

# **JOINT INDEPENDENT AUDIT COMMITTEE**

**MONDAY, 26 SEPTEMBER 2022**

**VICTORY HOUSE, BALIOL BUSINESS PARK**

## **AGENDA**

### **OPEN SESSION**

- 1. INTRODUCTION**
- 2. DECLARATION OF INTEREST**
- 3. MINUTES OF THE OPEN SESSION OF THE JOINT INDEPENDENT AUDIT COMMITTEE 18 JULY 2022**  
*(Attached)*
- 4. MATTERS ARISING**  
*(Attached)*
- 5. JIAC ANNUAL REPORT**  
JIAC Chair  
*(Paper to follow)*
- 6. SUMMARY OF RECENT EXTERNAL INSPECTION, INVESTIGATION AND AUDIT REPORTS**  
Head of Corporate Development  
*(Paper attached)*
- 7. JOINT STRATEGIC RISK REGISTER**  
Head of Corporate Development  
*(Paper attached)*
- 8. TREASURY MANAGEMENT ANNUAL REPORT**  
Finance Lead, Corporate Finance and Governance  
*(Paper attached)*
- 9. EXTERNAL AUDIT 2020/21 – AUDITORS ANNUAL REPORT**  
External Auditor  
*(Paper attached)*
- 10. EXTERNAL AUDIT ANNUAL AUDIT PLAN / AUDIT STRATEGY MEMORANDUM**  
External Auditor  
*(Paper to follow)*
- 11. DATE AND TIME OF NEXT MEETING**  
Monday 21<sup>st</sup> November, 2pm, Victory House



**NORTHUMBRIA  
POLICE**

## **12. EXCLUSION OF THE PRESS AND PUBLIC – EXEMPT BUSINESS**

The Committee is asked to pass a resolution to exclude the press and public from the meeting during consideration of the following items on the grounds indicated.

<b>Agenda item number</b>	<b>Paragraph of Schedule 12A to the Local Government Act 1972</b>
13	7
14	7
15	7
16	7
17	7



**NORTHUMBRIA  
POLICE**

## **CLOSED SESSION**

### **JOINT INDEPENDENT AUDIT COMMITTEE**

**MONDAY, 26 SEPTEMBER 2022**

- 13. MINUTES OF THE CLOSED SESSION OF THE JOINT INDEPENDENT AUDIT COMMITTEE 18 JULY 2022**  
*(Attached)*
- 14. UPDATE ON INTERNAL AUDIT WORK AND PROGRESS AGAINST ANNUAL AUDIT PLAN**  
Internal Audit Manager  
*(Paper attached)*
- 15. UPDATE ON INTERNAL AUDIT WORK AND PROGRESS AGAINST OUTSTANDING INTERNAL AUDIT RECOMMENDATIONS**  
Internal Audit Manager  
*(Paper attached)*
- 16. FORWARD PLAN**  
*(Paper attached)*
- 17. ANY OTHER BUSINESS**



**NORTHUMBRIA POLICE MINUTES**

<b>Title</b>	<b>Meeting number</b>
Joint Independent Audit Committee (JIAC)	02/22

<b>Date</b>	<b>Location</b>	<b>Duration</b>
18 July 2022	Teams Video Conference	14:00 – 15:22

**Present:**

<b>Committee Members</b>	C Young K Amlani J Guy P Wood	Chair
<b>Officers:</b>	R Durham D Ford K Laing J Lawson	OPCC Chief of Staff and Monitoring Officer Deputy Chief Constable (DCC) Joint Chief Finance Officer (CFO) Assistant Chief Officer (ACO) (Corporate Services)
<b>Invitees:</b>	R Bowmaker P Godden A Gouldman L Griffiths G Thompson D Heslegrave	Internal Audit, Gateshead Council Head of Corporate Development External Audit, Grant Thornton External Audit, Grant Thornton T/Head of Finance Governance and Planning Adviser ( <i>Secretary</i> )

**OPEN SESSION**

**1. INTRODUCTION**

C Young opened the meeting and welcomed members.

DCC Ford introduced J Lawson, ACO (Corporate Services). R Durham noted K Laing will take the role of Joint Chief Finance Officer (CFO) for the Force and OPCC; this will be formalised on 19 July 2022 at the Police and Crime Panel.

**2. DECLARATION OF INTEREST**

No changes.

**3. MINUTES OF THE OPEN SESSION OF THE JOINT INDEPENDENT AUDIT COMMITTEE 25 APRIL 2022**

Agreed as a true and accurate record.

**4. MATTERS ARISING**

No matters arising.



## **5. ANNUAL GOVERNANCE STATEMENT 2021/22**

### **a) Senior Managers Assurance Reports**

R Bowmaker noted all reports have been returned with satisfactory evidence. All managers agree effective controls are in place and there is effective overall control in place to allow them to achieve service objectives.

J Guy queried the level of inspection and what proportion of papers are reviewed, as each year there is 100% assurance. R Bowmaker explained that papers are reviewed on a cyclical basis looking at the last three to four years. Four to five papers are looked at in detail and evidence cited. All departments are covered over four to five years.

**Update noted.**

### **b) Review of the Effectiveness of the Internal Audit**

R Bowmaker noted a review of effectiveness was undertaken at Joint Governance Group. The force is inspected externally every five years against the Public Sector Internal Audit Standards. Police and Crime Commissioner (PCC) and Chief Constable (CC) systems are operating effectively with a 99% satisfaction rate.

**Update noted.**

### **c) Internal Audit Annual Report**

The Internal Audit Plan has 21 audits finalised and issued with three outstanding and none currently indicating concern. As of 30 March 2022, 96.3% of the audit plan has been completed against target of 97.25% which reflects work outstanding. Systems are operating satisfactorily and there are no special investigations during the year.

The PCC and CC's internal control systems, risk management processes and governance arrangements are considered to be effective. P Wood queried the Risk Assessment and Business Continuity audit and whether it is in draft form. R Bowmaker informed this is now completed with one practice recommendation. A management response is expected and will be issued imminently. K Laing commented that in terms of risk assessment and business continuity there were no findings under risk management either from Northumbria Police or OPCC.

**Update noted.**

### **d) Annual Governance – Primary and Thematic Assurance Review 2021/22**

G Thompson provided an overview of the report. No queries were raised by members.

**Update noted.**

#### **i. Governance Arrangements**

**Update noted.**

#### **ii. An Assessment of the Role of CFO in Accordance with Best Practice**

J Guy raised ongoing concerns regarding the Joint CFO role; vigilance is required to ensure there are no conflicts of interest. R Durham reassured there were no conflicts; efficiencies are gained from the dual role as it avoids duplication that would occur if there were two separate roles.

R Durham suggested a potential future agenda item regarding the Government's Levelling Up Agenda. The North East may in future elect a combined authority mayor (Metro Mayor); this would shift the PCC role to sit underneath a Metro Mayor and in turn have an effect on the makeup of the Joint CFO.

K Amlani queried if the CFO is a member of JIAC. K Laing noted the CFO attends JIAC on a permanent basis however does not attend pre-meetings with committee members as a matter of standard course. J Guy suggested that rather than using the term "member", the term "officer supporting JIAC" should be used.

***Action: K Laing to review the wording within the Terms of Reference regarding membership.***

**Update noted.**

### **iii. External Audit Assurance**

**Update noted.**

### **iv. HMICFRS and Other External Inspections**

P Wood queried whether Northumbria Police is up to date with its change programme in response to rape. P Godden provided reassurance, noting recommendations are being robustly managed internally by Safeguarding Department. DCC advised a report is to be submitted to Scrutiny Meeting on 20 July 2022 with detailed observations regarding the actions. Additionally, the force is participating in Operation Sotaria Bluestone, a 14 force pilot concerning best practise activity and the victims journey through the criminal justice process; this will further strengthen the outcomes of recommendations.

P Godden reassured that progress is being made against outstanding recommendations and that updates have been reported to the Executive Board and the OPCC. P Godden highlighted the new custody system is linked to the implementation of Northgate CONNECT which is due to be in place by February 2023.

J Guy made reference to the new approach used by HMICFRS to follow-up on recommendations, whereby inspectors will decide what follow-up activity the inspectorate will undertake at the point the recommendation is made. She queried whether the whole process of follow-up activity will now be inspectorate driven, or if Northumbria Police will have some autonomy in deciding if additional follow-up is necessary. P Godden advised follow-up activity will be internally driven; activity will only cease when the force is satisfied recommendations have been adequately completed.

**Update noted.**

**v. Legal and Regulatory Assurance**

**Update noted.**

**vi. Risk Management Arrangements**

**Update noted.**

**vii. Performance Management and Data Quality**

**Update noted.**

**viii. CIPFA Financial Management (FM) Code Self-Assessment**

J Guy queried the value for money (VFM) options appraisal and was concerned there was no methodology given and that it is due to be completed in September. K Laing responded there are a number of option appraisal processes across different teams which are being consolidated to ensure one option appraisal is used by all teams into one cohesive documented process.

K Amlani asked who would undertake the peer review in 2023. G Thompson stated this has not yet been considered and that the FM model is a more structured way of examining the forces current financial processes. K Laing stated the Sempak FM code is a standard process which has been used as part of the programme called Achievement and Financial Excellence in Policing and there will be benchmarks from the programme where other forces have taken a similar approach. The Code of Practice requires local authorities to have a full peer review but not police authorities. The Force is looking to enhance the outcome of accelerated financial policing excellence and policing FM review by exploring whether it is possible to have a suitable external peer review.

**Update noted.**

**6. SUMMARY OF RECENT EXTERNAL INSPECTION, INVESTIGATION AND AUDIT REPORTS**

P Godden confirmed that since the last JIAC a further Her Majesty's Inspectorate of Constabulary and Fire and Rescue Services (HMICFRS) report, 'A joint thematic inspection of the police and Crown Prosecution Service's response to rape - Phase two: Post-charge', was published on 25 February 2022, which is a joint inspection of Police and Crown Prosecution Service (CPS). This inspection was the second and final part of HMICFRS and HMCPSI's joint inspection of the investigation and prosecution of rape in England and Wales.

**Update noted.**

**7. JOINT STRATEGIC RISK REGISTER – ANNUAL REVIEW**

P Godden confirmed both Northumbria Police and OPCC have recently undertaken an annual review of strategic risk.



P Wood queried strategic risks nine and ten; Public Confidence and Regulation and Standards highlighting they were rated differently but felt there is a correlation between the two subjects. DCC explained the confidence and challenge in terms of risk, comes externally, and it must be ensured that the focus is on where behaviour and standards of within Northumbria Police can be raised, versus public perception and checking public confidence risk.

**Update noted.**

#### **8. EXTERNAL AUDIT 2020/21 – AUDIT FINDINGS REPORT (AFR)**

A Gouldman presented the Audit Findings Report, noting the report is now final for both the PCC and CC. The VAT query from the previous meeting has now been resolved and the reports signed off and published on their respective websites.

The VFM report is in discussion with management under the latest National Audit Office arrangements. A review of the VFM arrangements has found there are no significant weaknesses across the force, however, some recommendations have been highlighted to management and are being considered prior to the report being finalised.

**Update noted.**

#### **9. EXTERNAL AUDIT 2021/22 PROGRESS REPORT**

A Gouldman noted the progress of the current external audit. A timetable for completion will be agreed with K Laing and G Thompson in due course.

**Update noted.**

#### **10. DATE, TIME AND VENUE OF NEXT MEETING**

Monday 26 September, 2pm, Teams/Baliol Training Room



**Matters Arising**

Meeting	Agenda Item/Title/Context	Open/Closed	Note/Decision/Action	Detail	Assigned to
JlAC 18/7/2022	5d.ii. An Assessment of the Role of CFO in Accordance with Best Practice	OPEN	ACTION	To review the wording within the Terms of Reference regarding membership.	Kevin Laing



<b>Joint Independent Audit Committee</b>	<b>26 September 2022</b>
<b>Summary of Recent External Inspection, Investigation and Audit Reports</b>	
<b>Report of:</b> Head of Corporate Development	
<b>Author:</b> Corporate Governance Manager	

## **1. PURPOSE**

- 1.1. To provide details of recent external inspection, investigation and audit reports and an overview of the process in place to manage the Force's response to recommendations and findings.

## **2. BACKGROUND**

- 2.1. All His Majesty's Inspectorate of Constabulary and Fire and Rescue Services (HMICFRS) reports and other external inspection, investigation and audit reports are considered by the Chief Officer Team. A lead is appointed to consider the findings and identify actions in response to any recommendations and areas for improvement (AFIs). The Force position is reported to the Police and Crime Commissioner at the Business Meeting to inform the statutory response required under section 55 of the Police Act 1996 where required.
- 2.2. All activity is regularly reviewed by the respective owners. Delivery is overseen by Chief Officers through the Force's governance and decision-making structure and progress is reported to the Scrutiny Meeting of the Office of the Police and Crime Commissioner.
- 2.3. Corporate Development Department acts as the central liaison point for all HMICFRS related matters.
- 2.4. HMICFRS independently assesses the recommendations and AFIs either through further inspection or by undertaking reality testing. The Force is still awaiting further information regarding the new process for follow-up covered in the previous report; this is anticipated to commence sometime in the autumn.
- 2.5. The HMICFRS Monitoring Portal includes causes of concern and recommendations made to police forces by HMICFRS since January 2013, and AFIs since September 2019. The position as of 25<sup>th</sup> August 2022 was:

	<b>Recs</b>	<b>AFIs</b>
<b>Total</b>	<b>306</b>	<b>55</b>
Total closed	231	25
<b>Total open</b>	<b>75</b>	<b>30</b>
<i>Considered complete by the Force, awaiting HMICFRS review</i>	20	4
<i>Reviewed by HMICFRS for closure, awaiting update on the portal</i>	35	26
<b>Subject to ongoing Force activity</b>	<b>20</b>	<b>0</b>

- 2.6. Since the last Joint Independent Audit Committee (JIAC), six recommendations from two reports have been added to the portal:

[Twenty years on, is MAPPA achieving its objectives? A joint thematic inspection of Multi-Agency Public Protection Arrangements \(MAPPA\)](#) (published on 14<sup>th</sup> July 2022).

- 2.7. The report outlines the findings from a joint thematic inspection led by His Majesty's Inspectorate of Probation and supported by inspectors from HMICFRS and His Majesty's Inspectorate of Prisons. The inspection examined the work of prisons, police, and probation in delivering MAPPA.
- 2.8. It acknowledged improvements to the structure of MAPPA that places risk management at the heart of the process; however, stated that MAPPA guidance is interpreted differently in local areas across England and Wales which has led to varying practices.
- 2.9. Most MAPPA cases (98.4%) are managed at Level 1. Having been convicted of serious sexual or violent offences, Level 1 cases should be subject to regular reviews, informed by information from all agencies working with the individual. Findings suggested too often, this activity is not embedded in practice and practitioners are not aware of vital information, resulting in poor planning and risk management. Further improvements are needed for Level 1 cases.
- 2.10. The inspection concluded that for cases managed at Levels 2 and 3, MAPPA largely achieves its aims of managing the risks violent and sexual offenders pose to the public.
- 2.11. The report makes 19 recommendations, four for the police, two jointly with the probation service and prisons.

[The police response to burglary, robbery and other acquisitive crime](#) (published on 11<sup>th</sup> August 2022).

- 2.12. The spotlight report focuses on the police response to serious acquisitive crime and draws upon evidence from a range of sources, including amongst others: emerging academic practice; findings from PEEL 2021/22 inspections; the HMICFRS victim service assessment; and HMICFRS thematic inspections.
- 2.13. The findings examine six key areas: call handling; the initial policing response; how forces allocate investigations; investigation standards; offender management; and crime reduction approaches.
- 2.14. Concerns were raised there is too often a failure to get the basics of investigation and prevention correct. Forces are encouraged to do more to ensure there is justice for victims and to harness the wealth of evidence-based practice that can help prevent serious acquisitive crime. Two recommendations have been made.
- 2.15. Appendix A provides an overview of the outstanding recommendations assigned to Northumbria Police by HMICFRS on the monitoring portal which are subject to ongoing activity and includes the number of recommendations assessed as complete by the Force. A summary of progress, together with an expected delivery date and RAG status is also included. There are currently no outstanding AFIs.
- 2.16. The Force has determined a further three recommendations have been completed since the last update to JIAC; two from the Rape phase one report and one from the Rape phase two report. All three recommendations from the Rape phase 2 report are now complete.

- 2.17. There are 20 recommendations subject to ongoing Force activity resulting from eight thematic inspection reports. There are no matters of exception to note against these outstanding recommendations. There are number of recommendations dependent upon the implementation of NEC Connect, which is due be implemented in February 2023, as well as several recommendations where guidance or documentation is awaited from national bodies.

**3. FINANCIAL CONSIDERATIONS**

- 3.1 There are no additional financial considerations arising from this report.

**4. LEGAL CONSIDERATIONS**

- 4.1 There are no legal considerations arising from the content of this report.

**5. EQUALITY CONSIDERATIONS**

- 5.1 There are no equality implications arising from the content of this report.

**6. RISK MANAGEMENT**

- 6.1 Activity in response to HMICFRS findings is monitored through the Northumbria Police governance structure and by the Office of the Police and Crime Commissioner.
- 6.2 HMICFRS expects progress is made in response to the recommendations and uses progress against previous recommendations to assess risk when considering future inspection activity.

