agenda item

7D

Joint Audit Risk Assurance Committee

Police and Crime Commissioner for Derbyshire
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JOINT AUDIT RISK ASSURANCE COMMITTEE

AGENDA

DATE OF MEETING	31 March 2022
TIME OF MEETING	0930 – 1300
LOCATION	Chatsworth Meeting Room, HQ
PCC CONTACT OFFICER	Mrs Dawn Brown (0300 1227399)
CONSTABULARY CONTACT OFFICER	C/Supt. Wilson(101)
DISTRIBUTION	Commissioner A Foster Chief Constable R Swann Mr A Dale Mr S Allsop Mr J Peatling Mr M Lunn (Mazars) Ms H Clark (EY) Mr M Faizan (EY) Members of the JARAC: Ms S Sunderland (Chair)

	Ms J Charlton Ms L Gelderd Mr L Harrold Mr A Jenkinson Mr B Mellor

All papers
JOINT AUDIT RISK ASSURANCE COMMITTEE
31 MARCH 2022

Meeting of the Joint, Audit, Risk and Assurance Committee on 31 March 2022

AGENDA: Reports attached

ITEM	SUBJECT	Presented by
1	**APOLOGIES FOR ABSENCE**	**CHAIR**
2	**DECLARATIONS OF INTEREST (IF ANY)**	**ALL**
3	**MINUTES OF THE MEETING OF THE JARAC HELD ON 20 January 2022**	**CHAIR**
4	**REVIEW OF ACTIONS**	**CHAIR**
5	**FORWARD PLAN**	**CHAIR**
CORE BUSINESS		
6	**EXTERNAL AUDIT**	
6A	Update from EY (SA to Provide Verbal Update – Paper to Follow)	**EY**
6B	External Audit ISA 260 Report on 2020/21 Accounts (Paper to Follow)	**EY**
6C	Update PSAA Opt In (Verbal)	**AD/SA**
7	**FINANCIAL ASSURANCE**	
7A	Financial Accounts including Annual Governance Statement 2020/21 and Auditors Report (Paper to Follow)	**SA**
7B	Financial Monitoring and Planning Losses and write offs 2020/21 and 2021/22 Breaches of Financial Standing Orders Unusual Staff Payments (Paper Attached)	**SA**
7C	HMIC Value for Money (Presentation)	**SA**
7D	Year End Accounting Arrangements and Accounting Policies 2021/22 (Paper Attached)	**SA**
7E	HMIC Activity Update (Verbal Update)	**SA/KM**

8	**INTERNAL AUDIT**	
8A	Progress Report 2021/22 (Paper Attached)	**MAZARS**
8B	Strategy for IA and IA Plan 2022/23 (Paper Attached)	**MAZARS**
8C	Internal Audit Recommendation Monitoring (Paper Attached)	**CHAIR**
9	**INTERNAL CONTROL AND GOVERNANCE**	
9A	Complaints Performance – Update on Meetings with IOPC Rep (Paper Attached)	**M Romano**
9B	Force Risk Management (Paper Attached)	**SA**
9C	OPCC Risk Management (Paper to Follow)	**AD**

MINUTES of a meeting of the **JOINT AUDIT, RISK ASSURANCE COMMITTEE** held remotely via Microsoft Teams on **Thursday 20 January 2022**

P R E S E N T

Ms S Sunderland – in the Chair
Mr A Jenkinson
Ms J Charlton
Ms L Gelderd
Mr L Harrold
Mr B Mellor

OPCC Present:	Mr A Dale, Ms M Romano, Ms D Brown
Constabulary Present:	CC Rachel Swann, Mr S Allsop, Mr J Peatling
Internal Audit:	Mr M Lunn
External Audit:	Ms H Clark, Mr F Mohammed

1/22 APOLOGIES

1.1 Apologies were received from Commissioner Angelique Foster

2/22 DECLARATIONS OF INTEREST

None noted

3/22 MINUTES OF THE MEETING OF THE JARAC HELD ON 10 NOVEMBER 2021

8A Risk Management Board – Mr Jenkinson attended the meeting. One of the concerns previously raised was how the risks were articulated. The meeting provided the Committee with detailed assurance that Force are managing the risks and hold who is accountable to each risk.

8B OPCC Risk Management Report. Mr Dale reported that the plan is in the final stages of agreement. It was asked for this to be deferred to enable the sequencing of public messaging. No significant changes have been made to previous version.

The minutes of meeting held on 10 November were accepted as a correct record

4/22 REVIEW OF ACTIONS

See separate document

5/22 FORWARD PLAN

Mr Mellor commented that items on the financial exception reporting do not tie in with the agenda. It needs to show on forward plans but need to consider the other three areas – losses and write offs, breaches of financial standing orders and unusual staff payments. Mr Allsop mentioned they will be highlighted in the accounts.

It was agreed that single tender waivers would be added to the January agenda and the other three items on the March agenda.

Action: Ms Brown to add to forward programme

6/22 EXTERNAL AUDIT

6a. Mr Faizan Mohammed took up his role as audit manager. If any issues arise before the next meeting the Committee will be notified. Ms Clark mentioned that that PSAA released recent stats re audits for 2021 which confirmed only 40% of audits for 2021 had been completed nationally. Members of the Committee welcomed Faizan. Ms Sunderland requested that a written update be produced for the meetings going forward.

Action: Ms Clark to produce written update for future meetings.

Mr Allsop added that the Fire Authority audit is happening at same time which gives flexibility working across both.

7/22 FINANCIAL ASSURANCE

7a. Budget Monitoring Report

Projected underspend of £3M up to end of November 2021. As in previous reports the savings relate to staff salaries. Number of posts held vacant pending outcome of the budget setting position in case of a deficit position where some of the staffing roles may be reduced. Worked through MRP changes and liaised with EY regarding data implementation and will report to March meeting. Mr Mellor– projected underspends figure of £141K police officer salaries due to increase in leavers. It was explained it is movement from one month to the next and not a cumulative figure. The cumulative figure is on page 5 which equates to £1.2M.

Regarding capital, Mr Mellor commented that there was £11M left to spend and a recommendation to roll £7.7M forward to next year (40% of this year's capital programme) are there any issues in how capital is planned and managed during the year that should be reviewed? Mr Allsop clarified that there are some large schemes in the programme and Force are experiencing some delays with architects, consultants and tender processes. Covid has had an impact on the ability to get builders. The table on page 7 demonstrated the slippage – it is reported back monthly to the Strategic Estates Board and the Commissioner is updated on performance. Issues regarding recruitment – 3 posts advertised and a salary uplift, some external factors with contractors but assured the Committee that these are monitored through Strategic Estates Board.

Mr Mellor - this year the Design Board's budget of £2M with a 4% spend with a large underspend the previous year. Mr Peatling explained that this this is partly down to management of digital evidence management system that the Force planned to replace. Previous assurance had been made that it would be spent this year but there is now a clearer programme of works which sets out what that investment is and picks up the backlog. Ms Swann added that the money has had to be used for necessary national and local projects mainly around IS. Mr Dale outlined that Force are working to identify savings and efficiencies at the same time so there is naturally a more measured and cautious approach or the deficit could be widened, so a conscious decision has been made to challenge and only do critical projects. This does not mean that the ambition is not there but there is a sizeable deficit in year two, so it is entirely right that a measured approach is called for. Mr Mellor thanked Mr Dale for the detail in the report.

Mr Mellor asked for more context regarding the figures stated for commercial savings. Mr Allsop replied that work is ongoing introducing a new system to capture some of those savings against contract costs and will hopefully be able to demonstrate the system in place. There are not many directly owned budgets but Mr Atkinson will show during his presentation how work is carried out across all departments to deliver the savings.

Action: Mr Allsop to provide revised information to the next meeting

Ms Gelderd asked if the lower officer numbers posed a risk to service and if the cancellation of transferee intake was a force decision. Ms Swann explained the Force are closely monitoring intake numbers and need the right number of people to justify a transferee course and manage and monitor the uplift closely. It is possible that there are insufficient numbers of officers but if so will go through PCDA or DHEP. Mr Allsop added that the uplift figures are returned to the Home Office each month. Challenges are seen in every Force but it is recognised that we need to recruit well in advance of the numbers needed – which is monitored through the Workforce Priorities Board - it is hoped to recruit over and above the numbers to counteract the level of attrition. Ms Swann added that South Yorkshire Force are offering officers £2K to transfer into their force. Ms Swann confirmed that Mr Mason chairs the Gold Group for BAME looking at recruitment and it would be helpful for him to present to the Committee. Consideration of the flexible working policies and work ongoing in relation to the direct entry detective route which commences in June.

Action – Ms Swann to ask Phil Mason to attend a future JARAC meeting to present on recruitment issues.

7b. <u>Budget Update Presentation</u>

Ms Sunderland attended the PAM meeting and commented it was really interesting to see how it works and was reassured by the level of challenge that was coming across flagging up priorities and the response from the Commissioner on how that linked into her priorities and her drive for efficiencies and how she saw that linking together. It was very useful to observe in terms of giving assurance about an aspect of the process the Committee would not normally have access to. Thanks were extended to Mr Dale for inviting the Committee members to the meeting.

Mr Allsop introduced the presentation which was shared at the Public Assurance Meeting then submitted to the Police and Crime Panel for scrutiny. He explained that pressures re pay awards resulted in a challenging position. Reasonable inflation assumption has been taken and although there is balanced position in 2022/2023 but more uncertain after that. Mr Peatling highlighted it shows a balanced budget for next financial year and one off investment for PCC of £3M that has been referred to. It was noted the force move into a deficit position so hence where tried to focus one off investment it is worth highlighting that the £3m invest is predominantly one off. Net increase is £12M which generates the £3m surplus – made up of core policing grant, council tax and tax base based on a £10 precept increase.

Mr Allsop added that the £3m savings that are built into the budget for 2022/23 are broadly comparable with the level of investment albeit that investment will be a one off. The Force are mindful that we need to demonstrate those savings and match them where possible. Ms Sunderland commented that the medium term position and projected deficits assume the £10 precept is received in each year. Mr Dale outlined that the National settlement allowed for a maximum precept of £10 for three years. In The Force assume the precept figure will be £10 each year but this will be decided later. The figures presented already include a £10 precept assumption. Mr Dale highlighted that deficits historically tend to move back a year when Government realise there is too much of an issue nationally. It was recognised there will be a deficit but it will almost certainly change.

Mr Peatling - assumption on government funding this year was a share of £550M – next year reduced to £100M and for 24/25 £150M. Allowances made for increases in police pension costs but there might be proposals on what that might be due to increases in the discount rate and we have a £3m revenue contribution to the capital plan – there might be a scenario where we could reduce that level of contribution and increase the borrowing to fund that so there will be options. Ms Sunderland thanked Mr Peatling for the update.

Ms Swann confirmed that work in ongoing within her leadership team to consider the sizeable gap for following years. Financial Assurance Board have this on their radar and will pick the issues up.

