

# NOTTINGHAMSHIRE POLICE AND CRIME PANEL

**Thursday, 04 February 2021 at 14:00**  
**Virtual meeting**

**This meeting will be held virtually and broadcast live.**

**Members are requested to join the meeting from 1.30pm**

## **AGENDA**

- |          |   |                      |
|----------|---|----------------------|
| <b>1</b> | <b>Minutes of last meeting held on 23 November 2020</b>   | <b>1 - 8</b>         |
| <b>2</b> | <b>Apologies for Absence</b>  |                      |
| <b>3</b> | <b>Declarations of Interests by Members and Officers:- (see note below)</b><br>(a) Disclosable Pecuniary Interests<br>(b) Private Interests (pecuniary and non-pecuniary) |                      |
| <b>4</b> | <b>Work Programme</b>   | <b>9 - 12</b>        |
| <b>5</b> | <b>Precept and Budget Reports 2021-22</b>   | <b>13 - 156</b>      |
| <b>6</b> | <b>Update to Police and Crime Delivery Plan 2021-22</b>   | <b>157 -<br/>166</b> |
| <b>7</b> | <b>Police &amp; Crime Commissioner's Update Report to Dec 2020</b>  | <b>167 -<br/>186</b> |
| <b>8</b> | <b>Covid-19 Courts &amp; Criminal Justice Recovery Plan Update 2020-21</b>  | <b>187 -<br/>194</b> |

## **Notes**

- (a) Members of the public are welcome to attend to observe meetings of the Police and Crime Panel. Please note that there is no opportunity for the public to speak at these meetings.
- (b) Nominations for the position of Chair and Vice-Chair for the 2020/21 municipal year will be requested at the meeting. Nominations will need to be seconded. In the event of more than one nomination being received, a formal vote will take place.
- (c) Declarations of Interests – Persons making a declaration of interest should have regard to their own Council's Code of Conduct and the Panel's Procedural Rules.

Members or Officers requiring clarification on whether to make a declaration of interest are invited to contact Keith Ford (Tel. 0115 977 2590) or a colleague in Democratic Services at Nottinghamshire County Council prior to the meeting.

- (d) Members of the public wishing to inspect 'Background Papers' referred to in the reports on the agenda or Schedule 12A of the Local Government Act should contact:-

Customer Services Centre 0300 500 80 80

- (e) Membership:-

Executive Mayor Andy Abrahams – Mansfield District Council

Councillor Scott Carlton – Newark & Sherwood Borough Council

Lesley Dalby – Independent Co-optee

Councillor Tony Eaton – Bassetlaw District Council

Councillor David Ellis – Gedling Borough Council

Christine Goldstraw – Independent Co-optee

Suma Harding – Independent Co-optee

Councillor Rob Inglis – Rushcliffe Borough Council

Councillor Neghat Khan – Nottingham City Council

Councillor Richard MacRae – Broxtowe Borough Council

Councillor Francis Purdue-Horan – Nottinghamshire County Council

Bob Vaughan-Newton – Independent Co-optee

Councillor Linda Woodings – Nottingham City Council

Councillor Jason Zadrozny – Ashfield District Council



**MINUTES OF THE VIRTUAL MEETING HELD ON  
MONDAY 23 NOVEMBER 2020 AT 2.00 PM**

**MEMBERS PRESENT**

(A denotes absent)

Christine Goldstraw OBE – Independent Member (Chair)  
Councillor David Ellis – Gedling Borough Council (Vice Chair)

Executive Mayor Andy Abrahams – Mansfield District Council  
Councillor Leslie Ayoola – Nottingham City Council - **A**  
Councillor Scott Carlton – Newark and Sherwood District Council - **A**  
Lesley Dalby – Independent Member  
Councillor Tony Eaton – Bassetlaw District Council  
Councillor Michael Edwards (substitute for Councillor Ayoola) – Nottingham City Council  
Suma Harding – Independent Member  
Councillor Rob Inglis – Rushcliffe Borough Council  
Councillor Neghat Khan (substitute for Councillor Woodings) – Nottingham City Council  
Councillor Richard MacRae – Broxtowe Borough Council  
Councillor Francis Purdue-Horan - Nottinghamshire County Council  
Councillor Helen-Ann Smith (substitute for Councillor Zadrozny) – Ashfield District Council  
Bob Vaughan-Newton – Independent Member  
Councillor Linda Woodings – Nottingham City Council - **A**  
Councillor Jason Zadrozny – Ashfield District Council - **A**

**OFFICERS PRESENT**

Keith Ford - Team Manager, Democratic Services	}	Nottinghamshire County Council
	}	(NCC - Host Authority)
Pete Barker - Democratic Services Officer	}	

**OTHERS PRESENT**

Paddy Tipping - Police and Crime Commissioner (PCC)  
Craig Guildford - Chief Constable, Notts Police  
Rachel Barber - Deputy Chief Constable  
Kevin Dennis - Chief Executive, Office of PCC (OPCC)  
Emma Foody - Deputy PCC

This meeting began on time at 2pm, however, there was a problem with the You Tube broadcast that meant the meeting was paused and recommenced at 2.30pm.

**1. MINUTES OF THE LAST MEETING HELD ON 7 SEPTEMBER 2020**

The minutes of the meeting held on 7 September 2020, having been previously circulated, were agreed as a true and correct record, and were confirmed and signed by the Chair.

## **2. APOLOGIES FOR ABSENCE**

Apologies were received from Councillor Carlton. Councillor Khan replaced Councillor Woodings, Councillor Edwards replaced Councillor Ayoola and Councillor Smith replaced Councillor Zadrozny, all for this meeting only.

## **3. DECLARATIONS OF INTEREST**

All 4 independent members of the Panel declared an interest in Item 8, 'Independent Co-Opted Members' and undertook to leave the meeting when this item was discussed and that the Vice Chair would chair the meeting from this point onwards.

## **4. WORK PROGRAMME**

Mr Ford introduced the report and reminded members that the National Police and Crime Panel conference had begun that day and would continue to run virtually over the next 2 days. Mr Ford informed the Panel that along with himself, the Chair, Councillor Smith and Suma Harding had all attended the morning session of the Conference which he had found useful and illustrative. Mr Ford informed the Panel that the Commissioner was also present at the conference, as a speaker, and had commented positively on the Nottinghamshire Police and Crime Panel. Mr Ford stated that the Work Programme report was the usual one drawn up in consultation with the Commissioner's office and informed members that following discussion at the pre agenda meeting, it was intended to review the timings of the Priority Themes reports as the submission dates of these reports no longer co-ordinated with the PCC's Strategic Resources meetings as intended.

Following Mr Ford's introduction, the Panel raised the following:

- The Commissioner informed the Panel that the issue of '101' calls would be dealt with in his update report which was on the agenda for this meeting.

### **RESOLVED 2020/026**

**That the contents of the report be noted.**

## **5. POLICE AND CRIME COMMISSIONER'S UPDATE REPORT TO SEPTEMBER 2020**

The Commissioner introduced the report and informed the Panel that crime levels before, during and after the pandemic lockdown were down. The Commissioner explained that the reason was straightforward; with people spending more time in their homes, burglary and shop lifting had reduced and the night time economy had shrunk significantly. The Commissioner informed the Panel that though the number of calls regarding domestic violence (DV) had gone up, the number of reports to the police both nationally and locally had remained approximately the same. The Commissioner also spoke about anti-social behaviour (ASB) and informed the Panel that the number of calls received had gone up and that most of the calls were from residents reporting incidents where the Covid restrictions were not being followed.

The Commissioner referred to the section of his report relating to the control room and spoke about the number of '999' and '101' calls received which had been going down. The Commissioner explained that a new system is now in place with training completed and that the change had gone well. The Commissioner stated that the pandemic had caused problems

in terms of staff shortages through illness and that the response rate had consequently been affected, but that there were myths circulating about this area and that he was happy to have a discussion around this service. The Commissioner referred to the ability of the Force to use technology from the national re-abling programme which aimed to allow more tasks to be completed on-line.

The Chief Constable informed the Panel that there had been 2 outbreaks of Covid in the control rooms but that the work undertaken to protect staff had been assessed as gold standard.

The Commissioner spoke of the Force's Missing from Home Team and informed the Panel that this issue was of national concern with research by Southampton University finding that each missed person equated to an average cost of £4.5k. The Commissioner emphasised the importance of the team's work and informed the Panel that particular attention was given to those who go missing on a regular basis.

The Commissioner informed the Panel that every neighbourhood inspector now had a Reacher Team and that his report contained figures on the work done by the various teams.

The Commissioner referred to the Police and Crime Commissioner (PCC) Review and informed the Panel that publication was expected at the end of November. The Commissioner informed the Panel that he thought there would be a section in the review devoted to panels and stated that he thought that panels were under-resourced, and that best practice needed to be rolled out. The Commissioner stated that he thought the forthcoming PCC elections were an opportunity for change when 40% of PCCs are expected to retire which should allow the relationship to Panels to be reset.

The Commissioner spoke about the capital programme and informed the Panel that the building of the new combined headquarters and the new custody suite were ahead of schedule, with costs reducing, while the building of the Sexual Adult Referral Centre (SARC), co-commissioned with survivors, was due to start in April 2021.

The Commissioner spoke of the national plan to replace the current Airwave communication system with a new Emergency Services Network (ESN). The Commissioner informed the Panel that he was part of the national discussions about the scheme which he considered far from satisfactory and which involved chief constables, other PCCs and the Home Office. The Commissioner informed members that there was no timetable or details of costs yet available and a considerable amount of work was still left to do. The Chief Constable informed the Panel that the Force was recruiting more staff to replace those that had moved on from this area to become officers but that the project remained a challenge.

Following the Commissioner's statement the Panel raised the following issues:

- The Panel questioned the Commissioner about knife crime. He confirmed that although the rates in Nottinghamshire were down, the rates regionally and nationally were increasing. The Commissioner informed the panel that knife crime remained a concern with challenges presented through coming out of lockdown. He spoke of the occurrence of knife crime in the Ashfield/Mansfield area being in a domestic situation and referred to a recent incident in Arnold. The Commissioner informed the Panel that he was due to meet the Shadow Home Secretary to discuss the reasons behind Nottinghamshire's good performance in the area of knife crime. The Chief Constable confirmed that the figures for Nottinghamshire were below the national average, which he considered a significant achievement and a result of the hard work put in by the Force in this area.

- The Commissioner responded to a question about the declining number of positive stop and search outcomes by stating that more people were being stopped as a result of concerns about knife crime and activity related to Operation Reacher. The Commissioner informed the Panel that the number of stop and searches had increased by 100% over the last 12 months meaning that it was inevitable the number of positive outcomes had reduced.
- The Panel praised the response of the local police to a recent incident in Stapleford and the Commissioner stated that policing was a tiered response with resources matched to the severity of the incident with the Force able to draw upon regional and national resources as appropriate.
- The Panel spoke positively about Operation Reacher and the Commissioner informed the Panel that the figures for Operation Reacher in the report did not include the Broxtowe area as the initiative had not been running in that area as long as some others. The Commissioner agreed with the Panel that positive coverage in the national Police Interceptors TV programme was welcomed and helped boost public confidence in the Nottinghamshire force.
- The Panel asked the Commissioner about proceeds of crime. He confirmed that only 10% of the proceeds went to the Police with the majority going to the Treasury. The Commissioner stated that the issue had a long history and it was one he was trying to change.
- The Commissioner undertook to examine the ASB figures and see if they could be broken down to separate out the Covid-related complaints.
- The Deputy Commissioner undertook to visit Hucknall and look into the concerns raised. She informed the Panel that a previously planned visit had had to be postponed because of Covid. The Commissioner confirmed that the old police station in Hucknall was on the market and that the date for offers had not ended. The Commissioner informed the Panel that the proposed health centre would not be on this site as another had been preferred. While any potential receipts from the sale of the station had not been allocated to any area, the Commissioner committed to look into whether any of the proceeds could be used in Hucknall.
- In response to a question about the Roads Policing Unit, the Chief Constable informed the Panel that there had been a recent HMIC report into roads policing. He said that the force had a good plan in place and though the unit was well resourced those resources would be increased.
- The Commissioner responded to a query about the forthcoming Police Commissioner elections and informed the Panel that both the Cabinet Office and the Electoral Commission had confirmed that primary legislation would be required for universal postal voting to be implemented. He stated that as this was not going to happen the elections would proceed normally on 6<sup>th</sup> May.
- The Panel referred to the use of CCTV and the Commissioner informed members that he had spoken to colleagues in the city and other districts and that his personal view was that local authorities needed to get together and discuss the equipment, some of which was 20-30 years old, and how it was used. The Commissioner stated that the equipment in

Mansfield was operated by Newark and though the Police benefited from the equipment throughout the County, they did not contribute to its cost.

- The Commissioner responded to concerns about incidents in the City and stated that while the focus had been on the arboretum area, a greater contribution generally was required from NHS partners to tackle the consequences of ill health, drugs and alcohol. The Commissioner referred to the recent stabbings in the City and informed the Panel that it was a live investigation. The Commissioner stated that although the numbers of stop and search was increasing the figure for positive outcomes was still the highest in the County and very few complaints had been received. The Commissioner encouraged people to write to himself or the force on the matter stating that learning could stem from complaints.
- Responding to a question about the use of drones the Commissioner informed the Panel that in the main they had been used for safeguarding and prevention, though recently a drone had been used to find a missing person. The Chief Constable confirmed that staff had now been trained and that the Force owned 3 drones – 2 of which were operational one of which was used for training. The Commissioner informed the Panel that no complaints had yet been received regarding the invasion of privacy but that this was a live issue and a report on drones would be brought to a future meeting of the Panel.

## **RESOLVED 2020/027**

**That the contents of the report be noted.**

### **6. POLICE AND CRIME DELIVERY PLAN – THEME 4 – TRANSFORMING SERVICES AND DELIVERING QUALITY POLICING**

The Commissioner introduced the report stating that given the time he would just respond to questions.

Following the Commissioner's statement the Panel raised the following issues:

- The Commissioner spoke of shared facilities and informed the Panel that although there were drop-in facilities for the public in East Leake and on London Road, generally the accommodation was used for welfare provision for officers as the Chief Constable wanted a visible police presence on the streets rather than officers behind desks.
- The Commissioner stated that regarding officer welfare he was happy to write a report if required and that the results of a recent survey of officers and staff had been good, though there was still work to be done.
- The Commissioner responded to a question about the new command and control system, called SAFE, which provided a more effective call handling platform and informed the Panel that although the new system was not functioning properly yet, staff were confident as they could see progress being made. The Chief Constable informed the Panel that he did not regard the new system as a problem and although it had not been possible to transplant all of the reporting tools of the old system to the new system, the Force was in a good position.
- The Panel spoke positively about the increased diversity in the workforce and the Commissioner informed members that the team deserved congratulations for achieving

figures that were one of the best in the country. The Commissioner stated that the aim was for the force to be the first one where its work profile matched that of the number of BAME residents in the community it served. He highlighted that there were still challenges ahead with the proportion of officers from an Afro-Caribbean background still very small.

## **RESOLVED 2020/028**

**That the contents of the report be noted.**

### **7. COVID 19 COURTS AND CRIMINAL JUSTICE RECOVERY PLAN 2020-21**

The Commissioner introduced the report and informed the Panel that he had been involved with work at a national level, speaking to the Lord Chancellor on the problems being faced. The Commissioner stated that the Deputy Commissioner had also been working in this area and handed over to the Deputy Commissioner to complete the presentation.

The Deputy Commissioner informed the Panel that Covid had had a significant impact on the courts with full capacity not possible because of the need to socially distance with the cases being heard primarily urgent ones or ones that were time sensitive. The Deputy Commissioner stated that cases due to be heard in Mansfield, Lincolnshire and Derbyshire had been transferred to Nottingham, increasing that court's backlog. The Deputy Commissioner informed members that video now played a large part in proceedings but that the extra resources required to operate in this way had to be found in-house as no additional funding had been made available centrally. It was noted that some cases did still have to be heard in person.

The Deputy Commissioner informed the Panel about other measures taken in addition to the use of video and these included the introduction of plexiglass screens, additional hours being worked and additional buildings being used as court rooms. The Deputy Commissioner spoke of the major challenges being faced as a result of the significant reduction in the capacity of both the magistrates and crown courts, a situation that had been exacerbated by the past closure of some of the estate, the reduction in the number of magistrates and the reduction in the number of magistrates' sitting days. The Deputy Commissioner informed the Panel that the backlog of cases primarily affected magistrates' courts but that the problem is working its way to crown courts.

The Deputy Commissioner spoke of the effect the current situation was having on victims, stating that ordinarily the process was daunting anyway, but the delays had meant that victims were now in the system for longer with more victims in the system at any one time. The Deputy Commissioner informed the Panel that the number of victims being supported was 6 times higher than normal with providers querying whether it was practical to move DV cases from Mansfield to Nottingham given the pressure on capacity. The Deputy Commissioner informed members that one victim had been waiting since 2018 for a court date, with some victims being at increased risk as a result of such delays. The Deputy Commissioner informed the Panel that similar problems were being reported by those supporting victims of sexual violence with waiting times for a court date doubled and adjournments increasing. This meant victims were being supported for longer, though they were not receiving the therapy they required while waiting. The Deputy Commissioner informed members that the situation was similar for those supporting children, with adjournments 7 times higher than normal and the toll on families exceptional. The Deputy Commissioner spoke of children who had been in the criminal justice system for half of their lives and though staff were dedicated, the delays were severe and the risks to children very real. The Deputy Commissioner referred to Nightingale courts which were

being used not just for criminal cases but for family and civil cases too, and informed the Panel that while 40 such courts were needed, only 17 were available and some had already closed. The Force had offered the use of Hucknall police station, free of charge, but the offer had not been taken up.

Following the Commissioner's and Deputy Commissioner's statements the Panel raised the following issues:

- The Chair stated that justice delayed was justice denied and asked for a further report to be brought to the February meeting of the Panel with the possibility of a representative from the courts attending.
- Mrs Harding reminded members that she was the only magistrate on the Panel and stated that she agreed with the Deputy Commissioner's comments. Mrs Harding informed members that from 7 December 2020, 3 magistrates would be in court allowing decisions to be made while remaining on the bench rather than having to retire for each decision required. Mrs Harding informed the Panel of other problems including the requirement to clean the court each time a person was brought in, the shortage of legal advisers, the problem of people not attending court and the difficulty of estimating how many magistrates were required, citing the example where some magistrates had to wait for 3 days before being called into court.
- Responding to a question about possible venues for Nightingale courts the Deputy Commissioner informed the Panel that she thought there needed to be more ambition nationally and spoke of the lack of communication about the available options. The Deputy Commissioner informed members that locally much work had been done in providing options, that there was knowledge locally about which buildings were suitable, that there was expertise available locally and that it was to be hoped that this would be taken on board and acknowledged nationally.
- The Deputy Commissioner undertook to check whether there was data available about the number of court cases being dropped this year compared to last year and to report back to the February meeting with the details.
- The Commissioner responded to a question about fines levied for breaching Covid restrictions by informing the Panel that nationally approximately half of the fixed penalty notices issued had been paid. The Commissioner informed the Panel that it remained to be seen how many of these outstanding cases would proceed to court and stated that one week previously he had been advised not to issue any more £10k fines. The Commissioner informed members that he had pressed for a fast-track fines system and the Ministry of Justice had agreed to look at such a system but in the meantime those going to court as a result of unpaid fines were adding to the courts' backlog.
- The Deputy Commissioner agreed that the backlog was a problem and that work needed to be done to ensure that justice was delivered. The Chief Constable informed the Panel that ordinarily traffic matters could be dealt with swiftly as only a clerk and one magistrate was required but that owing to lack of capacity there was also a backlog of such cases. The Chief Constable praised the Nottingham Recorder for getting the court Covid-safe so quickly but the system was centralised and old fashioned.

**RESOLVED 2020/029**

**That the contents of the report be noted.**

## **8. INDEPENDENT CO-OPTED MEMBERS**

The 4 co-opted members of the Panel, Christine Goldstraw OBE, Lesley Dalby, Suma Harding and Bob Vaughan-Newton, left the meeting at this point and did not return.

Mr Ford introduced the report and reminded members that the matter was last considered in June 2019 when it was agreed to receive another report in late 2020. Mr Ford informed the Panel that while the length of a term was limited to 2 years, there was no limit to the number of terms an independent member could serve. Mr Ford stated that one advantage of the independent members was the continuity provided compared to Councillor members who were subject to regular elections.

Mr Ford informed members that they were being asked to choose between Option A and Option B. Mr Ford stated that if Option A was agreed, which was to extend the terms of office of the existing independent members, then the Panel would also need to decide whether the length of that extension was for one year or two years. Mr Ford explained that if Option B was approved a recruitment process to the independent posts would commence with the existing independent members able to reapply for those posts.

Following Mr Ford's statement the Panel debated the available options:

- A one-year extension to ensure the recruitment process does not clash with the County Council election cycle.
- The difficulty of finding the right people favoured a two-year extension, which would also maintain consistency of membership.
- Start the recruitment process – the importance of employing the same people was overstated.

On a motion by the Vice Chair, duly seconded, it was:

### **RESOLVED 2020/030**

**That Option A be approved with the terms of the existing Independent Co-Opted members extended by one year to 31 May 2022.**

The meeting closed at 4.19pm

CHAIR

## **NOTTINGHAMSHIRE POLICE AND CRIME PANEL**

**4 FEBRUARY 2021**

### **WORK PROGRAMME**

#### **Purpose of the Report**

1. To give Members an opportunity to consider the work programme for the Panel and suggest further topics for inclusion (**see Appendix A**).
2. To consider other related matters.

#### **Information and Advice**

3. The work programme is intended to assist with the Panel's agenda management and forward planning. The draft programme will be updated and reviewed regularly in conjunction with the Chairman and Vice-Chairman of the Panel and is subject to detailed discussion with the Chief Executive of the Office of the Police and Crime Commissioner (OPCC).
4. Discussions take place with the Chair and Vice-Chair and the OPCC to schedule future agenda items as appropriate. Suggestions about future agenda items are welcome from Members and the PCC at any time.
5. At this stage it is expected that the Panel will continue to meet virtually but this will be reviewed on an ongoing basis in line with the latest rules and guidance from Government.

#### **Reviewing progress against the Police and Crime Plan**

6. Members will be asked to consider arrangements for reviewing progress against the priorities set out in the Police and Crime Plan as part of the report on the new draft Police and Crime Delivery Plan (2021-22).

#### **Frontline National Police and Crime Panel (PCP) Conference – 23-25 November 2020 – Virtual Conference**

7. The Conference was held as a virtual event, which enabled the organisers to spread it across three days and offer delegates a chance of attending a wider number of workshops than in previous years.
8. The conference included the Nottinghamshire PCC, Paddy Tipping, as one of the keynote speakers on the morning of 23 November 2020.
9. Headline feedback from the early plenary sessions and workshops was given at the Committee's meeting on 23 November 2020. As part of the review and development of the Committee's work programme, attendees are invited to feedback on the headline issues that ran across the whole of the conference.

#### **Other Options Considered**

10. All Members of the Panel are welcome to suggest items for possible inclusion in the work programme.

## **Reasons for Recommendation/s**

11. To enable the work programme to be developed further.

## **RECOMMENDATIONS**

1) That the work programme be updated in line with Members' suggestions as appropriate.

### Background Papers and Published Documents

Minutes of the previous meeting of the Panel (published).

