

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

Financial year 2021/22

September 2023



Contents



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

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

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

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Executive summary



Value for money arrangements and key recommendation(s)

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

Auditors are required to report their commentary on the PCC's and Chief Constable's arrangements under specified criteria and 2021/22 is the second year that we have reported our findings in this way. As part of our work, we considered whether there were any risks of significant weakness in the PCC's and Chief Constable's arrangements for securing economy, efficiency and effectiveness in their use of resources. Our conclusions are summarised in the table below.

Criteria	Risk assessment	2020/21 Auditor Judgment		2021/22 Auditor Judgment	
Financial sustainability	No risks of significant weakness identified		No significant weaknesses in arrangements identified		No significant weaknesses in arrangements identified, but an improvement recommendation has been made
Governance	No risks of significant weakness identified		No significant weaknesses in arrangements identified, but improvement recommendation made		No significant weaknesses in arrangements identified. The improvement recommendation has been addressed.
Improving economy, efficiency and effectiveness	No risks of significant weakness identified		No significant weaknesses in arrangements identified		No significant weaknesses in arrangements identified

Executive summary



Financial sustainability

The group is operating in an increasingly uncertain financial environment. The Police Funding Settlement for 2022/23 was once again a single year review. Northumbria is continuing to plan with little certainty over funding in the medium term, along with other police entities. For 2022/23 the government provided force level allocations for that year only, with indicative minimum increases nationally provided for 2023/24 and 2024/25.

Despite this uncertainty, and the challenges posed by COVID-19, the group has maintained a good financial position. The PCC and Chief Constable have put forward a series of proposals which forecast a balanced budget for the next four years. In addition, the PCC expects to maintain the general reserve well above the stated prudent minimum level of 2% of the revenue budget, across the MTFS period from 2022-23.

We have raised one 'best practice' improvement recommendation to draw attention to where we believe that arrangements can be strengthened. Our work has not identified any significant weaknesses in arrangements to secure financial stability for the PCC and Chief Constable.

Further details can be seen on pages 6-9 of this report.



Governance

Our work this year has built on the detailed understanding of the governance arrangements in place at the group that we gained in relation to 2020/21. We identified two areas of focus in relation to the new CFO appointment process in 2022 and a technical data breach occurring in the financial year.

Our work has not identified any significant weaknesses in arrangements in relation to governance.

Further details can be seen on pages 10-12 of this report.



Improving economy, efficiency and effectiveness

The PCC and Chief Constable have demonstrated a clear understanding of their roles in securing economy, efficiency and effectiveness in their use of resources. The latest PEEL report published in September 2022 attests to the improvements made by the Force since 2018/19 and now considers the Force to be performing to a 'Good' standard overall.

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

Further details can be seen on pages 13-16 of this report.



We have completed our audit of your financial statements and issued unqualified audit opinions for both the Chief Constable and the PCC and group on 12 September 2023.

Our audit findings were presented to the Joint Independent Audit Committee on 27 February 2023, the outgoing Chief Constable on 2 March 2023, their successor on 30 August 2023, and the PCC on 6 September 2023.

Our findings are set out in further detail on page 18.

Securing economy, efficiency and effectiveness in the PCC and Chief Constable's use of resources

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

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

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

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



Financial Sustainability

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



Governance

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



Improving economy, efficiency and effectiveness

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



Our commentary on the PCC's and Chief Constable's arrangements in each of these three areas, is set out on pages 6 to 17. Further detail on how we approached our work is included in Appendix B.

Financial sustainability



We considered how the PCC and Chief Constable:

- identify all the significant financial pressures that are relevant to their short and medium-term plans and build them into their plans
- plan to bridge funding gaps and identify achievable savings
- plan finances to support the sustainable delivery of services in accordance with strategic and statutory priorities
- ensure the financial plan is consistent with other plans such as workforce, capital, investment and other operational planning which may include working with other local public bodies as part of a wider system
- identify and manage risk to financial resilience, such as unplanned changes in demand and assumptions underlying their plans.

