)

- Police Reform and Social Responsibility Act 2011
- Police Act 1996 (Equipment) Regulations 2010 – in force from 04 March 2011
- Public Contracts Regulations 2006
- Public Contracts (Amendment) Regulations 2009
- Public Procurement (Miscellaneous Amendments) Regulations 2011 – in force from 01 October 2011
- The Bribery Act 2010 – in force from 01 July 2011
- Human Rights Act 1998
- Data Protection Act 1998
- Freedom of Information Act 2000
- Construction Act 2011 – in force from 01 October 2011
- Health and Safety at Work Act 1974
- Equality Act 2010
- Welsh Language Act 1993
- TUPE Regulations 1981 and 2006
- The Waste Electrical and Electronic Equipment Regulations 2006 (the WEEE Regulations”)
- Public Service (Social Value) Act 2012

APPENDIX C**EU Procurement Thresholds**

Thresholds applicable from 1 January 2014 until further notice are given below.
Thresholds are exclusive of VAT.

PUBLIC CONTRACTS REGULATIONS 2006 – THRESHOLDS FROM 01 JANUARY 2014

| | SUPPLIES | SERVICES | WORKS |
|------------------|-----------------|-----------------|--------------|
| Contract Notices | £172,514 | £172,514 | £4,322,012 |
| | €207,000 | €207,000 | €5,186,000 |

APPENDIX E – EXCEPTION TO CONTRACT PROCEDURE RULES / SINGLE TENDER APPROVAL REQUEST (WAIVER) (Derbys / Notts / Northants)

The single tender form should be completed by individual Forces for contracts valued over £25,000 excluding VAT that are not supported by a competitive procurement process.

| Section 1 - Originating Department Details | |
|---|--|
| Name of Originating Force | |
| Name of Originating Department | |
| Name of Originator | |
| Protective marking classification (if applicable) | |
| Date request submitted | |

| Section 2 - Contractor Details / Type of Award | |
|---|--|
| Name of Contractor | |
| Is this a direct award without competition? | <input type="checkbox"/> YES <input type="checkbox"/> NO |
| Is this an extension to an existing contract where no option is provided for in the contract? | <input type="checkbox"/> YES <input type="checkbox"/> NO |

| Section 3 - Approval is requested on the grounds of : | | |
|--|---|---|
| Urgency reasons <input type="checkbox"/> YES <input type="checkbox"/> NO If it is a matter of extreme urgency and this is due to circumstances outside the control of the Police Force. This does not include circumstances brought about by lack of internal planning. | Product reasons <input type="checkbox"/> YES <input type="checkbox"/> NO If there are strong compatibility issues relating to good or services that the Force already uses and it would be uneconomic to replace. | Limited Supplier <input type="checkbox"/> YES <input type="checkbox"/> NO If there is only one supplier of a particular product or service. This may arise, for example, if ownership of the relevant Intellectual Property Rights excludes all other potential suppliers. |
| PLEASE ATTACH A BRIEF EXPLANATION OF THE RATIONALE BEHIND THE REASON SELECTED | | |

| Section 4 – Requirement details | |
|---------------------------------|--|
| Proposed contract start date | |
| Proposed contract end date | |

| Section 5 - Supporting information |
|---|
| <u>Background to requirement (please limit to 100 words)</u> |
| <u>Risks related to the requirement (please limit to 100 words)</u> |

| Section 6 - Total value of the contract | | | | | |
|---|--|-----|--|-------|--|
| Net | | Vat | | Gross | |

| Section 7 – Procurement Services | | | |
|----------------------------------|--|------------------------------|-----------------------------|
| Date Received : | | Document Ref No: | |
| Procurement comments | | | |
| | | | |
| STA supported by Procurement | | <input type="checkbox"/> YES | <input type="checkbox"/> NO |
| Signature | | Date | |

| Section 8 – Head of Department / Budget Holder comments | | | |
|---|--|------------------------------|-----------------------------|
| | | | |
| STA supported by Head of Department | | <input type="checkbox"/> YES | <input type="checkbox"/> NO |
| Signature | | Date | |

| Section 9 – Director of Finance Decision and comments (please consult current OPCC Financial Regulations for relevant Authorisation levels and Scheme of Delegation) | | | |
|---|--|------------------------------|-----------------------------|
| | | | |
| STA supported by Director of Finance | | <input type="checkbox"/> YES | <input type="checkbox"/> NO |
| Signature | | Date | |

| Section 10 – The Police and Crime Commissioner and comments (please consult current OPCC Financial Regulations for relevant Authorisation levels and Scheme of Delegation) | | | |
|--|--|------------------------------|-----------------------------|
| | | | |
| STA supported by Police and Crime Commissioner | | <input type="checkbox"/> YES | <input type="checkbox"/> NO |
| Signature | | Date | |

Appendix 3 – Commissioning Framework



**The Northamptonshire Police and Crime
Commissioner's
Commissioning Framework**

September 2016

1. Purpose

- 1.1 The Police and Crime Commissioner (PCC) is a directly elected individual to ensure that the public services of policing, criminal justice and community safety are reflective of community needs and desires. This is articulated through the Police and Crime Plan.
- 1.2 The PCC is also statutorily bound to ensure that policing services are efficient and effective in Northamptonshire. The PCC is therefore able to use their resources to commission services from any organisation to ensure the best possible services are available for the public to satisfy the PCC's statutory responsibilities and to deliver the outcomes and priorities contained within the Police and Crime Plan.
- 1.3 This Commissioning Framework outlines the principles and approach which underpin the PCC's commissioning decisions which will be taken and delivered in a robust, consistent, transparent and fair way.

