

JOINT INDEPENDENT AUDIT COMMITTEE

MONDAY, 21 NOVEMBER 2022

AGENDA

OPEN SESSION

- 1. INTRODUCTION**
- 2. DECLARATION OF INTEREST**
- 3. MINUTES OF THE OPEN SESSION OF THE JOINT INDEPENDENT AUDIT COMMITTEE 26 SEPTEMBER 2022**
(Attached)
- 4. SUMMARY OF RECENT EXTERNAL INSPECTION, INVESTIGATION AND AUDIT REPORTS**
Head of Corporate Development
(Paper attached)
- 5. JOINT STRATEGIC RISK REGISTER**
Head of Corporate Development
(Paper attached)
- 6. MID – YEAR TREASURY MANAGEMENT REPORT**
Finance Lead, Corporate Finance and Governance
(Paper attached)
- 7. EXTERNAL AUDIT – UPDATE**
External Auditor
(Verbal update)
- 8. EMERGENT INTERNAL AUDIT PLAN**
Internal Audit Manager
(Paper attached)
- 9. DATE AND TIME OF NEXT MEETING**
27 February 2022, 2pm, Venue TBC.



**NORTHUMBRIA
POLICE**

10. 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.

Agenda item number	Paragraph of Schedule 12A to the Local Government Act 1972
11	7
12	7
13	7
14	7



**NORTHUMBRIA
POLICE**

CLOSED SESSION

JOINT INDEPENDENT AUDIT COMMITTEE

MONDAY, 21 NOVEMBER 2022

- 11. MINUTES OF THE CLOSED SESSION OF THE JOINT INDEPENDENT AUDIT COMMITTEE 26 SEPTEMBER 2022**
(Attached)
- 12. UPDATE ON INTERNAL AUDIT WORK AND PROGRESS AGAINST ANNUAL AUDIT PLAN**
Internal Audit Manager
(Paper attached)
- 13. UPDATE ON INTERNAL AUDIT WORK AND PROGRESS AGAINST OUTSTANDING INTERNAL AUDIT RECOMMENDATIONS**
Internal Audit Manager
(Paper attached)
- 14. ANY OTHER BUSINESS**



**NORTHUMBRIA
POLICE**

NORTHUMBRIA POLICE MINUTES

Title	Meeting number
Joint Independent Audit Committee (JIAC)	03/22

Date	Location	Duration
26 September 2022	Victory House, Baliol Business Park/ Teams	14:10 – 15:15

Present:

Committee Members:	J Guy K Amlani P Wood	Acting Chair
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Officers:	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)
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Invitees:	R Bowmaker P Godden L Griffiths G Thompson R Rooney	Internal Audit, Gateshead Council Head of Corporate Development External Audit, Grant Thornton Finance Lead, Corporate Finance and Governance Governance and Planning Adviser (<i>Secretary</i>)
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Apologies	C Young	Chair
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OPEN SESSION

1. INTRODUCTION

J Guy opened the meeting. Apologies were provided for C Young.

2. DECLARATION OF INTEREST

No declarations of interest made.

3. MINUTES OF THE OPEN SESSION OF THE JOINT INDEPENDENT AUDIT COMMITTEE 18 JULY 2022

Agreed as a true and accurate record.

4. MATTERS ARISING

Action list updated.

5. JIAC ANNUAL REPORT

Agreed: The JIAC Annual Report.

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

P Godden provided an overview of the report, advising 20 recommendations remain open, six of which were added since previous reporting to JIAC; all outstanding recommendations relate to national thematic inspections.

P Godden provided clarity regarding an open recommendation relating to the review of policing domestic abuse during the pandemic; the recommendation has been completed in line with the anticipated completion date, however final sign off is in the process of being escalated through the Force governance structure.

P Wood drew attention to the headlines surrounding response times following the latest HMICFRS PEEL inspection. D Ford noted consistent improvements are being seen regarding call handling, with the force moving ten spaces nationally. D Ford shared the view that local media should have a more supportive approach to its police force and highlighted HMICFRS have congratulated Northumbria Police on its improved performance. J Guy echoed the sentiment of HMICFRS and agreed a significant improvement has been seen.

J Guy highlighted findings following publication of the joint thematic inspection of Multi-Agency Public Protection Arrangements (MAPPA), querying if the force is satisfied that any action taken to improve management of Level 1 cases will have desired results; P Godden confirmed this to be the case. In addition, NEC Connect was confirmed as being on schedule with a launch date of 21 February 2023, and D Ford confirmed vulnerability training will be delivered across force via bespoke packages.

J Guy highlighted the good work carried out in clearing older recommendations from the portal.

Update noted.

7. JOINT STRATEGIC RISK REGISTER

P Godden provided an overview of the report which is reflective of the annual review carried out in May 2022. Since previous reporting, there has been a change to current factors within the finance risk for the force and OPCC to take account of the projected longer-term impact of inflation on available funding.

J Guy sought assurance in how closely the force is monitoring risk in this area, and any further mitigation in place. K Laing noted daily, and weekly monitoring is in place with the Chief Constable and Police and Crime Commissioner kept abreast of any updates regularly. In addition, K Laing noted the force has set aside a £4 million reserve to act as an inflationary cushion; work has commenced to identify how use of this reserve may look on a longer-term basis.

K Amlani queried the anticipated percentage increase in funding and any reserves the force holds; K Laing noted a £2.2 million inflationary impact is expected, however funding will remain the same. Regarding reserves, K Laing advised the force has a reserve of 2% of turnover.

P Wood commented on the improvement and remodelling of digital policing services, querying when the final phase is anticipated to take place; D Ford noted the final phase is unachievable until all roles have been recruited into. This led to a wider discussion

surrounding the percentage of empty vacancies across the force. J Lawson noted whilst the turnover for Northumbria Police is below average for the public sector, it is becoming harder to attract members of the workforce into specialist roles.

Update noted.

8. TREASURY MANAGEMENT ANNUAL REPORT

G Thompson surmised the report. Prudential indicators and performance markers were all within limits and two short-term counterparty breaches took place over the course of the year; both were corrected the following working day. Assurance was provided that all breaches are reviewed, and measures put in place to ensure they do not happen again.

P Wood queried the process in place for forecasting interest rates in the current market and the amount of borrowing to be refinanced; K Laing advised Link Asset Management will provide updated rates once known, whilst G Thompson updated a total of £20 million of borrowing is to be refinanced between 2022 and 2027, however this does not take into account any new borrowing taken to support the capital programme in this period. K Laing noted when the MTFS is set, it has a four year focus including refinancing costs; this is built into affordability.

J Guy commended the report.

Agreed: The Treasury Management Annual Report and onward presentation to the Police and Crime Commissioner (PCC).

9. EXTERNAL AUDIT 2020/21 – AUDITORS ANNUAL REPORT

L Griffiths updated the 2020/21 auditors report includes a revised system for recommendations; the report contains one recommendation relating to strengthening of budget setting and approval processes through alternative scenario planning and sensitivity analysis.

K Laing explained management are satisfied processes are in place for this, however accepts these process and scenarios should be evidenced.

Update noted.

10. EXTERNAL AUDIT ANNUAL AUDIT PLAN / AUDIT STRATEGY MEMORANDUM

L Griffiths updated there have been minimal changes since previous reporting; there are no risks relating to VFM, but risk assessments in this area remain ongoing. L Griffiths advised plans are in place to have completed the audit by the end of November 2022.

J Guy noted a 10% fee increase; K Laing advised the force is aware of the increase but believes there to be appropriate basis for it.

Update noted.

11. DATE, TIME AND VENUE OF NEXT MEETING

Monday 21 November, 2pm, Venue TBC.

Joint Independent Audit Committee	21 November 2022
Summary of Recent External Inspection, Investigation and Audit Reports	
Report of: Head of Corporate Development	
Author: Corporate Governance Manager	

I. 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 new process for follow-up which, in some circumstances, may allow Chief Constables to sign these off as closed on the Monitoring Portal, has been delayed to the end of the calendar year.
- 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 2nd November 2022 was:

	Recs	AFIs
Total	335	68
Total closed	264	25
Total open	71	43
<i>Considered complete by the Force, awaiting HMICFRS review</i>	24	4
<i>Reviewed by HMICFRS for closure, awaiting update on the portal</i>	2	26
Subject to ongoing Force activity	45	13

- 2.6. Since the last Joint Independent Audit Committee (JIAC), the HMICFRS Chief of Staff, Northern Support Team has closed thirty-three recommendations on the portal. which were already considered complete by the Force Liaison Lead. Eight areas for improvement

from the Northumbria Police PEEL inspection 2021/22 have been added alongside twenty-nine recommendations and five AFIs from a national thematic report 'An inspection of vetting, misconduct, and misogyny in the police service'.

[PEEL 2021/22 – An inspection of Northumbria Police](#) (published on 22nd September 2022).

- 2.7. In 2021/22, HMICFRS moved towards a more intelligence-led continual assessment approach to inspection. The approach to graded judgements also changed with assessments being made against the characteristics of good performance.
- 2.8. Graded judgements changed from the previous four-tier system to five tiers: Outstanding; Good; Adequate; Requires improvement; and Inadequate. This was to allow the inspectorate to state more precisely where improvement is needed and to highlight improvements more effectively.
- 2.9. Inspection activity commenced within Northumbria Police in September 2021 and concluded with final evidence gathering throughout April 2022.
- 2.10. The inspection assessed how good Northumbria Police is in 10 areas of policing and graded judgements were made in nine of these:

Policing area	Grade
Providing a service to the victims of crime	Ungraded
Recording data about crime	Adequate
Treatment of the public	Good
Preventing crime	Good
Responding to the public	Requires improvement
Investigating crime	Good
Protecting vulnerable people	Good
Managing offenders	Good
Developing a positive workplace	Good
Good use of resources	Good

- 2.11. HM Chief Inspector of Constabulary's (HMCIC) overall assessment congratulated the Force on its performance in keeping people safe and reducing crime and recognised the force prioritises prevention and deterrence; is working well with partners; has strengthened its links with local communities; is working well to identify and safeguard the vulnerable; and that this is supported by a robust internal governance and performance framework.
- 2.12. HMCIC also recognised the need for the Force to improve the time taken to answer emergency calls, reduce the abandonment of non-emergency calls and improve crime recording accuracy.
- 2.13. A number of areas of innovative practice were highlighted throughout the report.