2021/22 Revenue Outturn

In 2021/22, the Force reported an underspend of £4.3m against its approved revenue budget of £305.9m for 2021/22. This is compared to an underspend of £2.3m in 2020/21. The 2021/22 underspend resulted from a combination of non-recurring factors, including:

- £883k income from a business rates rebate following two years of negotiations with the Valuations Office; and
- £535k unused budget for New Ways of Working, due to a lower than expected number of staff claims for Work-From-Home equipment.

This was larger than the expected £2.8m underspend forecast in the Medium Term Financial Strategy (MTFS) 2022-23 to 2025-26 as of February 2022, and represented 1.4% of the Force's approved budget for 2021/22.

The underspend was entirely channelled to the newly created 'inflationary pressures' reserve, to offset larger than expected budget gaps arising due to increasing costs in 2022/23. As at Quarter 3 22/23 revenue budget monitoring, increased costs have been managed within the allocated budget and reserve drawdown has not been required.

This sets the Force in a strong position in the current climate of high inflation and subsequent pressure on wage growth.

Capital

The revised capital programme approved by the PCC was £21.4m for 2021/22. This represents a £3.8m increase from the original £17.6m programme set out in the MTFS 2021-22 to 2024-25, owing to slippage in 2020/21.

The final capital outturn against this revised budget was £8.8m, giving a total variance of £12.6m, of which £8.4m relates to slippage to the following year. The main capital expenditure highlights of 2021/22 were:

- £4.6m on Digital Policing and Digital Transformation;
- £2.4m on the purchase of new vehicles in line with the fleet management programme;
- £1.6m on Building Works.

On page 9 we have included an improvement recommendation surrounding slippage of capital projects.

The most significant element of capital slippage during 2021/22 was £7.4m in relation to the Digital Policing and Digital Transformation scheme. From capital outturn reports it is apparent that in-year spend on this scheme decreased from £5.1m to £4.6m from 2020/21 to 2021/22, while the planned spend for the same scheme had almost doubled from £6.2m in 2020/21 to £12.1m in 2021/22.

Management have clearly articulated the reasons for this slippage, being predominantly due to supplier-side constraints, global economic and supply chain issues, and the inability of suppliers to deliver on contracts, and have a good understanding of the events that have led to this. The last few years have included a number of unusual, unexpected and significant events, and our recommendation is intended to highlight to management that finance should ensure that their budget setting remains robust and challenging, and going forward it should not be allowed to become the accepted norm that every year is an exceptional year.

