

NOTTINGHAMSHIRE POLICE AND CRIME PANEL

Monday, 06 February 2017 at 14:00

**County Hall, County Hall, West Bridgford, Nottingham, NG2
7QP**

**There will be a pre-meeting for Panel Members only
in the Committee Room C at 1.15pm**

AGENDA

- | | | |
|----------|---|-----------------|
| 1 | Minutes of Confirmation Hearing for the appointment of the Chief Constable held on 9 December 2016 | 3 - 12 |
| 2 | Minutes of last meeting held on 19 December 2016 | 13 - 22 |
| 3 | Apologies for Absence | |
| 4 | Declarations of Interests by Members and Officers:- (see note below)
(a) Disclosable Pecuniary Interests
(b) Private Interests (pecuniary and non-pecuniary) | |
| 5 | Work Programme | 23 - 28 |
| 6 | Police and Crime Plan Priorities and Consultation | 29 - 58 |
| 7 | Update to Police and Crime Delivery Plan 2016-18 | 59 - 68 |
| 8 | Precept and Budget Reports 2017-18 | 69 - 162 |

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) 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 9772590) or a colleague in Democratic Services at Nottinghamshire County Council prior to the meeting.

- (c) 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

- (d) Membership:-

Mrs Christine Goldstraw OBE – Independent Member - Chair
Councillor Debbie Mason – Rushcliffe Borough Council – Chair

Mayor Kate Allsop – Mansfield District Council
Mr Rizwan Araf – Independent Member
Councillor Cheryl Butler – Ashfield District Council
Councillor David Challinor – Bassetlaw District Council
Councillor Azad Choudhry - Nottingham City Council
Councillor Michael Edwards - Nottingham City Council
Councillor David Ellis – Gedling Borough Council
Councillor Glynn Gilfoyle – Nottinghamshire County Council
Councillor Keith Girling – Newark & Sherwood District Council
Councillor John Handley – Nottinghamshire County Council
Mrs Suma Harding – Independent Member
Councillor Nicola Heaton – Nottingham City Council
Councillor Tony Harper – Broxtowe Borough Council
Councillor Keith Longdon – Nottinghamshire County Council
Councillor Francis Purdue-Horan – Nottinghamshire County Council
Mr Bob Vaughan-Newton – Independent Member
Councillor Linda Woodings – Nottingham City Council

NOTTINGHAMSHIRE POLICE AND CRIME PANEL

1

CONFIRMATION HEARING – CHIEF CONSTABLE

MINUTES OF THE MEETING HELD ON FRIDAY 9TH DECEMBER 2016 AT 11.00am AT COUNTY HALL

MEMBERS PRESENT

(A denotes absent)

Chairman - Christine Goldstraw OBE – Independent Member
Vice-Chairman Councillor Debbie Mason – Rushcliffe Borough Council

Rizwan Araf – Independent Member
Councillor Mick Barton – substitute for Executive Mayor Kate Allsop, Mansfield District Council
Councillor Cheryl Butler – Ashfield District Council
Councillor Dave Challinor - Bassetlaw District Council -A
Councillor Azad Choudhry – Nottingham City Council -A
Councillor Michael Edwards – Nottingham City Council
Councillor David Ellis – Gedling Borough Council
Councillor Glynn Gilfoyle, Nottinghamshire County Council
Councillor Keith Girling – Newark and Sherwood District Council -A
Councillor John Handley – Nottinghamshire County Council -A
Suma Harding – Independent Member
Councillor Tony Harper – Broxtowe Borough Council
Councillor Nicola Heaton – Nottingham City Council
Councillor Keith Longdon – Nottinghamshire County Council -A
Councillor Francis Purdue-Horan – Nottinghamshire County Council
Bob Vaughan-Newton – Independent Member
Councillor Linda Woodings – Nottingham City Council

OFFICERS PRESENT

Keith Ford – Team Manager, Democratic Services) Nottinghamshire
Pete Barker – Democratic Services Officer) County Council
Sue Bearman – Legal Services) (Host Authority)

OTHERS PRESENT

Paddy Tipping – Police and Crime Commissioner (PCC)
Charlotte Radford – Interim Chief Executive, Office of PCC (OPCC)
Sallie Blair – Office of Police and Crime Commissioner
Craig Guildford – Deputy Chief Constable, Gwent Police
John Cooke OBE – Independent Member of Selection Panel

1. APOLOGIES FOR ABSENCE

Apologies for absence were received from Executive Mayor Kate Allsop, Councillor Dave Challinor, Councillor Azad Choudhry, Councillor Keith Girling, Councillor John Handley and Councillor Keith Longdon.

2. DECLARATIONS OF INTEREST

No declarations of interest were made.

3a. PROCEDURE FOR CONFIRMATION HEARING

Keith Ford introduced the report and explained the procedure for the meeting.

RESOLVED 2016/029

- 1) That the contents of the report be noted.**

3b. REPORT OF THE INDEPENDENT MEMBER ON THE SELECTION PROCESS

John Cooke OBE, the independent member of the selection Panel, introduced his report which provided an assessment of the extent to which the appointment process had been conducted fairly and openly and whether the preferred candidate had been selected on merit. Mr Cooke explained that his report also contained details of the extent to which the selection Panel fulfilled their responsibility to challenge and test the candidates' suitability against the requirements of the role. Mr Cooke informed the Panel that in his opinion, from start to finish, the selection process had been open and fair and had met all the standards detailed in the regulations and that the preferred candidate had been selected on merit and had been assessed by the whole of the selection Panel as the best candidate from a very strong field of applicants.

Following the report's introduction the Panel asked the independent member a number of questions:

- In reply to whether he felt the recruitment process had been too lengthy, Mr Cooke replied that although previous processes in which he had been involved had been shorter and there had been some scope to shorten the process this time, given the requirements of the Commissioner Mr Cooke told the Panel that he felt the time taken had been reasonable.
- The Panel asked Mr Cooke why the vacant post had attracted such a high number of quality candidates compared to other Forces. Mr Cooke replied that he was surprised that as many as 6 people had applied but told the Panel that he thought the diverse nature of the area, the challenges presented by the post and the ambitious programme of the Commissioner all had an influence.
- The Chair informed the Panel questions regarding the latest HMIC report were for the Commissioner to answer rather than Mr Cooke.

RESOLVED 2016/030

That the contents of the report be noted.

3c. CHIEF CONSTABLE RECRUITMENT OUTCOME

The Commissioner introduced the report and confirmed to the Panel that 6 candidates had originally applied, 2 had subsequently withdrawn their applications and that following the selection process Crag Guildford was unanimously selected as the preferred candidate. The Commissioner spoke about the reference made earlier to the length of the section process and explained that he was determined to convene a strong Panel and attract a good field of candidates and was pleased with the quality of both.

The Chair welcomed Craig Guildford and the Panel asked the following questions:

- In your opinion, why are you the best person to lead Nottinghamshire Police?

Mr Guildford replied by stating that during his career he had tried to observe the values of integrity, compassion and equality; he made a point of speaking to the front-line staff annually; he had the experience of working in small forces and large ones including in a large metropolitan area dealing with organised crime, that he started as a volunteer in Derby and worked his way through the ranks, that he was confident of pursuing criminals for the upper echelons of the criminal world, that he was a fan of local policing both as a professional and as a consumer, that the size of Nottinghamshire was a perfect blend given his experience; and that it was a good move from a family point of view as Nottinghamshire was a good place to live and work.

- What do you think are the main policing issues nationally and how do these relate to Nottinghamshire?

Mr Guildford replied that he thought there was a national issue with confidence in the Police but that when the Press concentrated on past sins it was important to emphasise today's values and standards and focus on the way the service needs to be delivered today. Mr Guildford also told the Panel that he felt that the nature of crime was changing and spoke of the following:

- computer enabled crime
- the approach to street level offences was now much more joined up
- some crime types were now hidden and Mr Guildford gave the example of CSE where Forces' resources continued to be stretched
- counter-terrorism/extremism, which was a problem all over the country and where the 'iceberg' principle applied, where much work was being undertaken that the public was not aware of
- the importance of partnership working where austerity had had a major impact with budgets contracting. Mr Guildford informed the Panel that Local Authorities and the Police had to work together at a

time where demand is insatiable, that needed managing, and a different way of working was required.

- Can you tell the Panel your view on the amount of time the Police spend on non-crime issues?

Mr Guildford replied that the time spent in this area was crucial as part of the police's job was to protect the vulnerable and that he was humbled by the work carried out by those on the frontline, especially the help given to those with mental health issues and also the work undertaken with those who are difficult to engage such as the elderly and victims of domestic abuse and child sexual abuse.

- Moving into a new Chief Constable role, what thought have you given to the challenge of maintaining your operational independence whilst developing your ongoing relationship with the PCC?

Mr Guildford emphasised the importance of the values he had referred to previously and told the Panel that though he was responsible for delivery he was aware that the political angle was always there and that though his office and that of the Commissioner's may have different policies it was essential that they worked together. Mr Guildford confirmed to the Panel that ultimately all operational issues were his responsibility.

- Based on your previous experiences, what sort of involvement would you expect to have with the Nottinghamshire Police and Crime Panel?

Mr Guildford replied that transparency was the key and that the Panel brings a challenge that ensures the system works. Mr Guildford told the Panel that he believes in the importance of members seeing how the Force works and gave the example of inviting Panel members to see how the control room works in Gwent, stating that he would seek the involvement and feedback from the Notts Panel in his new post.

- As Chief Constable, you will have responsibility for operational policing but how will you seek to consult key partners around operational activity and how will you manage these partners' expectations and demands?

Mr Guildford referred members to his proven track record and shared with the Panel his belief in the importance of meeting people and understanding their agendas and informed the Panel that he had spoken to Nottingham City Council and the Leader of Nottinghamshire County Council. Mr Guildford informed the Panel that he was aware of the debate that had been going on regarding the structure of the Notts Force but maintained that everyone involved in the debate had more in common than issues that divided them. Mr Guildford told the Panel that he was committed to partnership working and emphasised the importance of investing in early intervention, giving the examples of DV, CSE and Youth Offending and spoke of his desire to build on the success already achieved in Notts through such initiatives as the MASH and project Arora. Mr Guildford also spoke of the need to work with other partners, such as the Crown Prosecution Services (CPS) and the probation service, to ensure that justice for victims was swift allowing them to move on

with their lives. Mr Guildford also spoke of the key partnership between local Councillors and Communities and the need for the two sides to come together. Finally, Mr Guildford informed the Panel that it was hoped to employ 60 more officers in the recruitment drive beginning in January and informed the Panel that he would like this figure to rise and the diversity of the Force to change as a result but that with the finance available recruitment would need to be carried out creatively.

- Based on your experience with Gwent and West Yorkshire Police, how do you think you can help extend collaboration across the East Midlands region, whilst managing the tension between the Government's demands for increased collaboration and the ongoing local demand for neighbourhood policing?

Mr Guildford replied that he did have experience of collaboration both at a local and a national level which meant he was used to the type of conversations that were required. Mr Guildford informed the Panel that he did know senior colleagues in Notts which would be key in helping him understand the current position and the direction of travel and shared with the Panel that the Notts Force had been one of the first to enter into collaboration agreements and was well regarded nationally as a result. Mr Guildford informed the Panel that he thought collaboration gave the opportunity to bring other partners in and emphasised again the need to be creative to ensure a diverse workforce which was crucial at a time when the nature of crime was changing. Mr Guildford informed the Panel that he had been involved in liaising over Professional Standards nationally and understood the difficulties. Mr Guildford told the Panel that he was a realist and knew that not everything could be delivered but that leadership and courage are required.

- The new PCC in Leicestershire has publicly expressed a degree of caution with regards to dealing with Professional Standards as part of the Tri-Force Collaboration. Based on your national experience and your work in Gwent, do you feel that there is potential to collaborate around this issue?

Mr Guildford replied that in terms of Professional Standards definite potential existed but that the legislation had not yet been passed, though the intention is to scope the possible ways forward. Mr Guildford told the Panel that he could see no reason for collaboration not to happen and thought that if necessary different approaches could be accommodated. Mr Guildford told the Panel that the Forces were already using the same computer systems for staff hearings/misconduct but that he wanted to be sure that the quality is of the standard required.

- How will you make local communities feel that they are involved in policing?

Mr Guildford replied that this involvement was fundamental to the issues of consent and legitimacy. Mr Guildford spoke of the need to involve people in policing more and gave the example of the youth panel as part of the selection process and informed the Panel that youngsters did need a voice and had shown they were interested in such topics as stop and search, sexting and drugs. Mr Guildford spoke of the importance of the young being able to engage with officers at an early stage. Mr Guildford also shared his view that

there was a danger with becoming obsessed with surveys when it was important to develop opportunities to serve victims at forums such as parents' evenings, at the supermarket and at football matches for example. Mr Guildford also spoke of hard to reach groups and informed the Panel of the need to maintain legitimacy with such groups by making them understand the issues involved and getting ideas from them. Finally Mr Guildford spoke of the importance of providing feedback to inform people that the Police had carried out what had been asked of them and emphasised the huge role that neighbourhood policing plays.

- How do you think that you will need to approach policing in Nottinghamshire given the differing requirements of the City and the rural areas?

Mr Guildford replied that he did have a rural family connection as his father is an independent councillor in a rural area and though the threat/harm/risk approach is important a balance had to be struck. Mr Guildford informed the Panel he was aware that some rural crimes could have a disproportionate effect and gave the example of the effect a single crime could have in an area of low crime. Mr Guildford spoke of the need to look at structures, the priority of saving lives, the need to reduce re-offending, that neighbourhood policing needs to be applied fairly in the City and the remainder of the County and that the Force needed to work across traditional boundaries to cope with the challenges faced.

Mr Guildford also spoke of the importance of understanding the needs of the various communities and informed the Panel that he understood some areas were isolated which did not have a police station and told the Panel that he thought it was important to share more with the fire and ambulance services as one way of maintaining a local profile. Mr Guildford also told the Panel that much covert work goes on that could not be spoken about but nevertheless thought there was room for improvement in explaining to the public what the police did. In conclusion Mr Guildford told the Panel that it was neighbourhood policing that was the delivery mechanism on the ground.

- You will no doubt be aware of the findings of the recent HMIC PEEL: Police Efficiency Inspection for Nottinghamshire. In your first 90 days in office what steps will you take to give yourself and the PCC the necessary assurances that budgets are now being appropriately managed?

Mr Guildford replied that it was a subject close to his heart and a situation similar to the one he had faced at Gwent. Mr Guildford told the Panel that he thought the report was disappointing but contained some fair comments including references to staff changes and the oversight which had occurred. Mr Guildford informed the Panel that his 90 days had effectively already started and he had spoken to the Head of Finance with whom he had shared learning, he now understood where the mistakes had been made and informed the Panel that he was satisfied an affordable and scalable method was now in place going forward. Mr Guildford told the Panel that he understands where the money is being spent in Notts and how this differs from his current post and told the Panel that he would also look at the non-pay side, for example the Force's estate where less square feet meant more feet on the beat. Mr Guildford also said that he would look at the workforce mix to understand the balance between supervisory staff and senior ranks and the

remainder of the Force and told the Panel that he wanted to empower officers while holding them to account but that it was important to do more within existing resources.

- What has been your experience of inputting into the Criminal Justice System in Gwent and West Yorkshire and to what extent do you think you will be able to help influence Criminal Justice improvements in Nottinghamshire ?

Mr Guildford replied that he thought it was important to understand partners' issues and gave the example of the Crown Prosecution Service (CPS) Mr Guildford informed the Panel that he thought it important to challenge the CPS, to understand their agenda and work with them to address problems with timeliness and evidence. Mr Guildford spoke about effective trials and the need to look in detail at court listings, the quality of files and spoke of the importance of leadership in this area. Mr Guildford emphasised the role that technology could play and spoke about the use of wi fi and body worn video and though he had experienced problems with transmitting the information, the use of body worn video had led to an increase in guilty pleas. Mr Guildford informed the Panel of work that he had been involved with regarding the sharing of images by paedophiles and how the investment in software had significantly reduced the time needed to examine a suspect's PC.

- How do you envisage your relationship with the Police Federation?

Mr Guildford replied that he thought it would continue to be good and informed the Panel that his daughter also worked for the Police which gave him a further insight into the issues involved. Mr Guildford spoke to the Panel about the changes in policy, pay, pensions and service that had happened since he joined the Force and the need for the Federation to adapt accordingly and informed the Panel that he had always worked well with them.

- Can you give the Panel examples of where you have demonstrated leadership?

Mr Guildford replied that he had gained respect over time and spoke of his work on the Force change programme which was currently £8m in front of where it needed to be. Mr Guildford also informed the Panel that the number of BME recruits in the Gwent Force had increased and that he had acted as a mentor for members of under-represented groups. Mr Guildford spoke of the work he had undertaken at a national level and gave the examples of his work as a firearms commander, his involvement in major incidents and his work policing EFL marches and football matches. Mr Guildford asked that he be judged on his results.

The Chair thanked Mr Guildford for his concise answers and thanked the members of the OPCC for their work in the selection process and asked Mr Guildford if he had any questions for the Panel. Mr Guildford replied that he was grateful for the huge opportunity the post represented and that he was moving house and was looking forward to working with the Panel, the Commissioner and other partners to provide the best possible service to the public.

Before the Panel voted on the motion on whether to consider their decision in a private session, Councillor Harper presented a petition to the Chair to be passed to the Commissioner. The petition asked the Commissioner for his view on the way the police were dealing with the problem of bike theft in the Beeston area.

4. EXCLUSION OF THE PUBLIC

If this is agreed, the public will have to leave the meeting during consideration of the following item.

RESOLVED 2016/31

That under Section 100(A) (4) of the Local Government Act 1972 as amended by the Local Government (Access to Information) (Variation) Order 2006 the public be excluded from the meeting for the remaining item of business on the agenda on the grounds that it involves the likely disclosure of exempt information as defined in Schedule 12A, Part 1, in Paragraph 1 to the Act and the public interest in maintaining the exemption outweighs the public interest in disclosing the information.

5. REPORT AND RECOMMENDATION TO THE POLICE AND CRIME COMMISSIONER ON THE PROPOSED APPOINTMENT OF A CHIEF CONSTABLE

The Panel retired to make their decision in private session and the following issues were raised:

- overall, Members were impressed with the range of experience detailed within Mr Guildford's application form and the comprehensive responses he had given to the Panel's questions;
- Members recognised that Mr Guildford's experience of senior leadership posts was relatively short (covering the period since October 2012), but they felt assured of his leadership qualities through the success he had achieved in that period and other roles he had undertaken, including nationally. Members were also given further assurance by Mr Guildford's experience of working in partnership with the Police Federation, both locally and nationally. They felt confident in Mr Guildford's ability to develop a strategic vision for Nottinghamshire Police;
- Members were impressed with Mr Guildford's track record of improving services with reduced resources in fairly innovative ways, his recognition of the need to reduce demand and his understanding of the challenges which modern policing was facing;
- Members felt that Mr Guildford's experience of mentoring officers from Black and Minority Ethnic backgrounds would be helpful in light of the challenges

faced by Nottinghamshire Police in fully representing local communities within its workforce;

- Members felt that Mr Guildford had undertaken comprehensive research about Nottingham and Nottinghamshire, had a good understanding of the local issues and had tried to make appropriate links with key partner agencies. It was recognised that he had some experience of policing issues in the East Midlands from his previous links to Derby as a student and special constable, although his personal experience of Nottingham and Nottinghamshire had been limited up to this point;
- Members welcomed Mr Guildford's commitment to neighbourhood policing and his understanding of rural policing issues.

Following debate the Panel agreed unanimously that the appointment should be recommended to the Commissioner.

RESOLVED 2016/032

That the Nottinghamshire Police and Crime Panel recommends Mr Craig Guildford be appointed as the Chief Constable of Nottinghamshire Police.

The meeting closed at 12.25pm

CHAIRMAN

MINUTES OF THE MEETING HELD ON MONDAY 19TH DECEMBER 2016 AT 2.00 PM AT COUNTY HALL

MEMBERS PRESENT

(A denotes absent)

Chairman - Christine Goldstraw OBE – Independent Member -A
Vice-Chairman Councillor Debbie Mason – Rushcliffe Borough Council

Executive Mayor Kate Allsop – Mansfield District Council
Rizwan Araf – Independent Member
Councillor Cheryl Butler – Ashfield District Council
Councillor Azad Choudhry – Nottingham City Council -A
Councillor Michael Edwards – Nottingham City Council
Councillor David Ellis – Gedling Borough Council
Councillor Keith Girling – Newark and Sherwood District Council -A
Councillor Glynn Gilfoyle, Nottinghamshire County Council
Councillor John Handley - Nottinghamshire County Council -A
Suma Harding – Independent Member
Councillor Tony Harper – Broxtowe Borough Council
Councillor Nicola Heaton – Nottingham City Council
Councillor Keith Longdon – Nottinghamshire County Council
Councillor Francis Purdue-Horan – Nottinghamshire County Council
Councillor Maddy Richardson –Bassetlaw District Council, substitute for Councillor Dave Challinor
Bob Vaughan-Newton – Independent Member
Councillor Linda Woodings – Nottingham City Council

OFFICERS PRESENT

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

OTHERS PRESENT

Paddy Tipping – Police and Crime Commissioner (PCC)
Sallie Blair - Office of PCC (OPCC)
Sue Fish – Acting Chief Constable, Nottinghamshire Police
Mark Holland – Chief Superintendent, Nottinghamshire Police
Charlotte Radford – Acting Chief Executive, OPCC

1. MINUTES OF LAST MEETING

The minutes of the meeting held on 7 November 2016, having been previously circulated, were agreed as a true and correct record, and were confirmed and signed by the Chair of the meeting.

2. APOLOGIES FOR ABSENCE

Apologies for absence were received from Christine Goldstraw, Councillor Dave Challinor, Councillor Azad Choudhry, Councillor Keith Girling and Councillor John Handley.

In the absence of the Chairman the meeting was chaired by the Vice-Chairman, Councillor Debbie Mason.

3. DECLARATIONS OF INTEREST

No declarations of interest were made.

4. APPOINTMENT OF CHIEF CONSTABLE

The Vice Chairman introduced the report and thanked Panel members for their professionalism and questioning as part of the selection process and confirmed that much had been learned about Mr Guildford as a result and that she looked forward to working with him.

The Commissioner thanked Sue Fish for her hard work and reminded the Panel that Sue had originally planned to retire but agreed to stay on after Chris Eyre had announced his retirement. The Commissioner thanked Sue for delaying her retirement and explained that he was anxious that he did not want to lose two senior officers at the same time and that Sue could be proud of what she had achieved before now planning to retire on 31st March 2017. The Commissioner informed the Panel that Craig Guilford would take up the post of Nottinghamshire's Chief Constable from 1st February 2017 and confirmed to the Panel that Mr Guildford's starting date had not been brought forward as stated elsewhere and that Mr Guildford had already stated some preparatory work, would be moving to Nottinghamshire in the near future and planned to meet partners in mid-January. The Commissioner informed the Panel that Mr Guildford wanted a say in the setting of the Force's budget and was currently putting together a plan for the first 100 days in office.

The Panel also thanked Sue and commended her on the good work undertaken at the 'Reclaim the Night' march. The Vice-Chairman wished Sue Fish good luck in the future and thanked her for her openness and the help she had given to the Panel which had allowed it to do its job.

Keith Ford informed the Panel that the report confirming the Panel's decision regarding the appointment of Mr Guildford was now on the County Council's website and that the minutes from the Confirmation Hearing would be circulated with the papers for the next meeting of the Panel due to take place on 6th February.

RESOLVED 2016/033

That the outcomes of the Confirmation Hearing process be noted.

5. WORK PROGRAMME

Keith Ford introduced the report and drew the Panel's attention to the details of the informal workshops contained in the appendix to the report. Keith updated the Panel on complaints received and informed the Panel that the latest complaints received had been passed to the IPCC though explained that he did not think any outcomes would be available for the next meeting of the Panel on 6th February.

RESOLVED 2016/034

That the contents of the report be noted.

6. POLICE AND CRIME COMMISSIONER UPDATE

The Commissioner introduced the report and spoke to the Panel about some of the highlights of the report. The Commissioner referred to the slight decrease in satisfaction with the Police and spoke of the difficult choices the Police had to make, expressing his concern at the high levels of dissatisfaction regarding car-related crime. The Commissioner spoke of the number of those from the Black and Minority Ethnic (BME) community represented in the Force. The Commissioner informed the Panel that he hoped the Force would be in a position in the New Year to recruit more officers and told the Panel that he was keen to ensure that the Force better represented the community that it served, though the Notts Force did have a reputation for taking positive measures in this area. The Commissioner also informed the Panel that he had written to the Home Office regarding the changes to the way in which crime is recorded and informed the Panel that he regarded the changes as counter-productive.

The Commissioner spoke about early guilty pleas and the process of digitisation in courts. The Commissioner informed the Panel that he was involved in the latter project but though the CPS and the courts had received funding the Police had been allocated no extra funds and that the problem from the Police's perspective was made more difficult by the fact that there were 43 different Forces whereas the CPS and the courts were effectively one body. The Commissioner confirmed to the Panel that he wanted to be involved with the project as he regarded it as a real opportunity but that the cost of involvement of approximately £70m meant that a debate was required regarding the budgetary implications.

