

JOINT INDEPENDENT AUDIT COMMITTEE

MONDAY 20 NOVEMBER 2023, 14:00 – 16:00

**STEPHENSON MEETING ROOM, FIRST FLOOR,
MIDDLE ENGINE LANE**

AGENDA

OPEN SESSION

- 1. INTRODUCTION**
- 2. DECLARATION OF INTEREST**
- 3. MINUTES OF THE OPEN SESSION OF THE JOINT INDEPENDENT AUDIT COMMITTEE 25 SEPTEMBER 2023**
(Attached)
- 4. MATTERS ARISING**
(Action List attached)
- 5. TERMS OF REFERENCE**
Chief of Staff and Monitoring Officer
(Paper attached)
- 6. SUMMARY OF RECENT EXTERNAL INSPECTION, INVESTIGATION AND AUDIT REPORTS**
Head of Corporate Development
(Paper attached)
- 7. JOINT STRATEGIC RISK REGISTER**
Head of Corporate Development
(Paper attached)
- 8. FINAL ANNUAL GOVERNANCE STATEMENTS 2022/23**
Finance Lead (Corporate Finance and Governance)
(Paper attached)
- 9. TREASURY MANAGEMENT MID-YEAR REPORT 2023/24**
Finance Lead (Corporate Finance and Governance)
(Paper attached)



**NORTHUMBRIA
POLICE**

I0. EMERGENT INTERNAL AUDIT PLAN

Internal Audit
(Paper attached)

I1. INTERIM JOINT AUDIT FINDINGS REPORT 2022/23 ACCOUNTS (PCC & CC) External Auditors
(Paper attached)

I2. DATE AND TIME OF MEETINGS IN 2024

Monday, 26 February 2024, 2pm, Executive Team Meeting Room, MEL

Monday, 20 May 2024, 2pm, Executive Team Meeting Room, MEL

Monday, 23 September 2024, 2pm, Executive Team Meeting Room, MEL

Monday, 18 November 2024, 2pm, Executive Team Meeting Room, MEL



**NORTHUMBRIA
POLICE**

NORTHUMBRIA POLICE MINUTES

Title	Meeting number
Joint Independent Audit Committee (JIAC)	04/23

Date	Location	Duration
25 September 2023	Executive Team Meeting Room, Middle Engine Lane	14:10 – 14:55

Present:

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

OPEN SESSION**1. INTRODUCTION**

The Chair opened the meeting.

2. DECLARATION OF INTEREST

No declarations of interest made.

3. MINUTES OF THE OPEN SESSION OF THE JOINT INDEPENDENT AUDIT COMMITTEE 17 JULY 2023

Agreed as a true and accurate record.

4. MATTERS ARISING

Action list updated.

DCC provided an update on the replacement of NPICCS advising this is now out to tender.

JG raised concern that the delay in the new records management system was impacting on progress towards completion of HMICFRS recommendations that had been outstanding for some time. DCC confirmed this was understood and development of the current NPICCS to address was being explored.

DCC provided an update on progress made against serious youth violence recommendations including an update on the work of the VRU and confirmed there has been progress in response to the Serious Violence recommendations and two actions have been updated from inspections. Staff are trained regarding outcome 22 and meeting thematic AFI. It was noted there has been an increase in serious violence crimes on the previous year. There is ongoing work including wider training to be rolled out and proactive work by the Transformation Resolution Education Adult Diversion (TREAD) team regarding Out of Court disposals. It is acknowledged there is still further progress to be made.

DCC updated that vetting is prioritised with additional staff employed to assist with vetting backlogs. There is now sufficient workforce and resilience within the team. Designated posts have been reviewed with 72 posts requiring additional clearance; however, this has not resulted in an escalation of risk to the Force Strategic Risk Register. 40 vetting files were reviewed as part of the recent inspection of Northumbria Police with 39 of these being high quality, one was not, this was due to an administrative error in recording.

JG was not as assured as they would like to be. Following a disciplinary meeting recently there were old but significant vetting gaps with areas for significant improvement. A further update is required at the next meeting to show improvement.

Action: DCC to update regarding vetting and guidance at next meeting, 20 November 2023.

Treasury Management Annual Report –

Finance Lead confirmed there are no breaches to be included within the 22/23 annual report.

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

Corporate Governance Manager updated HMICFRS continue to be active in inspecting and reporting on their activities to promote improvements in policing. There have been five recent publications since last JIAC. The recent publication of the report following the inspection of vetting arrangements in Northumbria Police will be included in the report to the next JIAC.

The Force considers 27 recommendations and one AFI have been finalised; these are Level 3 and are awaiting sign off by HMICFRS.

The recommendations made in the Race and Policing: A review of the police service's leadership and governance arrangements for race-related matters report are for NPCC and the CoP; however, is reported for completeness as it was published on the same day as the report of Race and policing: an inspection of race disparity in police criminal justice decision-making.

JG queried if the extra recommendations are significant in number and whether sufficient resources were in place. Corporate Governance Manager advised that the recommendations can be covered and that there are subject matter experts to take items forward, work forms part of business as usual.

6. JOINT STRATEGIC RISK REPORT

Corporate Governance Manager updated the Force has carried out the annual review of risk and created a risk appetite statement to supplement the existing risk management framework. There are no significant changes to the current register. Information and data quality has been updated to reflect vetting and the controls in place.

KA queried the concept of the Risk Appetite. NPCC has recently invested in risk management and created a risk appetite statement, this is not a new concept and is now being adopted nationally.

KA queried if risk appetite or the Joint Strategic Risk Register is more important. Corporate Governance manager advised they complement each other. DCC updated that discussion in the annual risk review and around the Force Management Statement would inform future Force investment. The risk appetite statement helped to guide conversations and decisions. Corporate Governance Manager confirmed professional judgement is used to assess the likelihood and impact of risks at a strategic level.

JG is positive about the risk appetite work and supports the comprehensive tool to focus people's minds.

PW queried Risk 9 Public Confidence has a low likelihood rating (of 2). DCC attended Hexham Rotary Club and gave a presentation to show constraints. Members found the presentation useful and enlightening.

DCC stated there is a need to focus on activities to raise public confidence and that Risk 9 has no change although, acknowledged the impact of national events and the broader impact on confidence in policing.

Corporate Governance Manager advised that residual risk is reported at a strategic level and the position is regularly reviewed to ensure a response to the changing environment.

OPCC Chief of Staff and Monitoring Officer updated on the OPCC Strategic Risk Register and advised the upcoming election in 2024 is now referenced in the governance risk. The current Police and Crime Commissioner will not be standing again which does not create a further risk but is worth noting. There remains one high (red) risk which is finance.

Chair queried whether, given the current public confidence, the police and crime plan should be reviewed and updated more than annually. OPCC Chief of Staff and Monitoring Officer advised when a new PCC is elected the police and crime plan must be reviewed by the March following their appointment; frequency after this would be at the discretion of the PCC. This year a consideration of public views was taken, and it was decided that the priorities were as identified in the current plan.

7. EXTERNAL AUDIT – AUDIT PLAN 2022/23

LG updated that the plan was similar to that of the last two years. Thresholds are expected to remain the same, as are the risks on the statement; LG noted the valuation of land and buildings and the Chief Constable's net pension liabilities/assets represent significant estimate in the financial statements Changes have been made to auditing standards in 22/23 which are not expected to cause any issues. The audit has already begun, and an update expected at the next meeting.

8. EXTERNAL AUDIT 2021/22 - JOINT AUDIT FINDINGS REPORT (AFR) AND AUDITOR'S ANNUAL REPORT (AAR) (PCC & CC)

LG updated that the report was positive with one important recommendation regarding management being aware of capital slippage and to remain aware. There are no issues with arrangements currently in place.

PW queried that on page 3 of the report regarding financial criteria the rating had changed from green to amber and that in the comments it suggests they are falling short on suggestions. Is there a fault in the system?

Finance Lead agreed and informed that this was challenged as the rating changes from green to amber automatically if there are recommendations. This has been discussed quarterly.

KA raised concerns that the title of financial sustainability and a rating of amber suggests a problem greater than indicated in the comments.

LG explained the framework is limited in how the rating is recorded.

Finance Lead highlighted that this is now a final document, and a process is in place to review.

Action: Grant Thornton to review the rating system and report back to JIAC at next meeting 20 November 2023.

Final version of audit to reflect the delay in the audit.

KA queried the adjustment in pension of a £25m contribution. Finance Lead highlighted that as discussed previously this was an accounting adjustment only and that the employer's contribution for rate had reduced on the balance sheet. KA queried that if reduction contribution in next three years there is a 0.8% betterment. Finance Lead agreed and highlighted that in relation to actual view this is a separate exercise. The next valuation takes account of the current position.

KA queried if there would be a delay regarding the next report given that there was a delay in sign off of this report. Finance Lead stated that there were unique circumstances regarding this report and that a delay would not be expected in future.

9. DATE AND TIME OF NEXT MEETING

Monday 20th November 2023, 2pm, Stephenson Room, Middle Engine Lane

Matters Arising

Meeting	Agenda Item/Title/Context	Open/Closed	Note/Decision/Action	Detail	Assigned to	Update
JAC 25/9/23	4. Matters Arising - Summary Of Recent External Inspection, Investigation and Audit Reports	OPEN	ACTION	DCC to update regarding vetting and guidance at next meeting, 20 November 2023.	DCC	An overview of the findings from the HMICFRS inspection into the effectiveness of vetting arrangements in Northumbria Police (published 21 September 2023) and progress to date was provided to the Joint Business Meeting 1 November 2023; an update will be provided to the OPCC Scrutiny Meeting 14 December 2023. Any matters of exception identified will be reported to the JAC 26 February 2024.
JAC 25/9/23	8. EXTERNAL AUDIT 2021/22 - JOINT AUDIT FINDINGS REPORT (AFR) AND AUDITOR'S ANNUAL REPORT (AAR) (PCC & CC)	OPEN	ACTION	Grant Thornton to review the rating system and report back to JAC at next meeting 20 November 2023	Grant Thornton	Grant Thornton to confirm regarding their company framework at the 20 November JAC meeting. The expectation is their framework is unable to be altered.

Joint Independent Audit Committee	20th November 2023
Terms of Reference – Joint Independent Audit Committee	
Report of: Ruth Durham Chief of Staff OPCC/DCC Jayne Meir	
Author: Ruth Durham Chief of Staff OPCC	

1. PURPOSE

- 1.1. This report provides the members with a proposal to update the JIAC Terms of Reference in relation to the membership of the Joint Independent Audit Committee (JIAC) with a proposed revision to the terms of appointment for members.

2. BACKGROUND

- 2.1 JIAC is established by the Police and Crime Commissioner and Chief Constable to consider the financial governance, assurance, risk management and statutory financial duties for both the Office of the Police and Crime Commissioner and Office of the Chief Constable.
- 2.1 Currently the term of appointment for members of the Committee is an initial four year term with the option of a second appointment for a further four years, eight in total.
- 2.2 To ensure that the committee membership has the appropriate level of financial experience and in light of the difficulty in recruiting members with such experience, it is proposed that the Terms of Reference are amended to allow appointment for an initial four-year term with the option of a second and third year term, each term being four years. An amended version of the Terms of Reference is attached at App A.

3. PROPOSAL

- 3.1 The above proposal will mean those members appointed in 2015 will be eligible to remain as JIAC members until 2027.
- 3.2 It is felt that this proposal will allow for the skills and knowledge of members to be retained and provide continuity to the committee assurance processes.

4. FOR CONSIDERATION

- 4.1 That the members of the JIAC agree the amendment to the terms of reference that will provide continuity to the committee and the scrutiny process whilst the recruitment programme continues.

JOINT INDEPENDENT AUDIT COMMITTEE FOR THE NORTHUMBRIA POLICE AND CRIME COMMISSIONER AND CHIEF CONSTABLE

TERMS OF REFERENCE

Introduction

1. The Joint Independent Audit Committee (the Committee) is established as a committee of independent members whose purpose is to advise the Police and Crime Commissioner (PCC) and Chief Constable (CC) on the principles of financial reporting, internal controls, corporate governance, risk management and issues identified by the respective auditors.
2. The Committee will have no executive powers other than those set out in its terms of reference.

Membership

3. The Committee will consist of 5 members recruited by open advert, for a term of 4 years with no member sitting for more than 3 terms.
4. The Committee will appoint a Chair and Vice Chair from amongst its members.

Attendance

5. A record of member attendance will be included in the annual report of the committee.
6. The PCC and CC will both provide a representative to attend all meetings.
7. The Joint Chief Finance Officer, Deputy Head of Finance, Head of Corporate Development will normally attend each meeting.
8. The Chief Internal Auditor and the External Auditor will normally attend each meeting.

Secretarial Assistance

9. The Office of the PCC or the CC will provide secretarial assistance to the committee.

Quorum

10. No business shall be transacted at meetings of the committee unless three (3) members are present.

Frequency of Meetings

11. The committee will meet at least four (4) times each year. Additional meetings may take place as required. Meetings are open to the press and public but they may be excluded when information of an exempt or confidential nature is being discussed.

Notice of Meetings

12. Meetings of the Committee will be called in accordance with the agreed annual schedule
13. Notice of meetings and confirmation of the venue, time and date together with the agenda of items to be discussed, shall be forwarded to each member of the committee and any other person required to attend no later than five (5) working days before the date of the meeting. Other than in exceptional circumstances supporting papers shall be sent to the committee members and other attendees, as appropriate, at the same time.

Minutes of Meetings

14. The Minutes shall record the proceedings and resolutions of all meetings of the committee, including the names of all present.
15. The Secretary shall keep a separate record of all points of action arising from the committee and all issues carried forward.
16. The minutes of the meeting shall record the existence of any conflict of interest.
17. The minutes of the meeting will be agreed by the JIAC Chair.

Programme of Work

18. An annual programme of work cross referenced to these Terms of Reference will be agreed by the Committee showing expected documents and reports to be presented.

Authority

19. The Committee is authorised to act within its Terms of Reference and to:
 20. Request information for presentation at meetings for matters falling within the TOR,
 21. Recommend to the PCC and CC that external advice should be taken when considered following discussion at JIAC.

Reporting

22. The Committee will provide annual assurance of work undertaken in support of the Annual Governance Statement.
23. The Committee will provide annual assurance with regard to Treasury Management
24. The Committee will provide annual assurance with regard to compliance with external statutory reporting requirements.

Review of Effectiveness

25. The Committee will be held to account by the PCC and CC on the extent to which it has fulfilled its purpose. The Committee will conduct an annual review of its effectiveness and identify and commission any training requirements in order to fulfil its role and purpose.

Review and Revision

26. These Terms of Reference will be reviewed annually with any revisions or variations being approved by the PCC and CC.

Purpose of the Committee

27. The purpose of the Committee shall be to provide independent assurance on the adequacy and effectiveness of the risk management framework and the associated control environment. This includes independent scrutiny of the organisations regulatory compliance and financial and non-financial performance to the extent that it creates exposure to risk and weakens the control environment. Specifically oversee the integrity of the financial reporting processes and the annual governance statement.

Duties of the Committee

28. The duties of the JIAC are to:

Audit activity

29. To ensure that there are effective and independent internal and external audit functions established by management that meet the statutory audit standards and provide appropriate independent assurance to the JIAC, the PCC and the CC. This will be achieved by:
 30. Receiving the Chief Internal Auditor's report and opinion together with a summary of internal audit activity, both actual and proposed, and the level of assurance it can give over the PCC and CC's corporate governance arrangements.
 31. Receiving, reviewing and commenting on all internal audit reports.
 32. Receiving an annual report providing assurance on the management and performance of the providers of internal audit services.
 33. A report from the Head of Internal Audit on agreed recommendations not implemented within reasonable time scales.
 34. The external auditor's annual letter, relevant reports and the report to those charged with governance.
 35. Any specific reports as agreed with the external auditor.
 36. The scope and depth of external audit work to ensure that it gives value for money.
 37. The commissioning of work from internal and external audit, subject to prior agreement with the CFO for any costs associated with such work.
 38. Receiving any proposals affecting the provision of internal and external audit.
 39. Considering any significant risk and internal control implications in any work carried out by other providers of assurance e.g. HMIC, HMRC, peer review,

internal service reviews etc. as reported by officers and staff from within the force as well as internal and external audit.

40. Review, as a JIAC, the performance (and provide feedback) of both internal and external audit functions.

Regulatory Framework

41. Ensure that there is an effective regulatory framework and evidence of compliance with mandatory and best practice standards and to provide appropriate independent assurance to the PCC and CC. This will be achieved by fulfilling its role to:
 42. Maintain an overview of the Scheme of Consent in respect of contract procedures and rules, financial regulations and codes of conduct and behaviour.
 43. Review any issues referred to it by the PCC or CC.
 44. Monitor and where appropriate make recommendations on the effective development and operation of the strategic risk management and corporate governance arrangements for the PCC and CC.
 45. Monitor any codes of governance or policies relating to declarations of interest, gifts and hospitality and expenses.
 46. Agree the assurance framework for and oversee the production of the PCC and CC's Annual Governance Statements and review and comment on these statements prior to their approval by the PCC and CC.
 47. Monitor the whistle blowing arrangements and counter fraud and corruption strategy of the PCC and CC ensuring that adequate levels of assurance covering these matters are received.
 48. Oversee the PCC and CC's arrangements for corporate governance and agreeing necessary actions to ensure compliance with best practice.
 49. Provide effective scrutiny and review of the Treasury Management Strategy and Policies, along with monitoring performance by receiving the mid-year review and annual report, in-line with the delegation from the Police and Crime Commissioner to the Joint Independent Audit Committee.

50. Monitor the PCC and CC's compliance with its own and other published standards and controls.
51. Receive and when appropriate provide challenge to draft financial statements of accounts making any recommendation or bringing to the attention of the PCC and CC any significant concerns or weaknesses.
52. Consider the findings and overall opinion on the accounts and the VFM conclusion as set out in the audit completion report from the external auditor and to seek satisfactory assurance that any action required in response to any resultant control weaknesses are implemented by management on a timely basis.
53. Any other matter falling out with these TOR will initially be discussed with the CFO to determine how best to progress.

Joint Independent Audit Committee	20 November 2023
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. The table below provides the number of open recommendations and AFIs for Northumbria Police alongside the follow-up levels allocated (as at 24 October 2023):

	Open on the Monitoring Portal	
	Recommendations	AFIs
Level 1	0	0
Level 2	39	1
Level 3	32	11
Level 4	0	0
Total	71	12

- 2.5. Appendix A provides an overview of all outstanding recommendations and AFIs assigned to Northumbria Police by HMICFRS on the monitoring portal and includes the number assessed as complete by the Force. A summary of progress, together with an expected delivery date and RAG status is also included.

- 2.6. In line with the verbal update provided by the Deputy Chief Constable at the last Joint Independent Audit Committee (JIAC), [A report into the effectiveness of vetting arrangements in Northumbria Police](#) was published 21 September 2023.
- 2.7. HMICFRS previously inspected how effectively forces manage vetting and counter-corruption as part of the police effectiveness, efficiency and legitimacy (PEEL) programme; however, this approach changed in September 2021.
- 2.8. Each force is now inspected separately to PEEL, although the same methodology is used and a separate report is produced containing the findings, graded judgments and any areas for improvement or causes of concern.
- 2.9. Northumbria Police was inspected in May 2023 for vetting only and graded 'Adequate' (the force has demonstrated some of the characteristics of good performance, but HMICFRS has identified areas where the force should make improvements).
- 2.10. HMICFRS highlighted the need to ensure the vetting system was linked to the Human Resources system; determined that there were insufficient resources within the Force Vetting Unit (FVU) at the time of inspection; that while recruitment vetting had been prioritised for Uplift, delays were generated in other areas such as change of circumstances and non-police personnel vetting; and that some personnel had been moved into designated posts without Management Vetting clearance.
- 2.11. One Level 3 AFI was identified within the report.
- 2.12. Progress continues to be made against all outstanding recommendations and AFIs. 27 Level 3 recommendations (An inspection of vetting, misconduct, and misogyny in the police service) and two Level 3 AFIs (PEEL 2021/22 (one) and An inspection of the north-east regional response to serious and organised crime (one)) are considered complete by the Force; these are subject of HMICFRS review.
- 2.13. Several outstanding recommendations require the ability to record all protected characteristics. This will be accounted for in the new records management system but in the meantime, has been designated a high priority area for development within the current Northumbria Police Integrated Computer and Communications System. This is subject of wider considerations and a business impact assessment for other business areas and systems throughout the Force. National guidance is also awaited following the work being undertaken by the National Police Chiefs' Council Diversity, Equality and Inclusion Coordination Committee.
- 2.14. Amber RAG ratings reflect delay in the Force's ability to deliver the recommendations rather than increased risk.