Financial sustainability

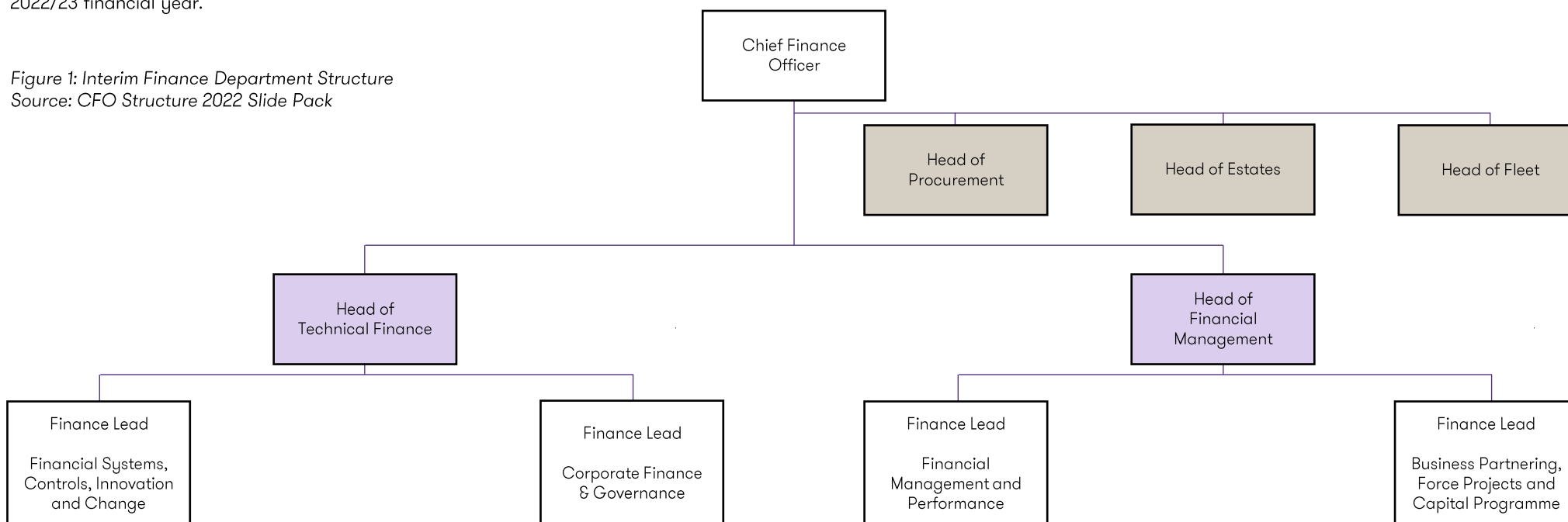
Finance department restructure

Throughout the 2021/22 financial year the finance team was stable. In April 2022 the long-standing Chief Finance Officer (CFO) retired and was replaced by the existing Head of Finance, following the conclusion of a formal recruitment exercise [see page 11 where this is given specific attention]. As this was an internal appointment, the shifting in roles could have had a knock on effect on the capacity of the finance team, who took on additional responsibilities.

A departmental restructure was proposed in order to mitigate the risk of strain and negative impact on the quality and timeliness of the regular reporting cycle. The finance function now reports into the Executive via an Assistant Chief Officer, however the Chief Finance Officer directly reports to the Chief Constable and PCC and holds regular separate monthly meetings with each to provide strategic finance briefings directly to Those Charged with Governance.

We do not have any significant concerns over the effectiveness of the finance team structure throughout the 2021/22 financial year. The 2022/23 revenue budget appears to have been managed effectively, with the inflationary reserve of £4m created in 2021/22 not needing to be drawn upon. We will consider this further as part of our Value for Money work in relation to the 2022/23 financial year.

Figure 1: Interim Finance Department Structure
Source: CFO Structure 2022 Slide Pack



Financial sustainability

Medium Term Financial Strategy (MTFS)

The MTFS budget assumptions are based around the expected achievement of the Force's local targets under the national Uplift programme, which was set by Government to recruit an additional 20,000 police officers nationally by March 2023. Other recruitment targets are considered, which take expected attrition into account. This is consistent with the Workforce plan, which plots the number of expected starters and leavers throughout the year.

The MTFS assumes an annual pay award will be made of 2.5%, and the cost of additional expected officers have been factored in to the MTFS, although largely offset by a special grant available to the Force as it progresses against its recruitment target.

A financial risk assessment is undertaken for both the revenue and capital budgets as part of setting the MTFS. The risk level is assessed in terms of likelihood and impact, and a suggested mitigation is noted.

The financial risk assessment is reviewed as part of the annual revenue and capital budget setting process. As evidence of this, the risk of 'pay awards and price inflation being higher than expected' has moved from medium impact in the 21-22 MTFS, to high impact in the 22-23 MTFS. A direct mitigation is noted in the form of the inflationary pressures earmarked reserve created from the 21-22 revenue underspend of £4m.

The PCC plans to use in-year underspends to manage future inflationary risks. The 22-23 MTFS shows that the forecast underspend of £2.779m would be transferred to an earmarked reserve to manage the impact of significant inflation expected after Q1 2022. These pressures were not anticipated in the approved budget for 2022/23.