[An inspection of vetting, misconduct, and misogyny in the police service](#) (published 2nd November 2022)

- 2.14. HMICFRS carried out a thematic inspection of police vetting, misconduct and counter-corruption arrangements in England and Wales between November 2021 and May 2022.
- 2.15. The inspection considered whether police are effective in ensuring people, including student officers, who are not fit to serve in policing are neither recruited nor remain in the service.
- 2.16. HMICFRS found evidence of poor decision-making in police vetting, inconsistent handling of misconduct cases and a lack of effective monitoring of officers' IT use. The Inspectorate also concluded that whilst improving, a culture of misogyny, sexism and predatory behaviour towards females still exists.
- 2.17. Eight forces were inspected (not including Northumbria) resulting in forty-three recommendations and five areas for improvement (AFIs) across vetting, misconduct and counter-corruption portfolios. Twenty-nine recommendations and all AFIs are aligned to the police; others are for the College of Policing, National Police Chiefs' Council, Independent Office for Police Conduct or the Home Office.
- 2.18. The findings in the report are currently being reviewed and the Force position will be reported to the Police and Crime Commissioner at the Business Meeting 22nd November 2022 to inform the statutory response required under section 55 of the Police Act 1996.
- 2.19. Appendix A provides an overview of all outstanding recommendations and AFIs 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.
- 2.20. The Force has determined a further four recommendations from three reports have been completed since the last update to JIAC; one from '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', one from 'Review of policing domestic abuse during the pandemic – 2021' and two from 'Twenty years on, is MAPPA achieving its objectives?'
- 2.21. There are 45 recommendations from eight thematic inspections and thirteen AFIs from two inspections subject to ongoing force activity. There are no matters of exception to note against these outstanding recommendations and AFIs. Several recommendations are dependent upon the implementation of NEC Connect, which is due in February 2023 and/or guidance 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)		Context	Anticipated completion date	Progress on delivery	RAG	Reported to Scrutiny Meeting	PCC response	Next report to Scrutiny Meeting
<p>Policing in the pandemic - The police response to the coronavirus pandemic during 2020</p> <p>Published 20th April 2021 CC response to PCC: 03/06/2021 PCC Section 55 response: June 2021 Reported to JJAC: 19/07/2021</p>	Multiple	DCC	Recommendations	5 (0)	4	<p>Issue</p> <p>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.</p>	<p>This is dependent upon the new custody module, as part of NEC Connect (scheduled February 2023).</p>	<p>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.</p> <p>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.</p> <p>Update: October 2022 The remaining recommendation is dependent upon the release of the new custody system.</p>		05/09/2022	No issues raised.	02/2023
<p>Custody services in a COVID-19 environment</p> <p>Published 20th April 2021 CC response to PCC: 03/06/2021 PCC Section 55 response: June 2021 Reported to JJAC: 19/07/2021</p>	Head of Custody	ACC (Force Coordination)	Recommendation	1 (0)	0	<p>Issue</p> <p>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.</p>	<p>This is dependent upon the new custody module, as part of NEC Connect (scheduled February 2023).</p>	<p>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.</p> <p>Update: October 2022 This recommendation is dependent upon the release of the new custody system.</p>		05/09/2022	The position remains as previously reported. No issues raised.	02/2023
<p>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</p> <p>Published 16th July 2021 CC response to PCC: 23/09/2021 PCC Section 55 response: Reported to JJAC: 27/09/2021</p>	Head of Safeguarding	T/ACC (Crime and Safeguarding)	Recommendations	8 (0)	4	<p>Issue</p> <p>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.</p>	<p>Delivery of two of the recommendations is dependent on the implementation of the Force's new NEC Connect IT system (scheduled February 2023).</p>	<p>Some of the requirements of the recommendations 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. All recommendations are included within a RASSO improvement plan and are monitored regularly.</p> <p>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.</p> <p>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 VCOOP and is monitored. CPS are also reviewing their process for notifying victims and this will include the ISVA service.</p> <p>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 (PMF) to identify any areas of learning for individuals.</p> <p>Update October 2022 Staff training is in place and ongoing. This is a rolling programme with courses scheduled as part of the yearly training profile.</p> <p>The police and CPS are seeking to implement a case tracker system for more effective management of cases.</p> <p>Analysis is being undertaken to better understand why victims dis-engage and withdraw support from cases. Dip sampling will also form part of the ongoing PMF.</p>		03/10/2022	<p>The PCC received additional information on RaSSO at Scrutiny Meeting in September and October 2022 with wider analysis to fully understand the victim's journey and where the challenges currently are in respect of the CJS response.</p> <p>The PCC is aware the main aim for the Force is to increase confidence of victims to report rape crimes and feel supported once doing so. Future reporting would be due in-line with the regular reporting schedule, every six months.</p>	04/2023
<p>Police response to violence against women and girls - Final inspection report</p> <p>Published 17th September 2021 CC response to PCC: 16/11/2021 PCC Section 55 response: November 2021 Reported to JJAC: 22/11/2021</p>	Head of Safeguarding	T/ACC (Crime and Safeguarding)	Recommendations	3(0)	1	<p>Issue</p> <p>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.</p>	<p>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.</p>	<p>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.</p> <p>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.</p> <p>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.</p> <p>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.</p> <p>The delivery framework and supporting VAWG strategy were shared with the national VAWG task force by the required deadline of 31 March 2022 and the strategy and framework are now published on the external force website.</p> <p>Update October 2022: One recommendation will be addressed with the implementation of Connect for the wider capture of protected characteristics and the other regarding the review of outcomes 15 and 16 is ongoing with guidance awaited from the National Chief Constables' Council (NPCC) VAWG National Delivery Lead.</p>		03/10/2022	No issues raised.	04/2023
<p>A joint thematic inspection of the criminal justice journey for individuals with mental health needs and disorders</p> <p>Published 17th November 2021 CC response to PCC: 18/01/2022 PCC Section 55 response: January 2022 Reported to JJAC: 28/02/2022</p>	Head of Safeguarding	T/ACC (Crime and Safeguarding)	Recommendations	4 (0)	0	<p>Issue</p> <p>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.</p>	<p>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).</p>	<p>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.</p> <p>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.</p> <p>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.</p> <p>Update October 2022: Work has been undertaken with People Development and the Appropriate Adult scheme to ensure appropriate support is available for interview in the police station as either a detained person or a voluntary attendee.</p> <p>Training focusing on mental health within investigations, informed by the learning from earlier reviews, is now within Policing Education Qualifications Framework (PEQF) and Initial Crime Investigator's Development (ICIDP) programmes and delivered within existing criminal investigation department, response policing and neighbourhood policing teams.</p> <p>Guidance is still awaited from the NPCC on an agreed definition for mental health flags.</p>		05/09/2022	No issues raised.	02/2023
<p>Twenty years on, is MAPPA achieving its objectives?</p> <p>Published 14/7/2022 CC response to PCC: 05/09/2022 PCC Section 55 response: September 2022 Reported to JJAC: 26/09/2022</p>	Head of Safeguarding	T/ACC (Crime and Safeguarding)	Recommendations	4(0)	2	<p>Issue</p> <p>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.</p>	Apr-23	<p>Update: October 2022 The Force considered it was already compliant with two recommendations regarding the allocation of all MAPPA nominals managed at Levels 2 and 3 to a suitably trained police offender manager and the review of workloads for staff managing sexual offenders against national expectations.</p> <p>Activity has been determined for the remaining two recommendations to raise the profile of domestic abuse cases and ensure all practitioners consider domestic abuse cases for MAPPA management; and while MAPPA training has been delivered to all staff working in MOSOVO and is covered on other courses held locally, Probation and the Force are working together to provide a training package to Multi Agency Risk Assessment Conference staff.</p>		N/A	Future reporting on progress will be included in current arrangements for scrutiny in this area of business.	01/2023

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
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: October 2022 Reported to JIAC: 26/09/2022	Head of Crime	T/ACC (Crime and Safeguarding)	Recommendations	2(0)	0	Issue 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.	Mar-23	Update: October 2022 The Force will document processes that adhere to general crime scene preservation and management; and forensic assessment flowcharts have been refreshed for all contact handlers. A forensic awareness training package is being developed for contact handlers and frontline staff to ensure suitable advice to victims and appropriate action by responding officers/staff from the outset. A forensic performance framework is also being developed to better understand the effectiveness of the triage process and the contribution towards positive outcomes. Audits are conducted with regards to outcome codes and Victims' Code of Practice compliance and performance is regularly monitored. Plans are being developed by the appointed leads for specific serious acquisitive crime types and an overall plan is being developed for improving resolved rates.		N/A	Future reporting on progress will be included in current arrangements for scrutiny in this area of business.	05/2023
PEEL 2021/22 – An inspection of Northumbria Police Published 22/09/2022 CC response to PCC: 03/10/2022 PCC Section 55 response: October 2022 Reported to JIAC: 21/11/2022	Multiple	DCC	AFIs	8(0)	0	Issue The inspection outlined the requirement for the Force to ensure that it improves: the accuracy when recording crimes and incidents of rape; the recording of crime when ASB is reported; the recording of equality data; the time it takes to answer emergency calls and reduce the number of non-emergency calls that are abandoned; the advice given by call takers on the preservation of evidence and crime prevention; attendance in response to calls for service in line with its published attendance times and ensures that when delays do occur, victims are fully updated; the recording of an auditable record of the decisions made when a victim withdraws their support for a prosecution; and takes steps to reduce delays in intelligence development for paedophile online investigation packages.	To be determined	Update: October 2022 An improvement plan is in place regarding the recording of offences within anti-social behaviour (ASB) incidents and also sexual offences (including rape and NI00s) and implementation of the new Force IT system, Connect, will facilitate the improved capture of equality information. Implementation of new technologies provides an improved approach to managing 101 call demand at peak times and reduce abandoned 101 calls by providing a call back option. A new digital reporting platform and workforce planning tools will also ensure increased and enhanced service provision. Call handling and response policing demand and capacity challenges are closely monitored and a force wide performance management framework is in place. It is anticipated the introduction of a new Response Policing Team (RPT) shift pattern, training, investment with the continued uplift in RPT officers, problem solving initiatives and investment in technology to allow officers to operate more remotely will result in improved response performance levels. A template proforma was produced for supervisors to help ensure the required recording of decision making with the necessary auditable record of information. An improvement plan is in place for paedophile online investigations. Additional resources have been recruited and the improvement plan is regularly reviewed and developed to impact the backlog and improve the management of risk.		N/A	Quarterly reporting on progress will be provided at the Scrutiny Meeting.	02/2023
An inspection of vetting, misconduct, and misogyny in the police service Published 02/11/2022 CC response to PCC: 22/11/2022 PCC Section 55 response: October 2022 Reported to JIAC: 21/11/2022	Head of Professional Standards Department	DCC	Recs	29 (0)	0	Issue HMICFRS determined that police vetting standards are not high enough and it is too easy for the wrong people to both join and stay in the police. It was also determined that a culture of misogyny, sexism and predatory behaviour towards female police officers and staff and members of the public still exists.	To be determined	Update: November 2022 The report is currently being reviewed and an update will be provided to Business Meeting on 22nd November 2022.		N/A	N/A	To be determined
			AFIs	5 (0)	0							
										On track - no concerns Progressing - additional action required to ensure delivery/delivery delayed Risk to completion		

Short Report for Information

Joint Independent Audit Committee	21 November 2022
Joint Strategic Risk Register	
Report of: Ruth Durham, Chief of Staff and Monitoring Officer (OPCC) & Debbie Ford, Deputy Chief Constable (Northumbria Police)	
Author: Tanya Reade, Corporate Governance Manager, Corporate Development	

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 a Chief Officer 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 Red Amber Green (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).