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.

AGENDA ITEM 6 -
Appendix A

Report Title	Business Lead	Executive Lead	Recommendation/ Area for Improvement (AFI)	Number of Recommendations/AFIs (and number considered complete on the HMICFRS Monitoring Portal)		HMICFRS Level for follow-up activity	Context	Anticipated completion date	Progress on delivery	RAG	Reported to Scrutiny Meeting	PCC response	Next report to Scrutiny Meeting
A joint thematic inspection of the police and Crown Prosecution Service's response to rape – Phase one: From report to police or CPS decision to take no further action Published 16th July 2021 CC response to PCC: 23/09/2021 PCC Section 55 response: September 2021 Reported to JIAC: 27/09/2021	Head of Safeguarding	ACC (Crime and Safeguarding)	Recommendations	8 (6)	0	2	Issue 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 Crown Prosecution Service (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 the number of current qualified RASSO investigators.	Delivery of one of the recommendations is dependent on the implementation of a new records management system or development of the existing NPICCS system (date to be determined)	A Joint National Action Plan was adopted locally; this addresses key performance areas for improvement. All recommendations are included within a RaSSO improvement plan and are monitored regularly. A protected characteristics data standard has been agreed at Chief Constables' Council in May 2023 which will be taken forward by the NPCC Diversity, Equality and Inclusion Coordination Committee. Good engagement is in place between the Independent Sexual Violence Adviser (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 Sexual Assault Referral Centre (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. The police and CPS have effective challenge/escalation processes through the local tactical and strategic working groups. Relationships ensure that there is no barrier to communication and challenge in such circumstances. Analysis has been conducted to understand the reasons why a victim may withdraw support for a prosecution and data collection has been implemented as part of the performance management framework. Six recommendations have now been closed on the Monitoring Portal. Of the remaining two recommendations, one requires the recording of protected characteristics of rape victims which is being considered as part of the NPICCS replacement programme and NPICCS development work. Update October 2023 Regular RaSSO meetings take place between the CPS RaSSO lead, the RaSSO Detective Chief Inspector and the RaSSO gatekeeper. Each case is discussed and rationale for all decisions is explored. Any themes identified are subject to improvement plans. This process has resulted in a number of past improvements and continues to identify further development areas. Regular Joint Operational Improvement Meetings with the CPS also take place where overall performance is discussed in detail. A clear escalation process is in place for RaSSO crimes. CPS and Police RaSSO investigators have now commenced regular joint training which has further improved the working relationship.		01/11/2023	PCC is aware of these issues and these are reported when HMICFRS updates are presented at Scrutiny along with the solutions in place to progress these urgently.	25/04/2024
Police response to violence against women and girls - Final inspection report Published 17th September 2021 CC response to PCC: 16/11/2021 PCC Section 55 response: November 2021 Reported to JIAC: 22/11/2021	Head of Safeguarding	ACC (Crime and Safeguarding)	Recommendations	3(1)	0	2	Issue 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 National Police Chief Constables' Council (NPCC) VAWG National Delivery Lead tasked with developing a new process for forces.	Delivery of one of the recommendations is dependent on the implementation of a new records management system or development of the existing NPICCS system (date to be determined)	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. One recommendation has been closed on the monitoring portal regarding the provision of the delivery framework and supporting VAWG strategy to the national VAWG task force by the required deadline. The requirement for the recording of protected characteristics of victims is being considered as part of the NPICCS replacement programme and NPICCS development work. A protected characteristics data standard has been agreed at Chief Constables' Council in May 2023 which will be taken forward by the NPCC Diversity, Equality and Inclusion Coordination Committee. Update October 2023: A revised process was implemented on 28 July 2023 to ensure the use of outcomes 15 and 16 for domestic abuse and rape have the appropriate level of sign-off. Reality checking and auditing will be conducted to ensure compliance.		01/11/2023	PCC is satisfied with progress being made.	25/04/2024
A joint thematic inspection of the criminal justice journey for individuals with mental health needs and disorders Published 17th November 2021 CC response to PCC: 18/01/2022 PCC Section 55 response: January 2022 Reported to JIAC: 28/02/2022	Head of Safeguarding	ACC (Crime and Safeguarding)	Recommendations	4 (1)	0	2	Issue Four national recommendations regarding: the need for dedicated investigative staff to receive training on vulnerability with inputs on responding to the needs of vulnerable suspects (as well as victims); assessment of outcome code 10 and 12 cases to assess the standard and consistency of decision making; a review of the availability, prevalence, and sophistication of mental health flagging; and the identification of risks and vulnerabilities during risk assessment processes, particularly for voluntary attendees.	Delivery of one recommendation is dependent on the development of a new electronic system for Voluntary Attendees (date to be determined)	Delivery of "Vulnerability Matters" training commenced in Mch 22 to all public facing officers and staff and covers all officers in detective roles. This training assists officers to recognise vulnerability in suspects they are dealing with and give them the tools to support in signposting Mental Health (MH)suspects. During 2022, a wide range of Professionalising Investigations Programme (PIP), Investigative Supervisor and Manager Programme (ISMP) and Senior Investigating Officer courses were part of the force 12-month training plan. A similar training plan was agreed for 2023 and the MH package continues to be delivered. The package is also used during the newly promoted course for Sgts and Insps in other key roles. The rec. regarding vulnerability training for investigators has now been closed on the portal. A crime review of MH crimes was undertaken in Jan 22 to assess outcome codes 10 and 12 and identify learning. The custody review is considering opportunities for improvement regarding MH in the criminal justice process, linked to custody. The Criminal Justice and Custody Board is monitoring work regarding voluntary attendees (VA) and this includes release risk assessments. The Force use of MH tags within the Storm System is being enhanced which alongside the use of Storm Call scripting will support the Force with automatic data capture from Storm MH incidents. Update: October 2023 Identified learning from crime audits is fed into training inputs and communications. The recommendation regarding the dip sampling of outcomes 10 and 12 with the identification of learning is progressing through governance to closure. An electronic VA record is being explored following approval at the Custody Project Board. A procedure for Warning Signals on force systems has now been updated and published. This advises the use of a mental health definition from the CoP Authorised Professional Practice. Although this definition is very broad there is no additional guidance from the NPCC or Right Care Right Person team. The procedure provides guidance on when Custody staff should apply a warning flag to records and provides specific guidance in respect of suicide and self harm risk. There is a mechanism in place within the Custody environment to accurately identify nominals with mental health needs and therefore ensure these needs are being catered for through the Criminal Justice journey. The AFI regarding Mental Health flagging is subject to assurance and internal governance prior to closure.		03/08/2023	No issues raised.	29/02/2024
Twenty years on, is MAPPA achieving its objectives? Published 14th July 2022 CC response to PCC: 05/09/2022 PCC Section 55 response: September 2022 Reported to JIAC: 26/09/2022	Head of Safeguarding	ACC (Crime and Safeguarding)	Recommendations	4(3)	0	2	Issue 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.	Apr-23	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. Northumbria is working to raise the profile of domestic abuse cases and ensure that all practitioners consider domestic abuse cases for MAPPA management, this includes training, identification of domestic abuse cases in the MAPPA screening process and Strategic Management Board audits for domestic abuse cases. MAPPA training has been delivered to all staff working in MOSOVO and is covered on other courses held locally. Training has now been delivered to over 400 staff and partner agencies and the training process is now embedded as business as usual for student officers and new supervisors. Training has contributed to an increase in domestic abuse referrals to MAPPA. One recommendation regarding training has been closed on the portal. Update: September 2023 The final recommendation is subject to assurance and internal governance prior to closure.		01/11/2023	The PCC was satisfied with the progress being made across the force.	TBC - in line with Preventing Crime Report

Report Title	Business Lead	Executive Lead	Recommendation/ Area for Improvement (AFI)	Number of Recommendations/AFIs (and number considered complete on the HMICFRS Monitoring Portal)		Of those outstanding, number considered complete by the Force	HMICFRS Level for follow-up activity	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 11th August 2022 CC response to PCC: 03/10/2022 PCC Section 55 response: October 2022 Reported to JIAC: 26/09/2022	Head of Crime	ACC (Crime and Safeguarding)	Recommendations	2(0)	0		2	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	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 performance framework is 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. The Force adheres to national best practice for scene management. Oversight of forensics and investigative standards is provided via the Investigation and Effective Justice Group, chaired by ACC Crime & Safeguarding. The Force applies THRIVE risk assessments and has provided additional training to call takers regarding forensic advice to victims of crime. A Serious Acquisitive Crime (SAC) Suppression Group focuses on performance in this area and drives learning from national best practice. Across all three categories of SAC, the Northumbria crime rate is below the national average per 1,000 population and in each category the resolved rate is higher than the national average. Raising Investigative Standards is a key component in tackling SAC. Significant improvements have been made in file quality with the introduction of accreditation for supervisors. Key stakeholders throughout the organisation are prioritising investigative skills training and continuous professional development. A crime audit has taken place to review investigative standards including the areas covered by these recommendations; this is informing learning and development work in this area. A further audit will take place to review progress. Update: October 2023 Accreditation success for Forensic Services provides evidence that appropriate procedures are in place within the department; further awareness and understanding is being progressed on the frontline. Forensic training inputs have been provided within protected learning days across most Response Policing Teams and plans are underway to also deliver training to Criminal Investigation Department. In response to the learning from the crime audit in June 2023, continuous professional development inputs and a review of the Investigative Assessment Framework are being undertaken.		01/11/2023	The PCC was satisfied with the progress being made across the force.	25/04/2024
PEEL 2021/22 – An inspection of Northumbria Police Published 22nd September 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)	1		3	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.	Dec-23 (excluding some elements of delivery dependent upon the new Force records management system)	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). Call handling and response rates continue to be closely monitored. A performance management framework is in place and improvements are being facilitated by increased capacity and capability within the Communications Department, training and new technology such as Callback Assist. Call handling performance continues to improve with improved 999 and 101 answer times and a reduction in abandonment rates. The requirement for the recording of protected characteristics is being considered as part of the NPICCS replacement programme and NPICCS development work. A protected characteristics data standard has been agreed at Chief Constables' Council in May 2023 which will be taken forward by the NPCC Diversity, Equality and Inclusion Coordination Committee. Training has been undertaken with Communications staff regarding the identification of crime within ASB incidents. The backlog in intelligence development for paedophile online investigation packages has now been addressed with business as usual levels in intelligence now achieved. Changes were made to the closing codes for anti-social behaviour (ASB) to align with national guidance; audit activity was also amended. Learning from the crime file audit undertaken in June 2023 will inform activity and improvements in the recording of rationale when a victim withdraws their support for a prosecution. Update: October 2023 The mandatory training package for rape and NI00 has been completed by 78% of the target audience (as at September 2023). Crime Data Integrity (CDI) audit activity and quality assurance processes are currently in place to mitigate the risk of under recording or misclassification of rape crimes and NI00 records. This will continue and improvement in compliance will be monitored. A rape and NI00 section of the crime recording decision tree was implemented within Communications Department on 1 October 2023. The decision tree will support contact handlers with the decision when to record multiple rapes and NI00s. The next planned ASB audit will determine the impact of the training delivered to the Communications Department. Compliance will continue to be monitored through CDI audit activity and any additional training requirements will be addressed accordingly.		01/11/2023	The PCC is regularly updated on progress in respect of the AFIs for this inspection	29/02/2024
An inspection of vetting, misconduct, and misogyny in the police service Published 2nd November 2022 CC response to PCC: 22/11/2022 PCC Section 55 response: December 2022 Reported to JIAC: 21/11/2022	Head of Professional Standards Department	DCC	Recommendations	29 (0)	27		3	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.	Jan-24	Regular self-assessments have been provided to the NPCC and HMICFRS regarding the Force position against the recommendations and AFIs arising from the report and the likelihood of completion by the deadlines within them. The Force will be compliant with the majority of the HMICFRS recommendations by the target dates. One recommendation cannot be addressed until the College of Policing update guidance in relation to pre-employment checks (expected 31 October 2023); and one recommendation was not implemented by the deadline in relation to change of circumstances; however, relevant procedures are in place and a plan is in place to address the backlog. Four Level 2 AFIs have been closed on the portal and updates against all recommendations and AFIs were provided to the NPCC in August 2023. The updates will be shared with HMICFRS by NPCC for review. Level 3 recommendations can only be closed by HMICFRS and it is understood that HMICFRS may provide updates following the August submission. Update: October 2023 HMICFRS Vetting & Corruption Portfolio (VCP) are now assessing the force updates. Once assessed, if verified the force will be invited to self-certify on the portal. If not verified they will be advised of the gaps in the evidence by VCP.		20/04/2023	The PCC was satisfied with the progress being made across the force.	14/12/2023
An inspection into how well the police and other agencies use digital forensics in their investigations Published 1st December 2022 CC response to PCC: 19/01/2023 PCC Section 55 response: January 2023 Reported to JIAC: 27/02/2023	Head of Forensic Services	ACC (Crime and Safeguarding)	Recommendations	3 (1)	0		2	Issue HMICFRS concluded that police forces are unable to keep pace with technology when it comes to digital forensics – and there is a significant backlog of devices waiting to be examined. Delays, lack of resources and lack of adequate training means some victims are being let down and officers are missing their chance to bring offenders to justice. Three recommendations were aligned to the police regarding governance and oversight to better understand the local demand for digital services; the inclusion of management of digital forensic kiosks in governance and oversight frameworks; and the integration of digital forensic services under existing forensic science structures.	Dec-23	Continuing progress is being made with the Digital Forensic Unit (DFU) and Digital Evidence Suite (DES) improvement plans to increase efficiency and effectively manage digital demand. Governance and oversight are provided by Forensic Services and reported through the Investigations and Effective Justice Group chaired by ACC (Crime & Safeguarding). A new Performance Management Framework for Forensic Services is being developed. A pilot to evidence the service and quality benefits of DFU control of kiosks has concluded and a revised arrangement has been agreed to enable the efficient management and effective standardised processing of frontline digital forensic activity in compliance with digital forensic quality standards. An ongoing programme of work is being led by the Forensic Services Senior Management Team to identify and respond to demand, growth, and efficiencies within service delivery. The Force's DFU is part of the Forensic Services Department and is governed alongside traditional forensic services. This recommendation has now been closed on the portal. Update: October 2023 Initial communication on the restructure of the Digital Evidence Suites has been launched on Northumbria Information and Knowledge (Force intranet) with ongoing engagement and transition planning being carried out by the Digital Forensics Unit Manager with a view to implementation by the end of 2023.		01/11/2023	The PCC is regularly updated on progress in respect of the recommendations for this inspection	25/04/2024

Report Title	Business Lead	Executive Lead	Recommendation/ Area for Improvement (AFI)	Number of Recommendations/AFIs (and number considered complete on the HMICFRS Monitoring Portal)		Of those outstanding, number considered complete by the Force	HMICFRS Level for follow-up activity	Context	Anticipated completion date	Progress on delivery	RAG	Reported to Scrutiny Meeting	PCC response	Next report to Scrutiny Meeting
An inspection of the north-east regional response to serious and organised crime Published 07/12/2022 CC response to PCC: 19/01/2023 PCC Section 55 response: January 2023 Reported to JIAC: 27/02/2023	Head of Crime	ACC (Crime and Safeguarding)	AFIs	2 (0)		1	3	Issue HMICFRS was concerned to find that there were three teams struggling with workloads (the Paedophile Online Investigation Team, the Financial Investigations Unit and the Covert Authorities Bureau). In addition, inspectors recommended that regional chief constables should appoint a single dedicated chief officer to lead the regional response to serious and organised crime.	Jan-24	Improvement plans are in place and additional resources have been secured to increase capacity in specialist areas. Update: October 2023 A revised governance structure has been determined for the North East Regional Organised Crime Unit, the details of which have been communicated to HMICFRS. This is an alternative to a single dedicated chief officer to lead the regional response to SOC. Since the inspection there has been an uplift of resources in both POLIT and Covert Authorities Bureau which has addressed concerns in these areas. The current capacity of the Economic Crime Unit (ECU) remains insufficient to meet demand; however, resourcing arrangements in financial investigation are currently being determined in order to address this. Once ECU capacity has been addressed, the AFI will be considered complete.		01/11/2023	The PCC is regularly updated on progress in respect of the AFIs for this inspection	29/02/2024
An inspection of how well the police tackle serious youth violence Published 08/03/2023 CC response to PCC: 20/04/2023 PCC Section 55 response: April 2023 Reported to JIAC: 17/07/2023	Head of Prevention Department	T/ACC (Communities)	Recommendations	2 (0)		0	2	Issue HMICFRS highlighted that chief constables should make sure their officers are trained in the use of Home Office crime outcome 22 (when diversionary, educational or intervention activity, resulting from the crime report, has been undertaken and it is not in the public interest to take any further action) and also that they should ensure that their forces, through data collection and analysis, understand the levels of racial disproportionality in serious youth violence in their force areas.	Mar-24	The recommendations will be addressed through the Serious Youth Violence and Knife Crime Suppression Group and reported through the Prevention and Deterrence Group. The TREAD (Transformation/Resolution/Education and Adult Diversion) Team provides inputs to student officers, Criminal Investigation Department and Response Policing Teams during protected learning time to raise their knowledge and awareness of Outcome 22. There is also a training package on Kallidus LEARN which is referred to as 'Adult Divert From Charge'. Outcomes related to youth serious violence as well as any disproportionate application or impact will be a key focus for the forcewide Youth Serious Violence and Knife Crime Suppression Group. Update: September 2023 Training is ongoing regarding the application of outcome 22 and the Force intranet is also being used to raise awareness. Disparity is being monitored via the forcewide Serious Youth Violence and Knife Crime Suppression Group.		01/11/2023	The PCC is regularly updated on progress in respect of the recommendations for this inspection	25/04/2024
An inspection of how well the police and National Crime Agency tackle the online sexual abuse and exploitation of children Published 05/04/2023 CC response to PCC: 08/06/2023 PCC Section 55 response: June 2023 Reported to JIAC: 17/07/2023	Head of Crime	ACC (Crime and Safeguarding)	Recommendations	11 (0)		0	2	Issue HMICFRS found that while officers are generally good at dealing with very high-risk cases, forces are often not properly responding to allegations or concerns about suspects, leading to unacceptable delays and missed opportunities. Many forces often wait too long before sharing information with partners, which means they can miss opportunities to refer children and families for support.	Apr-25	The Force is well positioned against a number of the recommendations and Northumbria is one of only a few forces who have an intelligence team and analyst within the Paedophile Online Investigation Team (POLIT). Some recommendations require action by other bodies before they can be progressed by the Force. The recommendations have been reviewed and activity has being determined and incorporated within the existing POLIT improvement plan. Progress is being made to address the identified areas and there are no current concerns regarding delivery. The expected date stated is the latest date for delivery of one recommendation relates to training; the majority of recommendations are expected to be delivered by the end of 2023. Update: October 2023 All POLIT staff are Specialist Child Abuse Investigator Development Programme trained and are accredited by the Institute of Cyber Digital Investigation Professionals; onward statutory referrals are made to Children's Services in a timely manner; and specialised therapeutic services are currently being explored for child victims. One recommendation regarding the sharing of information with statutory partners is considered complete and is progressing through internal governance. When significant risk to children is first known, information is shared prior to enforcement activity to enable joint working. Operating procedures are in place to facilitate routine and urgent information from POLIT being shared with statutory safeguarding partners.		01/11/2023	The PCC is regularly updated on progress in respect of the recommendations for this inspection	25/04/2024
Police performance: getting a grip Published 07/07/2023 CC response to PCC: 15/08/2023 PCC Section 55 response: August 2023 Reported to JIAC: 25/09/2023	Head of Corporate Development/Head of People Services	DCC	Recommendations	3 (0)		0	3	Issue HMICFRS found that too many forces were failing to properly understand and manage their performance. Many forces do not understand what issues are most important to tackle, how their performance can be measured, how they should change and what works in tackling issues. Forces need to review their performance management frameworks; review their proactive well-being support for officers and staff in high-stress roles and situations; and reduce the risk of skilled personnel leaving the organisation.	To be determined	Update: August 2023 The Force context in relation to the report was provided to Business Meeting on 15 August 2023 Overall, it is considered the Force is well-placed in relation to the recommendations. The strong position regarding the review of performance management frameworks (PMF) is supported by the HMICFRS 2021/22 PEEL inspection, which commented that 'the force has designed and implemented a detailed and comprehensive performance management framework, which will contribute to effecting sustained improvements.' There is ongoing work to fully embed local PMFs and ensure that they are providing the expected value and making the difference to performance outcomes and findings from the work to be led by the NPCC regarding a national PMF will be considered in the future development and improvement of local PMFs. An engagement and retention framework is in place which has been informed by Force reporting and analysis as well as NPCC guidance on exit and retention and wider good practice. The Force takes a preventative and evidence-based approach to promoting good mental health and wellbeing. The approach includes culture change through leadership and management; proactive education; early intervention & screening; and support and rehabilitation. The Force provides enhanced trauma support including a well-established trauma intervention peer model (TRIM) and access to therapists. High stress roles have also been identified using the annual wellbeing survey and provided proactive mental and physical health support. This is made up of individual resilience sessions with the psychologist, focused on stressors in the workplace and adaptive coping strategies. These sessions are both an opportunity for emotional debrief and an intervention in terms of psychoeducation in managing stress at work. In-depth physical health checks have been introduced for high stress roles and enhanced support offered for individuals in high stress processes such as promotions or as a result of events such as bereavement of a colleague.		N/A	N/A	29/02/2024
An inspection of how effective police forces are in the deployment of firearms Published 11/07/2023 CC response to PCC: 15/08/2023 PCC Section 55 response: August 2023 Reported to JIAC: 25/09/2023	Chief Superintendent Force Coordination	ACC (Force Coordination)	Recommendations	8 (0)		0	2	Issue Improvements need to be made in the selection of strategic and tactical firearms commanders (TFCs) and strategic firearms commanders (SFCs) would benefit from improved training. Recommendations include a review of the strategic firearms commander course to ensure candidates have enough opportunities to learn and practise skills; introducing new entry criteria for strategic and tactical firearms commanders, similar to the process used to select public order commanders; sharing of armed policing exercises to allow opportunities for learning to be identified and shared; and improving record keeping in relation to armed operations and introducing regular auditing of these records.	Jul-24	Update: October 2023 All activity in response to the recommendations is monitored through the Responding to the Public - Business Meeting. The Force is well positioned against the recommendations and several actions have already been implemented. Robust armoury procedures are in place which include senior officer oversight and a schedule is being prepared for an annual audit to be conducted by another force within the North East region. There is also defined governance to record all armed deployments using the Chronicle system; regular dip samples will be undertaken to ensure compliance. All commanders are given a live demonstration of firearms tactics on initial training courses, which includes the use of specialist munitions. Identification and recruitment of potential candidates for specialist roles within Force is ongoing. Barriers to recruitment and retention of specialist commanders have been reviewed and the development of a regional training program to assist officers applying for the role is being explored.		N/A	N/A	29/02/2024
Homicide prevention: An inspection of the police contribution to the prevention of homicide Published 11/08/2023 CC response to PCC: 28/09/2023 PCC Section 55 response: October 2023 Reported to JIAC: 25/09/2023	Head of Prevention Department	T/ACC (Communities)	Recommendations	2 (0)		0	2	Issue The current system for homicide data collection from forces was preventing sufficient and accurate information being submitted to the Home Office. Until this is resolved, the Home Office, and in turn forces, may only have a partial understanding of homicide and its causes. Forces need to make sure their force can, on a sufficiently frequent basis, produce an analytical report concerning its death investigations. Forces should also be able to quickly identify lessons from homicides and serious violence incidents.	Aug-24	Update: October 2023 The Force Principal Analyst is currently undertaking an assessment of force and coronial data in order to develop an appropriate analytical product. It is expected that the product will be reported to the Serious Youth Violence and Knife Crime governance meeting. Further work is underway with the Violence Reduction Unit to understand what partner data is available to contribute to this. Utilising the Homicide Prevention Framework published by the College of Policing, Northumbria Police has adopted the Rapid Debrief Process in order to identify lessons learned.		N/A	N/A	29/02/2024
Race and policing: An inspection of race disparity in police criminal justice decision-making Published 25/08/2023 CC response to PCC: 28/09/2023 PCC Section 55 response: October 2023 Reported to JIAC: 25/09/2023	Head of Prevention Department	T/ACC (Communities)	Recommendations	4 (0)		0	2	Issue Forces need to better understand disparity across criminal justice decision making and effectively capture, analyse and respond to their findings.	Sep-24	Update: October 2023 The implementation of a disproportionality working group has been developed to gain a greater understanding and analysis of disparity across all business areas, including use of policing powers. The implementation of the Prevention Department seeks to enhance the use of the disproportionality toolkit to analyse disparity.		N/A	N/A	29/02/2024