The PCC makes use of earmarked reserves to act as backstops in the face of ongoing uncertainty around future funding. The PCC takes a prudent approach and does not take future funding for granted based on current and past settlement amounts.

Earmarked reserves are project-specific and their usage is planned to match the expected need of the related project. Once completed the earmarked reserves are cleared out. The General Reserve is deliberately maintained at a minimum of 2% of budget as part of a prudent reserves strategy. This level has evidently been maintained throughout the 21/22 financial year and through the MTFS period from 2022/23.

Summary of findings

2021/22 was, similarly to 2020/21, a year of strong financial performance from the Force and OPCC. Larger than expected underspends were channelled into an inflationary risk reserve.

In the 21/22 capital outturn there was £7.4m of slippage in the IT programme, against a budgeted spend of £12.1m. This slippage was added to the revised budget for 22/23. As at Quarter 3 monitoring in 22/23 the forecast year end outturn was £12.96m, with forecast slippage of just over £8m.

While the medium term economic outlook and funding regime remains uncertain, we are satisfied that the PCC and Chief Constable have suitable arrangements to ensure continued financial sustainability.

Improvement recommendations



Financial sustainability

Recommendation

While we acknowledge the context of the supplier-side constraints affecting the delivery and resourcing of capital projects during 2021/22, we recommend that the PCC undertakes a review of the capital budget-setting and monitoring processes to ensure that assumptions are reasonable and realistic for each financial year, and that variances and slippages are appropriately challenged.

Why/impact

Realistic capital programme estimates allow the organisation to better meet the expectations of service users and ensure the most efficient phasing of capital financing. Going forward it should not be allowed to become the accepted norm that every year is an exceptional year.

Auditor judgement

While the impact on the timing of capital financing is somewhat mitigated by the use of internal borrowing, it remains important to set a realistic and achievable annual capital budget.

Summary findings

See page 6 where further detail is provided

Management Comments

The 4-year capital programme is refreshed on an annual basis and approved by the Commissioner by 31 March each year. The annual capital budget is then updated early in the new financial year to take into account the prior year's outturn position and any identified slippage. This also provides the opportunity for changes in the expected profile of expenditure for the year ahead, revisions to cost estimates, and consideration of new intelligence around expected programme delivery.

The 2023/24 capital budget has been subject to further scrutiny and challenge during June 2023, based on the provisional capital outturn position for 2022/23 and a comprehensive review of budget estimates, timescales for delivery and other assumptions. The revised 2023/24 capital budget will be presented to the Commissioner for approval in July.

Whilst capital budget reporting is presented to the Commissioner on a quarterly basis, it is intended that during 2023/24 the budget reporting process will be strengthened through the addition of monthly reporting on capital schemes to the Executive Team. Thus, providing increased transparency, further opportunity for scrutiny and challenge and early opportunity for remedial action where required.

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

Governance



We considered how the PCC and Chief Constable:

- monitor and assess risk and gain assurance over the effective operation of internal controls, including arrangements to prevent and detect fraud
- approach and carry out the annual budget setting process
- ensure effective processes and systems are in place to ensure budgetary control; communicate relevant, accurate and timely management information (including non-financial information); support statutory financial reporting; and ensure corrective action is taken where needed, including in relation to significant partnerships
- ensure they make properly informed decisions, supported by appropriate evidence and allowing for challenge and transparency. This includes arrangements for effective challenge from those charged with governance and audit committee
- monitor and ensure appropriate standards, such as meeting legislative/regulatory requirements and standards in terms of staff and board member behaviour (such as gifts and hospitality or declaration/conflicts of interests) and where they procure and commission services.

Governance and Oversight

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

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

In turn, the Chief Constable is held to account by the PCC for delivering the priorities set out in the Police and Crime Plan (PCP).