### For any enquiries about this report please contact:

Jo Toomey, Advanced Democratic Services Officer, Democratic Services,  
Nottinghamshire County Council

[jo.toomey@nottscc.gov.uk](mailto:jo.toomey@nottscc.gov.uk) Tel: 0115 977 4506

## APPENDIX A

### Nottinghamshire Police and Crime Panel Work Programme (as at 25 January 2021)

<u>Agenda Item</u>	<u>Brief Summary</u>
<b>29 March 2021</b>	
Domestic Violence Update	This item will be an update on the September 2020 item and if at that stage the meeting can be held in person, will also include presentations from service providers and opportunities for wider information-sharing. The item will review progress with the implementation of the recommendations of the Review.
Police and Crime Commissioner's update, including Budget and Efficiency Programme update, details of decisions taken and overview of Force Performance).	The Panel will review and scrutinise any decisions and other actions taken by the Commissioner on an ongoing basis. The Panel will also consider the Commissioner's response to the key performance and financial issues within the Force.
Update on the Complaints Process	In February 2020, The PCC adopted Option 1 of the new process options developed by the Home Office for dealing with complaints about the Force. This report will provide the Panel with an update on complaints received and overall outcomes.
Complaints update	Regular update on any complaints received against the Police and Crime Commissioner.
Police and Crime Delivery Plan - update	TBC
Findings of Part One of the Home Office Review into the Role of Police and Crime Commissioners.	To share the findings of Part 1 of this review undertaken by the Government over the summer of 2020. Report to also cover Devolution White Paper.
<b>7 June 2021 (Annual Meeting)</b>	
Appointment of Chairman and Vice-Chairman	To appoint the Chairman and Vice-Chairman of the Panel for the next municipal year.
Review of Balanced Appointment Objective.	The Panel will review its membership to see whether any actions are required in order to meet the requirements for: <ul style="list-style-type: none"><li>• the membership to represent all parts of the police force area and be politically balanced; and</li><li>• members to have the skills, knowledge and experience necessary.</li></ul>
Police and Crime Commissioner's update, including Budget and Efficiency Programme update, details of decisions taken and overview of Force Performance).	The Panel will review and scrutinise any decisions and other actions taken by the Commissioner on an ongoing basis. The Panel will also consider the Commissioner's response to the key performance and financial issues within the Force.
Complaints update	Regular update on any complaints received against the Police and Crime Commissioner.
Police and Crime Delivery Plan - update	TBC

<b><u>Agenda Item</u></b>	<b><u>Brief Summary</u></b>
<b>September 2021</b>	
Police and Crime Commissioner's update, including Budget and Efficiency Programme update, details of decisions taken and overview of Force Performance).	The Panel will review and scrutinise any decisions and other actions taken by the Commissioner on an ongoing basis. The Panel will also consider the Commissioner's response to the key performance and financial issues within the Force.
Complaints update	Regular update on any complaints received against the Police and Crime Commissioner.
Police and Crime Delivery Plan - update	TBC
<b>November 2021</b>	
Police and Crime Commissioner's update, including Budget and Efficiency Programme update, details of decisions taken and overview of Force Performance).	The Panel will review and scrutinise any decisions and other actions taken by the Commissioner on an ongoing basis. The Panel will also consider the Commissioner's response to the key performance and financial issues within the Force.
Complaints update	Regular update on any complaints received against the Police and Crime Commissioner.
Police and Crime Delivery Plan - update	TBC

<b>For Information and Decision</b>	
<b>Public/Non Public*</b>	<b>Public</b>
<b>Report to:</b>	<b>Police &amp; Crime Panel Audit and Scrutiny Panel – for information</b>
<b>Date of Meeting:</b>	<b>4<sup>th</sup> February 2021</b>
<b>Report of:</b>	<b>The Chief Finance Officer</b>
<b>Other Contacts:</b>	<b>Head of Finance</b>
<b>Agenda Item:</b>	<b>5</b>

## **Precept and Budget Reports 2021-22**

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

- 1.1 Members are required to make a decision in respect of the Precept Report and the proposed increase to Council Tax for 2021-22.
- 1.2 To assist in this decision making members are provided with budget reports and financial strategies that provide detail on the use of such funding.

### **2. Recommendations**

- 2.1 Members are requested to support the proposed increase in Band D Council Tax by £14.94 to £244.26.
- 2.2 Members are also asked to provide feedback, where appropriate, in respect of the proposed budget and financial strategies.

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

- 3.1 Statutory requirement and good financial governance.

### **4. Summary of Key Points**

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

- 4.4 The other reports provided for information are:
- Revenue Budget Report 2021-22
  - Capital Programme 2021.26
  - Financial Strategy
  - Capital Strategy
  - Treasury Management Strategy
  - Reserves Strategy
- 4.5 The Financial Strategy provides the latest prediction for balancing the budget over the next five years.
- 4.6 The Reserves Strategy shows that the increase in reserves recently will be utilised to meet significant capital expenditure plans over the medium term.
- 4.7 The Revenue budget is a balanced budget report. This report provides additional police officers to communities across the City and County.
- 4.8 The Capital Programme provides detail on proposals for 2021-22, with specific plans relating to buildings and ensuring they are fit for purpose. An indicative capital programme to 2022-26 is also provided. But the schemes are subject to full business cases being approved.
- 4.9 The Capital Strategy shows how we consider the long term, even life cycle of our most significant assets. This brings together stock condition surveys, asset management plans and the need for continued investment in assets to provide for future needs. This continues to be developed and we hope to bring a finalised product in the Summer 2021.
- 4.10 The Treasury Management Strategy provides detail on how the proposed capital programme will be financed.

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

- 5.1 Each of the reports set of the budgetary and financing requirements.

## **6. Human Resources Implications**

- 6.1 The budget report provides for the recruitment of additional Police Officers.

## **7. Equality Implications**

- 7.1 None as a direct result of these reports.

## **8. Risk Management**

- 8.1 These reports set out clear principles to limit any financial or operational risk related to the budget.
- 8.2 One of the biggest risks will be the reintroduction of pay awards in future years. Without grant to support the additional cost there will be a cliff edge in financing the budget.

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

- 9.1 This complies with statutory reporting and decision making requirements. These reports also provide evidence of good financial governance.

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

- 10.1 These reports comply with financial legislation.

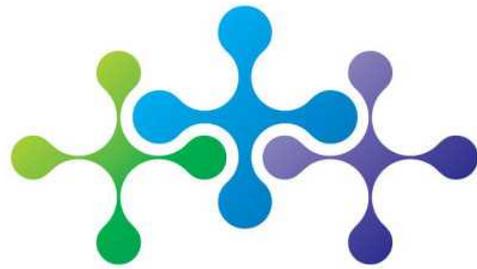
## **11. Details of outcome of consultation**

- 11.1 The details on the consultation with the public on the precept has been included within the Precept Report.

## **12. Appendices**

- A - Precept Report
- B - Revenue Budget Report 2021-22
- C - Capital Programme 2021-26
- D - Financial Strategy
- E - Capital Strategy
- F - Treasury Management Strategy
- G - Reserves Strategy





Nottinghamshire

**POLICE & CRIME COMMISSIONER**

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**Precept 2021-22**

January 2020

# **The Police & Crime Commissioner's**

## **Precept 2021-22**

### **Letter from the Minister**

In announcing the Provisional Settlement figures for Police Grant the Minister has made the following comments:

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

### **Introduction**

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

This increase in the precept supports the budget report and Commissioners commitment to increase in police officer numbers in our neighbourhoods. There continues to be a focus on reducing Hate Crime, Knife Crime and the additional funding for the Violence Reduction Unit (to provide multi-agency focus on violence reduction activity); this continues to build on the good work in these areas. The outcomes of these specific pieces of work will be reported to the Audit & Scrutiny Panel during the year.

Forever, cognisant of the environment the Commissioner provided funding specifically, to pilot electric police vehicles within the force. We now have 2 electric cars within the City (where use and infrastructure are better suited) and are in the process of expanding the use of electric bikes. The Commissioner also supports Victims Services through formal contracts and grants with the third sector. Further

priorities include Rural Crime, crime prevention and partnership working, all vital to community safety.

This budget supports fully the Police & Crime Plan for 2021-22.

### **Government Assumptions**

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

In providing the provisional grant settlement figure in December the Government has made certain assumptions in relation to the total funding available for Policing.

Firstly, it provides additional resource to the main police grant for the Uplift of officers by 20,000. This increase is in the core police grant and is therefore likely to continue in future years, although an element is based on achieving recruitment numbers set by the Home Office (Specific Grant). The planned recruitment has been re-phased over the last two years of this plan, with 25% of the officers planned and the grant funding for 2021-22 being pushed back to 2022-23.

Secondly, the £15 precept freedom indicated is for one year ahead of the next (delayed again) CSR and potential funding formula review. The impact of Brexit is that it is uncertain there will be any additional funding available for Policing within the next CSR period. The Home Office have commented that it expects any future funding gap, from inflationary pressures, to be resourced from continued precept freedoms. Further detail on what impact this will have in Nottinghamshire is provided in the Medium Term Financial Strategy.

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

### **Future outlook**

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

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

In recent years the Home Office has relied on Police and Crime Commissioners to take advantage of Council Tax freedoms and set above inflation increases to cover

some of the inflationary costs no longer provided for within the Policing Grant. However, the impact of COVID has been significant on Council Tax collection funds.

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

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

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

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

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

### **Supporting Reports**

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

The detailed budget for 2021-22, the Medium Term Financial Strategy, the Reserves Strategy, the 4 Year Capital Programme, the Capital Strategy and the Treasury Management Strategy are provided for information purposes to the Police & Crime

Panel. These have been drawn together to support the Police & Crime Plan, which has been refreshed and which is currently out for consultation.

**This report is based upon declared information provided by the Billing Authorities.**

## Process

When setting the budget and capital programme for the forthcoming financial year the Police & Crime Commissioner must be satisfied that adequate consideration has been given to the following:

- **The Government policy on police spending** – the impact of Brexit is uncertain. The Treasury continues to focus on the NHS and its funding requirements. The grants provided to policing for 2021-22 provide for the additional police officers promised by the Prime Minister and ensure a stable financial position, but this is not guaranteed other than through continued precept freedoms.
- **The medium term implications of the budget and capital programme** - the separate report sets out the Medium Term Financial Strategy, which is regularly received and updated. This is now a key indicator of financial sustainability.
- **The CIPFA Prudential Code** - the separate Treasury Management Strategy report covers the CIPFA Prudential Code, which evaluates whether the capital programme and its revenue implications are prudent, affordable and sustainable. The implications of borrowing to finance the unsupported element of the capital programme are incorporated within the proposed revenue Budget for 2021-22 and the Medium Term Financial Strategy.
- **The size and adequacy of general and specific earmarked reserves** - the current forecast of the general reserves at 31 March 2020 is £7 million. This is higher than the minimum 2% level in the approved reserves strategy and is considered by the Chief Finance Officer to be an adequate level for the year ahead. This is lower than the 5% limit set by the Home Office. The Chief Finance Officer considers that all of the earmarked reserves set out in the Reserves Strategy remain a risk and continues to monitor them and their planned usage. This will continue into the medium term.  
The Chief Finance Officer also confirms that the budgeted insurance provision is fully adequate to meet outstanding claims.
- **Whether the proposal represents a balanced budget for the year** - the assurances about the robustness of the estimates are covered in **Section 8** of this report. The proposals within this report do represent a balanced budget based upon an assumed £14.94 increase in the Police & Crime Precept on the Council Tax Band D.
- **The impact on Council Tax** - this is covered in **Section 7** of this report.
- **The risk of referendum** – the limit set for requiring a referendum is a £15 increase on the precept for all Police & Crime Commissioners. The proposed increase of £14.94 is in line with this years change (further detail is provided in **Section 6**).

## 1. COUNCIL TAX BASE

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

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

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

## 2. COLLECTION FUND POSITION

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

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

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

## 3. GRANTS

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

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

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

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

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

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

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

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

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

#### 4. **CONSULTATION**

The Nottinghamshire Police and Crime Commissioner (PCC) has a statutory duty under the Police Reform and Social Responsibility Act 2011 to obtain the views of local people and ratepayers' on budget and precept proposals and to

consult and engage with local people on policing and in setting police and crime objectives.

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

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

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

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

5. **COUNCIL TAX REFERENDUMS**

The Localism Act 2011 requires authorities including Police & Crime Commissioners to determine whether their ‘relevant basic amount of council tax’ for a year is excessive, as excessive increases trigger a council tax referendum. The Secretary of State is required to set out principles annually, determining what increase is excessive. For 2021-22 the principles state that, for Police & Crime Commissioners, an increase of more than £15 in the basic amount of council tax between 2020-21 and 2021-22 is excessive. For 2021-22 the relevant basic amount is calculated as follows:

Formula:

<u>Council Tax Requirement</u>	= Relevant basic amount of council tax
Total tax base for police authority area	

Nottinghamshire 2021-22 estimated calculation:

<u>£78,475,965.16</u>	= £244.26
321,280.46	(£14.94)

## 6. RECOMMENDATION ON THE LEVEL OF POLICE & CRIME PRECEPT ON THE COUNCIL TAX

As discussed in the Budget report resources have been allocated to support the police and crime plan. In assessing appropriate spending levels, consideration has been given to the significant unavoidable commitments facing the Police & Crime Commissioner, including the 20,000 uplift in Police Officer numbers nationally, pay awards and pension liabilities. Due regard has been given to the overall cost to the local council tax payer. Consideration has also been given to the projected value of the available reserves and balances and the medium term financial assessment (both reported separately).

The Commissioners proposed spending plans for 2021-22 result in a Police and Crime Precept on the Council Tax of £244.26 for a Band D property, representing an increase of £14.94.

For comparison purposes the Council Tax for Precepting Authorities is always quoted for a Band D property. In Nottinghamshire by far the largest numbers of properties are in Band A.

To achieve a balanced budget and having regard for the provisional notification of grant income an increase in the Police & Crime Precept has been required. This is on top of budget reductions and efficiencies to be achieved in year.

The calculation of the Police & Crime Precept on the Council Tax is as follows:

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

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

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

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

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

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

The resulting precept and Council Tax levels derived from the measures contained in this report are detailed below:

**Police & Crime element of the Council Tax**

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

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

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

**Collection Dates**

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

	£
<b><u>2021</u></b>	
19 April	7,861,050.00
27 May	7,861,050.00
02 July	7,861,050.00
05 August	7,861,050.00
10 September	7,861,050.00
15 October	7,861,050.00
19 November	7,861,050.00
<b><u>2022</u></b>	
05 January	7,861,050.00

03 February	7,861,050.00
10 March	7,861,046.80
	<hr/>
	<b>78,610,496.80</b>
	<hr/>

**7. ROBUSTNESS OF THE ESTIMATES**

The Chief Finance Officer to the Police & Crime Commissioner has worked closely with the Head of Finance (Nottinghamshire Police) to obtain assurance on the accuracy of the estimates provided. There have been weekly meetings between the Commissioner, Chief Constable and their professional officers.

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

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

The budget proposed within this report represents a balanced budget. To achieve this, the force has provided detail on how efficiencies and savings will be delivered. There are some potential risks to the full amount of savings being achieved and this will be monitored monthly, with alternative savings needing to be identified if the initial plans cannot be delivered.

The balanced budget is based upon the recommended £14.94 band D increase in Council Tax for 2021-22.

APPENDIX A

APPENDIX A

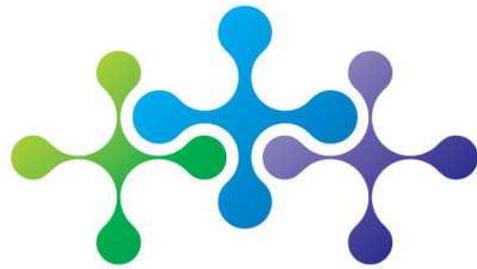
Year on year comparison of settlement grants  
Nottinghamshire

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

\*Latest estimate

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





Nottinghamshire

**POLICE & CRIME COMMISSIONER**

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**Budget 2021-22**



NOTTINGHAMSHIRE  
**POLICE**  
PROUD TO SERVE

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January 2021

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

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

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

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

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

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

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

increased demand from survivors whose court cases are being substantially delayed.

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

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

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

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

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

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

During 2020/21 the VRU have commissioned 28 separate projects for children and young people aged 5- 25 years, with 1539 unique individuals having been supported. To date, positive outcomes have been shown with a reduction in violent incidents, increased access to pathways of support and increased emotional resilience and wellbeing. Of the £880,000 budget allocated to the VRU, 30% of funding has been spent on commissioned interventions.

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

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

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

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

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

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

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

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

## **BUDGET 2021-22**

Government funding has increased in order to deliver the priority of increased police numbers. A focus on delivering value for money from the investment placed over the next three years will be maintained and existing efficiency processes remain in place. Savings are still required to meet day to day increases in demand and to afford continued investment in assets and technology in order to maintain an effective Nottinghamshire Police Force.

### **1.1. Funding levels**

The provisional funding levels have been set by the Home Office and the Department of Communities and Local Government. This anticipated funding is shown below.

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

There is also a £1.8m ring fenced grant in relation to the uplift of an extra 20,000 officers nationally, Nottinghamshire's allocation was £3m in 2020-21. This will be based on performance in delivering the additional 107 officers that

relate to the Nottinghamshire allocation. This will be paid quarterly in arrears and when achieved will be allocated in year.

As this funding is based on performance throughout the year it will be utilised to recruit officers ahead of the target set by government.

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

The Precept Freedom of up to £15.00 for a Band D property (Referendum Limit) was announced early this year as part of the Spending Review. This early announcement was much appreciated as it allowed time for appropriate financial management. This level of increase has been assumed in the above figures. Additional funding created as a result of this increase will ensure that officer and staff numbers increase in line with government projections.

A review of the Reserves Strategy has been undertaken and based upon the continued cash support from Central Government, the additional Council Tax freedoms, continued delivery of operational efficiencies and improved budget management plans it is still expected that these reserves will be able to be utilised in the future to support capital expenditure plans. These will deliver investment in new efficient buildings that will be fit for the future, are more energy efficient and will also deliver on-going revenue savings.

## **1.2 Investment in Service**

The increase in precept and government funding will allow Nottinghamshire to meet its budget pressures and allows some further investment in frontline resources, for example having 100 additional officers working on the front line by March 2022. This builds on 350 additional officers (as at 31<sup>st</sup> March 2021) being made available since 2018-19. Therefore by 2023-24 almost 500 additional officers will have been created over a five year period.

In addition £0.9million is being made available to invest in outcomes from the annual departmental assessments (ADAs), which identify changes to demand and improvements to the operational approach to policing. These consist of mobile ANPR, cloud based storage solutions, estate reviews, cyber improvements as well as various software solutions to help the force become more efficient.

Supporting the growth in officers funding has also been identified for staff support, this will include investment in partnership working, front line officer support as well as infrastructure and enabling services. In total an additional 63 staff roles will be recruited during 2021-22.

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

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

The Commissioner and Chief Constable also have allocated £0.15m to further augment our prevention activity based on in year demand. The PCC already funds a number of bespoke crime prevention initiatives in the community and the Chief Constable has embedded Schools Officers across the force.

We continue to invest in our capital expenditure plans and this year will see the conclusion and delivery of the custody facility as well as further significant progress in a joint Police and Fire headquarters building at Sherwood Lodge. There is also a commitment to sustainability in these new builds and this is further embedded in our core activities with investment in four electric vehicles for operational policing.

### 1.3 Summary expenditure

The Commissioner is required to set a balanced budget each year, with increased pressures from inflation, pay awards, new demands and investment this inevitably means efficiencies have to be identified and delivered in order to balance the budget. In 2021-22 £2.5m cashable efficiencies are identified and have been allocated to specific areas within the base budget.

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

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

## 2. 2021-22 Budget breakdown

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

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

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

### 2.1 Employee related expenditure

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

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

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

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

## **2.2 Premises related expenditure**

During the period of austerity the Commissioner's estate has been reduced in order to achieve efficiencies, but also to ensure resources are allocated based upon need and to facilitate planned changes in working arrangements. Such changes will include remote working through better technologies ensuring officers are in the communities and not stations and hot-desking to ensure optimal use of office space available. In addition core maintenance budgets have increased for the remaining stock reflecting the age of the buildings but also ensuring that maintenance standards are reflective of the needs of the workforce.

Capital investment in new buildings is included in the capital programme, the main investment being a replacement custody suite, as the current operation becomes increasingly less fit for purpose. This will complete in 2021-22 and be a welcome addition to the estate in providing an effective and efficient environment for officers and staff to operate in.

A new building project commenced in 2020-21 for a joint headquarters building with Fire on the current Police Headquarters site. This should become operational towards the end of 2021-22. Future operational efficiencies should be delivered as the purpose built buildings will have latest maintenance/fuel efficiencies built in and should be designed to deliver other operational efficiencies. These will contribute to future efficiency requirements identified in the Medium Term Plan.

Premises related expenditure includes the provision of utility services to those properties and these are elements of the budget that are adversely affected by inflation. For 2021-22 inflation for gas and electricity has been budgeted at 3.0%. In addition costs have increased as a result of uplift numbers.

### **2.3 Transport related expenditure**

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

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

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

### **2.4 Comms & Computing expenditure**

This category captures the costs of the computing infrastructure for the force, including hardware, software and licences. Costs of mobile data and investments in agile working provide for a more efficient front line policing presence.

Some of the IT systems that the Force uses are provided through national contracts that the Home Office then recharge costs to the Force. Notification from the Home Office sees the total cost of these systems continuing to increase above the rate of inflation. In addition provision has been made in the ADA funding allocation for the extension of the National Enablers Programme as the Home Office continues to roll out additional services.

The IT/IS service remains critical to the business of the Force and its ability to deliver future efficiencies. Within the ADA funding it is expected that investment in the core activity will be made during 2021-22.

### **2.5 Supplies & services expenditure**

This category of expenditure captures most of the remaining items such as insurance, printing, communications and equipment. There are also some centrally held budgets for unspecified operational demand, this will provide for the opportunity to react quicker to local issues/hot spots, address demand issues and to provide funding for low value equipment and materials.

For all other expenditure an inflation factor of 1.0% has been applied in 2021-22, unless there was specific contracted inflation.

## 2.6 Agency & contract services

This category of expenditure includes agency costs for the provision of staff, professional services such as internal and external audit and treasury management, and the costs associated with regional collaboration.

A breakdown of the costs associated with this classification is summarised below:

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

The £0.2m for agency costs relates to resourcing specific skills to assist in the transition of MFSS back to force as part of Op Regain. In year additional agency costs may be incurred as a result of utilising agency staff to cover short term vacancies, especially where departmental restructures are taking place.

Regional collaboration is shown as a joint authority as this is the basis of the collaboration agreements. The region has been challenged to deliver savings from across those projects already in place. Nottinghamshire's element of the regional budget is £11.2m for 2021-22.

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

**2.7 Pensions**

This category includes the employer contributions to the two Police Pension Schemes in place and to the Local Government Pension Scheme (LGPS) for police staff.

The budgeting for medical retirements has seen the number of cases and the associated costs increasing over time, the 2020-21 budget was increased by £0.2m reflecting this trend. For 2021-22 a more stable outlook is expected and current budget levels have remained.

Employer contributions in respect of the LGPS scheme are reviewed by the Actuaries on a tri-annual basis and annual contributions are then adjusted. This revaluation took place in 2019 and contributions were increased by 3.1%, this increase has been included within the budget.

A reduction in pension cost has arisen as the number of contributors to the scheme has reduced. This is generally down to either officers reaching the 30 years contribution or due to staff/officers opting out of the pension scheme.

**2.8 Capital financing**

This relates directly to the value of the capital expenditure requiring loan funding in previous years. The proposed capital programmes for 2021-22 has been prioritised as per 2020-21 to ensure that schemes included are not only reflective of need but also are realistic in deliverability.

In line with this approach schemes proposed in 2021-22 are appropriately apportioned; over several years in some cases. All have active delivery plans that are monitored centrally on a regular basis.

The revenue impact of any capital expenditure is included within this report and the detail financing arrangements are detailed within the Treasury Management Strategy report also on today's agenda.

Significant increases in capital financing cost have arisen due to increased revenue support for the financing of projects. This cost has been funded from uplift as funding has been front loaded to allow forces to put the infrastructure in place to support additional officers and staff.

**2.9 Income**

Income is currently received from other grants (e.g. PFI and Counter Terrorism), re-imbusement for mutual aid (where the Force has provided officers and resources to other Forces), some fees and charges (such as football matches and other large events that the public pay to attend) and from investment of bank balances short term.

## **2.10 Use of reserves**

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

## **2.11 Variation to 2020-21 Budget**

A variation of budgets between years arises as a result of a variety of changes (e.g. inflationary pressures, efficiency reductions and service demands). Annex 4 details a high level summary of reasons for variations between the original budgets for 2020-21 and 2021-22.

### 3. Efficiencies

#### 3.1 2020-21 Efficiencies

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

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

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

### 3.3 2021-22 Efficiencies

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

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

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

- 3.4** As in the previous year if these targets are not met the Commissioner will require the force to provide alternative in year savings plans. If this is required it is likely that the force will respond by delaying its in-year recruitment plans, or adjusting the plans around the ADA investment options.

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

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

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

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

## 4. External Funding

There is an assessment of the financial risk in respect of external funding currently provided. In 2021-22, 2 officers and 80 staff FTE's are funded externally and are added within the expenditure and workforce plans. This could be an additional pressure in future years as funding pressures mount for partners. In the 2021-22 budget reduced contributions from partners has been absorbed without the need to reduce the core police officer numbers.

If this external funding was to cease the Chief Constable would consider the necessity for these posts based on operational need and may decide not to fund from the already pressured revenue budgets.

In addition to these there are 26 police officers and 8 staff FTE's seconded out of the organisation in 2021-22. This compares with 33 officers and 7 staff FTE's seconded in 2020-21.