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A report into the effectiveness of vetting arrangements in Northumbria Police Published 21/09/2023 CC response to PCC: 01/11/2023 PCC Section 55 response: Reported to JJAC: 20/11/2023	Head of Professional Standards Department	DCC	AFI	1 (0)	0	3	Issue HMICFRS required improvements in vetting arrangements to ensure that all personnel have been vetted to a high enough level for the posts they hold; all non-police personnel are vetted to the required level for the role they are contracted for; the force vetting unit has sufficient resources to meet the demand it faces; and it has a robust process to research and assess all notifications of changes of circumstances in a timely manner.	To be determined	Update: The Force context in relation to the report was provided to Business Meeting on 1 November 2023.		N/A	N/A	14/12/2023	
												On track - no concerns		
												Progressing - additional action required to ensure delivery/delivery delayed		
												Risk to completion		

Joint Independent Audit Committee	20 November 2023
Joint Strategic Risk Register	
Report of Ruth Durham, Chief of Staff and Monitoring Officer (OPCC) & Jayne Meir, 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, Senior Management Teams and the OPCC are responsible for the identification of emerging risks, some of which might not be controlled locally and have the potential to prevent the Force and PCC from achieving objectives. Risks are escalated in-line with the governance and decision-making structures and recorded on the JSRR. Recommendations and areas for improvement following external inspections are considered to ensure they are adequately reflected in current risks.
- 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.)

- 2.7 Appendix B provides an overview of the current RAG status of the risks for the OPCC, alongside the register.
- 2.8 There have been no changes to the JSRR since the last reported position to JIAC 25 September 2023.
- 2.9 Four areas remain high risk for the Force: Digital Policing; Finance; Information and Data Management; and Workforce.
- 2.10 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 12 Workforce	
	Low (2)		6 Infrastructure and Assets	5 Information and Data Quality 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

Amber: Medium

Red: High/Very High

Unlikely to occur or the risk is fully manageable. Likely to lead to no or only tolerable delay in the achievement of priorities. The Force is actively managing the risk as is practicable. The risk may lead to moderate impact on the achievement of priorities.

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). ▪ Withdrawal from the existing contract with NEC to implement Connect. ▪ Subsequent procurement process to secure an alternative Records Management System replacement for NPICCS. ▪ 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. ▪ 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.

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	<ul style="list-style-type: none"> ▪ Recruitment to structure on target and to plan to achieve required capacity and capability. ▪ Improved attraction and retention activities being undertaken. ▪ Dedicated Solution Delivery function focussed on project delivery of the transformation programme. ▪ NPICCS replacement Team review of the impact of call off from NEC contract and remain with existing systems. ▪ Project approved, funded and initiated to upgrade the current NPICCS hardware to new equipment and change / migrate the NPICCS software. Targeted completion December 2023. ▪ Existing Cobol resources extended and capacity increased. ▪ 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 Digital Policing Board and Operational Information Management Board. ▪ 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 refresh and improve WAN and LAN and WIFI network and improve 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 Head of Finance (CFO)
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. ▪ 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; however, there is the potential this 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 Police and Crime Commissioner (PCC) relating to any appropriate use of reserves to manage the in-year impact.

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Summary of Controls	<ul style="list-style-type: none"> ▪ Transparent ownership of financial matters between the PCC and Chief Constable. ▪ 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 force wide 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 unclear plans, priorities, responsibilities and accountabilities and/or ineffective or disproportionate scrutiny, oversight, transparency and internal control of decision-making and/or performance.	
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 their functions and those under their 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. ▪ A decline in quality and service delivery, leading to a reduction in satisfaction levels. ▪ Inability to work effectively in partnership to provide services to victims and witnesses. ▪ Slippage/failure of projects, which hamper the achievement of objectives. ▪ 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, including OPCC Scrutiny Meeting to hold the police to account on behalf of the public. ▪ A Joint Independent Audit Committee to provide advice to the PCC and Chief Constable on the principles of corporate governance. ▪ Internal Audit of Governance by Gateshead Council. ▪ Annual Governance Statement is prepared setting out the Force's current governance arrangements. ▪ Wider availability of information provided to, and outcome from, governance meetings to direct and support activity in pursuit of more informed decision making and improved performance. 	
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 (IAOs) 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 (IMD) with more effective capability, including the roles of Data Protection & Disclosure Adviser and Information Security & Assurance Manager.

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	<ul style="list-style-type: none"> ▪ Review and regular update of Data Sharing Agreements with partners. ▪ IMD and Digital Policing collaborating effectively to formally identify, document and mitigate risk through the implementation of innovative and measurable solutions. ▪ 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. ▪ Implementation of formal Information Asset Registers, training, awareness and ongoing monitoring for IAOs 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 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"> ▪ Legacy data and systems. ▪ Vetting our workforce at the appropriate levels defined by role requirements. ▪ Managing the use of personal devices for official tasks. ▪ Limiting staff and visitor access to information, assets and estate.
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. ▪ Adverse findings from inspectorate and audit bodies e.g. HMICFRS and ICO. 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. ▪ Use of the Qlik Sense 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 IMD. ▪ Targeted training and ongoing support for all IAOs 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.). Understanding and review of the Force estate to ensure it is fit for purpose and used effectively in line with operating procedures. ▪ Compliance with Vetting Code of Practice to ensure consistent and high standards of police vetting. ▪ Regular review of the Designated Post List against known role descriptions. ▪ Self-service updates to allow efficient and timely changes to data. ▪ Information Management training mandated for all staff and officers with key performance indicators reported 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	2	8
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	Strategic Resourcing Delivery Board / 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 across the force estate and fleet. ▪ 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. ▪ Provision of appropriate physical and digital assets to facilitate the 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. ▪ Understanding of the capacity requirements required from local electricity Distribution Network Operators. ▪ 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. Where appropriate maximise collaboration and shared estate where there is an operational benefit. ▪ 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 and Sustainability Strategies and policies/procedures in place.

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	<ul style="list-style-type: none"> ▪ 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. ▪ Fleet Strategy implemented in-line with carbon reduction targets and the migration to Ultra Low Emission Vehicles, primarily electric, along with the required charging infrastructure. ▪ New Fleet User Group to revise fleet use and force profile, including development of sustainable fleet measures. ▪ 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. ▪ Significant investment projects within the Estates Strategy are overseen by the Estates Programme 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. ▪ Response Policing Team shift pattern implemented 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 partnership or collaboration 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, Local Authorities (LAs) and health service providers which increases demands on policing. ▪ Failure of collaborative agreements. ▪ Reduced commitment to Community Safety Partnerships (CSPs) 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 CSPs and wider multi-agency arrangements. ▪ Force wide business planning cycle and delivery of local business plans informed by partnership data and engagement.

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	<ul style="list-style-type: none"> ▪ Strategic Design Authority and Transformation Programme to improve scope and user requirements of procured services with clear benefits tracking via Efficiency Steering Group. ▪ 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)	Deputy Chief Constable
Governance & Oversight	Engaged Communities Group / Ethics Advisory Board / Organisational Learning Board / People & Organisational Justice Board / Diversity, Equality and Inclusion 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 Hotten 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. ▪ Force wide 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. ▪ Force wide training for all staff. ▪ Continuous Performance & Development Review of staff via performance management frameworks. ▪ Annual Integrity Health Check completed with the workforce. ▪ Focus on diversity in recruitment, attraction, selection and retention. 	
Likelihood	2	8
Impact	4	

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	Diversity, Equality and Inclusion 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 and learning shared through 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. ▪ 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 Independent Scrutiny and Oversight Board
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Likelihood Impact	3 3	9
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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. ▪ 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. ▪ Force wide 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.

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	<ul style="list-style-type: none"> ▪ Effective relationships and communication with partners locally enabling response to national issues (e.g. LCJB Strategic Recovery Group). ▪ 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
	<p>Risk – Standards, conduct and behaviours of the workforce are not in-line with Northumbria Police values and the Code of Ethics.</p> <p>Inability to maintain an effective workforce profile through a reduction in attraction, recruitment and retention.</p>
Owner(s)	Assistant Chief Officer Corporate Services
Governance & Oversight	People & Organisational Justice Board / Strategic Resourcing Delivery Board, Strategic Design Authority / Transformation Board / Diversity, Equality and Inclusion Board
Context	<p>To attract, retain and develop a high performing and engaged workforce we must ensure:</p> <ul style="list-style-type: none"> • We have an environment which promotes and displays positive behaviours driven at all levels and led by Chief Officers, with a clear commitment to enhance value and engagement. • Our people feel confident to challenge and call out adverse behaviours at every level. • There is a focus on wellbeing and a commitment to support and maintain manageable workloads. • Implementation of a modernised total rewards package, reflective of a diverse workforce. • A strong and relevant employer brand, which is realistic and reflective of our internal culture, whilst recognising our focus on improvement. • Operating models and roles have clarity and a long-term vision to support attraction, through delivery of a Resourcing Strategy. • A focus on increased growth in investigative and other specialist roles is supported. • E-recruitment and vetting processes are efficient to match required hiring pace whilst ensuring standards continue to be met.
Current factors	<ul style="list-style-type: none"> • Lack of clarity on future skills requirements based on understanding of current and future operating models. • Limited understanding of people performance and talent. • Buoyant and active job market continues to show high levels of vacancy at local and national level. • Increased challenges to meet diversity ambitions, given recent census data and limited diversity applicant pool, which is in high demand from all sectors. • Societal challenges and adverse press coverage across policing which impact on overall attraction. • Challenges in meeting changing workforce expectations.

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	<ul style="list-style-type: none"> • Challenges in the attraction of investigative resources through internal supply routes. • Increased police staff attrition particularly between one to three years and potential increase in police officer attrition. • Skills shortages in specialist / technical roles due to current recruitment climate with marked differences in remuneration, flexibility and pay when compared to other sectors.
Potential consequence	<ul style="list-style-type: none"> • Failure to secure a diverse and engaged workforce. • Reduction in performance and service delivery. • Failure to deliver services in 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 attraction, engagement and recruitment cost. • Inability to deliver or delays in the delivery of the Transformation Programme due to a lack of specialist and/or technical skills.

Summary of Controls	<ul style="list-style-type: none"> ▪ A People, Culture and Wellbeing Strategy underpinned by specific people pillars provides direction and clarity to create suitable environments to support attraction, recruitment and development of our people. ▪ A Standards, Ethics and Behaviours Plan which promotes activity and learning to create an environment to support attraction and retention and improves performance. ▪ A Resourcing Strategy which enables each business area to deal with the demand, design, supply, capacity and capability of its resources. ▪ Continuous engagement with Chief Officer and business leads to ensure clarity of operating models is achieved. ▪ Detailed workforce plans for officers and staff are reviewed periodically and adjustments made when necessary to ensure plans remain affordable and achievable. ▪ Investigative capacity and capability requirements are managed, and progress monitored via the Investigative Capability Gold Group with oversight through the Strategic Resourcing Delivery Board. ▪ Operational Resourcing Meeting established to monitor, coordinate and agree operational resourcing requirements at tactical level. ▪ Use of agency / organisations to provide burst capability for technical skills. ▪ Diversity, Equality & Inclusion Strategy and Plan (including Positive Action strategy/plan) are embedded in the People Strategy and core people pillars. ▪ 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.
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	<ul style="list-style-type: none"> ▪ Bespoke support and significant investment to increase pay competitiveness across Digital Policing, securing skills required for critical transformation projects. 	
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 short term certainty of the scope for Precept increases for a further one 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/ JIAC/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. ▪ May 2024 election 	
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. 	
Likelihood Impact	1 2	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"> ▪ Current economic crisis and funding pressures on partners. ▪ 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. ▪ Review of the Police dismissals 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 and quarterly OPCC service confidence in policing report from the PCC to the Chief Constable. ▪ 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

Annual Governance Statement

(Chief Constable Statements of Account 2022/23)

The Accounts and Audit Regulations 2015 require an Annual Governance Statement (AGS) to be published along with the annual Statements of Account and a narrative statement that sets out financial performance and economy, efficiency, and effectiveness in its use of resources.

This statement is prepared in accordance with the Chartered Institute of Public Finance and Accountancy (CIPFA)/Society of Local Authority Chief Executives (SOLACE) *'Good Governance: Framework'* (2016) and explains how the Chief Constable of Northumbria Police has complied with this framework and meets the statutory requirements of regulations. It also continues to take into account the introduction of the CIPFA Financial Management Code 2019 (FM Code).

Scope of Responsibility

The Police Reform and Social Responsibility (PRSR) Act 2011 sets out the accountability and governance arrangements for policing and crime matters. The Act establishes both the Police and Crime Commissioner (the 'Commissioner') and the Chief Constable as the *'Corporation Sole'* for their respective organisations. This means each is a separate legal entity, though the Chief Constable is accountable to the Commissioner. Both the Commissioner and Chief Constable are subject to the Accounts and Audit Regulations 2015; as such, both must prepare their Statements of Account in accordance with the CIPFA Code of Practice on Local Authority Accounting, and both must publish their individual AGS.

The Chief Constable shares most core-systems of control with the Commissioner, including: the main finance systems; internal policies and processes; the Chief Finance Officer (CFO); internal audit and a Joint Independent Audit Committee (JIAC). The Commissioner's Statements of account include a similar statement which covers both the Office of the Police and Crime Commissioner (OPCC) as well as the group position of the Commissioner and Chief Constable.

The Chief Constable is responsible for the direction and control of the Force. In discharging this function, the Chief Constable supports the Commissioner to ensure their business is conducted in accordance with the law and proper standards and that public money is safeguarded, properly accounted for, and used economically, efficiently, and effectively.

The Chief Constable is also responsible for putting in place proper arrangements for the governance of the Force and ensuring that the arrangements comply with the Police and Crime Commissioner's Governance Framework. In so doing the Chief Constable is ensuring a sound system of internal control is maintained throughout the year, and that appropriate arrangements are in place for the management of risk.

The Commissioner and Chief Constable have adopted corporate governance principles which are consistent with the principles of the CIPFA/SOLACE *'Good Governance: Framework'*.

The PRSR Act 2011 requires the Commissioner and Chief Constable to each appoint a Chief Finance Officer (CFO) with defined responsibilities and powers. The CIPFA Statement on the Role of the CFO appointed by the Commissioner, and the CFO appointed by the Chief Constable gives detailed advice on how to apply CIPFA's overarching Public Services Statement. The 2014 Statement states:

“That both the Police and Crime Commissioner and Chief Constable appoint separate CFOs, where under existing arrangements a joint CFO has been appointed the reasons should be explained publicly in the authority’s AGS, together with an explanation of how this arrangement delivers the same impact.”

The Commissioner and Chief Constable have a Joint CFO for 2022/23 and consider that a joint CFO role provides both the Commissioner and Chief Constable with a single efficient, effective, and economic financial management lead. The controls remain that there is an expectation that the CFO should advise the Commissioner and Chief Constable of any conflict of interest that should arise in the joint role, especially with section 151 responsibilities; and, the CFO acts in accordance with the requirements, standards and controls as set out in the CIPFA Statement on the Role of the Chief Financial Officer of the Commissioner and the Chief Finance Officer of the Chief Constable (the CIPFA Statement).

As part of the AGS assurance review, an annual assessment to the latest CIPFA Statement (2014) is carried out by the joint CFO and has been reviewed by the JIAC for 2022/23. It confirms that the role is complying with the requirements of the Statement. The Commissioner and the Chief Constable are also satisfied that the role is working efficiently, that the responsibilities set out in the Scheme of Governance are being completed effectively, and that potential conflicts are subject to continuous review. There are no issues of conflict to report.

The Governance Framework

The governance framework in place throughout the 2022/23 financial year covers the period from 1 April 2022 to 31 March 2023 and any issues which arise up to the date of approval of the annual Statements of Account.