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

JIAC performs an annual review of effectiveness and has a published, annually reviewed, Terms of Reference. JIAC receives and reviews reports on processes and controls from both Internal and External Audit. Any recommendations arising are discussed and management implementation is set into motion where appropriate.

Risk Management

Strategic risks are captured within the Joint Strategic Risk Register (JSRR). The JSRR is presented quarterly to the joint Business Meeting held between the PCC and Chief Constable, as well as to the Joint Independent Audit Committee.

Area Commanders, department heads and the OPCC are responsible for the identification of emerging risks which cannot be controlled locally, and may prevent the Force and PCC from achieving objectives. All risks are regularly reviewed by the respective owners and updated where necessary.

Each strategic risk is RAG rated and assigned an Executive or OPCC owner with responsibility for management and implementation of related controls. The key controls for each risk are detailed within the JSRR risk template. The template also contains areas for Context, Current Factors and Potential Consequences of the risk, which are linked to corporate objectives.

For example, Risk 1 in Nov 2021 was around the strategic finance risk, relating to a potential reduction in funding or increased funding pressures which would require changes to financial planning and/or a change to the resourcing of service delivery. The risk was appropriately assigned to the Chief Constable and Director of Finance, and further detail is given around context, potential consequences, as well as a summary of key controls.

In the February 2022 risk register, risk 4 'Information and Data Management' was rated as high impact and very high likelihood. This risk was appropriately allocated to the Chief Information Officer, and detailed a long list of controls in place to mitigate the risk of data loss or system downtime.

Governance

Budget Setting Process

The budget setting process is well controlled and managed between senior members of the finance team, the Joint CFO and the PCC. For example, the Council Tax Precept and Revenue Budget 21/22 paper was clearly marked as prepared by the Principal Accountant, assigned to the Joint CFO and submitted to the Commissioner for review and approval at the February 21 Business Meeting.

The group forecast budget in the 21/22 MTFS incorporated the use of an investment reserve over the MTFS period in order to fund the budget gap and meet the MTFS principle that overall expenditure will be delivered to a sustainable budget over the medium term. For the 22/23 MTFS this included the use of an 'inflationary pressures' reserve filled by the 21/22 group underspend.

A key external driver of the budget is the Uplift programme. The 21/22 budget was intentionally set with the frontloading of officer recruitment in mind, in order to put the Force ahead of its target under the Uplift programme.

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

In the current economic climate, there is a greater need than ever to consider the impact of a range of scenarios. We have viewed evidence of management's consideration of alternative scenarios and sensitivity analyses on underlying budget assumptions, and consider this process adds rigour to the overall budget setting. Whilst these sensitivities are not included in the published reports and strategies, management intend that reference to this work will be made in key documents for 2023/24 Budget and Precept reports and the MTFS 2023/24 to 2026/27.

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

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

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

Recruitment of new Joint CFO

Due to the impending retirement of the long-standing Joint CFO in April 2022, a formal recruitment process was launched in December 2022 to attempt to identify an appropriate candidate. A specialist recruitment agency was used to enable this process, who met with the PCC and Deputy Chief Constable in January 2022 to discuss the role requirements.

During the recruitment exercise, both external and internal candidates were considered. The Executive panel did not identify a candidate who could fulfil the role at the same executive level as the retiring officer.

The decision was subsequently made to promote the internal candidate from Head of Finance to Section 151 (S151) Officer, however within a corporate restructure which would see the S151 Officer reporting to the Assistant Chief Officer, whom would have responsibility to oversee the Finance function.

In evaluation we consider that the organisation followed an appropriate and deliberate approach in attempting to recruit into the CFO role. The corporate restructure will need to be periodically reviewed to ensure that it is effective and allows the CFO to perform their function in the optimal way that ensures value for money is achieved.