**7. RECOMMENDATIONS**

- 7.1 To note progress continues to be made against all recommendations and AFIs and that there are currently no matters of exception to report in response to previous inspections.





Report Title	Business Lead	Executive Lead	Recommendation/ Area for Improvement (AFI)	Number of Recommendations/ AFIs ( & number considered complete on the HMICFRS Monitoring Portal)	Number considered complete by the Force not yet reviewed by HMICFRS	Context	Anticipated completion date	Progress on delivery	RAG	Reported to Scrutiny Meeting	PCC response	Next report to Scrutiny Meeting
Policing in the pandemic - The police response to the coronavirus pandemic during 2020  Published 20th April 2021 CC response to PCC: 03/06/2021 PCC Section 55 response: June 2021 Reported to JJAC: 19/07/2021	Multiple	DCC Ford	Recommendations	5 (0)	4	<b>Issue</b>  The report highlighted five national recommendations regarding ensuring that officers understand and correctly implement the guidance for managing registered sex offenders during the pandemic; that they can manage their responses to changes in coronavirus-related legislation; that a policy is in place to make sure that the guidance and self-isolation directions when members of the workforce come into contact with someone with coronavirus symptoms are followed; that custody records are updated with information about how/when/if detainees are informed of the temporary changes to how they can exercise their rights to legal advice and representation; and to assess the sustainability of any temporary measures introduced during the pandemic that change the way they work.	This is dependent upon the new custody module, as part of NEC Connect (scheduled February 2023).	Three of the five recommendations were reported as complete at the Scrutiny Meeting in September 2021. These relate to officers understanding of guidance regarding managing registered sex offenders and coronavirus legislation and also policy regarding test track and trace.  Custody staff have been provided guidance to ensure that custody records are updated with information about how/when/if detainees are informed of the temporary changes to how they can exercise their rights to legal advice and representation. The Electronic Custody Recording system cannot mandate this information but quality assurance checks are being undertaken to mitigate any potential risk. The new custody system will improve monitoring in the future.  <b>Update: September 2022</b> A further recommendation in relation to the assessment and sustainability of any temporary measures introduced during the pandemic that changed working practices is considered complete. A new ways of working (NWOW) project was established to determine future working practices. The NWOW project has achieved its initial objectives and lessons learned from the Project will be identified September 2022 to understand the successes and achievements and to reflect on learning to take forward.  The remaining recommendation is dependent upon the release of the new custody system.		05/09/2022	No issues raised.	03/2023
Custody services in a COVID-19 environment  Published 20th April 2021 CC response to PCC: 03/06/2021 PCC Section 55 response: June 2021 Reported to JJAC: 19/07/2021	Head of Custody	ACC (Force Coordination)	Recommendation	1 (0)	0	<b>Issue</b>  This was a supplemental report to 'Policing in the Pandemic' with a further national recommendation providing detail of the custody information that HMICFRS recommends forces should collect and use.	This is dependent upon the new custody module, as part of NEC Connect (scheduled February 2023).	<b>Update: September 2022</b> Limitations with the current ICT systems do not allow the collation of some of the suggested data and some can only currently be obtained by manually checks of custody records. The new custody recording system will allow for the wider scrutiny of data and information.		05/09/2022	The position remains as previously reported. No issues raised.	03/2023
Review of policing domestic abuse during the pandemic – 2021  Published 22nd June 2021 CC response to PCC: 29/07/2021 PCC Section 55 response: August 2021 Reported to JJAC: 19/07/2021	Head of Safeguarding	T/ACC (Crime and Safeguarding)	Recommendations	3 (0)	2	<b>Issue</b>  The report highlighted three national recommendations regarding a review of discontinued cases; the safeguarding and support of victims awaiting court; breaking down barriers to reporting and ensuring that new practices adopted during the pandemic are properly monitored for quality and safety.	Jun-22	Online contact methods are available to victims of domestic abuse, and these include online reporting of an incident and 'tell us something'. Both reporting methods are accessible via the Northumbria Police website and are serviced through the Communications Department.  Telephone-based initial response to domestic abuse incidents and crimes is centrally managed by staff with domestic abuse training working on the Risk Management Desk within the Communications Department. This force wide function operates within the parameters set out by the College of Policing and guidance for Domestic Abuse telephone first response pilots.  A webchat digital service is available during the business hours of the Customer Service Centre (CSC). This service allows the user to speak to online advisors in real-time via a secure online service.  A victim services review has been completed and the model implemented. This provides additional resources to support victims and witnesses from the point of the crime through to the end of their Criminal Justice journey. One of the key elements of the additional resource is the provision of support to all DA victims who enter the court process. Each victim will receive a bespoke Criminal Justice Engagement plan at the point a case is listed and will have a dedicated liaison officer to work with them through the court process.  Two of the three recommendations are considered complete. Processes are embedded, compliant with the College of Policing and overall domestic abuse satisfaction is high. An internal evaluation of the DV Telephone pilot found no evidence of dissatisfaction on the part of victims.  <b>Update September 2022</b> Two reviews of outcomes have been undertaken and improvements have been demonstrated. In response to the findings of the above reviews, a presentation regarding standards and expectations when investigating Domestic Abuse was delivered to Sergeants and Inspectors at area commands by the Superintendent operation lead between June and July 2022. This is being supported by a continued drive for improvement, led via the Domestic Abuse Improvement Group and the associated improvement plan. It is anticipated that this final recommendation will be assessed as complete following ratification at the next Protecting Vulnerable People Governance Group in September 2022.  Updates will be reported to Scrutiny Meeting in line with the reporting schedule.		07/04/2022	No issues raised.	03/10/2022
A joint thematic inspection of the police and Crown Prosecution Service's response to rape – Phase one: From report to police or CPS decision to take no further action  Published 16th July 2021 CC response to PCC: 23/09/2021 PCC Section 55 response: Reported to JJAC: 27/09/2021	Head of Safeguarding	T/ACC (Crime and Safeguarding)	Recommendations	8 (0)	3	<b>Issue</b>  The inspection found that the criminal justice system's response to rape offences fails to put victims at the heart of building strong cases despite the national focus by the Government, policing and the CPS on improving outcomes for rape. Recommendations have been made to police regarding capturing the protected characteristics of rape victims; establishing reasons why victims withdraw from cases; working better with local support services to better understand their role; improving the effectiveness of case strategies and action plans with the CPS; improving relationships with the CPS to build a cohesive and seamless approach; reviewing the current process for communicating to victims the fact that a decision to take no further action has been made; ensuring investigators understand that victims are entitled to have police decisions not to charge reviewed under the Victims' Right to Review scheme; and the publication of annual SSAIDP attendance figures, and information on their numbers of current qualified RASSO investigators.	Delivery of two of the recommendations is dependent on the implementation of the Force's new NEC Connect IT system (scheduled February 2023).	Some of the requirements of the recommendations will require the implementation of the new NEC Connect IT system to allow for the necessary information capture. A Joint National Action Plan has been circulated through CPS/Police leads and adopted locally; this addresses key performance areas for improvement.  Good engagement is in place between ISVA service / CPS / police and all are regularly cooperating and sharing practice to improve services for victims. Other support services also work closely with Police including Safer Communities (charity) who operate from the SARC, support victims and assist with referrals, and the Sunderland Counselling Service who operate from the SARC one day per week. This allows for closer working together and better understanding of roles.  <b>Update September 2022</b> A further two recommendations are now considered complete by the Force:  NFA decisions are being delivered by officers with the ISVA where possible to ensure the victim has appropriate support and has received a full and comprehensive update as to the outcome. This is within timescales set by VCOF and monitored through the Performance Management Framework. CPS are also reviewing their process for notifying victims and this will include the ISVA service.  The Victim Right to Review scheme is being regularly reviewed to monitor applications and outcomes and is to be included in the Performance Management Framework to identify any areas of learning for individuals.  All recommendations are included within a RASSO improvement plan and are monitored regularly.		05/09/2022	The PCC requested an additional update on RaSSO in May 2022 with wider analysis to fully understand the victim's journey and where the challenges currently are in respect of the CJS response. An initial report was provided in September 2022. A further report is due in-line with the regular reporting schedule in October 2022.	03/10/2022
Police response to violence against women and girls - Final inspection report  Published 17th September 2021 CC response to PCC: 16/11/2021 PCC Section 55 response: November 2021 Reported to JJAC: 22/11/2021	Head of Safeguarding	T/ACC (Crime and Safeguarding)	Recommendations	3(0)	1	<b>Issue</b>  The recommendations in the final report relate to increasing the prioritisation of VAWG offences in policing. Forces are required to ensure information on protected characteristics of victims is accurately and consistently recorded; that an action plan is established that specifies in detail what steps the force will take to improve and standardise its approach to responding to VAWG offences, with the aim of ensuring policies, processes and practices are effective, actively monitored and managed, and meeting national standards; and that there should be consistent and robust monitoring of outcomes 15 and 16 in VAWG cases with the NPCC VAWG National Delivery Lead tasked with developing a new process for forces.	Delivery of one recommendation is dependent on the implementation of the Force's new NEC Connect IT system (scheduled February 2023). Another is dependent on the delivery of the new outcomes process to be developed by the NPCC lead.	Northumbria presently records information on victim age, gender and ethnicity. It is recognised that while Northumbria can provide overall victim data in terms of volumes, data relating to all nine protected characteristics is not available. Recent work has been conducted via the Northumbria Local Criminal Justice Board.  The NPICCS Replacement Project Team confirm that in relation to the nine protected characteristics, Connect allows for the collection of far more data than NPICCS currently does. The implementation of the new Connect IT system will provide for the requirement to better capture protected characteristic information.  The force routinely monitors use of outcomes 15 and 16, and will support the NPCC VAWG national delivery lead in the development and implementation of the new process. The recommendation suggests that the new process be developed by December 2022.  Following the publication of the VAWG national delivery framework, a VAWG Delivery Group of identified SPOCs across all key force functions has been established to develop a force delivery framework aligned to the national publication. Governance in relation to VAWG is via the Protecting Vulnerable People Governance Group chaired by ACC Crime and Safeguarding.  The delivery framework and supporting VAWG strategy were shared with the national VAWG task force by the required deadline of 31 March 2022.  <b>Update September 2022:</b> The VAWG strategy and framework are now published on the external force website.		31/05/2022	The OPCC confirmed arrangements are in place for an update in October 2022.	03/10/2022

Report Title	Business Lead	Executive Lead	Recommendation/ Area for Improvement (AFI)	Number of Recommendations/ AFIs (& number considered complete on the HMICFRS Monitoring Portal)		Context	Anticipated completion date	Progress on delivery	RAG	Reported to Scrutiny Meeting	PCC response	Next report to Scrutiny Meeting
A joint thematic inspection of the criminal justice journey for individuals with mental health needs and disorders  Published 17th November 2021 CC response to PCC: 18/01/2022 PCC Section 55 response: January 2022 Reported to JJAC: 28/02/2022	Head of Safeguarding	T/ACC (Crime and Safeguarding)	Recommendations	4 (0)	0	<b>Issue</b> Four national recommendations regarding: the need for dedicated investigative staff to receive training on vulnerability with inputs on responding to the needs of vulnerable suspects (as well as victims); assessment of outcome code 10 and 12. cases to assess the standard and consistency of decision making; a review of the availability, prevalence, and sophistication of mental health flagging; and the identification of risks and vulnerabilities during risk assessment processes, particularly for voluntary attendees.	Delivery of one recommendation regarding mental health flagging is dependent on direction from the NPCC on the agreed definition for mental health markers and the implementation of the Force's new NEC Connect IT system (scheduled February 2023).	Delivery of "Vulnerability Matters" training commenced in March 2022 to all public facing officers and staff. This covers all officers in detective roles. This training programme will assist officers to recognise vulnerability in suspects they are dealing with and give them the tools to support in signposting Mental Health suspects.  A bespoke training package for Mental Health Investigations has also been developed. In addition to being shared with existing detectives, it has been shared with PIP training leads to ensure the content is included within the PIP training programmes to ensure all new detectives into force are trained around Mental Health vulnerabilities of suspects.  A crime review of mental health crimes was undertaken in January 2022 to assess outcome codes 10 and 12 and identify learning. This will be revisited to assess the impact of training and messaging.  Mental health markers are being considered as part of the migration to the new Force system. Clarity is also being sought around the definition of mental health for the markers/flags. The NPCC report that there is some discrepancy between justice, health and social care agencies about the definition of Mental Health.  The force risk assessment processes for voluntary attenders (VA) are currently being reviewed. Northumbria Police continues to utilise Criminal Justice Liaison and Diversion teams in custody as part of the risk assessment process and work is ongoing to expand this for VAs.  <b>Update September 2022:</b> Work is ongoing with People Development to ensure assessment and support is available not only to detained persons who are under arrest in custody, but also voluntary attenders (VAs) to ensure a suspect's care needs are understood while undergoing interview, including whether they are fit to be interviewed.  Guidance is still awaited from the NPCC on an agreed definition for mental health flags.		05/09/2022	No issues raised.	03/2023
A joint thematic inspection of the police and Crown Prosecution Service's response to rape - Phase two: Post-charge  Published 25/02/2022 CC response to PCC: 07/04/2022 PCC Section 55 response: April 2022 Reported to JJAC: 18/07/2022	Head of Safeguarding	T/ACC (Crime and Safeguarding)	Recommendations	3 (0)	3	<b>Issue</b> Findings suggest the criminal justice system is failing victims of rape, and widespread reform is needed to build trust and secure justice.  Three national recommendations for the police (two jointly with prosecutors and the CPS regarding the review and improvement of communications with victims from the point of charge onwards; the need for the police and the CPS to work collaboratively to ensure that bad character is considered in all rape cases, and progressed wherever it is applicable; and that forces should make sure that victims of rape are given the opportunity to make a victim personal statement at the earliest possible time, with the option of updating this statement closer to the court trial date.	Jul-22	All recommendations are included within the RaSSO improvement plan and progress is monitored through the Protecting Vulnerable People Governance Group.  Two recommendations have previously been reported as complete following the circulation of reminders to staff and the RaSSO gatekeeper function ensuring compliance regarding victim personal statements and bad character.  <b>Update: September 2022</b> The final recommendation is now considered complete by the Force. The CPS now holds a meeting post charge with the ISVA, officer in charge and victim to discuss progress of the case. Continued monitoring of the post charge updates will be conducted though the monitoring groups and local police/CPS/ISVA meetings.		05/09/2022	The OPCC has ongoing arrangements for scrutiny in this area of business in place.	N/A
Twenty years on, is MAPPA achieving its objectives?  Published 14/7/2022 CC response to PCC: 05/09/2022 PCC Section 55 response: Reported to JJAC: 26/09/2022	Head of Safeguarding	T/ACC (Crime and Safeguarding)	Recommendations	4(0)	0	<b>Issue</b> The inspection highlighted the requirement for improvements to ensure that: Category 3 referrals are made to manage individuals who present a high risk of domestic abuse where formal multi-agency management and oversight through MAPPA would add value to the risk management plan; there is a comprehensive training strategy for all staff involved in the MAPPA process; all MAPPA nominals managed at Levels 2 and 3 are allocated to a suitably trained police offender manager; and where workloads of staff managing sexual offenders are found to be excessive, that steps are taken for mitigation.  <b>The Force is well positioned regarding these recommendations.</b>	Apr-23	<b>Update: September 2022</b> The report has been reviewed and the Force position presented to Business Meeting on 5th September 2022.		N/A	Future reporting on progress will be included in current arrangements for scrutiny in this area of business.	03/2023
The police response to burglary, robbery and other acquisitive crime  Published 11/8/2022 CC response to PCC: 03/10/2022 PCC Section 55 response: Reported to JJAC: 26/09/2022	Head of Crime	T/ACC (Crime and Safeguarding)	Recommendations	2(0)	0	<b>Issue</b> The report recommended that by March 2023, forces should make sure their crime scene management practices adhere to the authorised professional practice (APP) on managing investigations for serious acquisitive crime or provide a rationale for deviating from it and also to ensure that investigations are subject to effective supervision and direction.	To be determined	<b>Update: September 2022</b> The report is currently being reviewed and an update will be provided to Business Meeting on 3rd October 2022.		N/A	N/A	N/A

On track - no concerns

Progressing - additional action required to ensure delivery/delivery delayed

Risk to completion

**Short Report for Information**

<b>Joint Independent Audit Committee</b>	<b>26 September 2022</b>
<b>Joint Strategic Risk Register</b>	
<b>Report of: Ruth Durham, Chief of Staff and Monitoring Officer (OPCC) &amp; Debbie Ford, Deputy Chief Constable (Northumbria Police)</b>	
<b>Author: Tanya Reade, Corporate Governance Manager, Corporate Development</b>	

**I. PURPOSE**

- 1.1 To present the Joint Strategic Risk Register (JSRR); this incorporates the strategic risk(s) faced by the Force and OPCC within twelve thematic areas.

**2. BACKGROUND**

- 2.1 The OPCC and Northumbria Police share a JSRR. Each strategic risk is assigned an Executive or OPCC owner(s), who has responsibility for the management of controls and the implementation of new controls where necessary.