2 What is Commissioning?

2.1 Commissioning is, at its simplest, the process of planning, agreeing and monitoring services. It is more complex than simply just procuring services or goods. Commissioning is the process of understanding need, engaging with users and service providers, specifying requirements and then taking a decision on the best way to provide that service (e.g. internally, outsourced, procured etc). Quality assurance should take place throughout. Commissioning seeks to deliver the most efficient, effective and sustainable way to deliver required outcomes.

2.2 Procurement is in some circumstances a part of commissioning. Procurement is the acquisition of goods or services that usually includes a contract. Contract Standing Orders should be followed for any commissioning process that includes the need to procure a service. The most notable example of where commissioning does not require procurement is where the PCC commissions Northamptonshire Police to be the delivery agency for policing.

2.3 For Northamptonshire PCC, commissioning is fundamental to what the office does. The PCC is, fundamentally, a commissioning organisation. The OPCC will seek to commission services from Northamptonshire Police, the wider public sector, voluntary and community groups and the private sector to achieve, and be held to account for delivering, the outcomes of the Police and Crime Plan.

2.4 In practice, this means that the total budget of the PCC will be available for commissioning. Northamptonshire Police will not therefore be set a budget within which to deliver their services, but instead they will be commissioned to deliver functions and activities by the PCC.

2.5 The PCC has the power to commission services. In practice this is discharged by the OPCC. This document therefore makes reference to the OPCC discharging the powers of the PCC.

3 Principles

3.1 The OPCC will undertake all commissioning activity with a focus on these principles:

- **Outcome-based.**

The OPCC will primarily focus on what is achieved (the outcome) rather than resources put in (the inputs) or what is done (the outputs). This does not mean that at times inputs and outputs are not important to the OPCC and therefore will be specified as part of a commissioning process. But the main focus will always be on seeing the desired effects of the commissioning process happen for the benefit of the people of Northamptonshire. Measures of success will be put in place for every commissioning process.

- **Capacity building.**

The OPCC will seek to ensure that every commissioning activity focuses on long term, sustainable solutions to achieve the outcomes required. The aim will be to help organisations and ultimately the public to be more self-sustaining and therefore have greater capacity and resilience for future challenges.

- **Value for Money.**

The OPCC will always seek the most efficient and effective service to deliver the outcomes specified. This does not mean the cheapest solution is always the best as the benefits may be greater with more initial expense.

- **Participative.**

The OPCC is committed to consulting and engaging the right people at the right times. This will occur during the design of any commissioning specification to ensure that the specification best reflects need. There is a commitment to engage with users of any commissioned service during the life of the service to ensure that the service continues to meet the needs of the public.

- **Fairness and Transparency.**

The OPCC is committed to ensuring that all commissioning activity is conducted fairly, with no favours being shown to any organisation or individual. Information will be made available to those involved in the commissioning process and clear information will be provided to the

public in line with the Decision Making Framework of the OPCC outlined in the Scheme of Governance and Consents.

- **Clear process and governance.**

The OPCC will adopt clear processes for any commissioning activity. This Framework document helps to outline the processes that will be undertaken for commissioning. Where the commissioning process includes procurement, the OPCC will ensure that the OPCC Contract Standing Orders within the Scheme of Governance and Consents are complied with. All commissioned activity should have clear governance arrangements to manage the delivery of the commissioned activity. This usually will include a formally agreed contract.

- **Promote improvement and innovation.**

The OPCC will focus on evidence based practice and interventions from the outset. The OPCC though will not 'step away' once something is commissioned. Instead the OPCC will remain active commissioners and contract managers ensuring that improvement is sought throughout the life of the arrangement or contract. The focus on evidence will not prevent innovative solutions being trialled and evaluated to learn from. In that respect the OPCC will be risk aware rather than risk averse and therefore be prepared for some interventions to fail.

Commissioning Approach and Application

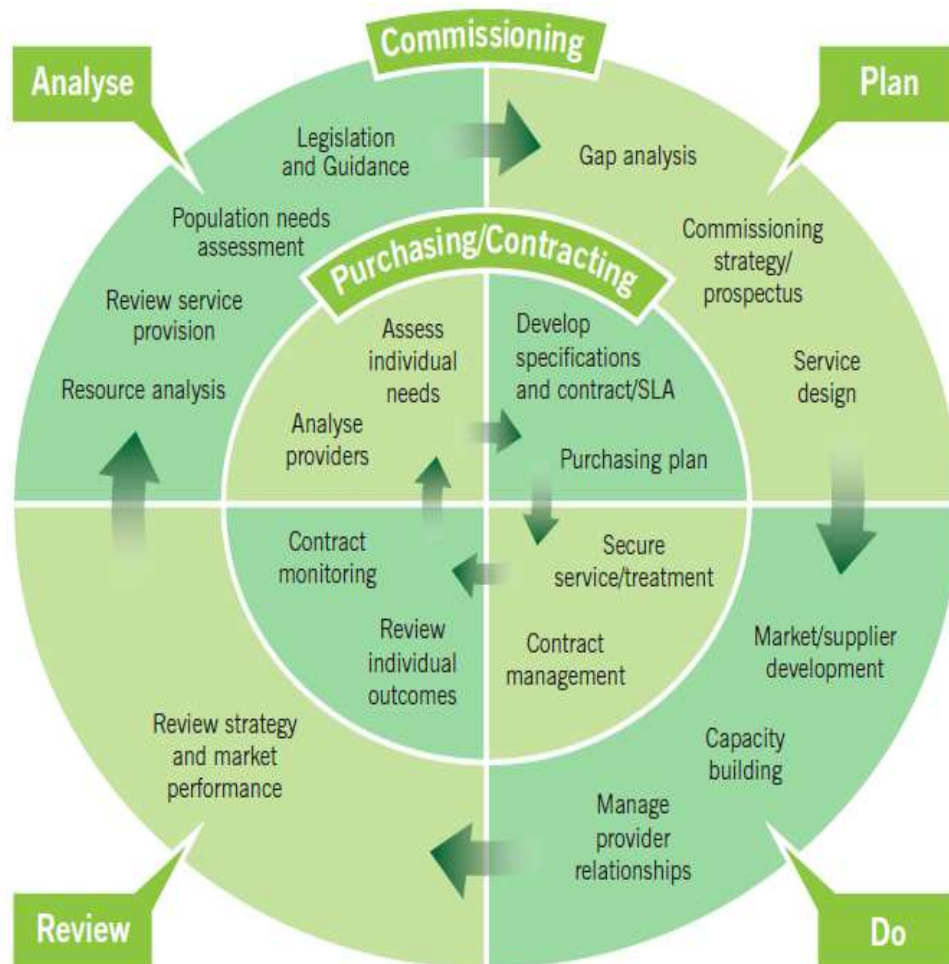
All activity the OPCC promotes should be considered commissioning, whether this change is then delivered 'in house' or not. Fundamentally the OPCC is a commissioning organisation. Therefore this Framework applies to all activity the OPCC does, whoever the 'provider' of the service is including Northamptonshire Police. The relationship between OPCC and Force is therefore one of 'commissioner' and 'provider'.