## 5. Robustness of the estimates

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

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

In determining the budgeted figures significant enquires have been made with Budget Officers, risk assessment and professional judgement have been applied where appropriate and challenge has been applied by those charged

with governance, it is therefore considered that these figures represent a robust estimate of the Force and OPCC requirements for 2021-22.

## Annex 1

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

	<b>Force Budget 2021-22 £m</b>	<b>OPCC Budget 2021-22 £m</b>	<b>Total Budget 2021-22 £m</b>
<b>Pay &amp; allowances</b>			
Officer	120.1	0.0	120.1
Staff	50.0	1.0	51.0
PCSO	5.5	0.0	5.5
	<b>175.6</b>	<b>1.0</b>	<b>176.6</b>
<b>Overtime</b>			
Officer	4.5	0.0	4.5
Staff	0.9	0.0	0.9
PCSO	0.1	0.0	0.1
	<b>5.5</b>	<b>0.0</b>	<b>5.5</b>
Other employee expenses	2.2	0.0	2.2
Medical retirements	4.9	0.0	4.9
	<b>188.2</b>	<b>1.0</b>	<b>189.2</b>
<b>Other operating expenses</b>			
Premises related	7.0	0.0	7.0
Transport	6.7	0.0	6.7
Communications & computing	8.8	0.0	8.8
Clothing & uniforms	0.7	0.0	0.7
Other supplies & services	6.0	0.3	6.3
Custody costs & police doctor	1.6	0.0	1.6
Forensic & investigative costs	2.1	0.0	2.1
Partnership payments & grants to external organisations	4.2	6.3	10.5
Collaboration contributions	11.2	0.0	11.2
Capital financing	7.8	2.4	10.2
	<b>56.1</b>	<b>9.1</b>	<b>65.1</b>
<b>Total expenditure</b>	<b>244.3</b>	<b>10.0</b>	<b>254.3</b>
<b>Income</b>			

Seconded officers & staff income	(2.3)	0.0	(2.3)
Externally funded projects income	(3.5)	0.0	(3.5)
PFI grant	(1.9)	0.0	(1.9)
Ministry of Justice (MoJ)	0.0	(2.6)	(2.6)
Investment interest	(0.2)	0.0	(0.2)
	<b>Force Budget 2021-22 £m</b>	<b>PCC Budget 2021-22 £m</b>	<b>Total Budget 2021-22 £m</b>
Pensions grant income	(2.0)	0.0	(2.0)
Uplift performance grant income	(1.8)	0.0	(1.8)
Other income	(4.8)	(2.1)	(6.9)
	<b>(16.5)</b>	<b>(4.7)</b>	<b>(21.2)</b>
<b>Net use of reserves</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
<b>Total</b>	<b>227.8</b>	<b>5.4</b>	<b>233.2</b>

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

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

## Annex 2

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

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

\* The estimated outturn as at 31<sup>st</sup> March 2021.

## Workforce Plan FTE's

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

\* Opening balance is the estimated outturn as at 31<sup>st</sup> March 2021.

## Workforce Plan FTE's

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

\* Opening balance is the estimated outturn as at 31<sup>st</sup> March 2021.

## Variation to the 2020-21 Budget

### Police pay & allowances

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

### Police staff pay & allowances

The £3.7m increase from the 2020-21 budget is due to factoring an additional 63 staff members for uplift as well as pay scale increments. Again, the pay award is 0% unless you are earning less than £24,000. The force budgets for a vacancy rate, anticipating that there is a gap between a leaver and a new starter. This is anticipated at 3% for 2021-22 and this gap is similar to 2020-21 as we see the continued impacts of previous changes to departmental structures following the Annual Departmental Assessments – a business management programme introduced in 2017-18.

### PCSO pay & allowances

The costs year on year have decreased by £0.2m for PCSOs. A total of 151 FTEs are budgeted for on average as we have an increase in officer numbers over the past couple of years so therefore have the ability to structure the policing model in a more effective way. Many PCSOs that have left have joined as officers which is pleasing to see.

### Overtime

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

### Medical retirements

The costs of this are expected to remain flat year on year and the budgeted number reflects that amount of forecasted medical retirements in 2021-22.

### Premises related

There is an increase of £0.9m from the 2020-21 budget which reflects an assessment of planned and reactive maintenance budgets; an increase in the

general costs of electricity and running costs for the additions of two major buildings to the estate which will come on line during 2021-22.

**Transport**

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

**Communications & Computing**

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

**Clothing & uniform**

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

**Other supplies & services**

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

**Partnership payments**

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

**Collaboration contributions**

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

**Capital financing**

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

**Income**

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

## Variation to the 2020-21 Budget (£m)

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

<b>Income</b>			
Income	(15.5)	(21.2)	(5.7)
	<b>(15.5)</b>	<b>(21.2)</b>	<b>(5.7)</b>
<b>Net use of reserves</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
<b>Total</b>	<b>221.6</b>	<b>233.2</b>	<b>11.6</b>

APPENDIX B

Annex 5

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

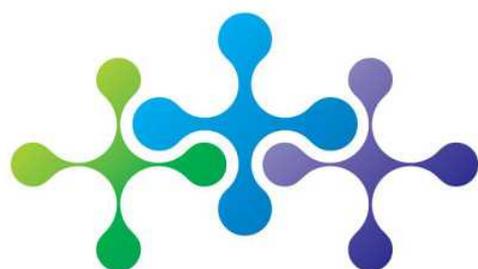
2021-22									
Local Policing £m	Crime & Operational Support £m	Operational Collaborations £m	Corporate Services £m	Seconded £m	Externally Funded £m	Force Total £m	OPCC £m	Total £m	
<b>Pay &amp; allowances</b>									
Officer	77.6	28.9	7.1	4.5	1.9	0.2	120.1	-	120.1
Staff	15.3	11.8	7.3	12.7	0.4	2.4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

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Collaboration contributions	-	0.7	10.5	-	-	-	11.2	-	11.2
	<b>2021-22</b>								
	<b>Local Policing £m</b>	<b>Crime &amp; Operational Support £m</b>	<b>Operational Collaborations £m</b>	<b>Corporate Services £m</b>	<b>Seconded £m</b>	<b>Externally Funded £m</b>	<b>Force Total £m</b>	<b>OPCC £m</b>	<b>Total £m</b>
Capital financing	-	-	-	8.4	-	(0.6)	7.8	2.4	10.2
	0.9	3.3	13.5	37.5	-	0.9	56.1	9.0	65.1
<b>Total expenditure</b>	<b>102.0</b>	<b>45.8</b>	<b>28.8</b>	<b>61.9</b>	<b>2.3</b>	<b>3.5</b>	<b>244.3</b>	<b>10.0</b>	<b>254.3</b>
<b>Income</b>	<b>(0.9)</b>	<b>(1.4)</b>	<b>(0.3)</b>	<b>(8.3)</b>	<b>(2.3)</b>	<b>(3.5)</b>	<b>(16.5)</b>	<b>(4.7)</b>	<b>(21.2)</b>
<b>Net use of reserves</b>	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>101.1</b>	<b>44.4</b>	<b>28.5</b>	<b>53.6</b>	<b>0.0</b>	<b>0.0</b>	<b>227.8</b>	<b>5.4</b>	<b>233.2</b>

## APPENDIX B





Nottinghamshire

**POLICE & CRIME COMMISSIONER**

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**Capital Programme**  
**2021-2026**

January 2021

## 1. Introduction

The Commissioner is supportive of capital expenditure which improves the efficiency and effectiveness of the service provided to the public of Nottinghamshire.

The majority of capital expenditure relates to the buildings and IT systems.

The ability for the Commissioner to finance capital expenditure through borrowing is limited by the Capital Financing Requirement – prudential indicator. In keeping within the indicator limits some major capital projects are being financed from revenue/reserves. Where capital receipts are available these are utilised to finance short life assets. Both of these actions reduce the burden on the revenue budgets in future years.

## 2. Capital Programme 2021-22

This programme is built upon the current priorities within the Force. Ensuring premises and equipment are fit for purpose, appropriately maintained and replaced at the end of their useful life.

It is currently estimated that there will be approximately £9,716k slippage from 2020-21 (P8) capital programme into 2020-21, these figures will be re-evaluated and confirmed at the end of the financial year.

The detailed programme, proposed by the Force, for 2021-22 is provided in **Appendix A**.

The proposed programme is summarised in the table below:

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

Inflation has been added over the life of the 5 year programme to show what we expect the impact to be based on current assumptions.

Identified within the capital programme is the continuation of the new custody suite building, this new build will address all of the associated issues and costs of the existing centrally located Bridewell Suite. Building surveys and reports produced in 2014 and a Business Case in January 2017 highlighted that the existing Bridewell was in need of major refurbishments and that it did not and could not comply with the then current Home Office standards and recommendations (which have since been succeeded by

even more stringent criteria) and the decision was taken that a new custody suite was required. The new build will be state of the art and will meet Home Office guidance and will be built as a 25 year plus function. The efficiencies it will deliver are associated with risk management and the effective handling of detainees.

Continuation of the joint headquarters based on the existing Police FHQ site; this work will provide further efficiencies for the estate. Planning permission has been granted and preliminary building work has started whilst detailed plans are completed and contracts awarded.

Work continues in line with the building condition survey from 2017 ensuring all our buildings are safe and fit for purpose. The work was planned to be concluded during 2021-22, however due to Covid it is likely there will be some slippage. From 2022-23 onwards a new base-line budget has been set, increased with inflation for on-going building condition and capital maintenance works. A breakdown of these works can be found in appendix B.

Within IT the technical refresh project budget has now been included in the medium term financial plan in revenue in line with Treasury Management Strategy.

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

Budgets for operation uplift have been included in line with government funding expectations. Fleet shows an increase in vehicles for the three years of the project with replacements built in, including inflation, for the following years.

### **3. Medium Term Capital Programme**

It is normal practice to provide an indication of the capital programme for 2021-22 to 2025-26. With the understanding that this part of the programme will be subject to change following a detailed business case and affordability assessment.

An indicative proposed programme for the 5 years is provided in **Appendix A**.

### **4. Financing**

Financing is included within the Treasury Management Strategy included elsewhere within this agenda.

### **5. Revenue Implications**

Capital Expenditure does have revenue implications; generally these have the greatest impact in the year after the capital expenditure has been incurred/project completed. These costs reflect a depreciation cost and a cost of borrowing. The cost of borrowing is made up of a mixture of interest only and EIP (equal instalments of principal and interest) loans. Where interest only loans have been taken the capital sum will need to be repaid. Depreciation is allocated over the life of the asset.

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

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

Capital Programme 2021-22 to 2025-26

Appendix A

PRIORITY SCHEMES RECOMMENDED FOR INCLUSION IN THE MEDIUM TERM PLAN

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

**BREAKDOWN OF BUILDING CONDITION & CAPITAL MTN WORKS**

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





# Financial Strategy

## 2021-2026

January 2021

**1. Executive Summary**

- 1.1 This report brings together the Commissioner's business and financial planning. It looks forward over the next 5 years and sets out how it will meet the Commissioners Police and Crime objectives. This is a refreshed and revised report from the one approved in February 2020 and is the final report for February 2021 police & crime Panel meeting.
- 1.2 The draft Police & Crime Delivery Plan has been refreshed and is included in the reports to the Police & Crime Panel. The key objectives within the plan are:
- Protecting People from Harm
  - Helping and Supporting Victims
  - Tackling Crime and Anti-Social Behaviour (ASB)
  - Transforming Services and providing quality Policing

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

- 1.3 Linked with this and presented at the same time is the precept report, the revenue budget for 2021-22, the capital strategy, capital five year programme, treasury management strategy and reserves strategy. This Strategy brings together all of these reports and strategies and they should be read in conjunction with one another. This strategy also includes indicative budgets for the next 4 years up to 2025-26 based on information known at the current time.
- 1.4 For 2021-22 the proposed level of net revenue expenditure after income and specific grants is £233.2m, which is an increase of 6.2% over the current year's financing available (revised) of £219.6m. Setting a balanced budget requires a council tax increase of £14.94 (band D equivalent). This level of council tax increase is possible due to the additional freedoms provided within the Autumn 2020 Spending Review, which allow a council tax increase of up to £15 to cover the increase in cost pressures such as pay awards and inflation not included in core grant. This freedom cannot be assumed in future years particularly given the huge impact of COVID 19 on government borrowing and receipts.
- 1.5 This level of spend and the resulting amount of council tax precept does not however provide any additional contribution to reserves in 2021-22; but there is an increased contribution to capital expenditure from revenue. The level of General reserves remains midway between minimum and maximum recommended levels. The ambition would be raise this to the maximum level of 5% of Net Revenue Expenditure. It is planned to address the reserve issue in the following 4 years by ensuring that sufficient funds are allocated to increase

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

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

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

- 1.10 Looking forward, the 5-year medium term financial strategy for 2021 to 2026 currently forecasts a total budget gap of £8.1m.
- 1.11 Given all of the above, it is imperative that the Force's financial governance is strong and given appropriate priority as it can be a significant driver of change and transformation. Last summer the Force and PCC commissioned the Chartered Institute of Public Finance and Accountancy (CIPFA) to carry out a review of the Force's Financial Management Capability in order to look for ways to improve. The report has been considered at a high level by the PCC and CC, the CC CFO and the PCC CFO. However, in light of other pressing business, including preparation for the new Financial Management System, major contract works as well as the restructuring of the Finance team and the impact of Covid, it is planned that a formal report and action plan should go to Executive Board in Spring 2021. This will set out the key recommendations and the actions already taken and proposed. Work has been ongoing on a number of fronts in the past 2-3 years, including a restructure of the Finance team in the last year and the appointment of new senior finance staff. In addition, budget monitoring has been improved.
- 1.12 In the current financial year, work has focused on strengthening the team and improving the capability and capacity of the Finance function, to move the team to operating more as business partners rather than service accountants. This should ensure that the finance team more fully understand the needs of the business and can help budget managers to maximise their resources and consider the best ways to transform their services and provide best value for money. The position of public sector funding post Covid will be extremely pressured and as stated above it is anticipated that grant levels are unlikely to remain at current levels. A reduction in grant given what has been said above about funding, reserves and capital will require the Force to look afresh at the use of its assets as well as considering how it can transform its services to deliver more for less.

## **2. Financial Context**

### **2.1 National Background**

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

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

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

### **2.2 Public Finances**

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

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

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

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

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

### **2.3 Spending Review**

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

**2.4 Other factors**

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

### **3. External Influences & local impact?**

#### **3.1 Background and Budget Setting**

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

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

## 3.2 Current Knowns and Unknowns

### 3.2.1 Impact of Brexit

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

### 3.2.2 Impact of the Pandemic

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

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

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

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

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

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

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

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

#### Pension Revaluations

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

#### Uplift Grant –

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

#### Efficiencies

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

#### 4. Risks and Robustness

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

## Reserves and Balances

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

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

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

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

- 4.9 Nottinghamshire holds earmarked reserves which have been increasing deliberately over recent years (and therefore the opposite trend to what has been seen nationally). This is because we need to fund some major capital expenditure projects and are very close to our capital financing limit for borrowing. To ensure we do not exceed this we have been setting aside reserves to finance one of our new buildings. This will also have a positive effect on the revenue budget in future years, by reducing the MRP which would have fallen due.
- 4.10 The government has made it very clear that it does not expect any force or local authority to hold significant levels of reserves. We are demonstrating we only hold increased levels of reserves for very short periods of time for major capital projects.
- 4.11 Capital receipts are utilised to fund short life assets in the capital programme as this is more beneficial to the future revenue budgets.

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

**5. Strategy Assumptions**

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

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

**1.14 Core Funding**

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

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

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

**1.15 Net Revenue Expenditure**

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

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

1.15.3 Non-Pay. Inflation is currently running at 0.5%. However, existing commitments (contracts) have higher increases built in. And the risks relating to overspends on national projects show that this is not the additional rate being incurred. However, we have shown the estimated 5% efficiency that we will be required to deliver.

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

APPENDIX D

APPENDIX A(i)

Net Revenue Expenditure (NRE)

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

## APPENDIX D

## APPENDIX A(ii)

Core Funding

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

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

## APPENDIX D

Core Funding available	219.6	233.2	243.4	248.7	251.5	254.1
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APPENDIX B

### Variables to Appendix A

#### Net Revenue Expenditure

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

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

Variables:

Every 1% increase to pay = £1.5m

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

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

## APPENDIX D

Every 1% increase in income inflation = £0.2m

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

### **Core Funding**

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

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

### Variables

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

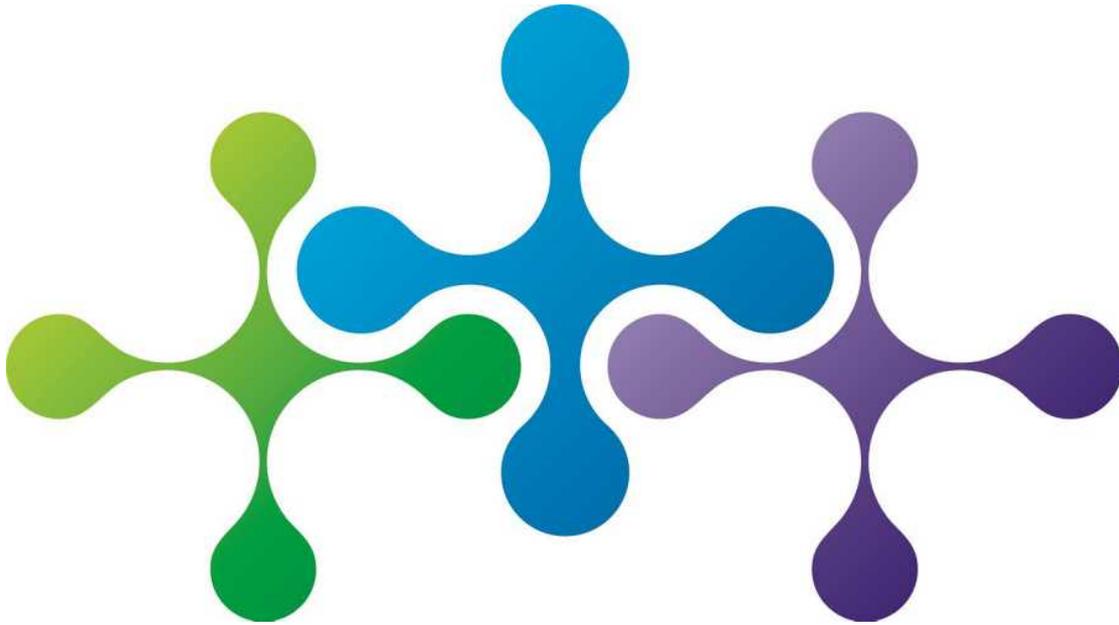
Every 1% increase on precept = £0.730m

Every 1% reduction in tax base = £0.750m

Government fund collection fund deficit = £3m

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





The Nottinghamshire Office of the Police & Crime Commissioner

## Capital Strategy

2021-22

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# Capital Strategy

## Section A Introduction

### 1. Purpose

The Chartered Institute of Public Finance and Accountancy (CIPFA) Prudential Code requires local authorities to produce a capital strategy to demonstrate that capital expenditure and investment decisions are taken in line with desired outcomes and take account of stewardship, value for money, prudence, sustainability and affordability.

The Capital Strategy is a key document for the Police and Crime Commissioner (Commissioner) and Nottinghamshire Police and forms part of the authority's integrated revenue, capital and balance sheet planning. It provides a high level overview of how capital expenditure, capital financing and treasury management activity contribute to the delivery of desired outcomes. It also provides an overview of how associated risk is managed and the implications for future financial sustainability. It includes an overview of the governance processes for approval and monitoring of capital expenditure.

Throughout this document the term Group is used to refer to the activities of both the Commissioner and the Force.

### 2. Scope

This Capital Strategy includes all capital expenditure and capital investment decisions for the Group. It sets out the long term context in which decisions are made with reference to the life of projects/assets.

### 3. Capital Expenditure - Definition

Capital expenditure is incurred on the acquisition or creation of assets, or expenditure that enhances or adds to the life or value of an existing fixed asset. Fixed assets are tangible or intangible assets that yield benefits to the Group generally for a period of more than one year, e.g. land and buildings, IT, business change programmes, equipment and vehicles. This is in contrast to revenue expenditure, which is spending on the day to day running costs of services, such as employee costs and supplies and services.

The capital programme is the Group's plan of capital works for future years, including details on the funding of the schemes.

Capital expenditure is a major cost and as a result it is necessary to ensure that key programmes of work requiring capital expenditure have been properly identified, evaluated and prioritised.

**4. Capital vs Treasury Management Investments**

Treasury Management investment activity covers those investments, which arise from the organisation's cash flows and debt management activity, and ultimately represent balances, which need to be invested until the cash is required for use in the course of business.

For Treasury Management investments the security and liquidity of funds are placed ahead of the investment return. The management of associated risk is set out in the Annual Treasury Management Strategy Statement.

The CIPFA Treasury Management Code recognises that some local authorities are entitled to make investments for policy reasons outside of normal treasury management activity. These may include service and commercial investments. However, like all police forces, the Group does not have a General Power of Competence, which gives councils the 'power' to do anything an individual can do provided it is not prohibited by other legislation. As such, the Group is prevented from entering into commercial investment activities.

**5. Links to other Corporate Strategies and Plans**

The Commissioner produces his Police and Crime Plan every four years, which is refreshed annually and the Chief Constable produces a Force Management Statement.

To support these overarching documents a number of interrelated strategies and plans are in place, such as the Medium Term Financial Strategy, Capital Strategy, Medium Term Capital Plan, Asset Management Plan, Treasury Management and Annual Investment Strategy, People Strategy/Workforce Plan and the Environmental Strategy.

The operation of these strategies and plans is underpinned by the Code of Corporate Governance which includes Contract Procedure Rules and Financial Regulations. Procedure manuals are considered best practice at Force level.

Capital resources should be directed to those programmes and projects that optimise the achievement of these outcomes. The following processes are designed to ensure this happens.

## Section B Developing a Capital Programme

### 6. The Capital Budget Setting Process

#### 6.1 Introduction

At any given time the Force is committed to rolling medium term revenue & capital plans, that usually extend for 4 years and beyond. The plans are drawn up, reassessed and extended annually. If required these are re-prioritised to enable the Force to achieve the aims and objectives, established in the Commissioner's Police and Crime Plan and commitment to support national drivers, such as the National Policing Vision.

Key focuses of the Capital Programme:

- To ensure the property estate remains fit for purpose, identifying opportunities to streamline assets and develop the estate infrastructure; maintaining core sites, improving core training facilities and progressing the Asset Management Plan.
- To ensure provision is made for IT & Business Change Technology to maintain and develop the existing infrastructure and invest in the core technologies required to provide innovative digital policing services.
- The maintenance and replacement of other core assets where necessary, (e.g. vehicles and communication infrastructure).

The plans acknowledge the constrained financial position of the Force and maximise both the available financial resources and the capacity that the Force has to manage change projects.

The Capital Plan provides the Force infrastructure and major assets through capital investment, enabling the Force to strengthen and streamline core assets and systems, and provides the framework for delivering innovative policing with a lower resource profile.

#### 6.2 Force Collaboration and Wider Sector Engagement

Although the Group has its own Capital Strategy and Medium Term Capital Plan, the natural drivers that encourage national, local and regional forces to collaborate, such as cost and resource sharing, along with structured collaborations and national plans, can have a significant influence on local decision making.

One of the focal points therefore of the Capital Strategy is to acknowledge regional and national partnership working, both with other Forces and in a the wider context of engagement with other Emergency Services, Local Authorities and the Crown Prosecution Service, to improve overall service to the public.

Wherever possible and subject to the usual risk assessment process, the Group will look to expand the number of capital schemes, which are completed on a partnership basis, and continually look for areas where joint projects can be implemented, in support of this initiative.

### **6.3 The Capital Budget Setting Process and Timetable Overview**

For any particular budget setting year, the process for the Group starts during the summer of the preceding year with the Force Corporate Development Department and other key Stakeholder Groups. The Group other Collaborative Forces commence earlier on an agreed time table and Communication Strategy to be adopted to secure investment requirements and ideas from the Stakeholder Groups covering the key criteria such as:

- Achievement of high level agreed Local, Regional or National outcomes;
- Maintenance of the essential infrastructure;
- Development of improved capability
- Adjustments to existing prioritised plans/projects.
- Rationalisation & modernisation of estates
- Carbon management & Health and Safety
- Invest to save schemes.

Based on an agreed timetable, Business Cases for consideration will be submitted into Force Corporate Development Department for both the Group and collaborations in order that a joined up approach is made to capital investment.