Ms Gelderd commented that there was nothing in the budget regarding a sustainability plan. Mr Allsop commented that a year ago the Police and Fire Authorities along with consultants commissioned a Joint Environmental Strategy and this has been agreed. There will be an action plan which sits behind that showing what is planned to meet environmental commitments. It will go to the LLP Board for sign off then return to JARAC and will be built into other areas of business. Timing to be confirmed. We do meet the highest environmental standards – part of the fleet replacement programme looking at hybrid vehicles, considering quality and efficiency of buildings, using biomass fuel (currently used at Joint Training Centre). Government are not funding any of that at the moment so it needs consideration, submission sent from National Police Chief's Council to Home Office and recognise that this is an increasing area. Force have applied for grant funding but been unsuccessful. The Force can provide an update which will be in the strategy. Mr Dale added that the Commissioner supports the plan – needs formal sign off but both the Force and the Commissioner are working under the principles of the plan, juggling between what's affordable and our ambitions. Mr Mellor commented that Commissioner went out to public consultation on precept increase with a closing date 2 February. Mr Dale confirmed that the consultation closed earlier this week so figures that are quoted in section 10 of the budget report are final figures, and noted that it was the highest number of responses in five years. The budget presentation is submitted to Democratic Services at County Council for the Police and Crime Panel and are published on the website. At the panel meeting due on 27 January Mr Allsop and Mr Dale will give the budget presentation, Ms Swann will give operational input in support of the Commissioner and then Commissioner Foster will talk about her plans. The panel will vote and if they support it then an exchange of letters takes place which sets out the details and the precept is set at that point. In the case of veto there would need to be a two third vote against the proposal. It is a public meeting so all are welcome to attend.

8/22 INTERNAL AUDIT

8a. Progress Report (paper)

Update on 2020/21 collab planning audit. Change of Head of Unit, Occupational Health re direct liaison with forces on future workforce plans. It was confirmed that this was discussed with Regional CFOs in early January and the occupational health unit is awaiting a response from Nottinghamshire police. Core financials report presented today is a draft report in respect of transport issues - Mr Allsop and the transport manager are working to get on a response. Changes to internal plan – counter fraud to be taken off. Mr Allsop, Mr Dale and Mr Peatling looked at progress against audit plan and considered whether more spot testing around transport and other areas could be done to compensate for that. Looking at how the data can be used better. Ms Charlton commented that where deep dives are conducted assurance is needed that policies and procedures are being followed. Mr Allsop responded that in the complaints report concerns were reported around delivery to public and he is meeting with the new Head of Professional Standards to follow up those recommendations. Ms Sunderland suggested a cyclical plan which the Committee could take assurance from. Mr Allsop suggested this is considered when the audit plan for next year is presented. Mr Allsop, Mr Lunn and Mr Dale to discuss.

ACTION: Mr Allsop, Mr Lunn and Mr Dale to discuss

Mr Lunn outlined that consideration of fraud is an inherent part of each audit and this needs to be highlighted within the plan. Mr Harrold commented - fraud from external against the police ie money misappropriation from an external source. It is assumed it is covered in other audits but clarity would be useful. Mr Lunn replied that although this is covered ie attempts on bank mandate fraud this is tested as part of core financials. Ms Sunderland commented that she is aware that Pen testing is undertaken.

Mr Lunn went on to say that procurement and contracts management audit field testing is underway, scoping agreed and dates set for payroll and stock management (outlined in appendix a) which has to be aligned with Leicestershire mid February. IT audit management has been delayed due to staff sickness but work is ongoing to complete this. Collaboration plan – discussed with Regional CFOs EMSOT unit being disbanded – 2 audits specifically relating to that audit. Derbyshire is not a member of EMSOT. Ms Sunderland – collaboration plan – previously discussed potentially splitting one plan over two years. Mr Lunn confirmed that it was agreed that they need to be done earlier in the year and more spaced out – used to have thematic audits – and are now individual more focussed audits. The plan was not approved until Q2/Q3 which had an impact on when they were completed. Ms Sunderland – commented that if delays continue the findings will be out of date by the time they are agreed and it is difficult to take assurance on internal audit opinion when not being delivered in term. Mr Lunn now that Regional CFOs have taken ownership of that process it can align with Regional meetings.

Ms Charlton – regarding performance 2021/22 - note from KPIs recorded 33% draft reports been published and asked Mr Lunn to explain the delays seen in complaints management and core financials. Mr Lunn confirmed that delays on complaints were due to annual leave of staff who completed work. The delays on core financials – more challenging in quality review process as takes lot more quality review and high amount of testing and relies on staff availability at that time. Working hard to get this back on track. Mr Allsop reassured members if anything comes from the exit meeting for immediate recommendation a response will be made immediately.

Mr Lunn continued presenting Core financials – change in presentation 03 – adopted performance dashboard – hope this is demonstrating the breadth of coverage in this area and is useful to see broken down to key areas of reference. Risk management section – slight update in terms of previous discussions regarding getting direct linkage to risk register.

Ms Sunderland commented that the extra information is helpful but where there is a fail to indicate out of how many to give an idea of scale. Ms Gelderd – asked why some people have two payroll numbers. Possibly if they have two roles or have a police pension.

The Committee accepted the internal audit update

8b. <u>Internal Audit Recommendation Monitoring</u>

Policies updated – completion dates not identified. Mr Allsop reported that the review is still in progress. Mr Dale outlined that the OPCC adopts a number of policies that are Force policies but we are publishing policies which have gone past review dates. Ms Romano is working with Deputy CC to agree timetable, then we adopt them by default. Agreed to leave that as not complete yet and have an update at next meeting.

Action: Ms Brown to leave it on the list.

Ms Romano confirmed the review is underway with a further update at next meeting and moving forward policies will be updated and on the website. Mr Mellor commented on 4.4 OPCC dip sampling complaints of stop search and discrimination only. Ms Romano clarified that it has always only been for those two areas as there is not the capacity to dip sample all complaints. A complainant does have the right to a review within 28 days of closure letter from PSD. Mr Mellor added that if that is the case can Mr Lunn confirm the observation was not for those particular areas. There should be a management response to reflect that we can't do all complaints. Mr Lunn agreed that dip sampling should only take place on those two areas as observed in the dip sampling audit.

Ms Sunderland – no response has been received on the complaints. Mr Allsop will assist Ms Brown in chasing Jed Keen.

Action: Ms Brown/Mr Allsop

9. IS Update – Richard Cariss (verbal)

Recruitment issues within the IS department. Head count of 68. Staffing is down by an average of 13%. Looked at training key people and lots of work on financial planning for next few years undertaken. Demand for resources still high and prioritisation of work goes through design board and that includes infrastructure side. Considering using a recruitment specialist to advertise roles more proactively. When roles are advertised sometimes only receive 2-3 applicants and some roles have been out to advert three times which causes gaps in the team. Some internal promotion has taken place but this also creates a vacancy further down the team.

Ms Sunderland thanked Mr Cariss for the helpful update which highlighted the ongoing pressure on workforce and gives the Committee a better understanding of the risks involved. Mr Allsop added that the same challenges are being encountered in the property department where staff are leaving for roles which are paying higher salaries. Work is underway to consider how to pre-empt this by possibly offering honorariums or temporary increases.

Mr Mellor asked if benchmarking had been undertaken on the salaries being offered to compare and whether links been made with any local universities IT students for sponsoring projects or work experience. Mr Cariss confirmed that benchmarking is undertaken with agencies which is used as evidence when job re-evaluation is considered with HR. Mr Allsop highlighted that the difference in the salary offered by the Force compared to other organisations is very large. The Force is involved in national work to look at evaluations the Hays system does not allow Force to go beyond certain ranges. Specialist technical roles which do not have managerial responsibility are

particularly problematic. Exploring routes with local universities. Four apprentices are currently undertaking technical apprenticeships within the team.
Mr Cariss confirmed that the business critical side can be managed but this will be at the expense of resources and projects.

JOINT AUDIT, RISK AND ASSURANCE COMMITTEE

REVIEW OF ACTIONS

Agenda Item	Report Title and Action Required	Responsible Officer	Progress
ACTIONS FROM MEETING ON 11 NOVEMBER 2021			
6B	Internal Audit Progress Report regarding complaints management - action plan – Mr Allsop to check on the process with Force and report to the next meeting	SA	Update now received from Jed Keen and added to recommendation monitoring
8B	OPCC Risk Management Report – Mr Dale to send the report to Committee Members	AD	Report dependent on finalisation of Police and Crime Plan which is nearing completion. Defer to next meeting
ACTIONS FROM MEETING ON 20 JANUARY 2022			
5/21	Forward Plan – Losses and Write Offs. Breaches of Financial Standing Orders and Unusual Staff Payments to be added to March Forward plan	DB	Added to forward plan for March meeting
6/21	Ms Clark to produce written update for future meetings	HC	CHASED 17/3
7a	Budget Monitoring – Provide more context on figures stated for commercial savings at next meeting	SA	To be provided for next meeting
7a	Ms Swann to invite Mr Mason to attend a future JARAC meeting to present on recruitment issues	RS	CHASED 17/3
8A	Internal Audit Progress Report – discussion re cyclical plan – Mr Allsop, Mr Lunn and Mr Dale to discuss	SA/ML/AD	Discussion has taken place
8B	Policies Review – not completed and to remain on the list. Ms Brown to mark as ongoing	DB	Actioned – DB

All papers
JOINT AUDIT RISK ASSURANCE COMMITTEE
31 MARCH 2022

FORWARD PLAN 2021/22

NOVEMBER 2021		
	IA Progress Report	
	Force Risk Management	
	OPCC Risk Management	
	HMIC Activity	
	Financial Monitoring and Planning	
JANUARY 2022		
	Budget Setting Process and Assumptions	
	HMIC Value for Money	
MARCH 2022		
	Internal Audit Progress Report and Confirmation of Internal Audit Opinion 2020/21	
	Strategy for IA and IA Plan 2022/23	
	External Audit ISA 260 Report on 2020/21 Accounts	
	Financial Accounts 2020/21	
	HMIC Value for Money	
	Year End Accounting Arrangements & Accounting Policies 2021/22	
	Financial Monitoring and Planning Losses and write offs, breaches of financial standing orders and unusual staff payments	
	HMIC Activity	
	Complaints Performance – Update on meetings with IOPC Rep	
	Force Risk Management	
	OPCC Risk Management	

All papers
JOINT AUDIT RISK ASSURANCE COMMITTEE
31 MARCH 2022

JULY 2022		
	IA Progress Report	
	EA Annual Audit Letter 2020/21	
	EA Plan 2021/22	
	PCC Annual Governance Statement 2021/22	
	CC Annual Governance Statement 2021/22	
	Draft PCC and CC Financial Statements 2021/22	
	Financial Monitoring and Planning	
	HMIC Activity	
	JARAC Terms of Reference	
	JARAC Meeting dates	
	JARAC Annual Report	
SEPTEMBER 2022		
	IA Progress Report	
	HMIC Activity	
	Financial Monitoring and Planning	
	Update on the Complaints Procedure	
	Work Force and Planning	
	Fraud and Corruption Condensed version of the performance pack	
	JARAC Member Self-Assessment (CIPFA Checklist)	
NOVEMBER 2022		
	EA Report ISA 260	
	Draft Letters of Representation	

	Final PCC & CC Financial Statements	

JOINT AUDIT RISK ASSURANCE COMMITTEE 7D

REPORT TITLE	2021/22 YEAR END ACCOUNTING ARRANGEMENTS AND ACCOUNTING POLICIES
REPORT BY	CHIEF FINANCE OFFICER
DATE	31 MARCH 2022

PURPOSE OF THE REPORT

To advise of the draft timetable for the closure of accounts and to note the Statement of Accounting Policies for the Chief Constable and for the Police and Crime Commissioner.

ATTACHMENTS

Appendix A. Draft 2021/22 Year-end closedown plan
Appendix B. Statement of Accounting Policies for the Police and Crime Commissioner for Derbyshire
Appendix C. Statement of Accounting Policies for the Chief Constable for Derbyshire

RECOMMENDATIONS

1. That the Committee can take assurance that plans, including the draft timetable for the closure of accounts and the production of the Statements for 2021/22 are robust.
2. The Statement of Accounting Policies for the Chief Constable and for the Police and Crime Commissioner are approved. To note the information and analysis as set out in this report and Appendix B and C.