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

Key Updates to the Force Strategic Risk Register**1. Digital Policing - Inability of the Force to respond effectively to service demand due to loss or failure of mission and business critical technology solutions.**

- 2.8 Summary of controls have been updated to reflect:
- Strategic oversight of the automated and manual patching of key systems and operating systems across critical, high and medium high systems.
 - Finalisation (in October 2022) of the renegotiation of the NEC/Northgate contract with more delivery focussed delayed payments and removal of the current extended project costs.
 - Effective disaster recovery controls in place with appropriate management of core system recovery and associated business continuity plans.
- 2.9 Likelihood remains medium (3) and impact high (4).

2. Finance - Reduction in funding and/or funding pressures which require changes to financial planning and/or a change to the resourcing of service delivery.

- 2.10 Finance was previously split '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' and 'B - Unplanned and/or Unquantifiable in-year budget pressures'; these have been combined.
- 2.11 Context has been updated to reflect that grant funding has not been increased to cover the continued global cost pressure and cost of living increase, which necessitates efficiencies.
- 2.12 Summary of controls have been updated to include the effective forcewide business planning cycle, workforce plan and force operating model in place to support efficiency planning and monitoring. These controls also support the Strategy risk (11).
- 2.13 Likelihood has increased from medium (3) to high (4), impact remains high (4); however, the overall assessment of the risk remains high.

6. Infrastructure and Assets - 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.

- 2.14 The Context has been updated to include the need to meet future sustainability and carbon reduction targets.

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- 2.15 A programme of works aligned to the establishment of a future Force operating model to meet operational, sustainability and carbon reduction requirements is to be established. This will also respond to delays and increased costs of the current Estate programme due to supply chain issues and inflationary pressures.
- 2.16 Re-profiling of the building refurbishment programme in-line with New Ways of Working requirements is complete and a new Fleet Strategy implemented in line with carbon reduction targets.
- 2.17 Likelihood remains low (2) and impact medium (3).

8. Partnership & Collaboration - 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.

- 2.18 Current factors have been updated to reflect the ability of partners to deliver services, which has the potential to result in Police resource being used to fill the gaps created, depleting capacity to provide policing services.
- 2.19 Likelihood currently remains low (2) and impact high (4).

9. Public Confidence - 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.

- 2.20 Context has been updated to reference publication of Dame Louise Casey's review of the Metropolitan Police, Operation Hotton, and the findings following the murder of Sarah Everard, which are actively considered by Northumbria Police.
- 2.21 Likelihood remains low (2) and impact high (4).

12. A Workforce - Inability to attract, recruit and retain required workforce levels.

- 2.22 The inability to deliver the Force Transformation Programme, particularly significant IT projects, due to a lack of specialist and / or technical skills has been included as a potential consequence.
- 2.23 Summary of controls include bespoke work undertaken to target support to Digital Policing, due to the inability to match private sector pay and retain skilled staff.
- 2.24 Likelihood remains medium (3) and impact high (4).
- 2.25 Specific references to COVID-19 have been removed throughout the register as this is now considered part of business as usual, except where recovery continues to impact on the Newcastle Crown Court backlog.

Short Report for Information**Recent Updates to the OPCC Strategic Risk Register****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.**

- 2.26 The Finance risk has been updated to reflect continued global cost pressures, cost of living increases and interest rate rises. Without any increase in funding this will lead to the necessity for efficiencies to be achieved. As part of the mitigation additional lobbying for increases to Police funding, both independently and collaboratively with national Police groups, is taking place to inform and influence national funding.
- 2.27 Due to the increased level of cost pressures, the likelihood has increased from medium (3) to high (4), impact remains high (4).

Governance (OPCC) - 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.

- 2.28 Following the recent announcement of the Chief Constable's retirement, current factors have been expanded to include the recruitment of a new Chief Constable, and a new control has been added to undertake an appointment process that is based on merit, fairness and openness.
- 2.29 Likelihood remains very low (1) and impact low (2).

Partnership and Collaboration (OPCC) - 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.

- 2.30 The current factors impacting this risk have been updated to remove the reference to the current pandemic and the focus now is on recovery and new ways of working in the Local Criminal Justice System.
- 2.31 Likelihood remains low (2) and impact high (4).

Public confidence (OPCC) - 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.

- 2.32 The context surrounding this risk has been updated to remove the reference to 'recent tragic events' as this was specifically in reference to the tragic murder of Sarah Everard. The general context remains, and the PCC will continue to reassure communities through robust scrutiny of Northumbria Police and engagement with partners and communities.
- 2.33 Likelihood remains low (2) and impact high (4).

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- 2.34 The force has assessed five areas as high risk: Digital Policing, Finance, Information and Data Management, Information and Data Quality and Workforce.
- 2.35 The OPCC has assessed one area as high risk: Finance.

3. CONSIDERATIONS

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

Overview of the RAG status of Strategic Risk – Northumbria Police

LIKELIHOOD	Very High (5)				
	High (4)			2 Finance	
	Medium (3)		10 Regulation and Standards	1 Digital Policing 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			
	Very Low (1)	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.

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

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	<ul style="list-style-type: none"> ▪ Renegotiation of NEC/Northgate contract with more delivery focussed delayed payments and negotiated removal of current extended project costs now in place. ▪ Improved agile working capabilities for project delivery staff in place and effective. ▪ Implementation of Smart Contact Command and Control solutions removing the threat of loss of 999 and 101 calls due to loss of NPICCS. ▪ Automated and manual patching of key systems and operating systems completed across critical, high and medium high systems, now monitored through Chief Information Officer (CIO). ▪ Additional monitoring and tooling in place to alert on any cyber-attacks. ▪ Increase in the frequency and types of backups of the people data and full system backups to minimise any loss. ▪ Periodic restores and read tests in place to ensure backup is viable. ▪ Introduction of infrastructure to improve network and remote access resilience. 	
Likelihood	3	12
Impact	4	

2	Strategic Risk Area – Finance
	Risk – Reduction in funding and/or funding pressures which require changes to financial planning and/or a change to the resourcing of service delivery.
Owner(s)	Chief Constable and Chief Finance Officer
Governance & Oversight	Executive Board/Business Meeting
Context	<ul style="list-style-type: none"> ▪ 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. ▪ Reduction in central government funding as announced in the annual Home Office (HO) Police Funding Settlement. ▪ 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. ▪ Continued global cost pressures and cost of living increases are not funded with the grant settlement, leading to the necessity for efficiencies. ▪ 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. ▪ In-year events or changes, outside of Northumbria Police's control, may lead to unbudgeted costs that cannot be met from within the annual budget.
Current factors	<ul style="list-style-type: none"> ▪ The Government has stated the review of the Police Allocation Formula (PAF) will be completed in this parliament, this however may be delayed. ▪ In force financial implications of pension remedy, which are currently being progressed based on national guidance. ▪ Inflationary rises and supply chain issues are creating significant cost pressures in current and future budget predictions, without any increases in funding.
Potential consequence	<ul style="list-style-type: none"> ▪ 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. ▪ Any in-year pressures which become a forecast overspend must be addressed through consideration of in-year efficiencies and discussions with the PCC relating to any appropriate use of reserves to manage the in-year impact.
Summary of Controls	<ul style="list-style-type: none"> ▪ Transparent ownership of financial matters between the Police and Crime Commissioner (PCC) and Chief Constable.

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	<ul style="list-style-type: none"> ▪ Well understood in-year financial monitoring and reporting governance. ▪ An effective Reserves Strategy to provide mitigation against known and potential future events (COVID-19 Enforcement and Operational, Emergency Services Network, Pension, inflationary Reserves etc.), plus reserves providing financing to planned future investments. ▪ Full consultation, engagement and lobbying alongside and independently with the Police and Crime Commissioners Treasurers' Society, NPCC Treasurers group and the HO to influence funding for Policing and the North East. ▪ Effective forcewide Business Planning cycle and efficiency monitoring. ▪ An effective Workforce Plan and Force Operating Model to manage pay related spend. 	
Likelihood Impact	4 4	16

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

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

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	<ul style="list-style-type: none"> ▪ Targeted and relevant audit and organisational learning process to identify inappropriate handling and management of information. ▪ Oversight and management through the Governance and Decision-making structure – Operational Information Management Board. ▪ Implementation of formal Information Asset Registers, training, awareness and ongoing monitoring for Information Asset Owners and Information Asset Leads. ▪ 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. ▪ Planned assurance schedule relating to critical systems and services. ▪ Monthly meeting with Senior Information Risk Owner to formally assess and govern risk. ▪ Force Opsy role identified and placed into Information Management Department (IMD) to improve operational security. 	
Likelihood	3	12
Impact	4	

5	Strategic Risk Area – Information and Data Quality
	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.
Owner(s)	Assistant Chief Constable (Force Coordination)
Governance & Oversight	Operational Information Management Board
Context	<ul style="list-style-type: none"> ▪ 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. ▪ The replacement of Force legacy systems presenting competing data collection processes. ▪ The ability to assign accountability/ownership of data assets to ensure data is collected, stored and used appropriately. ▪ 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. ▪ 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.
Current factors	<ul style="list-style-type: none"> ▪ Migration to new operating platforms, including Northgate Connect and Steria – Storm. ▪ Legacy data and systems.
Potential consequence	<ul style="list-style-type: none"> ▪ Inaccessible/inaccurate intelligence. ▪ 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 (Retention, Review, Deletion) processes in place. Inaccurate data leading to non-compliance with regulations, a potential negative impact upon investigations and subsequent loss of public confidence. ▪ Reduction in force performance and delivery through poor and non reflective data quality. ▪ Failure to identify risk of vulnerability, officer, public safety. ▪ Inaccurate data returns to the HO and other bodies e.g. HMICFRS. ▪ 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.

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

6	Strategic Risk Area – Infrastructure and Assets
	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.
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"> ▪ Failure to appropriately maintain assets may result in critical failure. ▪ Failure to comply with building regulations and legislation regarding the safety of our estate. ▪ Force must meet future sustainability and carbon reduction targets. ▪ Failure to ensure officers and staff have the right assets and equipment available to perform their role.
Current factors	<ul style="list-style-type: none"> ▪ Programme of works aligned to future Force Operating model needs to be established to meet operation, sustainability and carbon reduction requirements. ▪ Implementation of New Ways of Working programme. ▪ Delays and increased costs of Estates programme as a result of supply chain issues and inflationary pressures. ▪ Delays in new supply of vehicles/availability of fleet as a result of global supply chain issues. ▪ Physical security of buildings.
Potential consequence	<ul style="list-style-type: none"> ▪ Injury to users of assets, detainees or the public. ▪ Reduced availability of assets impacts on services across some or all business areas. ▪ Litigation and civil claims. ▪ Negative impact on the workforce and on public confidence. ▪ Not achieving sustainability and carbon reduction targets.
Summary of Controls	<ul style="list-style-type: none"> ▪ Understanding and review of the Force estate to ensure it is fit for purpose and used effectively. ▪ Rationalise the estate where appropriate to align with future operating model and operating procedures. ▪ Re-profiling of building refurbishment programme in-line with and New Ways of Working requirements and future Force Operating Model in place. ▪ Established internal arrangements to minimise the impact of proposed estate and infrastructure changes/refreshes on the business. ▪ Business Continuity Plans, Estate Strategies and policies and procedures in place. ▪ Regular inspection, testing and maintenance programmes in place in respect of water hygiene, electricity and gas safety. ▪ Fire risk assessments in place. ▪ Asbestos management plan in place. ▪ Health and Safety management embedded at tactical and strategic level. ▪ New Fleet Strategy implemented in-line with carbon reduction targets. ▪ New Fleet User Group to revise fleet use and force profile, including development of sustainable fleet measures.