**Governance of the Joint Strategic Risk Register**

- 2.2 The JSRR identifies each risk, provides context to the risk and identifies current factors affecting thematic areas and captures the consequences if it were to happen. It also provides a summary of existing controls and rates risks on the likelihood of the risk occurring and the impact it would have. All risks are regularly reviewed by the respective owners and updated, where necessary.
- 2.3 Area Commanders, Department Heads and the OPCC are responsible for the identification of emerging risks which cannot be controlled locally and have the potential to prevent the Force and PCC from achieving objectives. Recommendations and areas for improvement following external inspections are considered to ensure they are adequately reflected in current risks. These risks are escalated to the PCC and Chief Officer Team via the relevant governance meetings in line with decision-making structures and recorded on the JSRR. PCC risks are reviewed locally by the OPCC.
- 2.4 The JSRR is presented to the joint Business Meeting between the PCC and the Chief Constable on a quarterly basis. The Joint PCC/Chief Constable Governance Group and Joint Independent Audit Committee (JIAC) provide additional scrutiny and governance on a quarterly basis.
- 2.5 The JSRR captures risk(s) in twelve thematic areas: Digital Policing, Finance; Governance; Information and Data Management; Information and Data Quality; Infrastructure and Assets; Operational; Partnership and Collaboration; Public Confidence; Regulation and Standards; Strategy; and Workforce.
- 2.6 Appendix A provides an overview of the current RAG status of the strategic risks for Northumbria Police, alongside the Force Strategic Risk Register. (Thematic risk areas are recorded alphabetically and numbered for ease of reference only).



**Short Report for Information**

- 2.7 Appendix B provides an overview of the current RAG status of the risks for the OPCC, alongside the register.

**Recent Updates****Finance (Force)**

**A - Reduction in funding and/or the arising of additional funding pressures which require changes to financial planning and/or a change to the resourcing of service delivery.**

**Finance (OPCC)**

**Government reduces funding to PCCs/Police Forces which results in a reduced service ability. The need to contain expenditure within available resources and enable Northumbria Police to police effectively.**

- 2.8 To take account of the now projected longer term impact of inflation on available funding, current factors have been updated to include extraordinary international events and national inflationary rises which lead to significant increases in cost without any increase in funding.
- 2.9 The assessment of risk rating has not changed and remains likelihood medium (3) and impact high (4) for both Force and OPCC Finance risks.
- 2.10 Since the annual review of the JSRR during April/May 2022 there have been no changes to the Joint Strategic Risk Register which impact on the overall risk level and the assessment of risk ratings has not changed.
- 2.11 Five areas remain high risk on the Force Strategic Risk Register: Digital Policing, Finance, Information and Data Management, Information and Data Quality and Workforce.
- 2.12 The OPCC has assessed one area as high risk: Finance.

**Short Report for Information**

**3. CONSIDERATIONS**

<b>Government Security Classification</b>	Official
<b>Freedom of Information</b>	Non-Exempt
<b>Consultation</b>	Yes
<b>Resources</b>	No
<i>There are no additional financial considerations arising from this report.</i>	
<b>Code of Ethics</b>	No
<i>There are no ethical implications arising from the content of this report.</i>	
<b>Equality</b>	No
<i>There are no equality implications arising from the content of this report.</i>	
<b>Legal</b>	No
<i>There are no legal considerations arising from the content of this report.</i>	
<b>Risk</b>	No
<i>There are no additional risk management implications directly arising from this report.</i>	
<b>Communication</b>	No
<b>Evaluation</b>	No



## AGENDA ITEM 7 - APPENDIX A

### Overview of the RAG status of Strategic Risk – Northumbria Police

LIKELIHOOD	Very High (5)				
	High (4)				
	Medium (3)		10 Regulation and Standards	1 Digital Policing 2 Finance 4 Information and Data Management 5 Information and Data Quality 12 Workforce	
	Low (2)		6 Infrastructure and Assets	7 Operational 8 Partnership and Collaboration 9 Public Confidence 11 Strategy	
	Very Low (1)	3 Governance			
		Low (2)	Medium (3)	High (4)	Very High (5)
		IMPACT			

## Assessment of Risk

Risks are rated on the basis of the likelihood of the risk materialising and the impact this would have. It is recognised rating risk is not an exact science and should be informed by evidence where possible.

Professional knowledge, judgement and active consideration are applied in assessing the likelihood and impact of a risk materialising; this is more important than the nominal rating itself.

The purpose of the rating of risk is to focus attention to ensure appropriate and proportionate mitigation plans and controls are in place.

L i k e l i h o o d	5. VERY HIGH	5	10	15	20	25
	4. HIGH	4	8	12	16	20
	3. MEDIUM	3	6	9	12	15
	2. LOW	2	4	6	8	10
	1. VERY LOW	1	2	3	4	5
		1. VERY LOW	2. LOW	3. MEDIUM	4. HIGH	5. VERY HIGH
	Impact					

The overall outcome of a risk rating assessment will identify the risk as being **very low/low (Green)**, **medium (Amber)** or **high/very high (Red)**. The residual risk rating is included on the Force Strategic Risk Register as a single overall score (identified by multiplying the impact by the likelihood rating) after controls/mitigations have been put in place.

### Key:

**Green: Very Low/Low -**

Unlikely to occur or the risk is fully manageable. Likely to lead to no or only tolerable delay in the achievement of priorities.

**Amber: Medium -**

The Force is actively managing the risk as is practicable. The risk may lead to moderate impact on the achievement of priorities.

**Red: High/Very High -**

The Force has only limited ability to influence in the short term; however, is actively managing. The risk may lead to considerable impact on the achievement of priorities.



## AGENDA ITEM 7 - APPENDIX A

<b>I</b>	<b>Strategic Risk Area – Digital Policing</b>
	<b>Risk - Inability of the Force to respond effectively to service demand due to loss or failure of mission and business critical technology solutions.</b>
Owner(s)	Chief Information Officer
Governance & Oversight	Transformation Board
Context	<ul style="list-style-type: none"> <li>▪ Limitations of current digital policing systems and the impact on service delivery.</li> <li>▪ Loss of critical digital policing services.</li> <li>▪ Significant information technology (IT) transformation programme.</li> <li>▪ A malicious intent to compromise or access information or data.</li> <li>▪ Failure of national projects to deliver on time and to specification.</li> </ul>
Current factors	<ul style="list-style-type: none"> <li>▪ New technology/new working practices being introduced.</li> <li>▪ Major IT Transformation now running (improve and remodel phase).</li> <li>▪ Impact internally and externally of further COVID-19 waves.</li> <li>▪ Delay on the NPICCS Replacement to Connect.</li> <li>▪ Delay in replacement of the People systems.</li> </ul>
Potential consequence	<ul style="list-style-type: none"> <li>▪ Ineffective IT system to support business processes.</li> <li>▪ Inability to effectively communicate with partners and the public.</li> <li>▪ Loss of information from systems as a result of a cyber-attack.</li> <li>▪ Loss of confidence in systems and the organisation from users, the public and partner organisations.</li> <li>▪ Loss of people data due to out of service life and unsupported core people systems internally and externally.</li> </ul>
Summary of Controls	<ul style="list-style-type: none"> <li>▪ Significant investment in place to provide core IT services.</li> <li>▪ Digital Strategy supported by key underlying strategies.</li> <li>▪ Digital Policing senior leadership team and robust governance via the Digital Policing Board in place.</li> <li>▪ Contracted advisory service in place.</li> <li>▪ Centralised hardware security monitoring now fully operable via the National Management Centre provided by the National Enabling Programme.</li> <li>▪ Greater security enhancement via enhanced Firewalls and access controls.</li> <li>▪ Annual and ad-hoc penetration testing regime embedded.</li> <li>▪ Recruitment and retention arrangements being finalised over transition period.</li> <li>▪ Recruitment to structure on target and to plan to achieve required capacity and capability.</li> <li>▪ Incentives for existing Development and DBA personnel.</li> <li>▪ Dedicated Solution Delivery function focussed on project delivery of the transformation programme.</li> <li>▪ Renegotiation of NEC/Northgate contract with more delivery focussed delayed payments and negotiated removal of current extended project costs.</li> </ul>

## **AGENDA ITEM 7 - APPENDIX A**

	<ul style="list-style-type: none"><li>▪ Improved agile working capabilities for project delivery staff in place and effective.</li><li>▪ Implementation of Smart Contact Command and Control solutions removing the threat of loss of 999 and 101 calls due to loss of NPICCS.</li><li>▪ Automated and manual patching of key systems and operating systems completed across critical, high and medium high systems.</li><li>▪ Additional monitoring and tooling in place to alert on any cyber-attacks.</li><li>▪ Increase in the frequency and types of backups of the people data and full system backups to minimise any loss.</li><li>▪ Periodic restores and read tests in place to ensure backup is viable.</li><li>▪ Introduction of infrastructure to improve network and remote access resilience.</li></ul>	
Likelihood Impact	3 4	<b>12</b>

<b>2</b>	<b>Strategic Risk Area – Finance</b>
<b>A</b>	<b>Risk - Reduction in funding and/or the arising of additional funding pressures which require changes to financial planning and/or a change to the resourcing of service delivery.</b>
Owner(s)	Chief Constable and Chief Finance Officer
Governance & Oversight	Executive Board/Business Meeting
Context	<ul style="list-style-type: none"> <li>▪ A review of the funding formula used by government to distribute grant funding to police forces in England and Wales may lead to a reduction in the percentage of central government police funding allocated to Northumbria Police.</li> <li>▪ Reduction in central government funding as announced in the annual Home Office (HO) Police Funding Settlement.</li> <li>▪ The funding settlement currently provides certainty for only one financial year and carries continued long-term uncertainty over several funding strands, including Uplift and Pensions for the next two years.</li> <li>▪ Other public sector funding reductions may reduce services provided, leading to increased service pressure on Northumbria Police and a need to look at potential collaboration opportunities.</li> </ul>
Current factors	<ul style="list-style-type: none"> <li>▪ The Government has stated the review of the Police Allocation Formula (PAF) will be completed in this parliament.</li> <li>▪ Implications of the pension remedy, which are currently being progressed based on national guidance.</li> <li>▪ Potential uncertainty of future implications/cost pressures/timescales relating to COVID-19 if further lockdowns or restrictions are implemented.</li> <li>▪ Extraordinary international events and national inflationary rises lead to significant increases in cost without any increase in funding.</li> </ul>
Potential consequence	<ul style="list-style-type: none"> <li>▪ A reduction to national funding, short notice changes or extraordinary increases in cost may require a change in short and medium term force financial planning, including a need to deliver unplanned efficiencies and savings thereby impacting on service delivery.</li> </ul>
Summary of Controls	<ul style="list-style-type: none"> <li>▪ Transparent ownership of financial matters between the Police and Crime Commissioner (PCC) and Chief Constable.</li> <li>▪ Well understood in-year financial monitoring and reporting governance.</li> <li>▪ An effective Reserves Strategy to provide mitigation against known and potential future events (COVID-19 Enforcement and Operational Reserve, Emergency Services Network, Pension, inflationary etc.), plus reserves providing financing to planned future investments.</li> <li>▪ Full consultation and engagement with the Police and Crime Commissioners Treasurers' Society, Force Finance Officers and the HO to influence funding for the North East.</li> </ul>

**AGENDA ITEM 7 - APPENDIX A**

Likelihood	3	12
Impact	4	

## AGENDA ITEM 7 - APPENDIX A

<b>2</b>	<b>Strategic Risk Area – Finance</b>	
<b>B</b>	<b>Risk - Unplanned and/or Unquantifiable in-year budget pressures.</b>	
Owner(s)	Chief Constable and Chief Finance Officer	
Governance & Oversight	Executive Board/Business Meeting	
Context	<ul style="list-style-type: none"> <li>An in-year event or change, outside of Northumbria Police's control, may lead to unbudgeted costs that cannot be met from within the annual budget.</li> </ul>	
Current factors	<ul style="list-style-type: none"> <li>There is still potential uncertainty of future implications/cost pressures/timescales relating to COVID-19 if further lockdowns or restrictions are implemented.</li> <li>Recognition of current extraordinary levels of inflation emerging in the economy for energy, fuel and prices, that were not anticipated within the approved budget 2022/23.</li> </ul>	
Potential consequence	<ul style="list-style-type: none"> <li>Any in-year pressures which become a forecast overspend must be addressed through consideration of in-year savings and discussion with the PCC.</li> </ul>	
Summary of Controls	<ul style="list-style-type: none"> <li>Transparent ownership of financial matters between the PCC and Chief Constable.</li> <li>Well understood in-year financial monitoring and reporting governance.</li> <li>Forecasted underspend for 2021/22 against the Chief Constable's revenue budget and capital financing budget to be used to manage inflationary risks identified for 2022/23.</li> </ul>	
Likelihood Impact	3 4	<b>12</b>

## AGENDA ITEM 7 - APPENDIX A

<b>3</b>	<b>Strategic Risk Area – Governance</b>	
	<b>Risk - Failures originating from a lack of scrutiny, oversight, transparency, internal controls and adherence to legislation.</b>	
Owner(s)	Deputy Chief Constable	
Governance & Oversight	Executive Board	
Context	<ul style="list-style-type: none"> <li>▪ Chief Constable is unable to account to the PCC for the exercise of his functions and those under his direction and control.</li> <li>▪ There is a breakdown in relationship between the Force and Office of the Police and Crime Commissioner (OPCC).</li> </ul>	
Current factors	<ul style="list-style-type: none"> <li>▪ Challenging transformation programme</li> <li>▪ Response to external inspection and investigation activity by His Majesty's Inspectorate of Constabulary and Fire &amp; Rescue Services (HMICFRS).</li> </ul>	
Potential consequence	<ul style="list-style-type: none"> <li>▪ Inability to identify and respond to deteriorating performance resulting in policing priorities not being achieved.</li> <li>▪ Inability to work effectively in partnership to provide services to victims and witnesses.</li> <li>▪ Slippage/failure of projects, which hamper the achievement of objectives.</li> <li>▪ A decline in quality and service delivery, leading to a reduction in satisfaction levels.</li> <li>▪ Adverse external inspection reports, leading to recommendations and wider escalation.</li> <li>▪ Loss of public confidence.</li> </ul>	
Summary of Controls	<ul style="list-style-type: none"> <li>▪ Regular review of the governance and decision-making structure to ensure it provides appropriate governance arrangements.</li> <li>▪ A Joint Independent Audit Committee to provide advice to the PCC and Chief Constable on the principles of corporate governance.</li> <li>▪ Police and Crime Panel scrutiny of the functions of the PCC.</li> <li>▪ Annual Governance Statement is prepared setting out the Force's current governance arrangements.</li> <li>▪ Role of HMICFRS to work with the PCC.</li> </ul>	
Likelihood Impact	1 2	2

## **AGENDA ITEM 7 - APPENDIX A**

<b>4</b>	<b>Strategic Risk Area – Information and Data Management</b>	
	<b>Risk - Challenges in adhering and complying with consistent and sustainable data management processes and standards to prevent data breaches.</b>	
Owner(s)	Assistant Chief Constable (Force Coordination)	
Governance & Oversight	Operational Information Management Board	
Context	<ul style="list-style-type: none"> <li>▪ The replacement of Force legacy systems presenting competing data management compliance elements.</li> <li>▪ The complex alignment of digital policing architecture to ensure interoperability.</li> <li>▪ Developing workforce with inadequate Information Asset Owners and Information Asset Lead engagement.</li> <li>▪ A recognition of the current position of the force data infrastructure is required to identify associated data use risks, compliance and ethical issues to prevent a breach of relevant legislation and/or non-compliance with statutory guidance.</li> </ul>	
Current factors	<ul style="list-style-type: none"> <li>▪ Increased demand due to Digital Policing Change Programme and associated interdependencies relating to new ways of working.</li> <li>▪ Additional threat from external sources relating to cyber related adverse impact.</li> </ul>	
Potential consequence	<ul style="list-style-type: none"> <li>▪ Corruption or loss of Force systems.</li> <li>▪ Loss of data and information assets.</li> <li>▪ Failure to comply with both Force policy and procedure and Management of Police Information statutory guidance.</li> <li>▪ Force policy and procedure processing, storing and handling of data not followed.</li> <li>▪ Mishandling of information through a lack of understanding of relevant legislation (Data Protection Act 2018).</li> <li>▪ Failure to comply with Information Commissioner's Office (ICO) best practice, standards and relevant codes of practice.</li> <li>▪ Litigation, legal action against the Force leading to enforcement action and monetary penalties.</li> <li>▪ Limited ability to access information and/or respond to requests for information.</li> <li>▪ Loss of confidence due to inappropriate or unlawful disclosures of personal data (internally and externally).</li> <li>▪ Compromise of operational activity and/or covert tactics.</li> <li>▪ Compromise of physical and technical security controls which would impact information assets and/or systems if vulnerability is exploited.</li> </ul>	
Summary of Controls	<ul style="list-style-type: none"> <li>▪ Information Management Unit with more effective capability, including the roles of Data Protection &amp; Disclosure Adviser and Information Security &amp; Assurance Manager.</li> <li>▪ Information Management Unit and Digital Policing collaborating effectively to formally identify, document and mitigate risk through the implementation of innovative and measurable solutions.</li> </ul>	

## **AGENDA ITEM 7 - APPENDIX A**

	<ul style="list-style-type: none"><li>▪ Targeted and relevant audit and organisational learning process to identify inappropriate handling and management of information.</li><li>▪ Oversight and management through the Governance and Decision-making structure – Operational Information Management Board.</li><li>▪ Implementation of formal Information Asset Registers, training, awareness and ongoing monitoring for Information Asset Owners and Information Asset Leads.</li><li>▪ Increased use of technical security controls and monitoring provided by the National Management Centre. Existing procedures in respect of data breaches ensure obligations placed on the organisation in such instances are met.</li><li>▪ Planned assurance schedule relating to critical systems and services.</li><li>▪ Monthly meeting with Senior Information Risk Owner to formally assess and govern risk.</li></ul>	
Likelihood Impact	3 4	12