CONTACT FOR ENQUIRIES

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1. INFORMATION AND ANALYSIS

1. The 2021/22 Statement of Accounts is prepared in accordance with the Chartered Institute of Public Finance and Accountancy's (CIPFA) Code of Practice on Local Authority Accounting 2021/22 (the Code). The Accounts reflect the current legislative framework as well as the local arrangements operating in practice. Key elements of this framework include: -

- The Police Reform and Social Responsibility Act 2011 (the Act).
- Accounts and Audit Regulations
- The Home Office Financial Management Code of Practice for the Police Service of England and Wales 2013 – revised July 2018.
- Joint Corporate Governance Framework – Scheme of Delegation and consent between the Commissioner and Chief Constable.
- The Financial Handbook of the Commissioner and Chief Constable.

2. There are no major changes to the Code in 2021/22.

3. Each year a timetable is prepared setting out the key processes that must be followed and respective deadlines to ensure the accounts are prepared in accordance with the framework and by the statutory deadline.

4. The Accounts and Audit Regulations 2021 were issued in March last year, they changed the publication deadline from 31 July to 30 September for two years for the 2020/21 and 2021/22 audit. The regulations also enable bodies to publish their draft accounts for inspection, linked to the later publication deadline, by removing the fixed period for public inspection, to say instead that the draft accounts must be published on or before the first working day of August. Our Draft accounts timetable has been prepared with a deadline of 31 July. The year-end timetable is attached at **Appendix A.**

5. In December 2021, the Department for Levelling Up, Housing and Communities (DLUHC) issued guidance on measures to improve local audit delays following the news that

only 9% of 2020/21 local authority audited accounts met the 30 September 2021 deadline. One of these measures is to extend deadlines for the publication of audited accounts to the 30 November for 2021/22 and then a deadline of 30 September for the following six years. This is subject to consultation. Secondary legislation will be required to extend the deadline to 30 November 2022. In addition, subject to consultation, the deadline for preparing draft accounts will revert to 31 May for the 2022/23 accounts onwards.

Preparation of the 2021/22 Accounts

6. We are required, under the current regulations to publish the annual audited statement of accounts before the end of September (subject to change to November) of the following financial year. The primary financial statements within this document comprise:-

- Movement in Reserves Statement.
- Comprehensive Income and Expenditure Statement.
- Balance Sheet.
- Cash Flow Statement.

7. In addition to these primary statements the accounts include a Narrative Report providing context and explanations of key issues and a series of notes providing further detail to the primary statements.

8. The Annual Governance Statements (AGS) also accompany the statements of accounts. The AGS sets out the management's view of its governance arrangements, issues to be addressed and actions to be taken to strengthen governance.

Accounting Policies and Emergency Consultation

9. Accounting policies are the specific principals, conventions, rules and practices that are applied in preparing and presenting the annual accounts. The Commissioner and Chief Constable follows broadly the standards and policies contained in the Code when preparing their final accounts.

10. Attached at the **Appendices B** and **C** are the Statements of Accounting Policies for the 2021/22 Statement of Accounts. The track changes show the changes for the 2021/22 Accounting Policies. There are no major code changes that affect the Accounting Policies. The Minimum Revenue Policy (MRP) has been changed in the PCC and PCC Group Accounting Policies. This followed a review of the policy by our Treasury Management Consultants in April 2021.

11. In response to the guidance issued by the DLUHC on measures to improve local audit delays, CIPFA/LASAAC were asked to consider what short-term significant steps could be taken to address the ongoing timeliness issues. This included considering the merits of a time-limited change to the Code for 2021/22. CIPFA/LASAAC identified two options to consult on and implement before the 2021/22 year- end

- Option 1 - Pausing the requirement for professional valuation of operational property, plant and equipment assets in the 2021/22 Code and (at least) the 2022/23 Code, with the possibility of mitigating the effect of this through the application of centrally determined indices.
- Option 2 - Deferring the implementation of IFRS 16 *Leases*, which is currently set to be implemented in the 2022/23 Code, thereby for a period freeing up preparer and auditor time relating to the preparation of opening balances and auditor verification around transition.

12. **CIPFA issued an Emergency Consultation on these two options on the 3rd February 2022 with a deadline for responses by 3rd March 2022.**

13. CIPFA/LASAAC met on 9 March 2022 to consider responses to the exceptional consultation to decide whether to progress options explored. The decisions were as follows:

- **The Board decided not to progress any option to pause professional valuation of operational property, plant and equipment, or to apply indexation to otherwise paused balances of operational property, plant and equipment.**
- **The Board decided to pursue the option of deferring implementation in the Code of IFRS 16 Leases, subject to consideration and review of this approach by the Financial Reporting Advisory Board (FRAB).**

This deferral would be for a fixed period of two years and apply to all UK jurisdictions. If the option to defer implementation is agreed, then in line with the proposals in the ITC, the Code requirements will revert to IAS 17. It should be stressed that the outcome of these considerations is not a foregone conclusion. FRAB examines all amendments to the Code with the aim of ensuring that they comply with GAAP, and that departures or modifications from GAAP due to public sector and spending control contexts are fully explained and justified. We anticipate the final decision being available in the first week of April.

14. The Accounting Policies will also have to be changed for ‘Going concern’ once guidance has been issued by the auditors.

15. It is recommended that the Accounting Policies are approved by the Joint Audit, Risk and Assurance Committee, so setting the framework for final accounts to be prepared and the Statements produced.

POLICE AND CRIME COMMISSIONER AND GROUP STATEMENT OF ACCOUNTING POLICIES

Accounting Policies

General Principles

These financial statements have been prepared in accordance with the Code of Practice (the Code) on Local Authority Accounting in the United Kingdom issued by the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Accounts and Audit Regulations 2015. The accounting policies contained in the Code apply International Financial Reporting Standards (IFRS) as adapted for the public sector by the International Public Sector Accounting Standards (IPSAS).

The accounts have been prepared on a going concern basis using an historic cost convention, modified to account for the revaluation of certain categories of tangible fixed assets and financial liabilities.

In constructing the Going Concern position, the PCC Group considered the Covid-19 position as follows:

The concept of a going concern assumes that the functions of the Constabulary will continue in operational existence for the foreseeable future. The provisions in the Code (CODE OF PRACTICE ON LOCAL AUTHORITY ACCOUNTING IN THE UNITED KINGDOM 2021/22) in respect of going concern reporting requirements reflect the economic and statutory environment in which policing services operate. These provisions confirm that, as policing services cannot be created or dissolved without statutory prescription, they must prepare their financial statements on a going concern basis of accounting.

Policing services carry out functions essential to the local community and are themselves revenue-raising bodies (with limits on their revenue-raising powers arising only at the discretion of central government). If a police authority were in financial difficulty, the prospects are thus that alternative arrangements might be made by central government either for the continuation of the functions it provides or for assistance with the recovery of a deficit over more than one financial year. As a result of this, it would not therefore be appropriate for the financial statements to be provided on anything other than a going concern basis. Accounts drawn up under the Code therefore assume that a police authority and service will continue to operate for the foreseeable future.

To be updated for latest Audit Guidance
Based on our assessment of the financial and liquidity position of the PCC Group following the Covid-19 outbreak, there are no material uncertainties or concerns on the basis of preparing the 2021/2022 financial statements or on the ability to continue to operate as a going concern for a period of 12 months from the date of approval of these financial statements.

With the introduction of the Police Reform and Social Responsibility Act 2011 on 22 November 2012 two ‘corporation sole’ bodies, the Police and Crime Commissioner for Derbyshire and the Chief Constable for Derbyshire were formed. Both bodies are required to prepare separate Statements of Accounts.

The Financial Statements included here represent the accounts for the Commissioner and also those for the Group. The financial statements cover the 12 months to 31 March 2022. The term ‘Group’ is used to indicate individual transactions and policies of the Commissioner and Chief Constable for the year ended 31 March 2022. The identification of the Commissioner as the holding organisation and the requirement to produce group accounts stems from the powers and responsibilities of the Commissioner under the Police Reform and Social Responsibility Act 2011.

The principal accounting policies adopted are set out below: -

Accruals of Income and Expenditure

Activity is accounted for in the year that it takes place, not simply when cash payments are made and received. Whilst all expenditure is paid for by the Group including the pay costs of police officers and staff, the actual recognition in the respective Commissioner and Chief Constable Accounts is based on economic benefit.

Debtors – these are recognised in the accounts when the ordered goods or services have been delivered or rendered by the Group in the financial year but the income has not yet been received. Income has only been included in the accounts when it can be realised with reasonable certainty. Where there is evidence that the Group may not be able to collect all amounts due to it, a provision for bad debts is established. The provision made is the difference between the current carrying value of the debt and the amount likely to be collected. These amounts are set on an individual debtor basis. The provision for bad debts is recognised as a charge to the Comprehensive Income and Expenditure Statement for the income that might not be collected.

Creditors – these are recorded where goods or services have been supplied to the Group by 31 March but payment is not made until the following financial year.

Fair Value Measurement

Some of the non-financial assets, such as surplus assets and some financial instruments are measured at fair value at each reporting date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement assumes that the transaction to sell the asset or transfer the liability takes place either: -

- In the principal market for the asset or liability; or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The fair value of an asset or liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic interest.

When measuring the fair value of a non-financial asset, the market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use is taken into account.

Valuation techniques used are those appropriate in the circumstances and for which sufficient data is available, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Inputs to the valuation techniques in respect of assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, as follows: -

- Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities that can be accessed at the measurement date.
- Level 2 – inputs other than quoted process included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 – unobservable inputs for the assets or liability.

Accounting for Local Taxes

The collection of council tax is, in substance, an agency arrangement with the Derbyshire District and Derby City Authorities (billing authorities) collecting council tax on behalf of the Commissioner (the Police Precept).

The council tax income is included in the Comprehensive Income and Expenditure Statement on an accruals basis and includes the precept for the year plus a share of Collection Fund surpluses and deficits from the billing authorities.

The difference between the income reported in the Comprehensive Income and Expenditure Statement and the amount required by regulation to be credited to the General Reserve shall be taken to the Collection Fund Adjustment Account through the Movement in Reserves Statement.

The year-end Balance Sheet includes the share of year end debtors (arrears and collection fund surpluses) and creditors (prepayments, overpayments and collection fund deficits) attributable to the Group

Cash and Cash Equivalents

Cash comprises cash on hand and demand deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Cash equivalents are held for the purpose of meeting short-term commitments rather than for investment or other purposes. The following have been classed as cash and cash equivalents:

- Cash on hand.
- Cash in bank (Current Account, Call Account and Business Premium Account).
- Temporary investments with instant access and no penalties.

Exceptional Items

When items of income and expense are material, their nature and amount is disclosed separately, either on the face of the Comprehensive Income and Expenditure Statement or in the notes to the accounts, depending on how significant the items are to an understanding of the Group's financial performance.

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

Prior period adjustments may arise as a result of a change in accounting policies or to correct a material error. Changes in accounting estimates are accounted for prospectively, i.e. in the current and future years affected by the change and do not give rise to a prior period adjustment.

Changes in accounting policies are only made when required by proper accounting practices or the change provides more reliable or relevant information about the effect of transactions, other events and conditions on the Group's position or financial performance. Where a change is made, it is applied retrospectively (unless stated otherwise) by adjusting opening balances and comparative amounts for the prior period as if the new policy had always been applied.

Material errors discovered in prior period figures are corrected retrospectively by amending opening balances and comparative amounts for the prior period.

Employee Benefits

The Accounts are prepared in accordance with IAS19 *Employee Benefits.* This is a complex accounting standard but it is based on a simple principle that:

"An organisation should account for employment and post-employment benefits when employees earn them and the authority is committed to give them, even if the actual giving will be many years into the future".