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	<ul style="list-style-type: none"> ▪ Vehicle maintenance, transportation and installation partners are vetted to ensure security and continuity of service. ▪ Internal fuel stock maintained. ▪ Asset management software and/ or recording system in place. ▪ Telematics installed in all cars providing management oversight with timely maintenance and usage data. ▪ Operational equipment requirements are managed via the Force Safety Group and reported to the People & Organisational Justice Board. 	
Likelihood	2	6
Impact	3	

7	Strategic Risk Area – Operational
	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.
Owner(s)	Assistant Chief Constable (Force Coordination)
Governance & Oversight	Strategic Management Board
Context	<ul style="list-style-type: none"> ▪ Implementation of a new Force Operating Model, demographic and operational placement of officers and staff. ▪ A specific focus on Joint Emergency Services Interoperability Programme (JESIP) principles and preparedness planning through the Local Resilience Forum (LRF) to manage Major Incidents. ▪ 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. ▪ 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. ▪ 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.
Current factors	<ul style="list-style-type: none"> ▪ Current review of the CCA (Civil Contingencies Act). ▪ Proposed wider remit of LRFs. ▪ Statutory guidance for JESIP. ▪ Force Operating Review. ▪ Implementation of Response Policing Team shift pattern in January 2023. ▪ Work Force Plan. ▪ Significant Events.
Potential consequence	<ul style="list-style-type: none"> ▪ Inability to meet core policing requirements. ▪ Inability to respond effectively to Major Incidents. ▪ Reduced staffing and service provision. ▪ Inability to deliver services across some or all business areas. ▪ Inability to project accurate resourcing to meet future demand. ▪ Ability to meet mobilisation commitment. ▪ Negative impact on public confidence. ▪ Ineffective business continuity.

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Summary of Controls	<ul style="list-style-type: none"> ▪ Robust business continuity plans in place across all area commands and departments. ▪ Pandemic Multi-Agency Response Teams Plan with partners. ▪ 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. ▪ 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. ▪ Mobilisation plan includes changes to NPoCC mobilisation commitment and deployments to British Overseas Territories. ▪ Ability to implement agile ways of working and create secure estate environments. ▪ 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. ▪ LRF Strategic Coordination Group and Tactical Coordination Group currently activated with Vice Chair status on each group. ▪ At Chief Constable level Recovery Plan and Recovery Coordination Group participation. ▪ Ability to revise shift pattern to facilitate mobilisation of specialist staff, particularly in respect of TL2 assets. ▪ Force Coordination Centre and daily pace setter meetings to align demand and resources. 	
Likelihood	2	8
Impact	4	

8	Strategic Risk Area – Partnership & Collaboration
	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.
Owner(s)	Deputy Chief Constable
Governance & Oversight	Joint Business Meeting / Strategic Management Board - Business
Context	<ul style="list-style-type: none"> ▪ Lack of scoping and user requirements at the outset of partnerships/collaboration or commercial interest. ▪ Financial constraints on public services. ▪ Cost of living and inflation impacting economy and changing opportunities. ▪ Lack of integrated planning with partners to identify opportunities. ▪ Significant reduction in services provided by key and /or statutory partners such as CPS, HMCTS, LAs and health service providers which increases demands on policing. ▪ Failure of collaborative agreements. ▪ Reduced commitment to Community Safety Partnerships and joint objective setting due to competing demands within LAs.
Current factors	<ul style="list-style-type: none"> ▪ Reduction in safeguarding activity and preventative work, particularly relating to serious violence and anti-social behaviour. ▪ Ability to manage commercial contracts. ▪ Missed opportunities for further partnership collaboration with partners. ▪ Cost of living / inflation is affecting commercial businesses and public sector. ▪ Ability of partners to deliver services.
Potential consequence	<ul style="list-style-type: none"> ▪ Gaps in services and support to communities. ▪ Missed opportunities to prevent and reduce crime and disorder. ▪ Reduced public confidence. ▪ Reduced opportunities for more efficient and effective services. ▪ Increased costs due to poor scoping and/or contract management. ▪ Missed learning opportunities for partner agencies from serious case reviews. ▪ Police resource used to fill gaps created by non-delivery of partnership services, depleting capacity to provide policing services.
Summary of Controls	<ul style="list-style-type: none"> ▪ Improving partnership governance arrangements and joint partnership plans through Community Safety Partnerships and wider multi-agency arrangements ▪ Force wide business planning cycle and delivery of local business plans informed by partnership data and engagement. ▪ Strategic Design Authority and Transformation Programme to improve scope and user requirements of procured services with clear benefits tracking via Efficiency Steering Group.

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	<ul style="list-style-type: none"> ▪ Improving understanding of demand and external influences of demand enabling effective management of response. ▪ Business continuity plans between relevant partners. ▪ Access to local and/or national support programmes. ▪ Ongoing management of commercial contracts. ▪ Tracking of business benefits following adoption of recommendations made in HMICFRS Thematic report 'The Hard Yards'. ▪ 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. ▪ Ability to introduce and maintain joint Criminal Justice Impact and Recovery working exercises when required, utilising resources across disciplines to meet demand. ▪ Increased early interventions and out of court disposals in place for young people. 	
Likelihood	2	8
Impact	4	

9	Strategic Risk Area – Public Confidence
	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.
Owner(s)	T/Assistant Chief Constable (Communities)
Governance & Oversight	Engaged Communities Group/Ethics Advisory Board/Organisational Learning Board/People & Organisational Justice Board/ /Public Confidence and Standards Board
Context	<ul style="list-style-type: none"> ▪ Force or an associated individual acts in an inappropriate, discriminatory way or demonstrates corrupt behaviour. ▪ Death or serious injury following police contact or other adverse or critical incident, as a result of police action or omission. ▪ Misuse or deliberate disclosure of sensitive data or information. ▪ Public perceptions of police ineffectiveness in relation to offences disproportionately impacting on specific communities or those with protected characteristics. ▪ Reduced legitimacy due to poor engagement. ▪ Publication of recent reports, including Dame Louise Casey review of Metropolitan Police, Operation Hutton and the findings following the murder of Sarah Everard.
Current factors	<ul style="list-style-type: none"> ▪ Abuse of authority for financial or sexual purpose, fraud or theft. ▪ Awareness of risk within workforce (Abuse of Authority for a Sexual Purpose (AA4SP), misogyny, discrimination) and increase in associated misconduct cases. ▪ Current operating context and legitimacy in use of police powers. ▪ Disproportionality in use of powers. ▪ Identification and response to organisational learning opportunities. ▪ Public perception that ineffective response to Violence Against Women and Girls (VAWG), hate crime and victimisation of Black, Asian and minority ethnic communities is influenced by cultural issues misogyny/ institutional racism.
Potential consequence	<ul style="list-style-type: none"> ▪ Abuse of authority for financial or sexual purpose, fraud or theft. ▪ Increased civil unrest. ▪ Perception of disparity damaging confidence of minority groups. ▪ Litigation, legal action against the Force. ▪ Reduced public confidence.

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

10	Strategic Risk Area – Regulation & Standards	
	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.	
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"> ▪ Litigation, legal action and/or prosecution of the Force and/or individuals by former officers or staff members. ▪ Failure to comply with regulatory frameworks. 	
Current factors	<ul style="list-style-type: none"> ▪ Increased scrutiny and challenge on police powers and super complaints. ▪ Significant events impacting on public confidence over last 12 months. ▪ Change in legislation in relation to protest may result in legal challenge. ▪ Increase awareness and reporting of AA4SP could result in legal action against force for failure to prevent. 	
Potential consequence	<ul style="list-style-type: none"> ▪ Litigation, legal action and/or prosecution of the Force and/or individual staff. ▪ Associated costs of dealing with litigation. ▪ Negative impact on the workforce and public confidence. ▪ Failure to achieve/maintain relevant ISO/IEC accreditation in line with relevant codes of practice. ▪ Failure to comply with relevant Health and Safety regulations. 	

Summary of Controls	<ul style="list-style-type: none"> ▪ Central review of all civil claims, with adverse trends and lessons learnt reported to People & Organisational Justice Board/ Organisational Learning Board. ▪ Audit arrangements and Quality Management System. ▪ ISO governance meeting. ▪ Health and Safety Management System and provision of health and safety advice. ▪ Investigations and review of health and safety incidents, with lessons learnt reported to People & Organisational Justice Board. ▪ Introduction of scrutiny panel for use of police powers. ▪ Force policy on mandatory use of Body Worn Video at key incidents/events. ▪ External Scrutiny panel for use of police powers (Use of Force/Stop & Search). ▪ Force approach to identify and reduce AA4SP. ▪ Introduction of Force Public Confidence & Standards Board and external scrutiny oversight board 	
Likelihood	3	9
Impact	3	

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

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	<ul style="list-style-type: none"> ▪ Victim service review to improve service delivery to victims of crime and investigative standards. ▪ Implementation of a Northumbria Police Victim and Witness Service. ▪ Development and implementation of financial and efficiency planning focused on delivery of Force strategic priorities. ▪ Realisation of benefits linked to delivery of the transformation programme. ▪ Review of operating model and resourcing strategy. 	
Likelihood	2	8
Impact	4	

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

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	<ul style="list-style-type: none"> • Operational Resourcing Meeting established to monitor tactical operational resourcing requirements. • Use of agency / organisations to provide Burst capability for technical skills. • Diversity, Equality & Inclusion Strategy and Plan (including Positive Action strategy/plan). • Appropriate and robust vetting framework. • 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. • Bespoke work targeting support to Digital Policing following RRP and skills exits due to inability to match private sector pay. 	
Likelihood	3	
Impact	4	12

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

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

Overview of the RAG status of Strategic Risk – OPCC

LIKELIHOOD	Very High (5)				
	High (4)			(OPCC) Finance	
	Medium (3)				
	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					

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

OPCC	Strategic Risk – 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.
Owner(s)	Chief Finance Officer – OPCC
Governance and Oversight	Joint Business Meeting/OPCC Business Meeting
Context	<ul style="list-style-type: none"> ▪ 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. ▪ The PCC has a robust, balanced Medium-Term Financial Strategy (MTFS) that meets the medium-term financial plans of the Chief Constable and facilitates delivery against the Police and Crime Plan. ▪ 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. ▪ Affordability may also be affected by continued global cost pressures and cost of living increases that are not funded within the grant settlement; or changes in national interest rates driving up the cost of borrowing, leading to the necessity for efficiencies or reductions in services. ▪ Reserves policy is crucial to medium-term sustainability. ▪ In-year financial monitoring must be robust.
Current factors	<ul style="list-style-type: none"> ▪ 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. ▪ There is longer term certainty of the scope for Precept increases for a further two-year period. ▪ Settlement 2022/23 has continued funding to support the Uplift programme. ▪ At this time, the level of national funding and the robust controls detailed below mitigate in the short term the consequence. ▪ In the medium-term extraordinary international events and national inflationary rises lead to significant increases in cost without any increase in funding.
Potential consequence	<ul style="list-style-type: none"> ▪ 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. ▪ Any in-year or longer-term pressures or extraordinary events which become a forecast overspend must be addressed through consideration of in-year savings and efficiencies, potential use of relevant reserves and discussion with the CC.