A wide variety of types of commissioning are available to the OPCC, both with funding and without funding and with partners or alone. The OPCC will seek to utilise the most appropriate method of commissioning depending on the outcomes that are to be achieved. This will include direct commissioning of the Police or others to deliver a particular service or initiative as well as jointly commissioning activity that meets the needs of the OPCC and other organisations, providing a greater benefit for the public money than if the OPCC commissioned alone.

For any activity the commissioning cycle over later pages of this Framework will be adopted and governance arrangements will be put in place for every commissioned activity.

The Commissioning Cycle

The following is the cycle for commissioning adopted for this framework.



The overarching strategic document for the Commissioner is the Police and Crime Plan. This informs the Commissioning Intentions and therefore the Commissioning Cycle for individual activity. It is for the OPCC to commission activity based on the Police and Crime Plan.

Analyse and Understand

Any outcomes-based commissioning is not starting with a blank page. There is always some activity, interventions or existing services that are in place. Therefore this phase of the cycle is about understanding the baseline position and understanding the evidence-base within which the newly commissioned initiative or service will be operating.

- The outcomes desired will be clarified in this phase in greater specificity than the Police and Crime Plan affords. This will focus attention on what the intended effect of the commissioning will be.
- Any existing service provision will be considered and understood. This will both consider who the service providers are and what service they provide, understanding both the scope and the nature of the services that are currently provided.
- A broader understanding of the local, national and international evidence base will be undertaken. This will identify what activities are proven to work and emerging trends that could be applied to Northamptonshire.
- A needs assessment will be undertaken in this phase, utilising both existing data and information and potentially specifically collected data. This will seek to understand the gaps in service provision from the baseline position. The needs assessment will include consultation and engagement activity, both that undertaken by the Police and Crime Commissioner more generally and specifically with potential service users for any commissioning arrangement. The focus of this will be on the quality rather than quantity of this information.
- Any legislation or other guidance will be reviewed within this phase.
- The OPCC will engage with any relevant partners at this stage to understand their commissioning and service provision intentions to ensure that public money is used efficiently and effectively.
- Resourcing will be considered at this stage at a high level to understand both affordability and cost effectiveness.
- The impact of any potential decisions should also be considered at this stage. An Equality Impact Assessment will be developed at this stage and kept under consistent review throughout the cycle. Impact Assessments should consider potential future impacts as well as immediate impacts.
- The OPCC will publish any relevant information from this stage to enable customers, users and providers to see the basis on which decisions are being taken.

Plan

Following a review of the need to understand the current situation for any commissioning process, the OPCC will begin the planning phase. This phase produces the plan, specification and service design for the commissioned activity.

- The OPCC will undertake a gap analysis between the desired outcome and the current baseline position. This will mean the size of the challenge is understood and the distance to travel is clear. This will shape the requirements for the commissioned activity.
- The OPCC will engage with service providers, including Northamptonshire Police, at this stage. This will be for them to help to shape the activities and possibilities to address the identified gap.
- The OPCC will also seek to engage with people who will use the service or those who the activity is seeking to benefit. Testing of draft specifications will occur at this stage.
- The OPCC, having received the feedback from the engagement activity, will produce a full and final specification for the commissioned activity. This specification will include the outcomes to be delivered, the performance indicators that will be measured, the expected outputs from the activity and a milestone plan for delivery. A standard template ensuring consistent information will be used by the OPCC.
- Specifications will be grounded in evidence but will allow for innovation and transformation. The analysis undertaken will ensure that services commissioned are new rather than duplicate services.
- At this stage the OPCC will also consider the most appropriate means of commissioning. This may be with a procurement process or without a procurement process and may be in conjunction with a partner for a co-commissioning approach or the OPCC may commission directly themselves.
- If a procurement process is being used, the process will be planned at this stage to be the most efficient and effective to deliver the required outcomes, ensuring compliance with Contract Standing Orders.

Do

The OPCC (working with partners where that commissioning strategy has been chosen) will seek to bring about the new service and then 'hold to account' and contract manage the provider of the services through this phase. A key part of this phase will be building capacity in whoever is being commissioned to deliver the best possible outcomes for the public.