IAS 19 applies to all types of employee benefits paid including benefits payable during employment, termination benefits and post-employment benefits.

Benefits Payable During Employment

Short-term employee benefits are those due to be settled within 12 months of the year end. They include such benefits as salaries, paid annual leave and paid sick leave, expenses, bonuses and non-monetary benefits (e.g. cars) for current employees and are recognised as an expense for services in the year in which employees render service to the Group. An accrual is made for the cost of holiday entitlements (or any form of leave, e.g. time off in lieu) earned by employees but not taken before the year end which employees can carry forward into the next financial year. The accrual is charged to Comprehensive Income and Expenditure Statement (as a surplus/deficit on Provision of Services), but then reversed out through the Movement in Reserves Statement to the Short Term Accumulating Compensated Absences Account so that holiday benefits are charged to revenue in the financial year in which the holiday absence occurs but have no impact on the level of council tax.

Termination Benefits

Termination benefits are amounts payable as a result of a decision by the Group to terminate an employee's employment before the normal retirement date or an employee's decision to accept voluntary redundancy and are charged on an accruals basis to the Comprehensive Income and Expenditure Statement when the Group is demonstrably committed to the termination of the employment of an employee or group of employees or making an offer to encourage voluntary redundancy.

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

Post-employment Benefits (Pensions)

The main effect of IAS19 in relation to post-employment benefits is the recognition of the net liability in the Balance Sheet (offset by an unusable Pension Reserve) for benefits earned but not yet paid, and entries in the Comprehensive Income and Expenditure Statement for in-year movements in the liability. Reconciling entries in the Movement in Reserves Statement bring back the cost of pensions to the amount chargeable to the General Fund for the purposes of grant and local taxation).

IAS19 relies on the recognition of pension's liabilities (being the retirement benefits promised measured on an actuarial basis) and assets (being the Group's share of investments (if any)).

The Group participates in two different pension schemes both of which are "defined benefit schemes" as they are both based on employees earning benefits from years of service;

a) Police Officers

This scheme is unfunded. This means it provides pensions and other retirement benefits for police officers based on pensionable salaries but there are no investment assets built up to meet the pensions liabilities.

The funding arrangements for the police officers pension scheme changed on 1 April 2006. Before April 2006 each Police Authority was responsible for paying the pensions of its former officers on a "pay as you go" basis. From April 2006 there is now an employer's contribution instead (currently the equivalent of 31% of pensionable salary) which is charged to the Comprehensive Income and Expenditure Statement.

The Group is required by legislation to operate a Pension Fund Account and the amounts that must be paid into and paid out of the Pension Fund are specified by regulation. Officer's contributions and the employer's contribution are paid into the pension's account from which pension payments are then made. The account is topped up as necessary by a grant from the Home Office if the contributions are insufficient to meet the cost of pension's payments. Any surplus is recouped by the Home Office. Injury awards and the capital costs associated with ill health retirements are paid from the Group's Comprehensive Income and Expenditure Statement.

The pension fund account does not take account of the obligation to pay pensions and benefits which fall due after the end of the financial year.

b) Police Staff and PCSO's
Police staff and PCSO's, subject to certain qualifying criteria, are eligible to join the Local Government Pension Scheme administered by Derbyshire County Council. It is a defined benefit occupational pension scheme. Pensions and other retirement benefits earned prior to 1 April 2014 are based on final salaries, benefits earned after that date are calculated on earnings accrued in a scheme year. Employers and employees make regular contributions into the fund, which are invested in various types of asset, so that the liabilities are paid for evenly over the employment period. Actuarial valuations of the fund are undertaken every three years to determine the contributions rates needed to meet its liabilities.

For both schemes the liabilities are included in the Balance Sheet on an actuarial basis using the projected unit method (an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates, etc., and projections of projected earnings for current employees). Liabilities are discounted to their value at current prices, using a discount rate. The Discount Rate used is based on the 'current rate of return on a high-quality corporate bond of equivalent currency and term to the scheme liabilities', which is often referred to as AA Corporate Bond Rate.
Assets in the Local Government Pension scheme are included in the net pension liability in the Balance Sheet at their fair value: -

- Quoted and Unitised Securities – Current Bid Price.
- Unquoted Securities – Professional Estimate.
- Property – Market Value.

The changes in the net pensions' liability is analysed into the following components:

Service cost comprising:

- Current service cost – the increase in liabilities as a result of one additional year of service earned this year – allocated to the Comprehensive Income and Expenditure Statement.
- Past service cost – the increase in liabilities as a result of scheme amendment or curtailment whose effect relates to years of service earned in earlier years – debited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement as part of non-distributed costs.
- Net interest expense – the change during the period in the net defined liability (asset) arising from the passage of time charged to Financing & Investment Income & Expenditure line, taking into account changes in net defined benefit liability (asset) during the period as a result of contribution and benefit payments

Remeasurements comprising:

- Return on plan assets – excluding amounts included above in net interest, charged to Pensions Reserve as Other Comprehensive Income & Expenditure
- Actuarial gains and losses – changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions – debited to the Pensions Reserve as Other Comprehensive Income & Expenditure.
- Contributions paid to the pension fund.

Discretionary Benefits
The Group also has restricted powers to make discretionary awards of retirement benefits in the event of early retirements. Any liabilities estimated to arise as a result of an award to any member of staff are accrued in the year of the decision to make the award.

Events after the Balance Sheet Date

These are events that occur between the end of the reporting period and the date when the financial statements are authorised for issue. The Group will report these in the following way if it is determined that the event has had a material effect on the Group's financial position: -

- Events which provide evidence of conditions that existed at the end of the reporting period will be adjusted and included within the figures in the accounts.
- Events that are indicative of conditions that arose after the reporting will be reported in the narrative notes to the accounts.

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

Financial Instruments - Liabilities and Assets

Financial liabilities are recognised on the Balance Sheet when the Group becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value and carried at their amortised cost. Annual charges to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest payable are based on the carrying amount of the liability, multiplied by the effective rate of interest for the instrument. For most of the borrowings that the Group has, this means that the amount presented in the Balance Sheet is the outstanding principal repayable (plus accrued interest) and interest charged to the Comprehensive Income and Expenditure Statement is the amount payable for the year in the loan agreement.

The Group has not undertaken any repurchasing or early settlement of borrowing.

Financial assets are classified based on a classification and measurement approach that reflects the business model for holding the financial assets and their cash flow characteristics. The group only holds financial assets measured at amortised cost (loans and receivables)
Loans and receivables are recognised on the Balance Sheet when the Group becomes party to the contractual provisions of a financial instrument and are initially measured at fair value and carried at their amortised cost. Annual credits to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument. For most of the loans that the Group has made, this means that the amount presented in the Balance Sheet is the outstanding principal receivable (plus accrued interest) and interest credited to the Comprehensive Income and Expenditure Statement is the amount receivable for the year in the loan agreement.

Government Grants & Contributions

Whether paid on account, by instalments or in arrears, Government Grants and third-party contributions and donations are recognised as due to the Group when there is reasonable assurance that: -

- The Group will comply with the conditions attached to the payments.
- The grants or contributions will be received

Amounts recognised as due to the Group are not credited to the Comprehensive Income and Expenditure Statement until conditions attached to the grant or contribution has been satisfied. Conditions are stipulations that specify that the future economic benefit or service potential embodied in the asset acquired using the grant or contribution are required to be consumed by the recipient as specified, or future economic benefits or service potential must be returned to the transferor.

Monies advanced as grants and contributions for which conditions have not been satisfied are carried in the Balance Sheet as creditors. When conditions are satisfied, the grant or contribution is credited to the Net Cost of Services (attributable revenue grants and contributions) or Taxation and Non-Specific Grant Income (non ring-fenced grants and all capital grants) in the Comprehensive Income and Expenditure Statement.

Where capital grants are credited to the Comprehensive Income and Expenditure Statement, they are reversed out of the General Reserve Balance in the Movement in Reserves Statement. Where the grant has yet to be used to finance capital expenditure, it is posted to the Capital Grants Unapplied Reserve. Where it is applied, it is posted to the Capital Adjustment Account. Amounts in the Capital Grants Unapplied reserve are transferred to the Capital Adjustment Account once they have been applied to fund capital expenditure.

Non-Current Assets - Property, Plant and Equipment

Assets that have physical substance and are held for use in the provision of services or for administrative purposes and that are expected to be used during more than one financial year are classified as Property, Plant and Equipment.

<u>Recognition and Measurement</u>
Expenditure on the acquisition, creation or enhancement of assets is capitalised on an accrual’s basis, provided that it yields benefits to the Group and the services it provides for more than one financial year and that the cost of the item can be measured reliably.

Assets are initially measured at cost, comprising the purchase price and any costs attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Assets are then carried in the Balance Sheet using the following measurement bases:

- Land, property and other operational assets are included in the Balance Sheet at fair value (existing use value). Operational assets can either be specialised or non-specialised. Specialised Assets, where there is no market-based evidence of current value because of their specialist nature, are valued at Depreciated Replacement Cost (DRC) as an estimate for fair value. The only assets to be classified as specialised property relate to the operational custody suites situated within the various properties. In cases where there is only a small number of cells, or where cells are now out of use, these have not been treated as specialised properties.

- Surplus assets are included at the current value measurement base (fair value), estimated at highest and best use from a market participant's perspective.
- Assets under construction are held in the Balance Sheet at historical cost until completed, whereupon they will be valued and included in the Balance Sheet as operational assets.

Where non-property assets have short useful lives or low values (or both), depreciated historical cost basis is used as a proxy for fair value e.g. Vehicles, IT and Communications equipment and other equipment.

Revaluation

Assets included in the Balance Sheet at fair value are revalued sufficiently regularly to ensure that the carrying amount is not materially different from their fair value but as a minimum every five years. Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains. Occasionally, gains might be credited to the Comprehensive Income and Expenditure Statement where they arise from the reversal of an impairment loss previously charged to the account.

Where decreases in value are identified, they are accounted for by: -

- Where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains)
- Where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down in the Comprehensive Income and Expenditure Statement.

The Revaluation Reserve contains revaluation gains recognised since 1 April 2007 only, the date of its formal implementation. Gains arising before that date have been consolidated into the Capital Adjustment Account.

Impairments

Assets are assessed at each year end as to whether there is any indication that an asset may be impaired. Where indications exist and any possible differences are estimated to be material, the recoverable amount of the asset is estimated and, where this is less than the carrying amount of the asset, an impairment loss is recognised for the shortfall. Where impairment losses are identified, they are accounted for by:

- Where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains).
- Where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down in the Comprehensive Income and Expenditure Statement.

Where an impairment loss is reversed subsequently, the reversal is credited to the Comprehensive Income and Expenditure Statement, up to the amount of the original loss, adjusted for depreciation that would have been charged if the loss had not been recognised.

Depreciation

Depreciation is provided on a straight-line basis for on all Property, Plant, Vehicles and Equipment assets by the systematic allocation of their depreciable amounts over their useful lives, as advised by a suitably qualified advisor. An exception is made for assets without a determinable finite useful life (i.e. freehold land) and assets that are not yet available for use (i.e. assets under construction).
Component Accounting – where an item of Property, Plant and Equipment asset has major components whose cost is significant in relation to the total cost of the item, the components are depreciated separately. The component is judged to be significant where the replacement value is above £0.5m or 25% of the asset.

It is the Group's policy not to charge depreciation in the year of acquisition but a full year's charge is made in the year of disposal. Depreciation is charged to the Comprehensive Income and Expenditure Statement and is reversed out through the Movement in Reserves Statement.