The Commissioner referred the Panel to the section of his report regarding rural crime and informed the Panel that he had given Chris Eyre and subsequently Sue Fish a hard time in this area as he was given a hard time himself. The Commissioner shared with the Panel that he was aware of the strong views that existed about maintaining a visible Force in rural areas, but that officers needed to be deployed in areas where risk and harm were at their highest and this tended to be in urban areas where the most disadvantaged resided.

The Commissioner spoke about the budget and the fact that the Panel had expressed some strong views on the subject in the past. The Commissioner informed the Panel that in the current financial year he was expecting the Force to come in under budget by approximately £1/2m. The Commissioner informed the Panel that the recent Home

Office announcement meant that effectively nothing had changed since the 2015 Autumn statement with budgets only being allocated annually making planning problematical and though budgets remained the same in cash terms, even with by increasing the precept to its maximum the effects of inflation meant that this amounted to a cut in real terms which would present its own challenges. The Commissioner informed the Panel that he anticipated having to make savings of £5m next financial year which though challenging, would be more manageable than in previous years where savings of £12m had been required.

Commissioner reminded the Panel about the sources of the Force's funding with 70% of the total coming from government grant and 30% raised locally which meant the Force was in the top range nationally for receiving a grant and meant that any reduction on the grant affected Notts disproportionately. The Commissioner informed the Panel that the debate on the new funding formula was progressing that it might be possible to consult on the proposals in March 2017 with the intention of introducing the new system from 1 April 2018.

The Commissioner informed the Panel that he had been involved in the discussions and told the Panel that although the situation would not be perfect in 2018 it would be an improvement on the current situation which disadvantages Notts by the sum of £10 1/2m annually. The Commissioner told the Panel that nationally, overall funding would remain the same so there would be winners and losers with the introduction of the new formula and that a transitional phase would be needed. The Commissioner informed the Panel that the intention was to introduce the new formula in the next two years but expressed his doubts that this could be achieved. The Commissioner confirmed he would keep the Panel informed of progress and that when the proposals were out for consultation the Panel would be able to submit its comments along with other partner organisations.

Chief Superintendent Holland then addressed the meeting and spoke of the changes in the recording of crime statistics. Chief Superintendent Holland explained to the Panel that although the rules themselves had not changed since 2002, the HMIC had requested that Forces more strictly adhered to those rules with the effect that whereas in the past common sense had been applied now the use of discretion had been removed altogether. Chief Superintendent Holland explained that the Force had revisited their own statistics in the light of the new guidance and found that from April 2016 2,200 incidents could be reclassified as crimes but that only 26 of these warranted further investigation and that as a result only 1 person was charged, indicating that the common sense approach previously adopted by the Force was correct. Chief Superintendent Holland spoke in more detail of the problems now faced and gave the examples to the Panel of where shouting/fighting had been reported but that by the time the officers arrived on the scene there were no perpetrators or victims present but the incident still needed to be recorded and also the problems created by those with mental health problems who would report serious crimes they had only imagined and which the Force was now obliged to record with the impossibility of such 'crimes' ever being solved. Chief Superintendent Holland informed the Panel that under the new guidance the Force was aiming to achieve 90% compliance to put the Force in the top 3 or 4 nationally and that this would probably result in approximately an 8% increase in recorded crime.

During discussions the Panel raised the following points:

- The Panel raised its concerns about the problem of ensuring local resources were now correctly targeted in the light of the new recording practices and whether a new baseline was required and queried when this would need to

start. Chief Superintendent Holland replied that the reviews of incidents included the recording of such incidents in the month they had occurred, there had been no front loading in the recording process and that from 1 April 2017 the new baseline would be established. Chief Superintendent Holland informed the Panel that more detailed information was available if required.

- The Panel asked the Commissioner about the Proceeds of Crime and queried why the Force was being measured against a target over which it appeared to have very little control. The Commissioner replied that the Panel was correct in thinking that POCA orders were a matter for the courts but that conceptually it made sense to take money from convicted criminals if possible and that the figures could be used to compare Forces, though the information was rudimentary. Detective Superintendent Holland spoke to the Panel from an operational perspective and informed the Panel that all officers were trained in POCA orders which could be imposed over a wide range of crimes from shoplifting to major drug offences and though some case could take years to get to court the proceeds could be as much as £1m. The Panel asked whether it was possible to be provided with more meaningful information regarding the work in this area and the Commissioner replied that though the Force was keen to continue in the use of the orders and maximise the proceeds obtained, it was not possible to provide the Panel with more meaningful information.
- The Panel asked what action had been taken retrospectively following the reclassification of some incidents to crimes, given that many of those crimes appeared to be of a serious nature. The Chief Constable replied that the Force had investigated the most serious crimes first but after having examined all of the crimes it had only been necessary to charge one person. The Chief Constable explained that there were a variety of reasons behind why some people mistakenly thought that incidents had taken place.
- The Panel referred to the recent stakeholder event where mention was made of the Office for National Statistics (ONS) use of the unfamiliar 'Seriousness Indicator' in relation to crimes committed. The Commissioner informed the Panel that there was increasing debate regarding the 'Cambridge Harm Factor' in academic circles which uses this term. The Commissioner offered to supply Panel members with the relevant slides from the stakeholder event if this would aid understanding.
- The Panel asked about the net position regarding officers and PCSOs, why PCSOs were leaving and did the Force rely on officers to inform them when they wished to leave. The Commissioner explained that the position was monitored closely with the most recent figures becoming available tomorrow and that in 4 years the Force had lost 100 officers bringing the present total to 1922. The Commissioner informed the Panel that the Force was losing officers at a faster rate than anticipated and while it was relatively easy to predict when officers intended to retire, as most retired as soon as they were eligible, there was a new phenomenon where officers left the Force after only a few years' service. The Commissioner told the Panel that there were now 190 PCSOs employed as opposed to 268 when he was first in post and that the aim was to recruit until the figure was up to 200 with PCSOs leaving for a variety of reasons including some joining other Forces as officers.

- The Panel referred to the BME representation within the Force and asked the Commissioner about the male/female ratio. The Commissioner replied that he would need to check the figures to be absolutely sure but thought that the split was approximately 60/40, male to female. The Commissioner informed the Panel that the Force was aiming to increase relevant representation for both officers and staff and that positive action had been taken to recruit to all posts not just the officer posts.
- The Panel spoke about procurement and asked the Commissioner how he ensured the Force was obtaining value for money especially bearing in mind the large sums involved in some of the contracts referred to in Appendix B of the report. The Commissioner replied that he thought this was a problem that needed addressing at a national level and informed the Panel that he thought it should be possible to make savings of £300m by improving procurement and standardising the equipment used by Forces across the country. The Commissioner informed the Panel that timing could be an issue with the expiration dates of contracts differing but spoke of the need for Forces to work together.

Chief Superintendent Holland left the meeting at this point (2.59pm)

- The Panel questioned the Commissioner about the red rated, worsening figures for both the reduction in the number of repeat victims of domestic violence and the increase in the positive outcome rate for victim based crime, details of which were included in Table 4.7 of the report, and asked the Commissioner about the future trends in these areas. The Commissioner replied that he would provide the information in writing, including the details of trends in graph form, and confirmed to the Vice Chair that he would send this information to all Panel members.
- The Panel asked the Commissioner about his initial thoughts regarding the criticisms made by the HMIC regarding the time it took to appoint a new Chief Constable. The Panel expressed its disappointment given that the rationale had been explained beforehand and that the HMIC report did contain a number of inaccuracies. The Commissioner explained that he had taken part in a lively discussion with the HMIC the previous Wednesday where he had emphasised three points in particular, firstly that their report had been factually incorrect regarding the start date for the new Chief Constable, secondly that the appointment was one for himself and not the Force and lastly, that though the report rates the Notts Force as 'good' this was not reflected in the relevant press release. The Commissioner informed the Panel that he expected a response from the HMIC.
- Councillor Edwards spoke of his feeling that circumstances were changing for the worse with some incidents not being reported, the effects of poverty and insecure work on the crime statistics and how things compared badly to the situation 10 – 15 years ago where the majority of children were in mainstream schools and those excluded could be helped and asked the Commissioner how he intended to address the issues. The Commissioner spoke of the Vision 2025 document that emphasised partners working together and informed the Panel that although there was much in the document that was beyond his

remit he felt that if partners were to work closer together then performance would be improved, and shared with the Panel that whereas he thought the Force's relationships with local authorities were good the links were weak with a fragmented NHS. The Commissioner spoke of the difficulties encountered when large organisations, including the Notts Healthcare Trust and EMAS, were commissioned for work by smaller organisations with no relevant expertise and that he thought that the devolution debate would re-emerge. The Commissioner informed the Panel that he thought that with Mr Guildford in post a renewed emphasis on the police working with schools and the Commissioner agreed with Councillor Edwards that schools were different now with a narrower focus and that he thought that although there were some good alternative education providers in existence the education system would continue to fragment.

At this point in the meeting Councillor Harper handed a petition to the Vice Chair, who passed it to the Commissioner, regarding the problem of bike thefts in the Beeston area. The Commissioner informed the Panel that he was aware of the issue and confirmed that he would respond to the petitioners regarding their concerns.

RESOLVED 2016/035

That the contents of the report be noted.

7. POLICE AND CRIME PLAN – THEME 6 – PREVENTION, EARLY INTERVENTION AND REDUCTION IN REOFFENDING – MONITORING REPORT

The Commissioner introduced the report and informed the Panel that Notts was taking part in a national scheme regarding the use of GPS tags but that he was unable at this stage to provide any more information publicly. The Commissioner spoke to the Panel about knife crime and told the Panel that the summit on 14th December had not taken place but that Nottingham was in a similar situation to most major cities in the UK. The Commissioner informed the Panel of the very successful triage scheme which meant that very few people with mental health problems were detained in a cell and he informed the Panel that the scheme would continue with funding from his office and the NHS. The Commissioner updated the Panel about the various community safety hubs in the county and informed the Panel that the Mansfield hub was running successfully, 2 more hubs would shortly be opening in Ashfield, the hub in West Bridgford was exceptional and that 2 further hubs were due to open in Gedling in May 2017. The Commissioner informed the Panel that bids could be made until 31st January 2016 to the Community Safety Fund, where £250k was available to small voluntary organisations involved in preventing and reducing crime.

During discussions the Panel raised the following points:

- The Panel expressed its disappointment at the withdrawal of funding from the use of GPS tags given the effectiveness of their use and the Commissioner reiterated that for the last 12 months Nottinghamshire had been part of a pilot

scheme but that the Ministry of Justice was reluctant to say anything in public. Sue Fish explained that the project was an exciting opportunity and confirmed that those involved had been advised not to go into detail in public.

- The Panel acknowledged the good work that had been undertaken regarding knife crime but asked the Commissioner why the measure was rated as green when the incidence of knife crime was increasing. The Commissioner explained that clearly more work needed to be done in the area but that Nottinghamshire was the only Force in the country with its own dedicated knife crime team and that the stop and search figures suggested that the Force was targeting the right people. Sue Fish agreed with the Commissioner about the meaning of the stop and search figures and explained to the Panel that this was not a problem that the Force could arrest its way out of. The Panel asked whether there was a problem with the sale of knives and stated that it had been a long time since NCC's Trading Standards had run a campaign. The Commissioner replied that test purchases had taken place but wondered if more 'advertising' was needed and confirmed to the Panel that he thought a further conversation was needed. The Panel asked whether more work needed to be carried out in schools as research had shown that knife victims felt that it was important for them to carry a knife when the reality was that this made it more likely that a person would become a victim of knife crime. Sue Fish confirmed to the Panel that good progress had been made in schools, including with children of primary school age, but that the fragmentation of the education system did pose a serious challenge. The Panel asked about the 60% success rate regarding stop and search for knives and Sue Fish reiterated that these figures proved that the Force was targeting the right people and the Commissioner confirmed that despite having the lowest stop and search rates in the country the Force's success rate was double that of any other force. The Panel asked the Commissioner about the Anti-Violence summit that had originally been scheduled for 14th December and the Commissioner confirmed that although it had been postponed twice useful discussions were ongoing with many partners, including the NHS, and the Commissioner informed the Panel that he hoped the summit could be rearranged in the New Year.
- The Panel asked the Commissioner about cyber-crime stating that it seemed to be a growing problem but that the Force did not appear to have a dedicated resource to tackle the problem and asked the Commissioner if this situation was likely to change following the appointment of the new Chief Constable. The Commissioner replied that he thought it would and explained to the Panel that though it was possible to locate the victim it was difficult to locate the perpetrator, who could be based almost anywhere. The Commissioner explained to the Panel that he thought a local presence was needed and there was a regional presence with EMSOU, but that a debate was ongoing about whether the issue needed tackling nationally and the Commissioner thought that it would be another 7/8 months before the results of that debate were known.
- The Panel asked the Commissioner for clarification of the meaning of the sentence at the foot of page 62 of the report and the Commissioner undertook to confirm the meaning outside of the meeting but believed that the sentence referred to the different systems used in the City and the County.

RESOLVED 2016/036

That the progress being made against the themes and activities set out in the Police and Crime Plan be noted.

The meeting closed at 3.38pm

CHAIRMAN

NOTTINGHAMSHIRE POLICE AND CRIME PANEL

6 FEBRUARY 2017

WORK PROGRAMME

Purpose of the Report

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

Information and Advice

2. 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 Police and Crime Commissioner (PCC) and the Acting Chief Constable.
3. The work programme is updated to include specific focus on each of the seven Strategic Priority Themes included in the Police and Crime Plan at each meeting of the Panel (except the February meeting at which the precept and budget is considered).
4. Work has begun to develop draft dates of future Panel meetings beyond June 2017, in consultation with the Office of the PCC. This work aims to better link the schedule of Panel meetings with the Police's performance reporting timetable. Members will be consulted once draft dates are available.
5. **Appendix B** highlights the previously agreed dates of forthcoming informal workshops for Panel Members.

Other Options Considered

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

Reasons for Recommendation/s

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

RECOMMENDATION/S

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

Background Papers and Published Documents

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

For any enquiries about this report please contact:-

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Tel: 0115 9772590

APPENDIX A

Nottinghamshire Police and Crime Panel

Work Programme (as at 27 January 2017)

<u>Agenda Item</u>	<u>Brief Summary</u>
24 April 2017 – 2.00pm	
Independent Members – recruitment etc.	To agree the process for extending the terms of office of existing independent members or recruiting new members.
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 Complaints Process	Update on the implications of the Police and Crime Bill in relation to specific issue of how Police complaints are dealt with (issue raised at November 2016 Panel meeting).
Collaboration Governance Arrangements	To consider the findings of the Police Foundation report looking at the governance arrangements around regional collaboration (issue raised at November 2016 Panel meeting).
Specific focus on one of the Police and Crime Plan Strategic Priority Themes.	Panel to focus on a specific Priority Theme – 'Theme 3 – Focus on priority crime types and those local areas that are most affected by crime and anti-social behaviour.'
5 June 2017 – 2.00pm	
Appointment of Chairman and Vice-Chairman	To appoint the Chairman and Vice-Chairman of the Panel for the 2017/18 year.
Review of Balanced Appointment Objective.	<p>The Panel will review its membership to see whether any actions are required in order to meet the requirements for:-</p> <ul style="list-style-type: none">• the membership to represent all parts of the police force area and be politically balanced; and• members to have the skills, knowledge and experience necessary. <p>The terms of office for independent Members is also due to be reviewed in June 2017.</p>
Police and Crime Commissioner's update,	The Panel will review and scrutinise any decisions and other actions taken by the Commissioner on an

<u>Agenda Item</u>	<u>Brief Summary</u>
including Budget and Efficiency Programme update, details of decisions taken and overview of Force Performance).	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.
Specific focus on one of the Police and Crime Plan Strategic Priority Themes.	Panel to focus on a specific Priority Theme – 'Theme 5 – Reduce the threat from organised crime'.

APPENDIX B

FORTHCOMING INFORMAL PANEL WORKSHOPS AND DEVELOPMENT SESSIONS (N.B. THESE SESSIONS ARE NOT OPEN TO THE PUBLIC)

- 1 February 2017 – 10am – 12 noon – Budget Workshop with the Section 151 Officer of Nottinghamshire County Council
- 24 April 2017 – 10am – 12.30pm – Workshop to share the strategic thinking of the new Chief Constable

For Consideration	
Public/Non Public*	Public
Report to:	Police and Crime Panel
Date of Meeting:	
Report of:	The Police and Crime Commissioner
Report Author:	Kevin Dennis
E-mail:	Kevin.dennis@nottinghamshire.pnn.police.uk
Contact officer:	daniel.howitt13452@nottinghamshire.police.uk
Agenda Item:	6

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

The Nottinghamshire Police and Crime Plan Priorities and Budget Consultation 2016/17

1. Purpose of the Report

- 1.1 The purpose of this report is to present consolidated findings from local consultation activity during in relation to the policing precept, views on savings to the police budget and local public priorities and concerns.
- 1.2 This work has been undertaken in line with the Commissioner's statutory duties to consult and the findings will be used to inform precept setting, planning and policy making for 2017/18 and beyond.

2. Recommendations

- 2.1 That the Police and Crime Panel note and provide feedback on the consultation report.

3. Reasons for Recommendations

- 3.1 The Commissioner has statutory responsibilities for consultation with the public for identifying and setting local policing priorities that inform the production of the Police and Crime Plan and setting the annual precept for policing in consultation with the Chief Constable.¹
- 3.2 There are opportunities to further develop consultation and engagement processes in 2017, particularly in understanding the differences between those that do and do not support an increase in the council tax precept for policing and levels of support for greater collaboration between agencies, police forces and other Blue Light services.

¹ The Police Reform and Social responsibility Act 2011

4 Summary of Key Points

- 4.1 The OPCC undertook activity to achieve a more robust and representative consultation process in 2016 which included activity to standardise question sets across the various engagement approaches and improve the consistency and comparability of results. Additional questions were introduced to explore the level of precept increase supported by residents and views in respect of a referendum should the proposed precept level exceed 1.99%.
- 4.2 Consultation with over 4,700 residents through a range of public consultation and engagement activities in 2016 identified that there is generally an even balance of support for (52%) and against (48%) an increase in the council tax precept for policing when confidence intervals and variations in consultation methods are taken into account.
- 4.3 The proportion of residents supporting a rise in the council tax precept for policing has fallen by around 9% points over the last year, despite a (non-significant) increase in support in the City. This has been largely driven by an increase in residents feeling they cannot afford to pay more or already pay enough.
- 4.4 Respondents were generally supportive of the police, with at least two thirds feeling that more funding was required. Of those that did not support a rise in the precept for policing, around a third felt that more central government funding should be made available.
- 4.5 Around a third did not support a rise in the precept for policing as they felt that it would have no impact on the service they received. This was often expressed amid a perceived lack of visible policing with many stating that they would support a rise in precept they could be assured that visible policing would be protected.
- 4.6 More detailed exploration of the Police's financial position and savings plans as part of the focus groups highlighted surprise among participants as to the scale of the challenge. These participants subsequently showed a greater tendency to support increases in the precept. Many survey respondents, however, found it difficult to comment on savings options without a detailed understanding of policing business.
- 4.7 Despite these factors, support appears strongest for savings derived from more targeted work in high crime areas and increasing efficiency, reducing waste and making better use of technology. There is also clear support for closer working with other local agencies, police forces, Blue Light Services and business experts to deriving savings and efficiencies – particularly in reducing senior posts and salaries.

- 4.8 Many respondents felt that greater prioritisation was required as a result of the financial challenge and highlighted concerns about the extent to which the police should support what were viewed as non-policing agendas.
- 4.9 Beyond providing an emergency response, respondents recognised the challenge of prioritising finite resources against the wide range of policing duties and responsibilities. Work to tackle and prevent terrorism and radicalisation appeared least likely to feature as a public priority in both the city and county, with many feeling that this agenda should not draw on local or regional policing resources.
- 4.10 The report includes specific recommendations for the Police and OPCC to consider:-
- Ensuring any proposals to increase the local precept for policing are supplemented with a clearly communicated plan for how the additional revenue would be spent. Public support and confidence appears to remain strongly linked to the force's commitment to ensuring that the service is visible, accessible and responsive to community needs
 - Developing a clear strategic communication and engagement plan to demonstrate to local residents and rate payers how policing resources are being deployed and what outcomes are being delivered as a result. This is particularly important as the nature of policing business becomes increasingly concentrated in areas of high impact but often less visible aspects of policing
 - Further lobbying of central government for fair and proportionate levels of police funding which takes account of the changing challenges facing the service over the current spending review period. Public support for this approach appears relatively strong.
 - Continuing to raise awareness of current and emerging resourcing challenges and efficiency plans for Nottinghamshire and raise further awareness of the statutory role and activities of the Police and Crime Commissioner
 - Continuing to explore opportunities to develop organisational efficiencies through greater prioritisation, reducing waste / bureaucracy and making better use of technology – all being areas in which there appears to be strong levels of public support
 - Continuing to explore opportunities for more collaborative working with other partner agencies and regional forces, particularly in consolidating support / back office functions, premises and senior leadership and governance functions. The service should also seek to ensure that relevant learning from the private sector is used to inform organisational efficiency plans

- Public and stakeholder consultation on more specific proposals for further Blue Light collaboration in view of what appears to be general public support for this approach
- Further exploring the public / community offer in preventing crime and anti-social behaviour and improving community safety with the support of local service providers. This may include further work to raise awareness of volunteering roles and opportunities
- Further developing the profile of community issues and concerns as part of the new Neighbourhood-level community engagement plans and profiles, particularly in making use of community profiling and segmentation data.

5 Financial Implications and Budget Provision

- 5.1 Findings will be used to inform setting of the 2017/18 precept for policing. Options for delivering savings and economies of scale through more co-ordinated consultation and engagement approaches will be further considered in 2017.

6 Human Resources Implications

- 6.1 Human Resource implications will be identified throughout the budget setting process and review of the Commissioner's Consultation and Engagement Strategy in 2017.

7 Equality Implications

- 7.1 The combined consultations have obtained views from a diverse range of residents in terms of age, gender, ethnicity, sexuality and locality. Local authority level consultation activities have set representative samples for response rates across the local area based on gender, age, working status and ethnicity. While it has not been possible to set equivalent controls for the OPCC public opinion poll and public engagement events, responses have been geographically weighted as part of the analysis process to mitigate the risk of geographic skew.
- 7.2 The report identifies opportunities for making use of 'segmentation data' to better understand the needs, demands and priorities of different geographic and socio-demographic groups.

8 Risk Management

- 8.1 The Nottinghamshire Police and Crime Needs Assessment identifies the threat, harm and risks to policing, crime and community safety, with mitigation actions identified through the Strategic Plan in the Police and Crime Plan 2017-21.

8.2 There is also a strategic risk register monitored through the governance processes in the Commissioner's Office.

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

9.1 Findings have been used to inform the setting of the precept for policing in 2017/18 and development of the refreshed Police and Crime Plan delivery plan for 2017-2018.

10 Changes in Legislation or other Legal Considerations

10.1 Police Reform and Social Responsibility Act 2011. In addition, the Commissioner has a responsibility and must have due regard to all other legal requirements and specifically the provisions of:

- The Policing Protocol Order 2011
- Financial Code of Practice (FMCOP)²
- Strategic Policing Requirement (SPR)³
- Elected Local Policing Bodies (Specific Information) Order 2011⁴

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

11.1 PCC Consultation and Engagement Strategy

² [Financial Code of Practice 2012](#)

³ [Strategic Policing Requirement](#)

⁴ [Specific Information Order 2011](#)



Nottinghamshire

POLICE & CRIME COMMISSIONER

Nottinghamshire Police and Crime Plan Priorities and Budget Consultation 2016/17

**Consolidated findings from local consultation and
engagement activity during 2016 to inform planning,
policy and precept setting for 2017/18 and beyond**

January 2017

1. EXECUTIVE SUMMARY

1.1 APPROACH

The Police and Crime Commissioner has a wide remit to cut crime and improve community safety in Nottingham and Nottinghamshire. A range of consultation and engagement exercises were conducted in 2016/17 in line with the Commissioner's duty to consult local communities on their priorities and perceptions.

In total, over 4,700 people were consulted as part of this work. This report presents a consolidated picture of the research methods adopted and the headline consultation findings to inform the Police and Crime Plan 2016/18, setting of the 2016/17 precept for policing and broader policy, planning and decision making.

Consultation activities included:

- The Nottingham City Council and the City's Crime and Drugs Partnership Annual Respect Survey and the Nottinghamshire County Council Annual residents Satisfaction Survey 2016
- The Police and Crime Commissioner's priorities and precept consultation incorporating face-to-face engagement and online questionnaire
- Focus groups commissioned by the Police and Crime Commissioner within each of the four Community Safety partnership areas:- Nottingham City; South Nottinghamshire; Bassetlaw, Newark & Sherwood and; Mansfield and Ashfield
- Additional face-to-face local public and stakeholder engagement activity across Nottingham and Nottinghamshire.

1.2 KEY FINDINGS

Findings from the range of public consultation and engagement activities undertaken in 2016 indicate that there is, on average, a generally even balance of support for (52%) and against (48%) an increase in the council tax precept for policing when confidence intervals and variations in consultation methods are taken into account.