## AGENDA ITEM 7 - APPENDIX A

<b>5</b>	<b>Strategic Risk Area – Information and Data Quality</b>
	<b>Risk - Challenges in efficiently and effectively managing data through the technical and cultural implementation of control measures, storage and practice in support of existing and new operating platforms.</b>
Owner(s)	Assistant Chief Constable (Force Coordination)
Governance & Oversight	Operational Information Management Board
Context	<ul style="list-style-type: none"> <li>▪ A recognition of the force's ability to accurately collect and present data required to support decision making in all areas of business, whilst ensuring statutory data returns to relevant bodies are concise, accurate and timely.</li> <li>▪ The replacement of Force legacy systems presenting competing data collection processes.</li> <li>▪ The ability to assign accountability/ownership of data assets to ensure data is collected, stored and used appropriately.</li> <li>▪ The application of control measures that affect the way staff interact with data is needed to support the cultural change required to successfully deliver the new operating platforms.</li> <li>▪ The implementation of data storage, audit and access capability that is complementary across all new platforms is essential to ensure compliance, analysis and quality information readily accessible to staff to advise organisational and operational delivery.</li> </ul>
Current factors	<ul style="list-style-type: none"> <li>▪ Migration to new operating platforms, including Northgate Connect and Steria – Storm.</li> <li>▪ Ability to respond to external inspection/audit findings.</li> <li>▪ Legacy data and systems.</li> </ul>
Potential consequence	<ul style="list-style-type: none"> <li>▪ Inaccessible/inaccurate intelligence.</li> <li>▪ Up-to-date crime and intelligence data - specific data sets such as exhibits are not available to officers/staff or data is stored in various locations and formats without formal recording or RRD processes in place. Inaccurate data leading to non-compliance with regulations, a potential negative impact upon investigations and subsequent loss of public confidence.</li> <li>▪ Reduction in force performance and delivery through poor and non reflective data quality.</li> <li>▪ Failure to identify risk of vulnerability, officer, public safety.</li> <li>▪ Inaccurate data returns to the HO and other bodies e.g. HMICFRS.</li> <li>▪ Poor data quality affecting operational and business decisions, meaning that critical risk factors may be missed or not fully understood. E.g. Vulnerability, Officer Safety and Public Safety.</li> </ul>

## **AGENDA ITEM 7 - APPENDIX A**

Summary of Controls	<ul style="list-style-type: none"> <li>▪ Investment in IT to support ongoing DP programme which integrates data management processes and wider compliance obligations.</li> <li>▪ Migration strategy as part of the Transformation 2025 programme IT strand to ensure data quality, accuracy and compliance with GDPR.</li> <li>▪ Implementation of Data Quality reviews and Audits to support ongoing improvements relating to handling methods, accuracy, review and retention.</li> <li>▪ Quality Standards Delivery Team.</li> <li>▪ Self-service updates (i.e. HRMS) to allow efficient and timely changes to data.</li> <li>▪ Use of the QlikSense Business Intelligence tool to identify compliance and data quality issues.</li> <li>▪ Engagement with the HO/National Police Chiefs' Council National Data Quality Improvement Service (NDQIS).</li> <li>▪ Implementation of holistic Information Asset Registers with accountable Owners and Leads.</li> <li>▪ Implementation of revised and enhanced processes and procedures relating to review, retention and disposal of electronic and physical assets with oversight and ongoing monitoring from the Information Management Unit (DMAT).</li> <li>▪ Targeted training and ongoing support for all Information Asset Owners and Leads</li> <li>▪ Enhanced external audit regime implemented that reflects the complexity and breadth of information management obligations and compliance regimes.</li> <li>▪ Revised compliance with ICO and legislative requirements (Record of Processing Activities, Data Flow Mapping etc.).</li> <li>▪ Information Management training mandated for all staff and officers with key performance indicators to Operational Information Management Board as a standing agenda item.</li> <li>▪ Dedicated communication and awareness plan for all staff and officers which targets key risks and impacts in a timely and effective manner.</li> </ul>	
Likelihood	3	<b>12</b>
Impact	4	

## AGENDA ITEM 7 - APPENDIX A

<b>6</b>	<b>Strategic Risk Area – Infrastructure and Assets</b>	
	<b>Risk - Failure to effectively manage assets to ensure continued effective service delivery through provision of equipment and facilities which keep the workforce capable; able to respond to the public and maintain the physical security and safety of our estate.</b>	
Owner(s)	Assistant Chief Officer Corporate Services	
Governance & Oversight	Operational Information Management Board (Physical Security)/ People & Organisational Justice Board (Force Safety Group and subgroups).	
Context	<ul style="list-style-type: none"> <li>▪ Failure to appropriately maintain assets may result in critical failure.</li> <li>▪ Failure to comply with building regulations and legislation regarding the safety of our estate.</li> <li>▪ Failure to ensure officers and staff have the right assets and equipment available to perform their role.</li> </ul>	
Current factors	<ul style="list-style-type: none"> <li>▪ Impact of post COVID-19 on force infrastructure, estate and assets.</li> <li>▪ Implementation of New Ways of Working programme.</li> <li>▪ Delays in new supply of vehicles/availability of fleet as a result of global supply chain issues.</li> <li>▪ Physical security</li> </ul>	
Potential consequence	<ul style="list-style-type: none"> <li>▪ Injury to users of assets or the public.</li> <li>▪ Reduced availability of assets impacts on services across some or all business areas.</li> <li>▪ Litigation and civil claims.</li> <li>▪ Negative impact on the workforce and on public confidence.</li> </ul>	
Summary of Controls	<ul style="list-style-type: none"> <li>▪ Review and re-profile of building refurbishment programme in-line with and New Ways of Working requirements.</li> <li>▪ Established internal arrangements to minimise the impact of proposed estate and infrastructure changes/refreshes on the business.</li> <li>▪ Business Continuity Plans, Estate Strategies and policies and procedures in place.</li> <li>▪ Regular inspection, testing and maintenance programmes in place in respect of water hygiene, electricity and gas safety.</li> <li>▪ Fire risk assessments in place.</li> <li>▪ Asbestos management plan in place.</li> <li>▪ Health and Safety management embedded at tactical and strategic level.</li> <li>▪ New Fleet Strategy implemented.</li> <li>▪ New Fleet User Group to revise fleet use and force profile, including development of sustainable fleet measures.</li> <li>▪ Vehicle maintenance, transportation and installation partners are vetted to ensure security and continuity of service.</li> <li>▪ Internal fuel stock maintained.</li> <li>▪ Asset management software.</li> <li>▪ Telematics installed in all cars providing management oversight with timely maintenance and usage data.</li> <li>▪ Operational equipment requirements are managed via the Force Safety Group and reported to the People &amp; Organisational Justice Board.</li> </ul>	
Likelihood	2	<b>6</b>
Impact	3	

<b>7</b>	<b>Strategic Risk Area – Operational</b>
	<b>Risk - Inability to implement centralised force coordination ensuring sustainable capacity and capability to meet statutory requirements under the Civil Contingencies Act (CCA) and responsibilities from the Strategic Policing Requirement.</b>
Owner(s)	Assistant Chief Constable (Force Coordination)
Governance & Oversight	Strategic Management Board
Context	<ul style="list-style-type: none"> <li>▪ Implementation of a new Force Operating Model, demographic and operational placement of officers and staff.</li> <li>▪ A specific focus on Joint Emergency Services Interoperability Programme (JESIP) principles and preparedness planning through the Local Resilience Forum (LRF) to manage Major Incidents.</li> <li>▪ The national strategic threat and risk assessment in specialist areas of POPS, FA and MP has led to the identification of shifting threats from extremist groups and associated learning from public inquiries.</li> <li>▪ The uplift of staff and coordinated work force plan has predicted a significant gap in experience and skill base, particularly in specialist areas of investigation and public order.</li> <li>▪ A recognition of the Force's ability to effectively deal with Societal Risks; Diseases; Natural Hazards; Major Accidents; Malicious Attacks to protect the public and comply with statutory requirements in these circumstances.</li> </ul>
Current factors	<ul style="list-style-type: none"> <li>▪ Current review of the CCA.</li> <li>▪ Proposed wider remit of LRFs.</li> <li>▪ Statutory guidance for JESIP.</li> <li>▪ Force Operating Review.</li> <li>▪ Interim exigency Response Policing Team shift pattern.</li> <li>▪ Work Force Plan.</li> <li>▪ Significant Events.</li> </ul>
Potential consequence	<ul style="list-style-type: none"> <li>▪ Inability to meet core policing requirements.</li> <li>▪ Inability to respond effectively to Major Incidents.</li> <li>▪ Reduced staffing and service provision.</li> <li>▪ Inability to deliver services across some or all business areas.</li> <li>▪ Inability to project accurate resourcing to meet future demand.</li> <li>▪ Ability to meet mobilisation commitment.</li> <li>▪ Negative impact on public confidence.</li> <li>▪ Ineffective business continuity.</li> </ul>

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Summary of Controls	<ul style="list-style-type: none"> <li>▪ Robust business continuity plans in place across all area commands and departments.</li> <li>▪ COVID-19 Response plan and local response plan prepared for localised lockdowns.</li> <li>▪ Pandemic Multi-Agency Response Teams Plan with partners and ability to activate in response to excess death management.</li> <li>▪ Concept of Operations developed in line with the States of Policing Matrix to support resourcing decisions in order to maintain critical functionality for the force.</li> <li>▪ Close working with National Police Coordination Centre (NPoCC) and the Regional Information and Coordination Centre to test and exercise mobilisation commitment and provide and request mutual aid as appropriate.</li> <li>▪ Mobilisation plan includes changes to NPoCC mobilisation commitment and deployments to British Overseas Territories with COVID-19 considerations.</li> <li>▪ Ability to implement agile ways of working and COVID Secure estate.</li> <li>▪ Northumbria Police currently chairs the Northumbria LRF and work closely with partners on preparedness for civil emergencies and the testing and exercising of the multi-agency response.</li> <li>▪ LRF Strategic Coordination Group and Tactical Coordination Group currently activated with Vice Chair status on each group.</li> <li>▪ At Chief Constable level Recovery Plan and Recovery Coordination Group participation.</li> <li>▪ Ability to revise shift pattern to facilitate mobilisation of specialist staff, particularly in respect of Tier 2 assets.</li> <li>▪ Force Coordination Centre and daily pace setter meetings to align demand and resources.</li> </ul>	
Likelihood	2	<b>8</b>
Impact	4	

<b>8</b>	<b>Strategic Risk Area – Partnership &amp; Collaboration</b>
	<b>Risk – Loss or reduction in opportunities to work in partnerships or collaborations and subsequent impact on service delivery. Ineffective management of new and current commercial contracts leading to reduced service delivery and/or low value for money.</b>
Owner(s)	Deputy Chief Constable
Governance & Oversight	Joint Business Meeting / Strategic Management Board - Business
Context	<ul style="list-style-type: none"> <li>▪ Lack of scoping and user requirements at the outset of partnerships/collaboration or commercial interest.</li> <li>▪ Future financial constraints on public services.</li> <li>▪ Cost of living and inflation impacting economy and changing opportunities.</li> <li>▪ Lack of integrated planning with partners to identify opportunities.</li> <li>▪ Reduction in partnership services.</li> <li>▪ Failure of significant collaborative agreements.</li> </ul>
Current factors	<ul style="list-style-type: none"> <li>▪ Reduction in safeguarding activity and preventative work, particularly relating to serious violence and anti-social behaviour.</li> <li>▪ Commercial contract management capability and capacity.</li> <li>▪ Capability and capacity of Procurement team resulting from recent exits.</li> <li>▪ Missed opportunities for further partnership collaboration with partners.</li> <li>▪ Impact of post COVID-19 on current partnership arrangements and future opportunities to work together due to reduced funding</li> <li>▪ Cost of living / inflation is affecting commercial businesses and public sector.</li> </ul>
Potential consequence	<ul style="list-style-type: none"> <li>▪ Gaps in services and support to communities.</li> <li>▪ Missed opportunities to prevent and reduce crime and disorder.</li> <li>▪ Reduced public confidence.</li> <li>▪ Reduced opportunities for more efficient and effective services.</li> <li>▪ Increased costs due to poor scoping and/or contract management.</li> <li>▪ Missed learning opportunities for partner agencies from serious case reviews.</li> </ul>
Summary of Controls	<ul style="list-style-type: none"> <li>▪ Effective partnership governance arrangements and joint partnership plans through Community Safety Partnerships and wider multi-agency arrangements</li> <li>▪ Force wide business planning cycle and delivery of local business plans informed by partnership data and engagement.</li> <li>▪ Strategic Design Authority and Transformation Programme.</li> <li>▪ Improving understanding of demand and external influences of demand enabling effective management of response.</li> <li>▪ Business continuity plans between relevant partners.</li> <li>▪ Access to local and/or national support programmes.</li> <li>▪ Ongoing management of commercial contracts.</li> </ul>

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	<ul style="list-style-type: none"><li>▪ Adoption of recommendations made in HMICFRS Thematic report 'The Hard Yards' to track business benefits.</li><li>▪ Joint work between agencies e.g. Newcastle Safeguarding Children's and Adults Boards and Safer Newcastle to produce a Serious Violence and Criminal Exploitation Strategy.</li><li>▪ Ability to introduce and maintain joint Criminal Justice Impact and Recovery working exercises when required, utilising resources across disciplines to meet demand.</li><li>▪ Increased early interventions and out of court disposals in place for young people.</li><li>▪ Introduction of a centralised decision making and recording process for adult Out of Court Disposals to increase use of diversion pathways (Transformational Resolutions and Educational Adult Disposals (TREAD) Team).</li></ul>	
Likelihood Impact	2 4	8

<b>9</b>	<b>Strategic Risk Area – Public Confidence</b>
	<b>Risk - The loss of public confidence in Northumbria Police due to the behaviour, conduct, actions or inaction of Northumbria Police as an organisation or individuals representing the Force, including reduced legitimacy due to poor engagement, abuse of powers and disproportionality in practices.</b>
Owner(s)	T/Assistant Chief Constable (Communities)
Governance & Oversight	Engaged Communities Group/Strategic Resourcing Delivery Board/ People & Organisational Justice Board/Organisational Learning Board/Ethics Advisory Board/Public Confidence and Standards Board
Context	<ul style="list-style-type: none"> <li>Force or an associated individual acts, in an inappropriate, discriminatory way or demonstrates corrupt behaviour.</li> <li>Death or serious injury following police contact, or following other adverse or critical incident, as a result of police action or omission.</li> <li>Misuse or deliberate disclosure of sensitive data or information.</li> <li>Public perceptions of police ineffectiveness in relation to offences disproportionately impacting on specific communities (Violence Against Women and Girls (VAWG), Hate crime, disproportionate victimisation of black communities).</li> </ul>
Current factors	<ul style="list-style-type: none"> <li>Abuse of authority for financial or sexual purpose, fraud or theft.</li> <li>Awareness of risk within workforce (Abuse of Authority for a Sexual Purpose (AA4SP), misogyny, discrimination) and increase in associated misconduct cases.</li> <li>Current operating context and legitimacy in use of police powers.</li> <li>Disproportionality in use of powers.</li> <li>Identification and response to organisational learning opportunities.</li> <li>Public perception that ineffective response to VAWG, hate crime and victimisation of black communities is influenced by cultural issues misogyny/ institutional racism).</li> </ul>
Potential consequence	<ul style="list-style-type: none"> <li>Abuse of authority for financial or sexual purpose, fraud or theft.</li> <li>Increased civil interest.</li> <li>Perception of disparity damaging confidence of minority groups.</li> <li>Litigation, legal action against the Force.</li> <li>Reduced public confidence.</li> </ul>



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Summary of Controls	<ul style="list-style-type: none"> <li>▪ Governance arrangements.</li> <li>▪ Force Engagement Strategy and systems.</li> <li>▪ Completion of Equality Impact and Community Tension Assessments.</li> <li>▪ Independent advisory groups and Scrutiny Panels for use of powers.</li> <li>▪ Force VAWG Strategy, Race Action Plan and Hate Crime Delivery Plans.</li> <li>▪ Dedicated Counter Corruption Unit with appropriate capacity and capability to deliver a full range of covert tactics.</li> <li>▪ Forcewide internal communications to increase awareness of behaviour and standards, such as corruption, ethical dilemmas, understanding boundaries.</li> <li>▪ Vetting procedures in-line with APP on Vetting.</li> <li>▪ Identification and review of organisational learning, with organisational learning a standing agenda item within the Governance and Decision-making structure and oversight by the force Organisational Learning Board.</li> <li>▪ Internal threat awareness through Professional Standards Department risk matrix, abuse of authority problem profile.</li> <li>▪ Diversity/Unconscious bias training for all staff.</li> <li>▪ Focus on diversity in recruitment, attraction, selection and retention.</li> <li>▪ Continued Performance &amp; Development Review of staff via performance management frameworks.</li> </ul>	
Likelihood Impact	2 4	<b>8</b>