Governance

Counter-Fraud Arrangements

The organisation has a range of counter-fraud arrangements in place. An organisation-wide Code of Conduct and Whistleblowing Policy exist and are published on the Force website.

Internal audit regularly review fraud detection arrangements. In a completion memo to the PCC and Chief Constable from the IA manager in August 2021, regarding an audit performed over Procurement and Creditors controls, one of the audit objectives was to ensure that effective controls and processes were in place to prevent and detect fraud. Reasonable assurance was given, and a similar conclusion was reached and reported for the repeat audit communicated in July 2022.

As part of the 2021/22 internal audit plan, a Counter Fraud and Corruption audit was performed and the outcome was formally reported to the Chief Constable in November 2021. This letter confirmed that internal audit were satisfied that control systems relating to fraud detection and risk assessment were operating well. In their Sept 22 JIAC covering report, Internal Audit confirmed (para 5.1) that they were not aware of any fraud or irregularity during the 2021/22 period.

From our review of arrangements we are satisfied that these are appropriate to manage the risk of fraud significantly impacting on the Force and OPCC.

Data Breach

We identified in the draft Annual Governance Statement the disclosure of a data breach during the financial year, which led to correspondence with the ICO over a breach of Data Protection regulations. From inquiries and inspection of relevant documents we are assured that this was an isolated incidence of non-compliance with relevant laws and regulations. The ICO's closure letter in 2022 confirmed there would be no further implications for Northumbria Police, and the organisation dealt appropriately with the matter.

Progress against previous recommendations

In our 2020/21 auditor's annual report we raised an Improvement Recommendation relating to the need to more formally document the scenario planning and sensitivity analysis stages of the budget setting process. From documents reviewed for our 2021/22 review, we are satisfied that alternative scenario planning and sensitivity analysis is carried out explicitly with regards key items of income and expenditure throughout the MTFS budget and planning process.

Summary of findings

In 2021/22 the PCC and Chief Constable maintained strong governance arrangements while navigating events such as the appointment of a new CFO and managing a potentially damaging data breach.

Overall, we are satisfied the Force and PCC have appropriate governance arrangements in place. We have not identified any risks of significant weaknesses.

Improving economy, efficiency and effectiveness



We considered how the PCC and Chief Constable:

- use financial and performance information to assess performance to identify areas for improvement
- evaluate the services they provide to assess performance and identify areas for improvement
- ensure they deliver their role within significant partnerships and engage with stakeholders they have identified, in order to assess whether objectives are being met
- where they commission or procure services assess whether they are realising the expected benefits.

Benchmarking and performance

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

Every quarter crime figures are shared by the PCC at the Police and Crime Panel. These data are published on the PCC website in two sections:

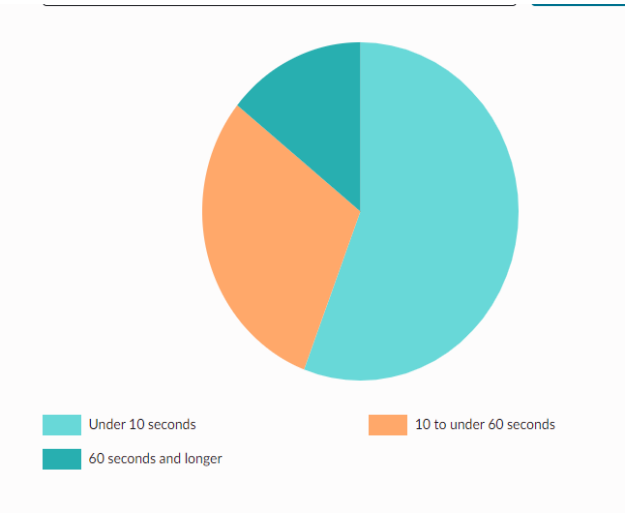
- 1) Data to show performance against the local priorities identified in the Police and Crime Plan
- 2) Data against national priorities as required by the Government

Internally, illustrative infographics are produced to enable senior users to engage with and understand the data.