The proportion of residents supporting a rise in the council tax precept for policing has fallen by around 9% points over the last year, despite a (non-significant) increase in support in the City. This has been largely driven by an increase in residents feeling they cannot afford to pay more or already pay enough.

Respondents were generally supportive of the police, with at least two thirds feeling that more funding was required. Of those that did not support a rise in the precept for policing, around a third felt that more central government funding should be made available for the police.

Around a third did not support a rise in the precept for policing as they felt that it would have no impact on the service they received. This was often expressed amid a perceived lack of visible policing with many stating that they would support a rise in precept they could be assured that visible policing would be protected.

More detailed exploration of the Police's financial position and savings plans as part of the focus groups highlighted surprise among participants as to the scale of the challenge. These participants subsequently showed a greater tendency to support increases in the precept. Many survey respondents, however, found it difficult to comment on savings options without a detailed understanding of policing business.

Despite these factors, support appears strongest for savings derived from more targeted work in high crime areas and increasing efficiency, reducing waste and making better use of technology. There is also clear support for closer working with other local agencies, police forces, Blue Light Services and business experts to deriving savings and efficiencies – particularly in reducing senior posts and salaries.

Many respondents felt that greater prioritisation was required as a result of the financial challenge and highlighted concerns about the extent to which the police should support what were viewed as non-policing agendas.

Beyond providing an emergency response, respondents recognised the challenge of prioritising finite resources against the wide range of policing duties and responsibilities. Work to tackle and prevent terrorism and radicalisation appeared least likely to feature as a public priority in both the city and county, with many feeling that this agenda should not draw on local or regional policing resources.

1.3 KEY RECOMMENDATIONS

The Police and OPCC should consider:

- Ensuring any proposals to increase the local precept for policing are supplemented with a clearly communicated plan for how the additional revenue would be spent. Public support and confidence appears to remain strongly linked to the force's commitment to ensuring that the service is visible, accessible and responsive to community needs
- Developing a clear strategic communication and engagement plan to demonstrate to local residents and rate payers how policing resources are being deployed and what outcomes are being delivered as a result. This is particularly important as the nature of policing business becomes increasingly concentrated in areas of high impact but often less visible aspects of policing

- Further lobbying of central government for fair and proportionate levels of police funding which takes account of the changing challenges facing the service over the current spending review period. Public support for this approach appears relatively strong.
- Continuing to raise awareness of current and emerging resourcing challenges and efficiency plans for Nottinghamshire and raise further awareness of the statutory role and activities of the Police and Crime Commissioner
- Continuing to explore opportunities to develop organisational efficiencies through greater prioritisation, reducing waste / bureaucracy and making better use of technology – all being areas in which there appears to be strong levels of public support
- Continuing to explore opportunities for more collaborative working with other partner agencies and regional forces, particularly in consolidating support / back office functions, premises and senior leadership and governance functions. The service should also seek to ensure that relevant learning from the private sector is used to inform organisational efficiency plans
- Public and stakeholder consultation on more specific proposals for further Blue Light collaboration in view of what appears to be general public support for this approach
- Further exploring the public / community offer in preventing crime and anti-social behaviour and improving community safety with the support of local service providers. This may include further work to raise awareness of volunteering roles and opportunities
- Further developing the profile of community issues and concerns as part of the new Neighbourhood-level community engagement plans and profiles, particularly in making use of community profiling and segmentation data.

2. INTRODUCTION

- 2.1 The Nottinghamshire Police and Crime Commissioner (PCC) has a statutory duty under the Police Reform and Social Responsibility Act 2011 to consult with local people in identifying and setting local priorities and consult the public and local rate payers prior to issuing the policing precept. This report sets out the methods undertaken to fulfil these requirements in 2016/17 and considers the consolidated findings of the respective approaches.
- 2.2 Changes were made to consultation process in 2016 to address recommendations set out in the 2015/16 OPCC Priorities and Budget Consultation report. These included standardising question sets across the various engagement approaches to improve consistency and comparability of results¹ and additional questions which explore the level of precept increase supported by residents and views in respect of a referendum should this exceed 1.99%.
- 2.3 Consultation and engagement activity in 2016/17 included a range of qualitative and quantitative methods undertaken either directly by the Office of the Police and Crime Commissioner (OPCC), independently commissioned by the OPCC or jointly commissioned in partnership with agencies such as the Police and Community Safety Partnerships. This primarily comprised:-
- The Nottingham City Crime and Drugs Partnership Annual Respect Survey and the Nottingham County Council Annual Residents Satisfaction Survey
 - The Commissioner's poll of public perception and attitudes towards the policing precept via both face-to-face engagement events and on-line survey
 - Focus groups commissioned by the OPCC involving residents from all four Community Safety Partnership areas across Nottingham and Nottinghamshire
 - Public and partnership engagement events held across in Nottingham and Nottinghamshire during December 2016 and January 2017.
- 2.4 Together, these consultation activities captured the views of over 4,700 residents across Nottingham (63%) and Nottinghamshire (37%). Standardised results have been aggregated across the various surveys in order to minimise a potential skew as a result of a higher proportion of residents being consulted within the city².
- 2.5 Findings will be used to inform planning and policy making for 2017/18, principally via the 2017-21 Police and Crime Plan and help to inform decision making when setting the 2017/18 precept for policing in February 2017.

¹ Caution should still be exercised when drawing direct comparisons between consultation findings on account of variations in the research methods used

² The Nottingham Respect Survey achieves over 2,700 responses in order to produce results which are statistically reliable at local authority ward level

3. CONSULTATION METHODS

3.1 LOCAL AUTHORITY LEVEL RESIDENT SURVEYS

- 3.1.1. The **‘Respect for Nottingham’ survey 2016**: Commissioned by Nottingham Crime and Drugs Partnership and conducted by Information by Design (IbyD). Fieldwork comprised of 2,735 face-to-face interviews conducted during November and December 2016. The survey achieves a good geographical coverage of the city using random sampling from the Local Land and Property Gazetteer (LLPG). A multi-stage sampling approach is used to ensure all electoral wards are included with responses from a range of different neighbourhood deprivation classifications. The overall sampling error on this survey is +/-1.9%, however, this can vary by question depending upon the number of response obtained.
- 3.1.2 **Nottinghamshire Residents’ Satisfaction Survey³ 2016**: Conducted by Enventure Research on behalf of Nottinghamshire County Council and the Nottinghamshire Police and Crime Commissioner. The research was undertaken by an experienced team of local Interviewer Quality Control Scheme (IQCS) trained interviewers⁴ via a face-to-face on-street survey with residents aged 18 or over. Responses were obtained from a representative sample of 1,069 Nottinghamshire residents interviewed between 22 August 2016 and 22 September 2016. The sample gives a confidence interval of approximately +/-3% at the 95% confidence. Quotas were set on gender, age, working status and ethnicity based on the Census 2011. To identify differences between Districts and Boroughs, approximately 150 respondents were interviewed in each area.

Nottinghamshire Residents’ Satisfaction Survey 2016 – Interview count by Local Authority

District / Borough Council	Number of interviews
Ashfield District Council	151
Bassetlaw District Council	150
Broxtowe Borough Council	150
Gedling Borough Council	152
Mansfield District Council	166
Newark and Sherwood District Council	150
Rushcliffe Borough Council	150
Overall	1,069

³ Nottinghamshire Annual Satisfaction Survey 2016, October 2016, Enventure Research

⁴ The IQCS is an independently run scheme which requires members to adhere to a set of benchmark market research industry standards.

3.2 OPCC RESIDENT SURVEYS

- 3.2.1 The Office of the Nottinghamshire Police and Crime Commissioner obtained the views of 866 residents through a range of face-to-face consultation activities⁵ (468) during summer 2016 and an on-line poll (398) during November/December 2016.
- 3.2.2 The questions asked as part of both face-to-face engagement activity and the on-line poll were consistent with those asked as part of the local authority resident perception surveys. The profile of respondents to the combined OPCC consultations was broadly representative of the force area's demographic composition in terms of gender, age, and high level ethnicity classifications despite the self-selecting nature of the consultation method adopted. Asian / Asian British respondents, however, were more notably under-represented as part of the combined consultation exercises.

OPCC face-to-face and on-line budget consultation 2016/17 – Response profile

	OPCC Consultation Response profile	Area Demographic Composition
Male / Female	50:50	47:53
Aged 16-24	17%	18%
Aged 25-34	17%	17%
Aged 35-44	20%	17%
Aged 45-54	20%	19%
Aged 55-64	16%	15%
Aged 65-74	11%	13%
White British	86%	85%
White other	6%	4%
Asian / Asian British	2%	5%
Black / Black British	3%	2%
Mixed background	3%	3%
Other ethnic group	1%	1%
Nottingham City	28%	28%
Nottinghamshire County	72%	72%

3.3 FOCUS GROUPS⁶

- 3.3.1 The Office of the Police & Crime Commissioner (OPCC) commissioned 1824 Research Ltd. to undertake a series of focus groups in December 2016. These explored public views on the budget and precept for policing, policing priorities and changes in the police approach to prioritising and responding to crime and incidents on the basis of threat, harm, risk and vulnerability.

⁵ Newark Show (April), Nottingham Pride (July) and Nottingham Caribbean Carnival (August)

⁶ Report pending

- 3.3.2 Four focus groups were held between 5th and 15th December 2016, each facilitated by trained researchers specialising in group facilitation and interviewing. Respective focus groups involved participants from each of the four community safety partnership areas within the force boundary. Participants sourced from a names and numbers package with screener questionnaires used as part of the recruitment process to ensure that the group was broadly representative of the demographic composition of each area. A total of 46 participants attended the combined focus groups. A financial incentive of £25 was offered to potential attendees to cover travelling expenses and time given.

OPCC Focus Group distribution and participant count – December 2016

Focus Group Participants	Participants	Area population
Nottingham City	13	318,901
South Nottinghamshire (Broxtowe, Gedling, Rushcliffe)	10	342,616
Bassetlaw, Newark and Sherwood	13	233,102
Mansfield and Ashfield	10	230,130
Total	46	1,124,749

3.4 PUBLIC AND STAKEHOLDER ENGAGEMENT EVENTS

- 3.4.1 The Police and Crime Commissioner provided opportunities for local residents and service providers to discuss the policing budget, savings plans and any issues and concerns at a range of public meetings across Nottingham and Nottinghamshire. This included consultation and engagement events involving:-

- 55 partner agency representatives as part of an OPCC Stakeholder Engagement event, 15th December 2016
- Partnership and stakeholder meetings and events including the Safer Nottinghamshire Board on 2nd December 2016, Eastwood Town Council Meeting on 9th January 2017, Gedling Overview and Scrutiny Committee on 23rd January 2017 and Police and Crime Panel Workshop on 25th January 2017
- Youth Commission engagement session on 21st January 2017 and the Nottingham City Council Budget Consultation at Nottingham Central Library held on 10th January 2017. Both events were held in central Nottingham
- Public / community meetings and events including the Mansfield Woodhouse Community Action Forum on 8th December 2016, Welbeck Community Association on 4th January 2017 and Selston Parish Council community meeting on 10th January 2017.

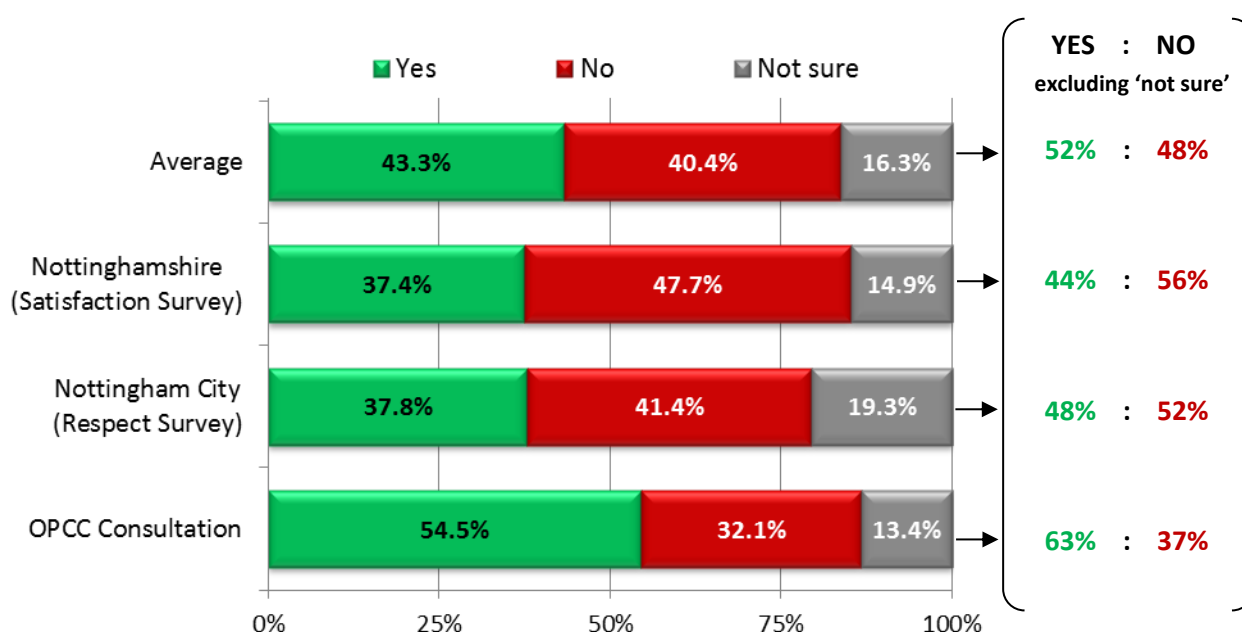
Collectively, these sessions enabled more detailed discussion and debate in relation to savings proposals and opportunities for more efficient and effective working with over **150** participants.

4. PUBLIC VIEWS ON THE COUNCIL TAX PRECEPT FOR POLICING

4.1. LEVEL OF SUPPORT FOR A RISE IN PRECEPT FOR POLICING

4.1.1. Public views in relation to the council tax precept for policing were obtained via a range of consultation and engagement approaches. These included the City and County resident surveys, OPCC's face-to-face and on-line consultation and a series of four focus groups held across Nottingham and Nottinghamshire. Consolidated findings are explored in the following chapter.

Figure 1: Most households in Nottinghamshire pay £143 (Band B) or less a year towards policing. Would you be prepared to pay more?



4.1.2 **Aggregated standardised responses indicate that around 52% of residents support an increase in the council tax precept for policing when those that are unsure are omitted from the profile. This represents a 9% point reduction in compared to results obtained in 2015/16.**

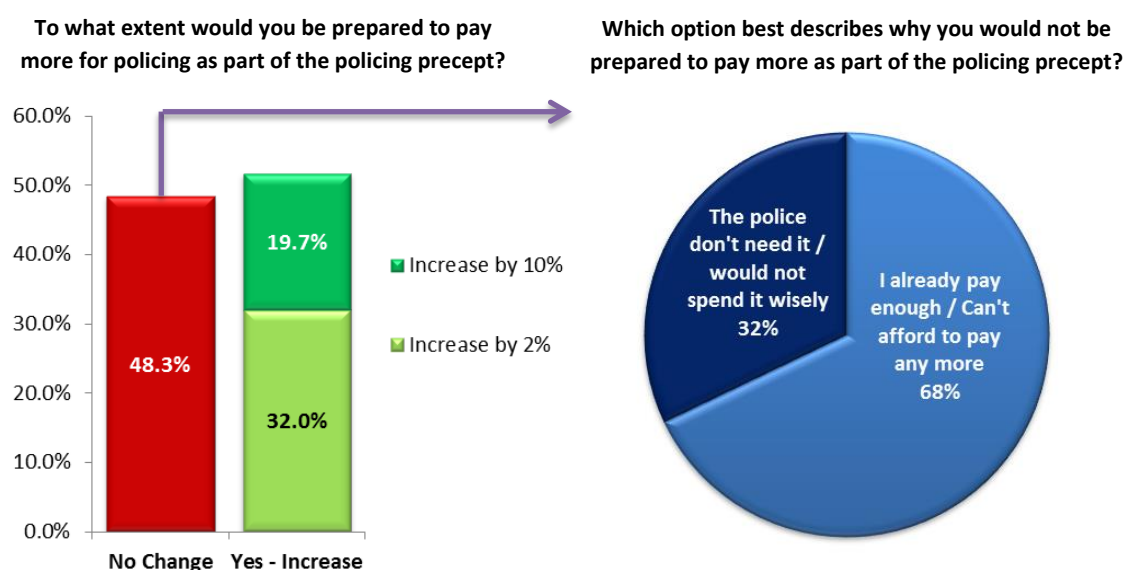
4.1.3 With the exception of the City Respect Survey, all consultation mechanisms saw reductions in levels of support for a precept increase, a rise in the proportion that do not support an increase and a reduction in the proportion that feel unsure about the matter compared to 2015/16. The City Respect Survey, however, saw a marginal (3% point) increase in support for a rise in the precept for policing and maintained a comparatively high proportion of residents feeling unsure (19%).

4.1.4 In contrast to findings from local authority resident surveys over the previous two years, levels of support for an increase in the precept for policing appeared higher in the city (48%) than the county (44%), however, caution should be exercised when drawing direct comparisons between the two surveys.

- 4.1.5 OPCC-led consultation identified stronger support for an increase in the policing precept (63%), potentially impacted by the self-selecting nature of respondents and public event-based environments in which many responses were obtained.

4.2 LEVEL OF INCREASE IN PRECEPT FOR POLICING

- 4.2.1. Respondents were asked to what level they supported an increase in the precept for policing having been informed that a referendum would be required⁷ for any increase that exceeds 1.99%. While almost half (48%) supported a freeze in the precept, a third (33%) supported a 1.99% increase and a fifth (20%) supported a substantial increase of 10% which would equate to an additional £14 per year.



- 4.2.2 When those that did not support an increase in the precept were asked which option best describes their reason⁸, personal economic circumstances appeared to be a strong factor. 68% felt that they either already paid enough or could not afford to pay more, which marks an 8% point increase on 2015/16. Verbatim feedback supported the assumption that increasing economic pressures on families⁹ are likely to be compounding factors:-

⁷ Nottinghamshire does not fall within the group of 10 PCC areas in England with the lowest precept bills that, following the [Police Grant Report 2017/18](#) (15th December 2016), have the flexibility to raise their council tax precept by £5 per Band D household without requiring a referendum

⁸ Categories informed by findings from the Nottinghamshire Residents' Survey 2015/16

⁹ Rise in number of families considered 'just about managing' in the context of rising living costs and a freeze on working-age benefits. 2/3 of families with children receiving tax credits (Resolution Foundation)

“Our family income is decreasing in real terms every year”

“The council tax I pay accounts for over 10% of my take home pay, I pay more council tax than I do income tax and I am dreading the latest increase”

*“I pay £148 in Council Tax per month and can't afford to pay anymore.
I work in the public sector and haven't had a pay rise for 7 years”*

“I would very strongly resent paying more particularly given that we will be paying more towards Social Care through the precept¹⁰”

“While I can afford an increase in precept, many cannot, particularly if county and district council tax increases too”

“We pay too much in council tax already and I and my neighbours will object strenuously to any more taxes”

“The burden of paying for the police should not rest on those with the lowest incomes and financial means”

“Stop stealth taxing people into poverty”

- 4.2.3 While respondents to both the surveys and focus groups appeared generally supportive of the police, many felt strongly that this should be sourced via the central government funding as opposed to local taxation:-

“More government funding - no more cuts!”

“I don't feel that our police service should be having to continually make savings”

“Policing should not be paid for through a regressive tax like the council tax but through income and corporation taxes. Businesses should be contributing fairly”

“The whole system of raising revenue to fund local government and policing needs to be reformed but I appreciate this is the remit of central government”

“Our Officers do a very tough job and should be supported by knowing they have enough resources to respond to emergencies promptly”

“Tell the government to raise national taxes so the cost of crime is paid equally across the England population and not primarily by the people unfortunate enough to live in areas of high crime”

“I would support the police lobbying government for more funding”

“The increasing police cuts are disgusting and must stop”

“I'm against police cuts, but council tax is a regressive tax”

“The Commissioner and residents should take a stand like they did with Poll Tax”

- 4.2.4 Almost a third (32%) of those that did not support a rise in the precept for policing, however, felt that the police either did not need extra funding or would not use it

¹⁰ In recognition of the pressures on adult social care services, the 2017-18 local government finance settlement grants Local Authorities the flexibility to increase the Adult Social Care precept by up to 3% in 2017-18 or 2018-19

wisely. Reflecting consultation from previous years, this response was often strongly associated with a perception that visible front line policing had reduced:-

"I don't want to pay more for something I am not getting now"

"Police are too often sent to areas where, although crime is higher, the impact the police can have is lower. We all pay for a service and expect to see the police"

"I would support an increase if the front line is increased (officers & support staff)"

"Despite paying a large amount for policing in my area, we very rarely see any police at all. I expect the police to proactively patrol my area"

"I'd be happy to pay more for safer streets and more police officers"

"I have not seen a community police officer in my patch for months. Raise the money, recruit more police, and make sure they are effectively used to provide a visible presence on our streets"

"I'd be happy to pay more if I could see more evidence of community policing - more Bobbies on the Beat"

"We are paying more and getting less - it's a pity we can't switch like we do with energy suppliers"

- 4.2.5 Discussing details of Nottinghamshire Police's financial position as part of a focus group activity, many respondents expressed surprise at the level of cuts made to the police grant over recent years.

"It might be that cuts in police are greater than we thought"

"Now having an understanding of how much money the police have to save/ generate. I would see the Council Tax increased if the money was ring-fenced for the police"

"If the public knew how few the resources were the polices' service would be much better received"

- 4.2.6 Other respondents remarked on the extent to which they felt the risk of crime had reduced over recent years

"I don't think that it is [unsafe] anymore, it was levels of knife crime and gun crime in the past"

"Nottingham and its surrounding area is much better and safer. The police should take lots of credit for that"

"Gang crime and things like shootings and gun crime and much less frequent. Its better"

4.3 RECOMMENDATIONS

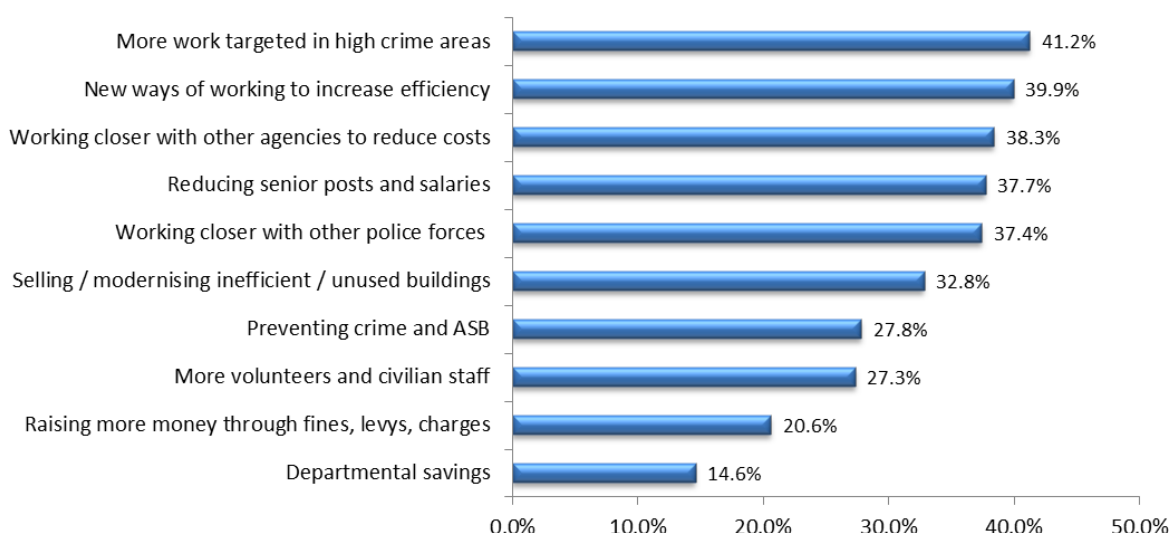
- 4.3.2 Any proposal to increase the local precept for policing should be supplemented with a clear communications plan which sets out how the additional revenue would be spent. Public support and confidence appears to remain strongly linked to the force's commitment to ensuring that the service is accessible and responsive to community needs.
- 4.3.3 There are indications that a clear communication and engagement plan is also required to demonstrate to local residents and rate payers what is being delivered and achieved by the Police force, particularly high impact but often less visible areas of policing resulting from an increased focus on threat, risk and harm.
- 4.3.4 There appears to be strong public support for further lobbying of central government for increases in police funding. This should remain an objective for the PCC over the current spending review period.
- 4.3.5 The Police and OPCC should continue to ensure openness and transparency in how value for money is being delivered and continue to inform, consult and engage local communities on more detailed savings plans and their implications. This appears instrumental in securing public support for rises in the local council tax precept for policing

5. VIEWS ON OPPORTUNITIES TO DELIVER SAVINGS IN 2016/17

5.1 KEY FINDINGS

- 5.1.1 A range of consultation and engagement approaches were used to obtain public views on opportunities for Nottinghamshire Police to deliver further financial savings in 2017/18. These included the City and County resident surveys and the OPCC's face-to-face consultation, on-line survey and focus groups. Consolidated findings are explored in the following chapter.
- 5.1.2 Reflecting findings from a national on-line survey undertaken by Ipsos MORI in 2016¹¹, a significant number of focus group respondents felt it difficult to give a balanced view of savings options given the lack of detailed knowledge and understanding of the police business. Ipsos Mori similarly found that the majority of people do not hold strong views about value for money in policing and are unaware of relevant context and challenges when setting expectations and considering police performance.
- 5.1.3 **Aggregated responses from the range of consultation methods indicate that there is a high degree of public support for savings derived from more targeted work in high crime areas (41%) and increasing efficiency, reducing waste and making better use of technology (40%).**

To what extent would you be prepared to pay more for policing as part of the policing precept?