<b>10</b>	<b>Strategic Risk Area – Regulation &amp; Standards</b>
	<b>Risk - Northumbria Police and/or its staff, fail to operate within the regulatory framework defined by law or by force policy. In doing so, creating risks which may result in harm to individuals, groups or organisations.</b>
Owner(s)	Deputy Chief Constable
Governance & Oversight	Public Confidence & Standards Board/Engaged Communities Group/People & Organisational Justice Board
Context	<ul style="list-style-type: none"> <li>▪ Litigation, legal action and/or prosecution of the Force and/or individuals by former officers or staff members.</li> <li>▪ Failure to comply with regulatory frameworks.</li> </ul>
Current factors	<ul style="list-style-type: none"> <li>▪ Increased scrutiny and challenge on police powers and super complaints.</li> <li>▪ Significant events impacting on public confidence over last 12 months.</li> <li>▪ Change in legislation in relation to protest may result in legal challenge.</li> <li>▪ Increase awareness and reporting of AA4SP could result in legal action against force for failure to prevent.</li> </ul>
Potential consequence	<ul style="list-style-type: none"> <li>▪ Litigation, legal action and/or prosecution of the Force and/or individual staff.</li> <li>▪ Associated costs of dealing with litigation.</li> <li>▪ Negative impact on the workforce and public confidence.</li> <li>▪ Failure to achieve/maintain relevant ISO/IEC accreditation in line with relevant codes of practice.</li> <li>▪ Failure to comply with relevant Health and Safety regulations.</li> </ul>
Summary of Controls	<ul style="list-style-type: none"> <li>▪ Central review of all civil claims, with adverse trends and lessons learnt reported to People &amp; Organisational Justice Board/ Organisational Learning Board.</li> <li>▪ Audit arrangements and Quality Management System.</li> <li>▪ ISO governance meeting.</li> <li>▪ Health and Safety Management System and provision of health and safety advice.</li> <li>▪ Investigations and review of health and safety incidents, with lessons learnt reported to People &amp; Organisational Justice Board.</li> <li>▪ Monitoring of regulations and standards in relation to COVID-19 now within business as usual, subject to any major changes in society / regulations etc.</li> <li>▪ Introduction of scrutiny panel for use of police powers.</li> <li>▪ Force policy on mandatory use of Body Worn Video at key incidents/events.</li> <li>▪ External Scrutiny panel for use of police powers (Use of Force/Stop &amp; Search).</li> <li>▪ Force approach to identify and reduce AA4SP.</li> <li>▪ Introduction of Force Public Confidence &amp; Standards Board and external scrutiny oversight board.</li> </ul>

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Likelihood Impact	3 3	9
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<b>II</b>	<b>Strategic Risk Area – Strategy</b>
	<b>Risk - Northumbria Police fails to deliver its strategic objectives and those of the Police and Crime Plan, due to ineffective business planning, including effective management of performance, risk, demand, transformation, workforce and finance.</b>
Owner(s)	Chief Constable
Governance & Oversight	Executive Board
Context	<ul style="list-style-type: none"> <li>▪ Failure to deliver the Force Strategic Priorities.</li> <li>▪ Failure to deliver against objectives set out in the Police and Crime Plan.</li> <li>▪ Failure to achieve the business benefits from the Transformation Programme.</li> <li>▪ Compliance and standards not meeting acceptable levels impacting on victim services.</li> <li>▪ Failure to meet areas for improvement highlighted by external bodies.</li> </ul>
Current factors	<ul style="list-style-type: none"> <li>▪ COVID recovery impacting on Newcastle Crown Court backlog.</li> <li>▪ Implementation and impact of Northgate Connect.</li> <li>▪ Increased demand as the force implements the Transformation Programme.</li> </ul>
Potential consequence	<ul style="list-style-type: none"> <li>▪ Deteriorating performance resulting in policing priorities not being achieved.</li> <li>▪ A decline in quality and service delivery, leading to a reduction in satisfaction and confidence.</li> <li>▪ Adverse external inspection reports, leading to recommendations and wider escalation.</li> <li>▪ Reduction in services provided to victims and witnesses as a result of ineffective partnership working with other criminal justice agencies.</li> <li>▪ Delays to criminal justice outcomes.</li> <li>▪ Slippage/failure of projects, which hamper the achievement of objectives.</li> </ul>
Summary of Controls	<ul style="list-style-type: none"> <li>▪ Business planning cycle and delivery of local business plans.</li> <li>▪ Forcewide Performance Management Framework.</li> <li>▪ Oversight and management of performance using the Governance and Decision-making structure.</li> <li>▪ Transformation 2025 Programme.</li> <li>▪ Local Criminal Justice Board (LCJB) Plan and supporting governance structures.</li> <li>▪ Effective relationships and communication with partners locally enabling response to national issues (e.g. LCJB Strategic Recovery Group).</li> <li>▪ Victim service review to improve service delivery to victims of crime and investigative standards.</li> <li>▪ Implementation of a Northumbria Police Victim and Witness Service.</li> <li>▪ Ring fenced funding to deliver Force Strategic Priorities.</li> </ul>

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Likelihood	2	8
Impact	4	

<b>12</b>	<b>Strategic Risk Area – Workforce</b>
<b>A</b>	<b>Risk - Inability to attract, recruit and retain required workforce levels.</b>
Owner(s)	Assistant Chief Officer Corporate Services
Governance & Oversight	People & Organisational Justice Board, Strategic Resourcing Delivery Board, Strategic Design Authority, Transformation Board
Context	<ul style="list-style-type: none"> <li>Extremely challenging job market for specialist technical skills with marked pay differentials when compared to other sectors.</li> <li>Limited ability to attract, recruit and retain individuals with specialist/technical skills into specialist roles i.e. particularly in Digital Policing.</li> <li>Limited ability to attract, recruit and retain a diverse workforce.</li> <li>Significant gaps across investigative roles (PIP level 2) and challenges to recruit detectives internally.</li> <li>Requirement to ensure efficiency of recruitment and vetting processes to match pace of hiring and ensure standards continue to be met.</li> </ul>
Current factors	<ul style="list-style-type: none"> <li>Buoyant and active job market has resulted in an increased number of vacancies across the region, as well as Nationally.</li> <li>Skills shortages in specialist / technical roles due to current recruitment climate.</li> <li>Challenges in meeting diversity ambitions and limited pool which is in high demand from all sectors.</li> <li>Challenges in meeting changing workforce expectations.</li> <li>Challenges in the attraction of investigative resources through internal routes.</li> <li>Increased police staff attrition.</li> <li>Potential increase police officer attrition.</li> </ul>
Potential consequence	<ul style="list-style-type: none"> <li>Failure to deliver service in key technical and specialist areas, impacting on public trust and confidence.</li> <li>Impact on investigative standards and quality due to insufficient investigative resources to meet demand.</li> <li>Lack of representation of the communities we serve.</li> <li>Impact on wellbeing due to high vacancy and turnover rates.</li> <li>Loss of key skills and knowledge through high turnover.</li> <li>Increased recruitment cost.</li> </ul>
Summary of Controls	<ul style="list-style-type: none"> <li>Resourcing Strategy for each business area to deal with the demand, design, supply, capacity and capability.</li> <li>Workforce plan for police officer and police staff, which is affordable and achievable.</li> <li>Investigative Plan delivered through the Investigative Capability Working Group and governed via the Strategic Resourcing Delivery Board.</li> <li>Gold Group established in response to PIP demand.</li> <li>Operational Resourcing Meeting established to monitor tactical operational resourcing requirements.</li> </ul>

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	<ul style="list-style-type: none"><li>• Use of agency / organisations to provide Burst capability for technical skills.</li><li>• Diversity, Equality &amp; Inclusion Strategy and Plan (including Positive Action strategy/plan).</li><li>• Appropriate and robust vetting framework.</li><li>• Development of a Retention Strategy to address workforce retention and attrition Implementation of a new salary model following delivery of Role, Reward and Pay project.</li></ul>	
Likelihood Impact	3 4	<b>12</b>

<b>12</b>	<b>Strategic Risk Area – Workforce</b>
<b>B</b>	<b>Risk - Limited ability to ensure the workforce has the appropriate capacity and capability in order to meet the current and future requirements of an effective policing service.</b>
Owner(s)	Assistant Chief Officer Corporate Services
Governance & Oversight	People & Organisational Justice Board, Strategic Resourcing Delivery Board, Strategic Design Authority, Transformation Board
Context	<ul style="list-style-type: none"> <li>• An appropriate assessment of people performance through effective Performance and Development Review (P&amp;DR) assessments</li> <li>• Ensure the workforce is developed in terms of their operational, technical, leadership and business skills.</li> <li>• Ensure training profiles and minimum levels are met and maintained.</li> <li>• Ensure ongoing professional development in key technical / specialist roles, in particular for investigative resource and the development of career pathways.</li> <li>• Ensure the workforce understands its role in ensuring appropriate standards are met in line with the Code of Ethics.</li> <li>• Ensure the organisation becomes a learning organisation where the learning experience is supported through effective tutoring, mentoring and coaching.</li> </ul>
Current factors	<ul style="list-style-type: none"> <li>• Gap in knowledge of people performance</li> <li>• Lack of investigative resources available across the force impacting on the ability to meet investigative demands.</li> <li>• Ability to respond to core operational capabilities i.e., driver training.</li> <li>• Lack of understanding of business and leadership skills profiles and requirements.</li> <li>• Lack of clarity and action in regard to people performance and understanding of expectations.</li> <li>• PEQF entry routes require the organisation to effectively support the learner experience.</li> </ul>
Potential consequence	<ul style="list-style-type: none"> <li>• People performance is not maximised</li> <li>• Inability to deliver service and reduction of service quality will impact on trust and confidence.</li> <li>• Inability to meet demand, particularly from an investigative perspective.</li> <li>• Impact on wellbeing through increased pressure on a smaller number of resources to deliver services.</li> <li>• Inability to meet minimum training profile requirements.</li> </ul>
Summary of Controls	<ul style="list-style-type: none"> <li>• Investigative Plan – delivered through the Investigative Capability Working Group and governed via the Strategic Resourcing Delivery Board.</li> <li>• Operational Resourcing Meeting – monitor tactical operational resourcing requirements.</li> <li>• Resourcing Strategy for each business area to deal with the demand, design, supply, capacity and capability issues.</li> </ul>



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	<ul style="list-style-type: none"><li>• Clear, achievable training plan for the next 12 months, with projections across the 4-year Medium Term Financial Strategy period.</li><li>• Embedded training profiles and plans.</li><li>• Enhanced development offer including leadership and career development.</li><li>• Ongoing workforce development through P&amp;DR and local ownership.</li><li>• Diversity, Equality &amp; Inclusion Strategy and Plan (including Positive Action strategy/plan)</li><li>• Integrity health checks through the P&amp;DR</li><li>• Performance and promotion assessment uses the national competency and values framework which is built on the Code of Ethics.</li><li>• Development of a Professional Development Unit within Area Commands to provide support to student.</li></ul>	
Likelihood Impact	3 4	12



**Overview of the RAG status of Strategic Risk – OPCC**

LIKELIHOOD	Very High (5)				
	High (4)				
	Medium (3)			(OPCC) Finance	
	Low (2)			(OPCC) Partnership and Collaboration  (OPCC) Public Confidence	
	Very Low (1)	(OPCC) Governance			
	Very Low (1)	Low (2)	Medium (3)	High (4)	Very High (5)
IMPACT					

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**APPENDIX B**

**OPCC has identified risks in four thematic risk areas: Finance; Governance; Partnership and Collaboration; and Public Confidence**

<b>OPCC</b>	<b>Strategic Risk – Finance (OPCC)</b>  <b>Government reduces funding to PCCs/Police Forces which results in a reduced service ability. The need to contain expenditure within available resources and enable Northumbria Police to police effectively.</b>
Owner(s)	Chief Finance Officer – OPCC
Governance and Oversight	Joint Business Meeting/OPCC Business Meeting
Context	<ul style="list-style-type: none"> <li>▪ The review of the funding formula used by government to distribute grant funding to police forces in England and Wales may lead to a reduction in the percentage of central government police funding allocated to Northumbria</li> <li>▪ The PCC has a robust, balanced MTFS that meets the medium term financial plans of the Chief Constable and facilitates delivery against the Police and Crime Plan.</li> <li>▪ The balanced nature is predicated by the risk of Home Office funding being guaranteed for one year only which requires an annual review of the MTFS and potential reprioritisation of spending plans</li> <li>▪ Affordability may also be affected by changes in national interest rates.</li> <li>▪ Reserves policy is crucial to medium term sustainability.</li> <li>▪ In-year financial monitoring must be robust.</li> </ul>
Current factors	<ul style="list-style-type: none"> <li>▪ Settlement 2022/23 remains one-year only. Information for future years states a minimum increase nationally for 2023/24 and 2024/25 for policing as a whole.</li> <li>▪ There is longer term certainty of the scope for Precept increases for a further two year period.</li> <li>▪ Settlement 2022/23 has continued funding to support the Uplift programme.</li> <li>▪ At this time, the level of national funding and the robust controls detailed below mitigate in the short term the consequence also detailed below.</li> <li>▪ Extraordinary international events and national inflationary rises lead to significant increases in cost without any increase in funding.</li> </ul>
Potential consequence	<ul style="list-style-type: none"> <li>▪ Short notice change to national funding may require a change in short and medium-term force financial planning, including a need to deliver unplanned savings thereby impacting on service delivery.</li> <li>▪ Any in-year or longer term pressures or extraordinary events which become a forecast overspend must be addressed through consideration of in-year savings, potential use of relevant reserves and discussion with the CC.</li> </ul>
Summary of Controls	<ul style="list-style-type: none"> <li>▪ Strategic engagement in respect of any proposed review of the funding formula</li> <li>▪ Transparent ownership of financial matters between the PCC and CC</li> <li>▪ Comprehensive approach to business planning cycle and annual budget setting process.</li> <li>▪ Well understood in-year financial monitoring and reporting governance.</li> <li>▪ Medium and long-term financial planning.</li> <li>▪ Regular oversight of revenue &amp; capital budget.</li> <li>▪ Maintain adequate risk assessed reserves.</li> <li>▪ Audit Committee/Internal Audit/Treasury Management strategy in place outcomes reviewed by PCC.</li> <li>▪ HMICFRS inspection regime.</li> </ul>

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Likelihood	3	12
Impact	4	

<b>OPCC</b>	<b>Strategic Risk – Governance (OPCC )</b>  <b>Existing arrangements for the PCC to carry out robust scrutiny and hold the Chief Constable to account for efficient and effective delivery of the Police and Crime Plan are ineffective or inconsistent.</b>	
Owner(s)	Chief of Staff and Monitoring Officer	
Governance and Oversight	Joint Business Meeting/ Annual Scrutiny Programme/CC/PCC Governance Meeting/ JJAC/Police and Crime Panel/PCC/CC 1:1 Meeting	
Context	<ul style="list-style-type: none"> <li>▪ Ineffective governance, scrutiny, oversight of services and outcomes delivered and lack of reaction to organisational learning by NP</li> <li>▪ Need to target resources and priorities towards changing performance/landscapes or community needs.</li> <li>▪ Chief Constable setting high performance standards and appropriate culture and values is crucial to meaningful scrutiny.</li> <li>▪ Trust in the transparency of NP.</li> <li>▪ Effective governance includes effective oversight of complaints against Northumbria Police.</li> <li>▪ Effective systems and controls to manage risk are needed to support the delivery of service.</li> <li>▪ A strong relationship between the Office of the Police and Crime Commissioner and Force which is resilient to external factors.</li> </ul>	
Current factors	<ul style="list-style-type: none"> <li>▪ Implementation of national PCC Review –PCCs remit in fire, criminal justice and management of offenders along with a review of the Policing Protocol</li> <li>▪ Government Levelling up agenda - Expanded devolution deals</li> </ul>	
Potential consequence	<ul style="list-style-type: none"> <li>▪ Loss of public confidence.</li> <li>▪ Reputational risk</li> <li>▪ A decline in quality and service delivery, leading to a reduction in public satisfaction with policing.</li> <li>▪ Deteriorating performance resulting in policing priorities not being achieved.</li> <li>▪ Poor relationship with Northumbria Police.</li> <li>▪ Government Intervention.</li> <li>▪ Challenge by the Police and Crime Panel</li> <li>▪ Adverse external inspection reports, leading to recommendations and potential escalation.</li> </ul>	
Summary of Controls	<ul style="list-style-type: none"> <li>▪ Police and Crime Plan (regularly reviewed)</li> <li>▪ Joint Business Meeting</li> <li>▪ Annual Scrutiny Programme</li> <li>▪ Provision of the Complaints Statutory Review Process</li> <li>▪ Public and Partnership Engagement and Feedback</li> <li>▪ PCC and Chief Constable 1:1s</li> <li>▪ Police and Crime Panel Scrutiny</li> <li>▪ Scrutinising Force response to HMICFRS Inspection Findings</li> <li>▪ Audit Committee, audit, annual governance statement/Internal Audit</li> </ul>	
Likelihood Impact	1 2	2