A de-minimis level of £0.02m is currently in place and must be adhered to.

Vehicle purchases must be made in bulk. One-off purchases of new or second-hand vehicles will be a cost to revenue.

Capital will fund new IT systems over £0.1m (below this amount will be considered if grant funded). All system upgrades will be funded by revenue.

Over the autumn, the business Cases will be subjected to the Forces Prioritisation Matrix, this provides a score for the project that considers key factors (e.g. statutory need, police and crime plan, risk) in assessing the importance of the bid. The bids will then be presented to and extensively reviewed by the Futures Board, before being scrutinised and recommended by the Chief Officer Team.

Business case prioritisation is achieved by initially applying an agreed Force Prioritisation Matrix to the bid. The matrix reflects the Chiefs Constables force commitment, operational priorities, risk profile, benefits and costs and provides an indicative score for each business case.

The Matrix will be adjusted, if required, prior to submission of business cases to reflect any changes to force prioritisation.

The Prioritisation Matrix score is subject to extensive review by Chief Officers and senior staff over the course of the budget process, to ensure prioritisation is effective and that any appeals are given due consideration.

Typically, a costed draft Capital Plan will then be presented to the Commissioner late autumn, providing views on affordability and potential funding issues and options. It is imperative that the Head of Finance updates the CFO on all changes made prior to the final version.

A final version of the Capital Plan and Programme will be presented to the Commissioner in the following February for approval, reflecting the known funding position and any further developmental work on the plan.

The formal Commissioner approval, agrees the capital budget for the following year, and acknowledges the intention for planning purposes of the remaining years of the Capital Plan. Until this approval is given spending cannot commence.

#### **6.4 Identifying Capital Expenditure/Investment Requirements**

The need for a capital scheme will typically be identified through one or more of the following processes:-

- Senior Stakeholders will submit business cases that support delivery of local, Force, Regional or National Objectives. These plans must be sponsored by a member of the Chief Constables Management Team (CCMT) and must identify the requirement, rational, deliverables, benefits, links to Force and/or PCC Priorities, and costs in terms of both Capital investment and on-going revenue consequences.
- Reviews of existing capital projects will identify that budget variances are likely to occur and that either more or less funding is likely to be required. Full rationales are required to justify variances and are submitted as per service delivery bids above.
- The other key strategies will inform the capital strategy and a capital scheme bid may arise from that, for example the Asset Management Plan, which rationalises and develops the operational buildings and estates, and may require, either sale or purchase or redevelopment of an element of the estate. This plan itself needs to have a long term view (30+ years) of each site that the Force occupies and informed by the building condition surveys undertaken.

Where investment needs are identified these are reported in a business case (on a standardised form) and submitted into the budget setting process (6.3).

## 6.5 Business Case and Prioritisation

A standard template should be used for all business cases. This should be completed in detail for projects with a duration of less than 1 year as well as initial year of multi-year schemes. Start dates, project duration and revenue implications should be clearly identified.

Payments for capital schemes often occur over many years, depending on the size and complexity of the project. Therefore, estimated payment patterns are calculated for each project so that the expected capital expenditure per month/year is known. This is called a cash flow projection or budget profiling.

The approval of a rolling multi-year capital programme assists the Group stakeholders in a number of ways:

- It allows the development of longer term capital plans for service delivery.
- It allows greater flexibility in planning workloads and more certainty for preparation work for future schemes.
- It allows greater integration of the revenue budget and capital programme.
- It also matches the time requirement for scheme planning and implementation since capital schemes can have a considerable initial development phase.

Business case prioritisation is achieved by initially applying an agreed Force Prioritisation Matrix to the bid. The matrix reflects operational priorities, risk profile, benefits and costs.

The Prioritisation Matrix is subject to extensive review by Chief Officers and senior staff over the course of the budget setting process to ensure prioritisation is effective and that any appeals are given due consideration.

Discussions are held with Collaborative Partners to agree, as far as possible, Force prioritisation and understand affordability risks and issues on joint ventures.

## 6.6 Affordability and Financial Planning

The overall financial position of the Group and therefore the scope for future capital expenditure, must take into consideration the combination of the revenue budget, capital programme as well as the position on reserves.

The revenue Medium Term Financial Plan (MTFP) financial position is influenced by inflation, committed growth requirements, forecast productivity and efficiency savings, assumptions around grant and council tax funding and any other information introduced during the budget process.

The revenue position influences the capital position in terms of potential affordability of support for Direct Revenue Financing (DRF) or debt charges (for external borrowing) whereas the capital bid process influences the revenue position in terms of both revenue consequences of capital programmes and also the requirement to financially support capital investment, either through DRF or external borrowing.

The extent to which the annual revenue budget, through the 4 year forecast, is expected to be able to support the capital programme is a key factor to overall financial planning and is becoming more so as other sources of funding cease to be available. The annual police capital grant provides only a small fraction of the funding required to maintain the Group assets.

The Capital Programme and the Capital Plan will include forecasts on capital expenditure, revenue consequences of capital programmes and the requirement to financially support capital investment, either through direct revenue financing, use of reserves or external borrowing.

## **6.7 Capital Sustainability**

The financial position of the Group has been changing. For many years the Group has benefitted from substantial capital receipt reserves, supported by the sale of operational buildings or from revenue reserves assigned to capital investment.

As we move forward through the next 4 years the picture moves away from funding of the capital programme through use of accumulated receipt reserves and into a position of funding through either direct revenue financing or borrowing for specific projects.

Beyond the next 4 years almost all capital investment will have to be funded from revenue contributions. This is expected to be during a continued period of revenue pressure and uncertainty.

The Group's Strategy is therefore to invest in core infrastructure now that will not only offer overall service improvements to the public, but also maximise revenue savings into the future through more efficient and mobile use of police personnel, enabled by improved Information and Communication Technology systems and other core infrastructure for example, connected vehicle fleet and building assets.

The Group investment strategy will also be influenced by, and take account of National visions for policing, regional and local priorities.

## **6.8 Approval Process**

As indicated, the Commissioner receives the updated Capital Programme supported by a longer term capital plan, in February each year as part of the overall suite of budget reports.

The Commissioner approves the overall borrowing levels at the budget meeting in February each year as part of the Treasury Management Report. The taking of loans, if required, then becomes an operational decision for the CFO who will decide on the basis of the level of reserves, current and predicted cashflow, and the money market position whether borrowing should be met from internal or external sources.

Once the Commissioner has approved the capital programme, then expenditure can be committed against these approved schemes subject to the normal contract procedure rules and the terms and conditions of funding.

Whether capital projects are funded from grant, contributions, capital allocations or borrowing, the revenue costs must be able to be met from existing revenue budgets or identified (and underwritten) savings or income streams.

Following approval by Commissioner the capital programme expenditure is then monitored on a regular basis.

## Section C Governance

### 7. Funding Strategy and Capital Policies

This section sets out the Group policies and priorities in relation to funding capital expenditure and investment.

#### 7.1 Government Grant

The Commissioner only receives limited financial support from the Home Office; annual capital grant is currently less than £0.2m per annum. This grant is not hypothecated and can be carried forward if not spent in the year of receipt.

Specific capital grants may be received for agreed capital works undertaken by those regional policing units for which the Group is the lead force or for themselves only.

#### 7.2 Capital Receipts

A capital receipt is an amount of money which is received from the sale of an asset on the fixed asset register. They cannot be spent on revenue items.

These capital receipts, once received, are used to finance short life assets in future capital programmes. Unfortunately, the pool of assets available for sale is rapidly declining.

All sale receipts from assets originally purchased by capital funding are capital receipts even when below the £0.01m value set by statute.

#### 7.3 Revenue Funding

Recognising that the pool of assets available for sale is declining, Direct Revenue Funding (DRF) is seen as a funding alternative. However, the revenue budget is under significant pressure and is currently overspent year on year. Therefore opportunities to budget for DRF are limited.

#### 7.4 Prudential Borrowing

Local Authorities, including the Police, can set their own borrowing levels based on their capital need and their ability to pay for the borrowing. The levels will be set by using the indicators and factors set out in the Prudential Code. The borrowing costs are not supported by the Government so the Group needs to ensure it can fund the repayment costs. The Group's Minimum Revenue Provision (MRP) Policy sets out a prudent approach to the amount set aside for the repayment of debt.

Due to the on-going debt charges (i.e. MRP and external interest charges) the CFO will consider external borrowing and any potential alternative source for financing the capital programme.

**7.5 Reserves and balances**

Unspent capital grant and capital receipt monies can be carried forward in the Balance Sheet until they are required to fund the capital programme.

The Group also uses money held in earmarked revenue reserves to help fund capital expenditure, most notably the Asset Replacement Reserve.

**7.6 Third party capital contributions**

Occasionally the Group will receive income from a third party (usually another authority) who has agreed to contribute towards an asset (e.g. SARC) that the Group will then own.

**7.7 Leasing**

The Group may enter into finance leasing agreements to fund capital expenditure. However, a full option appraisal and comparison of other funding sources must be made and the Department must liaise with the Head of Finance to ensure that this is costed accurately. The CFO must be satisfied that leasing provides the best value for money method of funding the scheme and will utilise the Treasury management Advisors in this, before a recommendation is made to the Commissioner.

Under the Prudential Code finance leasing agreements are counted against the overall borrowing levels when looking at the prudence of the authority's borrowing.

**8. Procurement and Value for Money**

Procurement is the purchase of goods and services. The Group has a Procurement Department that ensures that all contracts, including those of a capital nature, are legally compliant and best value for money.

It is essential that all procurement activities comply with prevailing regulations and best practice as set out in the Code of Corporate Governance, which includes Contract and Financial Regulations. Guidance on this can be sought from the Procurement team.

The main aim is to hold 'value for money' as a key goal in all procurement activity to optimise the combination of cost and quality.

**9. Partnerships and Relationships with other Organisations**

Wherever possible and subject to the usual risk assessment process the Group will look to expand the number of capital schemes, which are completed on a partnership basis and continually look for areas where joint projects can be implemented.



## Section D Management

### 10. Management Framework

The Commissioner owns all assets and has given legal consent for the Chief Constable to manage them on a day to day basis, on his behalf.

The Head of Finance collates the information for the capital programme. The capital programme is managed by the project managers and the Head of Finance monitors and reports on the expenditure regularly, to the Chief Constable's Management Team who, collectively maintain oversight of planned expenditure.

The Chief Finance Officer is responsible for developing and then implementing the Treasury Management Strategy, including the Annual Investment Strategy, along with the completion of all capital spend and funding related returns completed for central government and other regulatory bodies.

During the budget preparation process the Chief Constable's Management Team take a strategic perspective to the use and allocation of the Group's capital assets in planning capital investment. They receive reports on proposed capital projects and make formal recommendations to the Commissioner, during the development of the capital programme.

Having approved the capital plan and the capital programme in February each year the Commissioner formally holds the Chief Constable to account for delivery of capital projects.

Detailed discussions are held with Collaborative Partners to agree as far as possible Force prioritisation and understand affordability risks and issues on joint ventures.

Once the list of key capital priorities have been identified, in preparing capital project proposals, consideration should be given to the key criteria identified earlier in the year.

### 11. Individual Project Management

Capital Projects are subject to high levels of scrutiny. This varies dependant on the type of project and may be influenced by size or by the makeup of regional involvement. Each Project will have a Project Manager and potentially a team to implement the project.

Typically projects will have a dedicated Project Board, which, if part of a larger programme may sit under a Programme Board. Programme and Project Boards will have a Senior Responsible Officer or Chair Person.

For those business change programmes where a formal Board has been established, a detailed scheme monitoring report is presented to each Board meeting.

Detailed oversight is further provided through IT Project Management Office, Strategic Estate Groups and Futures Board.

Regional Projects or Programmes may also report into Regional Boards.

## **12. Monitoring of the Capital Programme**

The Head of Finance will submit capital monitoring reports to both Chief Constable's Management Team and the Commissioner on a regular basis throughout the year. These reports will be based on the most recently available financial information. These monitoring reports will show spending to date and compare projected expenditure with the approved capital budget.

For proposed in-year amendments to the capital programme, for new schemes not already included in the medium term capital programme, the department in consultation with the Head of Finance will prepare a business case for submission to the Futures Board and then to the Commissioner for consideration and approval, including details on how the new scheme is to be funded: such as revenue, grants and/or savings from current capital programme. Additional capital funding will only be considered in exceptional circumstances approved by CFO and Commissioner.

Monitoring reports are presented to the Commissioner at either, the Strategic Resources and Performance meeting, or as part of the decision making process if timing of the meeting is not aligned.

## **13. Performance Management**

Clear measurable outcomes should be developed for each capital scheme. After the scheme has been completed, the Chief Constable is required to check that outcomes have been achieved.

Post scheme evaluation reviews should be completed by the Group for all schemes over £0.5 million and for strategic capital projects.

Reviews should look at the effectiveness of the whole project in terms of service delivery outcomes, design and construction, timescales being met, expenditure etc. and identify good practice and lessons to be learnt in delivering future projects.

## **14. Risk Management**

Risk is the threat that an event or action will adversely affect the Group's ability to achieve its desired outcomes and to execute its strategies successfully.

Risk management is the process of identifying risks, evaluating their potential consequences and determining the most effective methods of managing them and/or responding to them. It is both a means of minimising the costs and disruption to the organisation caused by undesired events and of ensuring that staff understand and appreciate the element of risk in all their activities.

The aim is to reduce the frequency of adverse risk events occurring (where possible), minimise the severity of their consequences if they do occur, or to consider whether risk can be transferred to other parties.

Each project should maintain its own risk assessments and monitor these throughout the project term. Where significant risks arise these should be evaluated to see if they should be escalated to the corporate risk register.

To manage risk effectively, the risks associated with each capital project need to be systematically identified, analysed, influenced and monitored.

It is important to identify the appetite for risk by each scheme, especially when investing in complex and costly business change programmes.

The corporate risk register sets out the key risks to the successful delivery of the Group's corporate aims and priorities and outlines the key controls and actions to mitigate and reduce risks, or maximise opportunities.

The Group accepts there will be a certain amount of risk inherent in delivering the desired outcomes of Police and Crime Plan and will seek to keep the risk of capital projects to a low level whilst making the most of opportunities for improvement. Where greater risks are identified as necessary to achieve desired outcomes, The Group will seek to mitigate or manage those risks to a tolerable level

The Chief Finance Officer will report on the deliverability, affordability and risk associated with this Capital Strategy and the associated capital programme. Where appropriate they will have access to specialised advice to enable conclusions to be reached.

- **Funding Capacity Risk**

This is the risk that identified project costs are either understated or escalate during the project lifecycle, for example if the project scope changes. This risk is mitigated as far as possible by the identified monitoring process and controls.

- **Credit Risk**

This is the risk that the organisation with which we have invested capital monies becomes insolvent and cannot complete the agreed contract. Accordingly, the Group will ensure that robust due diligence procedures cover all external capital investment. Where possible contingency plans will be identified at the outset and enacted when appropriate.

- **Liquidity Risk**

This is the risk that the timing of any cash inflows from a project will be delayed, for example if other organisations do not make their contributions when agreed. This is also the risk that the cash inflows will be less than expected, for example due to the effects of inflation, interest rates or exchange rates. Our exposure to this risk will be monitored via the revenue and capital budget monitoring processes. Appropriate interventions will occur as early as possible.

- **Interest Rate Risk**

This is the risk that interest rates will move in a way that has an adverse effect on the value of capital expenditure or the expected financial returns from a project. Interest rates will be reviewed as part of the on-going monitoring arrangements to identify such adverse effects. As far as possible our exposure to this risk will be mitigated via robust contract terms and when necessary contract re-negotiations.

There is also a risk that external interest rates will rise, after the budget has been set, meaning that actual debt charges are higher than those included in individual business cases and more widely in the revenue budget. This risk will be managed by the Chief Finance Officer who will liaise with external Treasury Management advisors to determine the best time to take new external loans.

- **Exchange Rate Risk**

This is the risk that exchange rates will move in a way that has an adverse effect on the value of capital expenditure or the expected financial returns from a project. Where relevant, exchange rates will be reviewed as part of the ongoing monitoring arrangements to identify such adverse effects. As far as possible our exposure to this risk will be mitigated via robust contract terms and when necessary contract re-negotiations.

- **Inflation Risk**

This is the risk that rates of inflation will move in a way that has an adverse effect on the value of capital expenditure or the expected financial returns from a project. Rates of inflation will be reviewed as part of the ongoing monitoring arrangements to identify such adverse effects. As far as possible our exposure to this risk will be mitigated via robust contract terms and when necessary contract re-negotiations.

- **Legal and Regulatory Risk**

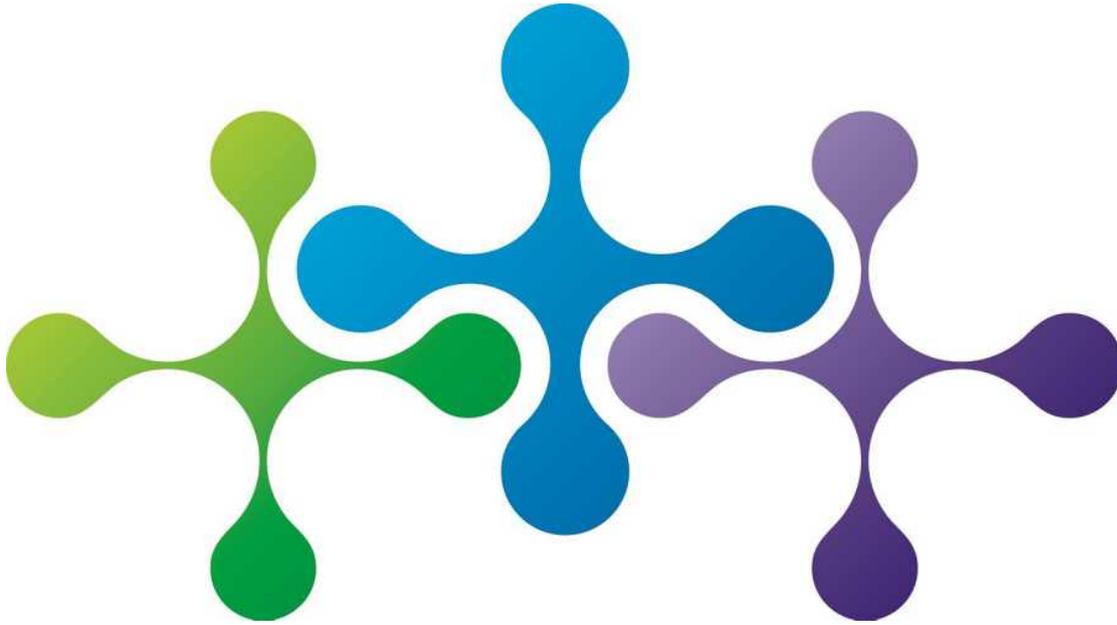
This is the risk that changes in laws or regulation make a capital project more expensive or time consuming to complete, make it no longer cost effective or make it illegal or not advisable to complete. Before entering into capital expenditure or making capital investments, the Group will understand the powers under which the investment is made. Forthcoming changes to relevant laws and regulations will be kept under review and factored into any capital bidding and programme monitoring processes.

▪ **Fraud, Error and Corruption Risk**

This is the risk that financial losses will occur due to errors or fraudulent or corrupt activities. Officers involved in any of the processes around capital expenditure or funding are required to follow the agreed Code of Corporate Governance. The Group has a strong ethical culture which is evidenced through our values, principles and appropriate behaviour. This is supported by the national Code of Ethics and detailed policies such as Anti-Fraud and Corruption and Declaration of Interests.

**15. Other Considerations**

Capital Schemes must comply with legislation, such as the Disability Discrimination Act, the General Data Protection Regulations (GDPR), building regulations etc.



The Nottinghamshire Office of the Police & Crime Commissioner

**Draft**

## **Treasury Management Strategy**

Minimum Revenue Provision Policy Statement and  
Annual Investment Strategy

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2021-22

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## 1. INTRODUCTION

### 1.1 Background

The Nottinghamshire Office of the Police and Crime Commissioner (NOPCC) is required to operate a balanced budget, which broadly means that cash raised during the year will meet cash expenditure. Part of the treasury management operation is to ensure that this cash flow is adequately planned, with cash being available when needed. Surplus monies are invested in low risk counterparties or instruments commensurate with the Police and Crime Commissioner's low risk appetite, providing adequate liquidity initially before considering investment return.

The second main function of the treasury management service is the funding of the Commissioner's capital plans. These capital plans provide a guide to borrowing need, and longer term cash flow planning to ensure that the NOPCC can meet its capital spending obligations. This management of longer term cash may involve arranging long or short term loans. If advantageous debt previously borrowed may be restructured to meet NOPCC risk or cost objectives.

The responsible officer for treasury management is the Chief Finance Officer to the Police & Crime Commissioner (CFO). CIPFA defines treasury management as:

*"The management of the local authority's investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks."*

### 1.2 Reporting requirements

The Commissioner is required to receive and approve, as a minimum, three main reports each year, which incorporate a variety of polices, estimates and actuals.

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

- the capital plans (see also the strategy report), prudential indicators and borrowing plans
- a minimum revenue provision (MRP) policy, (how residual capital expenditure is charged to revenue over time)
- the treasury management strategy, (how the investments and borrowings are to be organised) including treasury indicators; and
- an investment strategy (the parameters on how investments are to be managed)

**A mid-year treasury management report** – This is primarily a progress report and will update the Commissioner on the capital position, amending prudential indicators as necessary. It also monitors whether the treasury activity is meeting the strategy and whether any policies require revision.

**An annual treasury report** – This is a backward looking review document and provides details of a selection of actual prudential and treasury indicators and actual treasury operations compared to the estimates within the strategy.

**A detailed capital strategy report** – contained in a separate report.

### **Scrutiny**

The responsibility for scrutiny lies with the Commissioner supported by the Audit and Scrutiny Panel. The above reports are reviewed at the Strategic Resources and Performance meetings of the Commissioner.

The values within the strategy have been rounded appropriately, and the extent of rounding is clearly labelled. This rounding will in some cases cause a note to be apparently mathematically incorrect.

## **1.3 Treasury Management Strategy 2021-22**

The strategy covers two main areas:

### **Capital issues**

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

### **Treasury management issues**

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

These elements cover the requirements of the Local Government Act 2003, the CIPFA Prudential Code, MHCLG MRP Guidance, the CIPFA Treasury Management Code and MHCLG Investment Guidance.

### **1.4 Treasury management consultants**

NOPCC uses Link Group, Treasury Solutions as its external treasury management advisors.

NOPCC recognises that responsibility for treasury management decisions remains with the organisation at all times and will ensure that undue reliance is not placed upon our external advisors. All decisions will be undertaken with regards to all available information, including, but not solely, our treasury advisers.

It also recognises that there is value in employing external providers of treasury management services in order to acquire access to specialist skills and resources. The CFO will ensure that the terms of their appointment and the methods by which their value will be assessed are properly agreed and documented, and subjected to regular review.

### **1.5 Training**

The CIPFA Code requires that the responsible officer ensures that relevant personnel receive adequate training in treasury management. This especially applies to the Commissioner who is responsible for scrutiny. Training for the Commissioner was formally delivered in March 2014, and the Chief Financial Officer to the Commissioner (CFO) has provided subsequent updates. The training needs of treasury management officers are periodically reviewed.

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

The Commissioner's capital expenditure plans are the key driver of treasury management activity. The output of the capital expenditure plans is reflected in the prudential indicators, to give an overview and confirm capital expenditure plans. Full information regarding capital expenditure plans is included within the separate capital strategy report and capital programme report.

### 2.1 Capital expenditure

This prudential indicator is a summary of the Commissioner's capital expenditure plans, both those agreed previously, and those forming part of this budget cycle.

The Commissioner is asked to approve the capital expenditure forecasts.

The table below summarises the capital expenditure plans and how these plans are being financed by capital or revenue resources. Any shortfall of resources results in a net financing need.

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

### 2.2 Commissioner's borrowing need (Capital Financing Requirement)

The second prudential indicator is the Capital Financing Requirement (CFR). The CFR is simply the total historic outstanding capital expenditure, which has not yet been financed from either revenue or capital resources. It is essentially a measure of the underlying borrowing need. Any capital expenditure above, which has not immediately been financed, will increase the CFR.

The CFR does not increase indefinitely, as the minimum revenue provision (MRP) is a statutory annual revenue charge, which broadly reduces the borrowing need in line with each asset’s life.

The CFR includes any other long term liabilities (e.g. PFI schemes and finance leases). Whilst these increase the CFR, and therefore the borrowing requirement, these types of scheme include a borrowing facility by the provider and so the Commissioner is not required to separately borrow for these schemes.