Revaluation gains are also depreciated, with an amount equal to the difference between current value depreciation charged on assets and the depreciation that would have been chargeable based on their historical cost being transferred each year from the Revaluation Reserve to the Capital Adjustment Account.

Disposals and Assets held for sale

When a non-current asset is planned to be disposed of, it is reclassified as an Asset held for sale. To be reclassified it must meet the following criteria: -

- The asset must be available for immediate sale in its present condition subject to terms that are usual and customary for sales of such assets.
- The sale must be highly probable (with management commitment to sell and active marketing of the asset initiated).

- It must be actively marketed for a sale at a price that is reasonable in relation to its current fair value.
- The sale should be expected to qualify for recognition as a completed sale within one year.

The asset is revalued immediately before reclassification and then carried at the lower of this amount and fair value less costs to sell. Where there is a subsequent decrease to fair value less costs to sell, the loss is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Gains in fair value are recognised only up to the amount of any previous losses in the Comprehensive Income and Expenditure Statement.

Depreciation is not charged on Assets Held for Sale.

If assets no longer meet the criteria to be classified as Assets Held for Sale, they are reclassified back to non-current assets and valued at the lower of their carrying amount before they were classified as held for sale; adjusted for depreciation, amortisation or revaluations that would have been recognised had they not been classified as Held for Sale, and their recoverable amount at the date of the decision not to sell.

Assets that are abandoned or scrapped are not reclassified as Assets Held for Sale.

When an asset is disposed of or decommissioned, the carrying amount of the asset in the Balance Sheet is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. Receipts from disposals (if any) are credited to the same line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of the disposal). Any revaluation gains accumulated for the asset in the Revaluation Reserve are transferred to the Capital Adjustment Account.

Amounts received for a disposal in excess of £10,000 are categorised as capital receipts. The balance of receipts is required to be credited to the Capital Receipts Reserve, and can then only be used to finance new capital investment or set aside to reduce the Group's underlying need to borrow (the capital financing requirement). Receipts are appropriated to the Reserve from the General Reserve Balance in the Movement in Reserves Statement.

The written off value of disposals is not a charge against council tax, as the cost of fixed assets is fully provided for under separate arrangements for capital financing. Amounts are appropriated to the Capital Adjustment Account from the General Reserve Balance in the Movement in Reserves Statement.

Non-Current Assets - Intangible Assets

Expenditure on non-monetary assets that do not have physical substance but are identifiable and controlled by the Group as a result of past events (e.g. software licences), are capitalised when it is expected that future economic benefits or service potential will flow from the intangible asset to the Group.

Expenditure on the development of websites is not capitalised if the website is solely or primarily intended to provide information on policing matters.

Intangible assets are measured at cost. Amounts are only revalued where the fair value of the assets held by the Group can be determined by reference to an active market. In practice, no intangible asset held by the Group meets this criterion, and they are therefore carried at amortised cost. The depreciable amount of an intangible asset is amortised to the Comprehensive Income and Expenditure Statement over its useful life. Amortisation, as with depreciation, commences in the financial year following that in which they are received. Amortisation is not permitted to have any impact on the General Reserve Balance; it is therefore reversed through the Movement in Reserves Statement and posted to the Capital Adjustment Account.

Charges to Revenue for Non-Current Assets

The Comprehensive Income and Expenditure Statement is debited with the following amounts to record the cost of holding non-current assets during the year: -

- Depreciation attributable to the assets used.
- Revaluation and impairment losses on assets where there are no accumulated gains in the Revaluation Reserve against which the losses can be written off.
- Amortisation of intangible fixed assets.

The Group is not required to raise council tax to cover depreciation, revaluation and impairment losses or amortisations. However, it is required to make an annual provision from revenue to contribute towards the reduction in its overall borrowing requirement (Minimum Revenue Provision (MRP). An annual statement for the policy on making MRP is required in accordance with statutory guidance; this should be calculated on a prudent basis. The policy for Derbyshire is: -

For Supported Capital Expenditure, the MRP Policy will be based on the remaining life of the Capital Financing Requirement (CFR) using the annuity method (PWLB annuity rates)

- For PFI contracts that are deemed to be on Balance Sheet, the MRP will be based on the estimated life of the PFI assets using the annuity method (PWLB annuity rates)
- For leases the MRP requirement would be regarded as met by a charge equal to the element of the charge that goes to write down the Balance Sheet liability.

Depreciation, revaluation and impairment losses and amortisations are therefore replaced by revenue provision in the Movement in Reserves Statement, by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

Revenue Expenditure Funded from Capital under Statute

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

Leases

Leases are classified as finance leases where the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the property, vehicles, plant or equipment from the lessor (landlord) to the lessee (tenant). All other leases are classified as operating leases.

The Group has looked at material property leases over £10,000 and for more than 10 years. IAS 17 ‘Leases’ includes indicators for the classification of leases as a finance lease. Material leases have been judged against these indicators.

a) Finance Leases

i) Lessee – Property, Vehicles, Plant & Equipment

An asset identified as a finance lease and where the Group is the lessee will be recognised on the Balance Sheet at an amount equal to the fair value of the asset, or if lower, the present value of the minimum lease payments, determined at the inception of the lease.

The asset recognised is matched by a liability for the obligation to pay the lessor. This liability is reduced as lease payments are made. Minimum lease payments are to be apportioned between the finance charge (interest) and the reduction of the deferred liability.

The finance charge (interest) will be charged to the Comprehensive Income and Expenditure Statement (Financing and Investment Income and Expenditure line).

Finance lease assets recognised on the Balance Sheet are revalued and depreciated in the same way as property, plant and equipment owned by the Group. Depreciation to be charged over the lease term if this is shorter than the asset’s estimated useful life.

ii) Lessor – Property, Vehicles, Plant & Equipment

Where an asset is identified as a finance lease, and where the Group is the lessor, it will be written out of the Balance Sheet as a disposal. The carrying amount is written off to Other Operating Expenditure as part of the gain or loss on disposal. A gain, representing the authority’s net investment in the lease, is credited to the same line, matched by a lease (long-term debtor) asset in the Balance Sheet. The lease rentals received write-down the lease debtor and the finance income is credited to the Financing & Investment Income & Expenditure line.

Rental income from finance leases entered into after 1 April 2010 should be treated as a capital receipt.

b) Operating Leases

i) Lessee – Property, Vehicles, Plant & Equipment

An asset identified as an operating lease and where the Group is the lessee, the rentals will be charged to the Comprehensive Income and Expenditure Statement. Charges are made on a straight-line basis over the term of the lease.

ii) Lessor – Property, Vehicles, Plant & Equipment

An asset identified as an operating lease, and where the Group is the lessor, shall be retained in the Balance Sheet. Rental income is credited to the Comprehensive Income and Expenditure Statement. Credits are made on a straight-line basis over the term of the lease.

Private Finance Initiative (PFI) and Similar Contracts

The Group has entered into two PFI arrangements, Ilkeston Police Station and St Mary's Wharf DHQ at Derby. The first affected the accounts from 1998/99, the second from 2000/01. Both have a continuing commitment by the Group for 30 years. PFI contracts are agreements to receive services, where the responsibility for making available the non-current assets needed to provide the services passes to the PFI contractor. As the Group is deemed to control the services that are provided under its PFI schemes and has control over the residual interest in the property at the end of the arrangement (if exercised), the Group carries the non-current assets under the contracts on the Balance Sheet as part of Property, Plant and Equipment.

The original recognition of these assets at fair value was balanced by the recognition of a liability for amounts due to the scheme operator to pay for the capital investments.

PFI assets recognised on the Balance Sheet are revalued and depreciated in the same way as property, plant and equipment owned by the Group.

The amounts payable to the PFI operators each year should be analysed into five elements: -

- Fair value of the services received during the year – debited to the Comprehensive Income and Expenditure Statement.

- Finance cost – an interest charge of 9.114% for Ilkeston PFI and 7.917% for Derby PFI on the outstanding Balance Sheet Liability, debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

- Contingent rent – increases in the amount to be paid for the property arising during the contract. For both the Group's PFI schemes there is no contingent rent as the property element of the fee paid to the PFI operator is not indexed.

- Payment towards liability – applied to write down the Balance Sheet liability towards the PFI operator. This is also the MRP charge for PFI schemes.

- Lifecycle replacement costs – recognised as fixed assets on the Balance Sheet if the costs are of a capital nature or if the costs are revenue debited to the Comprehensive Income and Expenditure Statement.

Provisions, Contingent Liabilities and Contingent Assets

Provisions – these are required for liabilities that have been incurred, but are of uncertain timing or amount. There are three criteria:

- The Group has a present obligation (legal or constructive) as a result of a past event.
- It is more likely than not that money will be needed to settle the obligation.
- A reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Comprehensive Income and Expenditure Statement in the year that the Group becomes aware of the obligation, and are measured at the best estimate at the Balance Sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet. Estimated settlements are reviewed at the end of each financial year – where it becomes less than probable that a transfer of economic benefits will now be required (or a lower settlement than anticipated is made), the provision is reversed and credited back to the Comprehensive Income and Expenditure Statement.

Where some or all of the payment required to settle a provision is expected to be met by another party (e.g. from an insurance claim), the income is only recognised as income if it is virtually certain that reimbursement will be received when the obligation is settled.

Provisions contained within the Balance Sheet are split between current liabilities (those which are estimated to be settled within the next 12 months) and non-current liabilities (those which are estimated to be settled in a period greater than 12 months).

Contingent Liabilities – this arises where an event has taken place that gives the Group a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Group. Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources will be required or the amount of the obligation cannot be measured reliably.

Contingent liabilities are not recognised in the Balance Sheet but disclosed in a note to the accounts.

Contingent Asset – this arises where an event has taken place that gives the Group a possible asset whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Group.

Contingent assets are not recognised in the Balance Sheet but disclosed in a note to the accounts where it is probable that there will be an inflow of economic benefits or service potential.

Reserves

Usable Reserves - the Group's General Revenue Balances are held in the General Reserve. The Group also maintains a number of specific 'earmarked' reserves for future expenditure on either policy purposes or to cover contingencies. Reserves are created by appropriating amounts out of the General Reserve Balance. When revenue expenditure to be financed from a reserve is incurred, it is charged to the Comprehensive Income and Expenditure Statement. The relevant reserve is then debited with an equivalent amount which is appropriated back into the General Reserve Balance so that the expenditure is not charged against Council Tax.

Also held under usable reserves are those that support the financing of capital (Capital receipts reserve and Capital Grants unapplied).

Unusable Reserves - certain reserves/accounts are kept to manage the accounting processes for non-current assets (Capital Adjustment Account, Revaluation Reserve, Deferred Capital Receipts), retirement and employee benefits (Pensions Reserve, Short term Accumulating Compensated Absences Account) and Accounting for local taxes (Collection Fund Adjustment Account). These do not represent usable resources for the Group.

Value Added Tax (VAT)

The Comprehensive Income and Expenditure Statement excludes any amounts related to VAT, as all VAT collected is payable to HM Revenue and Customs and all VAT paid is recoverable from them.

Jointly Controlled Operations

Jointly controlled operations are activities undertaken by the Group in conjunction with other venturers that involve the use of the assets and resources of the venturers rather than the establishment of a separate entity. The Group recognises on its Balance Sheet the assets that it controls and the liabilities that it incurs and debits and credits the Comprehensive Income and Expenditure Statement with the expenditure it incurs and the share of income it earns from the activity of the operation.