- 5.1.4 The consultation also highlighted strong support for closer working with other local agencies (38%) and other police forces (37%), with number of verbatim comments expressing support for closer collaboration across local blue light services

¹¹ Ipsos Mori surveyed over 26,000 people aged 16 and over to help inform HMIC's 2015/16 PEEL Assessments

“The Police should be going into partnership with other Police forces or with other emergency services (e.g. joint control rooms for Blue light services)”

“Share office accommodation with the District Council in Worksop”

“Merge functions with Fire such as media teams, IT, procurement and possibly some command roles including control room”

“Share buildings with Fire and Ambulance, consider the Staffordshire PCC research into taking over Fire Service”

“Ensure Nottinghamshire is getting true value from sharing resources such as EMOpsSS and ensure that National Police Air Service are giving Nottinghamshire value for money”

- 5.1.5 A number of respondents also felt that much could be learned from the private sector to help realise organisational efficiencies, however this did not extend to privatisation of the service indicating a strong desire among most respondents to ensure policing remains a public service.

“Use experienced business managers to advise on efficiency”

“Get professional business people in to run the organisation – treat it like a business and savings will come. Let the police police”

“To improve the service you need more commercial partners”

“The force needs to be run as a business to provide value for money in meeting customers' needs”

“Outsource non-policing jobs such as some administration and HR and professional services”

“Keep our police force public - no to G4S and other private companies”

“A privatised police force is unwanted”

“Please do not go down the sponsorship route – [it brings] potential for conflict of interests and loss of public support”

- 5.1.6 Respondents also expressed strong support for delivering savings through reductions in senior posts and salaries (38%), a view which was particularly pronounced in the County (65%). Similarly, although departmental savings were only highlighted as a savings priority among 15% of respondents, almost half (47%) of those selecting this option highlighted the Police and Crime Commissioner / Office as a priority area for delivering efficiencies.

“The hierarchy seems very top heavy”

“Nottinghamshire seems to have more senior officers than other comparable forces”

“Get rid of the senior ranks of the police who have police officers as secretaries”

“Collaboration with regional forces to reduce the number of command officers”

“(O)PCCs are a waste of money - replace them with front line cops”

“Do we need a Police and Crime Commissioner?
This should be the role of senior police officers”

- 5.1.7 Among the 449 people consulted on the nature of potential departmental savings as part of OPCC-led consultation, around 24% supported further efficiencies in back office support functions such as Human Resources and IT, while less than 10% supported further efficiencies in front line policing services, intelligence and investigations and Specialist Operations such as firearms and dogs. Respondents also highlighted the need to continue to develop broader workforce efficiencies.

“The police don't use what they already have efficiently”

“More analysis and work on saving money in sickness and pension benefits”

“Stop annual scale increments when they haven't been earned”

“Police administration needs to be at maximum efficiency, using civilians in posts where trained police officers are unnecessary”

“Do less but do better – it's about being lean”

- 5.1.8 Although not included as an option within the question set, numerous verbatim savings suggestions also focussed on greater prioritisation and reductions in activities that were felt to be the primary responsibility of other agencies.

“The police need to say 'no' to calls that really are other [agencies] problems”

“The Police should be focused on dealing with issues that actually cause threat and harm to people (e.g. sexual offences, child abuse etc.)”

“Reduce time spent on non-serious police complaints”

“Stop officers from having to deal with issues that are the making of the person complaining e.g. Facebook arguments”

We perhaps need to ensure that other agencies meet their obligations towards the public, and that the police stop being the emergency service of last resort”

“A lot of police time is spent dealing with NHS and social care problems”

“The incidents that get reported to police are not police matters”

- 5.1.9 Other respondents felt that, with support from the police and other agencies, local communities had the capacity and capability to do more

“We have large communities who can work well to resolve...issues independently, but they need to be coordinated...to make sure [they] know what the major issues are and how they're being tackled”

“Close partnership working with rural communities to enable community projects to work efficiently”

“Facilitate a way for local communities to employ their own local officer”

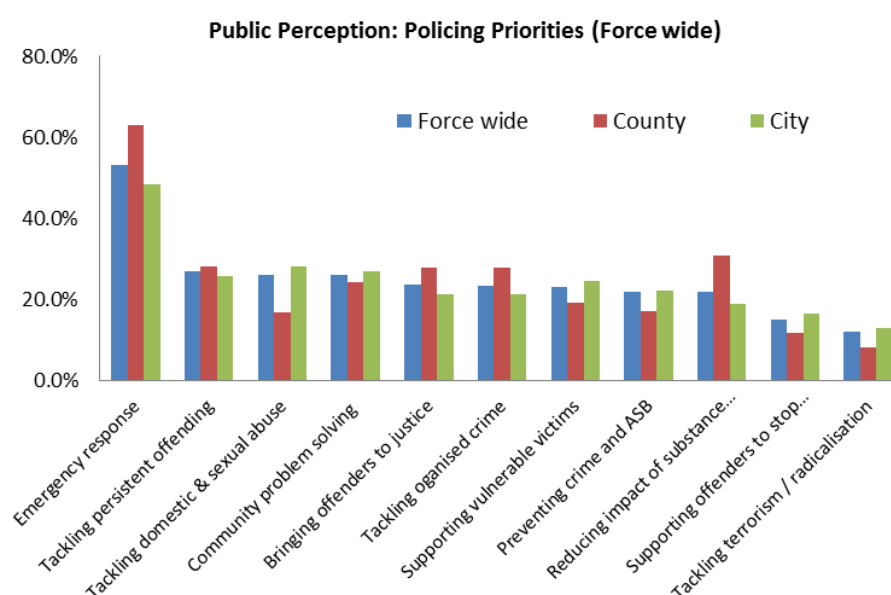
5.2 RECOMMENDATIONS

- 5.2.1 Continue to explore opportunities to develop organisational efficiencies through greater prioritisation, reducing waste / bureaucracy and making better use of technology – all being areas in which there appears to be strong levels of public support.
- 5.2.2 Continue to explore opportunities for more collaborative working with other local partner agencies and regional police forces, particularly in consolidating support / back office functions, premises and senior leadership and governance functions. Public and stakeholder consultation on more specific proposals for further Blue Light collaboration should be explored in view of what appears to be general public support for this option. The PCC should also seek to ensure that relevant learning from the private sector is used to inform organisational efficiency plans.
- 5.2.3 The force and PCC's community communication and engagement strategy should seek to raise awareness of the resourcing challenges and efficiency plans for Nottinghamshire in addition to raising further awareness of the statutory role and activities of the Police and Crime Commissioner
- 5.2.4 Nottinghamshire Police and the OPCC should further explore the public / community offer in preventing crime and anti-social behaviour and improving community safety with the support of local service providers. This may include further work to raise awareness of volunteering roles and opportunities

6. PUBLIC CONCERNS AND PRIORITIES

6.1. KEY ISSUES AND CONCERNS

- 6.1.1. Respondents to the 2016 surveys and focus groups were asked to identify their priorities for policing based on a range of core police functions and responsibilities. The exercise was widely recognised to be a challenging one which highlighted the complexity of local resourcing decisions. As such, with the exception of 'emergency response' (53%), there was no clear consensus as to which policing activities or functions should receive higher priority than others.



- 6.1.2 Tackling domestic and sexual abuse, including child sexual exploitation was rated as an important priority among many focus group respondents, with some feeling strongly that this should be the most important priority for the police. Crimes against children and young people resonated with many:-

“Anything that harms children has to be the number one priority, it’s a no brainer”
“Regardless of the cuts, this has to be protected, children cannot protect themselves”
“This should always be the main priority, kids come first, always”
“There should be more focus on men being victims of crime, specifically sexually abuse because they are embarrassed to disclose”

- 6.1.2 The resident surveys highlighted a greater tendency for county respondents to prioritise policing activity that reduces the impact of drugs and alcohol in communities. Furthermore, work to tackle terrorism and radicalisation was least likely to be identified as a policing priority in both the city and county.

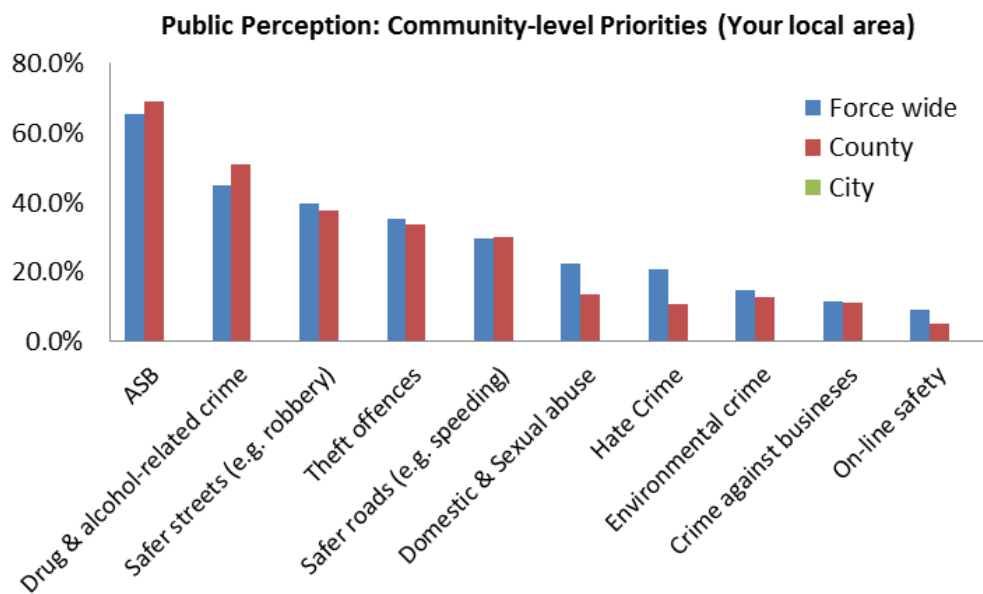
“Investigating and tackling terrorism and radicalisation should be the job of someone else... it is such a serious area it requires a specialist response”

“Terrorism and radicalisation are above the responsibility of regional police forces, they are national issues that should be dealt with by specialist, national agencies”

“I am staggered that given the number of different levels within the policing structure that my local PCSO is involved in counter-terrorism. Surely there must be higher, national organisations which assume this responsibility.

“Terrorism and Radicalisation should be the responsibility of another, larger national agency, not drawing the resource of local policing”

6.1.2 When considering their local area, the crime and community safety issues considered to be most important to local residents included **ASB**, including youth-related nuisance and intimidating gatherings (65%), drug and alcohol-related crime (45%), tackling street-based violence such as robbery, violence and harassment (39%) and theft offences, such as burglary and car crime (35%).



6.1.2 Conversely, on-line safety (9%) was considered a lesser priority among those consulted, however national research undertaken by Ipsos Mori¹² in 2016 indicates that levels of concern may be increasing significantly. Other research¹³ has highlighted disparities between older generations, who are at less risk (36%) of cyber-crime than young people (66%), but more likely to be concerned about the issue. The research found that 43% of younger people want to see more police focus on cyber-crime and less on ‘real-world’ crime. Across generations, public concern relating to child abuse images and online theft / fraud remains high.

¹² [Public views of policing in England and Wales – Ipsos MORI, August 2016](#) - On-line survey of over 26,000 people aged 16+ in 2016 commissioned by HMIC

¹³ [Cybercrime Tipping Point](#), PA Consulting Group, November 2015

- 6.1.2 In addition to the issues highlighted, a number of focus group respondents stressed the importance of police follow up and the management of public expectation as policing priorities. Examples stemmed from personal experiences:-

“Follow-up and aftercare should be a priority”

“You ring up, they give you a Crime Number and say they will come out and see you the next day. One incident was 12 months ago - I still haven’t had a visit”

“There is a lack of clarity and communication.

They say they will follow-up but it doesn’t happen”

“If you are not going to follow up an incident, just explain to the public that is what is going to happen. Manage expectation better”

The Nottinghamshire Youth Commission identified a range of issues and priorities for people aged 14-25 across the area in 2016 as part of their targeted engagement. These included **drugs and alcohol** – with young people wanting to ‘see more happening to tackle drugs on the streets, and a more visible crackdown on dealers and production in their areas’. **Sexual harassment** was also highlighted as a key concern, including sexual harassment affecting young males that often goes unreported. Respondents identified a lack of support available for men in such cases.

6.3 RECOMMENDATIONS

- 6.3.1 Further develop the profile of community issues and concerns by incorporating findings from other local engagement activity such as new Neighbourhood-level community engagement plans, and make use of community profiling and segmentation data¹⁴
- 6.3.2 Ensure community issues, concerns and priorities are used to inform the approach to community reassurance and engagement, particularly in providing residents with the information and advice that they need to be safe and feel safe
- 6.3.3 Co-ordinate and where possible consolidate research that explores fear and perception of crime and ASB and community priorities in order to deliver economies of scale and benchmarking opportunities

¹⁴ Segmentation data can provide geographic and demographic profiles of the needs, demands and priorities of different communities in order to enable policies, activities and communications to be better targeted.

7. CONCLUSIONS AND RECOMMENDATIONS

7.1 KEY FINDINGS

Findings from the range of public consultation and engagement activities undertaken in 2016 indicate that there is, on average, a generally even balance of support for (52%) and against (48%) an increase in the council tax precept for policing when confidence intervals and variations in consultation methods are taken into account.

The proportion of residents supporting a rise in the council tax precept for policing has fallen by around 9% points over the last year, despite a (non-significant) increase in support in the City. This has been largely driven by an increase in residents feeling they cannot afford to pay more or already pay enough.

Respondents were generally supportive of the police, with at least two thirds feeling that more funding was required. Of those that did not support a rise in the precept for policing, around a third felt that more central government funding should be made available for the police.

Around a third did not support a rise in the precept for policing as they felt that it would have no impact on the service they received. This was often expressed amid a perceived lack of visible policing with many stating that they would support a rise in precept they could be assured that visible policing would be protected.

More detailed exploration of the Police's financial position and savings plans as part of the focus groups highlighted surprise among participants as to the scale of the challenge. These participants subsequently showed a greater tendency to support increases in the precept. Many survey respondents, however, found it difficult to comment on savings options without a detailed understanding of policing business.

Despite these factors, support appears strongest for savings derived from more targeted work in high crime areas and increasing efficiency, reducing waste and making better use of technology. There is also clear support for closer working with other local agencies, police forces, Blue Light Services and business experts to deriving savings and efficiencies – particularly in reducing senior posts and salaries.

Many respondents felt that greater prioritisation was required as a result of the financial challenge and highlighted concerns about the extent to which the police should support what were viewed as non-policing agendas.

Beyond providing an emergency response, respondents recognised the challenge of prioritising finite resources against the wide range of policing duties and responsibilities. Work to tackle and prevent terrorism and radicalisation appeared least likely to feature as a public priority in both the city and county, with many feeling that this agenda should not draw on local or regional policing resources.

7.2 KEY RECOMMENDATIONS

The Police and OPCC should consider:

- Ensuring any proposals to increase the local precept for policing are supplemented with a clearly communicated plan for how the additional revenue would be spent. Public support and confidence appears to remain strongly linked to the force's commitment to ensuring that the service is visible, accessible and responsive to community needs
- Developing a clear strategic communication and engagement plan to demonstrate to local residents and rate payers how policing resources are being deployed and what outcomes are being delivered as a result. This is particularly important as the nature of policing business becomes increasingly concentrated in areas of high impact but often less visible aspects of policing
- Further lobbying of central government for fair and proportionate levels of police funding which takes account of the changing challenges facing the service over the current spending review period. Public support for this approach appears relatively strong.
- Continuing to raise awareness of current and emerging resourcing challenges and efficiency plans for Nottinghamshire and raise further awareness of the statutory role and activities of the Police and Crime Commissioner
- Continuing to explore opportunities to develop organisational efficiencies through greater prioritisation, reducing waste / bureaucracy and making better use of technology – all being areas in which there appears to be strong levels of public support
- Continuing to explore opportunities for more collaborative working with other partner agencies and regional forces, particularly in consolidating support / back office functions, premises and senior leadership and governance functions. The service should also seek to ensure that relevant learning from the private sector is used to inform organisational efficiency plans
- Public and stakeholder consultation on more specific proposals for further Blue Light collaboration in view of what appears to be general public support for this approach
- Further exploring the public / community offer in preventing crime and anti-social behaviour and improving community safety with the support of local service providers. This may include further work to raise awareness of volunteering roles and opportunities
- Further developing the profile of community issues and concerns as part of the new Neighbourhood-level community engagement plans and profiles, particularly in making use of community profiling and segmentation data.

Your Views Matter

We believe in learning and shaping policing from public experience, which is why we welcome all of your comments and feedback all year round.

You can contact us by:

Phone: 0115 844 5998

Email: nopcc@nottinghamshire.pnn.police.uk

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Arnot Hill House
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Arnold
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NG5 6LU

Or via our website at www.nottinghamshire.pcc.police.uk/

For Consideration	
Public/Non Public*	Public
Report to:	Police and Crime Panel
Date of Meeting:	6th February 2017
Report of:	Paddy Tipping Police Commissioner
Report Author:	Kevin Dennis, Chief Executive
E-mail:	kevin.dennis@nottinghamshire.pnn.police.uk
Other Contacts:	Kevin Dennis
Agenda Item:	7

UPDATE TO POLICE AND CRIME DELIVERY PLAN (2016-18)

1. PURPOSE OF THE REPORT

- 1.1 The purpose of this report is to provide the Police and Crime Panel (Panel) with information on the additional actions he has decided to prioritise and add the Police and Crime Delivery Plan (2016-18).

2. RECOMMENDATIONS

- 2.1 That members note the content of the report.

3. REASONS FOR RECOMMENDATIONS

- 3.1 At the Panel meeting on 1st February 2016, the Commissioner presented his refreshed Police and Crime Plan for 2016-18.^a Following his re-election in May 2016, at the September Panel meeting the Commissioner reported how he intended to deliver his seven new pledges. Revisions were made to the Strategic Framework of his Police and Crime Plan (2016-18) and new activities were introduced.
- 3.2 The Commissioner does not intend to refresh his Police and Crime Plan in its entirety until the new Chief Constable (who takes office on 1st February 2017), has had chance to review, consider and advise the Commissioner on the strategic imperatives and activity required to take the Force forward. Therefore, this report provides the Panel with details on the new strategic activities to be added to his Police and Crime Delivery Plan (2016-18) arising from the public and stakeholder consultation undertaken in 2016 and findings of the Police and Crime Needs Assessment.
- 3.3 All activities will be advanced and monitored until implementation. It the intention of the Police and Crime Commissioner to work jointly with the new Chief

^a <http://www.nottinghamshire.pcc.police.uk/Document-Library/Public-Information/Police-and-Crime-Plan/Refreshed-Plan-2016-2018/Police-and-Crime-Plan-2016.pdf>

Constable on producing a new Police and Crime Plan. The timetable and process will be reported to a future meeting of the panel.

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 to re-issue his existing Plan previously submitted to the Panel on 1st February 2016; albeit with additional strategic activities to support his new pledges.
- 4.2 For example, rather than refresh the Plan in its entirety, the Commissioner informed the Panel in September 2016 that he had chosen to refresh the Strategic Framework (activity section) of the Plan (*Appendix B pages 44 to 45 refer*) to ensure that action is undertaken to fulfil his seven new pledges.
- 4.3 The Strategic Framework lists a range of activities which support the Commissioner's seven existing strategic themes. The Commissioner intends to retain these seven themes until the Plan is fully refreshed for implementation in April 2018.
- 4.4 In addition, following consultation and the findings of the Police and Crime Needs Assessment^b undertaken in 2016, in particular, the stakeholder events held on 9th and 15th December, in response to emerging risks, new activities have been identified and added to the existing Police and Crime Delivery Plan (2016-18). **Appendix A** of this report details to the additional activities and the rationale.

Delivery Plan

- 4.5 The refreshed Strategic Framework will be program managed and subsequently reported to the Panel as and when each of the seven strategic themes are reviewed as specified in the Panel's work plan. Each strategic activity is assigned a lead officer which may be one of the Commissioner's staff, a Partner or the Force (denoted by a C, P or F in the activity reference). Each of the seven new pledges has been assigned to a strategic lead who will take responsibility for the effective delivery of the actions.

5. Financial Implications and Budget Provision

- 5.1 Financial implications and budget provision has been highlighted in a separate draft Budget Report 2017-18.

^b

<http://www.nottinghamshire.pcc.police.uk/Document-Library/Public-Information/Newsletters-and-Publications/CONSULTATION-DRAFT-Nottinghamshire-Police-and-Crime-Needs-Assessment-201....pdf>

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 (2016-18).

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 (2016-18) 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 Activities for Inclusion in the Commissioner's Police and Crime Delivery Plan (2016-18)

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

- Nottinghamshire Police and Crime Plan (2016-18)

For further information please contact:

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APPENDIX A

NEW ACTIVITIES FOR INCLUSION IN THE COMMISSIONER'S POLICE AND CRIME DELIVERY PLAN (2016-18)

Draft V3

THEME 1: PROTECT, SUPPORT AND RESPOND TO VICTIMS, WITNESSES AND VULNERABLE PEOPLE

Ref	Lead Officer	Strategic Activity	RAGB STATUS
	Nottinghamshire Police	Undertake an end to end review of sexual offence recording and outcomes to determine whether victims are satisfied with process. This work will be completed as part of Force's Quality of Service programme.	
1	Rationale	<p>SEXUAL VIOLENCE AND ABUSE</p> <p>Nottinghamshire closes more sexual offences as 'prosecution not in the public interest' than other forces in the region and nationally. When an offender is charged, Crown Prosecution Service data reveals that conviction rates are in line with the region and are better than the national average. Critical resourcing decisions are also required in response to the continued increase in the reporting of historic sexual offences.</p>	
	Nottinghamshire Police	Review and promote referral pathways across key areas of hidden harm through the Forces Quality of Service programme.	
2	Rationale	<p>HIDDEN HARM – LACK OF CLARITY RE. PATHWAYS OF SUPPORT</p> <p>The levels of identified low volume / high impact hidden harm are increasing – including offences such as Modern Slavery, FGM and honour based violence. The response and referral pathways are not always clear to agencies on account of the infrequent nature of reporting. Further work is required to clarify and promote these pathways of support among safeguarding agencies and ensure adequate service provision is in place in response to the cases identified</p> <ul style="list-style-type: none"> • Review and promote referral pathways across key areas of hidden harm • Improve alignment of responses across city and county • Review needs and service provision in response to cases identified 	

THEME 2: IMPROVE THE EFFICIENCY, ACCESSIBILITY AND EFFECTIVENESS OF THE CRIMINAL JUSTICE PROCESS

Ref	Lead Officer	Strategic Activity	RAGB STATUS
	Nottinghamshire Office of the Police and Crime Commissioner	Review the Commissioner's current Police and Crime Plan Performance Framework	
1		<p>DATA INTEGRITY – IMPLICATIONS FOR PERFORMANCE / OVERSIGHT</p> <p>On-going improvements in NCRS compliance, increases in confidence to report crime and changes in crime categories have rendered measures of 'total crime' problematic as an indicator of performance.</p> <ul style="list-style-type: none"> • Consider shift towards measures of satisfaction and crime outcomes • Consider use of broader assessments such as PEEL • Consider triangulating data sets to better gauge trends across specific crime types – e.g. A&E, CSEW, other survey data • Align new performance framework with HMIC PEEL Inspection Framework and principle of its Quality of Service framework • Take account and align with Safer Nottinghamshire Board and Nottingham Crime and Drugs Partnership performance framework 	

THEME 3: Focus on Priority Crime Types and Those Local Areas That are Most Affected By Crime and ASB

Ref	Lead Officer	Strategic Activity	RAGB STATUS
	Nottinghamshire County Council	Implement the outcome of the review of Analyst posts for County Community Safety Partnerships and enhance working	
1	Rationale	<p>PARTNERSHIP WORKING AND COLLABORATION</p> <p>The Stakeholder event revealed scope across CSPs to reduce duplication and work in a more integrated way across the wider force area. The county also stated that they were 'open to discussions' about how their Analyst post could be better utilised.</p>	

THEME 6: PREVENTION, EARLY INTERVENTION AND REDUCTION IN REOFFENDING

Ref	Lead Officer	Strategic Activity	RAGB STATUS
1	Chair of Serious and Organised Crime Board	<p>Consider and implement ways in which the prevalence of knife crime can be reduced through early intervention and education with children and young people</p>	
	Rationale	<p>KNIFE CRIME / POSSESSION – PREVENTION AND ENFORCEMENT</p> <p>The rise in culture of knife possession remains a significant concern for partners and a clear risk to public safety and feelings of safety.</p> <ul style="list-style-type: none"> • Explore the roll out of prevention and awareness raising programmes • Chief Constable to consider retaining the operational knife crime team • Support a reconvened multi-agency problem solving summit 	
2	Nottinghamshire Police	<p>Work closely with partners to ensure that the IOM review is completed and a refreshed partnership model is developed and implemented</p>	
	Rationale	<p>OFFENDER MANAGEMENT – ESP. IOM</p> <p>Changes brought about by the ‘Transforming Rehabilitation Agenda’ continue to be of significant concern to partner agencies, specifically the lack of local performance data for National Probation Service and DLNR Community Rehabilitation Company. Reducing offending data is unlikely to be made available until the Autumn of 2017. In addition there has been an absence of a robust partnership performance data for the IOM scheme some time. DLNR CRC is leading a review of IOM Scheme with funding provided by the Police and Crime Commissioner.</p> <ul style="list-style-type: none"> • Continue to support the review of IOM and development of a new partnership performance framework . • Evaluate the current use of GPS tags and consider the purchase of additional tags. • Work closely with partners to ensure the IOM review is completed and a refreshed partnership model is developed and implemented 	

THEME 7: SPENDING PUBLIC MONEY WISELY

Ref	Lead Officer	Strategic Activity	RAGB STATUS
1	Nottinghamshire Police/Nottinghamshire OPCC	Work with Partners to develop and implement a comprehensive strategy to better manage demand through prevention, building shared capacity and capability.	
	Rationale	<p>NO COMPREHENSIVE STRATEGY FOR MANAGING DEMAND</p> <p>A range of activities are underway to improve the way crime and community safety demand is managed, however this is largely being done from a single agency perspective. There are opportunities to develop an overarching demand management strategy.</p> <p>Within the Force Quality of Service Programme a systematic review of service provision will occur and this will incorporate the following activities:</p> <ul style="list-style-type: none"> Analysing the type and nature of police and relevant partnership demand to determine how such demand should be responded to having regard to available shared resources. Explore ways in which repeat demand can be reduced by early preventative interventions and better use of technology's Make recommendations in regards to the level of resilience and capacity of Volunteers and Special Constables. Consider future service provision related to investigations to ensure that resources are more effectively utilised. Develop a communications strategy that seeks to better manage public expectations with regard to changes in service provision and priorities 	
2	Nottinghamshire Police	Explore and implement ways in which the workforce levy and Apprenticeship opportunities can be utilised locally and or regionally to advance BME representation within the Force(s) for school leavers	
	Rationale	<p>BME REPRESENTATION AND DISPARITIES IN SERVICE OUTCOMES</p> <p>Establishing a representative workforce remains a significant challenge for Nottinghamshire Police given limited recruitment. There are also opportunities to develop a more detailed analysis of disparities in outcomes across different demographic groups.</p> <ul style="list-style-type: none"> 26% of Police Cadets are from BME communities. 70% of applicants passing national assessment at 60% pass mark are graduates 70% of BME Applicants highest qualification is 5 GCSE level 	

		<ul style="list-style-type: none"> • The Apprenticeship scheme provides a good opportunity to establish a pathway from school to police service for BME • Further explore school leaver apprenticeship opportunities • Local review of disparities in service outcomes [Lammy Review] 	
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For Information, Consideration and Decision	
Public/Non Public*	Public
Report to:	Police & Crime Panel
Date of Meeting:	6th February 2017
Report of:	Chief Finance Officer
Other Contacts:	Director of Finance (Tri Force)
Agenda Item:	8

Precept and Budget reports 2017-18

1. Purpose of the Report

- 1.1 For Members to consider the budget proposals in support of the Precept setting report and its recommendations.