The framework comprises the systems, processes, culture, and values by which the Chief Constable operates in support of the Commissioner’s Governance Framework. Through the application of the Commissioner’s framework and Force governance arrangements, the Chief Constable is able to both monitor and deliver the objectives of the Police and Crime Plan. Consequently, the Chief Constable is able to provide assurance to the Commissioner that these objectives are leading to the delivery of appropriate and cost-effective policing services which provide value for money, a duty under the Local Government Act 1999.

The overall system of internal control is a significant part of the framework and is designed to manage risk to a reasonable and foreseeable level. It cannot, however, eliminate all risk of failure to achieve aims and objectives and therefore only provides reasonable and not absolute assurance of effectiveness. The system of internal control is an on-going process designed to identify and prioritise the risks to achieving the Commissioner’s and Chief Constable’s aims and objectives, evaluate the likelihood and impact of those risks being realised and manage them effectively, efficiently, and economically.

A copy of the Governance Framework is available on the OPCC website.

The Chief Constable is responsible for operational policing matters, the direction and control of police personnel and making proper arrangements for the governance of the Force. The role is accountable to the Commissioner for the exercise of those functions. The Chief Constable must therefore satisfy the Commissioner that the Force has appropriate mechanisms in place for the maintenance of good governance and that these operate in practice.

This statement provides a summary of the extent to which the Chief Constable is supporting the aspirations set out in the Commissioner's Governance Framework. It is informed by internal assurances on the achievement of the principles set out in the CIPFA/SOLACE Framework (Delivering Good Governance in Local Government - Guidance Notes for Police Authorities 2016 Edition), for those areas where the Chief Constable has responsibility. It is also informed by on-going internal and external audit and inspection opinions.

The principles of good governance where the Chief Constable has responsibility are:

1. Focusing upon the purpose of the Force, on outcomes for the community, and creating and implementing a vision for the local area.
2. Ensuring that the Force and partners work together to achieve a common purpose within clearly defined functions and roles.
3. Promoting values for the Force and demonstrating the values of good governance through upholding high standards of conduct and behaviour.
4. Taking informed and transparent decisions, which are subject to effective scrutiny and risk management.
5. Developing the capacity and capability of all to be effective in their roles.

Focusing on the Purpose of the Force and on Outcomes for the Community and Creating and Implementing a Vision for the Local Area

The Commissioner has a Police and Crime Plan, Fighting Poverty, Fighting Crime for the period 2022 to 2025. The plan was developed following extensive consultation with local people about their views of policing and community safety and sets out the police and crime priorities for the area.

Northumbria Police has a governance and decision-making structure which supports leadership, at all levels, in the effective and efficient conduct of business. It enables the Force to deliver its elements of the Police and Crime Plan, maintaining high levels of performance and service delivery at a time of continuing financial challenge. The Force's Strategic Management Board (Performance), chaired by the Deputy Chief Constable, is the Force's primary meeting to drive and manage performance and delivery of the Police and Crime Plan. This Board is underpinned by a number of Delivery, Standards and Assurance boards. Performance is considered in a number of ways: compared to previous years; against agreed service standards or thresholds and peers (most similar family of Forces or nationally); direction of travel; and against key national crime and policing priorities.

Other areas of business are also regularly reported to the boards, including: The Strategic Policing Requirement; community consultation and engagement; progress against action plans in response to recommendations and areas for improvement resulting from inspections by His Majesty's Inspectorate of Constabulary Fire and Rescue Services (HMICFRS); organisational learning; and risk management.

HMICFRS carries out a programme of inspections, including on thematic areas and a regular PEEL Assessment (Effectiveness, Efficiency and, Legitimacy). Forces are assessed on their effectiveness, efficiency and legitimacy based on inspection findings, analysis, and His Majesty's Inspectors' (HMIs) professional judgment across the year.

The latest HMICFRS inspection report for Northumbria Police 'PEEL 2021/22 Police effectiveness, efficiency and legitimacy' was published in September 2022. The inspection assessed how good

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Northumbria Police is in 10 areas of policing and graded judgments were made in nine of these. These are outlined below.

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

Eight areas for improvement were assigned to the Force.

All HMICFRS inspection and investigation reports and other external inspection and audit reports are considered by the Force Chief Officer Team. A lead is appointed to consider inspection findings and identify actions in response to any recommendations and areas for improvement. The Force position is reported to the Police and Crime Commissioner at the joint Business Meeting, to inform any statutory response to inspection activity required under section 55 of the Police Act 1996. Delivery is overseen by the relevant Chief Officer lead, with further oversight at the bi-monthly Strategic Management Board (Business) and scrutiny at the Executive Board. Progress is reported and monitored at the Scrutiny Meeting of the OPCC and reported to the Joint Independent Audit Committee. There were no risks to delivery identified during the year, for any of the recommendations or areas for improvement reported by HMICFRS.

Ensuring the Force and Partners Work Together to Achieve a Common Purpose with Clearly Defined Functions and Roles

The Commissioner's Governance Framework sets out the roles of both the Commissioner and Chief Constable; they are clearly defined and demonstrate how they work together to ensure effective governance and internal control.

The Force works closely with all six local authorities in the Northumbria area and understands the policing needs in each area from our city centres to the rural communities. Northumbria Police work with a range of partners and are represented on partnerships that focus on policing and crime, including Community Safety Partnerships. The Force is also a member of local children's and adult safeguarding boards that work to ensure the safety and wellbeing of vulnerable children and adults in the Force area. The Commissioner has developed a Violence Reduction Unit which takes a public health approach to tackling serious violence working with a range of partners.

A Service Level Agreement between the Commissioner and the Chief Constable exists. This agreement identifies the services that will be shared in order to best fulfil the duties and responsibilities of each in an efficient and effective way.

The Commissioner and Chief Constable operate a joint Business Meeting, which meets regularly, the minutes of which are published on the Commissioner's website to ensure transparency of decision making.

Where collaboration between Forces is in place governance arrangements are set out in formal collaboration agreements and these are published on the OPCC website. Section 22a of the Police Act 1996 (which itself comes from section 5 the Policing and Crime Act 2009) places on the Commissioner and the Chief Constable a duty to publish copies of collaboration agreements to which they are party.

The partnership arrangement with the North-East Regional Organised Crime Unit (NEROCU), collaboration between the three Forces of Northumbria, Cleveland and Durham, is subject to a formal section 22a agreement and governance arrangements which ensure it is monitored regularly throughout the year.

Promoting Values of Good Governance through Upholding High Standards of Conduct and Behaviour

The OPCC is responsible for handling complaints and conduct matters in relation to the Chief Constable, as well as scrutinising the Force's approach to the investigation of all other complaints and conduct matters.

The Chief Constable handles complaints and conduct matters through the Professional Standards Department (PSD) within Northumbria Police. The Head of PSD reports directly to the Deputy Chief Constable. It is the purpose of PSD to promote public confidence through upholding high standards, deterring misconduct and influencing individual and organisational behaviour. Governance around the performance of PSD, trends in complaints or conduct matters and lessons learned is provided to the Engaged Communities Group. The Group is chaired by the Assistant Chief Constable (Communities) and ensures that the provision of services is based on insight and engagement and considers aspects of legitimacy concerned with the use of police powers and decision making.

The Independent Office for Police Conduct (IOPC) scrutinise the performance of PSD with regards the quality and timeliness of decisions and investigations. Performance meetings are held between PSD, the Regional Director of the IOPC and Oversight Liaison (IOPC North East) on a quarterly basis.

Northumbria Police also has an Ethics Advisory Board comprising internal and external members, with links to the Regional Ethics Group. The Advisory Board ensures that the way Northumbria Police applies its working practices is ethical and legitimate. It also considers any highlighted ethical dilemmas, contributing as appropriate to the revision of Force policies and procedures.

The Chief Constable is the Data Controller for the Force, responsible for determining the purposes and manner in which personal data are processed. The Force has established an Information Management Department (IMD) which helps to fulfil the legal requirements associated with the Data Protection Act 2018, ensuring information and systems comply with all Data Protection principles and legislation as set out in the Act. Information management is a critical area of business required to ensure good governance.

Northumbria Police has a robust process for dealing with data breaches and during the 12 months to 31 March 2023 there were no data breaches reported to the Information Commissioner's Office (ICO). The 2022/23 audit of Information Governance and Data Security found that control systems were satisfactory with 2 recommendations identified. Both of these recommendations have been addressed as part of an action plan.

The Information Commissioner's Office (ICO) undertook an audit in 2020 to determine the extent to which the Force is complying with data protection legislation. An action plan was developed in response to the findings of the audit. The Force implemented a working group to manage the implementation of the action plan; attended by key stakeholders and action owners. Scrutiny and oversight of the action plan has been carried out at the Operational Information Management Board with the Audit formally closed off in June 2022 and final report provided to the force by the ICO. The ICO recognised the work undertaken by the Force and complimented the organisation for its level of commitment and engagement with them as a regulatory body.

There are no significant areas of concern that need to be disclosed within the AGS.

Taking Informed and Transparent Decisions Which are Subject to Effective Scrutiny and Risk Management

All strategic decision-making is carried out in accordance with the Commissioner's Governance Framework.

The Governance arrangements ensure that key decisions are taken at the appropriate level, and are referred to Commissioner as required. Through regular meetings the Chief Constable is subject to the oversight and scrutiny of the Commissioner.

The Joint Independent Audit Committee (JIAC) of the Commissioner and Chief Constable has five independent members who are appointees from within the Force area. JIAC receives reports from both the internal and external auditors, as well as any other reports required to be referred to it under its established Terms of Reference. Through this body the Chief Constable is subject to challenge not only by the Commissioner, but also of the independent members of the JIAC.

The Commissioner and Chief Constable each have a Strategic Risk Register which is been designed to ensure the effective management of strategic risk. Each strategic risk is assigned an owner from the Force's Executive Team or OPCC as appropriate, who has responsibility for the management of controls and the implementation of new controls where necessary. The Force's strategic risks are reported at the Force's Executive Board and reported alongside those of the OPCC at joint Business Meeting on a quarterly basis and is also presented to all meetings of the JIAC.

Developing the Capacity and Capability of Officers of the Force to be Effective

The Commissioner and Chief Constable ensure that they have appropriate personal performance development processes for all staff that underpin and support the performance of the local policing area or department in which they work and their own personal development. Objectives are aligned to the Commissioner's Police and Crime Plan, supported by the Northumbria Police purpose 'Keep people safe and fight crime', and vision 'Deliver an outstanding police service, working with communities to prevent crime and disorder and protect the most vulnerable people from harm' and values which define who and what we are: Determined; Supportive; Passionate, Dynamic; and Proud.

On 8 March 2023 the Force announced the successful delivery of the police officer Uplift target set by the Government for Northumbria Police. As part of the National Police Uplift Programme, forces across the country were given recruitment targets to be achieved from September 2019 to March 2023, with an aim of increasing the number of officers by 20,000. In addition to the national Uplift target the Force took the decision to commit to recruiting additional numbers which took them over and above the target which was set by the Government.

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New officers have entered policing in Northumbria through a number of entry routes including the Police Constable Degree Apprenticeship (PCDA), the Degree Holder Entry Programme (DHEP), the Graduate Detective Programme (GDP) and some existing staff will be following the Initial Police Learning Development Programme (IPLDP) pathway.

Northumbria Police was one of the first Forces to introduce the PCDA entry route in May 2019. This is a three-year degree practical based apprenticeship based on the Policing Education Qualifications Framework (PEQF) national policing curriculum and is delivered in collaboration with Northumbria University.

Many of those additional officers have now completed their training and more of them are well on their way towards becoming fully-fledged officers, serving to protect communities and create additional capacity and capability across many of the Force's operational roles.

The recruitment drive delivered by Northumbria Police received praise in the latest report from His Majesty's Inspectorate of Constabulary and Fire & Rescue Service (HMICFRS), highlighting the Force's successful innovative approach to attracting candidates from under-represented groups.

The Force has embedded a 'Leadership Development Approach' to develop leaders at all levels in leading and developing others, leading change and leading and developing the organisation. This was introduced to develop leaders who are future focussed and have the right skills, behaviours, and personal qualities to successfully lead an empowered and diverse workforce in a new environment. The Force has developed a new learning programme specifically focused on professional development for Sergeants and Inspectors new to role, aimed at helping to boost leadership capability. The course is modular in design and consists of both behavioural and operational elements with input from subject matter experts, covering topics that include:

- How to build an Effective Team
- Effective Feedback
- P&DR
- DE&I
- Problem Solving
- Investigative Standards
- A full day and a half masterclass on people, performance management and wellbeing

Value for Money and Reliable Financial and Performance Statements are Reported and Internal Financial Controls Followed

Financial control involves the existence of a control structure which ensures that all resources are used as efficiently and effectively as possible to attain the Commissioner's and Chief Constable's objectives and targets. Internal financial control systems are in place to minimise the risk of loss, unlawful expenditure or poor value for money, and to maximise the use of those assets and resources over which the Chief Constable has delegated control.

The Internal Audit Service, provided under an agreement with Gateshead Council, is required to objectively examine, evaluate and report upon the adequacy of the control environment as a contribution to the proper, economic, efficient and effective use of the Commissioner and Chief Constable's resources.

This is achieved through the delivery of a risk based annual audit plan which is monitored by the JIAC on a quarterly basis. The Internal Audit Executive also prepares an annual report based on the work

of the Internal Audit Service which provides an independent and objective opinion on the internal control, governance and risk environments of the Commissioner and Chief Constable, based on the work undertaken by the Internal Audit Service throughout 2022/23.

The financial management and performance reporting framework follows national and/or professional best practice, and its key-elements are set out below:

- Financial Regulations establish the principles of financial control. They are designed to ensure that the Commissioner conducts financial affairs in a way which complies with statutory provision and reflects best professional practice. Contract Standing Orders set-out the rules to be followed in respect of contracts for the supply of goods and services.
- A robust system through which the Force manages Finance, People Services, Payroll and Procurement processes is used throughout the Force. This enables systematic control to be applied, particularly in relation to budget management. This ensures that responsibility and accountability for resources rest with those managers who are responsible for service provision. This is underpinned by systematic controls which ensure financial commitments are approved by the relevant manager.
- In accordance with the Prudential Code and best accounting practice, the Commissioner produces a four-year Medium Term Financial Strategy (MTFS) and capital programme. The Chief Constable produces a Medium-Term Financial Plan (MTFP) that informs the MTFS of the Commissioner. These are reviewed on an on-going basis and form the core of resource planning, setting the precept level, the annual revenue budget and capital programme.
- The MTFS includes known commitments, anticipated resource availability and other expenditure items which the Chief Constable has identified as necessary to deliver both national and local policing priorities.
- The annual revenue budget provides an estimate of the annual income and expenditure requirements for the Chief Constable and sets out the financial implications of the Commissioner's policies. It provides the Executive Team with the authority to incur expenditure and a basis on which to monitor and report on financial performance.
- The budget and MTFS approved by the Commissioner for 2022/23 delivered significant additional investment for the Force including:
 - Additional call handlers to improve performance for 999 and 101 services.
 - Extra resources to tackle cyber-crime and serious and organised crime.
 - More civilian investigators to support investigations and free up officers.
 - Workforce investment – supporting our officers to keep them on the beat and tackling crime.
- Monthly financial performance reports are presented to the Executive Board that focus on year-to-date information and forecast outturn enabling officers to establish a clear understanding of financial performance. These are then presented quarterly to the Commissioner through the joint Business Meeting, and these are available on the Commissioner website for wider scrutiny of financial performance by the public. Additional monitoring reports are produced and discussed with budget managers on a regular basis throughout the year.

Review of Effectiveness

The Chief Constable has a responsibility to ensure, at least annually, that an evaluation of the effectiveness of the governance framework, including the system of internal audit and system of internal control is undertaken. This is informed by the internal audit assurance, opinions and reports of our external auditors and other inspection bodies, as well as the work of the CFO and of managers within the Force who have responsibility for the development and maintenance of the governance environment.

For 2022/23, the review process has been led by the Joint Police and Crime Commissioner/Chief Constable Governance Monitoring Group and considered by the JIAC and has taken account of:

- The system of internal Audit
- Senior manager's assurance statements
- Governance arrangements
- Financial Controls - An assessment of the role of the CFO in accordance with best practice
- Views of the external auditor
- HMICFRS and other external inspectorates
- The legal and regulatory framework
- Risk management arrangements
- Performance management and data quality
- Other 'Thematic Assurance'
 - Business Planning
 - Partnership arrangements and governance
 - Information and Communications Technology (ICT) Arrangements
 - Fraud, Corruption and Money Laundering
 - Wellbeing
- CIPFA Financial Management Code self-assessment

Included within the above assurance review is the CIPFA Financial Management Code self-assessment which was first introduced in 2020/21 and became mandatory from 2021/22. The Code is based on a series of principles supported by specific standards which are considered necessary to provide a strong foundation to manage the short, medium, and long-term finances of a public body, manage financial resilience to meet unforeseen demands on services and manage unexpected changes in financial circumstances.

The assessment has been divided into 7 specific sections; each has been assigned a Red, Amber, or Green (RAG) rating in-line with the scale of the improvements required for full compliance. A Red rating indicates that significant improvements are required; an Amber rating indicates that moderate improvements are required; and a Green rating indicates that no improvements or minor

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improvements may be required. The RAG assessment ratings for 2022/23 against each section are noted below:

- The Responsibilities of the Chief Finance Officer and Leadership Team (Green)
- Governance and Financial Management Style (Green)
- Long to Medium Term Financial Management (Green)
- The Annual Budget (Green)
- Stakeholder Engagement and Business Plans (Green)
- Monitoring Financial Performance (Green)
- External Financial Reporting (Green)

The overall conclusion from the self-assessment is Green; however, the Code requires any areas for improvement to be disclosed within an action plan. The results of the self-assessment identified 1 area for improvement, which once implemented will further strengthen the OPCC and Force compliance with the Financial Management Code. This action plan is attached as Appendix A.

From the overall review of effectiveness, no issues were identified as governance issues, which required disclosure within this AGS. For the senior managers' assurance statements, each area of responsibility was assessed using a standard governance questionnaire.

All areas returned compliant to each of the questions, with no non-compliance.

Internal Audit Overall Assessment & Independent Opinion

The assessment by Internal Audit of the Commissioner and Chief Constable's internal control environment and governance arrangements makes up a fundamental element of assurance for the AGS.

There are 27 audits within the 2022/23 audit plan, all of which have been completed. Of the 27 reports, 22 audits concluded that systems and procedures were operating well, and 5 audits concluded that systems and procedures were operating satisfactorily. No audit concluded systems contained a significant weakness.

Based on the evidence arising from internal audit activity during 2022/23, including advice on governance arrangements, the Commissioner and Chief Constable's internal control systems and risk management and governance arrangements are considered to be effective.

As part of the 2022/23 audit plan, approved by the JIAC, the audit of governance was completed. The audit found systems and controls are operating well and no findings were raised.

Actions from the 2021/22 Statement

There was one action identified in the 2021/22 Annual Governance Statement which relates to an outstanding planned activity identified under the CIPFA Financial Management Code self-assessment which is included at Appendix A.

2022/23 Governance Issues

The review has identified no governance issues that need to be included within the 2022/23 Annual Governance Statement as actions.

Conclusion

No system of internal control can provide absolute assurance against material misstatement or loss; this statement is intended to provide reasonable assurance.

However, on the basis of the review of the sources of assurance set out in this statement, the undersigned are satisfied that the Chief Constable of Northumbria Police has in place satisfactory systems of internal control which facilitate the effective exercise of their functions, and which include arrangements for governance, control, and the management of risk.

CIPFA Financial Management Code – Action Plan

The Police and Crime Commissioner for Northumbria must comply with the new CIPFA Financial Management Code 2019. The Code is based on a series of principles supported by specific standards which are considered necessary to provide a strong foundation to manage the short, medium and long-term finances of the OPCC, manage financial resilience to meet unforeseen demands on services and manage unexpected changes in financial circumstances.

A joint self-assessment between the OPCC and Northumbria Police has been undertaken for 2022/23 in-line with guidance issued by CIPFA.

The results of the self-assessment identified 1 area for improvement, which once implemented will further strengthen the OPCC and Force compliance with the Financial Management Code.