An area of focus in 2022 was response times to 999 calls, which fell behind the expectation of 90% of calls being answered within 10 seconds. This has been appropriately challenged at the Police and Crime Panel, as well as within internal executive meetings.

Quarterly meetings with HMICFRS are held with the Executive Board in which progress against PEEL findings are reported. The December 2022 report noted that 999 and 101 answer time performance has improved month on month since March 2022.

Figure 2: 999 call response times in March 2022 for Northumbria Police
Source: Police.uk



Improving economy, efficiency and effectiveness

Partnerships and Commissioning

Northumbria Police takes a leading role in hosting the North East Regional Organised Crime Unit (NEROCU, rebranded from NERSOU in 2021/22), which is a formal joint operation between Northumbria, Cleveland and Durham Forces. NEROCU is one of 10 ROCUs across England and Wales, with the express role of facilitating a heightened specialist capability to tackle serious and organised crime in the region. NEROCU operations and effectiveness are regularly reviewed by the Force, and the ROCU programme was subject to a national review by HMICFRS.

In December 2022 HMICFRS published an inspection report on the North East response to serious and organised crime, under the remit of the NEROCU. The report comments that the North East region has excelled in developing and maintaining good relationships with regional partners, for example hosting staff from the National Crime Agency. In this report, Northumbria Police were commended for taking a creative approach to understanding serious and organised crime data, including the use of a variety of partnership data to support the analysis.

The report is positive overall but contains several recommendations to improve efficiency and performance. For example, making better use of Police Staff time for support functions would free specialist investigation teams' time to keep up with demand. The report and findings are being considered by the Chief Officer Team and leads are being appointed to specifically identify actions in response to the recommendation regarding ensuring there are sufficient resources in specialist areas to meet serious and organised crime demand (paedophile online investigation, money laundering and acquisition of communications data).

Procurement and project management

The Force has clear procurement arrangements detailed on its website. Potential suppliers are directed to the 'Bluelight Emergency Services e-tendering website'. All contracts above £10,000 are listed and available to be viewed by the public. The Procurement Strategy is reviewed every two years.

From a review of significant contracts listed there is no indication of a lack of fair procurement.

The PCC also publishes key decision papers which include tender award documents. A review of these papers confirms that the PCC has in all cases sought the most economically advantageous tender.

Finance monitor each capital project monthly and work closely with each Project Manager of the Digital Policing & Transformation Teams. This is achieved through shared spreadsheets, monthly meetings and regular contact.

There is a major capital scheme in progress, with the overall aim of IT and Digital Transformation. This scheme experienced some slippage in 20/21 and 21/22, however the Force is engaged in pursuing the progress of this scheme which is essential to its medium term strategic objectives.

Where projects are in build stage there are legacy systems maintained, with dual running where necessary, for example the current Airwave system is being supported nationally until the phased implementation of the national Emergency Services Network (ESN) can be completed. The same is the case locally for significant system replacements such as the control room system (NPICCS) replacement programme.

We did not identify significant cost overruns for 2021/22 nor within the forecast for 2022/23.

Improving economy, efficiency and effectiveness

HMICFRS Update

In their PEEL inspection report published in September 2022, HMICFRS gave the Force an overall 'Good' rating. The Force was congratulated on its improvement since the previous 'Requires Improvement' rating in the 2018-19 report.

One area of recommendation noted was for the Force to improve its responsiveness to 999 calls, which had fallen below expected levels. It is acknowledged however that only one Force nationally had met the target of answering 90% of 999 calls within 10 seconds, for data analysed between November 2021 and April 2022.

Northumbria have made a stated aim of improving this in their Police and Crime Plan and as recognised by the HMICFRS Inspector's report. As mentioned on page 15 we are assured that 999 response performance has been on an upward trajectory since March 2022.