2. Recommendations

- 2.1 Members are requested to:
- 2.1.1 Consider the revenue and capital budget reports provided
 - 2.1.2 Support the request to increase the precept by 1.95%

3. Reasons for Recommendations

- 3.1 This report and its accompanying documents comply with Legislation and Financial Regulations.

4. Summary of Key Points

- 4.1 The Police & Crime Panel is required to provide or decline its support for the proposed increase in the Policing element of the precept.
- 4.2 The reports appended to this covering report include the following:
- **The Precept Report 2017-18.** This provides information on the Council Taxbase and the effect that a 1.95% increase will make to the funding of Policing in Nottinghamshire in 2017-18. This uses the information declared by the Billing Authorities, in relation to the tax base and collection fund balances.
 - **The Budget Report 2017-18.** This report provides a breakdown of the budget for 2017-18. It includes details on the additional cost pressures and steps being taken to deliver the required efficiencies to ensure a balanced budget.

- **The Medium Term Financial Strategy's.** This report provides a longer term view on the finding available and related expenditure.
- **Reserves Strategy.** This report details the levels of reserves held by the Police & Crime Commissioner. It provides a risk assessment for the General Reserves and detail on what the earmarked reserves can be used for. The level of reserves held are themselves a risk within the Strategic Risk Register and plans are in place for the medium to long term to start replacing the reserves used.
- **Capital Programme.** This report details the proposed capital programme for 2017-18 and outlines the potential capital programmes up to 2020-21.
- **Treasury Management Strategy.** This details the financial strategy to support the capital programme. And provides details on the prudential and treasury indicators in compliance with the prudential code.

5. Financial Implications and Budget Provision

5.1 As detailed within the attached reports.

6. Human Resources Implications

6.1 As detailed within the attached reports.

7. Equality Implications

7.1 None as a direct result of this report.

8. Risk Management

8.1 As identified within the attached reports.

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

9.1 None. This budget supports all Police and Crime Plan priorities.

10. Changes in Legislation or other Legal Considerations

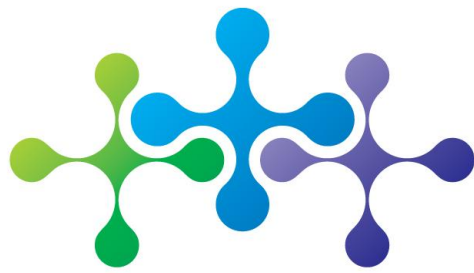
10.1 None

11. Details of outcome of consultation

11.1 Details of the consultation in relation to the budget have been summarised in the executive summary of the Precept Report. A full report on consultation of the budget and the Police and Crime Plan is on today's agenda.

12. Appendices

- A – Precept Report 2017-18
- B – Budget Report 2017-18
- C – Medium Term Financial Strategy 2017-18 to 2020-21
- D – Reserves Strategy 2017-18
- E – Capital Programme 2017-2021
- F – Treasury Management Strategy 2017-18



Nottinghamshire

POLICE & CRIME COMMISSIONER

Precept 2017-18

January 2017

The Police & Crime Commissioner's

Precept 2017-18

Introduction

The Nottinghamshire Police & Crime Commissioner is proposing a precept increase of 1.95% for the 2017-18 financial year.

This supports the budget report and the commitment to Rural Crime initiatives and Victims Services, a duty transferred to the Commissioner by the Ministry of Justice during 2014-15. Further priorities include crime prevention and partnership working, both vital to community safety.

Government Assumptions

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

Included within the Governments definition of no cuts to total funding in Real Terms the Government has already assumed the following:

- Precept will increase by 2% each year (slightly more for the bottom 10 precepting PCC's)
- The Council Tax base will increase by 0.5% each year

In broad terms this means if our tax base and precept increase following the above assumptions, there would be no cut or increase in our total funding.

However, there will be slight decreases in our actual allocation of main grant as there will be a shift in the proportion available at a national level to reflect the increase in top slicing for NICC, Counter Terrorism and other initiatives ran centrally, some of which can be bid for.

Future outlook

The current Comprehensive Spending Review (CSR) period has been difficult with major cuts in grant funding, whilst costs continue to increase. Whilst the Government plans over the CSR to 2020 are better than anticipated, we still have a lot to achieve.

Costs continue to increase whilst funding reduces slightly; together with the under delivery against the 2015-16 budget plans, which required a significant use of reserves to balance the budget and the need for significant savings to balance the 2016-17 budget. And for the two years following further efficiencies will be required to reduce base expenditure.

Tri-Force Collaboration

At a meeting of PCCs and Chief Constables in June 2016, work was agreed to develop Business Cases for specific areas for the three Forces of Leicestershire, Northamptonshire and Nottinghamshire.

These business cases will be available for PCCs and CCs to review in early March 2017 and it is anticipated that this meeting will determine whether these business cases should be progressed, whether further work is required or whether to concentrate on other Collaborative opportunities within the region.

Given these timescales, and that some investment is also funded from Transformation bids, it is not possible to include this information within the three PCC budgets or Precept reports for 2017/18. Therefore, in respect of Nottinghamshire, costs for Tri-Force work if approved will be met from the small revenue budget of £300,000 and through a revised capital programme for any significant costs. It is intended that an update will be provided to a future Police and Crime Panel meeting.

The Panel are advised that the three PCC precept reports across the three Force areas will all include a similar narrative for the Tri-Force collaboration work.

Where possible, the Leicestershire, Northamptonshire and Nottinghamshire continue to work closely and where possible, all three budgets have been prepared on common assumptions for pay awards and inflation, creating a common baseline. Discussions continue nationally with the Home Office, PACCTS, Regional colleagues and the three Forces/PCCs finance teams to determine common grant assumptions.

Supporting Reports

The Budget Report and the Medium Term Financial Strategy Report on today's agenda details further the plans for 2017-18 and beyond.

The detailed budget for 2017-18, the Medium Term Financial Strategy, the Reserves Strategy, the 4 Year Capital Programme and the Treasury Management Strategy are provided for information purposes to the Police and Crime Panel. These have been drawn together to support the Police and Crime Plan, which has been refreshed and which the panel have received and which is currently out for consultation.

This report is based upon the actual data provided by the Billing Authorities.

Process

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

- **The Government policy on police spending** – the current economic climate is improving and the forecast is better than anticipated. However, further efficiencies are required.
- **The medium term implications of the budget and capital programme** - the separate report sets out the Medium Term Financial Plan, which is regularly received and updated.
- **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 2017-18 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 2017 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. The Chief Finance Officer considers that all of the earmarked reserves set out in the Reserves Strategy, are now a risk for an organisation of this size. This has been raised as a strategic risk and there are plans for the force to re-imburse the £10m+, which have been used more than resources originally allocated in 2014-15 and 2015-16. These will be met from further efficiency plans. It is noted that Nottinghamshire's reserves are amongst the lowest in the country. 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 1.95% increase in the Police & Crime Precept on the Council Tax.
- **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 2% increase on the precept for all Police and Crime Commissioners. The proposed increase of up to 1.95% is just below the limit set (further detail is provided in **Section 6**).

1. COUNCIL TAX BASE

For 2017-18 the Billing Authorities continue with the local Council Tax Support Schemes introduced in 2013-14. There have not been any significant changes affecting the individual schemes, although collection rates continue to be higher than anticipated

The Billing Authorities are working hard to keep collection rates up and as a consequence all have seen an increase in estimated tax bases. This is also partly due to an increase in the number of new properties in each area. Initial estimates for the tax base show that the Billing Authorities are estimating an average 1.18% increase. This has been included in these assumptions.

The actual tax base has increased by 1.70% overall, slightly less than last year's increase of 1.84%. This information has to be confirmed in writing by 15 January, the statutory deadline.

Tax base	Band D Properties 2016-17 No	Band D Properties 2017-18 No	Change %
Ashfield	31,936.30	32,546.20	1.91
Bassetlaw	33,079.77	33,916.77	2.53
Broxtowe	32,806.55	33,126.78	0.98
Gedling	36,104.62	36,306.09	0.56
Mansfield	28,272.00	28,894.98	2.20
Newark & Sherwood	37,378.90	37,828.75	1.20
Nottingham City	62,091.00	63,368.00	2.06
Rushcliffe	40,959.60	41,777.00	2.00
Total	302,628.74	307,764.57	1.70

It is intended that any impact from a change between the estimated tax base and the actual tax base will be met from or will contribute to reserves.

2. **COLLECTION FUND POSITION**

Each billing authority uses a Collection Fund to manage the collection of the Council Tax. For 2017-18 the surplus continues to increase as collection rates are better than anticipated. A breakdown is provided in the table below:

Surplus/(deficit)	Collection Fund	
	2016-17	2017-18
	£	£
Ashfield	98,418	27,686
Bassetlaw	142,071	140,000
Broxtowe	82,806	82,751
Gedling	105,007	157,500
Mansfield	69,066	280,649
Newark & Sherwood	28,857	73,147
Nottingham City	420,872	442,041
Rushcliffe	77,506	17,381
Total	1,024,603	1,221,155

It is intended that the surplus will be transferred to balances to contribute towards the reserves.

3. **COUNCIL TAX LEGACY GRANT**

Council Tax Legacy Grant is received by Commissioners for each Policing area.

There is no change in the Legacy Grant for 2017-18 at £9.7m. This grant will be considered as part of the Funding Formula Review.

4. CONSULTATION

APPROACH

The Police and Crime Commissioner has a wide remit to cut crime and improve community safety in Nottingham and Nottinghamshire. Various consultation and engagement exercises were conducted in 2016-17 in line with the Commissioner's duty to consult local communities on their priorities and perceptions.

The consultation activities included:

- The Nottingham City Council and the City's Crime and Drugs Partnership Annual Respect Survey and the Nottinghamshire County Council Annual residents Satisfaction Survey 2016
- The Police and Crime Commissioner's priorities and precept consultation incorporating face-to-face engagement and online questionnaire
- Focus groups commissioned by the Police and Crime Commissioner within each of the four Community Safety partnership areas:- Nottingham City; South Nottinghamshire; Bassetlaw, Newark & Sherwood and; Mansfield and Ashfield
- Additional face-to-face local public and stakeholder engagement activity across Nottingham and Nottinghamshire.

KEY FINDINGS

Consultation with over 4,700 residents through a range of public consultation and engagement activities in 2016 identified that there is generally an even balance of support for (52%) and against (48%) an increase in the council tax precept for policing when confidence intervals and variations in consultation methods are taken into account.

The proportion of residents supporting a rise in the council tax precept for policing has fallen by around 9% points over the last year, despite a (non-significant) increase in support in the City. This has been largely driven by an increase in residents feeling they cannot afford to pay more or already pay enough.

Respondents were generally supportive of the police, with at least two thirds feeling that more funding was required. Of those that did not support a rise in the precept for policing, around a third felt that more central government funding should be made available.

Around a third did not support a rise in the precept for policing as they felt that it would have no impact on the service they received. This was often expressed amid a perceived lack of visible policing with many stating that they would support a rise in precept they could be assured that visible policing would be protected.

More detailed exploration of the Police's financial position and savings plans as part of the focus groups highlighted surprise among participants as to the scale of the challenge. These participants subsequently showed a greater tendency to support increases in the precept.

KEY RECOMMENDATIONS

The Police and OPCC should consider:

- Ensuring any proposals to increase the local precept for policing are supplemented with a clearly communicated plan for how the additional revenue would be spent. Public support and confidence appears to remain strongly linked to the force's commitment to ensuring that the service is visible, accessible and responsive to community needs
- Developing a clear strategic communication and engagement plan to demonstrate to local residents and rate payers how policing resources are being deployed and what outcomes are being delivered as a result. This is particularly important as the nature of policing business becomes increasingly concentrated in areas of high impact but often less visible aspects of policing
- Further lobbying of central government for fair and proportionate levels of police funding which takes account of the changing challenges facing the service over the current spending review period. Public support for this approach appears relatively strong.
- Continuing to raise awareness of current and emerging resourcing challenges and efficiency plans for Nottinghamshire and raise further awareness of the statutory role and activities of the Police and Crime Commissioner
- Continuing to explore opportunities to develop organisational efficiencies through greater prioritisation, reducing waste / bureaucracy and making better use of technology – all being areas in which there appears to be strong levels of public support
- Continuing to explore opportunities for more collaborative working with other partner agencies and regional forces, particularly in consolidating support / back office functions, premises and senior leadership and governance functions. The service should also seek to ensure that relevant learning from the private sector is used to inform organisational efficiency plans
- Public and stakeholder consultation on more specific proposals for further Blue Light collaboration in view of what appears to be general public support for this approach

- Further exploring the public / community offer in preventing crime and anti-social behaviour and improving community safety with the support of local service providers. This may include further work to raise awareness of volunteering roles and opportunities
- Further developing the profile of community issues and concerns as part of the new Neighbourhood-level community engagement plans and profiles, particularly in making use of community profiling and segmentation data.

6. COUNCIL TAX REFERENDUMS

The Localism Act 2011 requires authorities including Police and 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. From 2012-13 onwards, the Secretary of State is required to set out principles annually, determining what increase is excessive. For 2017-18 the principles state that, for Police and Crime Commissioners, an increase of more than 2% in the basic amount of council tax between 2016-17 and 2017-18 is excessive.

For 2017-18 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 2017-18 estimated calculation:

<u>£56,450,177.43</u>	= £183.42
307,764.57	(1.95%)

With a 2% increase the Band D equivalent charge would be £183.51.

This year the Referendum limit has been announced at the time of settlement notifications. It has been set at 2% for 2017-18.

7. **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 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 2017-18 result in a Police and Crime Precept on the Council Tax of £183.42 for a Band D property, representing an increase of 1.95%.

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 and Crime Precept on the Council Tax is as follows:

	2016-17 Budget £m	2017-18 Budget £m	Increase/ Decrease £m
Budget	190.2	190.1	0.1 (-)
External Income	135.8 (-)	134.0 (-)	1.8 (+)
Collection Surplus	1.0 (-)	1.2 (-)	0.2 (-)
Reserves	1.0 (+)	1.5 (+)	0.5 (+)
Precept	54.4 (-)	56.4 (-)	2.0 (-)
Council Tax Base	302,629	307,765	5,136
Council Tax Band D	£179.91	£183.42	£3.51
Council Tax Band A	£119.94	£122.28	£2.34

The overall Police and Crime Precept to be collected on behalf of the Police and Crime Commissioner for 2017-18 is:

	£m	
Budgeted Expenditure	190.1	(+)
Less income from:		
Police & Crime Grant	124.3	(-)
Legacy Council Tax Grant	9.7	(-)
Collection Fund surplus	1.2	(-)
Net contribution to/from Balances	1.5	(+)
Police & Crime Precept on the Council Tax	56.4	(-)

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	2016-17 £	2017-18 £
A	119.94	122.28
B	139.93	142.66
C	159.93	163.04
D	179.91	183.42
E	219.89	224.18
F	259.87	264.94
G	299.85	305.70
H	359.82	366.84

Amounts to be raised from Council Tax in each billing authority area 2017-18:

	Precept amount to be collected £	Collection Fund Surplus/(Deficit) £	Total amount due £
Ashfield	5,969,624.00	27,686.00	5,997,310.00
Bassetlaw	6,221,013.95	140,000.00	6,361,013.95
Broxtowe	6,076,113.99	82,751.00	6,158,864.99
Gedling	6,659,263.03	157,500.00	6,816,763.03
Mansfield	5,299,917.23	280,649.00	5,580,566.23
Newark & Sherwood	6,938,549.33	73,147.00	7,011,696.33
Nottingham City	11,622,958.56	442,041.00	12,064,999.56
Rushcliffe	7,662,737.34	17,381.00	7,680,118.34
Total	56,450,177.43	1,221,155.00	57,671,332.43

Collection Dates

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

	£
<u>2017</u>	
20 April	5,767,133.00
26 May	5,767,133.00
03 July	5,767,133.00
07 August	5,767,133.00
12 September	5,767,133.00
17 October	5,767,133.00
21 November	5,767,133.00
<u>2018</u>	
02 January	5,767,133.00
02 February	5,767,133.00
09 March	5,767,135.43
	57,671,332.43

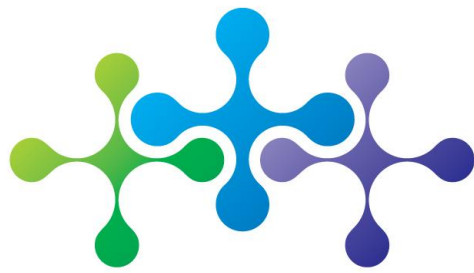
8. ROBUSTNESS OF THE ESTIMATES

The Chief Finance Officer to the Police and Crime Commissioner has worked closely with Director of Finance (Tri-Force Collaboration) and 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.

The impact of the difficult year of 2015-16 continues to affect our levels of reserves and therefore financial resilience. The recruitment of a Head of Finance has improved the financial control within the force and ensures that previous budgeting errors will not be replicated. This is supported through regular meetings and budget monitoring improvements.

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 1.95% increase in Council Tax for 2017-18.



Nottinghamshire

POLICE & CRIME COMMISSIONER

Budget 2017-18



NOTTINGHAMSHIRE
POLICE
PROUD TO SERVE

January 2017

INTRODUCTION

Since setting his first budget for 2013-14, which was itself challenging, the pressure on the Commissioner's budget has increased substantially. Over the last five years efficiency savings of £54.6m have been needed to deliver annual balanced budgets.

In 2012-13 and 2013-14 achieving efficiencies was comparatively easy and underspends in other areas also developed. But 2014-15 saw the start of it becoming increasingly difficult to achieve the required savings programme and an additional £2m was used from reserves (total over £4m) to balance the budget by the end of the year.

2015-16 has proved to be the toughest year to date. Efficiency programmes were not been delivered in full and in addition to this errors in the budget were identified during the year. This resulted in £9.3m being required from reserves to balance the budget.

2016-17 was always going to be a challenging year, with the need to deliver £12m of efficiency savings – the largest in year target to date, and increasing core costs (e.g. pay awards and price inflation), we were also faced an estimated £3.5m cost pressure from the change in National Insurance contributions. In creating the budget for 2016-17 additional cost pressures of £11m were identified.

Despite this much has been achieved and continues to be delivered:

- Real progress is being made with the implementation and review of plans to tackle challenging areas of performance
- Reductions continue in key areas such as violence with injury, ASB, drug related offenses, robbery and vehicle crime
- The Force is implementing its far-reaching 'Delivering the Future' change programme, focusing on how it can improve every area of the business to become more efficient and effective
- The Commissioner and Force have been working closely with regional forces and local partners to reduce cost and maintain service provision. Pivotal to this is the development of a Tri-Force collaboration with Leicestershire and Northamptonshire
- Additional Innovation and Transformation funding has resulted in five key projects being successful in securing funding in 2016. These include the Tri-Force alliance; National Business Crime hub; Public Private Partnership Intelligence collaboration; Agile working; and body worn video
- Resources provided to local partners and third sector organisations via the Commissioner's own funding streams are delivering real improvements in the support provided to victims; tackling issues such as domestic abuse, sexual exploitation of young people, hate crime and alcohol-related problems; and the reduction of crime and ASB within our communities

- During 2016-17 the PCC co-commissioned new contracts:
 - The new domestic and sexual abuse support services co-commissioned by the PCC, City Council and Nottingham Clinical Group have begun, providing much more holistic and joined up services for survivors which make more effective use of PCC funding
 - The PCC commissioned an independent review of other victim support services. The review recommended a new delivery model which would allow more victims, particularly those with protected characteristics who do not report crime to be supported, as well as making more efficient use of his victims' funding
 - The PCC has begun work with the County Council and clinical commissioning groups in the county to co-commission a new support service which will be operational from April 2018
- A focus on early intervention and crime prevention is designed to see demand for services reduced
- Rural crime continues to be a priority for the Commissioner and a proactive Rural Crime Team of Special Constables has been established and trained in specialist knowledge on how to tackle wildlife and rural crime issues. The Community Road Safety Programme has been extended to rural areas to tackle speeding problems and Automatic Number Plate Recognition (ANPR) cameras installed in Ashfield and Bassetlaw. The Commissioner has also developed a dedicated rural crime web site to help people who live in rural crime areas. Operations Traverse and Nebraska 3 are dedicated operations to tackling rural crime issues. Furthermore, the Commissioner has introduced rural crime performance measures and police response times so that he can be assured that residents living in rural communities are not disproportionately affected by any changes to police operating response models
- The importance of appropriate care for those in mental health crisis has been acknowledged by a wide range of partners, all of whom have signed up to the Mental Health Concordat. Detainees under the Mental Health Act detained in custody suites is down 94% compared to 2015-16
- Almost two thirds (60%) of all respondents to the Nottinghamshire Residents Satisfaction Survey reported feeling safe (either very or fairly safe) in their local area when outside after dark
- Plans to redesign the police estate to make it more suitable for modern day needs are being implemented, reducing overheads and driving modernisation. In turn this work will increase officer visibility as the adoption of new technology improves working practices

Throughout the year the Commissioner has been out and about throughout the City and the County meeting and listening to members of the public, stakeholders and partners. The feedback from these visits helps to shape the refreshing of the Commissioner's Police and Crime Plan, for which this budget seeks to provide the appropriate resources.

The Commissioner has specifically requested that budget funding is provided in the following areas:

- GPS tagging extend to target knife crime offenders
- Funding to work in Partnership with The Consent Collective in relation to Sexual Violence media campaigns
- Specific work on preventing demand, which the Commissioner and new Chief Constable will co-commission

In 2017-18 a balanced budget is being delivered through over £1.3m in efficiencies identified by the force, which also include savings from regional collaboration, and the transformational change programme 'Delivering the Future'. Improved financial management and reporting confirms that the Force will not only deliver its £12m efficiency target but is likely to be slightly underspent against the 2016-17 budget, and this is despite absorbing additional policing pressures like Operation Kinic and additional payroll projects costs from the MFSS.