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Summary of Controls	<ul style="list-style-type: none"> ▪ Strategic engagement in respect of any proposed review of the funding formula. ▪ Transparent ownership of financial matters between the PCC and CC. ▪ Comprehensive approach to business planning cycle and annual budget setting process. ▪ Well understood in-year financial monitoring and reporting governance. ▪ Medium and long term financial planning. ▪ Regular oversight of revenue and capital budget. ▪ Maintain adequate risk assessed reserves. ▪ Ongoing consultation, engagement and lobbying alongside and independently with the Police and Crime Commissioners Treasurers Society, NPCC Treasurers Group and the Home Office to influence funding for policing in the North East. ▪ Audit Committee/Internal Audit/Treasury Management strategy in place and outcomes reviewed by PCC. ▪ HMICFRS inspection regime. 	
Likelihood	4	16
Impact	4	

OPCC	Strategic Risk – Governance (OPCC) 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.	
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"> ▪ Ineffective governance, scrutiny, oversight of services and outcomes delivered and lack of reaction to organisational learning by Northumbria Police. ▪ Need to target resources and priorities towards changing performance/landscapes or community needs. ▪ Chief Constable setting high performance standards and appropriate culture and values is crucial to meaningful scrutiny. ▪ Trust in the transparency of Northumbria Police. ▪ Effective governance includes effective oversight of complaints against Northumbria Police. ▪ Effective systems and controls to manage risk are needed to support the delivery of service. ▪ A strong relationship between the Office of the Police and Crime Commissioner and Force which is resilient to external factors. 	
Current factors	<ul style="list-style-type: none"> ▪ Implementation of national PCC Review – PCCs remit in fire, criminal justice and management of offenders along with a review of the Policing Protocol. ▪ Government levelling up agenda - expanded devolution deals. ▪ Recruitment of a new Chief Constable. 	
Potential consequence	<ul style="list-style-type: none"> ▪ Loss of public confidence. ▪ Reputational risk. ▪ A decline in quality and service delivery, leading to a reduction in public satisfaction with policing. ▪ Deteriorating performance resulting in policing priorities not being achieved. ▪ Poor relationship with Northumbria Police. ▪ Government intervention. ▪ Challenge by the Police and Crime Panel. ▪ Adverse external inspection reports, leading to recommendations and potential escalation. 	
Summary of Controls	<ul style="list-style-type: none"> ▪ Police and Crime Plan (regularly reviewed). ▪ Joint Business Meeting. ▪ Annual Scrutiny Programme. ▪ Provision of the complaints statutory review process. ▪ Public and partnership engagement and feedback. ▪ PCC and Chief Constable 1:1s. ▪ Police and Crime Panel scrutiny. ▪ Scrutinising force response to HMICFRS inspection findings. ▪ Audit Committee, audit, annual governance statement, Internal Audit. ▪ Undertake a Chief Constable appointment process based on merit, fairness and openness. 	
Likelihood	1	2
Impact	2	

OPCC	Strategic Risk – Partnership & Collaboration (OPCC)	
	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.	
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"> ▪ Challenging budget and service pressures within partner organisations both in public and voluntary sector can lead to silo working. ▪ Potential for national issues and crisis to affect collaborative working. ▪ Requirement to retain engagement of the public as a partner. ▪ Ensuring external factors do not alter relationships preventing joint working. ▪ Clear outcomes not being identified and reported can risk sustainability and ongoing partner engagement. ▪ 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. 	
Current factors	<ul style="list-style-type: none"> ▪ PCC Review Government ambition to strengthen and expand the role of PCCs and maximise potential for wider efficiencies. ▪ Recovery and new ways of working in the Local Criminal Justice System. ▪ Stream of external funding opportunities and complex bidding process. 	
Potential consequence	<ul style="list-style-type: none"> ▪ Reduced public confidence. ▪ Reduced opportunities for more efficient and effective services. ▪ 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. ▪ Missed opportunities to prevent and reduce crime and disorder and maintain an efficient and effective Criminal Justice System. ▪ Increased costs due to poor partnership and commissioned service management. 	
Summary of Controls	<ul style="list-style-type: none"> ▪ Effective partnership/commissioning governance arrangements that identify and report outcomes and progress. ▪ Comprehensive public engagement and communication strategies to inform multi agency responses and effective scrutiny. ▪ Scrutiny of effectiveness of Force collaborative activity. ▪ Focus on accessing funds for collaborative working and lobbying government for sustained funding streams. ▪ VRU Strategic Board and Response Strategy. ▪ PCC chairs Local Criminal Justice Board delivering the LCJB Business Plan. ▪ Collaboration and engagement with other PCCs, nationally and regionally. ▪ Comprehensive engagement and monitoring of commissioned services. ▪ Regular 'sector' engagement meetings with potential and current partners. 	
Likelihood Impact	2 4	8

OPCC	Strategic Risk – Public Confidence (OPCC)	
	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.	
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"> ▪ A robust communications plan is needed to demonstrate effective and visible accountability of the Chief Constable to the PCC. ▪ 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. ▪ Engagement with communities to identify and respond to trends identified through the complaints process and external communication to reflect organisational learning. ▪ OPCC business must ensure compliance with legal, information management legislation, transparency guidance and the public sector equality duty. ▪ Continue to reassure communities through robust scrutiny of Northumbria Police and engagement with partners and communities. 	
Current factors	<ul style="list-style-type: none"> ▪ Role of social media in shaping public perceptions. ▪ Changes to law to allow the public to report crimes via social media. ▪ National action by Legally Qualified Misconduct Hearing Chairs may delay the police misconduct process. 	
Potential consequence	<ul style="list-style-type: none"> ▪ Reputational damage. ▪ Police and Crime Plan and actual delivery not aligned to public concerns and priorities. ▪ Loss of trust/confidence in the PCC as a result of crime perceptions. ▪ Poor service delivery damages public confidence. ▪ Relationship with force and partners. ▪ Government penalties due to poor assessment results. 	
Summary of Controls	<ul style="list-style-type: none"> ▪ Police and Crime Plan (annually updated to reflect emerging priorities). ▪ Annual Scrutiny Programme. ▪ Police and Crime Panel Scrutiny. ▪ Reporting back to the public crime data and on their concerns and progress towards the Police and Crime plan. ▪ External evaluations including impact of the VRU. ▪ Rolling programme of PCC engagement across demographics and issue based topics. ▪ Annual Report. ▪ Governance Framework. ▪ Annual Assurance Statement/Audit Committee. ▪ Internal Audit. ▪ OPCC website and social media. ▪ Data Protection Officer. ▪ Complaints review process. ▪ Service level agreement with Northumbria Police. 	
Likelihood Impact	2 4	8

JOINT INDEPENDENT AUDIT COMMITTEE	21 NOVEMBER 2022
TREASURY MANAGEMENT MID-YEAR REPORT 2022/23	
REPORT OF THE JOINT CHIEF FINANCE OFFICER	

1. Purpose of the Report

- 1.1 The CIPFA (Chartered Institute of Public Finance and Accountancy) Code of Practice for Treasury Management recommends that those charged with governance and scrutiny receive regular updates on Treasury Management activities. This report presents the mid-year performance, up to and including 30 September 2022, for scrutiny.

2. Recommendation

- 2.1 The Committee is asked to review the Treasury Management Mid-Year Report and approve for presentation to the Police and Crime Commissioner (PCC).

3. Background

- 3.1 The mid-year performance of the Treasury Management service is reported in-line with CIPFA's Code of Practice for Treasury Management and the Treasury Policy Statement and Strategy.

4. Summary

- 4.1 The Treasury Management mid-year report is attached at Appendix A. The key highlights are as follows:
- Borrowing interest is forecast at £2.803m for the year which is £0.187m under budget. The reduced forecast for interest on short-term market loans reflects a lower borrowing requirement for the year due to increased reserve balances for 2022/23 and reduced spending against the capital programme.
 - Higher than budgeted Bank Rate has positively impacted on investment interest following a succession of Bank rate rises leading to a rate of 2.25% as at 30 September 2022.
 - Investment interest is forecast at £0.722m, an increase of £0.632m against the budget set for the year. This has resulted from the higher than budgeted Bank rate and increased reserve balances.
 - There were no breaches of prudential indicators.
 - There were no breaches of counterparty limits.

5. Considerations**5.1**

Freedom of Information	<i>Non-exempt</i>
Consultation	Yes
Link Group (Treasury Management Advisers)	
Resource	No
There are no additional financial considerations arising from this report.	
Equality	No
There are no equality implications arising from the content of this report.	
Legal	No
There are no legal considerations arising from the content of this report.	
Risk	No
There are no additional risk management implications directly arising from this report.	
Communication	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).	
Evaluation	No

Treasury Management Performance to 30 September 2022

I Purpose of the Report

- 1.1 The purpose of this report is to summarise Treasury Management performance for the six months to 30 September 2022.

2 Background

- 2.1 The mid-year performance of the Treasury Management service is reported in-line with CIPFA's Code of Practice for Treasury Management and the Treasury Policy Statement and Strategy 2022/23 to 2025/26.
- 2.2 The PCC operates a balanced budget, which broadly means cash raised during the year will meet its cash expenditure. Part of the Treasury Management operations ensure this cash flow is adequately planned, with surplus monies being invested in low-risk counterparties, providing security of funds and adequate liquidity initially before considering optimising investment return.
- 2.3 The second main function of the Treasury Management service is the funding of the PCC's capital plans. These capital plans provide a guide to the borrowing requirements of the PCC, essentially the longer term cash flow planning to ensure the PCC can meet its capital spending operations.
- 2.4 Accordingly, Treasury Management is defined as:

“The management of the PCC's borrowing, investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks.”

3 Borrowing

- 3.1 Total borrowing at 30 September 2022 was £86.969m, which was within the operational borrowing limit of £155.000m. This borrowing is made up of £81.969m Public Works Loans Board (PWLB) long-term loans and a £5.000m long-term market loan. Loan details are shown in Appendix I.
- 3.2 During the first two quarters of the financial year the Commissioner has not undertaken any short-term borrowing. There was also no temporary borrowing carried over from 2021/22.
- 3.3 Repayment of one PWLB loan for £5.000m was due on the 31 October. Due to the underspend on the capital programme in 2021/22 and the re-phasing of capital expenditure in 2022/23, refinancing of that loan was not required. There are no further plans for any new PWLB borrowing this financial year.
- 3.4 As at 30 September 2022 the Treasury Management budget for interest on borrowing is forecast to underspend by £0.187m.