- If procurement is being used, then a transparent and fair assessment of the potential providers at this stage will be undertaken to ensure that the best value for money is being achieved for the public of Northamptonshire. Any procurement will meet the requirements of Contract Standing Orders.
- In any scenario, the OPCC will agree with the providers (including if the provider is Northamptonshire Police) the detailed project plan for the delivery and implementation of the new commissioned service.
- The OPCC will support the provider through the mobilisation phase helping to ensure successful delivery. Ultimately though, the OPCC will also be holding the provider to account for meeting their obligations (whether under a formal contract or otherwise).
- Once implemented, the OPCC will be active 'contract managers' (whether there is a legal contract or not) to ensure that the intended outcomes and agreed delivery mechanism occurs. This will involve regular and robust monitoring of key performance indicators. The regularity of the review will depend on the size and risk of the commissioned service and contract. The Contract Manager (as defined later in this document) will be responsible for the monitoring process.
- The frequency of the contract management process will be determined by the size and length of contract that is being managed. The approach the OPCC will take will be one that seeks to deliver ever better and therefore one of service improvement, the aim being to ensure that service provision becomes sustainable, ultimately with reduced public funding. However there will also be consequences included within the contract arrangements for failure to deliver.
- The OPCC will ensure that those who were engaged during earlier phases are kept informed of progress during this phase.

Review

The OPCC will ensure that a constant review process will take place as the commissioned activity is taking place. This will help to inform any re- or de-commissioning decisions.

- Delivery will be judged against the original outcomes intended from the commissioned activity.
- Those who have been involved in earlier phases of the cycle will be engaged during this phase. This will include directly engaging service users of the commissioned activity. This will inform whether the intended outcomes are being seen and felt by the intended service users.
- Evidence will be gathered together and a formal review point will be decided and documented by the OPCC. This will be shared with the service provider. The document will also give an indication on future decisions for the OPCC to take on future commissioning intentions.
- Information gathered during the review phase will also be used to seek to drive performance improvement from the existing service provider.
- The OPCC will, wherever possible, seek to gain independent evaluation of the activity to understand whether the activity 'works' or not.
- The OPCC will also review the strategy that was set for commissioning in the 'plan' phase in light of what has been learned in the 'do' phase. This will ensure lessons are learned for future commissioning activity.

De-commissioning

De-commissioning can take place at any point within the commissioning cycle. The OPCC will de-commission based on evidence and based on the policy priorities of the Police and Crime Commissioner.

- The OPCC will ensure that de-commissioning process is triggered through an understanding of the evidence base and through developing a clear business case for change.
- The OPCC will seek to have open and transparent conversations with the provider at the earliest opportunity to discuss thinking in relation to de-commissioning.
- Where de-commissioning is occurring, the OPCC will ensure that best practice change management principles are employed to ensure that any change in service has the least impact on service users possible.
- Decisions will be made in keeping with the OPCC Decision Making framework within the Scheme of Governance and Consents. This will include the OPCC considering any wider impacts on the system that the decision may have.
- For any de-commissioning, the OPCC will ensure that there is a transition plan and exit strategy in place and delivered.
- A review will be undertaken as part of a de-commissioning process to ensure that learning is captured.

Resourcing Commissioning

Improving outcomes using this commissioning framework is not the responsibility of any one person with the OPCC. The stakeholders and partners collaborating on any particular commissioning activity will depend on the outcomes to be achieved. OPCC will ensure that any commissioning activity is adequately resourced, harnessing the skills and expertise that exist, trust their ability and input, and work together to make the difference and make Northamptonshire a safer place to live, work and visit. . The OPCC will seek to be clear on who is responsible for each aspect and stage of commissioning activity to ensure it is as effective as possible. The different roles of commissioning and procurement teams through the commissioning cycle can sometimes cause confusion, especially during a procurement exercise, and it is important that all stakeholders involved understand their roles.

| Role in Commissioning | Definition |
|-----------------------|---|
| Political | The Police and Crime Commissioner defines the outcomes they require for the people of Northamptonshire set out in the Police and Crime Plan |
| Strategic | The Management Team balance the required outcomes with statutory obligations, practical and financial constraints, assessment of need and demand, to define the outputs they require from their provider partners, within the total resources available |
| Operational | <p>Senior staff and officers deliver the projects and services to achieve the required outputs and outcomes as directed. There are two specific functions (note: these can be carried out by more than one individual or both functions may be performed by the same individual):</p> <p><u>Lead Commissioner</u></p> <ul style="list-style-type: none"> • This should be a service manager i.e. the person who leads on the process of commissioning. Typically they will have subject knowledge. • They should develop the detailed service specification and requirements and make recommendations to the OPCC. • Typically the lead commissioner is involved in the Analyse, Plan and Review parts of the Commissioning Cycle. |

Contract Manager

- This may or may not be the same person as the Lead Commissioner.
- They manage the relationship with service providers and implement communications and engagement plans.
- Ensure that performance information informs the commissioning cycle.
- Develops with providers business cases for change.
- Manages the operational de-commissioning process.

Typically the Contract Manager is involved in the Do and Review parts of the Commissioning Cycle.

The OPCC Involvement Team will provide capacity to assist in engaging and consulting with stakeholders

Finance, procurement and legal resource will also be required for particular commissioning activities.

Appendix 4 – Officer Report to Support Decision Making



Northamptonshire Police and Crime Commission

Supporting Report to the Police and Crime Commissioner

| | |
|-----------------------|-----------------|
| Date of Report | XXXX |
| Subject | XXXXXX |
| Report Author | Name, Job Title |

1. Purpose of Report

1.1 The purpose of this report is to

2. Decision(s) Recommended:

2.1 That the Police and Crime Commissioner for Northamptonshire formally agrees the decision to

3. Relevant background / Chronology of Key Events:

3.1 Include here any key background information to explain the nature of the decision and the development of the initiative.