1. **BUDGET 2017-18**

The Commissioner welcomed the news that Government is maintaining police spending as set out in the Comprehensive Spending Review 2015 for the duration of this parliament. Following the Provisional Settlement announcement the protection being given to policing by the Chancellor in the Settlement meant that the previously anticipated cuts in funding of 25-40% have not emerged.

However, there is still much to do. A standstill in funding means that savings are 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.

Funding 2017-18	2017-18 £m
Core grants & funding	
Police & Crime grant	(124.2)
Council Tax legacy grant	(9.7)
Sub-total core grants	(133.9)
Precept	(56.4)
Transfer to reserves	0.3
Total funding available	(190.1)

Final confirmation of grant settlement will be laid before Parliament in February 2017.

The Referendum Limit was announced at the same time as the provisional settlement and is set at **2.0%** for 2017-18.

No estimate for the use of reserves has been planned for 2017-18, and Collection fund surplus/deficits have yet to be declared by Billing Authorities – it is anticipated that any declared surpluses will be used to increase reserves, reflecting the fact that these were reduced by £9.3m in support of overspends in 2015-16. The PCC requires that the spending plans of the Force need to provide for the addition of £10.1m to reserves over the medium to long term to

replace what has been used in recent years; reflecting the level of reserves used to support expenditure during the current austerity period. The tax base used to calculate the precept amount is based upon December estimates which may vary.

The precept figure above assumes that the Police and Crime Panel support the Commissioners decision to increase precept by 1.95%. The Home Office has assumed that there will be a 0.5% increase in the tax base and a 2.0% increase in the precept in calculating the grant amount.

The Home Office has indicated that further detail on the split between main grant for policing and top slicing will be made available for future years. This will assist greatly in planning further ahead. The Commissioner has led on making representations for multi-year settlements.

The Commissioner is heavily involved in the Home Office review of the Police Funding Formula. The plan is to consult on proposals later this year with the aim of introducing a new formula from April 2018.

1.2 Summary expenditure

The Commissioner is required to set a balanced budget each year, with a reduction in grant income and increased pressures from inflation, pay awards and new demands this inevitable means efficiencies have to be identified and delivered in order to balance the budget.

Expenditure 2017-18	2017-18 £m
Previous expenditure	189.6
In year increases	1.8
Sub-total expenditure	191.4
Efficiencies	(1.3)
Use of reserves	0.0
Total net expenditure	190.1

The recruitment of Police Investigations Officers (PIO) account for and inflation increases account for the in year increases above. This is detailed further in the sections relating to expenditure.

Further detail on expenditure and efficiencies is provided later within this report.

2. **2017-18 Budget breakdown**

Annex 1 details the proposed expenditure budget for 2017-18. The proposed revenue budget is £190.0m.

Net expenditure budget	2017-18 £m	Note
Employee	150.4	2.1
Premises	6.0	2.2
Transport	5.7	2.3
Supplies & services	16.1	2.4
Agency & contract services	16.9	2.5
Pensions	4.9	2.6
Capital financing	4.8	2.7
Income	(13.5)	2.9
Efficiencies	(1.3)	3.2
Net use of reserves	0.0	2.8
Total net expenditure	190.1	Annex 1

An alternative thematic view of the 2017-18 budget is also detailed at Annex 5.

2.1 **Employee related expenditure**

2016-17 saw the Force end its two year recruitment freeze for police officers and the 2017-18 budget provides for continued officer and staff recruitment in order to maintain an effective service. Overall however the implementation of the change programme “Delivering the Future” does see a net reduction in the number of police officers employed in next and future years. This programme becomes key to the way in which we work and in the way in which we will deliver a police service that remains financially stable during the current period of austerity in public sector spending.

A pay award has been included in the budget at 1.0% payable from 1st September each year. Employee expenditure accounts for approximately 80% of the total expenditure budget.

Annex 2 details the budgeted staff movement between the current year and 2017-18. Annex 3 details the budgeted police officer, police staff and PCSO numbers for 2017-18.

2.2 Premises related expenditure

Over the past few years the Commissioners 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 the space available.

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 2017-18 inflation for gas and electricity has been budgeted at nil and 2.0% respectively.

2.3 Transport related expenditure

The Force has in place a Public Finance Initiative (PFI) for the provision of police vehicles. This agreement ensures that there is always the required number of vehicles and driver slots. However, this is an expensive agreement and requires careful management to ensure the most advantageous service is obtained from the supplier. This continues to be monitored and efficiencies delivered.

2.4 Supplies and services expenditure

This category of expenditure captures most of the remaining items such as insurance, printing, communications, information technology (IT) and equipment.

Some of the IT systems that the Force uses are provided through national contracts that the Home Office recharge the Force for. Notification from the Home Office sees the total cost of these systems continuing to increase substantially above the rate of inflation and again and we have been informed that total police grant will be top sliced in future for this expenditure.

For all other expenditure an inflation factor of 2.0% has been applied in 2017-18, unless there was specific contracted inflation.

2.5 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:

Analysis of Agency & contracted services	2017-18 £m
Agency costs	0.1
Collaboration contributions	9.8
Community safety grant	4.7
Other partnership costs	2.2
Total	16.9

The costs associated with the use of agency staff have been much reduced and there use is carefully managed to ensure this represents good value for money.

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 £9.8m for 2017-18. No savings have been assumed within this budget for collaboration or Innovation projects.

The most significant area of transformation is the tri-force collaboration. This started initially as a transformation for business services with Northamptonshire and has expanded to include all parts of the service not currently within a collaboration arrangement and now includes Leicestershire.

2.6 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.

There are two areas of increasing costs in relation to pensions. These are the employer contribution to the LGPS and the increasing number of medical retirements of police officers.

The budgeting for medical retirements remains an issue with the number of medical retirements and the associated costs increasing significantly above the original budget in 2016-17 and for 2017-18 the budget has been increased by £0.4m (after adjusting for the £0.5m efficiency challenge) reflecting the current trend.

Employer contributions in respect of the LGPS scheme are reviewed by the Actuaries on a tri-annual basis and annual contributions are then adjusted. The next revaluation takes place in 2017 and any changes will impact on the

2018-19 budget. Indications are that the employer contributions will increase in future years.

2.7 Capital financing

This relates directly to the value of the capital expenditure requiring loan funding in previous years. The proposed capital programme for 2017-18 has been limited and the 2016-17 programme reduced in year. Priority has been given to projects where collaborative commitment has been made (e.g. Transformation funded projects). This will assist in managing down the capital costs in the future. Slippage from this financial year will also need to be prioritised.

Currently, market rates are favourable and therefore the cost of borrowing is low. Our advisors predict a stable base rate of 0.25% in 2017-18, in line with the Treasury strategy individual borrowing decisions will be made with the view to minimising future borrowing costs.

In 2015-16 we undertook a review of the methodology for calculating MRP charges and this resulted in a significant savings in future years this impact is included within the base budgets, with further efficiencies identified due to anticipated slippage in the overall capital programme.

2.8 Use of reserves

There are no plans to use reserves in 2017-18 and if opportunity exists from the declaration of Council tax collection surpluses then a contribution to reserves will be considered. Strategically it is anticipated that £10.1m will be returned to reserves over the medium to long term.

2.9 Income

This is not a major activity for the Force. Income is currently received from other grants (e.g. PFI and Counter Terrorism), re-imbursement 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 Variation to 2016-17 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 2016-17 and 2017-18.

3. Efficiencies

During the last CSR period the force needed to deliver £42.6m in efficiencies. It is estimated that by the end of this financial year £44.7m will have been achieved. As reserves are now significantly low for an organisation of our size it is essential that efficiency targets continue to be achieved.

3.1 2016-17 Efficiencies

As part of the 2016-17 budget the following efficiencies were required in order to set a balanced budget.

Efficiencies 2016-17	£m
MRP	1.0
Reduction of officers and staff	5.0
Non Pay savings	1.7
Overtime reduction	0.3
Reduction of Acting Up	0.5
VR, DTF and shift review	3.5
Total	12.0

3.2 The Commissioner is of the view that continually achieving efficiencies is challenging and following underperformance in 2014-15 and 2015-16 he has mapped out a programme of work and monitoring with the Force, current indications at the time of producing this report is the Force will achieve its efficiency targets and is likely to underspend against the 2016-17 budget. Any underspend will be used to increase reserves.

3.3 If these targets are not met the Commissioner will require the force to provide alternative in year savings plans.

3.4 2017-18 Efficiencies

As part of the 2017-18 budget the following efficiencies are required in order to set a balanced budget.

Efficiencies 2017-18	£m
Procurement	0.3
Medical retirements	0.5
Tri-Force costs savings	0.2
MRP	0.3
Total	1.3
Ongoing pay savings	4.2
Total	5.5

- 3.5** 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.

4. External Funding

There is an assessment of the financial risk in respect of external funding currently provided. In 2017-18, 22 officers and 56 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.

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 we have 47 police officers and 7 staff FTE's seconded out of the organisation in 2017-18. This compares with 51 officers and 7 staff FTE's seconded in 2016-17.

2017-18 Commissioner's Total Budget (£m)

	Total Budget 2017-18 £m
Payroll	
Police pay & allowances	97.8
Police overtime	3.2
Police staff pay & allowances	40.4
Police staff overtime	0.6
PCSO pay & allowances	6.7
PCSO overtime	0.1
Other employee expenses	1.7
	150.4
Other operating expenses	
Premises related	6.0
Transport	5.7
Communications & computing	8.2
Clothing & uniforms	0.5
Office equipment & materials	0.4
Other supplies & services	8.2
Custody costs	0.1
Police doctors & surgeons	1.2
Forensic costs	1.6
Interpreters & translators	0.5
Investigative expenses	0.1
Partnership payments	2.2
Collaboration contributions	9.8
Other third party payments	0.1
Private sector contracts	0.0
Medical retirements	4.9
Capital financing	4.8
	54.4
Total expenditure	204.8
Income	
Seconded officers & staff income	(3.5)
Externally funded projects income	(3.6)
PFI grant	(1.9)
OPCC	(1.3)

	Total Budget 2017-18 £m
EMSCU	(0.7)
Police special services	(0.2)
Investment interest	(0.1)
Fees, reports & charges	(0.3)
Other income	(1.9)
	(13.5)
Efficiencies	(1.3)
Net use of reserves	0.0
Total	190.1
Memo: includes the OPCC expenditure of	4.8

Workforce Movements 2016-17 Estimated Outturn v 2017-18 Budget

	2016-17 Estimated Outturn* FTE's	2017-18 Budgeted Total FTE's	Movements FTE's
Core Funded			
Police Officers			
Operational	904	896	(8)
Intelligence & Investigations	550	526	(24)
Operational Collaborations	271	254	(17)
Corporate Services	47	43	(4)
	1,772	1,719	(53)
Police Staff			
Staff	1,044	1,113	69
PCSO	184	200	16
	1,228	1,313	85
	3,000	3,032	32
Group Total			
Core	3,000	3,032	32
Seconded	58	54	(4)
Externally Funded	80	79	(1)
Force Total	3,137	3,164	27
OPCC	12	12	-
	3,149	3,176	27

* The estimated outturn as at 31st March 2017.

Workforce Plan FTE's

2017-18					
	Operational FTE's	Intelligence & Investigations FTE's	Operational Collaborations FTE's	Corporate Services FTE's	Core Funded FTE's
Police Officers					
Opening balance*	904	550	271	47	1,772
Leavers / restructure	(54)	-	-	-	(54)
Retirement	(18)	(24)	(17)	(4)	(63)
Recruitment	64	-	-	-	64
	896	526	254	43	1,719
Police Staff					
Opening balance*	301	227	217	300	1,044
Leavers / restructure	-	(1)	-	-	(1)
Recruitment	-	64	-	6	70
	301	290	217	306	1,113
PCSOs					
Opening balance*	182	2	-	-	184
Leavers / restructure	-	-	-	-	-
Recruitment	16	-	-	-	16
	198	2	-	-	200
Opening Balance*	1,387	779	488	347	3,000
Movement	8	39	(17)	2	32
Closing Balance	1,395	818	471	349	3,032

* Opening balance is the estimated outturn as at 31st March 2017.

At the 31st March 2017 it is estimated that there will be 36 Police Investigations Officers (PIO's) FTE's with the planned recruitment of 64 in 2017-18.

Workforce Plan FTE's

	2017-18					
	Core Funded FTE's	Seconded FTE's	Externally Funded FTE's	Force Total FTE's	OPCC FTE's	Total FTE's
Police Officers						
Opening balance*	1,772	51	23	1,846	-	1,846
Leavers / restructure	(54)	-	-	(54)	-	(54)
Retirement	(63)	(4)	(1)	(68)	-	(68)
Recruitment	64	-	-	64	-	64
	1,719	47	22	1,788	-	1,788
Police Staff						
Opening balance*	1,044	7	56	1,107	12	1,119
Leavers / restructure	(1)	-	-	(1)	-	(1)
Recruitment	70	-	-	70	-	70
	1,113	7	56	1,176	12	1,188
PCSOs						
Opening balance*	184	-	-	184	-	184
Leavers / restructure	-	-	-	-	-	-
Recruitment	16	-	-	16	-	16
	200	-	-	200	-	200
Opening Balance*	3,000	58	80	3,137	12	3,149
Movement	32	(4)	(1)	27	-	27
Closing Balance	3,032	54	79	3,164	12	3,176

* Opening balance is the estimated outturn as at 31st March 2017.

Variation to the 2016-17 Budget

Police pay & allowances

The £(5.2)m reduction from the 2016-17 budget is largely due to the increased number of natural leavers that has been occurred during 2016-17 and the full year impact into 2017-18; combined with natural leavers at 54 FTE's and 30 year leavers at 68 FTE's included in the 2017-18 budget. This has been partly offset by the recruitment of 64 FTE's during 2017-18.

Police overtime

The £(0.2)m reduction from the 2016-17 budget is largely due to the targeted reduction for 2017-18.

Police staff pay & allowances

The £1.9m increase from the 2016-17 budget is largely due to the recruitment of 16 Police Investigation Officers (PIO) in the latter quarter of 2016-17, which was not in the original budget and 64 during 2017-18 at a cost of c£1.8m (£0.5m full year impact of 2016-17 recruitment and £1.3m for 2017-18 recruitment); with the remainder being pay awards and increments.

PCSO pay & allowances

The £(1.0)m reduction from the 2016-17 budget largely reflects the restructure programme implemented during 2016-17, combined with an increased level of natural leavers.

Other employee expenses

The £0.7m increase from the 2016-17 budget is largely due to the apprenticeship levy at £0.6m introduced for 2017-18 and is 0.5% of the pay costs liable to National Insurance.

Transport

The £(0.8)m reduction from the 2016-17 budget is largely due to the continued work to reduce the fleet vehicles provided under the Vensons contract of £0.4m and the realignment of insurance costs of £0.4m to Other supplies & services.

Communications & Computing

The £0.6m increase from the 2016-17 budget is largely due to costs relating to Agile working.

Other supplies & services

The £3.2m increase from the 2016-17 budget is largely due to latest insurance estimates of £0.4m and transfer of insurance costs of £0.4m from transport; as a result of grossing up budgets there is now £1.3m of victims & witnesses costs in the OPCC which are offset within income from a Ministry of Justice (MOJ) grant; £0.3m of professional and consultancy fees; £0.1m of legal fees;

licences fees of £0.1m within Externally Funded projects (EF) which is offset within income; and £0.5m due to the central efficiency challenge included within the 2016-17 budget the £3.3m increase from the 2016-17 budget is largely due to latest insurance estimates of £0.4m and transfer of insurance costs of £0.4m from transport; as a result of grossing up budgets there is now £1.3m of victims & witnesses costs in the OPCC which are offset within income from a Ministry of Justice (MOJ) grant; £0.3m of professional and consultancy fees; £0.1m of legal fees; licences fees of £0.1m within Externally Funded projects (EF) which is offset within income; and £0.5m due to the central efficiency challenge included within the 2016-17 budget.

Forensics costs

The £(0.5)m reduction from the 2016-17 budget is largely due to reduced costs for the interrogation of electronic devices such as mobile phones; and DNA/sampling costs.

Partnership payments

The £1.5m increase from the 2016-17 budget is largely due to central costs and command fees for EMOpSS of £0.3m and EMCJS of £0.3m; a contingency for costs relating to Tri-Force collaboration of £0.5m; and £0.3m of EF projects which is offset within income. To deliver efficiencies the contingency for Tri-Force activity has been reduced to £0.3m.

Collaboration contributions

The £1.1m increase from the 2016-17 budget is largely due to the increased costs for the payroll project and latest information from Multi Force Shared Service (MFSS) which includes £0.6m as a one-off cost for the Oracle Fusion investment; and Forensics.

Medical retirements

The £0.9m increase from the 2016-17 budget is largely due to the increased number of budgeted retirements. On average it costs the Force c£75k for every Constable medically retired. The efficiency reduction removes some of this increase, but carries a risk of a budget overspend.

Capital financing

The £0.2m increase from the 2016-17 budget is largely reflects the latest borrowing position and MRP. To achieve efficiencies slippage in the 2017-18 capital programme has been assumed based upon past performance.

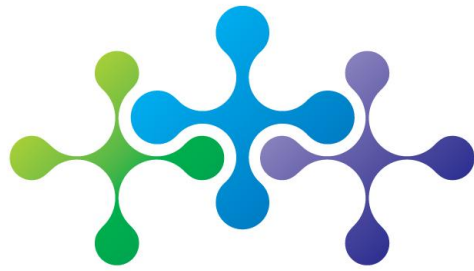
Income

The £1.1m increase from the 2016-17 budget is largely reflects the grossing up of budgets where a £1.3m MOJ grant within the OPCC offsets against costs in Other supplies & services; increased income in prosecutions of £0.2m; Contact Management £0.1m. This has been partly offset by the reduced combined income from EF projects and seconded officers/staff of £0.5m; this reduction in income is due to lower costs across a number of expenditure lines and does not increase the overall budget.

2017-18 Commissioner's Total Budget – Thematic View (£m)

2017-18								
Operational £m	Intelligence & Investigations £m	Operational Collaborations £m	Corporate Services £m	Seconded £m	Externally Funded £m	Force Total £m	OPCC £m	Total £m
46.0	29.4	15.0	3.1	3.2	1.1	97.8	-	97.8
1.1	1.2	0.8	0.1	-	0.0	3.2	-	3.2
10.7	9.0	6.9	11.5	0.3	1.5	39.7	0.7	40.4
0.2	0.1	0.2	0.1	-	-	0.6	0.0	0.6
6.5	0.2	-	0.0	-	-	6.7	-	6.7
0.1	-	-	-	-	-	0.1	-	0.1
0.0	0.0	0.0	1.7	-	-	1.7	0.0	1.7
64.5	39.8	22.8	16.4	3.5	2.6	149.7	0.7	150.4
-	-	0.0	5.8	-	0.1	6.0	0.0	6.0
-	-	1.0	4.6	-	0.0	5.6	0.0	5.7
-	-	0.0	8.0	-	0.2	8.1	0.0	8.2
-	-	0.0	0.5	-	0.0	0.5	0.0	0.5
-	-	0.0	0.4	-	0.0	0.4	0.0	0.4
0.3	0.3	0.3	2.2	-	0.2	3.2	5.0	8.2
-	-	0.1	-	-	-	0.1	-	0.1
-	-	1.2	0.0	-	-	1.2	-	1.2
-	0.3	1.3	0.0	-	-	1.6	-	1.6
-	-	0.1	0.4	-	-	0.5	-	0.5
0.0	0.1	-	-	-	-	0.1	-	0.1
0.2	0.2	0.6	0.5	-	0.4	1.9	0.3	2.2
-	-	5.5	4.3	-	-	9.8	-	9.8
-	-	-	0.1	-	0.0	0.1	-	0.1

2017-18								
Operational £m	Intelligence & Investigations £m	Operational Collaborations £m	Corporate Services £m	Seconded £m	Externally Funded £m	Force Total £m	OPCC £m	Total £m
Private sector contracts	-	-	0.0	-	-	0.0	-	0.0
Medical retirements	-	-	4.9	-	-	4.9	-	4.9
Capital financing	-	-	4.8	-	-	4.8	-	4.8
	0.5	0.8	10.0	-	0.9	49.0	5.4	54.4
Total expenditure	65.0	40.7	32.9	3.5	3.6	198.7	6.1	204.8
Income	(0.6)	(0.1)	(1.0)	(3.5)	(3.6)	(12.2)	(1.3)	(13.5)
Efficiencies								
Procurement	-	-	(0.3)	-	-	(0.3)	-	(0.3)
Medical retirements	-	-	(0.5)	-	-	(0.5)	-	(0.5)
Tri-Force cost savings	-	-	(0.2)	-	-	(0.2)	-	(0.2)
MRP	-	-	(0.3)	-	-	(0.3)	-	(0.3)
	-	-	(1.3)	-	-	(1.3)	-	(1.3)
Net use of reserves	-	-	-	-	-	-	-	-
Total	64.3	40.6	31.9	-	-	185.3	4.8	190.1



Nottinghamshire

POLICE & CRIME COMMISSIONER

Medium Term Financial Strategy

2017-18 to 2020-21

January 2017

Commissioners

Medium Term Financial Strategy

Introduction

This document is part of the overall financial framework of the Police and Crime Commissioner. It builds on the budget proposed for 2017-18 and incorporates plans to meet changes in available financing with the need to meet current and future commitments.

Within the current economic climate the Government has made significant reductions in public sector finances.

The previous Comprehensive Spending Review (CSR) Nottinghamshire needed to deliver £42million in efficiencies in order to balance the budget and improve performance. Continuous achievement of these substantial cuts is proved to be more difficult as time progresses and 2014-15 and 2015-16 resulted in the efficiency targets not being achieved. The latest CSR announcement is better than had been anticipated, but still leaves much to be done to continue delivering a service within a balanced budget.

Whilst the cuts to grant funding are relatively small, costs continue to increase and with salary increases the pressure to deliver savings continues. For 2017-18 Nottinghamshire faces some significant pressures from changes in employer contributions for National Insurance and making up the budget gap from 2015-16, where reserves were used to bridge a significant gap in achieving a balanced budget.

The settlement announcement covering next year and indicating funding over this CSR, includes assumptions in relation to precept increases and council tax base increases. The amounts that these increase by will be mirrored by a reduction in main grant. This is defined as being no reduction in real terms. However, in cash terms grant will reduce as the total amount available for main police grant is being reduced to finance Top Sliced expenditure (e.g. NPAS, NICC and Counter Terrorism) and Home Office new funding initiatives such as Police Transformation Fund.

A funding formula review had been started with the intention to bring a simplified approach to police funding in place for April 2016. However, this has now been delayed and will not be in place before April 2018.

Under the existing funding formula Nottinghamshire continues to lose over £10m per year. As the formula itself has never been fully implemented. Over the past 10 years this amounts to over £100m+ that the Home Office formula calculates should have come to Nottinghamshire, but to protect those that would lose significantly has been used to protect over funded forces from significant loss. Therefore, any new formula needs to be clear from the onset as to when it would be fully implemented and all forces work towards what the formula indicates as being appropriate level of funding for the police area.

The latest settlement announcement assumes that Council Tax Precept will increase by 2% per annum and that the Tax Base itself will also increase by 0.5% per annum over the CSR period.

The Police & Crime Commissioner has produced a Police & Crime plan, which has been refreshed to include the feedback and comments made by stakeholders, partners and the public over the last 12 months.

The Police & Crime Plan is built upon the following 7 strategic priorities:

- Protect, support and respond to victims, witnesses and vulnerable people.
- Improve the efficiency, accessibility and effectiveness of the criminal justice process.
- Focus on those priority Crime types and local areas that are most affected by crime and anti-social behaviour.
- Reduce the impact of drugs and alcohol on levels of crime and anti-social behaviour.
- Reduce the threat from organised crime.
- Prevention, early intervention and reduction in re-offending.
- Spending your money wisely.

Funding

This year remains a challenge to funding for policing in Nottinghamshire. These are summarised as follows:

1. The amount of grant funding is reduced by £1.8m.
2. The Home Office assumptions include for a 2% precept increase and 0.5% tax base increase. The estimates within the precept report show that the tax base increase is just over 1.70% resulting in total funding available of £190.4m.
3. However, the cost pressures that we are also seeing are also having an adverse effect (i.e. pay wards of 1%, inflation at just over 1% and the impact of national insurance changes for the state pension) especially as the funding available continues to reduce.
4. The level of reserves is such that there are necessary plans to replenish the reserves used in recent years. This will be phased in over the medium to long term.
5. The Commissioner at a local level and regional level continues to bid for additional funding being allocated by the Home Office from the Transformation Fund. We have previously been successful in relation to bidding for additional funding. The criterion for such funding continues to tighten.
6. A Police Funding Formula Review is underway and the results of this will be incorporated from 2018-19 onwards.

The estimated funding for the Police & Crime Commissioner over the next four years (and compared with this year) is as follows:

<u>Funding Available</u>	2016-17 £m	2017-18 £m	2018-19 £m	2019-20 £m	2020-21 £m
Police & Crime Grant	126.1	124.3	122.3	120.3	118.3
Council Tax Legacy Grant*	9.7	9.7	9.7	9.7	9.7
Precept	54.4	56.4	58.2	59.9	61.7
Collection fund surplus/(deficit)	1.0	1.2			
Transfer to reserves	(1.0)	(1.5)	(1.0)	(1.0)	(2.0)
TOTAL	190.2	190.1	189.2	188.9	187.7

*Legacy Grant is subject to review as part of the funding formula review

**The surplus to be received in 2017-18 will be transferred to reserves. The transfer to reserves in later years is part of the reserves strategy.