Accountable Officer: Joint Chief Finance Officer

Action(s) required to enhance effectiveness	Implementation date
<p><i>The Financial Management Style of the authority supports financial sustainability – Has the authority sought an external view on its financial style, for example through a process of peer review?</i></p> <p>Whilst a peer review is not a requirement for compliance with the FM Code, the Finance Department intends to implement the CIPFA FM model/review during 2023/24. This will enable us to:</p> <ul style="list-style-type: none"> • Review adequacy of financial management capability and support to both organisations. • Develop and put in place a target-driven plan to strengthen financial management. 	<p>March 2024</p>

SIGNED

Chief Constable

SIGNED

Deputy Chief Constable

SIGNED

Chief Finance Officer

Date

Annual Governance Statement

(Police and Crime Commissioner for Northumbria Statements of Account 2022/23)

The Accounts and Audit Regulations 2015 require an Annual Governance Statement (AGS) to be published along with the annual Statements of Account and a narrative statement that sets out financial performance and economy, efficiency, and effectiveness in its use of resources.

This statement is prepared in accordance with the Chartered Institute of Public Finance and Accountancy (CIPFA)/Society of Local Authority Chief Executives (SOLACE) *'Good Governance: Framework'* (2016) and explains how the Commissioner for Northumbria has complied with this framework and meets the statutory requirements of regulations. It also continues to take into account the introduction of the CIPFA Financial Management Code 2019 (FM Code).

Scope of Responsibility

The Police Reform and Social Responsibility (PRSR) Act 2011 sets out the accountability and governance arrangements for policing and crime matters. The Act establishes both the Police and Crime Commissioner (the 'Commissioner') and the Chief Constable as the *'Corporation Sole'* for their respective organisations. This means each is a separate legal entity, though the Chief Constable is accountable to the Commissioner. Both the Commissioner and Chief Constable are subject to the Accounts and Audit Regulations 2015; as such, both must prepare their Statements of Account in accordance with the CIPFA Code of Practice on Local Authority Accounting, and both must publish their individual AGS.

This statement covers the Commissioner's own office and the group position of the Commissioner and the Chief Constable. The Commissioner and Chief Constable share most core systems of control including: the finance systems, internal policies and processes, the Chief Finance Officer (CFO), internal audit and a Joint Independent Audit Committee (JIAC). Under the Commissioner's Governance Framework, most of the staff, officers and systems deployed in the systems of internal control are under the direction and control of the Chief Constable. The Commissioner has oversight and scrutiny of the Chief Constable's delivery including governance, risk management and systems of internal control.

The Chief Constable is responsible for the direction and control of the Force. In discharging this function, the Chief Constable is accountable to the Commissioner in ensuring their business is conducted in accordance with the law and proper standards, and that public money is safeguarded, properly accounted for, and used economically, efficiently, and effectively.

The Commissioner therefore places reliance and requirement on the Chief Constable to deliver and support the governance and risk management processes and the framework described in this statement.

The Chief Constable is also responsible for putting in place proper arrangements for the governance of the Force and ensuring that these arrangements comply with the Commissioner's Governance Framework. In so doing the Chief Constable is ensuring a sound system of internal control is maintained throughout the year, and that appropriate arrangements are in place for the management of risk.

The Chief Constable and Commissioner have adopted corporate governance principles which are consistent with the principles of the CIPFA/SOLACE *'Good Governance: Framework'*.

The PRSR Act 2011 requires the Commissioner and Chief Constable to each appoint a Chief Finance Officer with defined responsibilities and powers. The CIPFA Statement on the Role of the CFO appointed by the Commissioner, and the CFO appointed by the Chief Constable, gives detailed advice on how to apply CIPFA's overarching Public Services Statement. The revised 2014 Statement states:

“That both the PCC and Chief Constable appoint separate CFOs, where under existing arrangements a joint CFO has been appointed the reasons should be explained publicly in the authority's AGS, together with an explanation of how this arrangement delivers the same impact.”

The Commissioner and Chief Constable have a Joint CFO for 2022/23 and consider that a joint CFO role provides both the Commissioner and Chief Constable with a single efficient, effective and economic financial management lead. The controls remain that there is an expectation that the CFO should advise the Commissioner and Chief Constable of any conflict of interest that should arise in the joint role, especially with section 151 responsibilities; and, the CFO acts in accordance with the requirements, standards and controls as set out in the CIPFA Statement on the Role of the Chief Financial Officer of the Commissioner and the Chief Finance Officer of the Chief Constable (the CIPFA Statement).

As part of the AGS assurance review, an annual assessment to the latest CIPFA Statement (2014) is carried out by the joint CFO and has been reviewed by the JIAC for 2022/23. It confirms that the role is complying with the requirements of the Statement. The Commissioner and the Chief Constable are also satisfied that the role is working efficiently, that the responsibilities set out in the Scheme of Governance are being completed effectively, and that potential conflicts are subject to continuous review. There are no issues of conflict to report.

The Governance Framework

The governance framework in place throughout the 2022/23 financial year covers the period from 1 April 2022 to 31 March 2023 and any issues which arise up to the date of approval of the annual Statements of Account.

The framework is known as the Commissioner's Scheme of Governance and it comprises the systems, processes, culture and values by which the Commissioner operates. It enables the Commissioner to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate and cost-effective services which provide value for money, which is a duty under the Local Government Act 1999.

The overall system of internal control is a significant part of that framework and is designed to manage risk to a reasonable and foreseeable level. It cannot, however, eliminate all risk of failure to achieve aims and objectives and therefore only provides reasonable and not absolute assurance of effectiveness. The system of internal control is an on-going process designed to identify and prioritise the risks to achieving the Commissioner's and Chief Constable's aims and objectives, evaluate the likelihood and impact of those risks being realised and manage them effectively, efficiently, and economically.

A copy of the Governance Framework is available on the OPCC website.

Although the Chief Constable is responsible for operational policing matters, direction of police personnel and making proper arrangements for the governance of the Force, the Commissioner is required to hold the post holder to account for the exercise of those functions. The Commissioner must therefore satisfy herself that the Force has appropriate mechanisms in place for the maintenance of good governance and that these operate in practice.

This statement provides a summary of the extent to which the Chief Constable is supporting the aspirations set out in the Commissioner's Governance Framework. It is informed by internal assurances on the achievements of the principles set out in the CIPFA/SOLACE Framework (Delivering Good Governance in Local Government - Guidance Notes for Police Authorities 2016 Edition), for those areas where the Chief Constable has responsibility. It is also informed by on-going internal and external audit and inspection opinions.

The Commissioner's six principles of good governance are:

1. Focusing on the purpose of the Commissioner, on the outcomes for the community and creating and implementing a vision for the local area.
2. Ensuring the Commissioner, officers of the Commissioner and partners work together to achieve a common purpose with clearly defined functions and roles.
3. Good conduct and behaviour.
4. Taking informed and transparent decisions which are subject to effective scrutiny and risk management.
5. Developing the capacity and capability of the Commissioner and officers to the Commissioner to be effective.
6. Engaging with local people and other stakeholders to ensure robust public accountability.

Focusing on the Purpose of the Force and on Outcomes for the Community, and Creating and Implementing a Vision for the Local Area

The Commissioner has a Police and Crime Plan, Fighting Poverty, Fighting Crime for the period 2022 to 2025. The plan was refreshed following consultation with local people about their views of policing and community safety and sets out the police and crime priorities for the area. The consultation showed clear areas of concern from the public. There was widespread support for renewed emphasis on targeting criminals and those who commit anti-social behaviour. The public also gave strong backing to a preventative approach to fighting crime, endorsing the PCCs view that diversionary activity and targeted interventions are key to keeping out of crime. Alongside this there was widespread support from partner agencies for a continued focus on tackling domestic abuse and supporting victims of sexual violence. This consultation therefore endorsed the findings of earlier consultation exercises whilst adding for the first time concerns over the need for safer public transport and also an acknowledgment from the public that there is a need to invest in key areas and sectors to prevent crime. The plan now also reflects the impact of poverty on crime.

- **Fighting Crime:**
 - Anti-social behaviour
 - Reducing crime
- **Preventing Crime:**
 - Preventing violent crime and reducing reoffending
 - Neighbourhood policing and Safety on Public Transport

- **Improving Lives:**
 - Support for victims
 - Tackling domestic abuse and sexual violence

The Plan also aims to support national policing priorities as set out in the Strategic Policing Requirement.

Delivery of the Police and Crime Plan is through partnership working between the OPCC and the Chief Constable. The Force's Strategic Management Board (Performance), chaired by the Deputy Chief Constable, is the Force's primary meeting to drive and manage performance and delivery of the Police and Crime Plan. This Board is underpinned by a number of Delivery, Standards and Assurance boards. The Commissioner scrutinises progress, along with performance, and holds the Chief Constable and his Executive Team to account at a monthly Scrutiny meeting. Performance is also monitored within the OPCC by the Violence Reduction Unit (VRU) management board and the OPCC management team.

Regular joint Business Meetings manage progress on specific business issues. At both these meetings the Commissioner and Chief Constable challenge performance where there are concerns, seek further information and analysis to understand where changes should be made, and/or direction given, to improve service delivery. A quarterly update on the financial position is presented by the joint Chief Finance Officer.

The performance management framework supports delivery of the plan and is refreshed annually to ensure it focuses on emerging priority area needs and, in particular, the needs of victims of crime and the vulnerable within our communities. Performance thresholds support this monitoring and scrutiny process.

The Commissioner and the Chief Constable will ensure that the resources available to Northumbria Police are used in the most effective manner that meet the needs of local communities. Funding remains a pressure, the Commissioner and Chief Constable continue to lobby the Government to ensure a fair and appropriate funding formula. Every effort is made to access additional funding to support service delivery; this includes specific grants made available by the Home Office and Ministry of Justice.

His Majesty's Inspectorate of Constabulary and Fire and Rescue Services (HMICFRS) carry out a programme of inspections, including thematic reports and a regular PEEL Assessment (Effectiveness, Efficiency and, Legitimacy and Leadership). Forces are assessed on their effectiveness, efficiency and legitimacy based on inspection findings, analysis and His Majesty's Inspectors' (HMIs) professional judgment across the year.

The latest HMICFRS inspection report for Northumbria Police 'PEEL 2021/22 Police effectiveness, efficiency and legitimacy' was published in September 2022. The inspection assessed how good Northumbria Police is in 10 areas of policing and graded judgments were made in nine of these. These are outlined below.

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

Eight areas for improvement were assigned to the Force.

All HMICFRS inspection and investigation reports and other external inspection and audit reports are considered by the Force Chief Officer Team. A lead is appointed to consider inspection findings and identify actions in response to any recommendations and areas for improvement. The Force position is reported to the Police and Crime Commissioner at the joint Business Meeting, to inform any statutory response to inspection activity required under section 55 of the Police Act 1996. Delivery is overseen by the relevant Chief Officer lead, with further oversight at the bi-monthly Strategic Management Board – Business and scrutiny at the Executive Board. Progress is reported and monitored at the Scrutiny Meeting of the OPCC and reported to the Joint Independent Audit Committee. There were no risks to delivery identified during the year, for any of the recommendations or areas for improvement reported by HMICFRS.

Ensuring the Police Force and Partners Work Together to Achieve a Common Purpose with Clearly Defined Functions and Roles

The Commissioner's Governance Framework sets out the roles of both the Chief Constable and Commissioner; they are clearly defined and demonstrate how they work together to ensure effective governance and internal control.

The Commissioner works closely with all six local authorities in the Force area and North of Tyne Elected Mayor and understands the policing needs in each area from our city centres to the rural communities. Northumbria Police work with a range of partners and are represented on partnerships that focus on policing and crime including Community Safety Partnerships. They are also members of local children's and adult safeguarding boards that work to ensure the safety and wellbeing of vulnerable children and adults in the Force area. The Commissioner has developed a Violence Reduction Unit which takes a public health approach to tackling serious violence working with a range of partners.

The Commissioner is the Chair of the Local Criminal Justice Board, working with partners to deliver an effective and efficient local criminal justice system. Providing the best support possible for victims and witnesses and bringing offenders to justice and addressing the causes of their offending and reducing reoffending.

A Service Level Agreement between the Commissioner and the Chief Constable exists. This agreement identifies the services that will be shared in order to best fulfil the duties and responsibilities of each in an efficient and effective way.

Where collaboration between Forces is in place governance arrangements are set out in formal collaboration agreements and these are published on the OPCC website. Section 22a of the Police Act 1996 (which itself comes from section 5 the Policing and Crime Act 2009) places on the Commissioner and the Chief Constable a duty to publish copies of collaboration agreements to which they are party.

Promoting Values of Good Governance through Upholding High Standards of Conduct and Behaviour

The Office of the Commissioner has a comprehensive website ([Northumbria PCC](#)) that includes:

- Information about the Commissioner and office, required by the Specified information Order 2011 (and subsequent amendments).
- Code of Conduct based on the Seven Principles of Public Life published by the Nolan Committee, signed by the Commissioner.
- The Commissioner's disclosure of interest document which is updated annually.
- An 'Ethical Checklist' signed by the Commissioner committing to standards required by the Committee for Standards in Public in Life.
- A register of the Commissioner's and the OPCC gifts, hospitality and business expenses.

In accordance with the Elected Local Policing Bodies (Complaints and Misconduct) Regulations 2012, the Police and Crime Panel (the 'Panel') make provision regarding the Panel's powers and duties in regard to complaints made about the conduct of the Commissioner. A procedure for dealing with complaints against the Commissioner was approved by panel members in February 2013, appointing the Chief Executive (now Chief of Staff) of the Office of the Commissioner as the Monitoring Officer. A quarterly report is provided to the Panel by the Monitoring Officer; since November 2012 there have been no complaints against the Commissioner that have been upheld.

The Commissioner is responsible for scrutinising the work of Northumbria Police in relation to complaints and conduct matters, as well as complying with the requirements of the Independent Office of Police Complaints. Professional Standards Department (PSD) provides a report to the Scrutiny Meeting on a quarterly basis outlining information including the volume and nature of complaints, appeal rates and other current issues.

The Commissioner is responsible for ensuring proper and effective investigation into complaints against the Chief Constable, while the Chief Constable is responsible for ensuring proper and effective investigation of complaints against all other officers and staff employed by Northumbria Police.

Following changes to legislation on the 1st February 2020, the PCC is now responsible for appeals in relation to complaints, complainants who are not satisfied with how their complaint has been handled by Northumbria Police can request a review, through the OPCC, the appeal determines if the complaint has been handled in a reasonable and proportionate manner together with an update on how the Force learn from complaints to further improve service delivery

Taking Informed and Transparent Decisions Which are Subject to Effective Scrutiny and Risk Management

The core purpose of good governance in public services is to ensure public bodies take informed, transparent decisions and manage risk; the Commissioner has a Decision Making and Recording Policy that supports these principles. All key decisions that have significant public interest regarding policing, crime and community safety in Northumbria along with those about the estate of Northumbria Police are published on the OPCC website. This ensures trust and confidence in Northumbria Police.

The Police and Crime Panel (the 'Panel') oversee the work of, and support, the Commissioner in the effective exercise of functions. The Panel is comprised of twelve local authority councillors, two from each of the six authorities in the Northumbria policing area, and two independent members. A relationship protocol between the Commissioner, Chief Constable and the Panel is in place, and this

sets out the mutual expectations and responsibilities needed to promote and enhance local policing through effective working relationships of all parties.

The Joint Independent Audit Committee (JIAC) of the Commissioner and Chief Constable has 5 independent members who are appointees from within the Force area. The JIAC monitors internal control, risk and governance issues relating to both the OPCC and Force. This JIAC receives reports of both the internal and external auditors, as well as any other reports required to be referred to it under its established Terms of Reference. Minutes of the JIAC meetings are published on the Commissioners website. The Chair of the JIAC also provides annual assurance that the Committee have fulfilled their duties under the Terms of Reference.

The Commissioner and Chief Constable each have a Strategic Risk Register which is been designed to ensure the effective management of strategic risk. In both registers the Each strategic risk is assigned an owner from the Force's Executive Team or OPCC as appropriate, who has responsibility for the management of controls and the implementation of new controls where necessary. The register is reported at the Force's Executive Board and managed by the joint Business Meeting on a quarterly basis and is also presented to all meetings of the JIAC.

Developing the Capacity and Capability of Officers of the Force to be Effective

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On 8 March 2023 the Force announced the successful delivery of the police officer Uplift target set by the Government for Northumbria Police. As part of the National Police Uplift Programme, forces across the country were given recruitment targets to be achieved from September 2019 to March 2023, with an aim of increasing the number of officers by 20,000. In addition to the national Uplift target the Force took the bold decision to commit to recruiting additional numbers which took them over and above the target which was set by the Government.

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Many of those additional officers have now completed their training and more of them are well on their way towards becoming fully-fledged officers, serving to protect communities and create additional capacity and capability across many of the Force's operational roles.

The recruitment drive delivered by Northumbria Police received praise in the latest report from His Majesty's Inspectorate of Constabulary and Fire & Rescue Service (HMICFRS), highlighting the Force's successful innovative approach to attracting candidates from under-represented groups.

The Force has embedded a 'Leadership Development Approach' to develop leaders at all levels in leading and developing others, leading change and leading and developing the organisation. This was introduced to develop leaders who are future focussed and have the right skills, behaviours and personal qualities to successfully lead an empowered and diverse workforce in a new environment. The Force has developed a new learning programme specifically focused on professional development

for Sergeants and Inspectors new to role, aimed at helping to boost leadership capability. The course is modular in design and consists of both behavioural and operational elements with input from subject matter experts, covering topics that include:

- How to build an Effective Team
- Effective Feedback
- P&DR
- DE&I
- Problem Solving
- Investigative Standards
- A full day and a half masterclass on people, performance management and wellbeing

Engaging with local people and other stakeholders to ensure robust public accountability

The Commissioner has operated a comprehensive engagement programme during 2022/23 with local, regional, and national representation and engagement via the press and through active social media channels and advisory groups that represent local communities and groups. The Commissioner has also visited a range of community and voluntary sector organisations that work within our communities to support vulnerable people and those with protected characteristics. Through these engagement channels, the Commissioner can ensure that the service provided reflects the changing needs of local communities,

The Commissioner has consulted with community and partner agencies across the following issues:

- Local Neighbourhood Surveys
- Development of a Violence against Women and Girls Strategy.
- Development of Safer Streets Projects - Women's Safety in Public Places and Safety on Public transport
- Impact of the cost of living
- Precept
- Police and Crime Plan

In respect of Victim Services, consultation with service providers, the public and our Victim and Witness Service Improvement Board informed our commissioning priorities. Additional priorities were identified around support for victims of serious violence and stalking harassment. Additional specialist services have been commissioned for these two priorities along with those already commissioned for our existing priorities:

- Young victims of crime.
- Victims of hate crime.
- Victims with mental health needs.
- Victims with other vulnerabilities.
- Victims of domestic abuse.
- Victims of sexual assault and abuse

An annual report provides an overview of the Commissioner's activity over the year and is published on the Commissioners website.

Value for Money and Reliable Financial and Performance Statements Are Reported and Internal Financial Controls Followed

Financial control involves the existence of a control structure which ensures that all resources are used as efficiently and effectively as possible to attain the Chief Constable's and Commissioner's overall objectives and targets. Internal financial control systems are in place to minimise the risk of loss, unlawful expenditure or poor value for money, and to maximise the use of those assets and resources.

The Internal Audit Service, provided under an agreement with Gateshead Council, is required to objectively examine, evaluate and report upon the adequacy of the control environment as a contribution to the proper, economic, efficient and effective use of the Commissioner and Chief Constable's resources.

This is achieved through the delivery of a risk based annual audit plan which is monitored by the JIAC at each meeting. The Internal Audit Executive also prepares an annual report based on the work of the Internal Audit Service which provides an independent and objective opinion on the internal control, governance and risk environments of the Commissioner and Chief Constable based on the work undertaken by the Internal Audit Service throughout 2022/23.