4. Consultation:

4.1 List both internal and external consultation undertaken.

5. Compliance Issues:

5.1 Is this a decision of 'significant public interest?'

5.1.1 Does this meet the test outlined in the PCC Decision Making Policy?

5.2 Is the recommended decision consistent with the priorities set out in the Northamptonshire Police and Crime Plan 2014/17?

5.2.1 Provide the link back to the policy to explain why the PCC is involved and how this decision is consistent with the strategic direction in the Plan.

5.3 What are the financial and procurement implications of this decision?

5.3.1 How much will be required for this decision to be funded? Where will it be funded from?

5.3.2 Include why this is the best value for money?

5.3.3 Has a procurement process been undertaken? Does this meet the requirements of Contract Standing Orders?

5.4 Will further decisions be required?

5.4.1 Will future decisions be required as a result of this decision?

5.5 Legal Implications

5.5.1 What if any are there? Has advice been sought?

5.6 Risk Management

5.6.1 Are there risks in the corporate risk register that affect this decision?

5.6.2 Are there risks that are specific to this decision?

5.7 Has an Equality Impact Assessment been undertaken?

5.7.1 If so attach as an appendix

6. Evaluation of alternative option(s):

6.1 Briefly outline other options that were discarded.

7. List of background reports used to compile this report:

7.1 Nil

8. List of appendices accompanying this report (if any):

8.1 Procurement report

9. Approvals

Date

Has this report been approved by the author's line manager?
Name Line Manager Here

Y/N

Has this report been approved by the s. 151 officer?
Steve Dainty

Y/N

Has this report been approved by the Chief Executive?
John Neilson

Y/N

Appendix 5 - Accountability Process

1. The Accountability Board

The PCC will formally hold a monthly Accountability Board to consider performance, transformation, resourcing with the aim of strengthening delivery. This will fulfil the statutory duty to hold the Chief Constable to account. The respective teams (the senior management teams of both OPCC and Force) will also be involved in the meeting, bringing a broader collective understanding.

The OPCC set the agenda, focusing on key issues in pursuit of stronger delivery and ultimately performance improvements that are seen and felt by the public.

A limited set of paperwork will be required for the meeting, focusing attention and discussions on issues that matter.

The focus of the meetings will be on always striving to deliver better. Successes will be acknowledged but a relentless pursuit of the end goal and ambition must be maintained by these meetings. Meetings will be minuted and published by the OPCC. The Terms of Reference are:

Purpose

The purpose of the Board is threefold: to support the PCC in exercising the statutory duties in holding the Chief Constable to account; to support the PCC in developing strategic financial plans; and in acting as the strategic authority for transformational programmes.

Terms of reference

The business of the Board will cover:

- A focus on areas of concern in performance and service delivery, at a strategic level;
- Agreement and 'sign off' in respect of proposals for the design of transformation programmes and activity, including issues of strategic financing and resourcing (the delivery and governance of those programmes will then pass to the Transformation Board chaired by the Deputy Chief Constable, once agreed);
- Overview and assurance at a strategic level in respect of the progression of transformation, and within that specifically on the delivery of agreed transformation programmes (this Board is not formally part of the governance of the individual agreed programmes, the role of this Board will be to focus at

a strategic level on issues where programmes are in exception in terms of delivery);

- Discussions between Force and OPCC in respect of strategic budget setting, medium term financial planning, and key strategic investment decisions;
- Overview and discussion of collaborative and partnering activity, providing assurance that such arrangements are adequately governed and are delivering;
- Discuss OPCC-led initiatives where they impact on the wider transformation of the Force;
- Strategic consideration of key identified corporate level risks (for Force and OPCC);
- Strategic consideration relating to PCC scrutiny activity.

Membership & meeting arrangements

- Police and Crime Commissioner (Chair);
 - OPCC: Chief Executive (Deputy Chair); Directors of the OPCC; Minute-taker;
 - Force: Chief Constable, Deputy Chief Constable, Assistant Chief Constable(s); Force Chief Finance Officer.
-
- The meetings will normally be held monthly;
 - Meetings will be called and arranged by the OPCC, and the OPCC will produce the agenda and minutes and be responsible for management of papers. Papers will normally be circulated 5 working days before the meeting

2. Public Information

The PCC may publish any information that they feel helps the public of Northamptonshire to understand performance of Northamptonshire Police. The PCC will, from time to time, publish information on the OPCC website to help facilitate the understanding of performance by the public.

3. Informal Briefings

A range of informal opportunities will be in place for the OPCC on behalf of the PCC to be informed of progress on key priorities, enabling a focusing of time and efforts by the PCC on areas that require attention.

**OPCC
Assurance Map**

| Risk | Assurances | | | Level | Score |
|-------------------------------------|---|---|---|----------|-------|
| | First level | Second level | Third level | | |
| 1 PCCS are 'going concerns' | Staff supervisions and feedback | Chief Executive briefings | Government policy | Strong | 5 |
| 2 Government agenda understood etc. | Staff supervisions and feedback | Chief Executive briefings | Government policy | Strong | 6 |
| 3 Appropriateness of the priorities | Engagement feedback | Performance reports Delivery Unit reports Police and Crime Plan | National intelligence | Strong | 12 |
| 4 Confidence in delivery | Performance reports Staff performance management | Staff management Performance reports Delivery Unit reports | Non-executive Director reports Internal Audit | Strong | 16 |
| 5 Understanding of roles etc. | Staff performance management | Staff performance management | Internal Audit | Strong | 12 |
| 6 Legal and governance compliance | Staff performance management | Staff management Corporate policies Statutory Officers' oversight | Internal Audit Annual report Police and Crime Panel scrutiny External reviews | Adequate | 4 |
| 7 Stable Budget and MTFP | Budget holder oversight | CFO reports to Commissioner and Panel | Internal Audit Regulator reports | Adequate | 12 |
| 8 Confidence in OPCC | Staff performance management | Oversight by Chief Executive | Stakeholder feedback Regulator reports | Adequate | 9 |
| 9 Hearts and Minds | Staff performance management | Oversight by Chief Executive | Stakeholder feedback Regulator reports | Adequate | 9 |