Borrowing Interest 2022/23	Budget £000	Forecast £000	Variance £000
PWLB	2,685	2,557	(128)
Market Loans (Long-term)	176	176	-
Market Loans (Short-term)	129	70	(59)
Total	2,990	2,803	(187)

- 3.5 The PWLB interest forecast has been reduced by £0.128m as a result of the rephasing of the capital programme for 2022/23. The planned refinancing of the £5.000m PWLB loan maturity in October 2022 is no longer required during this financial year. Short-term temporary borrowing costs have reduced to reflect a lower cash-flow requirement due to the reduced estimate for capital spending and increased reserve balances for the year. The forecast includes a contingency of £0.070m to cover any additional cash flow requirements arising between now and the year-end at the higher forecasted interest rates.

4 Investment Performance

- 4.1 The latest projection of investment income for 2021/22 is £0.722m. This represents increased income of £0.632m when compared to the budget of £0.090m. This increase has resulted from higher interest rates achieved following a succession of Bank Rate rises leading to a rate of 2.25% in September and further forecasted rate increases to 5.00% by 31 March 2023. These are significantly higher than the original budgeted rates for the year of 0.25% rising to 0.75%. The reduced spending against the capital programme and increased reserve balances for 2022/23 have also increased average investment balances and allowed the placing of funds on longer terms basis which has helped to achieve higher rates.
- 4.2 The budget for investment interest was based mainly on a prudent level of expected returns from short-term Money Market Fund (MMF) investments, with rates aligned just below the Link Group forecast for Bank Rate over the 2022/23 financial year. The average budgeted rate for the year was 0.25%.
- 4.3 The average rate of return is monitored for each investment type that the Commissioner enters in to and these are used to calculate an average rate of return for the year to date. Investment returns have risen above budget following the 7 Bank Rate rises since December 2021 up to September 2022. The average rate of return achieved as at 30 September 2022 is 1.4042% which is 1.1542% higher than the budgeted rate of 0.25%.
- 4.4 As a means of benchmarking, the average rate of return for the month and year to date was previously compared to the equivalent 7-day London Interbank Bid Rate (LIBID). From 1 January 2022 this LIBID rate was no longer available. The SONIA (Sterling Overnight Index Average), as administered by the Bank of England, is seen as the replacement for LIBID and for use as a benchmark. The Commissioner recognised this change in the Treasury Strategy 2022/23 to 2025/26. There are a number of SONIA rates published by the bank of England and the Commissioner's treasury advisors Link Group have advised that a suitable benchmark to use against our treasury investments would be a monthly average of the backward compounded 30-day SONIA rate. This aligns the benchmark with our general investment approach where funds are predominantly placed with short-dated investments such as money market funds and fixed deposits with a range of short dated maturities. The monthly return for the PCC in September 2022 is 0.1486% and this exceeds the 30-day backward SONIA

rate of 1.4087%. The Commissioner's average rate of return of 1.4042% is also in excess of the 30-day backward SONIA rate of 1.3268%.

- 4.5 When using SONIA as a benchmark, Link group do advise that it should be done so with recognition of the rapidly rising interest rates and the current market situation;

"The dynamics of markets do mean that you might want to question the current level of SONIA when you compare it with what you do day-to-day. While financial institutions may well be paying this rate for overnight positions between each other and to square off their books each day, are they actually providing such rates in moneymarkets? For most counterparties, you would need to be investing for at least one month to achieve current SONIA rates, while MMFs will typically offer some way below current rates on their yields at present. As we have highlighted for some while, most domestic banks, especially those with large retail and SME customer bases, are awash with cash, so have little appetite to pay up for short term deposits that will count further against their regulatory requirements. It is hoped that as economic recovery progresses and greater certainty returns to markets and operators, then the large levels of liquid cash will dissipate, thus balancing up actual activity in moneymarkets at the very short end of the curve."

- 4.6 Link Group produces a quarterly Investment Benchmarking report that assesses both the rate of return and the risk of the counterparty to calculate a weighted average rate of return, which is used for comparison across other similar Authorities. In the most recent report that covers the position as at 30 June 2022, the Commissioner achieved a weighted average rate of return of 0.9500% on investments. This was at the top end of the risk adjusted expectations as defined in the benchmarking report of between 0.6900% and 0.9500%. The next Investment Benchmarking report covering the position as at 30 September 2022 is due mid-November 2022.
- 4.7 The most recent Link Group forecast for Bank Rate covers the period up to December 2025 and reflects further increases this financial year and next, reaching a high of 4.50% in June 2023 before gradually falling back to 2.50% over the 2 years between December 2023 to December 2025.

Bank Rate %	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25	Jun-25	Sep-25	Dec-25
	3.50	4.25	4.50	4.50	4.50	4.00	3.75	3.50	3.25	3.00	2.75	2.50	2.50

- 4.8 Details of Link Group latest full interest rate forecast can be seen in Appendix 2 and at the economic update in Appendix 4.

5 Summary of Mid-year Performance

- 5.1 The projected net impact of investment and borrowing activity to the Commissioner in 2022/23 is an under spend of £0.819m against the budget.

Borrowing Interest 2022/23	Budget £000	Forecast £000	Variance £000
Borrowing Interest	2,990	2,803	(187)
Investment Interest	(90)	(722)	(632)
Total	2,900	2,081	(819)

- 5.2 The underspend in borrowing costs of £0.187m reflects a lower borrowing requirement for the year due to increased reserve balances for 2022/23 and reduced spending against the capital programme. Actual temporary borrowing costs in 2022/23

are expected to be minimal, however, the forecast includes a contingency to cover any additional cash flow requirements arising between now and the year-end.

- 5.3 Investment interest is forecast at £0.722m, an increase of £0.632m against the budget set for the year. This is largely due to the successive increases in bank rate that have occurred to date, and those now forecasted to 31 March 2023 which are significantly above the original budgeted rates. The increase in reserve balances for 2022/23 has also allowed the placing of funds on longer terms basis which has helped to achieve higher rates.
- 5.4 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. The review of performance against prudential indicators at 30 September 2022 confirms that all indicators were operating within agreed limits with no breaches of prudential indicators throughout the year to date. For completeness a copy of the prudential indicators is attached as Appendix 3.

Total Borrowing as at 30 September 2022

PWLB Loans

PWLB Ref.	Principal £	Start Date	Maturity Date	Rate %	Years to Maturity
479387	3,663,710.14	21/05/1997	21/05/2057	7.125	34.66
479687	3,663,710.14	17/07/1997	05/07/2057	7.000	34.79
479976	454,300.06	06/10/1997	05/09/2057	6.625	34.96
479977	696,104.92	06/10/1997	05/09/2057	6.625	34.96
480186	659,467.82	22/10/1997	05/09/2057	6.500	34.96
480880	1,831,855.07	23/04/1998	23/04/2058	5.625	35.59
496086	5,000,000.00	13/10/2009	05/09/2024	3.910	1.93
497288	5,000,000.00	25/05/2010	23/04/2060	4.290	37.59
499079	5,000,000.00	31/10/2011	31/10/2022	3.730	0.08
502361	5,000,000.00	02/05/2013	02/05/2023	2.520	0.59
503622	5,000,000.00	09/01/2015	09/01/2050	3.160	27.30
503623	5,000,000.00	09/01/2015	09/01/2030	2.790	7.28
505904	5,000,000.00	22/03/2017	22/03/2067	2.460	44.50
505920	5,000,000.00	27/03/2017	27/03/2066	2.370	43.52
506307	5,000,000.00	31/08/2017	31/08/2065	2.300	42.95
507097	5,000,000.00	22/03/2018	22/09/2064	2.330	42.01
507986	2,000,000.00	02/11/2018	02/05/2028	2.180	5.59
507987	2,000,000.00	02/11/2018	02/11/2068	2.550	46.12
508203	3,500,000.00	12/12/2018	12/06/2028	1.980	5.70
508204	3,500,000.00	12/12/2018	12/06/2063	2.430	40.73
508961	5,000,000.00	26/03/2019	26/03/2029	1.860	6.49
117885	5,000,000.00	01/10/2019	01/10/2027	1.170	5.01
Total	81,969,148.15				

Market Loans

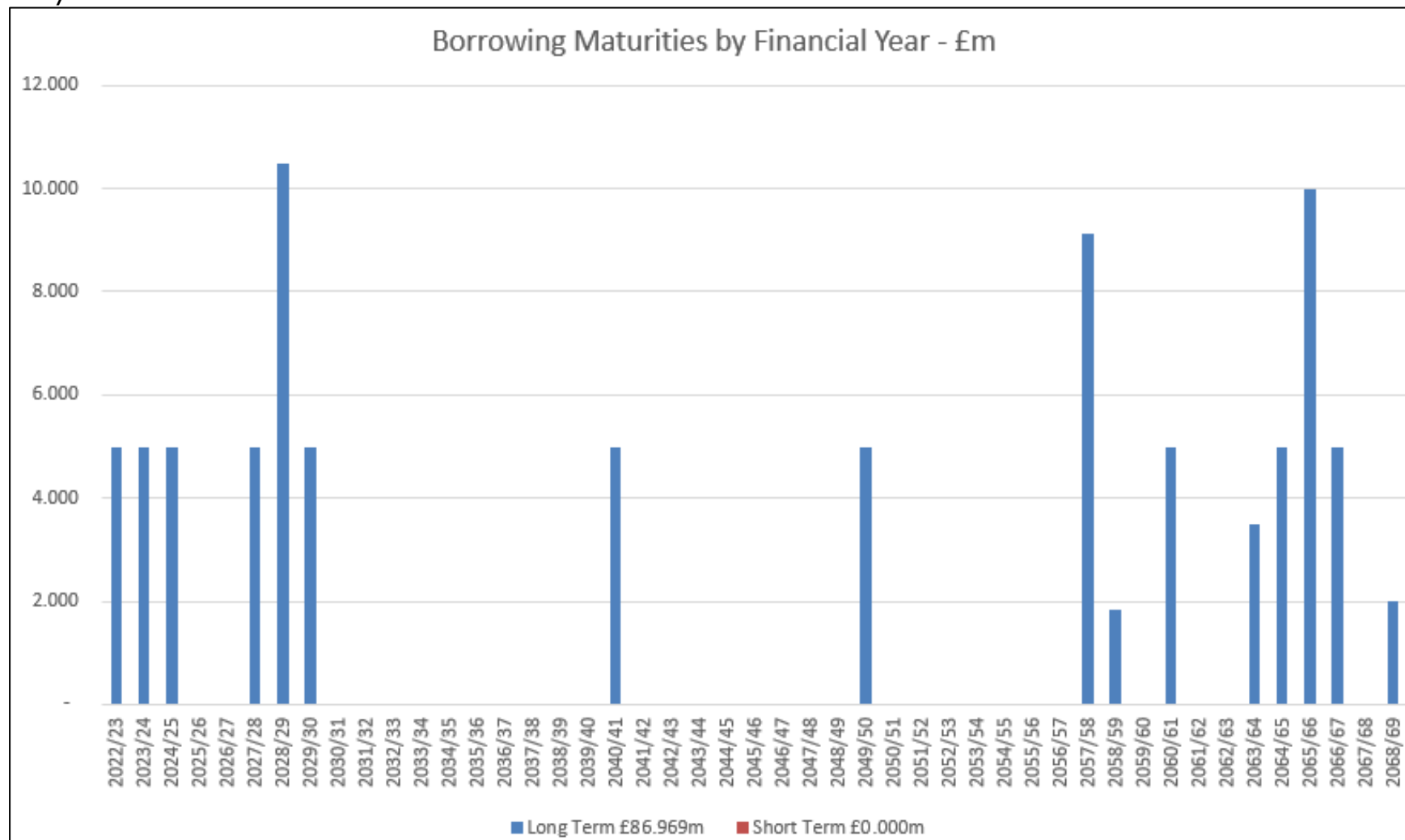
Lender	Principal £	Start Date	Maturity Date	Rate %	Years to Maturity
Barclays	5,000,000.00	01/06/2010	01/06/2040	3.52	17.68
Total	5,000,000.00				

Total Borrowing

Lender	Principal £
PWLB	81,969,148.15
Market Loans	5,000,000.00
Total	86,969,148.15

Maturity Structure of Borrowing

The following chart shows how the Police and Crime Commissioner is managing exposure to interest rate risk by spreading the maturity of borrowing over future years.