The financial management and performance reporting framework follows national and/or professional best practice and its key elements are set out below:

- Financial Regulations establish the principles of financial control. They are designed to ensure that the Commissioner conducts financial affairs in a way which complies with statutory provision and reflects best professional practice. Contract Standing Orders set-out the rules to be followed in respect of contracts for the supply of goods and services.
- Responsibility and accountability for resources rest with managers who are responsible for service provision.
- The Commissioner has adopted the CIPFA Code of Practice on Treasury Management requiring the Commissioner to consider, approve and publish an annual treasury management strategy including an annual investment strategy.
- In accordance with the Prudential Code and proper accounting practice, each year the Commissioner produces a four year Medium Term Financial Strategy (MTFS), Capital Strategy and a Reserves Strategy Statement. These are reviewed on an on-going basis and form the core of resource planning, setting the precept level, the annual revenue budget, use of reserves and capital programme.
- The annual revenue budget provides an estimate of the annual income and expenditure requirements for the OPCC and the Chief Constable. It provides the authority to incur expenditure and the basis to manage financial performance throughout the year.
- Capital expenditure is an important element in the development of the Commissioner's service since it represents major investment in new and improved assets. The Commissioner approves a four-year capital programme each year with the MTFS and monitors its implementation and funding closely at management meetings.
- The Commissioner approved a balanced budget for 2022/23. The police settlement issued by the government for 2022/23 assumed that each PCC would increase the precept by the maximum of £10.00 per year for a Band D property. The Commissioner approved an increase of £10.00 per year for a Band D property, but for the majority of residents in Northumbria,

those in a Band A property, the actual increase was only £6.67 per year. However, the Northumbria Council Tax Precept remains by far the lowest of policing bodies in England and Wales.

- The additional income generated by the precept increase for 2022/23 was £4.0m and was used to provide investment in:
 - Additional call handlers to improve performance for 999 and 101 services.
 - Extra resources to tackle cyber-crime and serious and organised crime.
 - More civilian investigators to support investigations and free up officers.
 - Workforce investment – supporting our officers to keep them on the beat and tackling crime.
- Financial performance reports are presented to each of the Commissioner and Chief Constable on a monthly basis. A combined Group financial monitoring report is presented to the Commissioner and Chief Constable's joint Business Meeting on a quarterly basis and published for wider scrutiny of financial performance by the public. The quarterly reports are published as key decisions on the OPCC website.
- Performance reports are presented and discussed with the Commissioner regularly.

Review of Effectiveness

The Commissioner has a responsibility to ensure, at least annually, that an evaluation of the effectiveness of the governance framework, including the system of internal audit and system of internal control is undertaken. This is informed by the internal audit assurance, information gathered from the Commissioner and Chief Constable's senior management, external audit opinions and reviews conducted by other agencies and inspectorates.

For 2022/23 the review process has been led by the Commissioner and Chief Constable's Joint Governance Monitoring Group and considered by the JIAC and has taken account of:

- The system of internal Audit
- Senior manager's assurance statements
- Governance arrangements
- Financial Controls - An assessment of the role of the CFO in accordance with best practice
- Views of the external auditor
- HMICFRS and other external inspectorates
- The legal and regulatory framework
- Risk management arrangements
- Performance management and data quality
- Other 'Thematic Assurance'
 - Business Planning
 - Partnership arrangements and governance
 - Information and Communications Technology (ICT) Arrangements

- Fraud, Corruption and Money Laundering
- Wellbeing
- CIPFA Financial Management Code self-assessment

Included within the above assurance review is the CIPFA Financial Management Code self-assessment which was first introduced in 2020/21 and became mandatory from 2021/22. The Code is based on a series of principles supported by specific standards which are considered necessary to provide a strong foundation to manage the short, medium, and long-term finances of a public body, manage financial resilience to meet unforeseen demands on services and manage unexpected changes in financial circumstances.

The assessment has been divided into 7 specific sections; each has been assigned a Red, Amber, or Green (RAG) rating in-line with the scale of the improvements required for full compliance. A Red rating indicates that significant improvements are required; an Amber rating indicates that moderate improvements are required; and a Green rating indicates that no improvements or minor improvements may be required. The RAG assessment ratings against each section are noted below:

The Responsibilities of the Chief Finance Officer and Leadership Team	(Green)
Governance and Financial Management Style	(Green)
Long to Medium Term Financial Management	(Green)
The Annual Budget	(Green)
Stakeholder Engagement and Business Plans	(Green)
Monitoring Financial Performance	(Green)
External Financial Reporting	(Green)

The overall conclusion from the self-assessment is Green; however, the Code requires any areas for improvement to be disclosed within an action plan. The results of the self-assessment identified one area for improvement, which once implemented will further strengthen the OPCC and Force compliance with the Financial Management Code. This action plan is attached as Appendix A.

From the overall review of effectiveness, no issues were identified as governance issues, which required disclosure within this AGS. For the senior manager's assurance statements, each area of responsibility was assessed using a standard governance questionnaire.

All areas returned compliant to each of the questions, with no non-compliance.

Internal Audit Overall Assessment & Independent Opinion

The assessment by Internal Audit of the Commissioner and Chief Constable's internal control environment and governance arrangements makes up a fundamental element of assurance for the AGS.

There are 27 audits within the 2022/23 audit plan, all of which have been completed. Of the 27 reports, 22 audits concluded that systems and procedures were operating well, and 5 audits concluded that systems and procedures were operating satisfactorily. No audit concluded systems contained a significant weakness.

Based on the evidence arising from internal audit activity during 2022/23, including advice on governance arrangements, the Commissioner and Chief Constable's internal control systems and risk management and governance arrangements are considered to be effective.

As part of the 2022/23 audit plan, approved by the JIAC, the audit of governance was completed. The audit found systems and controls are operating well and no findings were raised.

Actions from the 2021/22 Statement

There was one action identified in the 2021/22 Annual Governance Statement which relates to an outstanding planned activity identified under the CIPFA Financial Management Code self-assessment which is included at Appendix A.

2022/23 Governance Issues

The review has identified no governance issues that need to be included within the 2022/23 Annual Governance Statement as actions.

Conclusion

No system of internal control can provide absolute assurance against material misstatement or loss; this statement is intended to provide reasonable assurance.

However, on the basis of the review of the sources of assurance set out in this statement, the undersigned are satisfied that the Commissioner for Northumbria has in place satisfactory systems of internal control which facilitate the effective exercise of their functions, and which include arrangements for governance, control and the management of risk.

CIPFA Financial Management Code – Action Plan

The Police and Crime Commissioner for Northumbria must comply with the new CIPFA Financial Management Code 2019. The Code is based on a series of principles supported by specific standards which are considered necessary to provide a strong foundation to manage the short, medium and long-term finances of the OPCC, manage financial resilience to meet unforeseen demands on services and manage unexpected changes in financial circumstances.

A joint self-assessment between the OPCC and Northumbria Police has been undertaken for 2022/23 in-line with guidance issued by CIPFA.

The results of the self-assessment identified 1 area for improvement, which once implemented will further strengthen the OPCC and Force compliance with the Financial Management Code.

Accountable Officer: Joint Chief Finance Officer

Action(s) required to enhance effectiveness	Implementation date
<p><i>The Financial Management Style of the authority supports financial sustainability – Has the authority sought an external view on its financial style, for example through a process of peer review?</i></p> <p>Whilst a peer review is not a requirement for compliance with the FM Code, the Finance Department intends to implement the CIPFA FM model/review during 2023/24. This will enable:</p> <ul style="list-style-type: none"> • Review adequacy of financial management capability and support to both organisations. • Develop and put in place a target-driven plan to strengthen financial management. 	<p>March 2024</p>

SIGNED

Police and Crime Commissioner

SIGNED

Chief of Staff

SIGNED

Chief Finance Officer

Date

JOINT INDEPENDENT AUDIT COMMITTEE	20 NOVEMBER 2023
TREASURY MANAGEMENT MID-YEAR REPORT 2023/24	
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 2023, 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 £2.927m for the year which is £0.395m 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 2023/24 and reduced spending against the capital programme and revenue budget.
 - Higher than budgeted Bank Rate has positively impacted on investment interest following a succession of Bank rate rises leading to a rate of 5.25% as at 30 September 2023.
 - Investment interest is forecast at £1.400m, an increase of £0.350m 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 2023

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 2023.

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 2023/24 to 2026/27.
- 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 2023 was £76.969m, which was within the operational borrowing limit of £155.000m. This borrowing is made up of £71.969m 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 entered into £20.000m short-term borrowing, which was fully repaid when the Pension top-up grant of £75.318m was received from the Home Office in July. There was also no temporary borrowing carried over from 2022/23.
- 3.3 Repayment of one PWLB loan for £5.000m was due on the 2 May. Due to the underspend on the capital programme in 2022/23 and the re-phasing of capital expenditure in 2023/24, refinancing of that loan was not required. Due to increased cash balances and the use of internal borrowing to avoid the current higher borrowing interest rates there are no further plans for any new PWLB borrowing this financial year.
- 3.4 As at 30 September 2023 the Treasury Management budget for interest on borrowing is forecast to underspend by £0.395m.

Borrowing Interest 2023/24	Budget £000	Forecast £000	Variance £000
PWLB	2,331	2,331	-
Market Loans (Long-term)	176	176	-
Market Loans (Short-term)	815	420	(395)
Total	3,322	2,927	(395)

- 3.5 The PWLB and Long-term loan interest forecast is as per budget. 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 £0.300m to cover any additional cash flow requirements arising between now and the year-end.

4 Investment Performance

- 4.1 The latest projection of investment income for 2023/24 is £1.400m. This represents increased income of £0.350m when compared to the budget of £1.050m. This increase has resulted from higher interest rates achieved following a succession of Bank Rate rises leading to a rate of 5.25% in September. These are higher than the original budgeted rates for the year of 4.25%, rising to 4.50% in June falling back to 4.00% in February 2024. The reduced spending against the capital programme and increased reserve balances for 2023/24 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 2023/24 financial year. The average budgeted rate for the year was 4.4166%.
- 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 3 Bank Rate rises since May 2023 up to September 2023. The average rate of return achieved as at 30 September 2023 is 5.2485% which is 0.8319% higher than the budgeted rate of 4.4166%.
- 4.4 As a means of benchmarking, the average rate of return for the month and year to date is compared to the equivalent SONIA (Sterling Overnight Index Average), as administered by the Bank of England. 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 2023 is 5.3890% and this exceeds the 30-day backward SONIA rate of 5.1951%. The Commissioner's average rate of return of 5.2485% is also in excess of the 30-day backward SONIA rate of 4.6447%.

- 4.5 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 2023, the Commissioner achieved a weighted average rate of return of 4.7900% on investments. This was above the risk adjusted expectations as defined in the benchmarking report of between 4.2600% and 4.6100%. The next Investment Benchmarking report covering the position as at 30 September 2023 is due mid-November 2023.
- 4.6 The most recent Link Group forecast for Bank Rate covers the period up to December 2026 and the view that the current rate of 5.25% will remain this financial year before gradually falling back to 2.75% between September 2024 to December 2025.

Bank Rate %	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25	Jun-25	Sep-25	Dec-25	Mar-26	Jun-26	Sep-26	Dec-26
	5.25	5.25	5.25	5.00	4.50	4.00	3.50	3.00	2.75	2.75	2.75	2.75	2.75

- 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 2023/24 is an under spend of £1.045m against the budget.

Budget Position 2023/24	Budget £000	Forecast £000	Variance £000
Borrowing Interest	3,322	2,927	(395)
Investment Interest	(1,050)	(1,400)	(350)
Total	2,272	1,527	(745)

- 5.2 The underspend in borrowing costs of £0.395m reflects a lower borrowing requirement for the year due to increased reserve balances for 2023/24 and reduced spending against the capital programme. Actual temporary borrowing costs in 2023/24 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 £1.400m, an increase of £0.350m against the budget set for the year. This is largely due to the successive increases in bank rate that have occurred to date which are above the original budgeted rates. The increase in reserve balances for 2023/24 and underspends on revenue and capital budgets 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 2023 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 2023

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	33.66
479687	3,663,710.14	17/07/1997	05/07/2057	7.000	33.79
479976	454,300.06	06/10/1997	05/09/2057	6.625	33.96
479977	696,104.92	06/10/1997	05/09/2057	6.625	33.96
480186	659,467.82	22/10/1997	05/09/2057	6.500	33.96
480880	1,831,855.07	23/04/1998	23/04/2058	5.625	34.59
496086	5,000,000.00	13/10/2009	05/09/2024	3.910	0.93
497288	5,000,000.00	25/05/2010	23/04/2060	4.290	36.59
503622	5,000,000.00	09/01/2015	09/01/2050	3.160	26.30
503623	5,000,000.00	09/01/2015	09/01/2030	2.790	6.28
505904	5,000,000.00	22/03/2017	22/03/2067	2.460	43.50
505920	5,000,000.00	27/03/2017	27/03/2066	2.370	42.52
506307	5,000,000.00	31/08/2017	31/08/2065	2.300	41.95
507097	5,000,000.00	22/03/2018	22/09/2064	2.330	41.01
507986	2,000,000.00	02/11/2018	02/05/2028	2.180	4.59
507987	2,000,000.00	02/11/2018	02/11/2068	2.550	45.12
508203	3,500,000.00	12/12/2018	12/06/2028	1.980	4.70
508204	3,500,000.00	12/12/2018	12/06/2063	2.430	39.73
508961	5,000,000.00	26/03/2019	26/03/2029	1.860	5.49
117885	5,000,000.00	01/10/2019	01/10/2027	1.170	4.01
Total	71,969,148.15				

Market Loans

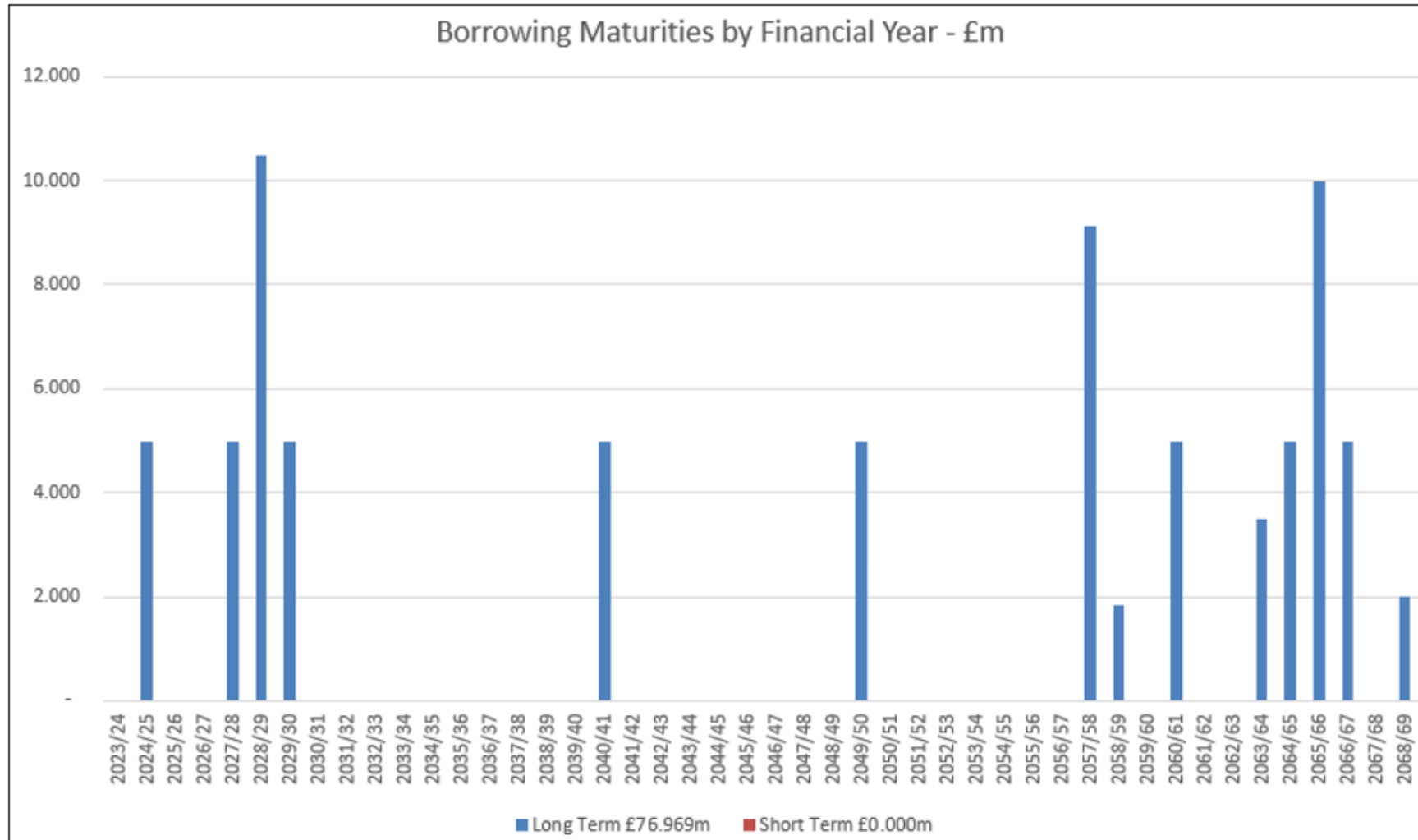
Lender	Principal £	Start Date	Maturity Date	Rate %	Years to Maturity
Barclays	5,000,000.00	01/06/2010	01/06/2040	3.52	17.68
Total	5,000,000.00				

Total Borrowing

Lender	Principal £
PWLB	71,969,148.15
Market Loans	5,000,000.00
Total	76,969,148.15

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 25 September 2023 (PWLB rates are certainty rates, gilt yields plus 80bps):

'We now expect the MPC will keep Bank Rate at 5.25% during the second half of 2023 and the first half of 2024 to combat on-going inflationary and wage pressures. We do not think that the MPC will increase Bank Rate above 5.25%, but it is possible.'

Link Group Interest Rate View	25.09.23													
	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25	Jun-25	Sep-25	Dec-25	Mar-26	Jun-26	Sep-26	Dec-26	
BANK RATE	5.25	5.25	5.25	5.00	4.50	4.00	3.50	3.00	2.75	2.75	2.75	2.75	2.75	
3 month ave earnings	5.30	5.30	5.30	5.00	4.50	4.00	3.50	3.00	2.80	2.80	2.80	2.80	2.80	
6 month ave earnings	5.60	5.50	5.40	5.10	4.60	4.10	3.60	3.10	2.90	2.90	2.90	2.90	2.90	
12 month ave earnings	5.80	5.70	5.50	5.20	4.70	4.20	3.70	3.20	3.00	3.00	3.00	3.00	3.00	
5 yr PWLB	5.10	5.00	4.90	4.70	4.40	4.20	4.00	3.90	3.70	3.70	3.60	3.60	3.50	
10 yr PWLB	5.00	4.90	4.80	4.60	4.40	4.20	4.00	3.80	3.70	3.60	3.60	3.50	3.50	
25 yr PWLB	5.40	5.20	5.10	4.90	4.70	4.40	4.30	4.10	4.00	3.90	3.80	3.80	3.80	
50 yr PWLB	5.20	5.00	4.90	4.70	4.50	4.20	4.10	3.90	3.80	3.70	3.60	3.60	3.60	

Link Group overview of the future path of Bank Rate:

- Our central forecast for interest rates was previously updated on 26 June and reflected a view that the MPC would be keen to further demonstrate its anti-inflation credentials by delivering a succession of rate increases. Since then, rates have indeed increased to 5.25% but with data suggesting inflation is dipping, albeit slowly, and that the economy is heading for a shallow recession, further monetary policy tightening above 5.25% is not required, at least for now.
- Accordingly, although we anticipate rates staying on hold for the best part of a year, we also still anticipate the Bank of England will be keen to loosen monetary policy when the worst of the inflationary pressures are behind us – but timing on this will remain 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.
- 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 also international factors such as policy development in the US and Europe, the provision of fresh support packages to support the faltering recovery in China as well as the on-going conflict between Russia and Ukraine.
- On the positive side, consumers are still estimated to be sitting on some excess savings left over from the pandemic, which could cushion some of the impact of the above challenges and may be the reason why the economy is performing somewhat better at this stage of the economic cycle than may have been expected. However, most of those excess savings 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

- Gilt yield curve movements have narrowed, with the short part of the curve seeing yields fall through recent weeks whilst the longer-end continues to reflect inflation concerns. At the time of writing there is <30 basis points difference between the 5 and 50 year parts of the curve.