Joint Ventures

Joint Ventures are arrangements under which two or more parties have contractually agreed to share control, such that decisions about activities that significantly affect returns require the unanimous consent of the parties sharing control, and joint ventures have rights to the net assets of the arrangement. Joint Ventures have their own legal entity. They are accounted for using the equity method in the Group Accounts.

The Joint Venture between Derbyshire Police and Derbyshire Fire and Rescue Service was formed under a Limited Liability Partnership (LLP). The Joint Venture operates an Income and Expenditure Account, the LLP Board can re-distribute 75% of any profits back to partners (Police and Fire), they also have discretion to re-distribute a further 25% Due to the timing of the LLP accounts Derbyshire Police may account for any profit in the following financial year if information is not available in time.

8A. Derby Police IA Progress Report - M

8B. OPCC Derbyshire - Mazars

JARAC – INTERNAL AUDIT RECOMMENDATION MONITORING

Contact	REF NO.	Audit / Recommendation	Priority	Recommendations		Update date	Update
				Agreed Implementation Date	Responsible Officer confirmed not Implemented		
SEPTEMBER 2021							
Marie Romano	**4.2**	**Policy and Procedure Review** Derbyshire's Policies and Procedures should act as a key reference for stakeholders to understand what the appropriate procedures are and to ensure compliance with key regulations that govern the work of the PCC and associated parties. These policies should be regularly reviewed to ensure they reflect changes to the legislation that	2			Jan 2022 Feb 2022	OPCC policies are published on our website and are reviewed regularly. Force have recently appointed a policy manager to sort out and produce a full list of policies. OPCC and Force are working together to keep them updated. Force policies are currently under review as per the update given by Marie Romano at the last meeting. Policy review work will be an ongoing task for the Constabulary to ensure that all their policies and procedural documents are up to date and fit for purpose. The OPCC is

		they are built upon. Derbyshire do maintain a policies and procedures log; however, this control is not effective. Of the 24 policies contained in the document, only 4 were in 'in-date'. This includes the Scheme of Delegation that was last amended in 2012. Notably, it was only those policies that had been recently implemented that were in-date. This infers that the review procedures are the control weakness. *Potential Risk*: OPCC and Force policies do not reflect current procedures or changes in legislative requirements.					working alongside the Constabulary to ensure that the policies work is implemented effectively and that the OPCC collaborate with the Constabulary on any joint policies. Ongoing - to be reviewed at next meeting

NOVEMBER 2021							
Jed Keen	**November 2021** **4.1**	**Complaints Management –** **Local Handling - Regular contact** *Observation:* The statutory guidance states that complainants should be updated every 28 days. Moreover, when an outcome assessment letter is provided it should include a response to all allegations within the complaint. We reviewed 10 complaints resolved through local handling and identified: - One complaint received on the 29th October 2020, and initial contact was made on 2nd November. The complainant was spoken to on the phone on the 30th November 2020, but the complainant was next contacted on the 19th January 2021 by letter, a				Feb 2022	Three identified complaints been reviewed and currently identifying any issues that could impact on ability to adhere to statutory guidance when handling complaints and keeping complainants updated and ensuring solutions are put into place. The delay in updating the complainant on the identified case has been identified as a delay in the administrative process. Processes in place to adhere to the 28 day update (*) Complaints administration send out reminder every 28-days to all Divisional allocated investigating officers of Local Complaints, reminding them of the

		period of 51 days later. From a review of the outcome assessment letters sent to complainants we identified for two complaints that all the allegations raised within their complaint were not included within the outcome letter. *Potential Risk:* The Force does not comply with the statutory guidance when handling					requirement to update their complainant. (*) Administration processes have been reviewed and where an identified update is required to comply with the 28 day guidance during administrative processes, an update letter to the complainant will be sent to comply with the 28 day update requirement. Reviewed of outcome assessment letters of two identified cases and will ensure a consistent approach is taken and that conclusions to all allegations recorded are included in the correspondence sent to the complainant.

1. The Corporate Risk Register (CRR) is a key governance document capturing the key risks and challenges faced by the Force. The register continues to be refreshed with its owners, so it remains focused and relevant. It is important to note that risks are liable to change as circumstances alter and the CRR presents the position at a particular point in time.

Reference No	Risk Title	Priority Rating	Risk Status	Current Direction of Travel	Expected Direction of Travel	Responsible Officer
STR1035	Loss of estate through lack of maintenance	16	Managed	↔ Static	Treat	Head of Assets
STR0056	Failure to meet Home Office target on police officer recruitment	9	Managed	↑ Increasing	Treat	Head of Human Resources
IS0019	I.S resources (Finance and Staff) - insufficient to meet demand	9	Managed	↔ Static	Treat	Head of Information Services
STR2014	Failure to manage building risks on stations	9	Managed	↔ Static	Teat	Head of Assets
STR0071	Failure to deliver the cost of policing programme to deliver savings	8	Managed	↔ Static	Treat	Head of Corporate Services
STR0060	Weaknesses not addressed as a result of Child Protection inspection	8	Managed	↓ Decreasing	Treat	Head of Crime Support
STR2018	Adverse incidents in Custody Suites due to physical condition	8	Managed	↔ Static	Treat	Head of Criminal Justice
PROC0078	Inadequate procurement	8	Pending	NEW	Treat	Head of Procurement

	resource to meet demand		Controls			
CRIMJ0076	Inappropriate arrangements to transport detainees to court	6	Pending Controls	NEW	Treat	Head of Criminal Justice
OPS0075	Failure of BMW N57 Engine - crankshaft bearing failures	6	Managed	NEW	Treat	Head of Assets
STR0073	Investigations affected by lack of PIP2 Accredited Investigators	6	Pending Controls	↑ Increasing	Treat	ACC (Crime & Territorial)
STR0056	Failure to meet contact management targets on emergency calls	6	Pending Controls	↓ Decreasing	Treat	Head of Information Services
STR2016	Non compliance with GDPR and DPA 2018	6	Managed	↔ Static	Treat	Head of Information Management
STR1959	Inability to Meet Legislative and Operational Data Requirements for PND	6	Managed	↔ Static	Treat	Head of Information Management
STR1046	Failure to comply with information management legislation	6	Managed	↔ Static	Treat	Head of Information Management
SE0020	Reception and post room drainage issues	6	Managed	↔ Static	Treat	Head of Assets
SE0046	Borer Access Control Problems affect access to buildings	6	Pending Controls	↔ Static	Treat	Head of Assets
STR0026	Failure of Gateway HR system	6	Managed	↔ Static	Treat	Head of Human Resources
STR1192	Financial resources insufficient to	6	Managed	↓ Decreasing	Treat	Director of Finance & BS

	fund development and pressures					(Police/Fire)
STR1090	Major Incidents & Disasters and/or Civil Emergencies within the County	6	Managed	↓ Decreasing	Treat	Head of Ops Support
STR0035	Op TALLA - Wuhan Corona Virus (renamed COVID-19)	4	Managed	↓ Decreasing	Treat	Deputy Chief Constable
STR0052	Failure to agree plans at the end of St Marys Wharf PFI scheme	4	Pending Controls	↔ Static	Treat	Head of Assets
SE0062	Failure to agree appropriate strategy to dispose of St Marys Wharf	4	Pending Controls	↔ Static	Treat	Head of Assets
STR0009	Failure to meet Crime Data Integrity targets	4	Pending Controls	↔ Static	Treat	Head of Information Management
STR0057	Failure to secure Replacement Operational Vehicles (national vehicle contracts / manufacturer delays)	4	Pending Controls	↔ Static	Tolerate	Head of Assets
STR1089	Failure to ensure appropriate Business Continuity and Disaster Recovery Planning	4	Managed	↓ Decreasing	Treat	Head of Ops Support
STR0077	Failure to meet Working Time Regulations (WTR)	4	Pending Controls	NEW	Treat	Head of Human Resources
STR1957	Niche PLX extract does not meet	4	Managed	↔ Static	Tolerate	Head of Information

	business needs					Management
CRIME1931	Potential withdrawal of ABM source management by IT system supplier	4	Managed	↔ Static	Terminate	Head of Crime Support
CRIMJ1950	Letter-box style sinks – ligature risk	4	Managed	↔ Static	Treat	Head of Criminal Justice
CRIMJ1992	Cell drowning incident – suicide risk	4	Managed	↔ Static	Treat	Head of Criminal Justice
STR1913	Loss of power to force IT systems	4	Managed	↔ Static	Tolerate	Head of Information Services
CRIMJ0055	Chesterfield Custody Block - Safe Cell Compliance	4	Managed	↔ Static	Terminate	Head of Criminal Justice
STR1219	Officer and Staff Wellbeing	4	Managed	↔ Static	Treat	Head of Human Resources
STR1960	Cyber Attack	4	Managed	↔ Static	Tolerate	Head of Information Services
STR0051	Failure to secure or safeguard (Cloud based/other 3rd party systems) leading to loss of information/service disruption	3	Managed	↓ Decreasing	Treat	Head of Information Services
STR0049	Lack of safeguards with Remote working and virtual private network (VPN) stability	3	Managed	↔ Static	Treat	Head of Information Services
STR1033	Data, I.T. and Communications Integrity	3	Managed	↔ Static	Treat	Head of Information Services
STR0074	BT EISEC (Enhanced Information Service for Emergency Calls)	3	Pending controls	↓ Decreasing	Treat	Head of Information Services

OPS0050	Public Order Training Incident - officer confidence & force reputation	3	Managed	↓ Decreasing	Treat	Head of Ops Support
STR1088	Corruption or Inappropriate Actions of Police Officers and Staff	3	Managed	↔ Static	Treat	Head of Professional Standards
STR0033	Funding for operational uplift	3	Managed	↔ Static	Treat	Head of Human Resources
STR1882	Loss of operational communications capability	3	Managed	↔ Static	Treat	Head of Corporate Services
STR1094	Adjusted duty - police officers	2	Managed	↔ Static	Treat	Head of Human Resources
IS0018	Encryption on the wide and local area networks	2	Managed	↔ Static	Treat	Head of Information Services
STR0024	Impact of new officer entry routes on officer numbers	2	Managed	↔ Static	Treat	Head of Human Resources
STR0025	Skills and staffing shortages in Human Resources	2	Pending Controls	↔ Static	Treat	Head of Human Resources
STR0010	Cyber Attack on Forensic Services	1	Pending Controls	↔ Static	Treat	Head of Information Management
CORP0061	Force morale with unavailability of Force Gymnasiums - Buxton • Chesterfield • St Mary's Wharf • HQ	1	Pending Controls	↔ Static	Treat	Head of Corporate Services

TOTAL RISKS = 49	**4**	**16**	**29**

High Priority (Red 9 – 16)	Comprehensive controls, Frequent Monitoring and reporting, Immediate action and comprehensive contingency plans

Medium Priority (Amber 6 – 8)	Cost effective controls, Regular monitoring and reporting, Necessary action and outline contingency plans
Low Priority (Low 1 – 4)	Low-cost controls, Occasional monitoring and reporting, Sporadic action and contingency plans not essential
Strategic / Corporate – STR	a risk that affects the whole organisation in meeting its objectives including the direction of the organisation
Division / Department – CRIME/CORP/OPS/CRIMJ/SE/IS	a risk that emanates from day-to-day operations of the business.
Project / Programme - PROJ	a risk that poses a threat to the force's development within our Business Change programme.