The Commissioner is asked to approve the CFR projections below:

Capital Financing Requirement (CFR)	2019-20 Actual £m	2020-21 Forecast £m	2021-22 Estimate £m	2022-23 Estimate £m	2023-24 Estimate £m	2024-25 Estimate £m	2025-26 Estimate £m
<b>Total CFR</b>	63.606	77.196	85.204	87.043	86.007	85.273	84.365
<b>Movement in CFR</b>	2.382	13.590	8.008	1.840	(1.036)	(0.735)	(0.907)

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

N.B. The code does not require the reporting of estimated downward movements to CFR, but this information is included for completeness.

### 2.3 Minimum Revenue Provision (MRP) policy statement

NOGCC is required to pay off an element of the accumulated General Fund capital spend each year (the CFR) through a revenue charge (the minimum revenue provision - MRP). Additional voluntary payments are also allowed (voluntary revenue provision – VRP). Payments included in annual PFI or finance leases are applied as MRP.

A change introduced by the revised MHCLG MRP Guidance was the allowance that any charges made over the statutory minimum revenue provision (MRP), voluntary revenue provision or overpayments, can, if needed, be reclaimed in later years if deemed necessary or prudent. In order for these sums to be reclaimed for use in the budget, this policy must disclose the cumulative overpayment made each year.

The additional provision that has been made to date is shown in the table below:

<b>Additional Revenue Provision</b>	<b>£m</b>
2016-17	0.750
2017-18	0.250
<b>Total Additional Provision</b>	<b>1.000</b>

Ministry of Housing, Communities and Local Government (MHCLG) regulations have been issued, which require the Commissioner to approve an MRP Statement in advance of each year. A variety of options are available to the Commissioner, as long as there is a prudent provision. No change is proposed from last year.

***The Commissioner is recommended to approve the following MRP Statement:***

*The Commissioner will set aside an amount for MRP each year, which is deemed to be both prudent and affordable. This will be after considering statutory requirements and relevant guidance from the MHCLG.*

## 2.4 Core funds and expected investment balances

The application of resources (capital receipts, grants, reserves etc.) to either finance capital or revenue expenditure, will reduce investments unless resources are supplemented each year from new sources (asset sales, revenue underspends, etc). Detailed below are estimates of the year end resource balances and anticipated day to day cash flow balances:

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

\*Working capital balances shown are estimated year-end; these may be higher mid-year

## 2.5 Affordability

The previous sections cover the overall capital and control of borrowing prudential indicators, but within this framework prudential indicators are required to assess the

affordability of the capital investment plans. These provide an indication of the impact of the capital investment plans on the Commissioners overall finances.

***The Commissioner is requested to approve the following indicators:***

**2.6 Ratio of financing costs to net revenue stream**

This indicator identifies the trend in the cost of capital (borrowing and other long term obligation costs net of investment income) against the net revenue stream. This indicator is not a mandatory indicator under the revised code, but it has been reviewed and considered a good indication of the commitment from capital spending.

The estimates of financing costs include commitments and a reasonable assessment of forthcoming capital proposals.

Ratio	2019-20 Actual	2020-21 Forecast	2021-22 Estimate	2022-23 Estimate	2023-24 Estimate	2024-25 Estimate	2025-26 Estimate
	1.9%	2.0%	2.3%	2.7%	2.8%	2.7%	2.8%

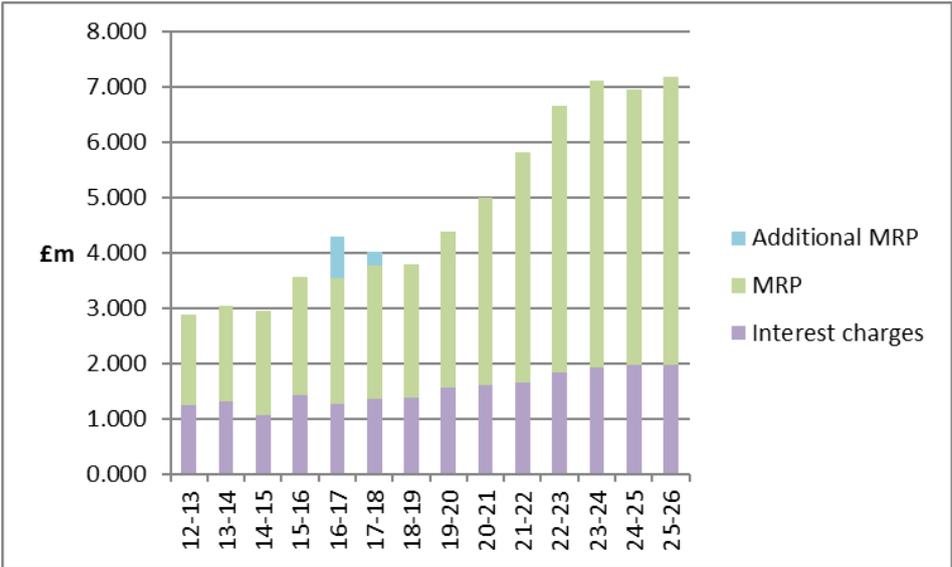
**2.7 Incremental impact of capital investment decisions on council tax**

This indicator identifies the revenue costs associated with a reasonable assessment of forthcoming capital proposals, compared to the Commissioners existing approved commitments and current plans. The assumptions are based on current plans, but will invariably include some estimates, such as the level of Government support, which is not published over a three year period. Again this indicator is not a mandatory indicator under the revised code, but it has been reviewed and considered a good indicator of the commitment from capital spending.

**Incremental impact of capital investment decisions on the band D council tax**

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

The graph below shows the financial impact of capital expenditure and borrowing on the Revenue Account:



### 3. BORROWING

The treasury management function ensures that the Commissioners cash is organised in accordance with the the relevant professional codes, so that sufficient cash is available to meet the capital expenditure plan summarised in Section 2. This will involve both the organisation of the cash flow, including the arrangement of borrowing as appropriate. The strategy covers the relevant treasury/prudential indicators, the current and projected debt positions and the annual investment strategy.

#### 3.1 Current portfolio position

The Commissioners borrowing portfolio position at March 2019, with forward projections is summarised below. The table shows external debt against the underlying capital borrowing need (the Capital Financing Requirement – CFR), highlighting any over or under borrowing.

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

Within the prudential indicators there are a number of key indicators to ensure that activities operate within well defined limits. One of these is that the Commissioner needs to ensure that his gross debt does not (except in the short term), exceed the total of the CFR in the preceding year plus the estimates of any additional CFR for 2020-21 and the following two financial years. This allows some flexibility for limited early borrowing for future years, but ensures that borrowing is not undertaken for revenue purposes.

The CFO reports that this prudential indicator will be complied with in the current year and does not envisage difficulties for the future. This view takes into account current commitments, existing plans, and the proposals in this budget report.

### 3.2 Treasury Indicators - Limits to borrowing activity

**Operational boundary.** This is the limit beyond which external debt is not normally expected to exceed. In most cases, this would be a similar figure to the CFR.

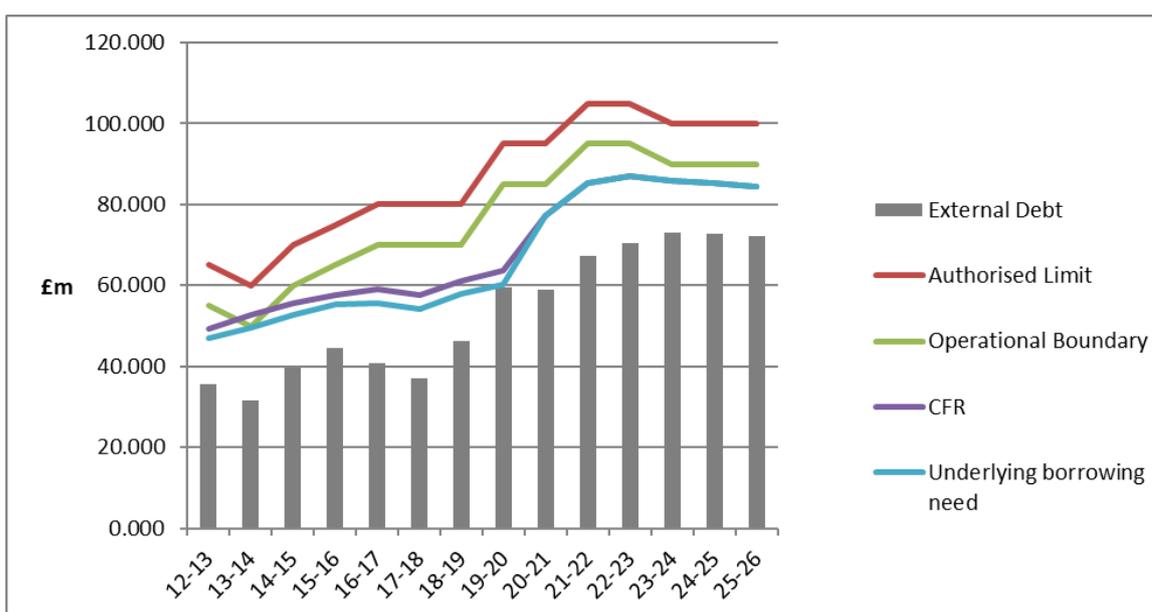
Operational Boundary	2020-21 £m	2021-22 £m	2022-23 £m	2023-24 £m	2024-25 £m	2025-26 £m
	85.000	95.000	95.000	90.000	90.000	90.000

**Authorised limit.** A further key prudential indicator representing a control on the maximum level of borrowing. This is a limit beyond which external debt is prohibited, and this limit needs to be set or revised by the Commissioner. It reflects the level of external debt which, while not desired, could be afforded in the short term, but is not sustainable in the longer term.

***The Commissioner is requested to approve the following authorised limit:***

Authorised Limit	2020-21 £m	2021-22 £m	2022-23 £m	2023-24 £m	2024-25 £m	2025-26 £m
	95.000	105.000	105.000	100.000	100.000	100.000

The graph below shows CFR and debt figures from paragraphs 2.2 and 3.1 compared with relevant borrowing limits.



### 3.3 Prospects for interest rates and economic background

One of the services provided by Link Asset Services is to assist the Commissioner in formulating a view on interest rates. The table below gives the view as at 9th November 2020.

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

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

As the interest forecast table for PWLB certainty rates above shows, there is expected to be little upward movement in PWLB rates over the next two years as it will take economies, including the UK, a prolonged period to recover all the momentum they have lost in the sharp recession caused during the coronavirus shut down period. From time to time, gilt yields, and therefore PWLB rates, can be subject to exceptional levels of volatility due to geo-political, sovereign debt crisis, emerging market developments and sharp changes in investor sentiment, (as shown on 9th November when the first results of a successful COVID-19 vaccine trial were announced). Such volatility could occur at any time during the forecast period.

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

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

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

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

- **UK** - stronger than currently expected recovery in UK economy, especially if effective vaccines are administered quickly to the UK population and lead to a resumption of normal life and a return to full economic activity across all sectors of the economy.

- **Post-Brexit** – if an agreement was reached that removed the majority of threats of economic disruption between the EU and the UK.
- The **Bank of England is too slow** in its pace and strength of increases in Bank Rate and, therefore, allows inflationary pressures to build up too strongly within the UK economy, which then necessitates a later rapid series of increases in Bank Rate faster than we currently expect.

### Investment and borrowing rates

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

While the NOPCC will not be able to avoid borrowing to finance new capital expenditure, replace maturing debt or avoid the complete rundown of reserves, there will be a cost of carry, (the difference between higher borrowing costs and lower investment returns), to any new short or medium-term borrowing that causes a temporary increase in cash balances as this position will, most likely, incur a revenue cost.

Against this background and the risks within the economic forecast, caution will be adopted with the 2021-22 treasury operations. The CFO will monitor interest rates and financial markets and adopt a pragmatic approach to changing circumstances.

### Treasury Management limits on activity

There are three debt related treasury activity limits. The purpose of these are to constrain the activity of the treasury function within certain limits, thereby managing risk and reducing the impact of any adverse movement in interest rates. However, if these are set too restrictively they will impair the opportunities to reduce costs/improve performance.

The indicators are:

**Upper limits on variable interest rate exposure.** This identifies a maximum limit for variable interest rates based upon the debt position net of investments

**Upper limits on fixed interest rate exposure.** This gives a maximum limit on fixed interest rates;

**Maturity structure of borrowing.** These gross limits are set to reduce the exposure to large fixed rate sums falling due for refinancing.



***The Commissioner is requested to approve the following treasury indicators and limits:***

<b>Upper Interest rate exposures 2021-22 to 2023-24</b>		
<b>Limits on fixed interest rates:</b>		
• Debt only		100%
• Investments only		100%
<b>Limits on variable interest rates</b>		
• Debt only		50%
• Investments only		100%
<b>Maturity structure of fixed interest rate borrowing 2021-22 to 2023-24</b>		
	<b>Lower</b>	<b>Upper</b>
Under 12 months	0%	30%
12 months to 2 years	0%	40%
2 years to 5 years	0%	50%
5 years to 10 years	0%	70%
10 years and above	0%	100%

### **3.4 Policy on borrowing in advance of need**

NOPCC will not borrow more than, or in advance of its needs purely in order to profit from the investment of extra sums borrowed. Any decision to borrow in advance will be within forward approved Capital Financing Requirement estimates, and will be considered carefully to ensure that value for money can be demonstrated and that the security of such funds is considered.

Borrowing in advance will be made within the following constraints:

- It will be limited to no more than 50% of the expected increase in borrowing need (CFR) over the three year planning period
- Would not be more than 18 months in advance of need

Risks associated with any borrowing in advance activity will be subject to prior appraisal and subsequent reporting through the mid-year or annual reporting mechanism.

### **3.5 Debt rescheduling**

Rescheduling of current borrowing in our debt portfolio is unlikely to occur as the 100 bps increase in PWLB rates only applied to new borrowing rates and not to premature debt repayment rates.

Following the decision by the PWLB on 9<sup>th</sup> October 2019 to increase their margin over gilt yields by 100 bps to 180 basis points on loans lent to local authorities,

consideration will also need to be given to sourcing funding at cheaper rates from the following:

- Local authorities (primarily shorter dated maturities)
- Financial institutions (primarily insurance companies and pension funds but also some banks, out of spot or forward dates)
- Municipal Bonds Agency (no issuance at present but there is potential)

The degree which any of these options proves cheaper than PWLB Certainty Rate is still evolving at the time of writing, but our advisors will keep us informed.

As short term borrowing rates will be considerably cheaper than longer term fixed interest rates, there may be potential opportunities to generate savings by switching from long term debt to short term debt. However, these savings will need to be compared to the cost of debt repayment (premiums incurred). Also the current treasury position needs due consideration.

The reasons for any rescheduling to take place will include:

- the generation of cash savings and/or discounted cash flow savings
- helping to fulfil the treasury strategy
- enhance the balance of the portfolio (amend the maturity profile and/or the balance of volatility)

Consideration will also be given to identify if there is any potential for making savings by running down investment balances to repay debt prematurely as short term rates on investments are likely to be lower than rates paid on current debt.

All rescheduling will be reported to the Commissioner at the earliest opportunity.

### **3.6 Municipal Bond Agency**

It is possible that the Municipal Bond Agency, will offer loans to Local Authorities at borrowing rates lower than those offered by the Public Works Loan Board (PWLB). The Commissioner intends to make use of this new source of borrowing if rates are favourable.

## 4. ANNUAL INVESTMENT STRATEGY

### 4.1 Investment Policy

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

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

The Commissioner's investment priorities will be security first, liquidity second and then return.

In accordance with guidance from the MHCLG and CIPFA, and in order to minimise the risk to investments, the NOPCC has below clearly stipulated the minimum acceptable credit quality of counterparties for inclusion on the lending list. This enables diversification and avoids the concentration of risk. The key ratings used to monitor counterparties are the Short Term and Long Term ratings.

The aim of the strategy is to generate a list of highly creditworthy counterparties which will also enable diversification and thus avoidance of concentration risk. Therefore, providing security of investment and minimisation of risk.

Ratings will not be the sole determinant of the quality of an institution; it is important to continually assess and monitor the financial sector on both a micro and macro basis and in relation to the economic and political environments in which institutions operate. The assessment will also take account of information that reflects the opinion of the markets, by actively engaging with advisors to maintain monitoring on market pricing such as "credit default swaps" and overlay that information on top of the credit ratings.

Other information sources used will include the financial press, share price and other such information regarding the banking sector. This allows a robust scrutiny process on investment counterparties.

At the end of the financial year, the CFO will report on the investment activity as part of the Annual Treasury Report.

### 4.2 Non-financial Investments Policy

Non-financial investments are essentially the purchase of income yielding assets. Currently radio masts are held and income is received for an item that is no longer operational. They were not acquired with that as a purpose, and were originally operational. The current income yield is circa £0.090m per annum. There is no

intention to purchase these kinds of investments and any divergence from this would be the subject of a future report.

### 4.3 Creditworthiness Policy

The primary criterion is the security of investments. The liquidity (availability) of the investments is secondary consideration. The yield (return) on the investment is also a further consideration. The Commissioner will ensure that:

- It maintains a policy covering both the categories of investment types it will invest in, criteria for choosing investment counterparties with adequate security, and monitoring their security. This is set out in the specified and non-specified investment sections below:
- It has sufficient liquidity in its investments. For this purpose it will set out procedures for determining the maximum periods for which funds may prudently be committed. These procedures also apply to the prudential indicators covering the maximum principal sums invested.

The CFO will maintain a counterparty list in compliance with the following considerations and will keep the criteria under review. It provides an overall pool of counterparties considered high quality which the Commissioner may use, rather than defining what types of investment instruments are to be used.

The lowest credit rating from the main agencies is used when considering counterparties. It is considered that this does not significantly increase risk but may widen the pool of available counter parties. Credit rating information is supplied by Link Asset Services, on all active counterparties that comply with the criteria below. Any counterparty failing to meet the criteria would be omitted from the counterparty (dealing) list. Any rating changes, rating watches (notification of a likely change), rating outlooks (notification of a possible longer term change) are provided to officers almost immediately after they occur and this information is considered before dealing. Link Asset Services updates counterparties who qualify under the list on a daily basis.

**Country and sector considerations** - Due care will be taken to consider the country, group and sector exposure of the Commissioners investments. In addition to the considerations already outlined the limits in place will apply to a group of companies and sector limits will be monitored regularly for appropriateness. Investments will only be made in sterling.

**Use of additional information other than credit ratings** - Additional requirements under the Code requires the Commissioner to supplement credit rating information. Whilst the above criteria relies primarily on the application of credit ratings to provide a pool of appropriate counterparties for officers to use, additional operational market information will be applied before making any specific investment decision from the agreed pool of counterparties. This additional market information (for example Credit Default Swaps, negative rating watches/outlooks and relevant news articles) will be applied to compare the relative security of differing investment counterparties.

**Time and monetary limits applying to all investments.** The time and monetary limits for institutions on the Commissioners counterparty list are as follows: No changes are proposed. The range of values for Low Volatility Net Asset Value Funds and Ultra Short Dated Bond Funds have the lower limit being the 'normal limit' and above this being at the CFO's discretion.

	Fitch Long term Rating (or equivalent)	Money and/or % Limit	Time Limit
Banks 1 higher quality	AAA	£5m	1 yr
Banks 1 medium quality	AA-	£5m	1 yr
Banks 1 medium/lower quality	A	£4m	6 month
Banks 1 Lower quality	A-	£3m	3 months
Banks 2 – part nationalised	N/A	£5m	1yr
<b>Additional criteria for non UK Banks</b>			
Sovereign	AA-		
Country		25%/£5m	
Banks 3 category – Commissioners banker (not meeting Banks 1)	N/A	£5m	1 day
UK Govt - DMADF	AAA	Unlimited	6 months
Local authorities	N/A	£8m	2 yr
Low Volatility Net Asset Value Funds (LVNAV) (Used to be called Enhanced money market funds with instant access)	AAA	£12/15m	liquid
Ultra Short Dated Bond Funds (Used to be called Enhanced money market funds with notice)	AAA	£3/5m	liquid

#### 4.4 Country Limits

The Commissioner has determined that it will only use approved counterparties from countries with a minimum sovereign credit rating of AA- from Fitch. For information the UK is currently rated AA-.

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

*Based on lowest available rating*

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

### 4.5 Investment Strategy

**In-house funds.** Investments will be made with reference to the core balance and cash flow requirements and the outlook for short-term interest rates (up to 12 months). While most cash balances are required in order to manage the ups and downs of cash flow, where cash sums can be identified that could be invested for longer periods, the value to be obtained from longer term investments will be carefully assessed.

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

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

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

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

**Investment treasury indicator and limit** - total principal funds invested for greater than 365 days are limited with regard to liquidity requirements and to reduce the need for early redemption.

***The Commissioner is requested to approve the treasury indicator and limit:***

Maximum principal sums invested > 365 days	2020-21 £m	2021-22 £m	2022-23 £m	2023-24 £m	2024-25 £m	2025-26 £m
	5.000	5.000	5.000	5.000	5.000	5.000

There are currently no funds invested for greater than 365 days. For cash flow generated balances, the CFO will seek to utilise instant access and notice accounts, LVNAVs and short-dated deposits (overnight to 100 days) in order to benefit from the compounding of interest. Ultra Short Dated Bond Funds will be used if considered appropriate by the CFO.

#### 4.6 Investment Risk Benchmarking

These benchmarks are simple guides to maximum risk, and may be breached occasionally, depending on circumstances. The purpose of the benchmarks is that officers will monitor the current and trend position and amend the operational strategy to manage risk as conditions change. Any breach of the benchmarks will be reported, with supporting reasons in the mid-year or Annual Report.

**Security** - The Commissioner's maximum security risk benchmark for the current portfolio, when compared to these historic default tables, is 0.06% historic risk of default when compared to the whole portfolio.

**Liquidity** - in respect of this area the Commissioner seeks to maintain:

- Bank overdraft - avoided if possible
- Liquid short term deposits of at least £5.0m available on instant access
- Weighted average life benchmark is expected to be 1 month, with a maximum of 6 months

**Yield** - local measures of yield benchmarks is that investments achieve returns above the 7 day LIBID rate.

## SECTION 151 OFFICER

### 5.1 Treasury Management Role

The S151 (responsible) officer is the Chief Financial Officer to the Commissioner and they have responsibility for the following:

- Recommending clauses, treasury management policy/practices for approval, reviewing the same regularly, and monitoring compliance
- Submitting regular treasury management policy reports
- Submitting budgets and budget variations
- Receiving and reviewing management information reports
- Reviewing the performance of the treasury management function
- Ensuring the adequacy of treasury management resources and skills, and the effective division of responsibilities within the treasury management function
- Ensuring the adequacy of internal audit, and liaising with external audit
- Recommending the appointment of external service providers
- Preparation of a capital strategy to include capital expenditure, capital financing and treasury management, with a long term timeframe



Nottinghamshire

**POLICE & CRIME COMMISSIONER**

**Reserves Strategy 2021-22**

## Reserves Strategy 2021-22

### Background

1. The requirement for financial reserves is acknowledged in statute. Sections 32 and 43 of the Local Government Act require Precepting authorities (and billing authorities) in England and Wales to have regard to the level of reserves needed for meeting estimated future expenditure when calculating the budget requirement.
2. In England and Wales, earmarked reserves remain legally part of the General Reserve, although they are accounted for separately.
3. There are other safeguards in place that help to prevent Police & Crime Commissioners over-committing themselves financially. These include:
  - The balanced budget requirement (Local Government Act 1992 s32 and s43).
  - Chief Finance Officers duty to report on the robustness of estimates and adequacy of reserves (Local Government Act 2003 s25) when the Police & Crime Commissioner is considering the budget requirement.
  - Legislative requirement for each Police & Crime Commissioner to make arrangements for the proper administration of their financial affairs and that the Chief Finance Officer has responsibility for the administration of those affairs (section 151 of the Local Government Act 1972).
  - The requirements of the Prudential Code.
  - Auditors will consider whether audited bodies have established adequate arrangements to ensure that their financial position is soundly based.
4. These requirements are reinforced by section 114 of the Local Government Finance Act 1988, which requires the Chief Finance Officer to report to the Police & Crime Commissioner if there is likely to be unlawful expenditure or an unbalanced budget. This would include situations where reserves have become seriously depleted and it is forecast that the Commissioner will not have the resources to meet its expenditure in a particular financial year. The issue of a section 114 notice cannot be taken lightly and has serious operational implications. Indeed, the Police and Crime Commissioner must consider the s114 notice within 21 days and during that period the Force is prohibited from entering into new agreements involving the incurring of expenditure.