Investment

The Police & Crime Commissioner has continued to support investment in many collaborative projects which should deliver significant savings or improve and change the way in which the policing service is provided.

Nottinghamshire is a significant partner in all regional collaborations and collaborations which go outside of the region. More recently the Commissioners of Nottinghamshire, Leicestershire and Northamptonshire have agreed to form a further collaboration across the Tri-Force area for all policing and support functions.

Key to many of the changes has been the need for significant investment in technology. This will ensure an on-going visible presence in neighbourhood policing and provide the training and equipment to meet the needs for all cyber related crime detection.

Investment continues to be made at a regional level and collaboration is well established within the East Midlands. Many specialist policing services such as major crime, roads policing and serious and organised crime are provided through regional teams.

The Commissioner has reduced the size of the police estate and invested in IT to ensure officers are out within our communities for longer.

Under the Commissioners wider remit of “and Crime” and Victims Services the Commissioner is investing in new ways of service delivery and crime prevention.

Savings and efficiencies

The settlement this year and indications for the CSR period is better than anticipated. However, 2017-18 still requires saving of £5.5m to be achieved in order to balance the budget.

The table below summarises the savings plans currently in place for the next financial year:

Efficiencies	2017-18 £m
MRP	0.3
On-going pay savings	4.2
Procurement	0.3
Medical Retirements	0.5
Tri Force Costs (reduction)	0.2
Internal Efficiencies	5.5

The Commissioner is conscious of the risks associated should the efficiencies and savings identified not be achieved in the year that they are required and that achieving them will be a challenge.

The Commissioner is mindful that should there be some slippage in implementing these efficiencies then further savings will need to be identified and delivered in year.

Risks in the Medium Term

Collaboration and Innovation

As a region we have been collaborating for a numbers of years. This has provided resilience to teams so small it becomes difficult to deliver an effective service and in later years has delivered significant savings. As we continue to collaborate savings will continue to be generated. The budgeted figures include the costs of collaboration, but do not include savings currently. This will continue to be monitored and updated as the true level of savings becomes known.

We have also been successful in obtaining Innovation and Transformation Grant Funding to pump prime new areas of collaborations and new ways of working that will generate future savings. The risk in relation to this funding is the very short timeframes that we have to complete the projects.

Tri Force Collaboration

The Commissioner and Chief Constables across three force areas: Nottinghamshire, Leicestershire and Northamptonshire; has agreed in principle to collaborate further across all of the elements of the service that are not currently within a collaboration agreement.

It is envisaged that this will bring a significant change through standardisation to the way in which Policing is provided across the three counties and deliver the needed savings to balance future year's budgets.

Transformation funding has been obtained for 2016-17 and 2017-18.

Funding Formula Review

As mentioned previously the current funding formula review has been delayed and will not be in place before April 2018. Consultation on a new formula is expected to start early in 2017-18.

Ministry of Justice Funding

The allocation of funding for Victims for 2017-18 is £1,318,455 and this is slightly less than the previous year.

Emergency Services Network

The Home Office has been working on the costs associated with the new network, but there still remains a lack of detail as to what it will mean at an individual force area. However, indicative costs have been included based upon Home Office estimates within our revenue and capital budgets.

Capital Grant

Capital Grant allocations have not been provided to date. This grant is gradually being phased out.

Expenditure

Traditionally expenditure budgets are incrementally changed from the previous year's net expenditure to allow for inflation and savings. During 2013-14 the Commissioner had an independent review of the base budget undertaken. This review identified some areas where further efficiencies might be delivered and provided assurance on the areas that the force was already reviewing. During 2015 this review has been revisited and further recommendations have been made. If the settlement had been as estimated we would have had to see a significant reduction in staff and officers in order to balance the budget.

The expenditure requirements of the Force and the Office of the Police and Crime Commissioner are continuously reviewed and monitored to ensure value for money. The role and responsibility of the Commissioner is to set a balanced budget assured that the force has robust systems in place for producing a full budget.

During 2015-16 it became apparent that the force was not going to deliver a balanced budget and there would be a need for significant additional use of reserves at year end. This was the second year that the force had difficulty in achieving required savings. Since then changes in monitoring processes and the appointment of a Head of Finance has resulted in improved controls and budget management.

Officers, staff and PCSO's account for almost 80% of budgeted net expenditure and as such are a major asset for the organisation. The pace at which police officers, PCSO's and staff leave the organisation can fluctuate year on year, but this is budgeted for.

The improved financial management linked with an improved workforce plan has meant that some recruitment has started to take place in a structured manner.

Inflation and pay awards provide a significant cost pressure. This is constantly reviewed for accuracy.

Summary

In conclusion there are robust plans in place to deliver savings both locally and regionally.

There is still work to do to achieve the required savings plans through to 2021, but the work started on transformation should enable balanced budgets to be set.

There is still a lack of clarity in relation to future budgets and the amount that would be top sliced before allocation to the individual forces. This is increasing each year by significant amounts.

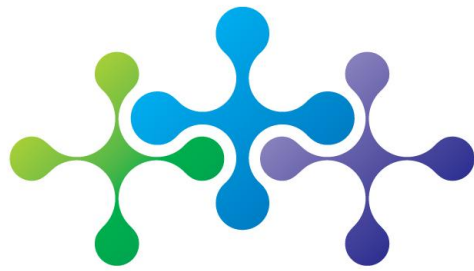
The budgeted summary financial position is as detailed below:

	2016-17 £m	2017-18 £m	2018-19 £m	2019-20 £m	2020-21 £m
<u>Policing element</u>					
Net Expenditure	197.6	190.9	184.6	185.9	185.3
Savings efficiencies & reserves	(12.0)	(5.5)	(0.1)	(1.7)	(2.3)
sub-total	185.6	185.4	184.5	184.2	183.0
<u>Grants and Commissioning</u>					
Net Expenditure	4.6	4.7	4.7	4.7	4.7
Savings efficiencies & reserves					
sub-total	4.6	4.7	4.7	4.7	4.7
Total net expenditure	190.2	190.1	189.2	188.9	187.7
Total Funding Available	190.2	190.1	189.2	188.9	187.7
Contribution to reserves*	1.0	1.5	1.0	1.0	2.0
Further savings required			(0.1)	(1.7)	(2.3)

* Contributions to reserves from 2018-19 represent the planned replenishment of reserves used in recent years. The amounts shown in 2016-17 and 2017-18 are the surplus on collection fund amounts.

Opinion

The Commissioner is of the view that achieving the levels of efficiencies shown above will continue to be challenging, but acknowledges the hard work undertaken to reach this better financial position, including the planned replenishment of reserves over the medium to long term.



Nottinghamshire

POLICE & CRIME COMMISSIONER

Reserves Strategy 2017-18

Reserves Strategy 2017-18

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. 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. This would also apply to Police and Crime Commissioners. This is in accord with CIPFA's view on the process of setting reserves. A minimum level of reserve will be imposed where an authority is not following best financial practice.

Current Financial Climate

9. The pressures on public finances are currently forecast as improving. However, at the local level reducing expenditure to an affordable base whilst maintaining service at an acceptable level remains a challenge. Therefore, the ability to retain reserves for unforeseen events and circumstances becomes not only difficult, but something that requires careful consideration.
10. Whilst plans to reduce the base expenditure in line with the reduced income were initiated from 2008 the use of and level of reserves have fluctuated. The reserves increased when savings plans were being delivered ahead of the plan and recently have decreased as the need to use them to balance the budget has increased. Since 2014-15 the pressure to deliver the efficiencies required has increased and resulted in additional reserves being needed to balance the budget by the end of the financial year. In 2014-15 a further £2m was required and for 2015-16 a further £9.3m was also needed to balance the budget of which £1.6m had been planned.
11. Nottinghamshire currently has one of the lowest levels of reserves for policing in England and Wales. Nottinghamshire has never been cash rich, especially as in excess of £10m per annum is being withheld in the funding formula floors mechanism.
12. The Medium Term Financial Plan identifies risks in achieving the required savings to ensure balanced budgets over future years.

Types of Reserve

13. When reviewing the medium term financial plans 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 – this forms part of general reserves.
 - 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.

14. 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 31st March each year.

15. 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.
16. 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.
17. 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
18. 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

19. 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

20. 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**.
21. 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.
22. 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 **5.0% of the total net budget**.

23. 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.
24. As the net budget position changes the level of General Reserve must be monitored to ensure the minimum level is maintained.
25. **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

26. 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).
27. 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)).
28. Expenditure relating to earmarked reserves has to specifically relate to the purpose of the reserve.
29. **Appendix B** details for each of the earmarked reserves that existed at the start of the 2016-17 financial year and their estimated balance by 31st March 2017.

Details of those available for use in 2017-18 are given below:

Medium Term Financial Plan (MTFP) Reserve

30. The medium term financial strategy of the Commissioner is under constant review and changes as new and reliable information becomes available.
31. The original purpose of this reserve was to alleviate financial pressure on the budgets in future years.

- 32. The support from this reserve is only one-off support and as such cannot be used to finance on-going commitments.
- 33. The use of this reserve has been reviewed and will continue to be utilised to finance the cost of organisational changes and as an investment to facilitate new savings. In addition to this the reserve will also be utilised smooth budget pressures as they arise. Any costs associated with A19 will also be met from this reserve.
- 34. The Medium Term Financial Strategy has a risk assessment in relation to achieving the efficiencies identified. As such this reserve may be used for balancing the accounts should the efficiencies not be realised.
- 35. All reserves will be utilised with the agreement of the Police & Crime Commissioner in the ways identified in this strategy and supported by a detailed business case.
- 36. The current level of reserves is now very low and if called upon will impact negatively on the financial viability of the force. **This is a significant risk.**
- 37. It is expected that the use of reserves will be paid back over the medium to long term, although until now this has proved difficult to achieve. Plans have estimated that payback of reserves will commence in 2018-19 at £1m per annum (with £1m in 2019-20, £2m in 2020-21 and £3m in the following two years)

Private Finance Initiative (PFI) Reserve

- 38. This is a reserve for the equalisation of expenditure over the life of the contract. This is a statutory reserve to maintain.

PCC Reserve

- 39. This reserve has now been earmarked for any cost associated with the PCC elections and any costs arising from Devolution over the next 4 years.

Grants & Commissioning Reserve

- 40. It is intended that underspends on the OPCC budget and the Grants and Commissioning budget are transferred to here to provide for future needs in this growing area of work.

Drug Fund

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

Jointly Controlled Operations (Regional Collaboration) Reserve

42. 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.
43. 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.
44. The reserve exists to finance activities of regional collaboration above those identified within the annual budget.

Property Act Fund Reserve

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

Animal Welfare Reserve

46. 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

47. Due to the timing differences between the PCC'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.
48. 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.

49. This reserve will also be used to cover the PCC's portion of costs associated with the Single Occupier Discount Reviews undertaken periodically across the City and the County.

Revenue Grants

50. 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 sizeable reserve. The use of this reserve will be subject to evaluation of any risk of repayment and the submission of a business case.
51. This reserve is also used for on-going projects such as the Camera Safety Partnership Project.

VAT Reserve

52. This reserve was for a potential VAT liability in relation to a premises transaction. This reserve is no longer required and the balance will be transferred back to the MTFP reserve.

Night Time Levy

53. 2015-16 saw the first amount of income from this levy being received. The Commissioner will use this funding to contribute towards projects that ensure the City Night Time economy runs smoothly and safely (eg the work of the Street Pastors/additional policing when required).

Joint Operations Capital Reserve

54. The region currently maintains a capital reserve of £0.247m. This cannot be used for revenue purposes.

Procedure for Use of Reserves

55. The use of reserves requires approval of the Chief Finance Officer to the Commissioner and the Commissioner.
56. All requests should be supported by a business case unless there is an approved process for use, such as the Animal Welfare Reserve.
57. 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

58. 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 strategy in January and the out-turn position in June each year.

Risk Analysis

59. 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.
60. 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.
61. The significant risks that have been considered, but which will also be kept under review are:
 - Potential costs for Employment Tribunals relating to A19.
 - 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 will 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.
- There remains a gap in funding for the next 3 years and potentially beyond this.
- 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 there is very little opportunity for reimbursing the level of reserves through precept due to referendum limits or grant, due to the impact it would have operationally.

CFO Opinion

It is my opinion that the current level of reserves is very low. Over recent years our need to use these when savings have not been achieved or other unplanned expenditure has arisen has resulted in this low position. Other forces are facing similar issues. The latest information on where reserves balances are nationally has yet to be collated and published.

This strategy now requires repayment of reserves from 2018-19 onwards.

Once the total of earmarked reserves have been utilised the financial stability of the force becomes a significant risk.

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
2016-17

GENERAL RESERVE

RISK	IMPACT	PROBABILITY	Min £m	Max £m	Proposed for 2017-18 £m
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. Medium Multiple incidents amounting to over 1% of net budget. Medium Single incident amounting to over 1% of net budget. Low	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).	LOW	0.5	1.0	0.5
Partnership Support	Funding for posts and PCSO's withdrawn. This has also been risk assessed as part of the budget assumptions.	Medium to HIGH	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).	LOW	0.5	5.0	0.5
Employment Tribunals and other litigation	Direct impact on revenue budgets.	LOW (A19 will be met from the MTFP Reserve).	0.1	0.5	0.1
Insurance	Emerging Risks and late reported claims.	To date no claims of this type have affected the accounts. Low to MEDIUM	0.3	0.7	0.5
TOTAL					7.0

Earmarked Reserves Assessment

RISK/RESERVE	PURPOSE	HOW AND WHEN IT WILL BE USED	Management and control	Review	Estimated Balance at 31.03.17 £m
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	1.566
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	0.595
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	1.899
PFI reserve	To fund PFI related expenditure.	Life cycle equalisation.	Chief Finance Officer	Annually	0.332
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 PCC's	Annually	1.211
Property Act Fund	Income from the sale of property act confiscations.	To be determined by the Police & Crime Commissioner.	PCC and CFO	Annually	0.130

Drug Fund	For use in reducing drug related crime.	To be determined by the Police & Crime Commissioner and CC.	PCC and CFO	Annually	0.074
Revenue Grants	Balances on grants not required to be repaid. Use needs to be risk assessed.	To be determined by the Police & Crime Commissioner.	PCC and CFO	Annually	2.513
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. Also to assist with risk relating to the removal of redistributed business rates in future years.	Annually to balance the budget. Every 3-4 years to finance Single Person Discount Review.	Chief Finance Officer	Annually	1.248
VAT	For a potential VAT liability now passed.	Returned to the MTFP Reserve.	Chief Finance Officer	Annually	0.000
Night Time Levy	To be utilised to address Night Time economy issues of crime and safety.	To be determined by the Police & Crime Commissioner.	PCC and CFO	Annually	0.161
TOTAL					9.748

Tables to show the use of General Reserves

	2017-18			2018-19			2019-20			2020-21		
	01.04.17 balance £m	Use in year £m	01.04.18 balance £m	01.04.18 balance £m	Use in year £m	01.04.19 balance £m	01.04.19 balance £m	Use in year £m	01.04.20 balance £m	01.04.20 balance £m	Use in year £m	01.04.21 balance £m
General Reserve	7.000	0	7.000	7.000	0	7.000	7.000	0	7.000	7.000	0	7.000
EMSOU general reserve	0.075		0.075	0.075		0.075	0.075		0.075	0.075		0.075
<i>% of net budget</i>	3.7%			3.7%			3.7%			3.7%		

Tables to show the estimated use of Earmarked Reserves

	2017-18			2018-19			2019-20			2020-21		
<u>Earmarked Reserves</u>	01.04.17 balance £m	Use in year £m	31.03.18 balance £m	01.04.18 balance £m	Use in year £m	31.03.19 balance £m	01.04.19 balance £m	Use in year £m	31.03.20 balance £m	01.04.20 balance £m	Use in year £m	31.03.21 balance £m
MTFP	1.566		1.566	1.566	1.000	2.566	2.566	1.000	3.566	3.566	2.000 (0.003)	5.563
PCC Reserve	0.595		0.595	0.595		0.595	0.595		0.595	0.595		0.595
Grants & Commissioning	1.899		1.899	1.899		1.899	1.899		1.899	1.899		1.899
PFI	0.332		0.332	0.332		0.332	0.332		0.332	0.332		0.332
JCO	1.211		1.211	1.211		1.211	1.211		1.211	1.211		1.211
Property Act Fund	0.130		0.130	0.130		0.130	0.130		0.130	0.130		0.130
Drug Fund	0.074		0.074	0.074		0.074	0.074		0.074	0.074		0.074
Revenue Grants	2.513		2.513	2.513		2.513	2.513		2.513	2.513		2.513
Animal welfare	0.019	(0.001)	0.018	0.018	(0.001)	0.017	0.017	(0.001)	0.016	0.016	0.003	0.019
Tax Base	1.248	1.000	2.248	2.248		2.248	2.248		2.248	2.248		2.248
Night Time Levy	0.161		0.161	0.161		0.161	0.161		0.161	0.161		0.161
TOTAL	9.748	0.999	10.747	10.747	0.999	11.746	11.746	0.999	12.745	12.745	2.000	14.745



Nottinghamshire

POLICE & CRIME COMMISSIONER

4 Year Capital Programme
2017-2021

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.

There is however, recognition that better purchasing power and consistency of capital purchases can be achieved through regional collaboration. Over the past few years this is one area that has developed. This has been supported by the Home Office with capital and revenue funding being made available through the Innovation Fund and more latterly the Transformation Fund.

Tri Force Collaboration

The Capital Programme provided for 2017-18, whilst more detailed than the following years, is subject to change once the final business case is known and priority is given to the Tri Force Strategic Plan.

The costs of the Tri Force have only been included in the programme attached where known.

2. **Capital Programme 2017-18**

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 £3.8million slippage from 2016-17 capital programme into 2017-18 and 2018-19.

The proposed programme for 2017-18 is provided in **Appendix A**.

3. **4 Year Capital Programme**

It is normal practice to provide an indication of the capital programme for 2017-18 to 2020-21. With the understanding that this part of the programme will be subject to change following a detailed business case and affordability assessment.

A proposed programme for the 4 years is provided in **Appendix A**.

4. Financing

Capital expenditure is financed from capital grant, capital receipts, internal and external borrowing.

Capital grant continues to be reduced and it is estimated that this will be phased out completely over the next few years.

Capital receipts fluctuate depending on which property is for sale and how desirable the building is. Capital receipts are utilised to reduce MRP charges to the revenue account, therefore are offset against shortfall assets in the year after receipt.

Borrowing makes up the majority of capital financing. Some of this borrowing is “internal” from balances (eg reserves and provisions), but this is reducing as a greater demand is made to use reserves to meet revenue expenditure requirements.

External borrowing is taken at the best time to take advantage of low interest rates and based upon advice of our Treasury Management advisors. It is currently anticipated that rates will remain the same for the next couple of years. This is included in the Treasury Management Strategy, which is provided as a separate report on today’s agenda.

Appendix B details the planned financing and revenue consequences of the proposed programme.

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. These costs reflect a depreciation cost and a cost of borrowing. Currently, the cost of borrowing is interest only, but at some point in the future the capital sum will need to be repaid. Depreciation is allocated over the life of the asset. The mix of loans is currently being reviewed.

The Revenue budget for 2017-18 includes the estimated Minimum Revenue Provisions (MRP) based on expenditure prior to 1st April 2017, including an estimated cost of borrowing for existing borrowing and new borrowing planned in 2017-18.

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

Capital 4 Year Plan

2017-18 to 2020-21

	2016-17 Requested slippage	2017-18 New Request	2017-18 Proposed Budget
	£000	£000	£000
Estates Projects			
Access Control Improvement works	82		82
Bridewell - Custody Improvements - Retention		25	25
Bridewell Custody Suite - replace with a new build	588	162	750
Eastwood Police Station	100		100
FHQ - Conversion of part of Printing and Stores			0
FHQ - Kennels	36		36
FHQ - New Locker & Gym		125	125
FHQ - New perimeter fence - Enhanced metal fence		160	160
FHQ - New surfacing for drive/paths		25	25
FHQ - Street Lighting - Retention	5		5
Hucknall EMAS - Extension		235	235
Mansfield - Create open plan space	700		700
Mansfield - Lift Replacement	55		55
Mansfield - replace Tea Points and Showers on all floors		150	150
Oxclose Lane - Lift Replacement			0
Oxclose Lane - Refurbishment			0
Ranby - Response Hub			0
Various - Automatic Gates/Barriers	100		100
Various - Building Condition Investment			0
Various - Building Management System - Boiler Controls	50	50	100
Various - Bunkered Fuel Tank Works	160		160
Various - Custody Improvements		170	170
Various - Energy Improvements			0
Various - Fire Alarm panel replacements		45	45
Various - Fixed Electrical works		30	30
Various - Generator and associated replacements		20	20
Various - Mechanical Engineering and Boiler Replacements			0
Watnall Road - Response Hub	30		30
West Bridgford - 1st floor refurbishment	290		290
Workshop - New Tri Services Collaboration			0
	2,196	1,197	3,393

APPENDIX A

2016-17 Requested slippage	2018-19 New Request	2018-19 Proposed Budget	2019-20 Proposed Budget	2020-21 Proposed Budget	Total Project Cost (inc prior years)
£000	£000	£000	£000	£000	£000
		0			625
		0			33
	7,980	7,980	7,980	400	17,110
		0			140
	650	650			650
		0			693
	275	275			400
		0			160
		0			228
		0			160
	315	315			550
		0			750
		0			55
		0			150
	60	60			60
225	75	300			925
219		219			220
100		100			200
		0	1,500	1,500	3,000
298	141	439			561
		0			160
	330	330	150	150	2,263
	100	100	100	100	974
		0			45
	10	10			40
		0			20
	650	650	650	650	1,950
		0			82
		0			301
		0	1,500	500	2,000
842	10,586	11,428	11,880	3,300	34,505

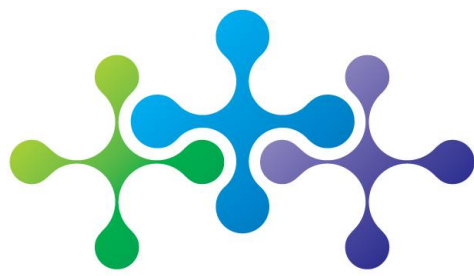
	2016-17 Requested slippage	2017-18 New Request	2017-18 Proposed Budget	2016-17 Requested slippage	2018-19 New Request	2018-19 Proposed Budget	2019-20 Proposed Budget	2020-21 Proposed Budget	Total Project Cost (inc prior years)
	£000	£000	£000	£000	£000	£000	£000	£000	£000
IS Projects									
Airwave Device Replacement	22		22			0			1,250
ANPR Camera Replacement		100	100		60	60	60	60	490
Confidential Network Hardware Refresh		160	160			0			160
ESN		830	830		1,484	1,484		4	2,318
Improvements to Digital Investigation Storage	190		190			0			486
IVR Replacement		50	50			0			50
Juniper gateway replacement		160	160			0			160
Laptops for CID		225	225			0			225
Notts Private cloud expansion		80	80			0			80
SEIU Storage		250	250			0			250
Sharepoint Portal (Regional Intranet)	100	50	150			0			250
SourceOne Centera Hardware Replacement		60	60			0			60
Team Foundation Server & Visual Studio upgrade		30	30			0			30
Technology Services Refresh and Upgrades		470	470		450	450	450	450	1,820
Upgrade Control Room SICCS Workstations	100		100			0			790
	412	2,465	2,877	0	1,994	1,994	510	514	8,419

	2016-17 Requested slippage	2017-18 New Request	2017-18 Proposed Budget	2016-17 Requested slippage	2018-19 New Request	2018-19 Proposed Budget	2019-20 Proposed Budget	2020-21 Proposed Budget	Total Project Cost (inc prior years)
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Other Projects									
Fitment of Secure Cabinets/Improved Security to A&E Vehicle Fleet	20		20						90
Networked locks for 34 Cash & Drugs Safes Forcewide	22	2	24						24
Non-Slot vehicle replacement		507	507		436	436	40	114	1,097
Northern Property Store Increased Storage - Fire Suppression System	120		120						120
Northern Property Store Increased Storage - Racking	80		80						195
Safety Equipment for staff working at height.	13		13						13
Tri-Force collaboration		2,998	2,998						2,998
Upgrade of Firearms Cabinets at Stations	80		80						80
	335	3,507	3,842	0	436	436	40	114	4,617
Total Programme	2,943	7,169	10,112	842	13,016	13,858	12,430	3,928	47,541

Capital Plan 2017-18 to 2021-22
Funding and Revenue Costs

APPENDIX B

	2017-18 £000	2018-19 £000	2019-20 £000	2020-21 £000	2021-22 £000
Capital Programme	10,112	13,858	12,430	3,928	4,000
Funding					
Capital Grant (presumed 15% continuing reduction for 18-19, 19-20 & 20-21)	742	631	536	456	387
Capital Receipts	2,828	3,010	2,595	0	0
Capital Contributions - Tri-Force	2,051	0	0	0	0
Internal/External borrowing	4,491	10,217	9,299	3,472	3,613
	10,112	13,858	12,430	3,928	4,000
Capital Receipts estimate					
Central	2,250				
Meadows (commuted)	0				
Sneinton (commuted)	0				
Canning Circus	333				
Retford	245				
Balance b/f	2,828	3,010	2,595	0	0
Applied in year	-2,828	-3,010	-2,595	0	0
Sutton	285				
Arnold	300				
Bingham	1,600				
Eastwood land	400				
Mansfield Woodhouse	425				
Estimated sales		2,595			
Balance c/f	3,010	2,595	0	0	0
MRP charges					
Charges b/fwd	2,229	2,186	2,146	2,107	2,034
2016-17 capital expenditure	630	630	630	630	630
2017-18 capex		277	277	277	277
2018-19 capex			511	511	511
2019-20 capex				465	465
2020-21 capex					169
	2,859	3,093	3,564	3,990	4,086



Nottinghamshire

POLICE & CRIME COMMISSIONER

**The Nottinghamshire Office of the Police & Crime
Commissioner**

Treasury Management Strategy Statement

Minimum Revenue Provision Policy Statement and
Annual Investment Strategy

2017-18

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1. INTRODUCTION

1.1 Background

The Nottinghamshire Office of the Police and Crime Commissioner (The Commissioner's Office) 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 The Commissioner's Office 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 The Commissioner's Office risk or cost objectives.