Prudential Indicators

Authorised Limit for External Debt			
	2023/24 Reported Indicator £000	2023/24 Position at 30 Sep £000	2023/24 Max YTD £000
Borrowing	175,000	76,969	96,969
Other Long Term Liabilities	0	0	0
Total	175,000	76,969	96,969
No breach of the Authorised Limit			

Operational Boundary for External Debt			
	2023/24 Reported Indicator £000	2023/24 Position at 30 Sep £000	2023/24 Max YTD £000
Borrowing	155,000	76,969	96,969
Other Long Term Liabilities	0	0	0
Total	155,000	76,969	96,969
No breach of the Operational Boundary			

Upper / Lower Limits for Maturity Structure of Fixed Rate Borrowing				
Maturity	2023/24 Reported Indicator		2023/24 Position at 30 Sep 2023	
	Upper Limit	Lower Limit	Actual Percentage	Maximum YTD
< 1 year	60%	0%	6.50%	20.63%
1 - 2 years	40%	0%	0.00%	6.50%
2 - 5 years	40%	0%	13.64%	13.64%
5 - 10 years	40%	0%	12.99%	18.91%
> 10 years	80%	0%	66.87%	66.87%
All borrowing is within the limits set for the year				

Upper Limit on principal amounts invested beyond 365 days			
	2023/24 Reported Indicator £000	2023/24 Position at 30 Sep £000	2023/24 Maximum YTD £000
Investments	15,000	0	0

Gross Debt and CFR		
	2023/24 £000 Reported Indicator	2023/24 £000 Forecast Position
Forecast Borrowing as at 31 March	106,969	89,969
Capital Financing Requirement at 31 March	128,407	117,134
Amount of borrowing (over) / under CFR	21,438	27,165

The year-end borrowing position is forecast at £89.969m which is lower than the CFR by £27.165m. The CFR (as at 31 March 2024) is forecast at £117.134m which is a reduction of £11.273m against the original estimate of £128.407m. This position reflects the 2023/24 Q2 Capital Monitoring position as at 30 September 2023.

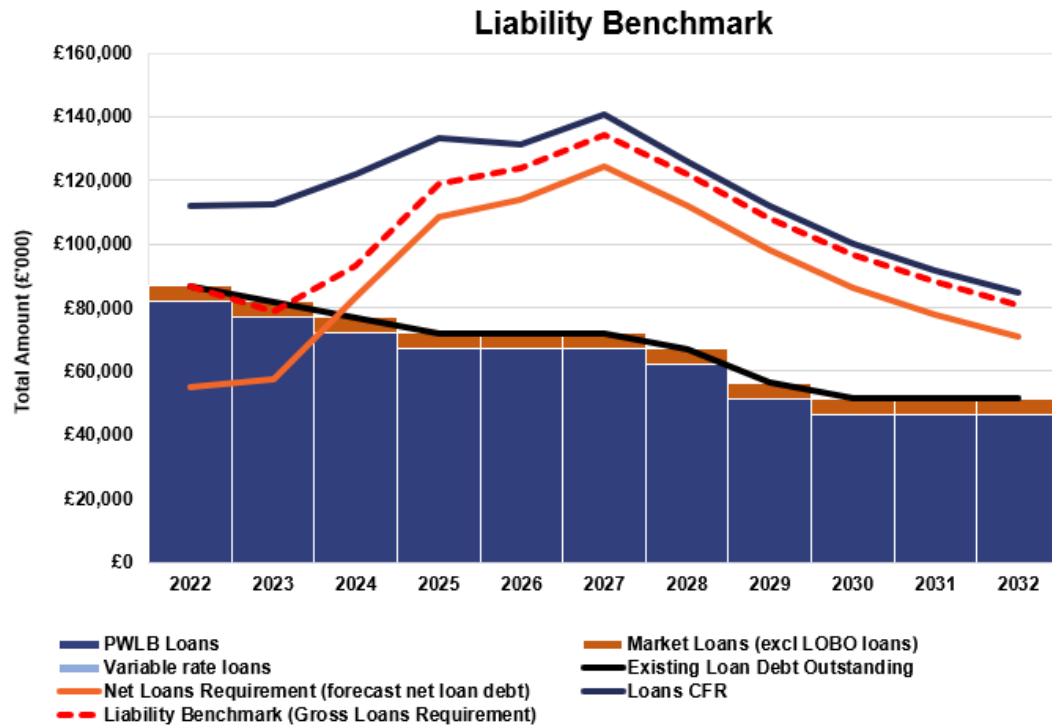
The £27.165m under borrowing against CFR reflects the availability of reserves and the strategy to maximise internal borrowing to avoid the current higher borrowing interest rates and the positive impact of the working capital position as at the year-end. This position satisfies the Code of Practice requirements.

Liability Benchmark

In addition to the prudential indicators set out above a new debt treasury indicator, the Liability Benchmark, has been adopted in 2023/24 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

- 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.
- The first half of 2023/24 saw:
 - Interest rates rise by a further 100bps, taking Bank Rate from 4.25% to 5.25% and, possibly, the peak in the tightening cycle.
 - Short, medium and long-dated gilts remain elevated as inflation continually surprised to the upside.
 - A 0.5% m/m decline in real GDP in July, mainly due to more strikes.
 - CPI inflation falling from 8.7% in April to 6.7% in August, its lowest rate since February 2022, but still the highest in the G7.
 - Core CPI inflation declining to 6.2% in August from 7.1% in April and May, a then 31 years high.
 - A cooling in labour market conditions, but no evidence yet that it has led to an easing in wage growth (as the 3myy growth of average earnings rose to 7.8% in August, excluding bonuses).
- The 0.5% m/m fall in GDP in July suggests that underlying growth has lost momentum since earlier in the year. Some of the weakness in July was due to there being almost twice as many working days lost to strikes in July (281,000) than in June (160,000). But with output falling in 10 out of the 17 sectors, there is an air of underlying weakness.
- The fall in the composite Purchasing Managers Index from 48.6 in August to 46.8 in September left it at its lowest level since COVID-19 lockdowns reduced activity in January 2021. At face value, it is consistent with the 0.2% q/q rise in real GDP in the period April to June, being followed by a contraction of up to 1% in the second half of 2023.
- The 0.4% m/m rebound in retail sales volumes in August is not as good as it looks as it partly reflected a pickup in sales after the unusually wet weather in July. Sales volumes in August were 0.2% below their level in May, suggesting much of the resilience in retail activity in the first half of the year has faded.
- As the growing drag from higher interest rates intensifies over the next six months, we think the economy will continue to lose momentum and soon fall into a mild recession. Strong labour demand, fast wage growth and government handouts have all supported household incomes over the past year. And with CPI inflation past its peak and expected to decline further, the economy has got through the cost-of- living crisis without recession. But even though the worst of the falls in real household disposable incomes are behind us, the phasing out of financial support packages provided by the government during the energy crisis means real incomes are unlikely to grow strongly. Higher interest rates will soon bite harder too. We expect the Bank of England to keep interest rates at the probable peak of 5.25% until the second half of 2024. Mortgage rates are likely to stay above 5.0% for around a year.
- The tightness of the labour market continued to ease, with employment in the three months to July falling by 207,000. The further decline in the number of job vacancies from 1.017m in July to 0.989m in August suggests that the labour market has loosened a bit

further since July. That is the first time it has fallen below 1m since July 2021. At 3.0% in July, and likely to have fallen to 2.9% in August, the job vacancy rate is getting closer to 2.5%, which would be consistent with slower wage growth. Meanwhile, the 48,000 decline in the supply of workers in the three months to July offset some of the loosening in the tightness of the labour market. That was due to a 63,000 increase in inactivity in the three months to July as more people left the labour market due to long term sickness or to enter education. The supply of labour is still 0.3% below its pre-pandemic February 2020 level.

- But the cooling in labour market conditions still has not fed through to an easing in wage growth. While the monthly rate of earnings growth eased sharply from an upwardly revised +2.2% in June to -0.9% in July, a lot of that was due to the one-off bonus payments for NHS staff in June not being repeated in July. The headline 3myy rate rose from 8.4% (revised up from 8.2%) to 8.5%, which meant UK wage growth remains much faster than in the US and in the Euro-zone. Moreover, while the Bank of England's closely watched measure of regular private sector wage growth eased a touch in July, from 8.2% 3myy in June to 8.1% 3myy, it is still well above the Bank of England's prediction for it to fall to 6.9% in September.
- CPI inflation declined from 6.8% in July to 6.7% in August, the lowest rate since February 2022. The biggest positive surprise was the drop in core CPI inflation, which declined from 6.9% to 6.2%. That reverses all the rise since March and means the gap between the UK and elsewhere has shrunk (US core inflation is 4.4% and in the Euro-zone it is 5.3%). Core goods inflation fell from 5.9% to 5.2% and the further easing in core goods producer price inflation, from 2.2% in July to a 29-month low of 1.5% in August, suggests it will eventually fall close to zero. But the really positive development was the fall in services inflation from 7.4% to 6.8%. That also reverses most of the rise since March and takes it below the forecast of 7.2% the Bank of England published in early August.
- In its latest monetary policy meeting on 20 September, the Bank of England left interest rates unchanged at 5.25%. The weak August CPI inflation release, the recent loosening in the labour market and the downbeat activity surveys appear to have convinced the Bank of England that it has already raised rates far enough. The minutes show the decision was "finely balanced". Five MPC members (Bailey, Broadbent, Dhingra, Pill and Ramsden) voted for no change and the other four (Cunliffe, Greene, Haskel and Mann) voted for a 25bps hike.
- Like the US Fed, the Bank of England wants the markets to believe in the higher for longer narrative. The statement did not say that rates have peaked and once again said if there was evidence of more persistent inflation pressures "further tightening in policy would be required". Governor Bailey stated, "we'll be watching closely to see if further increases are needed". The Bank also retained the hawkish guidance that rates will stay "sufficiently restrictive for sufficiently long".
- This narrative makes sense as the Bank of England does not want the markets to decide that a peak in rates will be soon followed by rate cuts, which would loosen financial conditions and undermine its attempts to quash inflation. The language also gives the Bank of England the flexibility to respond to new developments. A rebound in services inflation, another surge in wage growth and/or a further leap in oil prices could conceivably force it to raise rates at the next meeting on 2nd November, or even pause in November and raise rates in December.

- The yield on 10-year Gilts fell from a peak of 4.74% on 17th August to 4.44% on 29th September, mainly on the back of investors revising down their interest rate expectations. But even after their recent pullback, the rise in Gilt yields has exceeded the rise in most other Developed Market government yields since the start of the year. Looking forward, once inflation falls back, Gilt yields are set to reduce further. A (mild) recession over the next couple of quarters will support this outlook if it helps to loosen the labour market (higher unemployment/lower wage increases).
- The pound weakened from its cycle high of \$1.30 in the middle of July to \$1.21 in late September. In the first half of the year, the pound bounced back strongly from the Truss debacle last autumn. That rebound was in large part driven by the substantial shift up in UK interest rate expectations. However, over the past couple of months, interest rate expectations have dropped sharply as inflation started to come down, growth faltered, and the Bank of England called an end to its hiking cycle.
- The FTSE 100 has gained more than 2% since the end of August, from around 7,440 on 31st August to 7,608 on 29th September. The rebound has been primarily driven by higher energy prices which boosted the valuations of energy companies. The FTSE 100's relatively high concentration of energy companies helps to explain why UK equities outperformed both US and Euro-zone equities in September. Nonetheless, as recently as 21st April the FTSE 100 stood at 7,914.

NORTHUMBRIA POLICE

JOINT INDEPENDENT AUDIT COMMITTEE

20 NOVEMBER 2023

EMERGENT INTERNAL AUDIT PLAN 2024/25–2026/27

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 2024/25-2026/27 to allow sufficient time for consultation prior to the presentation of the proposed plan to Committee in February 2024.

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 27 February 2023. 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 2023/24
 - 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
- 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 There have been no audits added or removed from the previously agreed three-year plan, however the following adjustments have been made to frequency and structure:
- The Operational Support element of the Operational Support and Firearms Licencing audit has been removed. The testing relevant to Operations is covered in other audits across the plan. Additional hours have been included to test a new licencing system expected quarter 4 2023/24.
 - The Vetting audit will be completed annually due to the increased reputational risk at present and to ensure any recommendations made by the recent HMICFRS inspection fully implemented.
 - The Creditors and Procurement audit will be split into its two component parts and reviewed individually. This is following changes in the management of these two areas.
 - Employee claims has been risk scored down from High to Medium following improvements to procedures.
 - The Pension Remedy audit will be repeated in 2024/25 as key implementation dates occur in that year.
- 3.5 The emergent Internal Audit Plan 2024/25-2026/27 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

AGENDA ITEM 10

- 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 2024/25-2026/27.

Internal Audit Emergent Plan 2024/25 – 2026/27

Risk	Frequency	Audit Area	2023/24	2024/25	2025/26	2026/27
		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	Firearms Licencing		90		90
		Theme Based Audits				
High	Annual	Property	120	120	120	120
High	Annual	Programme/Project Management	40	40	40	40
High	Biennial	Vetting	70	70	70	70
		Combined Areas				
		Financial Systems				
High	Annual	Creditors		70	70	70
High	Annual	Procurement		70	70	70
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
Medium	Annual	Employee Claims	60		60	
Ad-hoc	One off	Pension Remedy	90	70		
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	1,760	1,920	1,810	1,850
		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	2,100	2,260	2,150	2,190

The interim Joint Audit Findings for Police and Crime Commissioner for Northumbria and Chief Constable for Northumbria

Year ended 31 March 2023

November 2023



Contents



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The contents of this report relate only to the matters which have come to our attention, which we believe need to be reported to you as part of our audit planning process. It is not a comprehensive record of all the relevant matters, which may be subject to change, and in particular we cannot be held responsible to you for reporting all of the risks which may affect the PCC and Chief Constable or all weaknesses in your internal controls. This report has been prepared solely for your benefit and should not be quoted in whole or in part without our prior written consent. 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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1. Headlines

This table summarises the key findings and other matters arising from the statutory audit of Northumbria Police and Crime Commissioner ('the PCC') and Northumbria Chief Constable and the preparation of the PCC's and Chief Constable's financial statements for the year ended 31 March 2023 for those charged with governance.

Financial Statements

Under International Standards of Audit (UK) (ISAs) and the National Audit Office (NAO) Code of Audit Practice ('the Code'), we are required to report whether, in our opinion the financial statements:

- give a true and fair view of the financial positions of the PCC and Chief Constable's income and expenditure for the year; and
- have been properly prepared in accordance with the CIPFA/LASAAC code of practice on local authority accounting and prepared in accordance with the Local Audit and Accountability Act 2014.

We are also required to report whether other information published together with each set of audited financial statements (including the Annual Governance Statement (AGS) and Narrative Report) is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated

Our audit work has taken place remotely during October-November 2023, and is expected to conclude in December. Our findings are summarised on pages 6 to 19.

The financial statements and supporting working papers were provided in mid-October 2023, following the certification of the 2021/22 accounts in mid-September. Local Government accounts are now incredibly complex, require greater technical input and are subject to greater regulatory burden than ever before. The finance team have been responsive to our audit queries, and we thank them for their hard work throughout the audit.

To date we have not identified adjustments to the financial statements of the Chief Constable or the PCC that would result in adjustment to Comprehensive Income and Expenditure Statement of either entity or the group. Audit adjustments are detailed in Appendix D.

At the time of this report being drafted we have not identified any recommendations for management as a result of our current year's audit work in Appendix B.

Our work is substantially progressed and there are no matters of which we are aware that would require modification of our audit opinion for the PCC's financial statements (including the financial statements which consolidate the financial activities of the Chief Constable) or the Chief Constable's financial statements, or material changes to the financial statements, subject to outstanding matters listed on page 6.

We have concluded that the other information to be published with the financial statements is consistent with our knowledge of your organisations and the financial statements we have audited.

Our anticipated financial statements audit report opinions will be unmodified. Our work on the PCC's and Chief Constable's value for money (VFM) arrangements is not yet complete. The outcome of our VFM work will be reported in our commentary on the PCC's and Chief Constable's arrangements in our Auditor's Annual Report (AAR). We are satisfied this work does not have a material effect on our opinions on the financial statements for the year ended 31 March 2023.

1. Headlines

Value for Money (VFM) arrangements

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

Auditors are now required to report in more detail on the overall arrangements, as well as key recommendations on any significant weaknesses in arrangements identified during the audit.

Auditors are required to report their commentary on the arrangements under the following specified criteria:

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

We have not yet completed all of our VFM work and so are not in a position to issue our Auditor's Annual Report. Audit letters explaining the reasons for the delay were sent to both the PCC and Chief Constable in September 2023. We expect to issue our Auditor's Annual Report by February 2024. This is in line with the National Audit Office's revised deadline, which requires the Auditor's Annual Report to be issued no more than three months after the date of the opinion on the financial statements.

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

Statutory duties

The Local Audit and Accountability Act 2014 ('the Act') also requires us to:

- report to you if we have applied any of the additional powers and duties ascribed to us under the Act; and
- to certify the closure of the audit.

We have not exercised any of our additional statutory powers or duties.

We expect to certify the completion of the audit upon the completion of our work on the PCC's and Chief Constable's VFM arrangements, which will be reported in our Auditor's Annual report in February 2024.

Significant matters

To date we have not encountered any significant difficulties or identified any significant matters arising during our audit.

1. Headlines

National context – audit backlog

Nationally there have been significant delays in the completion of audit work and the issuing of audit opinions across the local government sector. Only 12% of local government bodies had received audit opinions in time to publish their 2021/22 accounts by the extended deadline of 30 November. There has not been a significant improvement over this last year, and the situation remains challenging. We at Grant Thornton have a strong desire and a firm commitment to complete as many audits as soon as possible and to address the backlog of unsigned opinions.

Over the course of the last year, Grant Thornton has been working constructively with DLUHC, the FRC and the other audit firms to identify ways of rectifying the challenges which have been faced by our sector, and we recognise the difficulties these backlogs have caused authorities across the country. We have also published a report setting out our consideration of the issues behind the delays and our thoughts on how these could be mitigated. Please see [About time? \(grantthornton.co.uk\)](https://www.grantthornton.co.uk/about-time/)

We would like to thank everyone at the PCC and Chief Constable for their support in working with us to complete the financial statement audits and VFM procedures during our tenure as appointed auditor from late 2021 until this point.

2. Financial Statements

Overview of the scope of our audit

This Joint Audit Findings Report presents the observations arising from the audits that are significant to the responsibility of those charged with governance to oversee the financial reporting process, as required by International Standard on Auditing (UK) 260 and the Code of Audit Practice ('the Code'). Its contents have been discussed with management and will be shared with the PCC and Chief Constable as those charged with governance, following the Joint Independent Audit Committee.

As auditor we are responsible for performing the audit, in accordance with International Standards on Auditing (UK) and the Code, which is directed towards forming and expressing an opinion on the financial statements that have been prepared by management with the oversight of those charged with governance. The audit of the financial statements does not relieve management or those charged with governance of their responsibilities for the preparation of the financial statements.

Audit approach

Our audit approach was based on a thorough understanding of the Group's, PCC and Chief Constable's business and is risk based, and in particular included:

- An evaluation of the PCC's and Chief Constable's internal controls environment, including their IT systems and controls;
- Substantive testing on significant transactions and material account balances, including the procedures outlined in this report in relation to the key audit risks

Conclusion

We have substantially progressed our audit of your financial statements and, subject to outstanding queries being resolved, we anticipate issuing unqualified audit opinions on the financial statements of both the PCC and the Chief Constable. Our work will be completed, and our final findings reported to the PCC and Chief Constable as those charged with governance, following the Joint Independent Audit Committee meeting on 20 November 2023.

The outstanding items include:

- completion of sample testing in a number of areas;
- completion of our testing of journal transactions deemed to be high risk as a result of our risk assessment;
- quality reviews by the audit manager and key audit partner;
- receipt and review of assurances from the auditor of Tyne and Wear Pension Fund;
- receipt of an updated IAS 19 report from the PPS actuary;
- receipt of management representation letters; and
- receipt and review of the final sets of financial statements.

Acknowledgements

We would like to take this opportunity to record our appreciation for the assistance provided by the finance team and other staff.

2. Financial Statements



Our approach to materiality

The concept of materiality is fundamental to the preparation of the financial statements and the audit process and applies not only to the monetary misstatements but also to disclosure requirements and adherence to acceptable accounting practice and applicable law.

Materiality levels remain the same as reported in our audit plan communicated at JIAC in September 2023.

We detail in the table on this page our determination of materiality.