5. Whilst it is primarily the responsibility of the Police and Crime Commissioner and its Chief Finance Officer to maintain a sound financial position, external auditors will, as part of their wider responsibilities, consider whether audited bodies have established adequate arrangements to ensure that their financial position is soundly based. However, it is not the responsibility of auditors to prescribe the optimum or minimum level of reserves for individual Police and Crime Commissioners or authorities in general.
6. CIPFA's Prudential Code requires the Chief Finance Officers to have full regard to affordability when making recommendations about the Commissioners future capital programme. Such consideration includes the level of long-term revenue commitments. Indeed, in considering the affordability of its capital plans, the Commissioner is required to consider all of the resources available to it and estimated for the future, together with the totality of its capital plans and revenue forecasts for the forthcoming year and the following two years. There is a requirement for three-year revenue forecasts across the public sector and this is achieved through the Medium Term Financial Strategy (MTFS). The Comprehensive Spending Review (CSR) has provided the Commissioner with details of proposed revenue grant for one year and capital grant settlement has yet to be announced. This provides limited ability to focus on the levels of reserves and application of balances and reserves.
7. CIPFA and the Local Authority Accounting Panel do not accept that there is a case for introducing a generally acceptable minimum level of reserves. Commissioners on the advice of their Chief Finance Officers should make their own judgements on such matters taking into account all relevant local circumstances. Such circumstances will vary between local policing areas. A well-managed organisation, for example, with a prudent approach to budgeting should be able to operate with a level of general reserves appropriate for the risks (both internal and external) to which it is exposed. In assessing the appropriate level of reserves, a well-managed organisation will ensure that the reserves are not only adequate, but also are necessary.
8. The Home Office has now indicated that it expects general reserves to be no more than 5% of the net revenue budget.
9. Section 26 of the Local Government Act 2003 gives Ministers in England and Wales a general power to set a minimum level of reserves for authorities. However, the government has undertaken to apply this only to individual authorities in the circumstances where the authority does not act prudently, disregards the advice of its Chief Finance Officer and is heading for serious financial difficulty.

### The Commissioners Plans

10. The Commissioner holds reserves for specific reasons that are included within the Police & Crime Plan and Medium Term Financial Strategy these include:
- To meet forthcoming events where the precise event, date and amount required for such events cannot accurately be predicted. For example major events that would require the use of the General Reserve. These are detailed within the General Reserve risk assessment provided at **Appendix A**.
  - To meet forthcoming events where the precise date and amount required cannot be accurately predicted. For example: Night Time Levy where partners are making proposals together on how best to utilise this funding or the Grants and Commissioning Reserve, where proposals on how to utilise this fund from previous years underspends are being considered for Crime Prevention or Victims.
  - To meet forthcoming capital expenditure needs where major capital schemes are being planned and the reserve will be utilised to reduce the cost of borrowing and capital charges to the revenue account.
  - To meet smaller projects such as the Animal Welfare Reserve where expenditure is only met from this reserve and which meets specific policy requirements.
  - A reasonable amount to meet peaks and troughs in revenue expenditure requirements (e.g. redundancy or restructuring costs). This is met through the MTFP Reserve.

### Current Financial Climate

11. The pressures on public finances are continuing with the cost of the pandemic and Brexit being the key drivers affecting the totality of funding for the public sector. At the local level the good news of being able to recruit additional officers remains a challenge and the Force remain ahead of the curve for achieving its recruitment targets. The national target for achieving savings continues and whilst welcomed, it becomes particularly difficult when officer numbers have to be maintained and back office support is now in the lowest quartile making it difficult to find where additional savings to fund the gap can actually be made. Therefore, the ability to retain reserves for unforeseen events and circumstances becomes not only difficult, but something that requires careful consideration.
12. We are still facing an uncertain future with the impact of Brexit and how this will impact on public expenditure plans, which are currently unknown.

13. Nottinghamshire currently has one of the lowest levels of forecast reserves for policing in England and Wales. Nottinghamshire has never been cash rich and has been underfunded through the current funding mechanism.
14. The Medium Term Financial Strategy identifies risks in achieving the required efficiencies to ensure balanced budgets over future years.

### **Types of Reserve**

15. When reviewing the medium term financial strategy and preparing the annual budgets the Commissioner should consider the establishment and maintenance of reserves. These can be held for four main purposes:
  - A working balance to help cushion the impact of uneven cash flows and avoid unnecessary temporary borrowing. The MTFP Reserve has been the source for this, but this has been fully utilised and therefore the General Reserve is the back-up solution for this risk.
  - A contingency to cushion the impact of unexpected events or emergencies – this also forms part of general reserves.
  - A means of building up funds often referred to as earmarked reserves, to meet known or predicted requirements; earmarked reserves are accounted for separately, but remain legally part of the general reserve.
  - The economic climate and the safety of the Commissioner’s financial assets. This would link closely with the Treasury Management and Prudential Code Strategy - this also forms part of general reserves.
16. The Commissioner also holds other reserves that arise out of the interaction of legislation and proper accounting practice. These reserves are not resource-backed and cannot be used for any other purpose, are described below:
  - The Pensions Reserve – this is a specific accounting mechanism used to reconcile the payments made for the year to various statutory pension schemes.
  - The Revaluation Reserve – this is a reserve that records unrealised gains in the value of fixed assets. The reserve increases when assets are revalued upwards, and decreases as assets are depreciated or revalued downwards or disposed of.
  - The Capital Adjustment Account – this is a specific accounting mechanism used to reconcile the different rates at which assets are

depreciated under proper accounting practice and are financed through the capital controls system.

- The Available-for-Sale Financial Instruments Reserve – this is a reserve that records unrealised revaluation gains arising from holding available-for-sale investments, plus any unrealised losses that have not arisen from impairment of the assets. Currently none.
  - The Financial Instruments Adjustment Reserve – this is a specific accounting mechanism used to reconcile the different rates at which gains and losses (such as premiums on the early repayment of debt) are recognised under proper accounting practice and are required by statute to be met from the General Fund. Currently none.
  - The Unequal Pay Back Pay Account – this is a specific accounting mechanism used to reconcile the different rates at which payments in relation to compensation for previous unequal pay are recognised under proper accounting practice and are required by statute to be met from the general fund. Currently none.
  - Collection Fund Adjustment account – this is specific to the changes in accounting entries relating to the Collection Fund Accounts held by the Billing Authorities.
  - Accumulated Absences Account – this account represents the value of outstanding annual leave and time off in lieu as at 31<sup>st</sup> March each year.
17. Other such reserves may be created in future where developments in local authority accounting result in timing differences between the recognition of income and expenditure under proper accounting practice and under statute or regulation, such as the Capital Grants Unapplied.
18. In addition the Commissioner will hold a Capital Receipts Reserve. This reserve holds the proceeds from the sale of assets, and can only be used for capital purposes in accordance with the regulations.
19. For each earmarked reserve held by the Commissioner there should be a clear protocol setting out:
- The reason for/purpose of the reserve
  - How and when the reserve can be used
  - Procedures for the reserves management and control

- A process and timescale for review of the reserve to ensure continuing relevance and adequacy
20. When establishing reserves, The Commissioner needs to ensure compliance with the Code of Practice on Local Authority Accounting and in particular the need to distinguish between reserves and provisions.

## **Nottinghamshire Police and Crime Commissioner's Reserves**

21. This document aims to provide an over-arching strategy that defines the boundaries within which the approved budget and Medium Term Financial Strategy (MTFS) operate.

### **The General Reserve**

22. It has previously been established that General Reserves will be maintained at a level above the **minimum of 2.0% of the total net budget**.
23. The purpose of this reserve is to provide for any unexpected expenditure that cannot be managed within existing budgets. Such expenditure would be one-off and resulting from an extraordinary event.
24. Similarly the General Reserve should be set at a prudent and not excessive level, as holding high level of reserves can impact on resources and performance. As such the **maximum** level of General Reserves is set at **5.0% of the total net budget**.
25. Authorisation to finance such expenditure must be obtained in advance from the Commissioners Chief Finance Officer, in accordance with the scheme of delegation and the protocol between the Chief Constable and the Chief Finance Officer. Where time permits the request should be supported by a business case.
26. As the net budget position changes the level of General Reserve must be monitored to ensure the minimum level is maintained.
27. **Appendix A** details the elements that make up the current General Reserves balance and the levels of risk attached to each of these elements. These are indicative and may not be exhaustive as new risks emerge. This does not include the Jointly Controlled Operations general reserve of £0.075m.

**Earmarked Reserves**

28. Unlike General Reserves earmarked reserves have been identified for specific areas of expenditure where there are anticipated costs that can only be estimated. It is therefore prudent for the Commissioner to identify such areas of expenditure and set aside amounts that limit future risk exposure (e.g. balancing budget shortfalls in the MTFs).
29. Such expenditure usually arises out of changes in policy or where the organisation is working in collaboration with other forces to provide a specific service (for example Private Finance Initiative (PFI)).
30. Expenditure relating to earmarked reserves has to specifically relate to the purpose of the reserve.
31. **Appendix B** details for each of the earmarked reserves that existed at the start of the 2020-21 financial year and their estimated balance by 1<sup>st</sup> April 2021.

Details of the **earmarked reserves** available for use in 2021-22 are given below:

**Medium Term Financial Plan (MTFP) Reserve**

32. The medium term financial strategy of the Commissioner is under constant review and changes as new and reliable information becomes available.
33. The original purpose of this reserve was to alleviate financial pressure on the budgets in current and future years.
34. The support from this reserve is only one-off support and as such cannot be used to finance on-going commitments.
35. This reserve has been completely utilised.

**Asset Replacement Reserve**

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

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

38. The Commissioner has also requested a full Asset Strategy to include a detailed stock condition. This will enable the updating of all remaining buildings to a reasonable and comparable standard. And produce the Asset Management Strategy to CIPFA standards.

#### **IT Investment Reserve**

39. This reserve is set aside to support investment and replacement of IT hardware and software. IT revenue underspends will be transferred to this reserve to meet future changes in IT investment and in support of a medium term IT Strategy.

#### **PCC Reserve**

40. This reserve has now been earmarked for any cost associated with the PCC elections. This is funded from underspends in the OPCC budget.

#### **Grants & Commissioning Reserve**

41. It is intended that underspends on the Grants and Commissioning budget are transferred to here to provide for future needs in this growing area of work. Current plans are to utilise part of this reserve for the refurbishment of a new SARC building in partnership with the NHS and to support further work relating to Sexual and Domestic Violence.

#### **Private Finance Initiative (PFI) Reserve**

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

#### **Property Act Fund Reserve**

44. This reserve relates to the value of property sold where the Commissioner can retain the income for use in accordance with the Property Act.

#### **Drugs Fund**

45. This minor reserve is received from court awards in drugs cases and is only used for initiatives that reduce drug related crime.

**Revenue Grants**

46. This reserve combines the small amounts of grant income on completed projects where the grant conditions do not require repayment of any balances. Cumulatively they create a reasonable reserve, because they also include the Road Safety Partnership Reserve. The use of this reserve will be subject to evaluation of any risk of repayment.

**Animal Welfare Reserve**

47. This reserve was established to support the policy for the welfare of animals specifically police dogs on retirement as working animals. There is a panel which meet with representatives from the Vets and the Force and to approve any claims against this fund. Any approved expenditure relating to on-going welfare as a result of work related injuries can then be paid from this fund. This reserve is for the Animal Welfare Retired Dogs Scheme and is for costs associated with the running of that scheme

**Tax Base Reserve**

48. Due to the timing differences between the Commissioner's budget being approved and the deadline for the Billing Authorities to notify us of the final tax base and any Collection Fund surplus or deficit this fund has been created.
49. This reserve will be utilised where the tax base reduces from the estimated figures provided by Billing Authorities to the declaration of the actual tax base, as this would create a shortfall in overall total funding.
50. This reserve will also be used to cover the Commissioner's portion of costs associated with the Single Occupier Discount Reviews undertaken periodically across the City and the County.
51. Currently, this reserve has a balance equivalent to a 0.5% change on the net revenue budget.

**Night Time Levy**

52. The Commissioner utilises this funding to contribute towards projects that ensure the City Night Time economy runs smoothly and safely (e.g. the work of the Street Pastors/additional policing when required). Decisions on what projects should be funded are made in partnership with the City Council.
53. The amount of funding through the levy has reduced significantly over the few years it has operated. There is a full programme of projects to utilise the revenue received, but their delivery has been delayed due to the pandemic.

**Allard Reserve**

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

**Jointly Controlled Operations (Regional Collaboration) Revenue Reserve**

55. There are a growing number of areas where collaborative working is undertaken with other Regional Policing areas. EMSOU is providing collaboration for specialised policing services, such as Major Crime and Forensics. Collaboration has also extended beyond Police Operation Services to include areas such as Legal Services, Procurement and Learning and Development.
56. The Police & Crime Commissioners meet to make decisions and agree further areas of collaboration. They would also approve the use of this reserve for regional activity.
57. The reserve exists to finance activities of regional collaboration above those identified within the annual budget.

**Procedure for Use of Reserves**

58. The use of reserves requires approval of the Chief Finance Officer to the Commissioner and the Commissioner.
59. All requests should be supported by a business case unless there is an approved process for use, such as the Animal Welfare Reserve, or the request relates to a specific project relating to retained grant.
60. On occasion where an urgent request is being made this should comply with the protocol between the Chief Constable and the Chief Finance Officer to the Commissioner.

**Monitoring**

61. The level of reserves is kept under continuous review. The Commissioner receives reports on the levels of reserves as part of the Medium Term Financial Strategy updates together with the Annual Reserves Strategy in January and the out-turn position in June each year.
62. The current level of forecast reserves remains low and if called upon will impact negatively on the financial viability of the force. Reserves and their usage is carefully planned for and monitored throughout the year.

**Risk Analysis**

63. Any recommendations that change the planned use of reserves reported within the Annual Budget and Precept Reports will take account of the need for operational policing balanced against the need to retain prudent levels of reserves.
64. However, there are significant risks, which affect the level of reserves to be maintained, and it is for this reason that a minimum level of 2% (with a maximum level of 5%) of total net budget has been set for the General Reserve.
65. The significant risks that have been considered, but which will also be kept under review are:
  - Significant unforeseen legal costs.
  - The budget monitoring report highlights potential risks in being able to achieve the required efficiencies and savings during the year.
  - The ability to seek financial assistance from the Home Office for major incidents has been diminished and can no longer be relied upon.
  - The need to finance organisational change and redundancies may have an impact on the use of reserves, although this is also reducing in value and risk.
  - The ability to recover significant overspends by divisions and departments would be very difficult in the current financial climate.
  - The instability of the Financial Markets means that the investments we make with balances are currently exposed to greater risk. This is negated by the Treasury Management Strategy, but returns on investment have reduced significantly.
  - Should the Commissioner and Force be faced with two or more of the above issues at the same time then the reserves may be needed in full.

- Once utilised reserves have limited scope for replenishment. This is usually achieved through a budget underspend.
- There may be exceptional levels of insurance claims that cannot be met from the usual provisions.
- Home Office interest in the levels of reserves held by Police Forces. Nottinghamshire is in the lower quartile in regard to this so any requirement by Central Government affecting reserves would impact on us greater.

**CFO Opinion**

It is my opinion that the current level of forecast reserves is low and this requires significant budget management by the force. It is right and prudent to use the reserves to finance significant capital expenditure, thereby reducing the impact on revenue budgets.

**STRATEGY REVIEW**

This strategy will be reviewed annually and the Police & Crime Commissioners approval sought.

During the year changes may occur in the MTFs, which affect this strategy. Such changes will be monitored by the Chief Finance Officer and reported to the Commissioner for approval.

**Charlotte Radford (CPFA)**  
**Chief Finance Officer**

**Reserves Risk Assessment**  
**2021-22**

**GENERAL RESERVE**

<b>RISK</b>	<b>IMPACT</b>	<b>PROBABILITY</b>	<b>Min £m</b>	<b>Max £m</b>	<b>Proposed for 2021-22 £m</b>
Major Incident(s) Unbudgeted expenditure	Any amount under 1% of net budget is to be funded by the authority. Amounts over 1% of net budget are subject to Home Office application approval.	Single Incident amounting to less than 1% of net budget. <b>MEDIUM</b> Multiple incidents amounting to over 1% of net budget. <b>MEDIUM</b> Single incident amounting to over 1% of net budget. <b>LOW</b>	2.1	4.2	4.2
Major Disaster (e.g. natural)	Operation policing affected and resources diverted. (e.g. through building being inaccessible and disaster recovery plan being auctioned).	<b>LOW</b>	0.5	1.0	0.5
Partnership Support	Funding supported by partners continues to reduce. This has also been risk assessed as part of the budget assumptions.	<b>Medium to HIGH</b>	0.5	4.6	1.2
Counterparty failure	If invested balances were tied up in a process to recovery there would be an immediate impact on the revenue budget (possibly short term).	<b>LOW</b>	0.5	5.0	0.5
Employment Tribunals and other litigation	Direct impact on revenue budgets.	<b>LOW</b>	0.1	0.5	0.1
Insurance	Emerging Risks and late reported claims.	To date no claims of this type have affected the accounts. <b>Low to MEDIUM</b>	0.3	0.7	0.5
<b>TOTAL</b>					<b>7.0</b>

**APPENDIX G**

**Appendix B**

**Earmarked Reserves Assessment**

<b>RISK/RESERVE</b>	<b>PURPOSE</b>	<b>HOW AND WHEN IT WILL BE USED</b>	<b>Management and control</b>	<b>Review</b>	<b>Estimated Balance 31.03.21 £m</b>
Medium Term Financial Plan (MTFP)	To provide against financial shortfalls identified within the MTFS.	Smoothing peaks and troughs in financing the MTFS.	Chief Finance Officer & Commissioner	Minimum twice annually	0.000
Asset Replacement	To provide funding towards major items of capital expenditure.	In conjunction with the Treasury Management Strategy.	Chief Finance Officer	On-going	6.781
IT Investment	To provide for investment in new IT software and hardware	In line with the IT strategy	Chief Finance Officer	On-going	0.976
PCC Reserve	Underspends on PCC budgets are transferred here, to meet future needs.	To be utilised to meet unforeseen expenditure.	Chief Finance Officer	On-going	1.617
Grants & Commissioning	To collate small balances within revenue accounts to provide funding for this growing area of work.	To meet specific requirements relating to Grants and Commissioning.	Chief Finance Officer	On-going	5.770
PFI reserve	To fund irregular PFI related expenditure on a smoothed basis. And to provide for end of life PFI expenditure.	Life cycle equalisation for Riverside PFI.	Chief Finance Officer	Annually	0.128
Property Act Fund	Income from the sale of property act confiscations.	To be determined by the Police & Crime Commissioner.	Chief Finance Officer & Commissioner	Annually	0.049

## APPENDIX G

Drug Fund	For use in reducing drug related crime.	To be determined by the Police & Crime Commissioner and CC.	Chief Finance Officer & Commissioner	Annually	0.027
Revenue Grants	Balances on grants not required to be repaid. Use needs to be risk assessed.	To be determined by the Police & Crime Commissioner.	Drawn upon when repayment has been requested	Annually	1.698
Animal Welfare	To set up a scheme for animal welfare on retirement as working animals.	Scheme established.	Chief Finance Officer	During the year	0.019
Tax Base	To iron out fluctuations caused between estimated and actual tax base data.	Every 3-4 years to finance Single Person Discount Review.	Chief Finance Officer	Annually	2.107
Night Time Levy	To be utilised to address Night Time economy issues of crime and safety.	To be determined by the Police & Crime Commissioner.	Chief Finance Officer & Commissioner	Annually	0.265
Target Hardening	To be utilised when activity has been identified and agreed with partners.	Once schemes have been approved.	Chief Finance Officer	Annually	0.073
Allard	Once legitimate claims are made and approved for payment	On receipt of claims.	Chief Finance Officer	During the year	0.200
TPAC Collisions	To provide for fluctuations in claims made against the Force.	On receipt of claims above the budgeted.	Chief Finance Officer	Annually	0.100
JCO – Jointly Controlled Operations	To provide for unexpected expenditure relating to regional collaboration.	Decisions relating to the use of this fund follow the regional governance arrangements.	EM meeting of the Commissioner's	Annually	1.054
<b>TOTAL</b>					<b>20.864</b>

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Appendix C (i)

Tables to show the use of General Reserves

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

The policy in relation to General Reserves is that they will be no less than 2% of the Net Budget and no more than 5% of the net budget.

**APPENDIX G**

**Appendix C (ii)**

**Tables to show the estimated use of Earmarked Reserves**

<b><u>Earmarked Reserves</u></b>	<b>2020-21</b>	<b>2021-22</b>			<b>2022-23</b>		<b>2023-24</b>		<b>2024-25</b>		<b>2025-26</b>	
	<b>01.04.20 Actual £m</b>	01.04.21 balance £m	Use in year £m	31.03.22 balance £m	Use in year £m	31.03.23 balance £m	Use in year £m	31.03.24 balance £m	Use in year £m	31.03.25 balance £m	Use in year £m	31.03.26 balance £m
MTFP	<b>0.000</b>	0.000		0.000		0.000		0.000		0.000		0.000
Asset Replacement	<b>7.099</b>	7.659	(5.106)	2.553	(0.203)	2.350		2.350		2.350		2.350
IT Investment	<b>0.884</b>	0.884		0.884		0.884		0.884		0.884		0.884
PCC Reserve	<b>0.817</b>	1.617		1.617		1.617		1.617		1.617		1.617
Grants & Commissioning	<b>5.136</b>	5.765	(0.829)	4.936	(0.300)	4.636		4.636		4.636		4.636
PFI	<b>0.087</b>	0.458	(0.330)	0.128		0.128		0.128		0.128		0.128
Property Act Fund	<b>0.196</b>	0.049		0.049		0.049		0.049		0.049		0.049
Drug Fund	<b>0.027</b>	0.027		0.027		0.027		0.027		0.027		0.027
Revenue Grants	<b>1.698</b>	1.698		1.698		1.698		1.698		1.698		1.698
Animal welfare	<b>0.019</b>	0.019		0.019		0.019		0.019		0.019		0.019
Tax Base	<b>1.679</b>	2.107		2.107		2.107		2.107		2.107		2.107
Night Time Levy	<b>0.247</b>	0.265	0.032	0.297	0.032	0.329	0.067	0.396	0.067	0.463	0.067	0.530
Target Hardening	<b>0.073</b>	0.073		0.073		0.073		0.073		0.073		0.073
Allard	<b>1.200</b>	0.200		0.200		0.200		0.200		0.200		0.200
TPAC Collisions	<b>0.100</b>	0.100		0.100		0.100		0.100		0.100		0.100
Joint Ops	<b>1.054</b>	1.054		1.054		1.054		1.054		1.054		1.054
<b>TOTAL</b>	<b>20.316</b>	<b>21.975</b>	<b>(6.233)</b>	<b>15.742</b>	<b>(0.471)</b>	<b>15.271</b>	<b>0.067</b>	<b>15.338</b>	<b>0.067</b>	<b>15.405</b>	<b>0.067</b>	<b>15.472</b>



<b>For Consideration</b>	
<b>Public/Non Public*</b>	<b>Public</b>
<b>Report to:</b>	<b>Police and Crime Panel</b>
<b>Date of Meeting:</b>	<b>? February 2020</b>
<b>Report of:</b>	<b>Paddy Tipping Police Commissioner</b>
<b>Report Author:</b>	<b>Kevin Dennis</b>
<b>E-mail:</b>	<b>kevin.dennis@nottinghamshire.pnn.police.uk</b>
<b>Other Contacts:</b>	<b>Kevin Dennis</b>
<b>Agenda Item:</b>	<b>6</b>

## UPDATE TO POLICE AND CRIME DELIVERY PLAN (2021-22)

### 1. PURPOSE OF THE REPORT

- 1.1 The purpose of this report is to provide the Police and Crime Panel (Panel) with an explanation as to how the Commissioner intends to respond to the annual Police and Crime Needs Assessment (2020), and to consult the Panel on his new Police and Crime Delivery Plan (2021-22).

### 2. RECOMMENDATIONS

- 2.1 That Members discuss, note the content of the report and provide any feedback on the new **draft** Police and Crime Delivery Plan (2021-22).
- 2.2 That the revised approach to reporting progress to the Panel on the implementation of the Delivery Plan be agreed.