<b>OPCC</b>	<b>Strategic Risk – Partnership &amp; Collaboration (OPCC )</b>	
	<b>Reduction in or withdrawal of partnership working for the OPCC leading to a failure to identify, develop and retain collaborative arrangements that support communities with sustainable multi agency responses.</b>	
Owner(s)	Chief of Staff and Monitoring Officer	
Governance and Oversight	Joint Business Meeting/VRU Strategic Board/Local Criminal Justice Board	
Context	<ul style="list-style-type: none"> <li>▪ Challenging budget and service pressures within partner organisations both in public and voluntary sector can lead to silo working.</li> <li>▪ Potential for national issues and crisis to affect collaborative working.</li> <li>▪ Requirement to retain engagement of the public as a partner.</li> <li>▪ Ensuring external factors do not alter relationships preventing joint working.</li> <li>▪ Clear outcomes not being identified and reported can risk sustainability and ongoing partner engagement.</li> <li>▪ Uncertainty of long-term sustained resourcing to deliver current public health approach collaboration - Violence Reduction Unit and other joint projects including Victims Service Provision. 3 yr funding confirmed.</li> </ul>	
Current factors	<ul style="list-style-type: none"> <li>▪ PCC Review Government ambition to strengthen and expand the role of PCCs and maximise potential for wider efficiencies.</li> <li>▪ Impact of the current pandemic on the Local Criminal Justice System</li> <li>▪ Stream of external funding opportunities require</li> </ul>	
Potential consequence	<ul style="list-style-type: none"> <li>▪ Reduced public confidence.</li> <li>▪ Reduced opportunities for more efficient and effective services.</li> <li>▪ Bidding system demands on resources can lead to missed opportunities to access funding streams that contribute to reducing crime/reoffending and ASB in the Northumbria Area.</li> <li>▪ Missed opportunities to prevent and reduce crime and disorder and maintain an efficient and effective Criminal Justice System</li> <li>▪ Increased costs due to poor partnership and commissioned service management.</li> </ul>	
Summary of Controls	<ul style="list-style-type: none"> <li>▪ Effective partnership/commissioning governance arrangements that identify and report outcomes and progress</li> <li>▪ Comprehensive public engagement and communication strategies to inform multi agency responses and effective scrutiny</li> <li>▪ Scrutiny of effectiveness of Force collaborative activity.</li> <li>▪ Focus on accessing funds for collaborative working and lobbying government for sustained funding streams.</li> <li>▪ VRU Strategic Board and Response Strategy</li> <li>▪ PCC ChairsLocal Criminal Justice Board delivering the LCJB Business Plan</li> <li>▪ Collaboration and engagement with other PCCs, nationally and regionally.</li> <li>▪ Comprehensive engagement and monitoring of commissioned services.</li> <li>▪ Regular 'sector' engagement meetings with potential and current partners.</li> </ul>	
Likelihood	2	<b>8</b>
Impact	4	

<b>OPCC</b>	<b>Strategic Risk – Public Confidence (OPCC)</b>	
	<b>Loss of public confidence in the PCC resulting from a lack of engagement and communication, leading to a failure to reflect public priorities in the Police and Crime Plan. Failure to hold the Chief Constable to account on behalf of the public for delivery of their priorities or other statutory obligations.</b>	
Owner(s)	Chief of Staff and Monitoring Officer and Director of Planning and Delivery	
Governance and Oversight	Joint Business Meeting/Annual Scrutiny Programme	
Context	<ul style="list-style-type: none"> <li>▪ A robust communications plan is needed to demonstrate effective and visible accountability of the chief constable to the PCC.</li> <li>▪ Delivery of the PCCs manifesto commitments on which she was elected with the continual need to understand and react to changing communities or priorities and reflect this in the Police and Crime Plan.</li> <li>▪ Engagement with communities to identify and respond to trends identified through the complaints process and external communication to reflect organisational learning.</li> <li>▪ OPCC business must ensure compliance with legal, information management legislation, transparency guidance and the public sector equality duty.</li> </ul>	
Current factors	<ul style="list-style-type: none"> <li>▪ Role of social media in shaping public perceptions.</li> <li>▪ Changes to law to allow the public to report crimes via social media.</li> <li>▪ Responding to and reassuring communities following recent tragic events, through robust scrutiny of Northumbria Police and engagement with partners and communities.</li> <li>▪ National action by Legally Qualified Misconduct Hearing Chairs may delay the police misconduct process.</li> </ul>	
Potential consequence	<ul style="list-style-type: none"> <li>▪ Reputational damage.</li> <li>▪ Police and Crime plan and actual delivery not aligned to public concerns and priorities.</li> <li>▪ Loss of trust/confidence in the PCC as a result of crime perceptions.</li> <li>▪ Poor service delivery damages public confidence.</li> <li>▪ Relationship with force and partners.</li> <li>▪ Government penalties Poor assessment results.</li> </ul>	
Summary of Controls	<ul style="list-style-type: none"> <li>▪ Police and Crime Plan (annually updated to reflect emerging priorities).</li> <li>▪ Annual Scrutiny Programme.</li> <li>▪ Police and Crime Panel Scrutiny.</li> <li>▪ Reporting back to the public crime data and on their concerns and progress towards the Police and Crime plan.</li> <li>▪ External evaluations including impact of the VRU.</li> <li>▪ Rolling programme of PCC engagement across demographics and issue based topics,</li> <li>▪ Annual Report.</li> <li>▪ Governance Framework.</li> <li>▪ Annual Assurance Statement/Audit Committee.</li> <li>▪ Internal Audit.</li> <li>▪ OPCC Website and Social Media</li> <li>▪ Data Protection Officer.</li> <li>▪ Complaints Review process.</li> <li>▪ Service level agreement with Northumbria Police.</li> </ul>	
Likelihood Impact	2 4	8



<b>JOINT INDEPENDENT AUDIT COMMITTEE</b>	<b>26 SEPTEMBER 2022</b>
<b>TREASURY MANAGEMENT ANNUAL REPORT 2021/22</b>	
<b>REPORT OF THE JOINT CHIEF FINANCE OFFICER</b>	

**1. Purpose of the Report**

- 1.1 The report asks the Joint Independent Audit Committee (the Committee) to review the Treasury Management Annual Report 2021/22 as attached at Appendix A and approve it for presentation to the Police and Crime Commissioner (the Commissioner).

**2. Recommendation**

- 2.1 The Committee is asked to review the Treasury Management Annual Report 2021/22 and approve it for presentation to the Commissioner.

**3. Background**

- 3.1 The Chartered Institute of Public Finance and Accountancy's (CIPFA) Code of Practice on Treasury Management (the Code) requires the Commissioner to receive a Treasury Management Annual Report on borrowing and investment activity by 30 September each year. This report meets this requirement and informs the Commissioner of Treasury Management activity during 2021/22.
- 3.2 This report covers the period 01 April 2021 to 31 March 2022.

**4 Summary**

- 4.1 The Treasury Management Annual Report 2021/22 is attached at Appendix A. The key highlights are as follows:
- Investment income was £0.034m higher than budgeted reflecting additional cash and reserve balances available for investment and the accelerated increase in Bank Rate over the year. Whilst the budget assumed Bank Rate would remain flat at 0.10%, the Bank of England increased Bank Rate to 0.25% in December 2021 with further increases to 0.50% in February 2022 and 0.75% in March 2022.
  - Borrowing costs were £0.129m less than the original budget estimate, reflecting increased reserve balances available for internal borrowing and a lower borrowing requirement for capital financing.
  - Financial Regulations have been complied with and all Prudential Indicators were within the limits set for the year within the Treasury Management Strategy. There were two short-term counterparty breaches that were corrected the following working day and posed no material risk to the Commissioner's funds.

**5. CONSIDERATIONS**

<b>Freedom of Information</b>	<i>Non-exempt</i>
<b>Consultation</b>	Yes
<b>Resource</b>	No
There are no additional financial considerations arising from this report.	
<b>Equality</b>	No
There are no equality implications arising from the content of this report.	
<b>Legal</b>	No
There are no legal considerations arising from the content of this report.	
<b>Risk</b>	No
There are no additional risk management implications directly arising from this report.	
<b>Communication</b>	Yes
To be reported to the PCC in-line with The Chartered Institute of Public Finance and Accountancy's (CIPFA) Code of Practice on Treasury Management (the Code) by 30 September each year.	
<b>Evaluation</b>	No

## Treasury Management Annual Report 2021/22

### The Strategy for 2021/22

1. The 2021/22 Treasury Management Policy Statement and Strategy was approved by the Joint Independent Audit Committee (JIAC) on 22 February 2021 for presentation to the Police and Crime Commissioner (PCC). The key decision was approved by the PCC on 9 March 2021.
2. The formulation of the 2021/22 Treasury Management Strategy involved determining the appropriate borrowing and investment decisions with the prime objective of safeguarding assets and secondary objectives of managing liquidity, obtaining a reasonable rate of return on investments and minimising the costs of borrowing.
3. The Treasury Management Strategy fully complied with the requirements of The Chartered Institute of Public Finance and Accountancy Code of Practice on Treasury Management and covered the following:
  - Prospects for interest rates.
  - Treasury limits set for prudential indicators.
  - The investment strategy.
  - The borrowing strategy.

### Investment Strategy

4. Investments are managed in-house using counterparties listed in an approved lending list consistent with the agreed Treasury Management Strategy. Investments are placed over a range of periods and are dependent on the assessed security of the counterparty, the liquidity requirements of the cash flow, actual interest rates and expectations of movements in interest rates.
5. The expectation for interest rates within the Treasury Management Strategy for 2021/22 anticipated Bank Rate to remain unchanged at 0.10% through to March 2022 and beyond. The Strategy noted that the coronavirus outbreak had caused significant economic damage to the UK and economies around the world. No increase in Bank Rate was expected in the near-term, as at the time it was thought unlikely that inflation would rise sustainably above 2% during this period, so as to warrant increasing Bank Rate.
6. The Treasury Management Strategy was to adopt caution in the management of the 2021/22 treasury operations. The interest rate market was monitored to allow the Chief Finance Officer (CFO) to adopt a pragmatic approach to any changing circumstances, having delegated powers to invest and manage the funds and monies of the PCC.

### Borrowing Strategy

7. The borrowing strategy for 2021/22 was:
  - Consider the use of short-term borrowing as a bridge until capital receipts are received.
  - Consider the use of market loans which are at least 20 basis points below the PWLB target rate, where they become available.

- Consider, where required, the use of PWLB loans where rates fall below Link Group trigger rates, with preference given to terms which ensure a balanced profile of debt maturity.
  - Consider the use of reserve and General Fund balances to limit the requirement for new borrowing, reducing investment balances rather than increasing external borrowing in order to minimise interest costs.
  - Maintain a flexible strategy in order to allow decisions on borrowing to be taken which balance the refinancing risk associated with an increase in interest rates against any potential short-term savings.
8. The early repayment of debt was not considered to present value for money during 2021/22, as the cost of premiums payable on the early repayment of debt continue to outweigh any potential savings on refinancing.

### Treasury Management Compliance with Risk Strategy

9. The primary objective is to ensure the security of funds and minimise risks, including counterparty and interest rate risks. In January 2022 the Internal Audit report on the review of the treasury management function gave the opinion that it was 'Operating Well'.

### Outturn 2021/22 – Performance Measurement

10. Prudential indicators are set annually to ensure that borrowing is prudent, sustainable and affordable. Performance is monitored against these indicators throughout the year and reported in the quarterly capital monitoring reports to the Joint Business Meeting (JBM). The outturn against the prudential indicators confirms that all indicators were operating within agreed limits. A copy of the prudential indicators is attached at Appendix I.
11. There were two short-term counterparty breaches during the year that were corrected the following working day and posed no material risk to the PCC's funds:

Date	Counter Party / Limit	Reason for the Breach
6 August 2021	Handelsbanken Bank  Limit - lower of £20.000m or 20% of available investment balance	Error in the calculation of the 20% available balance led to an investment balance of £19.158m instead of a maximum of £17.778m. This was corrected on the following working day. Handelsbanken is a high rated bank and the balance invested was within the absolute limit of £20m for investments.
5 January 2022	Barclays Bank  Limit - £10.000m	The treasury assessment on the morning of 5 January did not take into account the scheduled return of an investment balance of £10.000m. The income hit the account late in the afternoon after the balance was checked against the treasury assessment taking the Barclays current account to a total of £10.208m. This was corrected on the following working day.

### External Advisers

12. Link Group have continued to be used as external treasury management advisers to assist in achieving the objectives set out in the Treasury Policy Statement and Strategy and provide access to specialist skills and resources.

### Investment strategy and control of interest rate risk

13. Investment returns remained close to zero for much of 2021/22. The expectation for interest rates within the treasury management strategy for 2021/22 was that Bank Rate would remain at 0.1% for the full year and would not be increased until it was clear to the Bank of England that the emergency level of rates introduced at the start of the Covid-19 pandemic were no longer necessitated.
14. The Bank of England and the Government also maintained various monetary and fiscal measures, supplying the banking system and the economy with massive amounts of cheap credit so that banks could help cash-starved businesses to survive the various lockdowns/negative impact on their cashflow. The Government also supplied huge amounts of finance to local authorities to pass on to businesses. This meant that for most of the year there was much more liquidity in financial markets than there was demand to borrow, with the consequent effect that investment earnings rates remained low until towards the turn of the year when inflation concerns indicated central banks, not just the Bank of England, would need to lift interest rates to combat the second-round effects of growing levels of inflation (CPI was 6.2% in February).
15. The PCC does not have sufficient cash balances to be able to place deposits longer term so cannot benefit from the higher rates that these longer types of investments attract.
16. Whilst the PCC has taken a cautious approach to investing, there is also an appreciation of the changes to regulatory requirements for financial institutions, in terms of additional capital and liquidity, that came about in the aftermath of the financial crisis. These requirements have provided a far stronger basis for financial institutions. Annual stress tests by regulators have evidenced how institutions are now far more able to cope with extreme stressed market and economic conditions.
17. Investment balances have been kept to a minimum through the agreed strategy of using reserves and balances to support internal borrowing, rather than borrowing externally from the financial markets. External borrowing would have incurred an additional cost, due to the differential between borrowing and investment rates. Such an approach has also provided benefits in terms of reducing the counterparty risk exposure, by having fewer investments placed in the financial markets.

### Borrowing strategy and control of interest rate risk

18. During 2021/22, the PCC maintained an under-borrowed position. This meant that the capital borrowing need, (the Capital Financing Requirement), was not fully funded with loan debt as cash supporting the PCC's reserves, balances and cash flow was used as an interim measure. This strategy was prudent as investment returns were very low and counterparty risk on the placing of investments was minimised.
19. A cost of carry can remain during the year on any new long-term borrowing that is not immediately used to finance capital expenditure, as it can cause a temporary increase in cash balances; this would then incur a revenue cost – the difference between (higher) borrowing costs and (lower) investment returns. There was no new long-term borrowing taken during 2021/22 and therefore this risk was nil.
20. The policy of avoiding new borrowing by running down spare cash balances has served well over the last few years. However, this was kept under review to avoid incurring higher

borrowing costs in the future when this authority may not be able to avoid new borrowing to finance capital expenditure and/or the refinancing of maturing debt.

21. Against this background and the risks within the economic forecast, caution was adopted with the treasury operations. The Director of Finance therefore monitored interest rates in financial markets and adopted a pragmatic strategy based upon the following principles to manage interest rate risks:
  - if it had been felt that there was a significant risk of a sharp FALL in long and short term rates, (e.g. due to a marked increase of risks around relapse into recession or of risks of deflation), then long term borrowings would have been postponed, and potential rescheduling from fixed rate funding into short term borrowing would have been considered.
  - if it had been felt that there was a significant risk of a much sharper RISE in long and short term rates than initially expected, perhaps arising from an acceleration in the start date and in the rate of increase in central rates in the USA and UK, an increase in world economic activity or a sudden increase in inflation risks, then the portfolio position would have been re-appraised
22. Interest rate forecasts expected only gradual rises in medium and longer-term fixed borrowing rates during 2021/22 and the two subsequent financial years until the turn of the year, when inflation concerns increased significantly. Internal, variable, or short-term rates, were expected to be the cheaper form of borrowing until well in to the second half of 2021/22.

### Investment Performance

23. The main focus for treasury management in 2021/22 has continued to be ensuring the security of investments whilst generating a positive rate of return in an environment of extremely low rates. Due to the difference between the cost of borrowing and investment interest, cash balances have continued to be used to temporarily fund the capital programme. This has resulted in continued savings on the cost of borrowing and lower credit risk as the investment portfolio is reduced.
24. A continued use has been made of a range of investment instruments in order to maintain flexibility, spread risk, maximise liquidity and obtain positive interest rates. The use of money market funds and notice reserve accounts, with high rated banks, has maintained the security of funds and positive rate of return on investments.
25. A summary of the year's activity is shown at Appendix 2. The total interest earned in the year was £0.074m (2020/21 £0.143m) with an average interest rate of 0.34% (2020/21 0.37%). The investment interest earned was an increase of £0.034m against the original budget of £0.040m. The Bank Rate remained at the historically low level of 0.01% during most of 2021/22, only increasing to 0.25% in December, to 0.50% in February and again in March to 0.75%.
26. In previous years the accepted benchmark used was the 7-day London Interbank Bid rate (LIBID). From December 2021 all LIBOR settings ended and after which representative LIBOR rates were also no longer available. **SONIA** (the Sterling Overnight Index Average) rate has generally been seen as a replacement set of indices for LIBID for those benchmarking their investments. Following discussions with our Treasury advisors, Link Group, the use of the backward compounded 30-day SONIA rate was recommended as a replacement index for benchmarking.
27. The overall return on investments of 0.15% was achieved in 2021/22. This exceeded the backward compounded 30-day SONIA rate of 0.13%. By actively managing our temporary investments, seeking the best rates, and utilising spare capacity in certain accounts we have maximised the interest earned whilst operating within the constraints of the approved

Treasury Management Policy. During 2021/22 the investment income earned was £0.034m higher than budgeted due primarily to:

- Increased cash and reserve balances for 2021/22 allowed the placing of more funds on longer terms basis which has helped to achieve higher rates.
- Whilst the budget assumed Bank Rate would remain flat at 0.10%, the Bank of England increased Bank Rate to 0.25% in December 2021 with further increases to 0.50% in February 2022 and 0.75% in March 2022.