At 5th September 2016

OFFICE OF THE POLICE AND CRIME COMMISSIONER

CORPORATE RISK REGISTER


At 5th September 2016


| | Risk | Current | Previous | Direction | Assurance |
|---|---|---------|----------|-----------|-----------|
| 1 | PCCs are 'going concerns' | 5 | | No change | Strong |
| 2 | Government agenda understood etc. | 6 | | No change | Strong |
| 3 | Appropriateness of the OPCC priorities | 12 | | No change | Strong |
| 4 | Confidence in delivery of priorities | 16 | | No change | Strong |
| 5 | Understanding of roles and responsibilities | 12 | | No change | Strong |
| 6 | Legal and governance requirements met | 4 | | No change | Adequate |
| 7 | Stable and sustainable budget and MTFP | 12 | | No change | Adequate |
| 8 | Confidence in OPCC | 9 | | No change | Adequate |
| 9 | Hearts and Minds | 9 | | No change | Adequate |

NOTE

Changes to text in the Risk Register, below, compared to the previous version, are highlighted in RED; (other than changes in Risk score, RAG and Risk Direction)

RISKS ARISING FROM ASSUMPTIONS

| | | | | | | | | | |
|-----------------------------|--|-------------------|----------|-------------------|----------|---|---|----------|---|
| RISK 1 | Police Commissions are ‘going-concerns’ | | | | | | | | |
| Risk Owner | Chief Executive | | | | | | | | |
| Risk Indicators | <ul style="list-style-type: none"> a. Government announcements b. Informed commentators suggest changes in prospect | | | | | | | | |
| Controls | PCC ‘intelligence’ through networks such as Chief Executives’ association, Home Office contacts etc. | | | | | | | | |
| Assurances / Source / Line | <p>Staff supervisions and feedback / 1st</p> <p>Briefings to PCC from Chief Executive / 2nd</p> <p>Government policy / 3rd</p> | | | | | | | | |
| Assurance level | Strong | | | | | | | | |
| Risk Score | <table border="0"> <tr> <td>Probability</td> <td>Impact</td> <td>Risk Score</td> <td>Previous</td> </tr> <tr> <td>1</td> <td>5</td> <td>5</td> <td>5</td> </tr> </table> | Probability | Impact | Risk Score | Previous | 1 | 5 | 5 | 5 |
| Probability | Impact | Risk Score | Previous | | | | | | |
| 1 | 5 | 5 | 5 | | | | | | |
| RAG level |  | | | | | | | | |
| Risk Direction | No change | | | | | | | | |
| Actions / Owner / Timescale | Monitor Government intentions / CE / ongoing | | | | | | | | |
| Comments | The government has recently published a Bill which if enacted would allow for an extension of PCC powers and responsibilities regarding the Fire Service | | | | | | | | |
| Contingency plan | Re-shape the Commission if appropriate when potential likely alternative models emerge | | | | | | | | |

| | | | | | | | | | |
|-----------------------------|--|-------------------|----------|-------------------|----------|---|---|----------|---|
| RISK 2 | Government agenda understood and stable | | | | | | | | |
| Risk Owner | Chief Executive | | | | | | | | |
| Risk Indicators | Indications of significant policy shift | | | | | | | | |
| Controls | PCC ‘intelligence’ through networks such as Chief Executives’ association, Home Office contacts etc. | | | | | | | | |
| Assurances / Source / Line | Staff supervisions and feedback / 1 st Regular briefings to Commissioner by Chief Executive / 2 nd Government policy / 3 rd | | | | | | | | |
| Assurance level | Strong | | | | | | | | |
| Risk Score | <table border="0"> <tr> <td>Probability</td> <td>Impact</td> <td>Risk Score</td> <td>Previous</td> </tr> <tr> <td>2</td> <td>3</td> <td>6</td> <td>6</td> </tr> </table> | Probability | Impact | Risk Score | Previous | 2 | 3 | 6 | 6 |
| Probability | Impact | Risk Score | Previous | | | | | | |
| 2 | 3 | 6 | 6 | | | | | | |
| RAG level |  | | | | | | | | |
| Risk Direction | No change | | | | | | | | |
| Actions / Owner / Timescale | Closely monitor government intentions and revise plans as necessary at earliest opportunity / CE / ongoing | | | | | | | | |
| Comments | Currently government policy position is well understood. | | | | | | | | |
| Contingency plan | Re-shape priorities appropriately | | | | | | | | |

RISK 3**Continuing appropriateness of the OPCC priorities**

Risk Owner

Chief Executive

Risk Indicators

Insight from public engagement indicates new demands or incompatibility with current priorities

Significant policy shift by government

Adverse media and / or stakeholder feedback

Any change in relevant local policy drivers

Changes in current performance

Controls

Public engagement and insight therefrom

PCC 'intelligence' is broadly based

Strategic planning processes

Performance management arrangements

Assurances / Source / Line

Latest engagement feedback reports / 1stPerformance reports; Delivery Unit / 2ndRefresh of Police and Crime Plan / Chief Executive / 2ndLatest national policy intelligence / 3rd

Assurance level

Strong

Risk Score

| Probability | Impact | Risk Score | Previous |
|-------------|--------|------------|----------|
| 3 | 4 | 12 | 12 |

RAG level

Risk Direction

No change

Actions / Owner / Timescale

Comments

The new PCC took office on 12th May; he is currently undertaking extensive consultation on potential priorities for his first Police and Crime Plan.