### 3. REASONS FOR RECOMMENDATIONS

- 3.1 At the Panel meeting on 7<sup>th</sup> February 2018, the Commissioner presented his new Police and Crime Plan for 2018-21<sup>a</sup> which has four strategic themes. The plan contains a Strategic Framework which details the various performance measures for each theme and also a range of specific deliverables to help achieve implementation. The Commissioner does not intend to refresh his Police and Crime Plan at this time although revisions have been made to the Commissioner's Police and Crime Delivery Plan (2021-22).
- 3.2 At the end of each year the Commissioner's Office produces a Police and Crime Needs Assessment which helps to identify any new threats or emerging issues. Consultation is usually undertaken on the findings and new strategic activities are incorporated into the Police and Crime Delivery Plan to address key issues. The

<sup>a</sup>

<https://www.nottinghamshire.gov.uk/dms/Meetings/tabid/70/ctl/ViewMeetingPublic/mid/397/Meeting/4094/Committee/504/Default.aspx>

restrictions imposed by the Government during 2020-21 due to Covid-19 have limited consultation.

- 3.3 Many of the specific deliverables have been completed during the year and therefore removed from the new delivery plan; some activities have been amended to reflect changes to activities and some retained for another year. The Commissioner's Annual Report of 2020-21 will provide a narrative on the activities completed, amended or discontinued.
- 3.4 **Appendix A** contains 64 actions (three more than last year), 15 (23.4%) are new actions and the rest are either amended (28) or retained (21) for implementation during 2021-22.
- 3.5 At the Panel's Budget Workshop on Friday 22<sup>nd</sup> January 2021, there was a discussion on the frequency of Police and Crime Delivery Plan updates. There was a proposal that there be an update report provided on all four thematic areas every six months. The Panel in accordance with its work programme will monitor all activities. This draft Delivery Plan may be subject to minor changes following the Panel meeting.
- 3.6 Members have asked for information on the outcomes of the previous Police and Crime Delivery Plan actions for 2019-20. **Appendix B** lists all of the actions and identifies which of them have been amended, deleted, merged or retained.
- 3.7 The table below summarises that the majority of these actions (49, 80.3%) have been either amended (28, 45.9%) or retained (21, 34.4%). 11 of them (18%) have been deleted due to having been completed, built into mainstream activity or a decision made that they should not be continued.

Amended	28	45.9%
Deleted	11	18.0%
Merged	1	1.6%
Retained	21	34.4%
<b>Grand Total</b>	<b>61</b>	<b>100.0%</b>

#### **4. Summary of Key Points**

- 4.1 The Police Reform and Social Responsibility (PR&SR) Act 2011 places a statutory duty on the Commissioner to publish a Police and Crime Plan for his policing area. Section 5(1) of the PR&SR Act 2011 requires the Commissioner to 'issue a Police and Crime Plan within the financial year in which each ordinary election is held'. In this respect, the Commissioner has chosen not to refresh his Police and Crime Plan but he has made a number of changes to his Police and Crime Delivery Plan (2021-22).

- 4.2 Elections for Police and Crime Commissioners are due to be held in May 2021 and in line with the legislation the elected Commissioner will refresh the Police and Crime Plan, the draft of which will be presented to the Panel in February 2022.
- 4.3 The activities of the new Police and Crime Delivery Plan (2021-22) will continue to be reported to the Panel.
- 4.4 The full draft Police and Crime Needs Assessment will be available for downloading from the Commissioner's website once finalised.

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

- 5.1 Financial implications and budget provision has been highlighted in a separate draft Budget Report 2021-22.

## **6. Human Resources Implications**

- 6.1 None in relation to this report.

## **7. Equality Implications**

- 7.1 None that are affected by this report.

## **8. Risk Management**

- 8.1 None in relation to this report.

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

- 9.1 This report amends the Strategic Activities of the Commissioner's Police and Crime Plan (2018-21).

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

- 10.1 None in relation to this report.

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

- 11.1 The Commissioner has revised his Police and Crime Delivery Plan (2021-22) to include additional strategic activities in response to consultation and stakeholder

events. The Deputy Chief Constable has been consulted on this report and feedback taken into consideration.

## **12. Appendices**

12.1 **Appendix A** – New or amended activities for inclusion in the Commissioner’s Police and Crime Delivery Plan (2021-22)

12.2 **Appendix B** – Table showing action taken with Police and Crime Delivery Plan activities (2019-20)

## **13. Background Papers (relevant for Strategic Resources and Performance Meeting)**

- Nottinghamshire Police and Crime Plan (2018-21)
- Nottinghamshire Police and Crime Needs Assessment (2020)

For further information please contact:

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**APPENDIX A - NEW NOTTINGHAMSHIRE POLICE AND CRIME DELIVERY PLAN 2021/22 – FINAL DRAFT**

1. Protecting People from Harm		2. Helping and Supporting Victims		3. Tackling Crime and ASB		4. Transforming Services	
1.	Deliver a strategic youth work programme, aimed at ensuring consistent high quality standards of youth work in Nottingham and Nottinghamshire through the development and implementation of a Youth Charter, Tailored Quality Mark and Training and Organisational Development Strategy <b>[Amended]</b>	1.	Undertake a review of Victim Care contract to inform the future delivery model, which will improve the take up of restorative justice and access to support by BAME victims. <b>[Amended]</b> .	1.	Improve youth engagement and school exclusion through school early intervention officer cadets, youth outreach and mini police. <b>[Amended]</b>	1.	Increase visibility and confidence through continuing to deliver the 'Operation Uplift' positive action recruitment strategy. <b>[Retained]</b>
2	Promote and support initiatives through community safety/VRU funding to prevent sexual and criminal exploitation, safeguard vulnerable and older people and encourage problem solving approaches for people with complex needs. <b>[New]</b>	2	Continue to work with local agencies to improve reporting of hate crime and access to support services among victims of hate crime. <b>(Retained)</b>	2	Support the Nottinghamshire Road Safety Partnership in addressing community concerns and targeting the criminal use of our road network. <b>[Amended]</b>	2	Ensure teams/individuals have the necessary specialist skills and experience to manage investigations and provide the best possible level of service. <b>[Amended]</b>
3	Review the use of civil orders, concentrating on DVPN, stalking orders, sexual harm prevention order and violent offender orders. <b>[Retained]</b>	3	Continue to invest in outcome-focussed domestic abuse services for victims and survivors. <b>[Retained]</b>	3	Continue to support (through detailed intelligence profiles and funding) partnership problem solving activities at a local level. <b>[Retained]</b>	3	Support the reunification of probation service and help to embed unpaid work in local partnership structures and focused on neighbourhood and victim's priorities and concerns. <b>[Amended]</b>
4	Continue to provide leadership and support for Nottinghamshire's 'Violence Reduction Unit' to prevent and stop violence at the earliest opportunity. <b>[Retained]</b>	4	Continue to manage the risk to and safeguard victims of Honour Based Abuse and maximise use of forced marriage protection orders where appropriate. <b>[Amended]</b>	4	Respond to local neighbourhood concerns through joint operations through Reacher and Neighbourhood teams and to provide a link with intelligence and Serious and organised crime. <b>[Amended]</b>	4	Consolidate the Community Listening Group (CLG) meeting structure and to recruit to the Independent Community Scrutiny Panel (ICSP) to improve confidence and legitimacy in Policing by the 'Black and Asian' communities. <b>[Amended]</b>
5	Develop and implement a strategy to become a trauma informed City and County to promote understanding of the impact of trauma on victims and perpetrators, reduce the risk of re-traumatising and increase understanding of what lies behind a presenting issue. <b>[Amended]</b>	5	Award a contract to a construction company to build a new purpose built adult 'SARC'. <b>[Amended]</b>	5	Continue to drive reductions in serious acquisitive crime and maintain a dedicated resource in burglary reduction and robbery teams in the City and County. <b>[Amended]</b>	5	Invest in community-led initiatives to facilitate positive relationships between BME and/or new and emerging communities and the police. <b>[Retained]</b>
6	Consolidate and continue to part fund the 'SERAC' model to improve response to exploitation and cuckooing of vulnerable people. <b>[Amended]</b>	6	Continue to implement IICSA enquiry recommendations and key findings to ensure lessons are learned. Taking account of any recommendations from a follow up report anticipated to be published by IICSA in the spring. <b>[Amended]</b>	6	Roll out a refreshed substance misuse criminal justice pathway in the county and to review its impact. <b>[Amended]</b>	6	Develop a police workforce that is more representative of the communities it serves and implement HR Strategy to fulfil requirements of the Equality Act 2010. <b>[Retained]</b>
7	Identify and develop a response plan for high volume serious violence service users – police, hospital and ambulance. <b>[Retained]</b>	7	Establish a specialist sexual violence hub in Nottingham and Nottinghamshire, including setting up a new victim's forum and partnership governance structure. <b>[Amended]</b>	7	Improve the response to female offenders within the criminal justice system, particularly in increasing use of out of court disposals and strengthening community support services. <b>[Retained]</b>	7	Work with partners to identify further collaboration opportunities for pooled budgets, efficiencies and improved services. <b>[Retained]</b>
8	Continue to work in partnership to provide an effective response to missing children and persons from hospital, home and care settings. <b>[Retained]</b>	8	Work with national partners to embed the new national fraud strategy and ensure appropriate prevent, protect, and pursue responses to victims of fraud. <b>[Retained]</b>	8	Place a greater focus on custody diversion and extend the use of quality and timely of out of court disposals for young people and adults. <b>[Amended]</b>	8	Continue with the current programme of collaboration with the Fire and Rescue Service, including completion of building works on the new shared HQ with a view to co-locating by the 31st March 2022. <b>[Amended]</b>
9	Continue to pursue county lines offenders to disrupt offending, and work with partners to safeguard children who are exploited to traffic drugs. <b>[Amended]</b>	9	Continue to strengthen links with partners to increase our protection of those most vulnerable especially the elderly of fraud and cyber dependent crime. <b>[Retained]</b>	9	Through the Proceeds of Crime Act 2002 and Criminal Finances Act 2017, Increase the recovery of criminal assets from those who profit from the commission of crime and re-invest those proceeds into both policing and the community. <b>[Amended]</b>	9	Continue to monitor 999 and 101 to improve performance and address inappropriate or misplaced calls for service. <b>[Amended]</b>
10	Undertake research as part of the OPCC strategic needs assessment to improve our understanding and response to suicide. <b>[Amended]</b>	10	Support ongoing development of the Nottinghamshire Cybercrime Strategy and continue to develop the specialist skills and capabilities required to counter this threat. <b>[Retained]</b>	10	Continue to provide financial support to Nottingham Crime and Drugs Partnership and Safer Nottinghamshire Board to support local response to crime, substance misuse, anti-social behaviour and supporting victims. <b>[Retained]</b>	10	Continue to invest in and promote the welfare of officers, staff and volunteers. <b>[Retained]</b>
11	Ensure a more investigative/cyber aware approach to monitoring Registered Sex Offenders by reviewing and monitoring the use of Digital Monitoring and ESAFE within MOSOVO. <b>[New]</b>	11	Strengthen links with regional Criminal Justice Board in order to improve the performance and efficiency of the criminal justice system for victims, witnesses and address disproportionality. <b>[Amended]</b>	11	Continue targeting programmes and partnership activity to tackle serious and organised crime through the national strategy to prepare, prevent, protect and pursue. <b>[Amended]</b>	11	Ensure the force achieves a balanced budget and reduces non-pay costs to grow officer numbers and increase service capacity. <b>[Retained]</b>
12	To pilot and evaluate a domestic abuse perpetrator programme and monitor its effectiveness in safeguarding victims and changing behaviour/attitudes of offenders. <b>[New]</b>	12	Work with Police and other Criminal Justice partners to monitor and improve compliance with the revised code of practice for Victims of Crime 2020. <b>[Amended]</b>	12	Work in partnership with youth justice to target knife crime offenders through proactive enforcement and engagement activities to improve outcomes, including the quality and timeliness of interventions. <b>[New]</b>	12	Embed the National Enabling Programmes and Digital Policing Strategy 2025 to modernise the management and delivery of IT services. <b>[Retained]</b>
13	Review approaches to commissioned interventions for trained youth workers in A&E and Custody to support vulnerable young people during a moment of crisis. <b>[New]</b>	13	In response to the PCC's report 'Improving the response to domestic abuse- a whole systems approach' to develop a violence against women and girls prevention strategy and delivery plan. <b>[Amended]</b>	13	Promote and support initiatives through community safety and VRU funding to improve community cohesion, and youth diversion initiatives aimed at young adults aged 18-24 years. As well as trauma informed interventions for young people impacted by serious violence. <b>[New]</b>	13	Support innovative customer-led approaches to better informing and engaging with local communities and support the transition to Single Online Home. <b>[Retained]</b>
		14	Pilot and review a domestic abuse partnership car initiative to understand its effectiveness in supporting victims and reducing attrition rates <b>[New]</b>	14	Continue to support the Safer Streets Project in Newark and explore opportunities to implement the learning and good practice in other high crime areas. <b>[New]</b>	14	Continue to embed new talent management program in order to recognise and develop potential in our workforce. <b>[New]</b>
		15	Promote and support initiatives through Community Safety funding initiatives to prevent hate crime and raise public awareness. <b>[New]</b>	15	Hold a partnership event in quarter 4 of 2021-22 to review best practice in relation to ASB Community Trigger and consider what action to be taken to make improvements for victims. <b>[Amended]</b>	15	Develop and implement an Equality, Diversity and Inclusion Framework to articulate how the Violence Reduction Unit and OPCC intend to work with partners to deliver fairness and equity. <b>[New]</b>

		16	Create a hate crime and anti-social behaviour restorative justice practice team focusing preventing repeat victimisation and targeting action at offenders at an early stage. <b>[New]</b>	16	Understand the medium to long term local impact of COVID-19 and associated restrictions on trends in serious violence and associated risk factors, such as poor mental health and youth unemployment, which may adversely affect children and young people. <b>[New]</b>	16	To prepare with Nottinghamshire Police and with other key partners for the PCC election in May 2021. <b>[New]</b>
				17	Collaborate with CSPs, the SNB and CDP to develop a combined Strategic Needs Assessment as part of the Serious Violence Duty to ensure synergy in assessment of need, planning and delivery countywide. <b>[Amended T1 8]</b>	17	To review and respond to the Home Office's review of Police and Crime Commissioners. <b>[New]</b>
				18	Implement and embed a new out of court disposals framework to drive improvements in rehabilitative outcomes and engagement with treatment services <b>[Retained]</b>		

DRAFT

**ACTION TAKEN WITH POLICE AND CRIME DELIVERY PLAN ACTIVITIES (2019-20)**

Theme	No.	Strategic Activity	Change	NEW REF
1	1	Review and consider fully implementing the recommendations from the independent Youth Diversion review	Amended	1
1	2	Invest in initiatives to keep young people safe on-line, with a focus on preventing exploitation, bullying and technologically-assisted harmful sexual behaviour	Deleted	
1	3	Review the use of civil orders, concentrating on DVPN, stalking orders, sexual harm prevention order and violent offender orders	Retained	3
1	4	Provide guidance to staff and partners on harmful sexual behaviours	Deleted	
1	5	Continue to provide leadership and support for Nottinghamshire's 'Violence Reduction Unit' to prevent and stop violence at the earliest opportunity	Retained	4
1	6	Continue to provide leadership and commitment to delivering against the ambitions of the mental health crisis care concordat	Deleted	
1	7	Work with partners and stakeholders to become more trauma informed and to combat adverse childhood experiences	Amended	5
1	8	Produce a serious violence strategic needs assessment to provide an evidence base to support future delivery and commissioning	Amended	T3 17
1	9	Rollout the 'SERAC' model to improve response to exploitation and cuckooing subject to funding from partners	Amended	6
1	10	Identify and develop a response plan for high volume serious violence service users – police, hospital and ambulance	Retained	7
1	11	Continue to work in partnership to provide an effective response to missing children and persons from hospital, home and care settings	Retained	8
1	12	Establish a dedicated county lines police team to safeguard children from exploitation and victimisation	Amended	9
1	13	Support community led early help services and problem solving approaches for people with complex needs who are perpetrators of crime and ASB	Deleted	
1	14	Work with partners to ensure agencies are meeting safeguarding responsibilities under the Care Act 2014 and new duties under the Homelessness Reduction Act 2017	Deleted	
1	15	Undertake research to improve our understanding and response to suicide	Amended	10
1	16	Maximise the efficient and effective use of force resources in tackling and investigating online paedophilia	Deleted	
2	1	Improve the take up of restorative justice and better engage victims in community resolution interventions	Amended	1
2	2	Continue to work with local agencies to improve reporting of hate crime and access to support services among victims of hate crime	Retained	2
2	3	Continue to invest in outcome-focussed domestic abuse services for victims and survivors	Retained	3
2	4	Invest in further provision to safeguard victims of Honour Based Abuse and maximise use of forced marriage protection orders where appropriate	Amended	4
2	5	Seek planning permission and undertake detailed design with survivors of sexual abuse for a new purpose built 'SARC'	Amended	5
2	6	Respond to IICSA enquiry recommendations and key findings to ensure lessons are learnt	Amended	6
2	7	Work with CCGs and other partners to develop a specialist therapeutic pathway for non-recent sexual abuse victims and survivors and respond to Lime Culture's independent needs assessment recommendations	Amended	7
2	8	Further improve monitoring and understanding of the victim journey, including experience of and satisfaction with the police and criminal justice system	Deleted	
2	9	Work with national partners to embed the new national fraud strategy and ensure appropriate prevent, protect, and pursue responses to victims of fraud	Retained	8

## APPENDIX B

Theme	No.	Strategic Activity	Change	NEW REF
2	10	Continue to strengthen links with partners to increase our protection of those most vulnerable especially the elderly of fraud and cyber dependent crime.	Retained	9
2	11	Support ongoing development of the Nottinghamshire Cybercrime Strategy and continue to develop the specialist skills and capabilities required to counter this threat	Retained	10
2	12	Strengthen links with regional Criminal Justice Board in order to improve the performance and efficiency of criminal justice system for victims and witnesses	Amended	11
2	13	Ensure Police and other CJ partners are fully compliant with the 'Victims Code'	Amended	12
2	14	Complete a major review into Police, Local Authorities and CJ partners' response to preventing and responding to domestic violence – scope of review to be determined	Amended	13
3	1	Continue to embed 'Schools and Early Intervention Officers' to improve youth engagement and minimises risk of school exclusion	Amended	1
3	2	Increase our roads policing capability to disrupt the criminal use of our road network	Amended	2
3	3	Provide support to Nottinghamshire Road Safety Partnership in reducing road traffic casualties and addressing issues of community concern	Merged with 2	2
3	4	Continue to support (through detailed intelligence profiles and funding) partnership problem solving activities in 'high severity' harm locations	Retained	3
3	5	Expand Operation Reacher across the Force area to strengthen the tackling of serious and organised crime, including drug fuelled crime	Amended	4
3	6	Continue to drive reductions in serious acquisitive crime and maintain a dedicated resource in burglary reduction and robbery teams in the City and County and use of target hardening	Amended	5
3	7	Co-commission new substance misuse services and develop a substance misuse pathway for people attending voluntary attendance appointments	Amended	6
3	8	Implement and embed a new out of court disposals framework to drive improvements in rehabilitative outcomes and engagement with treatment services	Retained	18
3	9	Improve the response to female offenders within the criminal justice system, particularly in increasing use of out of court disposals and strengthening community support services	Retained	7
3	10	Place a greater focus on custody diversion and improve the quality of out of court disposals (young people and adults)	Amended	8
3	11	Continue with the pilot of the alcohol monitoring system ('alcohol' monitoring tags) to combat domestic violence.	Deleted	
3	12	Increase the recovery of criminal assets from those who profit from the commission of crime and re-invest those proceeds into both policing the community,	Amended	9
3	13	Continue to provide financial support to Nottingham Crime and Drugs Partnership and Safer Nottinghamshire Board to support local response to crime, substance misuse, anti-social behaviour and supporting victims	Retained	10
3	14	Continue to support targeted programmes of partnership activity to tackle serious and organised crime and maximise the use of the disruption tools and powers available	Amended	11
3	15	Undertake a review into the effectiveness the ASB 'Community Trigger'	Amended	15
3	16	Embed College of Policing neighbourhood policing guidelines and new policing model across the area to ensure continued quality of service for communities	Deleted	
4	1	Increase visibility and confidence through continuing to deliver the 'Operation Uplift' positive action recruitment strategy	Retained	1
4	2	Ensure teams/individuals have the necessary specialist skills and experience to manage investigations	Amended	2
4	3	Support the MOJ to implement the new 'Probation Service' model and work with the 'Preferred Delivery Partners' to ensure 'community payback' is responsive to victims and neighbourhood priorities and concerns	Amended	3

## APPENDIX B

Theme	No.	Strategic Activity	Change	NEW REF
4	4	Establish a new race and diversity listening scrutiny panel (S) to improve relationships and confidence in policing	Amended	4
4	5	Invest in community-led initiatives to facilitate positive relationships between BME and/or new and emerging communities and the police	Retained	5
4	6	Develop a police workforce that is more representative of the communities it serves and implement HR Strategy to fulfil requirements of the Equality Act 2010	Retained	6
4	7	Introduce a new model and accountability arrangements for dealing with complaints against the police	Deleted	
4	8	Work with partners to identify further collaboration opportunities for pooled budgets, efficiencies and improved services	Retained	7
4	9	Develop a programme of collaboration with the Fire and Rescue Service, including sharing estates, vehicles and training	Amended	8
4	10	Increase co-location of public services and where beneficial the sharing of information, buildings and people	Deleted	
4	11	Continue to develop understanding and response to higher than average 999 and 101 call rates and address inappropriate or misplaced calls for service	Amended	9
4	12	Continue to invest in and promote the welfare of officers, staff and volunteers	Retained	10
4	13	Ensure the force achieves a balanced budget and reduces non-pay costs to grow officer numbers and increase service capacity	Retained	11
4	14	Embed the National Enabling Programmes and Digital Policing Strategy 2025 to modernise the management and delivery of IT services	Retained	12
4	15	Support innovative customer-led approaches to better informing and engaging with local communities and support the transition to Single Online Home	Retained	13

Amended	28	45.9%
Deleted	11	18.0%
Merged	1	1.6%
Retained	21	34.4%
<b>Grand Total</b>	<b>61</b>	<b>100.0%</b>



<b>For Consideration</b>	
<b>Public/Non Public*</b>	<b>Public</b>
<b>Report to:</b>	<b>Police and Crime Panel</b>
<b>Date of Meeting:</b>	<b>04 February 2021</b>
<b>Report of:</b>	<b>Paddy Tipping Police and Crime Commissioner</b>
<b>Report Author:</b>	<b>Kevin Dennis</b>
<b>E-mail:</b>	<b>Kevin.Dennis@nottinghamshire.pnn.Police.uk</b>
<b>Other Contacts:</b>	<b>Kevin Dennis</b>
<b>Agenda Item:</b>	<b>7</b>

## **POLICE AND CRIME COMMISSIONER'S UPDATE REPORT TO DECEMBER 2020**

### **1. PURPOSE OF THE REPORT**

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

### **2. RECOMMENDATIONS**

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

<sup>a</sup> Section 13 of the Police Reform and Social Responsibility (PR&SR) Act 2011 requires the Commissioner to, subject to certain restrictions, provide the Panel with any information which they may reasonably require in order to carry out their functions, and any other information which the Commissioner considers appropriate