Link Group Interest Rate Forecast

The Council's treasury advisor, Link Group, provided the following forecasts on 8 November 2022 (PWLB rates are certainty rates, gilt yields plus 80bps):

'We now expect the MPC to swiftly increase Bank Rate during the remainder of 2022 and into Q2 2023 to combat the sharp increase in inflationary pressures. We do not think that the MPC will embark on a series of increases in Bank Rate that would take it to more than 4.5%, but it is possible.'

Link Group Interest Rate View	08.11.22													
	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25	Jun-25	Sep-25	Dec-25	
BANK RATE	3.50	4.25	4.50	4.50	4.50	4.00	3.75	3.50	3.25	3.00	2.75	2.50	2.50	
3 month ave earnings	3.60	4.30	4.50	4.50	4.50	4.00	3.80	3.30	3.00	3.00	2.80	2.50	2.50	
6 month ave earnings	4.20	4.50	4.60	4.50	4.20	4.10	3.90	3.40	3.10	3.00	2.90	2.60	2.60	
12 month ave earnings	4.70	4.70	4.70	4.50	4.30	4.20	4.00	3.50	3.20	3.10	3.00	2.70	2.70	
5 yr PWLB	4.30	4.30	4.20	4.10	4.00	3.90	3.80	3.60	3.50	3.40	3.30	3.20	3.10	
10 yr PWLB	4.50	4.50	4.40	4.30	4.20	4.00	3.90	3.70	3.60	3.50	3.40	3.30	3.20	
25 yr PWLB	4.70	4.70	4.60	4.50	4.40	4.30	4.10	4.00	3.90	3.70	3.60	3.50	3.50	
50 yr PWLB	4.30	4.40	4.30	4.20	4.10	4.00	3.80	3.70	3.60	3.40	3.30	3.20	3.20	

Link Group overview of the future path of Bank Rate:

- Our central forecast for interest rates was previously updated on 28 September and reflected a view that the MPC would be keen to further demonstrate its anti-inflation credentials by delivering a succession of rate increases. This has happened but the new Government's policy of emphasising fiscal rectitude will probably mean Bank Rate does not now need to increase to further than 4.5%.
- Further down the road, we anticipate the Bank of England will be keen to loosen monetary policy when the worst of the inflationary pressures are behind us – but that timing will be one of fine judgment: cut too soon, and inflationary pressures may well build up further; cut too late and any downturn or recession may be prolonged.
- The CPI measure of inflation will peak at close to 11% in Q4 2022. Despite the cost-of-living squeeze that is still taking shape, the Bank will want to see evidence that wages are not spiralling upwards in what is evidently a very tight labour market.
- Regarding the plan to sell £10bn of gilts back into the market each quarter (Quantitative Tightening), this has started but will focus on the short to medium end of the curve for the present so as to prevent any further disruption to the longer end of the curve following on from the short-lived effects of the Truss/Kwarteng unfunded 'dash for growth' policy.
- In the upcoming months, our forecasts will be guided not only by economic data releases and clarifications from the MPC over its monetary policies and the Government over its fiscal policies, but the on-going conflict between Russia and Ukraine. (More recently, the heightened tensions between China/Taiwan/US also have the potential to have a wider and negative economic impact.)
- On the positive side, consumers are still estimated to be sitting on over £160bn of excess savings left over from the pandemic so that will cushion some of the impact of the above challenges. However, most of those are held by more affluent people whereas lower income families already spend nearly all their income on essentials such as food, energy and rent/mortgage payments.

PWLB Rates

- The yield curve movements have become less volatile of late and PWLB Certainty Rates (5 to 50 years) are generally in the range of 4.20% to 4.80%. The medium to longer part of the yield curve is currently inverted.
- We view the markets as having built in, already, nearly all the effects on gilt yields of the likely increases in Bank Rate and the poor inflation outlook but markets are volatile and further whipsawing of gilt yields across the whole spectrum of the curve is possible.

Prudential Indicators

Authorised Limit for External Debt			
	2022/23 Reported Indicator £000	2022/23 Position at 30 Sep £000	2022/23 Max YTD £000
Borrowing	175,000	86,969	86,969
Other Long Term Liabilities	0	0	0
Total	175,000	86,969	86,969
No breach of the Authorised Limit			

Operational Boundary for External Debt			
	2022/23 Reported Indicator £000	2022/23 Position at 30 Sep £000	2022/23 Max YTD £000
Borrowing	155,000	86,969	862,969
Other Long Term Liabilities	0	0	0
Total	155,000	86,969	86,969
No breach of the Operational Boundary			

Upper / Lower Limits for Maturity Structure of Fixed Rate Borrowing				
Maturity	2022/23 Reported Indicator		2022/23 Position at 30 Sep 2022	
	Upper Limit	Lower Limit	Actual Percentage	Maximum YTD
< 1 year	60%	0%	11.50%	11.50%
1 - 2 years	40%	0%	0.00%	5.75%
2 - 5 years	40%	0%	5.75%	5.75%
5 - 10 years	40%	0%	23.57%	23.57%
> 10 years	80%	0%	59.18%	59.18%
All borrowing is within the limits set for the year				

Upper Limit on principal amounts invested beyond 365 days			
	2022/23 Reported Indicator £000	2022/23 Position at 30 Sep £000	2022/23 Maximum YTD £000
Investments	15,000	0	0

Gross Debt and CFR		
	2022/23 £000 Reported Indicator	2022/23 £000 Forecast Position
Forecast Borrowing as at 31 March	90,969	81,969
Capital Financing Requirement at 31 March	118,718	115,898
Amount of borrowing (over) / under CFR	27,749	33,929

The year-end borrowing position is forecast at £81.969m which is lower than the CFR by £33.929m. The CFR (as at 31 March 2023) is forecast at £115.898m which is a reduction of £2.820m against the original estimate of £118.718m. This position reflects the 2022/23 Q2 Capital Monitoring position as at 30 September 2022.

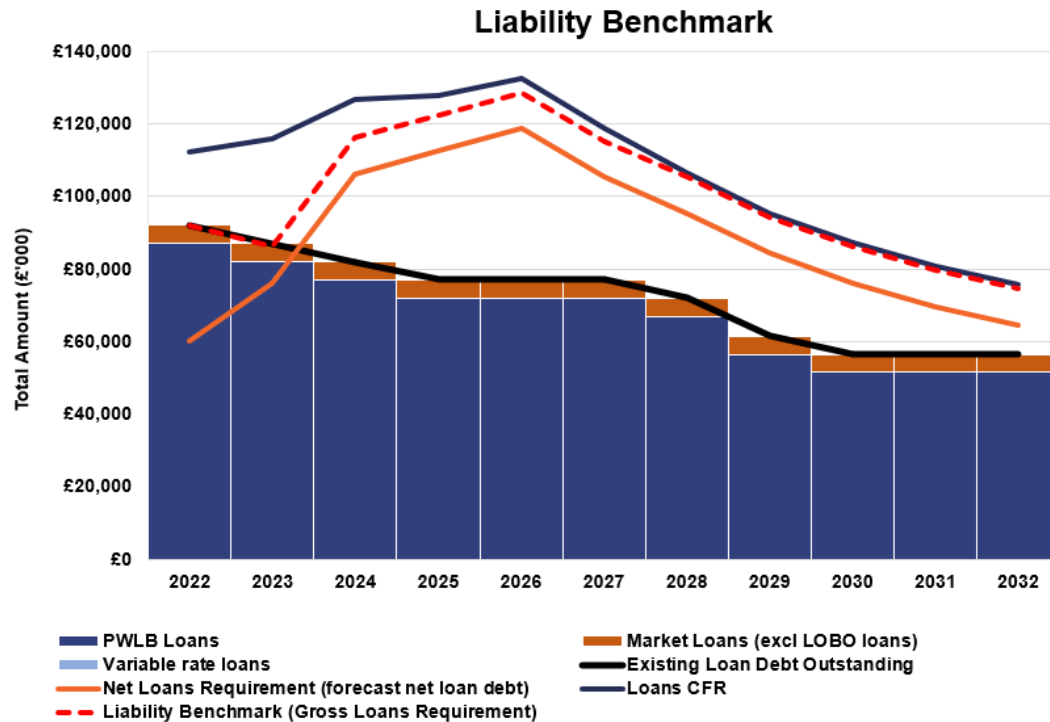
The £33.929m under borrowing against CFR reflects the availability of reserves, the strategy to maximise internal borrowing and the positive impact on the working capital position as at the year-end. This position satisfies the Code of Practice requirements.

Liability Benchmark

In addition to the prudential indicators set out above a new debt treasury indicator, the Liability Benchmark, has been adopted in 2022/23 to support the financing risk management of the capital financing requirement (CFR).

The liability benchmark is presented as a chart which sets out the following:

- **Existing Loan Debt Outstanding** – this is the profile of the Commissioners existing loans which takes into account the scheduled loan repayments due within the period.
- **The Loans CFR (Capital Financing Requirement)** – this is the total requirement that the Commissioner has for prudential borrowing to support capital expenditure. This includes the CFR as at the last year-end plus approved future borrowing for planned capital expenditure within the existing MTFs capital programme and less those amounts due to be set aside under the MRP (Minimum Revenue Provision) policy adopted by the Commissioner.
- **Net Loans Requirement** – this is a forecast of the Commissioner's net loan debt, i.e. net of investments for treasury management purposes.
- **Gross Loans Requirement** – this is the Liability Benchmark and represents a forecast of the level of gross loans debt the Commissioner will require in accordance with budget plans.



The chart shows that the Commissioner's existing loan debt comprises mainly PWLB debt plus a smaller element attributable to market loans. The Commissioner has no variable rate loans.