Figure 4: PEEL Inspection 2021/22 Summary
Source: HMICFRS

Our judgments

Our inspection assessed how good Northumbria Police is in ten areas of policing. We make graded judgments in nine of these ten as follows:

Outstanding	Good	Adequate	Requires improvement	Inadequate
	Treatment of the public	Recording data about crime	Responding to the public	
	Investigating crime			
	Preventing crime			
	Protecting vulnerable people			
	Managing offenders			
	Developing a positive workplace			
	Good use of resources			

Improving economy, efficiency and effectiveness

Data and Data Quality

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

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

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

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

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

Workforce and Uplift

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

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

In our assessment the Force is clearly engaged with this programme. In setting the 2021/22 updated MTFS, additional funding was planned to be raised via Council Tax Precept to deliver an additional 60 police officer investigator posts in 2021/22. By the time of setting the 2022/23-2025/26 MTFS the target to March 2022 had been successfully delivered. The Force expects to exceed the Home Office's target by the end of the programme in March 2023.

Summary of Findings

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

Follow-up of previous recommendations

Recommendation	Type of recommendation	Date raised	Progress to date	Addressed?	Further action?
The budget setting and approval processes would be strengthened by the inclusion of a visible layer of alternative scenario planning and sensitivity analysis.	Improvement (Governance)	August 2022	Management have demonstrated that scenario and sensitivity analysis is a key part of the PCC's budget setting process.	Yes	No

Opinion on the financial statements



Audit opinion on the financial statements

We gave an unqualified opinion on each of the Chief Constable's and the PCC and group's financial statements on 12 September 2023.

Other opinion/key findings

No other matters to report.

Audit Findings Report

More detailed findings can be found in our AFR, which was presented to the Chief Constable on 30 August 2023 and the PCC on 6 September 2023.

Whole of Government Accounts

To support the audit of the Whole of Government Accounts (WGA), we are required to review and report on the WGA return prepared by the PCC and CC.

We have confirmed that the group is below the threshold for detailed work to be required, per the group audit instructions issued by the National Audit Office.

Preparation of the accounts

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

Issues arising from the accounts

The key issues were:

- Adjustments were made following receipt of actuarial valuations based on full-year information relating to the LGPS. These reports were not available at the time that the draft accounts were published.
- Due to the timing of the audit, information became available from the March 2022 triennial valuation of the LGPS prior to the accounts being signed. Again, this was incorporated into the financial statements.
- A handful of other adjustments were identified by management through the course of our audit, but no significant issues were noted.

Grant Thornton provides an independent opinion on whether the accounts are:

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



Appendices

Appendix A – Responsibilities of the Police and Crime Commissioner and Chief Constable

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

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

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

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

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

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



Appendix B – An explanatory note on recommendations

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

Type of recommendation	Background	Raised within this report	Page reference
Statutory	Written recommendations to the PCC and Chief Constable under Section 24 (Schedule 7) of the Local Audit and Accountability Act 2014.	No	N/A
Key	The NAO Code of Audit Practice requires that where auditors identify significant weaknesses as part of their arrangements to secure value for money they should make recommendations setting out the actions that should be taken by the PCC and Chief Constable. We have defined these recommendations as 'key recommendations'.	No	N/A
Improvement	These recommendations, if implemented should improve the arrangements in place at the PCC and Chief Constable, but are not a result of identifying significant weaknesses in the PCC and Chief Constable's arrangements.	Yes	9-10

Appendix C- Use of auditor's powers

We bring the following matters to your attention:

Statutory recommendations

We did not issue any such recommendations

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

Public Interest Report

We did not issue any such recommendations

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

Application to the Court

We did not make any such applications

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

Advisory notice

We did not issue any such notices

Under Section 29 of the Local Audit and Accountability Act 2014, auditors may issue an advisory notice if the auditor thinks that the authority or an officer of the authority:

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

Judicial review

We did not make any such applications

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