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

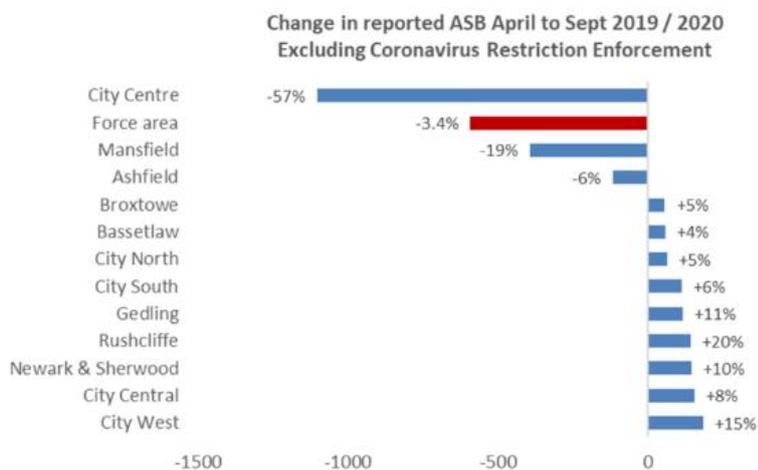
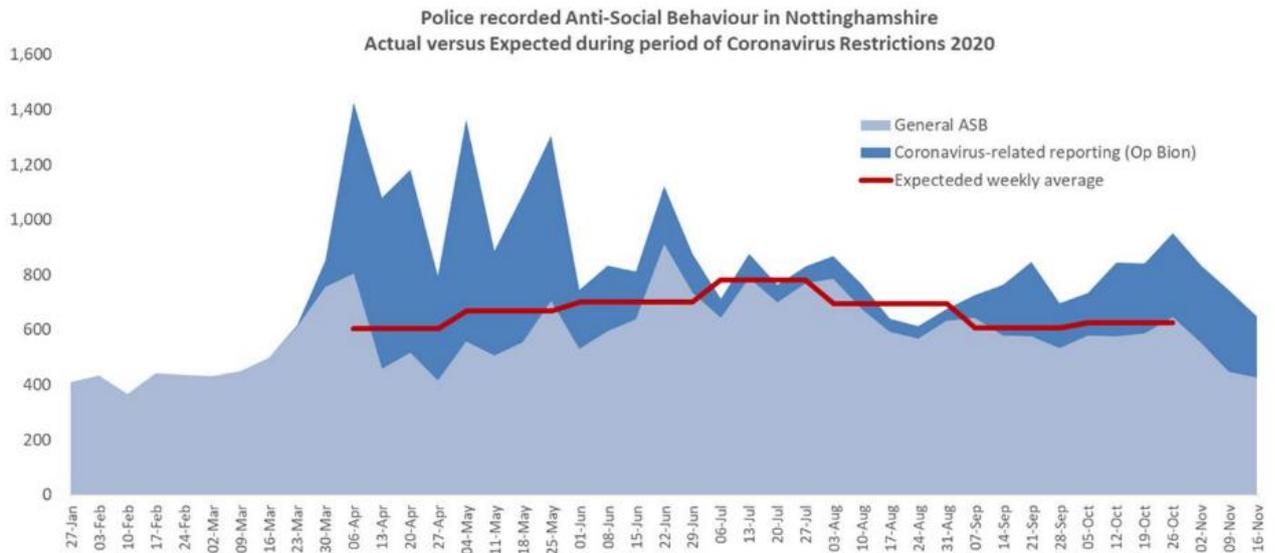
<sup>c</sup> Police Reform and Social Responsibility Act 2011

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

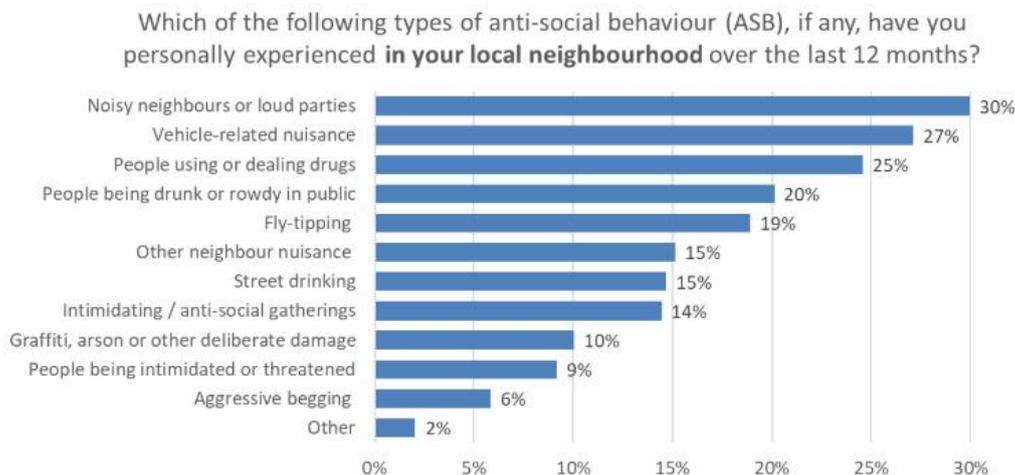
- 3.1 The Commissioner's Police and Crime Plan (2018-21) set 57 performance indicators and 12 sub-measures across four strategic themes. These indicators are tracked by the force and OPCC on a quarterly basis as part of the Performance and Insight Paper which is routinely reported to the Panel and published via the Commissioner's website<sup>d</sup>. This paper provides an interim update on key performance headlines ahead of the full quarter 3 Performance and Insight report which will be presented to the panel at its March meeting.
- 3.2 **Protecting vulnerable people from harm:** Ongoing improvements in proactivity, training, risk management and partnership working have helped to secure sustained increases in safeguarding referrals over the last year. The work of a dedicated Missing Persons team and the use of new technology to assist in tracing missing people has also helped to secure a 19% reduction in missing person reports and 15% reduction in the number of individual missing people over the last year. Levels of police recorded online crime continue to rise, partly impacted by increases in online activity as a result of the Coronavirus Restriction measures in place.
- 3.3 **Helping and supporting victims:** Force compliance with the Victim's Code of Practice remains strong following the introduction of stringent reviews across adult and child public protection since June 2020 and continued robust screening of rape and serious sexual offence compliance. Levels of police recorded domestic violence fell by 3% in 2020, with the most notable reductions being recorded in Nottingham City Centre (-23%) and Mansfield Town Centre (-10%). The proportion of crimes resolved via community resolution has been falling throughout the year, however plans are underway to reinvigorate the force's approach to out of court disposals.
- 3.4 **Tackling crime and Anti-social Behaviour:** Police recorded crime (-16%), and most notably burglary (-25%), vehicle crime (-24%) and other theft offences (-28%) fell markedly during the 2020 calendar year coinciding with the period of Coronavirus Restrictions. While overall levels of police recorded anti-social behaviour increased by 43% during 2020, this was primarily driven by police enforcement of Coronavirus Restrictions (Op Bion) during the period. The overall volume of traditional anti-social behaviour saw no significant change (-3%) during the period, with reductions in night time economy-related ASB being off-set by more widespread increases in neighbourhood nuisance and noise complaints at a local level.

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



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



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

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

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

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

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

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

#### 4. Case Study: Nottinghamshire Police Drone Team

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

4.2 Spontaneous demand during this period has included:-

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

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

#### 4.4 Missing People

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

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

#### 4.5 Improving Evidence at Court

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

#### 4.6 Serious Collision Investigation Unit (SCIU) Revisits

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

#### 4.7 Providing a Safer Option

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

#### 4.8 A Tool to Tackle Local Issues

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

#### 4.9 Improved Situational Awareness in Emergency Planning

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

#### 4.10 Garden Hopper

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

#### 4.11 Drone Legislation and Privacy

Nottinghamshire Police's drone use is governed by:-

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

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

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

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

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

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

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

## 5. Activities of the Commissioner

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

### SAFER STREETS PROJECT

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

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

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

T1. Community Engagement to Build Capacity and Resilience	T2. Target Hardening to Prevent and Deter Crime	T3. Hot spots targeted by Police to reduce specified crimes	T4. Environmental Cleansing to make LSOAs look and feel better
<ul style="list-style-type: none"> <li>• Community Hub</li> <li>• Neighbourhood Capacity Building</li> <li>• Parking Permit Scheme</li> </ul>	<ul style="list-style-type: none"> <li>• Bicycle Property Marking &amp; Security</li> <li>• Street Lighting</li> <li>• Target Harden Chatham Court</li> <li>• Target Hardening General</li> </ul>	<ul style="list-style-type: none"> <li>• ANPR</li> <li>• Enforcement Activity</li> <li>• Re-deployable 4G CCTV</li> </ul>	<ul style="list-style-type: none"> <li>• Environmental Improvements</li> </ul>

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

**POLICE AND CRIME COMMISSIONER REVIEW**

5.8 On 22 July 2020, the Home Secretary announced a review of the role of Police and Crime Commissioners in line with the government’s manifesto commitment to sharpen and expand the role and further improve public accountability. Measures to be considered include: raising the profile of the PCC model to help the public access information about their PCC; ensuring PCCs have sufficient resilience in the event that they cannot undertake their role, considering how to improve the current scrutiny model for PCCs and better share best practice and; the effectiveness of the current PCC and Chief Constable oversight dynamic.

5.9 The review will be held in two parts with the first being undertaken during summer 2020 and reporting in the autumn. This will be used to inform the Government’s priorities for pre-May 2021 PCC model reform. The second stage of the review will be undertaken following PCC elections in May 2021 and will focus on longer-term reform, including the role PCCs play in tackling re-offending. Further plans to increase the number of mayors with responsibility for policing will be detailed in the Local Recovery and Devolution White Paper, which was due to be published in the autumn 2020, but has been delayed on account of the COVID-19 pandemic.

## OPERATION REACHER UPDATE

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

Operation Reacher Outcomes by Policing Neighbourhood – January to December 2020

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

## 6. Decisions

6.1 The Commissioner has the sole legal authority to make a decision as the result of a discussion or based on information provided to him by the public, partner organisations, Members of staff from the Nottinghamshire Office of the Police and Crime Commissioner (NOPCC) or Chief Constable. The Commissioner's web site provides details of all significant public interest decisions.<sup>9</sup>

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

- 6.2 Panel Members have previously requested that the Commissioner provide a list of all forthcoming decisions (Forward Plan) rather than those already made. This Forward Plan of Key Decisions for the OPCC and the Force has been updated and is contained in **Appendix C**.

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

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

## **8. Human Resources Implications**

- 8.1 None - this is an information report.

## **9. Equality Implications**

- 9.1 None

## 10. Risk Management

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

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

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

## 12. Changes in Legislation or other Legal Considerations

12.1 The Commissioner publishes a horizon scanning briefing on a fortnightly basis which is widely accessed by OPCC, policing and other partner agencies nationally. The briefing captures information from a wide range of sources including emerging legislation, government publications, audits and inspections and significant consultations, statistics and research findings in order to help inform local strategic planning and decision making. The briefings can be accessed via the Commissioner's website<sup>h</sup>.

## 13. Details of outcome of consultation

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

## 14. Appendices

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

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

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

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



**Decisions of Significant Public Interest: Forward Plan**  
**January 2021**

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

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

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

**APPENDIX**

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

<b>4.0 Workforce Plan and Recruitment Strategies</b>						
<b>Ref</b>	<b>Date</b>	<b>Subject</b>	<b>Summary of Decision</b>	<b>Cost (£)</b> <i>Where available</i>	<b>Contact Officer</b>	<b>Report of OPCC / Force</b>
4.1	On going	Operation Uplift	Potential additional costs. Work is being undertaken at pace to both secure the relevant services and clarify costs required, especially in consideration of COVID-19 challenges, which has required large parts of the training and assessments to be performed virtually.		Claire Salter	Force

<b>5.0 Strategic Issues including Finance</b>						
<b>Ref</b>	<b>Date</b>	<b>Subject</b>	<b>Summary of Decision</b>	<b>Cost (£)</b> <i>Where available</i>	<b>Contact Officer</b>	<b>Report of OPCC / Force</b>
5.1	Each Meeting	Routine monthly monitoring reports in respect of capital and Revenue expenditure'	Approval of viraments and additional budget		Mark Kimberley	Force
5.2	February 2021	Setting a precept and approving the annual capital and revenue budgets and supporting financial strategies	Band D precept amount set		Charlie Radford	OPCC

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

## APPENDIX

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

<b>For Consideration</b>	
<b>Public/Non Public*</b>	<b>Public</b>
<b>Report to:</b>	<b>Nottinghamshire Police and Crime Panel</b>
<b>Date of Meeting:</b>	<b>04 February 2021</b>
<b>Report of:</b>	<b>Paddy Tipping Police and Crime Commissioner</b>
<b>Report Author:</b>	<b>Kevin Dennis Amanda Lowndes, Simon Kent and Rob McGrory.</b>
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<b>Other Contacts:</b>	<b>Kevin Dennis</b>
<b>Agenda Item:</b>	<b>8</b>

## **COVID-19: COURTS AND CRIMINAL JUSTICE RECOVERY PLAN UPDATE 2020/21**

### **1. PURPOSE OF THE REPORT**

- 1.1 This paper provides an update to the Covid-19 Courts and Criminal Justice Recovery Plan paper first reported to the Panel on 23 November 2020. It includes information up to the end of December 2020 to help inform further discussions being held by the panel at its February meeting.
- 1.2 The paper also includes a number of points of clarification following engagement with HMCTS Head of Crime for the Midlands region. Representatives from the Courts' service will attend the Panel meeting and will be available to answer any queries Members may have.

### **2. RECOMMENDATIONS**

- 2.1 It is recommended that members note the updated information contained in the report.

### **3. NOTTINGHAMSHIRE MAGISTRATES COURTS**

- 3.1 Mansfield Magistrates Court became an 'open site' on 8th June 2020, prior to this it was a staffed court venue hearing civil and family cases remotely using CVP and BTMeetMe. Footfall has been closely monitored as hearings across all jurisdictions have steadily increased. Face to face hearings resumed 8th June 2020 in civil and family and 12th August in crime. SJP courts and case management hearings held in Mansfield were also undertaken remotely.
- 3.2 HMCTS note that there was merit in corralling most of the criminal hearings in Nottingham since this increased flexibility and allowed the service to take a fluid approach to the disposing of the cases listed. This has been sustained to support recovery plans. There are presently 3 magistrates crime courts a week sitting at Mansfield with an additional 6 being added shortly.
- 3.3 Reflecting the national picture, Nottinghamshire saw a marked increase in outstanding workload in the Magistrates Court during quarter 1 2020/21. A Courts

Recovery Plan was initiated in August 2020 with work to clear the backlog of initial hearings in the Magistrates Court being prioritised by case type. The backlog of domestic abuse cases was cleared by October 2020 following the introduction of 23 additional court sittings. A backlog of youth cases was also cleared in early October 2020.

- 3.4 Overall disposals have exceeded receipts in the Nottinghamshire Magistrates Courts since August 2020, with the outstanding workload having fallen from 16.7% higher than pre-lockdown levels in September to 8.1% higher than pre-lockdown levels as at 29 November 2020<sup>a</sup>. This improving picture has been bolstered by four additional trial courts being introduced on 14 October and three crime courts being run each week in Mansfield which are expected to help reduce delays in adjournments to a level that is in line with the pre-lockdown target (8 weeks).
- 3.5 Cases destined for the Crown Court are being fast tracked through the Magistrates court in similar timescales to pre-lockdown. The full backlog of GAP (guilty anticipated plea cases) and NGAP (not guilty anticipated plea cases) that accrued during lockdown was cleared by the end of 2020. Attention has now turned to reducing the delay between the date the police initiate proceedings and the first hearing at court. This delay currently stands at over four months but is being addressed as part of plans that added a further 10 courts to the listings plan. There are further additional plans to increase courts.

Nottinghamshire Magistrates Court Workload (position as at week ending)

Court	22 March 2020			13 September 2020			3 January 2021		
	Receipts (wk)	Disposals (wk)	Outstanding	Receipts (wk)	Disposals (wk)	Outstanding	Receipts (wk)	Disposals (wk)	Outstanding
Nottingham	1,031	432	<b>7,472</b>	256	393	<b>8,717</b>	n/a	n/a	<b>8,381</b>
Mansfield	90	80	<b>1,103</b>	n/a	n/a	<b>1,168</b>	n/a	n/a	<b>798</b>

- 3.6 Charge and Bail matters are given the next available court dates and postal requisitions are listed to any available slots not used by custody. The CJSU (police) and HMCTS work well together to ensure any high priority case has a timely listing. This does not need to include domestic abuse cases or youth case as these are listed in a timely manner and therefore need no additional special arrangement.

<sup>a</sup> Provisional unvalidated statistics 29 November 2020 compared to position as at 23 March 2020: Data includes warrants without bail, motoring offences and prosecutions by local authorities. It should be noted that Nottinghamshire maintains a smaller increase in outstanding workload (+8.1%) than both the Midlands (+16%) and national average (+20%)

- 3.7 Single Justice Procedure (SJP) sessions have continued. The number of cases outstanding to be dealt with is now well below the pre-covid level of February 2020. There is plenty of capacity to clear SJP work due to the ability to do this work remotely and assistance from legal advisers from other local justice areas. Police led prosecutions (PLP) cases are listed some months ahead. We are currently listing 3 PLP courts on a weekly basis in Nottinghamshire which is more than was listed prior to first lockdown. We have considered sitting a PLP Court on Saturdays but unfortunately the Police have not yet been able to resource

#### **4. NOTTINGHAMSHIRE CROWN COURT**

- 4.1 In Nottinghamshire currently has 3 Crown Court rooms available to hear jury trials (soon to be 4), with 6 available to hear short appointments allowing the 3 larger courts to be able to focus on jury trials. Derby has 2 jury trial court rooms in operation, with the first court room commencing hearing jury trials 31<sup>st</sup> July having passed the assessment 14<sup>th</sup> July. Derby also has 2 short appointment courts in operation.
- 4.2 The Nottinghamshire court rooms have been primarily used to accommodate Nottinghamshire work during the pandemic, however in clarifying points raised at the November Police and Crime panel meeting, it should be noted that Nottingham Crown had heard one Derby trial and one Lincoln trial during this period. Both cases involved vulnerable witnesses, and neither could be heard at the home court. This agreement was made between the Resident Judiciary. There are occasions when Crown Courts are required to hear 'off region' trials, this is a national reciprocated relationship. An example of this is when Leicester Crown Court has heard a High Court Judge juvenile terrorist trial where the youth was accommodated in a local youth detention centre so for ease of travel the trial listed in Leicester. Nottingham has not heard any 'off region' trials since the COVID19 outbreak.
- 4.3 In order to facilitate jury trials in Nottinghamshire, additional space was allocated for jury deliberation, such as the Judges dining area and other smaller court rooms. Smaller court rooms which could not provide the necessary social distancing were used as observation courts which reduce occupation and increased safety in the main jury trial court rooms.
- 4.4 Portacabins have been installed on sites across the region to provide safe jury deliberation rooms where safe, COVID compliant jury trial court rooms are available. We have been unable to install portacabins in Nottingham or Derby due to overhead restrictions, walkways and noise levels.
- 4.5 To increase the ability to efficiently hear multi hander trials HMCTS is installing strengthened polycarbonate screens in the dock of several court rooms. These screens have been piloted in Newport Court and are now being introduced across the country. In Nottingham 3 docks will be furnished with strengthened dock

screens early February 2021; and in Derby the docks in two court room will installed by the end February. This will increase each courts disposal rate since multi hander trials will be heard using one court room as opposed to needing to occupy several them.

- 4.6 Where two metre social distancing cannot be achieved HMCTS is also installing tall screens in the well of the court. This will allow advocates to present cases in a safe, PHE manner.
- 4.7 Although Nottingham did achieve its Pre-Covid position in Sept 2020; the current Jury trial workload reached 1,097 as at December 2020, against a Pre-Covid figure of 902. The increase in caseload is because of the need to hear 2 large multi-hander trials which have occupied 3 jury trial court rooms and reduced the courts ability to hear cases with fewer defendants and shorter time estimates. The cases in questions were high priority (one requiring a High Court Judge) and were complex cases. Non-trial courts continue to operate dealing with PTPH's, PTR's, sentencing, Proceeds of Crime Act (POCA) and mention hearings. These are operating at normal timescales making use of the Cloud Video Platform (CVP) and Prison to Court Video Link (PCVL). Two are also holding 'in-person' hearings which require deep cleaning between each case and managing approx. 6 – 8 hearings per day (4 in each court room).
- 4.8 HMCTS continues to work with Public Health England to ensure compliance with their guidelines. The safety of our Judiciary, court staff and court users is our top priority. HMCTS appreciates the impact on victims and witnesses but as with other agencies we have to ensure safety. Of all court attendees. Our rigorous approach has paid dividends as court have been able to continue to operate during the latest lockdown.
- 4.9 HMCTS has worked with partner agencies and has revised the National Remote Link protocol to provide easy access to safe remote link buildings for all those who require it.
- 4.10 Determination of trials listed and heard is at the discretion of the Resident Judge in conjunction with the Listing Officer who currently meet daily/weekly and review all CTL cases. High profile matters and cases where vulnerabilities are identified are being prioritised and reviewed for confirmed listings each week.

By 29 November, sitting hours in the Midlands Crown Courts had reached a level 4.3% higher than that seen pre-lockdown (23 March 2020). While improving since October, sitting hours in the Nottingham Crown Court are yet to exceed pre-lockdown levels (-2.4%).

## Nottinghamshire Crown Court Workload (position as at week ending)

Court	22 March 2020			13 August 2020			3 January 2021		
	Receipts (wk)	Disposals (wk)	Outstanding	Receipts (wk)	Disposals (wk)	Outstanding	Receipts (wk)	Disposals (wk)	Outstanding
Nottingham	48	56	<b>1,183</b>	10	40	<b>1,145</b>	n/a	n/a	<b>1,395</b>

### 5. DOMESTIC ABUSE COURTS

- 5.1 Domestic abuse courts have continued to operate and have been listed and heard as a priority throughout the pandemic. HMCTS request further details relating to cases referenced as part of the Police and Crime Panel meeting in November 2020. These include one domestic abuse case which had reportedly been adjourned 18 times and cases listed and heard before benches/courts that are not specialist DA courts.
- 5.2 HMCTS would like to clarify that there are defendants who have bail withheld by the police that are charged with domestic abuse. These cases will appear in the daily remand court. However, all Magistrates and legal advisors are trained in Domestic abuse courts. Nottingham was a forerunner of the Specialist domestic abuse courts and have a well-trained, expert team.
- 5.3 There have also been several occasions when DA cases have been erroneously listed by the police to appear in GAP and NGAP courts. These instances are brought to the attention of the police for them to address as they arise.

### 6. KEY ISSUES, RISKS AND OPPORTUNITIES

- 6.1 A number of key issues and risks continue to impact upon the Courts Recovery Plan. These include:-
- **Victim and witness impact:** CJ partners recognise the adverse impact that court delays and adjournments can have on victim and witness engagement with the CJS, with victim and witness attrition known to increase with each subsequent delay. To effectively manage demand, each main trial listed in the Crown Court will also have 2-3 trials listed as 'backers/standby' which may go ahead should the main trial not proceed. Average caseloads per Witness Care Officer in Nottinghamshire have increased from 200 pre-COVID to 285, with the area having the highest number of live cases in the region (3,429) across both the

magistrates and Crown Courts. Furthermore the impact of limitations to face-to-face services on CJ experience among all court users is not yet fully understood.

- **Increasing demand on the Crown Court:** The number of 'outstanding matters' in Nottingham Crown Court has started to increase (since October). This is due to lengthy, complex multi- hander trials being listed across 3 court rooms. Nottingham Cron Court have been commended for the hard work in planning and disposing of these high priority cases.
- **Lockdown restrictions introduced January 2021:** The Crown Court have remained operational and jury trials have continued to take place albeit that some have been negatively impacted by COVID outbreaks resulting in cases 'stop/starting' and therefore extending time required to conclude a case. Footfall has been closely managed in the Magistrates Courts and has resulted in the reduction of hearings. The impact of this necessary practice has yet to be determined but the safety of our staff, judiciary and court users is our priority.
- **Alternative venues / Nightingale courts:** HMCTS has provided updates at the East Midlands Criminal Justice Board when alternative venues are being considered in counties. There is currently one alternative venue being considered in Nottinghamshire. Safety of staff, Judiciary and court users is a key requisite, together with the cost of enabling works, lease agreements proportionate to potential business delivery.
- **Management of multi-hander cases** which require all jointly charged defendants and their representatives to be brought together at a single hearing, but frequently across several court rooms is understandably impacting on disposal rates. The installation of bespoke, strengthened polycarbonate screens in the docks together with screens in the well of the court in 3 court rooms in Nottingham Crown Court will assist in reducing the impact of hearing multi hander trials.
- **Availability of Legal Advice:** Three trainee legal advisors have now been appointed and have taken up post in Nottinghamshire Magistrates' Court. Further appointments are expected in the coming months. Those appointed in the summer are part way through their training and are already taking courts which has allowed the increase in capacity to list courts
- **Police Lead Prosecutions:** There remain backlogs in this area and HMCTS have offered to hold Saturday Courts to assist in speedy recovery. HMCTS highlight, however, that this initiative has not been supported by partner agencies.

- **File quality:** CPS and police continue to highlight opportunities to further improve police file quality in order to release more capacity among CPS lawyers.

- 6.2 Key risks relating to the Courts Recovery plan are being monitored via the CJSSC risk register. Nottinghamshire Police continue working to maximise the use of out of court disposals where possible in order to relive pressures on the CJS. The Police are also working closely with the CPS to ensure that wherever possible, cases are close to trial ready at the point of charge. HMCTS conduct weekly meetings with CPs and fortnightly meetings with the police.
- 6.3 At a regional level, a Joint agency court recovery group has been established alongside weekly HMCTS meetings and ongoing engagement with senior managers at regional level. Weekly CPS meetings are being conducted each Thursday where any concerns are discussed and resolved.

## **7. Background Papers (relevant for Police and Crime Panel Only)**

Addendum to Covid-19 Courts and Criminal Justice Recovery Plan paper initially reported to the Police and Crime Panel on 23 November 2020

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