Contingency plan

Officers are maintaining a close dialogue with the PCC during this transitional period.

RISKS ARISING FROM CAPABILITY

| | | | | | | | | | |
|-----------------------------|---|-------------------|----------|-------------------|----------|---|---|-----------|----|
| RISK 4 | We are confident that the OPCC priorities will be delivered, on time. | | | | | | | | |
| Risk Owner | Chief Executive | | | | | | | | |
| Risk Indicators | Lack of plans Concerns over adequacy of plans Slippage in achieving milestones | | | | | | | | |
| Controls | Performance management arrangements Change management governance arrangements | | | | | | | | |
| Assurances / Source / Line | Performance reports – staff performance management / 1 st and 2 nd Service delivery performance / 2 nd Delivery Unit reports and Joint OPCC – Force senior manager group / 2 nd Accountability, Transformation and programme Boards / 2 nd External reports by non-Executive Directors / 3 rd Internal Audit / 3 rd | | | | | | | | |
| Assurance outcome / level | Strong | | | | | | | | |
| Risk Score | <table border="0"> <tr> <td>Probability</td> <td>Impact</td> <td>Risk Score</td> <td>Previous</td> </tr> <tr> <td>4</td> <td>4</td> <td>16</td> <td>16</td> </tr> </table> | Probability | Impact | Risk Score | Previous | 4 | 4 | 16 | 16 |
| Probability | Impact | Risk Score | Previous | | | | | | |
| 4 | 4 | 16 | 16 | | | | | | |
| RAG level | | | | | | | | | |
| Risk Direction | No change | | | | | | | | |
| Actions / Owner / Timescale | No new specific actions | | | | | | | | |
| Comments | As noted above the PCC is currently developing his Police and Crime Plan and associated delivery plans. As such this risk remains unchanged from the previous report. A number of key actions are however in train in anticipation of the formal approval of the PCP. | | | | | | | | |
| Contingency plan | Understand any new direction and develop appropriate strategies. | | | | | | | | |

| | | | | |
|-----------------------------|---|--------|-------------------|----------|
| RISK 5 | Roles and responsibilities of staff, and their priorities, are fully understood across the Commission | | | |
| Risk Owner | Chief Executive | | | |
| Risk Indicators | Informal feedback from staff Lack of or ambiguity on staff priorities Falling short of targets Evidence of overloading staff | | | |
| Controls | Supervision arrangements Staff Performance management arrangements Informal staff engagement by senior management | | | |
| Assurances / Source / Line | Supervision and staff appraisal reports / 1 st & 2 nd Anecdotal feedback to senior management / 2 nd Portfolio framework of staff responsibilities / 2 nd Internal Audit / 3 rd | | | |
| Assurance outcome / level | Strong | | | |
| Risk Score | Probability | Impact | Risk Score | Previous |
| | 3 | 4 | 12 | 12 |
| RAG level | | | | |
| Risk Direction | No change | | | |
| Actions / Owner / Timescale | | | | |
| Comments | The PCC has recently undertaken a review of the OPCC and held selection interviews. Accordingly a number of staff have left, or are in new roles, and some new colleagues will be joining the OPCC. | | | |
| Contingency plan | Ensure close support, management and supervision of staff in this period. | | | |

RISK 6**The OPCC meets all legal and proper governance requirements**

Risk Owner

Chief Executive

Risk Indicators
ControlsStakeholder feedback
Supervision arrangements

Staff Performance management arrangements

Informal staff engagement by senior management

Assurances / Source / Line

Staff supervision and appraisal / 1stCorporate policies / Statutory officers oversight / 2ndAnnual Governance Statement / 2ndInternal Audit Annual Report / 3rdPolice and Crime Panel scrutiny & feedback / 3rdExternal independent review / 3rd

Assurance outcome / level

Adequate

Risk Score

| Probability | Impact | Risk Score | Previous |
|-------------|--------|------------|----------|
| 1 | 4 | 4 | 4 |

RAG level

Risk Direction

No change

Actions / Owner / Timescale

The Scheme of Governance **is currently being reviewed and is close to completion. It is hoped a formal report consulting with the Audit Committee will be presented to the September 2016 meeting.**

Comments

Contingency plan

Secure expert advice as and when necessary

Rectify breaches as quickly as reasonably possible

RISK 7**Stable and sustainable deliverable OPCC
Budget and MTFP**

Risk Owner

Director for Resources **and Governance**

Risk Indicators

Government announcements indicating material changes

Forecast deficits

Use of one off financing to balance budgets

Controls

Budget monitoring processes

Budget and Financial Planning processes

Broadly- based 'intelligence'

Assurances / Source / Line

Managerial budget monitoring / 1stProfessional networks / 3rdInternal audit and Inspectorate reports / 3rdProgress reports to Commissioner / 2ndExternal independent review / 3rd

Assurance outcome / level

Adequate

Risk Score

| Probability | Impact | Risk Score | Previous |
|-------------|--------|-------------------|----------|
| 3 | 4 | 12 | 12 |

RAG level

Risk Direction

No change

Actions / Owner / Timescale

Budget 2016-17 now approved. The funding of significant savings target in Force budget still to be identified **but is underwritten by the PCC**. Adequate reserves in place as a contingency. Keep implementation of MTFP and Budget under close review and review spending plans for later years.