The responsible officer for treasury management is 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 policies, estimates and actuals.

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

- the capital plans, 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.
- an investment strategy (the parameters for managing investments).

A mid-year treasury management report – This will update the Commissioner with the capital position regarding capital, and amend 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 provides details of a selection of actual prudential and treasury indicators and actual treasury operations compared to the estimates within the strategy.

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 for 2017-18

The strategy covers two main areas:

Capital issues

- the capital plans and the 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 the The Commissioner's Office.
- prospects for interest rates.
- the borrowing strategy.
- policy on borrowing in advance of need.
- debt rescheduling.
- the investment strategy.
- creditworthiness policy.
- policy on use of external service providers.

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

1.4 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 delivered in March 2014 and the Chief financial Officer to the Commissioner (CFO) has attended relevant seminars during the year. The treasury management officers also receive training from Capita Asset Services.

1.5 Treasury management consultants

The Commissioner's Office uses Capita Asset Services, Treasury Solutions as its external treasury management advisors.

The Commissioner's Office 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 service providers.

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.

2. THE CAPITAL PRUDENTIAL INDICATORS 2016-17 – 2019-20

The Commissioner's capital expenditure plans are the key driver of treasury management activity. The output of the capital expenditure plans is reflected in prudential indicators, to give an overview and confirm capital expenditure plans.

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, excluding other long term liabilities, such as Private Finance Initiatives (PFI) and leasing arrangements, which already include borrowing instruments.

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 £m	2015-16 Actual	2016-17 Estimate	2017-18 Estimate	2018-19 Estimate	2019-20 Estimate	2020-21 Estimate
Capital Programme	8.825	8.667	10.112	13.858	12.430	3.928
Financed by:						
Capital receipts	-1.369	-0.548	-2.828	-3.010	-2.595	0.000
Capital grants & contributions	-3.333	-1.465	-2.793	-0.631	-0.536	-0.456
Internal resources	0.000	0.000	0.000	0.000	0.000	0.000
Net financing need	4.123	6.654	4.491	10.217	9.299	3.472

2.2 The Commissioners 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 paid for 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 paid for, 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 assets 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 and so the Commissioner is not required to separately borrow for these schemes.

The Commissioner is asked to approve the CFR projections below:

£m	2015-16 Actual	2016-17 Estimate	2017-18 Estimate	2018-19 Estimate	2019-20 Estimate	2020-21 Estimate
Capital Financing Requirement						
Total CFR	53.762	58.143	59.775	66.898	72.633	72.115
Movement in CFR	-	4.381	1.632	7.124	5.735	-0.518

Movement in CFR represented by						
£m	2015-16 Actual	2016-17 Estimate	2017-18 Estimate	2018-19 Estimate	2019-20 Estimate	2020-21 Estimate
Net financing need for the year (above)	-	6.654	4.491	10.217	9.299	3.472
Less MRP/VRP and other financing movements	-	-2.273	-2.859	-3.093	-3.564	-3.990
Movement in CFR	-	4.381	1.632	7.124	5.735	-0.518

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

2.3 Minimum Revenue Provision (MRP) policy statement

The Commissioner's Office 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).

Communities and Local Government 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 DCLG.

Repayments included in annual PFI or finance leases are applied as MRP.

2.4 Core funds and expected investment balances

The application of resources (capital receipts, reserves etc.) to either capital finance or revenue purposes will reduce investments unless replaced by asset sales or revenue underspend. Detailed below are estimates of the year end resource balances and anticipated daily cashflow balances.

	2015-16 Actual	2016-17 Estimate	2017-18 Estimate	2018-19 Estimate	2019-20 Estimate	2020-21 Estimate
Fund balances / reserves	15.298	12.796	13.795	14.794	15.793	17.793
Capital receipts	0.548	2.828	3.010	2.595	0.000	0.000
Provisions	3.592	3.592	3.592	3.592	3.592	3.592
Other	-1.994	-2.369	-2.369	-2.369	-2.369	-2.369
Total core funds	17.444	16.847	18.028	18.612	17.016	19.016
Working capital*	-1.235	-4.357	-7.573	-12.873	-14.739	-18.185
(Under)/over borrowing	-7.011	-10.490	-8.455	-3.739	-0.277	1.169
Expected investments	9.198	2.000	2.000	2.000	2.000	2.000

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

2.5 Affordability prudential indicators

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.

Ratio	2015-16 Actual	2016-17 Estimate	2017-18 Estimate	2018-19 Estimate	2019-20 Estimate	2020-21 Estimate
%	1.7	1.8	2.1	2.3	2.7	3.0

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

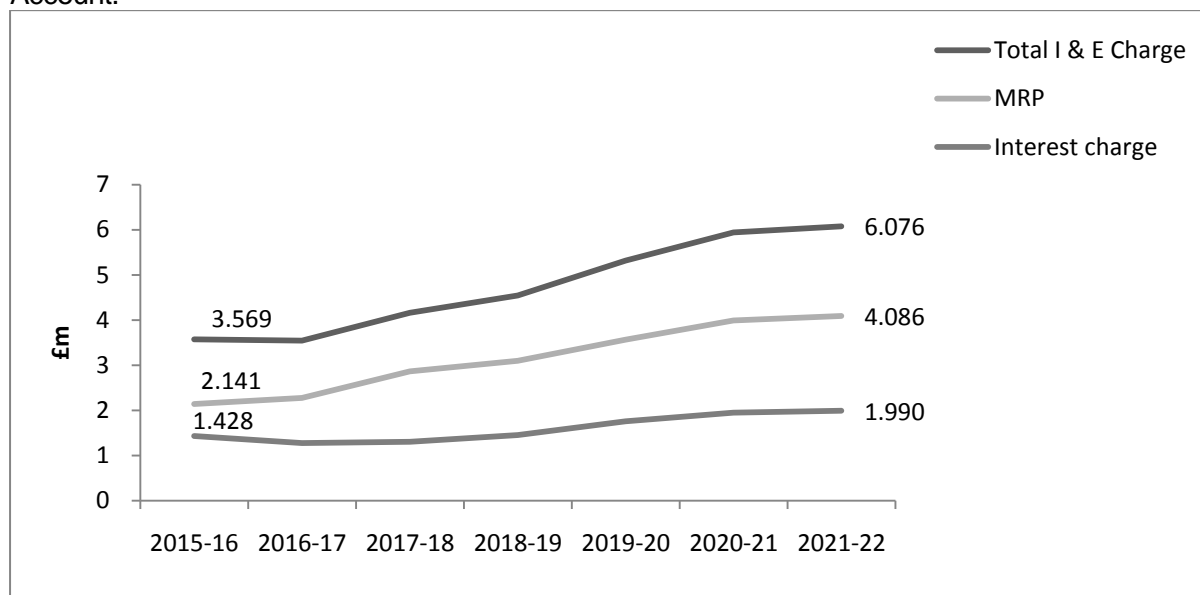
2.7 Incremental impact of capital investment decisions on council tax

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.

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

Ratio	2016-17 Estimate	2017-18 Estimate	2018-19 Estimate	2019-20 Estimate	2020-21 Estimate
£	0.00	0.35	1.33	2.47	6.33

The table below shows the financial impact of capital expenditure and borrowing on the Revenue Account.



3. BORROWING

The capital expenditure plans set out in Section 2 provide details of the service activity. 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 this service activity. This will involve both the organisation of the cash flow and, where capital plans require, the organisation of appropriate borrowing facilities. 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 treasury portfolio position at March 2017, with forward projections is summarised below. The table shows the actual external debt against the underlying capital borrowing need (the Capital Financing Requirement – CFR), highlighting any over or under borrowing.

£m	2015-16 Actual	2016-17 Estimate	2017-18 Estimate	2018-19 Estimate	2019-20 Estimate	2020-21 Estimate
External Debt						
Debt at 1 April	39.732	44.496	45.397	49.064	60.903	70.100
New Borrowing	29.000	2.000	7.340	12.798	10.173	4.381
Borrowing repaid	-24.236	-1.099	-3.673	-0.959	-0.976	-3.453
Movement in borrowing	4.764	0.901	3.667	11.839	9.197	0.928
Debt as at 31 March	44.496	45.397	49.064	60.903	70.100	71.028
Capital Financing Requirement	53.762	58.143	59.775	66.898	72.633	72.115
Other long-term liabilities (OLTL)	-2.256	-2.256	-2.256	-2.256	-2.256	-2.256
Underlying Borrowing Need	51.506	55.887	57.519	64.642	70.377	69.859
Under / (over) borrowing	7.010	10.490	8.455	3.739	0.277	-1.169
Investments						
Investments	9.198	2.000	2.000	2.000	2.000	2.000
Change in Investments	-3.131	-7.198	0.000	0.000	0.000	0.000
Net Debt	35.298	43.397	47.064	58.903	68.100	69.028

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 its 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 2016-17 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 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

The 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.

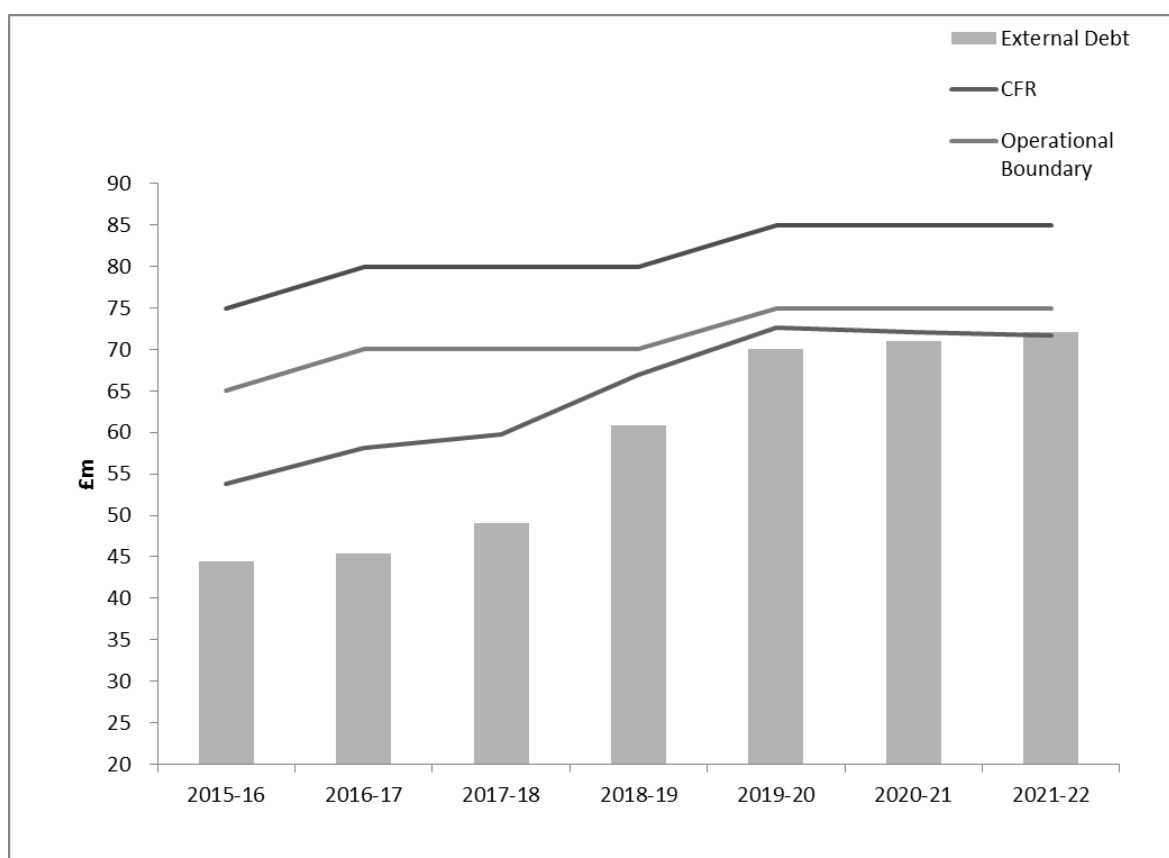
Operational boundary £m	2016-17 Estimate	2017-18 Estimate	2018-19 Estimate	2019-20 Estimate	2020-21 Estimate
Total	70.000	70.000	70.000	75.000	75.000

The authorised limit for external debt. A further key prudential indicator represents a control on the maximum level of borrowing. This represents 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.

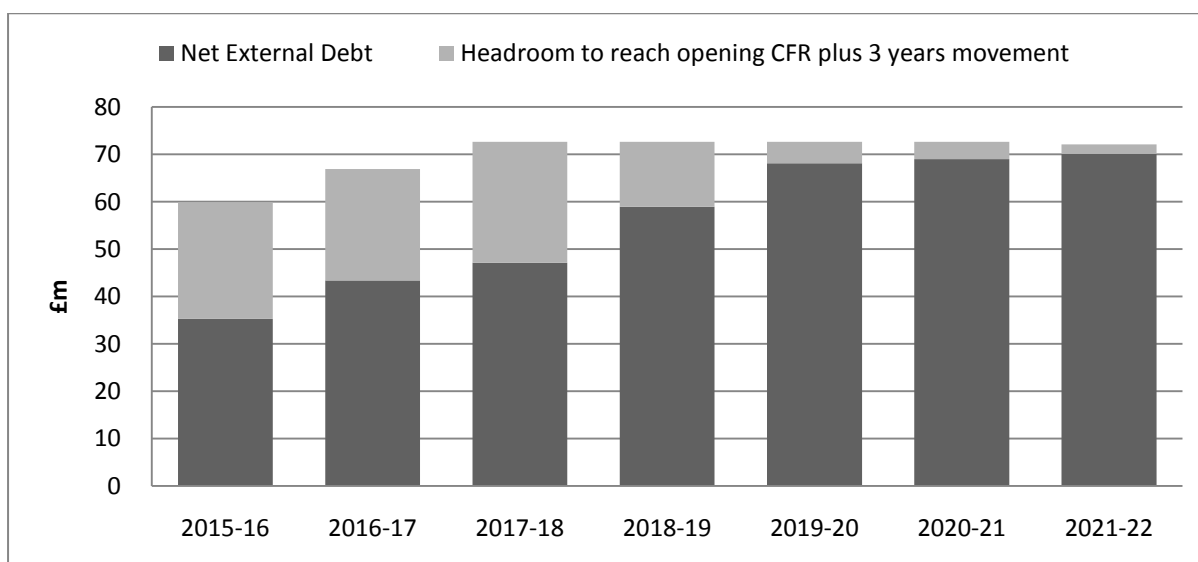
The Commissioner is requested to approve the following authorised limit:

Authorised limit £m	2016-17 Estimate	2017-18 Estimate	2018-19 Estimate	2019-20 Estimate	2020-21 Estimate
Total	80.000	80.000	80.000	85.000	85.000

The table below shows CFR figures from paragraph 2.2 compared with relevant borrowing limits.



The table below shows the headroom available before CFR is breached.



3.3 Prospects for interest rates and economic background

The Commissioner's Office has appointed Capita Asset Services as its treasury advisor and part of their service is to assist the Commissioner to formulate a view on interest rates. The table below gives Capita's view (January 2017).

	Dec-16	Mar-17	Jun-17	Sep-17	Dec-17	Mar-18	Jun-18	Sep-18	Dec-18	Mar-19	Jun-19	Sep-19	Dec-19	Mar-20
Bank rate	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.50%	0.50%	0.75%	0.75%
5yr PWLB rate	1.60%	1.60%	1.60%	1.60%	1.60%	1.70%	1.70%	1.70%	1.80%	1.80%	1.90%	1.90%	2.00%	2.00%
10yr PWLB rate	2.30%	2.30%	2.30%	2.30%	2.30%	2.30%	2.40%	2.40%	2.40%	2.50%	2.50%	2.60%	2.60%	2.70%
25yr PWLB rate	2.90%	2.90%	2.90%	2.90%	3.00%	3.00%	3.00%	3.10%	3.10%	3.20%	3.20%	3.30%	3.30%	3.40%
50yr PWLB rate	2.70%	2.70%	2.70%	2.70%	2.80%	2.80%	2.80%	2.90%	2.90%	3.00%	3.00%	3.10%	3.10%	3.20%

The Bank Rate was cut from 0.50% to 0.25% on 4th August in response to a forecast of a sharp slowdown in growth. It was also indicated that a further cut may be necessary. However, economic data since August has indicated a much stronger growth forecast. Also, inflation forecasts have risen substantially as a result of a persisting fall in the value of sterling. These 2 factors make a further cut in bank rate to be unlikely. During the two-year period 2017 – 2019, when the UK is negotiating the terms for withdrawal from the EU, it is unlikely that the MPC will do anything to dampen growth prospects, such as raising the bank rate. Therefore the first predicted rise in base rate is at the end of this period in September 2019. Substantial growth from wage increases within the UK), could bring this forward. Extended Brexit negotiations could delay this..

The overall longer future trend is for gilt yields and PWLB rates to rise steadily. It has long been expected that at some point, there would be a start to a switch back from bonds to equities after a historic long term trend over about the last twenty five years of falling bond yields. Quantitative easing as a response to the financial crash of 2008, has exacerbated the trend. The expected rise in the US Fed. rate is likely to increase the US bond yield and may influence bond yields internationally, over the next few years. The level of domestic quantitative easing will have a large impact.

PWLB rates and gilt yields have been extremely volatile. This has been because of geo-political, sovereign debt crisis and emerging market developments. It is likely that these exceptional levels of volatility will continue to occur for the foreseeable future. Downside risks include:

- Major economies failing to stimulate growth by monetary and fiscal policies
- European and worldwide political instability
- Continuing weakness in some European banks

The upside risks include:

- UK inflation rising strongly compared to other major economies
- Higher than anticipated increases in the US bank rate
- A downward grading to the UK's sovereign credit rating, undermining investor confidence in holding sovereign debt (gilts).

The overall balance of risks to economic recovery in the UK is to the downside, particularly in view of the current uncertainty over the final terms of Brexit and the timetable for its implementation.

The policy of avoiding new borrowing by utilising cash balances, has served well over the last few years. However, the Chief Financial Officer will keep this situation under careful review to avoid incurring higher borrowing costs in future years when borrowing for capital purposes is essential.

Investment returns are likely to remain low during 2017-18 and beyond. There will therefore remain a cost of carry to any new long-term borrowing that causes a temporary increase in cash balances as this position will incur a revenue cost – the difference between borrowing costs and investment returns.

Treasury Management limits on activity

There are three debt related treasury activity limits. The purpose of these are to restrain 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 to be too restrictive 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 sets a limit to reduce the exposure to large fixed rate sums falling due for refinancing, for both upper and lower limits.

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

£m	2017-18	2018-19	2019-20	2020-21
Interest rate exposures				
	Upper	Upper	Upper	Upper
Limits on fixed interest rates based on net debt	100%	100%	100%	100%

Limits on variable interest rates based on net debt	100%	100%	100%	100%
Limits on fixed interest rates:				
• Debt only	100%	100%	100%	100%
• Investments only	100%	100%	100%	100%
Limits on variable interest rates				
• Debt only	50%	50%	50%	50%
• Investments only	100%	100%	100%	100%
Maturity structure of fixed interest rate borrowing 2017-2018				
	Lower	Upper		
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

The Commissioner's Office 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; and
- Would not look to borrow 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

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 considered in the light of the current treasury position and the size of the cost of debt repayment (premiums incurred).

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 likely that the Municipal Bond Agency, currently in the process of being set up, will be offering loans to Local Authorities in the near future. It is also hoped that the borrowing rates will be lower than those offered by the Public Works Loan Board (PWLB). The Commissioner intends to make use of this new source of borrowing as and when appropriate.

4. ANNUAL INVESTMENT STRATEGY

4.1 Investment Policy

The Commissioners investment policy has regard to the CLG's Guidance on Local Government Investments ("the Guidance") and the 2011 revised CIPFA Treasury Management in Public Services Code of Practice and Cross Sectoral Guidance Notes ("the CIPFA TM Code"). The Commissioners investment priorities will be security first, liquidity second and then return.

In accordance with guidance from the CLG and CIPFA, and in order to minimise the risk to investments, the The Commissioner's Office has below clearly stipulated the minimum acceptable credit quality of counterparties for inclusion on the lending list. The creditworthiness methodology used to create the counterparty list fully accounts for the ratings, watches and outlooks published by all three ratings agencies with a full understanding of what these reflect in the eyes of each agency. Using our ratings service potential counterparty ratings are monitored on a real time basis with knowledge of any changes notified electronically as the agencies notify modifications.

The evolving regulatory environment, in tandem with the rating agencies' new methodologies also means that sovereign ratings are now of lesser importance in the assessment process. Where through the crisis, organisations typically assigned the highest sovereign rating to their criteria, the new regulatory environment is attempting to break the link between sovereign support and domestic financial institutions. While the Chief Financial Officer understands the changes that have taken place, the strategy will continue to specify a minimum sovereign rating of AA-. This is in relation to the fact that the underlying domestic and where appropriate, international, economic and wider political and social background will still have an influence on the viability of a financial institution.

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. Thus providing security of investment and minimisation of risk.

4.2 Creditworthiness policy

The primary principle governing the Commissioner's investment criteria is the security of its investments, although the yield or return on the investment is also a key consideration. After this main principle, 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; and

- 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 Chief Financial Officer 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 Capita Asset Services our treasury consultants, 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. For instance, a negative rating watch applying to a counterparty at the minimum Commissioner criteria will be suspended from use, with all others being reviewed in light of market conditions.

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.

Use of additional information other than credit ratings - Additional requirements under the Code require 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) 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.

	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
Additional criteria for non UK Banks			
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	£5m	2 yr
Enhanced money market funds with instant access	AAA	£10-15m	liquid
Enhanced money market funds with notice	AAA	£3-5m	liquid

4.3 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. This list will be kept up to in accordance with this policy. For information the UK has maintained an AA rating.

Approved Non UK countries for investments as at 16/12/2016-

Based on lowest available rating

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

Norway			
Singapore			
Sweden			
Switzerland			

4.4 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 (i.e. rates for investments up to 12 months).

Investment returns expectations - Bank Rate is forecast to stay flat at 0.25% until quarter 2 2019 and not to rise above 0.75% by quarter 1 2020. Bank Rate forecasts for financial year ends (March) are:

2016/17 0.25%
2017/18 0.25%
2018/19 0.25%
2019/20 0.50%

There are downward and upward risks to these forecasts in view of the level of uncertainty it is not recommended that the interest levels be relied upon because of the uncertainty and in reality most investments are instant access, which attracts a lower interest rate and a lower rate incorporated in the budget.

The forecast earnings rates for returns on investments placed for periods up to 100 days during each financial year for the next eight years are as follows:

2016-17 0.25%
2017-18 0.25%
2018-19 0.25%
2019-20 0.50%
2020-21 0.75%
2021-22 1.00%
2022-23 1.50%
2023-24 1.75%
Later years 2.75%

This is substantially lower than previously forecast.

Investment treasury indicator and limit - total principal funds invested for greater than 364 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 > 364 days				
£m	2016-17	2017-2018	2018-2019	2019-2020
Principal sums invested > 364 days	5.000	5.000	5.000	5.000

For its cash flow generated balances, the The Commissioner's Office will seek to utilise its business reserve instant access and notice accounts, money market funds and short-dated deposits (overnight to 100 days) in order to benefit from the compounding of interest.

4.5 Investment Risk Benchmarking

These benchmarks are simple guides to maximum risk, so they may be breached from time to time, depending on movements in interest rates and counterparty criteria. The purpose of the benchmark 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 Commissioners 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 - £0.5m maximum
- Liquid short term deposits of at least £2.0m 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 are:

- Investments – internal returns above the 7 day LIBID rate

4.6 End of year investment report

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

5. SECTION 151 OFFICER ROLE

5.1 The Treasury Management Role of the Section 151 officer

The S151 (responsible) officer is the Chief Financial Officer to the Commissioner is responsible 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.