### Borrowing Performance

28. The total borrowing at 31 March 2022 was £86.969m, which was within the operational borrowing limit of £155.000m. This is a net decrease of £6.500m from the opening balance of £93.469m, represented by repayments of £6.500m. All new borrowing was short term with no new long-term PWLB borrowing required in 2021/22. The table below sets out short-term borrowing taken during the year:

Date	Term	Amount	Interest Rate	Sources
05/05/2021	1 days	£11.000m	0.10%	Market Loans
05/05/2021	1 days	£5.000m	0.20%	Market Loans
Total		£16.000m		

29. The use of reserves and cash balances to limit the requirement for new borrowing (internal borrowing) has continued to deliver savings in 2021/22, reducing investment balances rather than increasing external borrowing, in order to minimise interest costs.
30. The average borrowing interest rate during 2021/22 was 3.20% compared to 3.15% in 2020/21. This slight increase is due to the impact of fewer short term loan requirements during 2021/22 which means the weighted average rate is more aligned with the higher long term fixed rate PWLB loans already in place.
31. Of the total borrowing of £86.969m at 31 March 2021, £81.969m was with the Public Works Loans Board (PWLB) and the remaining £5.000m was a long-term market loan with Barclays.
32. The overall revenue cost of borrowing in 2021/22 was £2.811m. This was £0.129m less than the original budget estimate, reflecting increased reserve balances available for internal borrowing and a lower borrowing requirement for capital financing.

### Debt Restructuring and Repayment

33. Due to the differential between current and historic interest rates it was anticipated that there would be little scope to restructure PWLB debt. This situation was monitored throughout the year and the cost of early repayment continues to outweigh any savings, therefore there was no early redemption or restructuring of debt.

### Summary of Treasury Management performance for the year 2021/22

34. Investment income was £0.034m higher than budgeted reflecting additional cash and reserve balances available for investment and the accelerated increase in Bank Rate over the year.

35. Borrowing costs were £0.129m less than the original budget estimate, reflecting increased reserve balances available for internal borrowing and a lower borrowing requirement for capital financing.
36. The PCC has continued to take advantage of low-cost temporary borrowing rates where required to manage cash flow, and to maximise the use of internal borrowing available through reserve balances and capital receipts.
37. Overall Treasury Management performance against budget for 2021/22 generated a saving of £0.163m as summarised in the following table:

	<b>2021/22 Budget £m</b>	<b>2021/22 Actual £m</b>	<b>2021/22 Saving £m</b>
Borrowing Interest	2.940	2.811	(0.129)
Investment Interest	(0.040)	(0.074)	(0.034)
<b>Net Position</b>	<b>2.900</b>	<b>2.737</b>	<b>(0.163)</b>



### **Prudential Indicators 2021/22**

<b>Authorised Limit* for External Debt</b>		
	<b>2021/22 Reported Indicator £m</b>	<b>2021/22 Maximum YTD £m</b>
Borrowing	175.000	102.969
Other Long Term Liabilities	0.000	0.000
<b>Total</b>	<b>175.000</b>	<b>102.969</b>

<b>Operational Boundary** for External Debt</b>		
	<b>2021/22 Reported Indicator £m</b>	<b>2021/22 Maximum YTD £m</b>
Borrowing	155.000	102.969
Other Long Term Liabilities	0.000	0.000
<b>Total</b>	<b>155.000</b>	<b>102.969</b>

<b>Upper Limit on amounts invested beyond 364 days</b>			
	<b>2021/22 Reported Indicator £m</b>	<b>2021/22 Outturn £m</b>	<b>2021/22 Maximum YTD £m</b>
<b>Investments</b>	<b>15.000</b>	<b>0</b>	<b>0</b>

**\*The authorised limit** - the authorised limit is the “affordable borrowing limit” required by s3 of the Local Government Act 2003. Once this has been set, the PCC does not have the power to borrow above this level. The table below demonstrates that during 2021/22 the PCC has maintained gross borrowing within its authorised limit.

**\*\*The operational boundary** – the operational boundary is the expected borrowing position of the PCC during the year. Periods where the actual position is either below or over the boundary are acceptable subject to the authorised limit not being breached.



### Investment Activity

Investments maturing during the year		
	2020/21	2021/22
Number of investments made in the previous year, maturing in the reporting year	1	2
Number of investments made in the reporting year, maturing in the reporting year	702	754
Total number of investments maturing in the reporting year	701	756
<b>Number of investments made in reporting year, maturing in the following year</b>	<b>2</b>	<b>3</b>

Average duration of investments		
	2020/21	2021/22
Average duration of investments (including overnight)	2 days	2 days
Average duration of investments (excluding overnight)	68 days	48 days

Summary of non-specified investments		
	2020/21	2021/22
<b>Non-specified investments:</b>		
Rated non-high		
Approved limit	75%	75%
Maximum level invested	18%	41%
Not Rated		
Approved limit	0%	0%
Maximum level invested*	3.1%	0%
Investments over 364 days		
Approved limit	20%	20%
Maximum level invested	0%	0%

\*The *Not Rated* investment in 2020/21 related to a small impaired balance remaining with Heritable Bank. The balance did not change up to its final redemption in September 2020; however, the value relative to total investments could vary on a particular day.

**Gross Debt and Capital Financing Requirement (CFR)**

<b>Gross Debt and CFR</b>	<b>2021/22 Estimate £m</b>	<b>2021/22 Outturn £m</b>
Borrowing as at 31 March	86.969	86.969
Capital Financing Requirement as at 31 March	122.178	112.084
<b>Amount of Borrowing (over) / under CFR</b>	<b>35.209</b>	<b>25.115</b>

- Total borrowing at 31 March 2022 was lower than the Capital Financing Requirement (CFR) by £25.115m.
- Borrowing at 31 March 2022 was in line with the original estimate.
- The actual CFR at 31 March 2022 was lower than the original estimate as a result of the underspend against the capital programme for 2020/21 and 2021/22.



# **Auditor's Annual Report on the Police and Crime Commissioner and Chief Constable for Northumbria**

Financial year 2020-21

August 2022



# Contents



We are required under Section 20(1)(c) of the Local Audit and Accountability Act 2014 to satisfy ourselves that the Police and Crime Commissioner and Chief Constable have made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. The Code of Audit Practice issued by the National Audit Office (NAO) requires us to report to you our commentary relating to proper arrangements.

We report if significant matters have come to our attention. We are not required to consider, nor have we considered, whether all aspects of the Police and Crime Commissioner and Chief Constable's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.



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## Appendices

- A – The responsibilities of the PCC and the Chief Constable
- B – Risks of significant weaknesses – our procedures and findings
- C – An explanatory note on recommendations
- D – Use of formal auditor's powers

The contents of this report relate only to those matters which came to our attention during the conduct of our normal audit procedures which are designed for the purpose of completing our work under the NAO Code and related guidance. Our audit is not designed to test all arrangements in respect of value for money. However, where, as part of our testing, we identify significant weaknesses, we will report these to you. In consequence, our work cannot be relied upon to disclose all irregularities, or to include all possible improvements in arrangements that a more extensive special examination might identify. We do not accept any responsibility for any loss occasioned to any third party acting, or refraining from acting on the basis of the content of this report, as this report was not prepared for, nor intended for, any other purpose.

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# Executive summary



## Value for money arrangements

Under the National Audit Office (NAO) Code of Audit Practice ('the Code'), we are required to consider whether the PCC and Chief Constable have put in place proper arrangements to secure economy, efficiency and effectiveness in their use of resources.

The auditor is no longer required to give a binary qualified / unqualified VFM conclusion. Instead, auditors report in more detail on the group's overall arrangements, as well as key recommendations on any significant weaknesses in arrangements identified during the audit.

Auditors are required to report their commentary on the group's arrangements under specified criteria:

- Financial sustainability
- Governance
- Improving economy, efficiency and effectiveness

As part of our work, we considered whether there were any risks of significant weakness in the group's arrangements for securing economy, efficiency and effectiveness in its use of resources. We did not identify any such risks.

Criteria	Risk assessment	Conclusion
Financial sustainability	No risks of significant weaknesses identified	No significant weaknesses in arrangements identified, and no recommendations made
Governance	No risks of significant weaknesses identified	No significant weaknesses in arrangements identified, but improvement recommendation made
Improving economy, efficiency and effectiveness	No risks of significant weaknesses identified	No significant weaknesses in arrangements identified, and no recommendations made



## Financial sustainability

The group is operating in an increasingly uncertain financial environment. For the second successive year, the Police Funding Settlement was a single year review. Northumbria will need to continue to plan with little certainty over funding in the medium term, along with other police entities.

Despite this uncertainty, and the challenges posed by COVID-19, the group has maintained a good financial position. The PCC and Chief Constable have put forward a series of proposals which forecast a balanced budget for the next four years. In addition, as at 31 March 2021, the group held general revenue reserves of £10.1m and held £23.1m of earmarked reserves.

This places Northumbria in a strong financial position. Having planned its budgets for future years well in advance will enable sensible phasing of proposals to minimise the impact of the financial climate on services to residents.

Our work has not identified any significant weaknesses in arrangements to secure financial stability for the PCC and Chief Constable.

Further details can be seen on pages 5-6 of this report.



## Governance

Our work this year has focussed on developing a detailed understanding of the governance arrangements in place at the group and the changes instigated as a response to the pandemic.

Our work on both business as usual and adapted structures has not identified any significant weaknesses in arrangements in relation to governance.

Further details can be seen on pages 7-9 of this report.



## Improving economy, efficiency and effectiveness

The PCC and Chief Constable have demonstrated a clear understanding of their roles in securing economy, efficiency and effectiveness in their use of resources.

Our work has not identified any significant weaknesses in arrangements in relation to delivering economy efficiency and effectiveness.

Further details can be seen on pages 10-13 of this report.



# Commentary on the PCC's and the Chief Constable's arrangements to secure economy, efficiency and effectiveness in their use of resources

All PCCs and Chief Constables are responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness from their resources. This includes taking properly informed decisions and managing key operational and financial risks so that they can deliver their objectives and safeguard public money. The PCC's and Chief Constable's responsibilities are set out in Appendix A.

PCCs and Chief Constables report on their arrangements, and the effectiveness of these arrangements as part of their annual governance statement.

Under the Local Audit and Accountability Act 2014, we are required to be satisfied whether the PCC and Chief Constable have made proper arrangements for securing economy, efficiency and effectiveness in their use of resources.

The National Audit Office's Auditor Guidance Note (AGN) 03, requires us to assess arrangements under three areas:



## Financial sustainability

Arrangements for ensuring the PCC and Chief Constable can continue to deliver services. This includes planning resources to ensure adequate finances and maintain sustainable levels of spending over the medium term (3-5 years).



## Governance

Arrangements for ensuring that the PCC and Chief Constable make appropriate decisions in the right way. This includes arrangements for budget setting and management, risk management, and ensuring the PCC and Chief Constable make decisions based on appropriate information.



## Improving economy, efficiency and effectiveness

Arrangements for improving the way the PCC and Chief Constable deliver their services. This includes arrangements for understanding costs and delivering efficiencies and improving outcomes for service users.



Our commentary on each of these three areas, as well as the impact of COVID-19, is set out on pages 5 to 14.



# Financial sustainability



## We considered how the PCC and the Chief Constable:

- identify all the significant financial pressures they are facing and builds these into their plans
- plan to bridge funding gaps and identify achievable savings
- plan finances to support the sustainable delivery of services in accordance with strategic and statutory priorities
- ensure financial plans are consistent with other plans such as workforce, capital, investment and other operational planning
- identify and manage risk to financial resilience, such as unplanned changes in demand and assumptions underlying their plans.

## 2020/21 and ongoing financial pressures

The COVID-19 pandemic resulted in widespread disruption to the UK economy and society since March 2020. As anticipated the OPCC and Force's rapid response to the pandemic resulted in additional costs being incurred, mainly in 2020/21, that could not have been foreseen. Monthly returns detailing additional pandemic-related spend were submitted to the Home Office.

Despite the continued uncertainty, the OPCC and Force continued effective in-year budget monitoring, and annual revisions to the Medium Term Financial Strategy. One of the key principles of the strategy is to maintain a general reserve of a minimum of 2% of the net revenue budget to cover any significant adverse event. Importantly this is reflected as a key mitigation on a number of the financial risks listed in the Joint Strategy Risk Register. The 2021-22 to 2024-25 MTFS forecasts a steady General Reserve balance of £10m over the MTFS period, in addition to a number of earmarked reserves. The group's total reserves were forecast to reduce from approximately £30m to approximately £18m over that period.

## Capital Programme

The final capital programme approved by the PCC, and reported in the MTFS for 2020-21 to 2023-24 was £16.7m for 20/21, as part of a £61.3m four year programme. A significant component of this programme was the IT and Digital Transformation programme, budgeted at £29.9m over the MTFS period. This programme was primarily aimed at replacing the legacy systems which had not been replaced in the expected timescales due to the decade of austerity.

The four-year programme was to be financed by £32.3m of prudential borrowing, £23.3m of capital receipts, £3.6m of earmarked reserves and £2.1m of other grants and contributions.

In 21/22 the position progressed to a proposed £73.7m capital programme in the refreshed MTFS, including a revised IT and Digital budget of £40.5m over the MTFS four-year period. The slippage in the IT programme delivery was mainly due to supplier-side delays.

IT capital programmes are prone to overruns, both financial and in terms of delivery timelines. While we have not noted any indications of unrealistic capital budgeting and forecasting, the Force must ensure that this remains under control.

# Financial sustainability

## Medium Term Financial Strategy (MTFS) and savings schemes

The annually revisited and refreshed MTFS is the cornerstone of the group's plan to maintain financial sustainability. At the same time, the MTFS demonstrably coincides with the strategic priorities outlined in the PCC's Police and Crime Plan.

Savings schemes are a key aspect of the revenue budget setting process. While opportunities for significant savings are limited in the context of the national Uplift Programme, the risk of failure to deliver planned savings is appropriately recognised in the Joint Strategic Risk Register.

Savings schemes are appropriately approved, with budget holders proposing savings for their individual areas. These are collated by Finance and presented to the CFO for comments and challenge. The final approved savings schemes are taken to the draft revenue budget for PCC approval as TCWG.

The 2020/21 year end outturn (as reported in the 2020/21 financial statements), showed an overall underspend of £2.27m for the Chief Constable, and an underspend of £972k for the PCC.

While the final position was achieved via late government COVID-19 funding, there were £3.7m of budget savings included in the 2020/21 budget, which assisted in the Force avoiding overspends.

Positively, there is no evidence of unsustainable planned use of reserves to bridge funding gaps.

## Cost drivers and risk assessments

While external changes such as population changes and demand for services are key factors affecting the Force's activities, the main expenditure driver is the national Uplift programme. The Force is expected to recruit a number of staff in order to help achieve the national pledged figure. Progress against delivery of the local Uplift expectation is a key aspect of the MTFS.

With regards to general cost inflation, the MTFS 2021-22 to 2024-25 contains a risk assessment section (section 10) with a list of the most significant risks over the medium term. High on this list is the risk that pay awards and price inflation could be higher than expected.

No pay award was reflected in the 2021/22 position given the 2020 Government announced pay freeze, however a pay award was assumed for future years for prudence. Pay progression is also factored in through the MTFS period.

We consider that the Force's financial plans are effective in identifying cost drivers.

## Conclusion

Overall, we are satisfied the PCC and Chief Constable have appropriate arrangements in place to ensure they manage risks to the group's financial sustainability. We have not identified any risks of significant weaknesses nor have we identified any improvement recommendations.

# Governance



## We considered how the PCC and the Chief Constable:

- monitor and assess risk and gain assurance over the effective operation of internal controls, including arrangements to prevent and detect fraud
- approach and carry out the annual budget setting process
- ensure effectiveness processes and systems are in place to ensure budgetary control
- ensure they make properly informed decisions, supported by appropriate evidence and allowing for challenge and transparency
- monitor and ensure appropriate standards.

## Arrangements to produce, monitor and ensure delivery of the Police and Crime Plan

There are a number of arrangements and established structures to enable effective oversight and delivery of the annually updated Police and Crime Plan (PCP). As part of our review we have considered arrangements surrounding governance and oversight, partnership workings and business planning to support delivery of the PCP.