The Liability Benchmark chart demonstrates a requirement for new borrowing to be taken over the period from the 2023/24 financial year. Whilst the approach to borrowing remains to maximise the use of internal borrowing, the chart demonstrates that the extent to which internal borrowing can be used as a temporary financing tool will reduce over the medium to longer term as reserve balances reduce in-line with budget plans under the Commissioner's Medium Term Financial Strategy (MTFS).

Economic Update

- The second quarter of 2022/23 saw signs of economic activity losing momentum as production fell, inflation increased with domestic price pressures showing little sign of abating in the near-term, and bank rate was raised to 2.25%. The unemployment rate has fallen to a 48-year low of 3.6% due to a large shortfall in labour supply.
- On 8 November the Bank of England's Monetary Policy Committee (MPC) increased bank rate further to 3.00% an increase of 0.75%. The increase reflected a split vote with seven members voting for a 0.75% increase, one for 0.50% and one for 0.25%. The MPC continues to grapple with getting inflation back on track over a three-year horizon.
- The UK has a new Prime Minister, Rishi Sunak, a new Chancellor, Jeremy Hunt, and new fiscal policies – to be firmed up on the 17th of November Autumn Statement - that seek to ensure that the public finances are kept on a sound footing and that any projected gaps (possibly £50bn to £60bn) are fully funded from services efficiencies and/or net tax increases.
- Since the end of September, the Government scrapped the reduction in the basic rate of income tax by 1p in the £; maintained the higher band 45p in the £ income tax rate; did not reduce Corporation Tax to 19% from 25%; only put in place support for businesses and households for 6 months (October to March) regarding caps on the unit costs of gas and electricity.
- In addition, the Bank of England has had to intervene in the longer part of the gilt market to ensure that pension funds did not have to undertake a “fire sale” of assets to raise cash to pay for margin calls, arising from the sell-off of long-dated gilts (yields rising) in the wake of the former Chancellor's policy to seek to boost growth with unfunded tax cuts.
- In recent days, calm has returned to the markets, the £ has risen from a historic low of \$1.03 to \$1.14, and the cumulative movement in gilt yields since the turn of the year is now broadly in line with that seen in the US and Euro-zone bond markets.
- The Bank of England's Quarterly Monetary Policy Report detailed that the UK economy is headed for eight quarters of negative growth based on the market's expectation for Bank Rate to increase to 5.25%. Since then, market expectations have been recalibrated, and now view a peak in Bank Rate of between 4.5% and 4.75%. These views are similar to those held by Link Group's Interest Rate Strategy Group (IRSG). IRSG has reduced its view on the peak of Bank Rate from 5% to 4.5%. However, although we see rates peaking in May of 2023, we now also believe there are several challenges to the Bank that could see them leave rates at this level until early 2024.
- The first of those challenges is the tight labour market (unemployment is at a 48 year low 3.5%), which shows no signs of dissipating, and that could mean wage increases continue to be north of 5% well into 2023 (the Bank would broadly want wages to be in the range of 3% - 3.5%). There is also the prospect that unless the workforce participation rate increases and/or immigration policies are relaxed, there is no clear route that would give rise to sustainable increases in economic growth. And, of course, inflation could be somewhat “sticky” if the Russian invasion of Ukraine remains unresolved and puts continued pressure on global energy prices and staple foods (e.g., wheat), among the many areas negatively impacted.

- Against this backdrop, we believe the MPC will have to tread carefully. It will need to evidence to the markets that it sees the reduction in inflation as a primary objective, but also that it remains alert to the fact that it does not want any recession to be deeper and more prolonged than it needs to be. On that basis our forecast sees Bank Rate increasing 50 basis points in both December 2022 and February 2023 before the MPC scales down the rate of increase to just 25 basis points in both March and May 2023.
- Regarding our forecast for PWLB rates, as already stated, the impact of the Truss/Kwarteng fiscal experiment has faded in the past month but we think investors will still remain a little nervous over the UK's future fiscal policy and therefore we have reduced our forecast for near-term PWLB rates across the curve, compared to September's forecast, but have left the longer end of the curve slightly higher to reflect the potential demand by foreign investors for a "confidence premium" in the light of recent market volatility.
- As for the housing market, the most recent survey by Nationwide Building Society showed house prices starting to fall and the MPC will be very cognisant that affordability could be stretched now that fixed rate mortgages are somewhat higher than they were a few weeks ago. Historically, the MPC has appeared reluctant to tighten monetary policy in a falling housing market, but it may be willing to leave rates less high than the market had been pricing in prior to the November Quarterly Monetary Policy Report but keep them there for longer as a compromise of sorts.
- Of course, what happens outside of the UK is also critical to movement in gilt yields. The US FOMC has led with increases of 375 basis points in the year to date and is expected to increase rates further before the end of the year, and possibly into 2023. Similarly, the ECB has also started to tighten monetary policy, albeit from an ultra-low starting point, as have all the major central banks apart from Japan. Arguably, though, it is US monetary policies that will have the greatest impact on global bond markets.
- Geo-political events continue to lead to frequent whipsawing in equity, bond, commodity and currency markets. And the weather will also play a large part in how high energy prices stay and for how long. Not forgetting developments in Iran, North Korea, Taiwan and China.

NORTHUMBRIA POLICE

JOINT INDEPENDENT AUDIT COMMITTEE

21 NOVEMBER 2022

EMERGENT INTERNAL AUDIT PLAN 2023/24–2025/26

REPORT OF INTERNAL AUDIT MANAGER

1 Purpose of the Report

- 1.1 The purpose of this report is to present to Committee the emergent Internal Audit Plan 2023/24-2025/26 to allow sufficient time for consultation prior to the presentation of the proposed plan to Committee in February 2023.

2 Background

- 2.1 Public Sector Internal Audit Standards (PSIAS) outline that the Internal Audit Manager must establish a risk-based plan, consistent with the organisation's goals, taking into account the organisation's risk management framework, input from senior management and the Committee. The plan should remain flexible in both content and timing to respond to changes in the organisation's business, risks, operations, programs, systems and controls.
- 2.2 The risk-based plan must take into account the requirement to produce an annual audit opinion on the assurance framework. It must be linked to a strategic statement of how the internal audit service will be delivered and developed in accordance with the Internal Audit Charter and how it links to the organisation's objectives and priorities outlined in the Police and Crime Plan.

3 Approach

- 3.1 The current three-year Internal Audit Plan was agreed by Committee on 28 February 2022. This forms the basis of the annual review with the Internal Audit Plan being rolled forward for an additional year and will be assessed against the following factors by the Internal Audit Manager:
- Objectives of the Police and Crime Plan
 - The risks documented in the strategic risk register
 - Findings and outcomes from audits carried out during 2022/23
 - The outcomes of external inspections and other combined assurance e.g. External Audit or HMICFRS
 - Any relevant changes in legislation or regulatory requirements
 - Time elapsed since previous audits
 - Any known emerging risks.

AGENDA ITEM 8

- 3.2 To support the annual review the Internal Audit Manager also consults with Chief Officers and the Committee to ensure all significant changes or risks to the organisation have been identified and included within the scope of the Audit Plan. This consultation also includes identifying suitable audit approaches to gain appropriate assurance while remote working.
- 3.3 As with previous years, to strengthen the annual review of the Internal Audit Plan, the emergent plan is shared with the Committee prior to discussions taking place with senior managers.
- 3.4 Only one change has been included from the previously agreed three-year plan. The Force is undergoing a period of significant recruitment, therefore, a specific audit on Vetting has been added.
- 3.5 The emergent Internal Audit Plan 2023/24-2025/26 is attached at Appendix A for review and comment.

4 Equal Opportunities implications

- 4.1 It is considered that there are no equal opportunities implications arising from the report.

5 Human Rights implications

- 5.1 It is considered that there are no human rights implications arising from the report.

6 Risk Management implications

- 6.1 There are no additional risk management implications arising directly from this report. The emergent audit plan supports the adequate and appropriate use of resources.

7 Financial implications

- 7.1 There are no financial implications directly arising from this report

8 Recommendations

- 8.1 The Committee is asked to review and comment on the emergent Internal Audit Plan 2023/24-2025/26.

Internal Audit Emergent Plan 2023/24 – 2025/26

Risk	Frequency	Audit Area	2022/23	2023/24	2024/25	2025/26
		Police & Crime Commissioner				
High	Annual	Treasury Management	80	80	80	80
High	Annual	Grant Distribution	50	50	50	50
		Chief Constable				
		Digital Policing Audits				
High	Annual	DP Security - Application & Data; Cyber; Infrastructure	60	60	60	60
High	Annual	DP Resilience (incl. Cloud Computing & Data Centre)	60	60	60	60
Medium	Biennial	DP Information Management	60		60	
Medium	Biennial	ITIL Configuration and Change Management	60		60	
Medium	Biennial	DP Governance and Risk Management	40		40	
Medium	Biennial	Patch Management		40		40
Medium	Biennial	Hardware Asset Management		60		60
Medium	Biennial	Software Asset Management		60		60
		Departmental Audits				
Annual	Annual	Police Charities Fund	40	40	40	40
Medium	Biennial	Asset Management		100		100
Medium	Biennial	Fleet Management	70		70	
Medium	Biennial	People Services & Development		100		100
Medium	Biennial	Legal & Insurance Arrangements	90		90	
Medium	Biennial	Operational Support & Firearms Licencing	80		80	
		Theme Based Audits				
High	Annual	Property	120	120	120	120
High	Annual	Programme/Project Management	40	40	40	40
New	Biennial	Vetting		70		70
		Combined Areas				
		Financial Systems				
High	Annual	Creditors & Procurement	140	140	140	140
High	Annual	Payroll & Pensions	100	100	100	100
High	Annual	Main Accounting System	50	50	50	50
High	Annual	Budgetary Control	50	50	50	50
High	Annual	Employee Claims	60	60	60	60
One off	One off	Pension Remedy Preparedness		90		
Medium	Biennial	Debtors	70		70	
		Other Combined Areas				
High	Annual	Governance	50	50	50	50
High	Annual	Information Governance & Data Security	80	80	80	80
High	Annual	Annual Governance Statement - Review of Managers' Assurance	100	100	100	100
Medium	Biennial	Cash Advances & Income Arrangements	60		60	
Medium	Biennial	Risk Management & Business Continuity Arrangements		90		90
Medium	Biennial	Health & Safety	60		60	
Medium	Biennial	Performance Management & Data Quality	60		60	
Medium	Biennial	VAT		50		50
Medium	Biennial	Complaints		100		100
Medium	Biennial	Counter Fraud & Corruption Arrangements		60		60
Medium	Biennial	Equality & Diversity	50		50	
Medium	Biennial	Key Partnerships - NEROCU	50		50	
		Other				
		Sub Total	1,830	1,900	1,830	1,810
		Follow Up & Contingency	70	70	70	70
		General Advice, Consultancy & Systems Review	150	150	150	150
		Joint Independent Audit Committee - Preparation & Support	120	120	120	120
		Total Hours	2,170	2,240	2,170	2,150