New risks in last review period

PROC0078	Procurement Resource	8	Pending Controls	Head of Procurement
CRIMJ0076	Detainee Court Transportation	6	Pending Controls	Head of Criminal Justice
OPS0075	Roads Policing / Armed Response Units - BMW N57 engine - crankshaft bearing failures	4	Pending Controls	Head of Operational Support
STR0077	Working Time Regulations (WTR) compliance - duty management / monitoring of Staffs hours	4	Pending Controls	Head of Human Resources

Closed risks in last review period

STR0070	PCC Election 2021 – Transition Governance	4	-	Head of Corporate Services
OPS0040	Public Order Training – Recovery Plan	4	-	Head of Operational Support
IS0037	Cotton Lane PS (Telecoms Roof Works)	4	-	Head of Information Services
STR2019	Loss of Airwave through handset shortage	3	-	Head of Corporate Services
STR2019	ControlWorks – NICHE searches	2	-	Head of Contact Management
IS0030	IS On-call Resources	2	-	Head of Information Services

Note: Our system currently holds 8 risks on behalf of the OPCC of which these do not feature in the risk total or this register.

Risk Treatment

The Force requires risk owners to consider the benefit of the selected treatment against the cost and effort involved in implementation and maintenance of that particular control. The Force advocates using the 4T's in deciding on the appropriate of control measures. These are:

Transfer the risk through insurance or third parties
Treat the risk until it is within acceptable limits
Terminate the activity giving rise to the risk and explore other ways to achieve the objective
Tolerate the risk, either because it is within acceptable limits or the cost of controlling the risk would require such a level of cost or resourcing that it would not be practical to implement the control.

Note: The above are not mutually exclusive, for example collaboration should be considered as a means of mitigating risk and generating an opportunity, what is important is that controls must be well thought out before implementation.

Risk Appetite

If the level of risk is not acceptable to the constabulary, then the risk must be managed. The constabulary will always strive to manage strategic and operational risks downwards if the cost of mitigation does not exceed the expected loss or the associated benefits. The following criteria is used to describe the forces risk appetite:

Acceptable Level of Risk	Risk Appetite	Description
Very High	**Hungry**	Eager to be innovative and to choose options based on potential higher rewards (despite greater inherent risk).
High	**Open**	Willing to consider all options and choose the one that is most likely to result in successful delivery while also providing and acceptable level of reward.
Medium	**Cautious**	Preference for safe options that have a low degree of residual risk and may only have limited potential for reward.
Low	**Minimalist**	Preference for ultra-safe options that have a low degree of inherent risk and only have the potential for limited reward.
Very Low	**Averse**	Avoidance of risk and uncertainty is a key objective.

The default risk appetite for the Constabulary is 'Cautious'.

However, depending on circumstances it may sometimes be necessary to set a different risk appetite for a particular department or project. The scale low to high refer to the willingness to accept risks of either inherent* or residual** risk (see footnotes below for definitions). These five levels of risk (published by HM Treasury) can be applied to a broad range of corporate risks, e.g., reputation, financial, legislative compliance, resources, service delivery etc.

***Inherent Risk –** can be defined as 'the exposure arising from a specific risk before any action has been taken to manage it

****Residual Risk –** can be defined as 'the exposure arising from a specific risk after action has been taken to manage it and making assumption that the action is effective'

REPORT TITLE	OPCC RISK MANAGEMENT UPDATE
REPORT BY	ANDREW DALE (INTERIM CHIEF OPERATING OFFICER & S151 OFFICER)
DATE	31 MARCH 2022

PURPOSE OF THE REPORT

To update JARAC on the updated assessment of Strategic Risk faced by the PCC (including specific operational risks related to the OPCC) together with both planned and existing mitigations.

ATTACHMENTS

None

RECOMMENDATIONS

i. To note the update on the OPCC Risk Register

ii. To note that the OPCC Risk Register has been updated to take account of the published Police & Crime Plan and associated delivery plans

CONTACT FOR ENQUIRIES

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CURRENT OPCC RISKS

In May 2021, following the Police & Crime Commissioner (PCC) elections, a new Commissioner took office. During the intervening months the Commissioner has consulted with the public and her partners to arrive at the priorities for her Police & Crime Plan that covers the term of office and the first year of the next term.

The OPCC's risk register is a combination of strategic risks related to the Police & Crime Plan and operational risks related directly to the activities of the Commissioner's office.

The interim Chief Operating Officer & s151 Officer (COO/s151) and the Senior Leadership Team (SLT) have reviewed strategic risks facing the Commissioner. In descending order of residual score (we use the same Red/Amber/Green scoring matrix as the Force), the specific risks and some further narrative on each are as follows:

Risk	Impact Score	Likelihood Score	Residual Score	Previous Score	Movement
STR0016 **Partner disinvestment in key services** **Owner: COO/s151**	**3** **High**	**2** **Medium**	**6** **Amber**	**6** **Amber**	➡

Description:

- **Financial implications for the PCC due to the impact of austerity on partner agencies and their budgets. Where cuts have been made to key services, this may pass the burden to other partners including the PCC and Police (by extension)**

Existing Controls:

- **OPCC Commissioning Strategy provides for partnership solutions to service sustainability**
- **OPCC Commissioning Teams have strong links to partner agencies**
- **PCC able to take ownership and control of critical services where partners have disinvested (provided it remains relevant to the Police & Crime Plan)**
- **Ongoing budget management in OPCC to track impact of partner disinvestment on finite PCC funds**
- **PCC has key focus on victims and the needs of the public**
- **Commissioning Strategy has created a strategic partnership board where leadership teams can discuss emerging threat and risk associated with financial constraints and service priorities**
- **Young People Strategy has established a multi-agency partnership board which will promote joint working and discuss emerging threat and risk associated with financial constraints and service priorities**
- **Formal partnerships are underpinned by Partnership agreements that provide reassurance to all partners**

Additional/Planned Controls:

- **Partnership working with both major councils is developing at an officer-level and will explore areas of mutual benefit and gain**

Risk	Impact Score	Likelihood Score	Residual Score	Previous Score	Movement
STR0017 **Policing Uplift places pressure on existing MTFP** **Owner: COO/s151**	**3** **High**	**2** **Medium**	**6** **Amber**	**6** **Amber**	➡

Description:

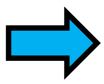
- **Whilst we have (at a macro level) a three year spending review, we only have detail concerning 2022/23 although have improved confidence that the financial implications of the Police Uplift Programme will be funded beyond 2022/2023.**

Existing Controls:

- **APCC and NPCC coordinated effort to lobby Home Office for multi-year settlements and therefore certainty – a three year spending review has provided some degree of confidence**
- **Careful public messaging to help people understand that the Policing Uplift still leaves a funding shortfall for policing**
- **Chief Officer commitment to develop savings strategy whilst being aware of emerging financial landscape due to (a) Brexit long-term impacts, (b) Pandemic economic legacy and (c) funding settlement announcements**
- **Director of Finance linked into the NPCC national debate from operational side**
- **Enhanced role for JARAC looking at financial planning and budgeting to provide further assurance**
- **Frequent 1-2-1 discussions between PCC and COO/s151 (together with wider Executive team) regarding the financial landscape to maintain awareness and clarity of message**
- **Ongoing close working relationship between Director of Finance and COO/s151 to ensure progress is made against the MTFP and savings plans**
- **Ongoing discussions between OPCC Exec and Chief Officers to ensure savings plans are updated and considered**
- **Ongoing discussions with Chief Constable and PCC regarding the financial landscape and need for coordinated response to finding savings**
- **Ongoing strategic conversations with Workforce Planning colleagues to ensure that key decision-points are known should funding be impacted by future government decisions (to avoid incurring cost that can't be funded)**
- **OPCC Monitoring Officer, Deputy CEX and COO/s151 work with their respective bodies (APACE and PACCTS) and are close to the national debate**
- **Oversight role of the OPCC COO/s151 will ensure progress continues to be made against the MTFP and need for a savings strategy**
- **Strong, highly competent Finance team will support and challenge MTFP and savings agenda**
- **Finance Assurance Board established, chaired by the CC with the PCC and both statutory CFOs present**

Additional/Planned Controls:

- **Cost of Policing work being carried out in-Force to understand and establish an affordable baseline**

Risk	Impact Score	Likelihood Score	Residual Score	Previous Score	Movement
STR1977 The Development of strong local policing Owner: COO/s151	**4 Very High**	**1 Low**	**4 Green**	**4 Green**	

Description:

- **Failure to develop neighbourhood policing, increasing the visible presence of officers within neighbourhoods, ensuring officers are adequately trained and increasing the public's confidence in the police.**

Existing Controls:

- **Police and Crime Plan published**
- **Force and OPCC Delivery Plans in place and routinely reviewed**
- **Establishment of a PCC Commissioning Partnership Group**
- **Regular review of this priority within the performance scrutiny meeting (PSM)**
- **Delivery plans reviewed by the Joint Oversight Group (JOG) together with routine review at OPCC Exec, Joint Exec and informally with responsible officers/staff**

- Oversight by the Police and Crime Panel
- Oversight of the Chief Constable's delivery plan by the PCC
- Community Engagement Charter developed with the Force
- Understanding the survey results from the Forces Public Confidence Survey and British Crime Survey
- OPCC Performance Officer with broad remit for statistical analysis, interpretation and advice to the PCC
- Feedback and consultation with partners
- Direct consultation with the public via various platforms (social media, surveys, public engagements)

Additional/Planned Controls:

- Communications & Engagement Plan for the OPCC due April 2022

Risk	Impact Score	Likelihood Score	Residual Score	Previous Score	Movement
STR0067 Driving Efficiencies Owner: COO/s151	4 Very High	1 Low	4 Green	4 Green	→

Description:

- The failure to ensure taxpayers money is being spent wisely and resources are being managed effectively

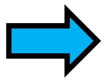
Existing Controls:

- Police and Crime Plan published
- Force and OPCC Delivery Plans in place and routinely reviewed
- Commissioning Strategy sets out guiding principles of VFM for OPCC Commissioned Services
- Establishment of a PCC Commissioning Partnership Group
- Regular review of this priority within the performance scrutiny meeting (PSM)
- Delivery plans reviewed by the Joint Oversight Group (JOG) together with routine review at OPCC Exec, Joint Exec and informally with responsible officers/staff
- Oversight by the Police and Crime Panel
- Implementation of the Financial Assurance Board
- Treasury and Home Office expectations regarding Police savings and efficiency
- 3 year spending review provides some opportunity for longer term strategic planning
- PCC oversight of Force cost of policing work
- Joint strategic procurement board for Police and Fire
- Robust oversight by PCC of asset management plan
- Investment in technology to delivery long term efficiencies
- Understanding the outcome of the national review of PCC and general power of competence
- Ongoing work with Chief Constable to identify other ways to fund necessary investment in Policing (e.g. Savings, central grants etc.)
-

Additional/Planned Controls:

- Communications & Engagement Plan for the OPCC due April 2022

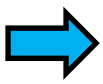
Risk	Impact Score	Likelihood Score	Residual Score	Previous Score	Movement

STR0065 Neighbourhood Crime & ASB Owner: COO/s151	4 Very High	1 Low	4 Green	4 Green	

Description:
- Failure to monitor levels of crime and anti-social behaviour, ensuring partnerships between the Force and Local Authorities effectively drives down ASB within communities and providing sustainable solutions to local issues, supporting and resourcing community initiatives to aim to cut crime.