Comments

Government grant allocations remain uncertain for 2017-20.

| RISK 8 | The public have high and widespread confidence in the OPCC | | | | | | | | |
|-----------------------------|---|-------------|----------|------------|----------|---|---|----------|---|
| Risk Owner | Chief Executive Director for Delivery | | | | | | | | |
| Risk Indicators | Feedback – adverse and favourable State of national debate and context re PCCs | | | | | | | | |
| Controls | OPCC Communication Strategy and Plans | | | | | | | | |
| Assurances / Source / Line | Management Information and review meetings / 1 st Oversight by Chief Executive / 2 nd Regulator reports / 3 rd | | | | | | | | |
| Assurance outcome / level | Adequate | | | | | | | | |
| Risk Score | <table border="1"> <thead> <tr> <th>Probability</th> <th>Impact</th> <th>Risk Score</th> <th>Previous</th> </tr> </thead> <tbody> <tr> <td>3</td> <td>3</td> <td>9</td> <td>9</td> </tr> </tbody> </table> | Probability | Impact | Risk Score | Previous | 3 | 3 | 9 | 9 |
| Probability | Impact | Risk Score | Previous | | | | | | |
| 3 | 3 | 9 | 9 | | | | | | |
| RAG level | | | | | | | | | |
| Risk Direction | No change | | | | | | | | |
| Actions / Owner / Timescale | Draft Police and Crime Plan in preparation / CE/ Autumn 2016 | | | | | | | | |
| Comments | | | | | | | | | |
| Contingency plan | Flexible and rapid response to ‘events’ | | | | | | | | |

| | | | | |
|-----------------------------|---|-------------|-------------------------------|---------------|
| RISK 9 | The OPCC has won the ‘hearts and minds’ across the Force and Commission staff | | | |
| Risk Owner | Chief Executive | | | |
| Risk Indicators | Feedback – adverse and favourable | | | |
| | State of national debate and context re PCCs | | | |
| | Failure to deliver objectives on time, or to budget | | | |
| Controls | OPCC Communication Strategy and Plans | | | |
| | Staff management and briefings | | | |
| | Aspire Board and associated relationships OPCC – Force | | | |
| Assurances / Source / Line | Management Information and review meetings / 1 st | | | |
| | Oversight by Chief Executive / 2 nd | | | |
| | Aspire Board reports / 2 nd | | | |
| | Regulator reports / 3 rd | | | |
| Assurance outcome / level | Adequate | | | |
| Risk Score | Probability 3 | Impact 3 | Risk Score 9 | Previous 9 |
| RAG level | | | | |
| Risk Direction | No change | | | |
| Actions / Owner / Timescale | See risk 5 actions. Introduction of weekly OPCC / Force management team meetings and two recent joint workshops on developing the new Police and Crime Plan. OPCC currently in midst of a re-structuring exercise – plans for a team building event in the autumn being developed. | | | |
| Comments | | | | |
| Contingency plan | Flexible and rapid response to ‘events’ | | | |

Agenda item 20

AGENDA PLAN – PUBLIC AGENDA - NEXT FOUR MEETINGS

| DECEMBER | MARCH | JUNE | SEPTEMBER |
|---|---|---|---|
| Apologies | Apologies | Apologies | Apologies |
| Declarations | Declarations | Declarations | Declarations |
| Minutes of previous meeting | Minutes of previous meeting | Minutes of previous meeting | Minutes of previous meeting |
| Matters arising action log | Matters arising action log | Matters arising action log | Matters arising action log |
| Implementation of Audit recommendations | Implementation of Audit recommendations | Implementation of Audit recommendations | Implementation of Audit recommendations |
| | Draft Internal Audit Plan | Internal Audit – Annual report | |
| Internal Audit – progress report | Internal Audit – progress report | Internal Audit – progress report | Internal Audit – progress report |
| External Audit – progress report | External Audit – progress report | External Audit – progress report | External Audit – progress report |
| Finance Update 2016-17 | Finance Update 2016-17 | Finance Update 2016-17 | Finance Update 2017-18 |
| Transformation & Accountability | Transformation & Accountability | Transformation & Accountability | Transformation & Accountability |
| Force Strategic Risk Register | Force Strategic Risk Register | Force Strategic Risk Register | Force Strategic Risk Register |
| OPCC Strategic Risk Register | OPCC Strategic Risk Register | OPCC Strategic Risk Register | OPCC Strategic Risk Register |
| MTFP and Budget update | MTFP and Budget update | JIAC Terms of Reference review | |
| HMIC reviews – update | HMIC reviews – update | HMIC reviews – update | HMIC reviews – update |
| OPCC Risk Policy | | External Audit – Fee letter? | |
| Treasury Management update | Draft Treasury Management strategy | Treasury Management update and outturn report | |
| Tri Force Update | | Draft Governance Statements | |
| Annual External Audit Letter | | Draft Statement of Accounts | Final accounts / AGS / ISA 260 etc. |
| | | Committee self- assessment | |
| | | Committee Annual Report | |
| Items for escalation to the Commissioner and / or the Chief Constable | Items for escalation to the Commissioner and / or the Chief Constable | Items for escalation to the Commissioner and / or the Chief Constable | Items for escalation to the Commissioner and / or the Chief Constable |
| Agenda plan for the next four meetings | | Agenda plan for the next four meetings | Agenda plan for the next four meetings |
| Date venue and time of next meeting | | Date venue and time of next meeting | |
| Resolution to exclude the public | | Resolution to exclude the public | |

Bold = non Standing items

AGENDA PLAN – PRIVATE AGENDA (only if required)

NEXT FOUR MEETINGS

| DECEMBER | MARCH | JUNE | SEPTEMBER |
|-----------------------|-----------------------|-----------------------|-----------------------|
| | | | |
| | | | |
| HMIC reviews – update | HMIC reviews – update | HMIC reviews – update | HMIC reviews – update |
| | | | |

| | | | |
|-------------------------------|-------------------------------|-------------------------------|-------------------------------|
| Private meeting with Auditors | Private meeting with Auditors | Private meeting with Auditors | Private meeting with Auditors |
|-------------------------------|-------------------------------|-------------------------------|-------------------------------|