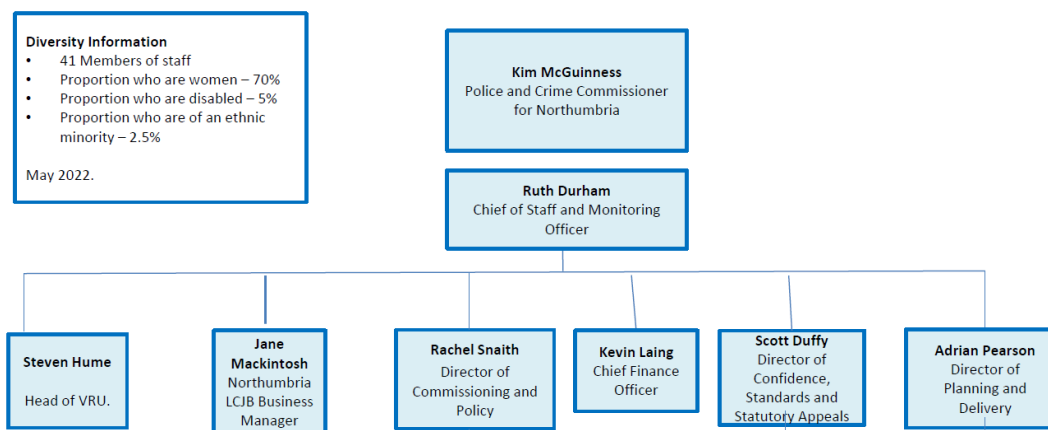
The PCC is supported in her work and decision making by a strong and experienced OPCC leadership structure.

## Governance and Oversight

The PCC is held to account by the Police and Crime Panel, which is hosted by Gateshead Council. She provides the Panel with strategic updates at the quarterly meetings, and receives constructive feedback and challenge from Panel members.

The panel consists of Councillors representing the five Tyne and Wear Councils, Northumberland County Council and two independent members.

## Office of the Police and Crime Commissioner for Northumbria



# Governance

## Assurance Frameworks

The PCC and Chief Constable are supported in their statutory roles as ‘Those Charged with Governance’ of the two statutory entities by the Joint Independent Audit Committee (JIAC). The JIAC provides independent assurance that adequate corporate and strategic risk management arrangements are in place for the PCC and the Chief Constable. It jointly advises the PCC and the Chief Constable on governance matters as well as good practices.

JIAC performs an annual review of effectiveness and has a published, annually reviewed, Terms of Reference. The PCC and Chief Constable regularly attend JIAC, and records show that all five JIAC members attended at least 3 out of 4 meetings during the 2020/21 financial year.

JIAC receives and reviews reports on processes and controls from both Internal and External Audit. Any recommendations arising are discussed and management implementation is set into motion where appropriate.

## Risk Management and Internal Control

Key to risk identification and management is the Joint Strategic Risk Register. This is regularly reviewed and features highly in JIAC’s agenda.

The group’s Internal Audit service continues to be provided independently by Gateshead Council, under a service level agreement with both the PCC and Chief Constable. JIAC has an active role in reviewing the sufficiency, detail and outcomes of Internal Audit work plans and findings.

It was noted at the July 2021 JIAC meeting that final reports had been issued for 15 of the 23 planned 2020/21 audits, with 8 still in progress. There were no instances of significant control weaknesses identified by Internal Audit work in 2020/21.

## Budget Setting Process

The budget setting process is well controlled and managed between senior members of the finance team, the Joint CFO and the Commissioner.

The annual rolling four-yearly group budget setting is designed to be in tune with the rolling four-yearly MTFS. The group forecast budget in the 2020/21 MTFS incorporated the use of an investment reserve over the MTFS period in order to fund the budget gap and meet the MTFS principle that overall expenditure will be delivered to a sustainable budget over the medium term.

A key external driver of the budget is the Uplift programme. The 2020/21 budget was intentionally set with the frontloading of officer recruitment in mind, in order to put the Force ahead of its target under the Uplift programme. An investment of £2.1m was built in to fund this.

In our assessment there is adequate internal and external engagement in the budget setting process. In January 2021 the Commissioner launched a consultation with the public on the proposed 2021/22 precept. The 2021/22 Precept and Budget report was issued to the Police and Crime Panel for consideration on 26 January 2021, and on 2 February 2021 the Police and Crime Panel agreed the Commissioner’s proposals to increase the council tax precept for 2021/22 by 4.99%.

In the current economic climate, there is a greater need than ever to consider the impact of a range of scenarios. To increase rigour in the group’s budget setting and approval processes there could be more explicit consideration of alternative scenarios and sensitivity analyses on underlying budget assumptions. We have raised an improvement recommendation to this effect on the next page.

## Conclusion

Overall, we are satisfied the PCC and Chief Constable have appropriate arrangements in place to ensure they maintain strong governance arrangements. We have not identified any risks of significant weaknesses however we have identified a single improvement recommendation overleaf.

# Improvement recommendation



## Governance

<b>Recommendation</b>	The budget setting and approval processes would be strengthened by the inclusion of a visible layer of alternative scenario planning and sensitivity analysis.
<b>Why</b>	Such analysis would aid the understanding of key assumptions and risks at all stages of the process, leading to increased financial resilience in a time of wider economic uncertainty.
<b>Auditor judgement</b>	While the group has a robust budget setting process, there is room to add rigour.
<b>Summary findings</b>	We have identified no adverse findings during our work, however we consider that there is room to improve the transparency of the process.
<b>Management comment</b>	<p>Management are satisfied that appropriate levels of sensitivity analysis are undertaken on key items of income and expenditure as part of the MTFS planning process, along with consideration of various potential scenarios.</p> <p>Currently, this consideration is not formally documented as part of the process, however this will be incorporated going forward.</p>

The range of recommendations that external auditors can make is explained in Appendix C.

# Improving economy, efficiency and effectiveness



## We considered how the PCC and the Chief Constable:

- use financial and performance information to assess performance to identify areas for improvement
- evaluate the services they provide to assess performance and identify areas for improvement
- ensure they deliver their role within significant partnerships, engage with stakeholders, monitor performance against expectations and ensure action is taken where necessary to improve
- ensure that they commission or procure services in accordance with relevant legislation, professional standards and internal policies, and assesses whether they are realising the expected benefits.

## Workforce and Uplift

A key aspect of the Force's capability for improved effectiveness is its ability to recruit and retain talented staff. This is primarily monitored as part of the Force's contribution to the Home Office's Uplift Programme, aimed at significantly boosting police officer numbers across the country.

Northumbria's target of recruiting an additional 181 officers in the year to March 2021 was achieved. In the 2021/22 national settlement, Northumbria's target was to recruit an additional 181 police officers as part of the national target of 6,000 by March 2022.

In our assessment the Force is clearly engaged with this programme and indeed seeks to exceed the Home Office's target. In setting the 2021/22 updated MTFs, additional funding was planned to be raised via Council Tax Precept to deliver an additional 60 police officer investigator posts in 2021/22.

## Benchmarking

The Police and Crime Panel makes reference to national statistics in providing performance challenge to the PCC. For example, in March 2021 the Panel raised that while the Force's charge rate for rape offences was ranked 3<sup>rd</sup> nationally, it was placed 22<sup>nd</sup> nationally for the rape conviction rate.

The Force makes proactive use of available benchmarking data, such as that provided by HMICFRS, in order to inform overall Force performance review. HMICFRS places Northumbria Police in a 'Most Similar Group' along with several comparable forces from across the country, allowing for meaningful data benchmarking across the group.

A report to the Strategic Management Board in March 2021 provided an overview of comparative VFM data for 2020, taken primarily from the Police Objective Analysis (POA) submission to CIPFA. The report provides benchmarked analysis of income and expenditure reported in demographic and functional terms. Infographics have been produced to demonstrate how Northumbria Police ranks across the various areas, including Local Policing, Investigations and Support Functions.

# Improving economy, efficiency and effectiveness

## Partnerships and Commissioning

Northumbria Police takes a leading role in hosting the North East Regional Special Operations Unit (NERSOU), which is a formal joint operation between Northumbria, Cleveland and Durham Forces. NERSOU is one of 10 Regional Organised Crime Units (ROCU) across England and Wales, with the express role of facilitating a heightened specialist capability to tackle serious and organised crime in the region.

NERSOU operations and effectiveness are regularly reviewed by the Force, and the ROCU programme was subject to a national review by HMICFRS, which was published in February 2021. While this review highlighted several concerns for the Home Office to address, some recommendations were made at Force level to ensure that ROCU benefits are maximised. The PCC published her response to this review in April 2021, detailing the Force’s proposed responses to the issues raised.

## HMICFRS Update

Since the 2018/19 PEEL inspection rated Northumbria Police as ‘Requires Improvement’, the Force has been on a trajectory of improvement and innovation.

From September 2019 the Force started to report quarterly on the quantum of ‘Areas for Improvement’ (AFIs) outstanding, mainly to track PEEL inspection issues but also as a way to gather AFIs picked up in national thematic reviews, and ensure that these are addressed locally.

By early 2022 the Force had confirmed removal of all outstanding PEEL AFIs by HMICFRS, giving a clean slate for the next full inspection which is taking place in 2022.

	September 2019	November 2021	February 2022	April 2022
Open AFIs from PEEL inspection 2018/19	18	2	2	0

## Data and Data Quality

Quality and timely reporting of policing and crime data is fundamental for all stakeholders to understand and challenge the performance of the Force. The PCC’s Police and Crime Plan 2021-2025 appropriately centres around a commitment to publish data for the sake of transparency and public engagement.

We noted that the Force has an assigned responsible individual for data quality, and a regular internal audit review of the same, with no adverse findings in recent years.

We have seen evidence of the level of work undertaken to monitor the force performance and the performance data quality - regarding compliance with National Crime Recording Standards (NCRS) and Home Office Counting Rules (HOCR).

Crime Recording Standards reports are brought to the Confidence and Standards board. These are prepared by the Crime Data Integrity (CDI) section, who undertake risk-based audits to identify potential areas of risk and non-compliance in relation to NCRS and HOCR. The reports detail how any under-recording of crime has been calculated, and that detailed analyses have been fed back to relevant departments.

The report appropriately presents actions to be implemented in with the crime quality improvement plan.

## Conclusion

Overall, we are satisfied the PCC and Chief Constable have appropriate arrangements in place to ensure they manage risks to their ongoing improvement of economy, efficiency and effectiveness. We have not identified any risks of significant weaknesses nor have we identified any improvement recommendations.

# COVID-19 arrangements



Since March 2020 COVID-19 has had a significant impact on the population as a whole and how the PCC and Chief Constable deliver services.

We have considered how the PCC's and Chief Constable's arrangements have adapted to respond to the new risks they are facing.

## Financial sustainability

The PCC and Chief Constable have appropriate arrangements in place to maintain financial sustainability during the COVID-19 pandemic. However, the budget was impacted by the one year settlement as a result of COVID-19 which saw the anticipated spending review for a three year settlement delayed. This clearly impacted both short- and medium-term planning. Despite this, the regular budget and MTFS reviews were produced and approved in line with normal financial practice.

The majority of costs relating to the pandemic were incurred during 2020/21. After some initial uncertainty, additional funding was provided by Central Government for some of the expenditure—particularly around PPE, creating COVID-19 safe work-spaces and overtime incurred due to pressures from staff absences.

We have no concerns about the PCC and Chief Constable's arrangements in this area as a result of the COVID-19 pandemic.

## Governance

The PCC and Chief Constable have maintained existing governance structures and processes during the pandemic, supplementing these where appropriate.

Joint Business Meetings continued virtually with updates from the Chief Constable on the police response to COVID-19, in addition to updates on OPCC engagement with the public and partners.

A thematic HMICFRS report on 'Policing in the Pandemic' noted that Police bodies responded effectively to the pandemic, quickly adapting their assessments as it became apparent that the pandemic wasn't solely a risk for health services. The report mentioned Northumbria Police specifically for its efforts to meet online with local groups to understand public perceptions of policing during the pandemic.

We have no concerns about the PCC and Chief Constable's arrangements in this area as a result of the COVID-19 pandemic.

## Improving economy, efficiency and effectiveness

The PCC has maintained effective arrangements around expenditure and procurement during the pandemic. While some expiring service contracts were allowed to renew on a temporary basis to avoid impact on policing, retendering has been reintroduced across the board following the end of lockdown restrictions. Tender approval documents demonstrate a clear focus on the priority given to suppliers offering the most economically advantageous service.

Arrangements have been in place for capturing and monitoring the impact of COVID-19 on all areas of the business. This has been closely monitored through quarterly performance reporting throughout 2020/21 and beyond.

We have no concerns about the PCC and Chief Constable's arrangements in this area as a result of the COVID-19 pandemic.



# Opinion on the financial statements



## Audit opinion on the financial statements

We gave an unqualified opinion on the financial statements on 15 July 2022.

## Audit Findings Report

More detailed findings can be found in our AFR, which was published and reported to the PCC's and Chief Constable's Joint Independent Audit Committee on 18 July 2022, following presentation to the PCC and Chief Constable on 11 July 2022.

## Preparation of the accounts

The PCC and Chief Constable provided draft accounts in line with the national deadline and provided a good set of working papers to support them.

## Issues arising from the accounts:

The key issues were:

- Prior period adjustment needed to correct historic treatment of VAT in property valuations
- Recommendations were raised to strengthen controls around year end cut-off procedures for both revenue and capital transactions
- Recommendations were raised to strengthen IT general controls to ensure appropriate segregation of duties

Grant Thornton provides an independent opinion ensuring the accounts are:

- True and fair
- Prepared in accordance with relevant accounting standards
- Prepared in accordance with relevant UK legislation

# Appendices

# Appendix A - Responsibilities of the PCC and Chief Constable



## Role of the Chief Financial Officer:

- Preparation of the statement of accounts
- Assessing the PCC's and Chief Constable's ability to continue to operate as going concerns

Public bodies spending taxpayers' money are accountable for their stewardship of the resources entrusted to them. They should account properly for their use of resources and manage themselves well so that the public can be confident.

Financial statements are the main way in which local public bodies account for how they use their resources. Local public bodies are required to prepare and publish financial statements setting out their financial performance for the year. To do this, bodies need to maintain proper accounting records and ensure they have effective systems of internal control.

All local public bodies are responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness from their resources. This includes taking properly informed decisions and managing key operational and financial risks so that they can deliver their objectives and safeguard public money. Local public bodies report on their arrangements, and the effectiveness with which the arrangements are operating, as part of their annual governance statement.

The Chief Financial Officer (or equivalent) is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Chief Financial Officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The Chief Financial Officer or equivalent is required to prepare the financial statements in accordance with proper practices as set out in the CIPFA/LASAAC code of practice on local authority accounting in the United Kingdom. In preparing the financial statements, the Chief Financial Officer is responsible for assessing the PCC's and Chief Constable's ability to continue as going concerns and use the going concern basis of accounting unless there is an intention by government that the services provided by the PCC and Chief Constable will no longer be provided.

The PCC and Chief Constable are responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in their use of resources, to ensure proper stewardship and governance, and to review regularly the adequacy and effectiveness of these arrangements.



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# Appendix B - Risks of significant weaknesses - our procedures and findings

As part of our planning and assessment work, we considered whether there were any risks of significant weakness in the PCC's and Chief Constable's arrangements for securing economy, efficiency and effectiveness in their use of resources that we needed to perform further procedures on.

We did not identify and risks of significant weakness.

# Appendix C - An explanatory note on recommendations

A range of different recommendations can be raised by the PCC's and Chief Constable's auditors as follows:

Type of recommendation	Background	Raised within this report	Page reference
Statutory	Written recommendations to the PCC and Chief Constable under Section 24 (Schedule 7) of the Local Audit and Accountability Act 2014. A recommendation under schedule 7 requires the PCC and Chief Constable to discuss and respond publicly to the report.	No	
Key	The NAO Code of Audit Practice requires that where auditors identify significant weaknesses as part of their arrangements to secure value for money they should make recommendations setting out the actions that should be taken by the PCC and Chief Constable. We have defined these recommendations as 'key recommendations'.	No	
Improvement	These recommendations, if implemented should improve the arrangements in place at the PCC and Chief Constable, but are not a result of identifying significant weaknesses in the PCC's and Chief Constable's arrangements.	Yes	Page 9

# Appendix D - Use of formal auditor's powers

## Statutory recommendations

Under Schedule 7 of the Local Audit and Accountability Act 2014, auditors can make written recommendations to the audited body which need to be considered by the body and responded to publicly

We did not issue any such recommendations in the relation to the 2020/21 financial year.

## Public interest report

Under Schedule 7 of the Local Audit and Accountability Act 2014, auditors have the power to make a report if they consider a matter is sufficiently important to be brought to the attention of the audited body or the public as a matter of urgency, including matters which may already be known to the public, but where it is in the public interest for the auditor to publish their independent view.

We did not issue any such reports in the relation to the 2020/21 financial year.

## Application to the Court

Under Section 28 of the Local Audit and Accountability Act 2014, if auditors think that an item of account is contrary to law, they may apply to the court for a declaration to that effect.

We did not issue any such applications in the relation to the 2020/21 financial year.

## Advisory notice

Under Section 31 of the Local Audit and Accountability Act 2014, auditors may issue an advisory notice if the auditor thinks that the authority or an officer of the authority:

- is about to make or has made a decision which involves or would involve the authority incurring unlawful expenditure,
- is about to take or has begun to take a course of action which, if followed to its conclusion, would be unlawful and likely to cause a loss or deficiency, or
- is about to enter an item of account, the entry of which is unlawful.

We did not issue any advisory notices in the relation to the 2020/21 financial year.

## Judicial review

Under Section 31 of the Local Audit and Accountability Act 2014, auditors may make an application for judicial review of a decision of an authority, or of a failure by an authority to act, which it is reasonable to believe would have an effect on the accounts of that body.

We did not issue any such applications in the relation to the 2020/21 financial year.