Existing Controls:
- Police and Crime Plan published
- Force and OPCC Delivery Plans in place and routinely reviewed
- Commissioning Strategy for the OPCC
- Young People Strategy for the OPCC
- Establishment of a PCC Commissioning Partnership Group
- Regular review of this priority within the performance scrutiny meeting (PSM)
- Delivery plans reviewed by the Joint Oversight Group (JOG) together with routine review at OPCC Exec, Joint Exec and informally with responsible officers/staff
- Oversight by the Police and Crime Panel
- Partnership working in Derby City – Safe Space Initiative
- Safer Streets Fund (ongoing)
- Bespoke grants round for ASB delivered by the OPCC
- Continued engagement with Derbyshire CSP's
- Specific oversight of Force performance with Burglary/Theft and Robbery
- Specific support and engagement with Neighbourhood Watch (incl. Neighbourhood Watch Support Fund)
- Specific ongoing support for Derbyshire Alert
- OPCC research and horizon-scanning to compare with other OPCCs and Forces nationally
- Illegal Encampment Task Force

Additional/Planned Controls:
- Communications & Engagement Plan for the OPCC due April 2022

Risk	Impact Score	Likelihood Score	Residual Score	Previous Score	Movement
STR0066 Road Safety Owner: COO/s151	4 Very High	1 Low	4 Green	4 Green	

Description:
- Failure to dealing with the Fatal Four – speeding, drugs/alcohol, seatbelts & mobile phones and improve road safety for all

Existing Controls:
- Police and Crime Plan published
- Force and OPCC Delivery Plans in place and routinely reviewed
- Commissioning Strategy for the OPCC
- Young People Strategy for the OPCC
- Establishment of a PCC Commissioning Partnership Group
- Regular review of this priority within the performance scrutiny meeting (PSM)
- Delivery plans reviewed by the Joint Oversight Group (JOG) together with routine review at OPCC Exec, Joint Exec and informally with responsible officers/staff
- Oversight by the Police and Crime Panel
- Bespoke grant round for Road Safety initiatives delivered by the OPCC

- Specific grant scheme for SID (Speed Indicator Devices) launched
- Specific support and engagement with Community Speedwatch (incl. Community Speedwatch Conference)
- Reviewing the PCC's role and Strategic relationship with Derby and Derbyshire Road Safety Partnership
- Supporting various road safety initiatives (e.g. BikeSafe launched in March 2022 and Biker Down)

Additional/Planned Controls:

- Communications & Engagement Plan for the OPCC due April 2022

Risk	Impact Score	Likelihood Score	Residual Score	Previous Score	Movement
STR0067 Victim Support & Safeguarding Owner: COO/s151	4 Very High	1 Low	4 Green	4 Green	→

Description:

- The failure to ensure all victims of crime have access to appropriate support services the most vulnerable are protected

Existing Controls:

- Police and Crime Plan published
- Force and OPCC Delivery Plans in place and routinely reviewed
- Commissioning Strategy for the OPCC
- Young People Strategy for the OPCC
- Establishment of a PCC Commissioning Partnership Group
- Regular review of this priority within the performance scrutiny meeting (PSM)
- Delivery plans reviewed by the Joint Oversight Group (JOG) together with routine review at OPCC Exec, Joint Exec and informally with responsible officers/staff
- Oversight by the Police and Crime Panel
- Active engagement with Derby/Derbyshire Safeguarding arrangements
- Priority policy area (Violence against Women and Girls) – with particular focus on stalking
- Moving to 'Opt Out' model with regards to victim referrals
- Knife Crime Trauma Packs distributed
- CCTV in Taxis initiative

Additional/Planned Controls:

- Communications & Engagement Plan for the OPCC due April 2022

Risk	Impact Score	Likelihood Score	Residual Score	Previous Score	Movement
STR0068 Rural Crime Owner: COO/s151	4 Very High	1 Low	4 Green	4 Green	→

Description:

- Failure to increase police presence with more officers trained to deal with rural crime and ensuring specific support services are available for victims

Existing Controls:

- Police and Crime Plan published
- Force and OPCC Delivery Plans in place and routinely reviewed
- Commissioning Strategy for the OPCC
- Young People Strategy for the OPCC

- Establishment of a PCC Commissioning Partnership Group
- Regular review of this priority within the performance scrutiny meeting (PSM)
- Delivery plans reviewed by the Joint Oversight Group (JOG) together with routine review at OPCC Exec, Joint Exec and informally with responsible officers/staff
- Oversight by the Police and Crime Panel
- Commissioning of specific services within rural communities (incl. domestic abuse outreach service)
- The PCC's estate strategy will include key focus on rural communities
- Chief Constables plans to provide more officers that are trained to handle rural crime issues
- Illegal Encampment Taskforce
- Active engagement with rural partners (incl. specific rural crime meetings in communities)
- Expanding the representation of the Peak Park Summit (to include inviting neighbouring counties)
- Refresh of the Rural Crime Prevention Guide

Additional/Planned Controls:

- Communications & Engagement Plan for the OPCC due April 2022
- Bespoke grant round for Rural Crime initiatives delivered by the OPCC

Risk	Impact Score	Likelihood Score	Residual Score	Previous Score	Movement
STR2020 Financial liability as contract-holder for Jointly Commissioned services Owner: COO/s151	3 High	1 Low	3 Green	3 Green	→

Description:

- Financial liability of holding contracts for Jointly Commissioned services where financial input is not solely from the PCC

Existing Controls:

- Strong partnership and relationship links underpin the joint arrangements
- Funding/Partnership agreement supported by Legal Services
- Reciprocal arrangements where PCC contributes but does NOT hold the contract
- Contracts are jointly managed with all participating organisations

Additional/Planned Controls:

- N/A

Risk	Impact Score	Likelihood Score	Residual Score	Previous Score	Movement

STR1978 **Failure to deliver single CORE victim service** **Owner: COO/s151**	**2** **Medium**	**1** **Low**	**2** **Green**	**2** **Green**	
Description: • Failure to bring contracted services together to deliver a single CORE (Cope and Recover) victim service in accordance with specifications and compliance with the Victims Code of Practice (VCOP)					
Existing Controls: • Facilitating joint publicity raising events, sharing of governance and reporting systems • Joint Victims working group chaired by Superintendent attended by service providers • Regular contract management meetings with all providers, with an enhanced rigour and grip from the Commissioning Team • Co-location of key victim services providers at FHQ • Service delivery partners increasing inter-organisational communication • Strategic Victims Pathway Board (SVPB) established • Force-led "Think Victim" campaign • User satisfaction surveys • Implement CORDIS Bright Quality Assurance for CORE • Marketing strategy to improve public awareness of victim services • Continued review of the Victim Triage Unit successes and opportunities • Compliance with VCOP monitored by the OPCC in response to MOJ requirements • Significant Assurance (internal audit) for Victim Services / Commissioning area of business • Continuous work to understand referral levels and look to boost numbers					
Additional/Planned Controls: • Communications & Engagement Plan for the OPCC due April 2022					

Risk	Impact Score	Likelihood Score	Residual Score	Previous Score	Movement
STR1985 **Impact/success of the Police & Crime Plan** **Owner: COO/s151**	**2** **Medium**	**1** **Low**	**2** **Green**	**2** **Green**	
Description: • Failure to demonstrate impact or success against the six Police & Crime Plan objectives					
Existing Controls: • Increased robustness of Grants process in linking to Police & Crime Plan objectives • Publication of PCC's Annual Report • JARAC oversight • Role of the performance scrutiny meeting (PSM) • Force and OPCC Delivery Plans in place and routinely reviewed • Delivery plans reviewed by the Joint Oversight Group (JOG) together with routine review at OPCC Exec, Joint Exec and informally with responsible officers/staff • Police & Crime Panel scrutiny					
Additional/Planned Controls: • Communications & Engagement Plan for the OPCC due April 2022					

Risk	Impact Score	Likelihood Score	Residual Score	Previous Score	Movement

<table>
<tr><td>STR1984
VFM re commissioned services and grants
Owner: COO/s151</td><td>2
Medium</td><td>1
Low</td><td>2
Green</td><td>2
Green</td><td>→</td></tr>
<tr><td colspan="6">Description:
Failure to achieve VFM and meaningful outcomes from commissioned services or grants</td></tr>
<tr><td colspan="6">Existing Controls:
Regular Internal Audit review of Commissioning/Grants (incl. recent significant assurance)
Victim & User Satisfaction reviews embedded within contractual arrangements
Experienced Head of Commissioning and Commissioning Team
Established Commissioning Strategy
Commissioning Team has oversight of and manages grants process
Potential opportunities around Social Value Act provisions
Strategic Victims Pathway Steering Group
Police & Crime Panel scrutiny
Scrutiny of VFM arrangements by JARAC
External Audit assessment of VFM
Comprehensive dashboard and pragmatic data-analysis approach to managing contracts, grants and outcomes – useful statistics to understand impact and effectiveness</td></tr>
<tr><td colspan="6">Additional/Planned Controls:
Communications & Engagement Plan for the OPCC due April 2022
Performance Officer-led review of contract management approach to data/performance metrics to ensure efficient and effective use of resources</td></tr>
</table>

<table>
<tr><th>Risk</th><th>Impact Score</th><th>Likelihood Score</th><th>Residual Score</th><th>Previous Score</th><th>Movement</th></tr>
<tr><td>STR1979
Working to provide strong and effective partnership working
Owner: COO/s151</td><td>2
Medium</td><td>1
Low</td><td>2
Green</td><td>2
Green</td><td>→</td></tr>
<tr><td colspan="6">Description:
Failure to manage and develop key relationships with partners and demonstrate due regard to their strategic plans</td></tr>
<tr><td colspan="6">Existing Controls:
OPCC involved (via COO/s151) with the Force’s annual consideration of strategic priorities
Scrutiny by Police & Crime Panel
Ongoing review within OPCC of partners' agendas and strategic policy
OPCC Partnership & Stakeholder management a key part of the OPCC’s work at both executive and senior management level
Publication of Police & Crime Plan
Partners included in discussions around threat, risk and priorities
PCC represented on main partnership boards
Internal Audit scrutiny into Partnership working (OPCC)
Ongoing review of Police & Crime Plan during the term of office</td></tr>
</table>

• **Partnerships portfolio established within the OPCC (held by Interim Strategic Lead for Commissioning & Partnerships)** • **Interim Chief Operating Officer provides Executive leadership for the OPCC's partnership working** • **Formal partnerships underpinned with Partnership agreement either when new or renewed** • **Informal partnerships underpinned by shared and agreed visions in addition to an MOU when appropriate** • **Strong commitment within the OPCC Executive and Senior Leadership Team to build, develop and sustain relationships with key partners** • **Safer Streets government-funded initiative with partners in Derby and Derbyshire** • **City-centre multi-agency hub** • **Strategic Partnership Board with Derbyshire partners (incl. LA, PH and CCG)**
Additional/Planned Controls: • **Communications & Engagement Plan for the OPCC due April 2022**

<u>HOW THE OPCC WILL MANAGE RISKS AND REPORT BACK</u>

1. The Interim Chief Operating Officer & s151 Officer (COO/s151) leads on risk management for the PCC (including oversight of the Force's arrangements) and maintains the OPCC's risk register in conjunction with the OPCC's SLT.

2. The Risk Register is regularly discussed at key meetings within the OPCC (Team meeting, SLT and Exec Team) to ensure that the opportunity to discuss the risk register, including any emerging risks, is available.

3. Political, reputational and financial risks in particular are embedded in how the Exec Team (PCC, COO/s151 and Communications Adviser) work. They meet regularly and jointly consider strategic risk areas and agree suitable mitigations or responses.

4. The COO/s151 attends the Force's Risk Management Board and will keep any possible cross-over or duplication of risks under review. Where the Force is already managing a given risk, the COO/s151 will seek assurance from that process rather than duplicate the work. In addition to this, the Chief Constable provides an overview of operational risk areas to the PCC at their regular meeting which is also attended by the COO/s151.

5. A strong line of communication already exists with the Chair of JARAC. Where the COO/s151 identifies an area of concern or risk that the Chair needs to be urgently made aware of, a briefing will be provided to the Chair (confidentially

if necessary) and consideration made to how the JARAC should be updated in due course.