	Group (£)	PCC (£)	Chief Constable (£)	Qualitative factors considered
Materiality for the financial statements	6,300	5,200	6,300	This benchmark is determined as a percentage of the entity's Gross Revenue Expenditure in year and considers the business environment and external factors.
Performance materiality	4,400	3,600	4,400	Performance Materiality is based on a percentage of the overall materiality and considers the control environment/ accuracy of accounts and working papers provided.
Trivial matters	320	260	310	Triviality is set at 5% of Headline Materiality. This is the level at which matters are determined to be significant enough to warrant reporting to Those Charged with Governance.
A specific materiality of £21,500 was set for officer remuneration disclosures, reflecting the increased sensitivity of these disclosures.				

We determined financial statement materiality based on a proportion of the gross expenditure of the group, the PCC and the Chief Constable for the financial year. In the prior year we used the same benchmark.

For our audit testing purposes we apply the lowest of these materiality levels, which is £5,200k (PY £5,200k), which equates to just under 1.5% of the PCC's gross expenditure for the prior year.

2. Financial Statements: Significant risks

Significant risks are defined by ISAs (UK) as risks that, in the judgement of the auditor, require special audit consideration. In identifying risks, audit teams consider the nature of the risk, the potential magnitude of misstatement, and its likelihood. Significant risks are those risks that have a higher risk of material misstatement.

This section provides commentary on the significant audit risks communicated in the Audit Plan.

Risks identified in our Audit Plan	Relates to	Commentary
<p>Management override of controls</p> <p>Under ISA (UK) 240 there is a non-rebuttable presumed risk that the risk of management over-ride of controls is present in all entities. The PCC and Chief Constable face external scrutiny of its spending and this could potentially place management under undue pressure in terms of how they report performance.</p> <p>We therefore identified management override of control, in particular journals, management estimates and transactions outside the course of business as a significant risk, which was one of the most significant assessed risks of material misstatement.</p>	<p>PCC, Chief Constable, and Group</p>	<p>In response to the risk highlighted in the audit plan we have undertaken the following work:</p> <ul style="list-style-type: none"> • Evaluated the design effectiveness of management controls over journals; • Analysed the journals listing and determined the criteria for selecting high-risk unusual journals; • Gained an understanding of the accounting estimates and critical judgements applied made by management and considered their reasonableness with regard to corroborative evidence; and • Evaluated the rationale for any change in accounting policies, estimates or significant unusual transactions. <p>At the time of writing this report, we have completed our analysis of the journals posted during the financial year and after the draft accounts were prepared, but our testing of the journals identified as being unusual is still in progress. We have not yet identified any issues or concerns.</p> <p>Conclusion</p> <p>Our testing is underway and our work to date has not identified any material issues in relation to management override of controls.</p>

2. Financial Statements: Significant risks

Risks identified in our Audit Plan	Relates to	Commentary
<p>ISA240 revenue risk</p> <p>Under ISA (UK) 240 there is a rebuttable presumed risk that revenue may be misstated due to the improper recognition of revenue.</p> <p>This presumption can be rebutted if the auditor concludes that there is no risk of material misstatement due to fraud relating to revenue recognition.</p>	Rebutted	<p>Having considered this risk factors set out in ISA (UK) 240 and the nature of the revenue streams at the PCC, we have determined that the risk of fraud arising from revenue recognition can be rebutted, because:</p> <ul style="list-style-type: none"> • There is little incentive to manipulate revenue recognition • Opportunities to manipulate revenue recognition are very limited; and • The culture and ethical framework of local authorities, including the PCC, mean that all forms of fraud are seen as unacceptable. <p>Therefore we do not consider this to be a significant risk for the PCC or the Group.</p> <p>For the Chief Constable, revenue is received solely from the PCC and is recognised to fund costs and liabilities relating to resources consumed in the direction and control of day-to-day policing. This is shown in the Chief Constable's financial statements as a transfer of resource from the PCC to the Chief Constable for the cost of policing services.</p> <p>Therefore we do not consider this to be a significant risk for the Chief Constable.</p> <p>Furthermore, there have been no findings in our audit fieldwork to date that would change our assessment reported in the audit plan.</p> <p>Conclusion</p> <p>This area will remain under review until our audit is complete, but to date we have not identified any issues in respect of revenue recognition, or any reason that this risk should not be rebutted.</p>

2. Financial Statements: Significant risks

Risks identified in our Audit Plan	Relates to	Commentary
<p>Valuation of land and buildings</p> <p>The PCC revalues land and buildings on a rolling three-yearly basis. This valuation represents a significant estimate by management in the financial statements due to the size of the numbers involved (£84m as at 31 March 2023) and the sensitivity of this estimate to changes in key assumptions.</p> <p>Additionally, where a rolling programme is used, management will need to ensure the carrying value in the PCC and Group financial statements is not materially different from the current value at the financial statements date.</p> <p>We therefore identified valuation of land and buildings, particularly revaluations and impairments, as a significant risk of material misstatement.</p>	PCC and group	<p>In response to the risk highlighted in the audit plan we have undertaken the following work:</p> <ul style="list-style-type: none"> Assessed the design and implementation of key controls inherent to the valuation process, including an assessment of risks arising from the use of IT (under revised auditing standard ISA 315); evaluated management's processes and assumptions for the calculation of the estimate, the instructions issued to valuation experts and the scope of their work; evaluated the competence, capabilities and objectivity of the valuation expert; written to the valuer to confirm the basis on which the valuation was carried out to ensure that the requirements of the Code are met; with input from internal valuation specialists, we have challenged the information and assumptions used by the valuer to assess the completeness and consistency with our understanding; tested revaluations made during the year to see if they had been input correctly into the PCC and Group asset register; and evaluated the assumptions made by management for those assets not revalued during the year and how management has satisfied themselves that these are not materially different from current value at year end. <p>Conclusion</p> <p>Our work is substantially complete and has not to date identified any material issues in relation to the valuation of land and buildings.</p>

2. Financial Statements: Significant risks

Risks identified in our Audit Plan	Relates to	Commentary
<p>Valuation of the net defined benefit pension liabilities/assets</p> <p>The Chief Constable's net pension liabilities/assets, as reflected in its balance sheet as the net defined benefit liability/asset, represent significant estimates in the financial statements due to the size of the numbers involved (a net liability of £4,575 million in the Chief Constable's 2021/22 balance sheet) and the sensitivity of the estimate to changes in key assumptions.</p> <p>We therefore identified the valuation of the Chief Constable's pension fund net liabilities/assets as a significant risk, which was one of the most significant assessed risks of material misstatement.</p> <p>The group and Chief Constable's pension fund liability (PPS) and net surplus (LGPS), as reflected in its balance sheet, represent significant estimates in the financial statements.</p> <p>The pension fund liability and net surplus are considered significant estimates due to the size of the numbers involved (£3,190m and £17.9m respectively in the Group's and Chief Constable's balance sheet) and the sensitivity of the estimate to changes in key assumptions.</p> <p>The actuarial assumptions used are the responsibility of the entities but should be set on the advice given by the actuary. A small change in the key assumptions (discount rate, inflation rate, salary increase and life expectancy) can have a significant impact on the estimated IAS 19 liability. In particular the discount and inflation rates, where our consulting actuary has indicated that a 0.5% change in these two assumptions would have approximately 1.5% effect on the liability. We have therefore concluded that there is a significant risk of material misstatement in the IAS 19 estimate due to the assumptions used in their calculation. With regard to these assumptions, we have therefore identified valuation of the Group's and Chief Constable's pension fund liability and net surplus as a significant risk.</p> <p>The methods applied in the calculation of the IAS 19 estimates are routine and commonly applied by all actuarial firms in line with the requirements set out in the Code of practice for local government accounting (the applicable financial reporting framework). For the Police Pension Scheme, we have therefore concluded that there is not a significant risk of material misstatement in the IAS 19 estimate due to the methods and models used in their calculation. However, with respect to the LGPS scheme, for the first time since IFRS has been adopted, the Group and Chief Constable has had to consider the potential impact of IFRIC 14 - IAS 19 -the limit on a defined benefit asset. Because of this we have assessed the recognition and valuation of the pension asset as a significant risk.</p> <p>The source data used by the actuaries to produce the IAS 19 estimates is provided by administering authorities and employers. We do not consider this to be a significant risk as this is easily verifiable.</p>	Chief Constable and Group	<p>In response to the risk highlighted in the audit plan we have undertaken the following work:</p> <ul style="list-style-type: none"> • updated our understanding of the processes and controls put in place by management to ensure that the group's pension fund net liability is not materially misstated and evaluated the design and implementation of the associated controls (including enhanced requirements under ISA315 (revised)); • evaluated the instructions issued by management to their management experts (actuaries) for this estimate and the scope of the actuaries' work; • assessed the competence, capabilities and objectivity of the actuaries who carried out the pension fund valuations; • assessed the accuracy and completeness of the information provided by the group to the actuaries to estimate the liabilities; • tested the consistency of the pension fund net liabilities and disclosures in the notes to the core financial statements with the actuarial reports from the actuaries; and • undertaken procedures to confirm the reasonableness of the actuarial assumptions made by reviewing the report of the consulting actuary (as an auditor's expert) and performing any additional procedures suggested within the report. <p><u>Comments specific to LGPS:</u></p> <p>We requested assurances from the auditor of the Tyne and Wear Pension Fund as to the controls surrounding the validity and accuracy of membership data and benefits data sent to the LGPS actuary by the pension fund and the fund assets valuation in the pension fund financial statements. The assurance letter had not been provided at the date of issuing this report.</p> <p>Regarding the net LGPS pension asset, the Group and Chief Constable had, via its scheme actuary, considered the potential impact of IFRIC 14 before audit challenge. In our review we did not identify any limit to the amount recognised that would require adjustment.</p>

(continued)

2. Financial Statements: Significant risks

Risks identified in our Audit Plan	Relates to	Commentary
Valuation of the net defined benefit pension liabilities/assets (continued from previous page)	Chief Constable and Group	<p><u>Comments specific to PPS:</u></p> <p>Our consulting actuary identified that GAD, the Chief Constable's actuary for PPS, had not allowed for full-year inflation in calculating the liability as at 31 March 2023, instead the basis of their calculations used the inflation rate as at September 2022.</p> <p>Grant Thornton have held discussions with GAD to try and understand why they have taken this approach and whether there are appropriate reasons and support for the approach taken. Unfortunately, we do not believe that GAD are able to provide sufficient explanation to support the use of this approach, which is expected to have a highly material impact on the calculation of the pension liability.</p> <p>On that basis we have requested that management obtain an updated IAS 19 report, adjusting for updated inflation figures, so that we can assess the actual difference that this creates.</p> <p>Our audit work is currently ongoing and will conclude once the above issues have been resolved.</p>

2. Financial Statements: key judgements and estimates

This section provides commentary on key estimates and judgements in line with the enhanced requirements for auditors.

Significant judgement or estimate	Summary of management's approach	Audit Comments	Assessment
Land and Building valuations Draft: £84.0m Final: £84.0m	<p>Land and buildings comprises £84m of assets such as police stations and custody suites, which are required to be valued at current value.</p> <p>The PCC has engaged its internal valuer to complete the valuation of all land and buildings as at 31 March on a three yearly cyclical basis. In order to ensure that the carrying value of all land and buildings as at 31 March 2023 is not materially different to the current value, this is supplemented by an annual review to identify assets that need to be revalued. This meant that 86% of assets were revalued in the 2022/23 year.</p>	<p>We reviewed your assessment of the estimate considering:</p> <ul style="list-style-type: none"> Revised ISA 540 requirements; Assessment of management's expert to be competent, capable and objective; Completeness and accuracy of the underlying information used to determine the estimate; Review of methodology and assumptions performed by internal valuation specialist colleagues; Reasonableness of increase/decrease in estimates on individual assets; Consistency of estimate against the Montague Evans report on property market trends, and reasonableness of the increase in the estimate; and Adequacy of disclosure of estimate in the financial statements. <p>All sampled buildings have been appropriately valued by the instructed valuer. We noted that there has been no changes in assumptions from the previous years and these are outlined in your accounting policies.</p> <p>Conclusion:</p> <p>Our work is substantially complete and has not to date identified any non-trivial issues in relation to the valuation of land and buildings.</p>	<p>We consider management's process is appropriate and key assumptions are neither optimistic or cautious</p>

Assessment

- [Dark Purple] We disagree with the estimation process or judgements that underpin the estimate and consider the estimate to be potentially materially misstated
- [Blue] We consider the estimate is unlikely to be materially misstated however management's estimation process contains assumptions we consider optimistic
- [Grey] We consider the estimate is unlikely to be materially misstated however management's estimation process contains assumptions we consider cautious
- [Light Purple] We consider management's process is appropriate and key assumptions are neither optimistic or cautious

2. Financial Statements: key judgements and estimates

Significant judgement or estimate	Summary of management's approach	Audit Comments	Assessment																								
<p>LGPS Net pension surplus</p> <p>Draft: £17.9m</p> <p>Final: £17.9m</p> <p>IFRIC 14 addresses the extent to which an IAS 19 surplus can be recognised on the balance sheet and whether any additional liabilities are required in respect of onerous funding commitments.</p> <p>IFRIC 14 limits the measurement of the defined benefit asset to the 'present value of economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.</p>	<p>The PCC and Chief Constable's Local Government Pension Scheme net pension surplus at 31 March 2023 is £17.9m (PY £139.8m deficit) comprising the Tyne and Wear Local Government Pension Scheme obligations and unfunded defined benefit pension scheme obligations.</p> <p>The PCC and Chief Constable uses Aon Solutions Ltd to provide actuarial valuations of the PCC's and Chief Constable's assets and liabilities derived from this scheme. A full actuarial valuation is required every three years.</p> <p>The latest full actuarial valuation was completed in 2022. Given the significant value of the net pension fund surplus, small changes in assumptions can result in significant valuation movements. There has been a £178.5m net actuarial gain during 2022/23.</p>	<ul style="list-style-type: none"> We have obtained an understanding of the processes and controls put in place by management to ensure the group's pension fund net surplus is not materially misstated and evaluated the design of associated controls: We have assessed the competence, capabilities and objectivity of the actuaries who carried out the pension fund valuation for LGPS; We have assessed the impact of any changes to the valuation method; We have assessed the accuracy and completeness of information provided by management to the actuary to estimate the net asset; We have used PwC as our auditor's expert to assess the actuaries and assumptions made by actuaries - see table below and on page 15 for comparison with the actuary's assumptions. We have requested and obtained assurances from the auditor of Tyne and Wear Pension Fund in relation to the completeness and accuracy of the underlying member data, as assessed for the 2022 triennial valuation We are satisfied with the reasonableness of the increase in the estimate and the recognition of the net asset in accordance with IFRIC 14 We are satisfied with the adequacy of disclosures relating to the estimate in the financial statements <table> <tr> <th>LGPS Assumptions Assumption</th><th>Actuary Value</th><th>PwC range</th><th>Assessment</th></tr> <tr> <td>Discount rate</td><td>4.70%</td><td>4.50-4.80%</td><td>●</td></tr> <tr> <td>Pension increase rate</td><td>2.70%</td><td>2.60-2.70%</td><td>●</td></tr> <tr> <td>Salary growth</td><td>4.20%</td><td>3.70-4.20%</td><td>●</td></tr> <tr> <td>Life expectancy – Males currently aged 45/65</td><td>Age 65: 21.6 Age 45: 22.9</td><td>Age 65: 21.6-23.3 Age 45: 22.9-23.8</td><td>●</td></tr> <tr> <td>Life expectancy – Females currently aged 45/65</td><td>Age 65: 24.6 Age 45: 26.1</td><td>Age 65: 24.2-25.7 Age 45: 25.5-26.7</td><td>●</td></tr> </table>	LGPS Assumptions Assumption	Actuary Value	PwC range	Assessment	Discount rate	4.70%	4.50-4.80%	●	Pension increase rate	2.70%	2.60-2.70%	●	Salary growth	4.20%	3.70-4.20%	●	Life expectancy – Males currently aged 45/65	Age 65: 21.6 Age 45: 22.9	Age 65: 21.6-23.3 Age 45: 22.9-23.8	●	Life expectancy – Females currently aged 45/65	Age 65: 24.6 Age 45: 26.1	Age 65: 24.2-25.7 Age 45: 25.5-26.7	●	<p>We consider management's process is appropriate and key assumptions are neither optimistic or cautious (tbc)</p>
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2. Financial Statements: key judgements and estimates

Significant judgement or estimate	Summary of management's approach	Audit Comments	Assessment																								
Police Pension Scheme liability Draft: £3,190m Final: £3,190m	<p>The Chief Constable's Police Pension Scheme liability at 31 March 2023 is £3,190m (PY £4,436m). The Chief Constable operates three pension schemes for police officers, these are the 1987, 2006 and 2015 Police Pension Schemes.</p> <p>The Chief Constable uses the Government Actuary's Department (GAD) to provide actuarial valuations of their Police Pension Scheme liabilities. A full actuarial valuation is required every four years.</p> <p>Given the significant value of the pension fund liability, small changes in assumptions can result in significant valuation movements. There has been a £1,393m net actuarial gain during 2022/23.</p>	<ul style="list-style-type: none"> We have assessed the competence, capabilities and objectivity of the actuary who carried out the pension fund valuation for the PPS; We used PwC as auditor's expert to assess actuary and assumptions made by actuary – see table for our comparison of Actuary assumptions We are satisfied of the completeness and accuracy of the underlying information used to determine the estimate We are satisfied of the reasonableness of the substantial increase in the estimate We are satisfied of the adequacy of disclosures relating to the estimate in the financial statements 	TBC																								
<table border="1"> <thead> <tr> <th>Police Pension Scheme Assumptions</th><th>Actuary Value</th><th>PwC range</th><th>Assessment</th></tr> </thead> <tbody> <tr> <td>Discount rate</td><td>4.65%</td><td>4.65%</td><td>●</td></tr> <tr> <td>CPI Inflation*</td><td>2.60%</td><td>2.60%</td><td>TBC</td></tr> <tr> <td>Salary growth</td><td>3.85%</td><td>3.85%</td><td>●</td></tr> <tr> <td>Life expectancy – Males currently aged 45/65</td><td>Age 65: 21.9 Age 45: 23.5</td><td>Age 65: 21.2-21.9 Age 45: 22.9-23.5</td><td>●</td></tr> <tr> <td>Life expectancy – Females currently aged 45/65</td><td>Age 65: 23.5 Age 45: 25.0</td><td>Age 65: 21.8-23.5 Age 45: 22.9-25.0</td><td>●</td></tr> </tbody> </table>				Police Pension Scheme Assumptions	Actuary Value	PwC range	Assessment	Discount rate	4.65%	4.65%	●	CPI Inflation*	2.60%	2.60%	TBC	Salary growth	3.85%	3.85%	●	Life expectancy – Males currently aged 45/65	Age 65: 21.9 Age 45: 23.5	Age 65: 21.2-21.9 Age 45: 22.9-23.5	●	Life expectancy – Females currently aged 45/65	Age 65: 23.5 Age 45: 25.0	Age 65: 21.8-23.5 Age 45: 22.9-25.0	●
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<p>* We note that while the opening CPI assumption of 2.60% was considered acceptable at the start of the year, GAD differed with other PPS actuaries and did not allow for actual inflation experienced in the second half of 2022/23. Since we consider this to represent a material misstatement of the liability, GAD has been requested to produce a new IAS 19 report with updated inflation figures. This is expected to be provided in early December 2023.</p>																											

2. Financial Statements: Information Technology

This section provides an overview of results from our assessment of Information Technology (IT) environment and controls which included identifying risks from the use of IT related to business process controls relevant to the financial audit. This includes an overall IT General Control (ITGC) rating per IT system and details of the ratings assigned to individual control areas.

Our assessment is still to be finalised following internal review of information provided by management. We note that adverse findings identified and reported during our 2020/21 and 2021/22 audit had been addressed prior to the 2022/23 financial year.

IT application	Level of assessment performed	Overall ITGC rating	ITGC control area rating			
			Security management	Technology acquisition, development and maintenance	Technology infrastructure	Related significant risks/other risks
Unit 4	ITGC assessment (design and implementation effectiveness only)	TBC	TBC	TBC	TBC	No significant risks identified relating to the use of IT.

Assessment

- Significant deficiencies identified in IT controls relevant to the audit of financial statements
- Non-significant deficiencies identified in IT controls relevant to the audit of financial statements/significant deficiencies identified but with sufficient mitigation of relevant risk
- IT controls relevant to the audit of financial statements judged to be effective at the level of testing in scope
- Not in scope for testing

2. Financial Statements: other communication requirements

Issue	Commentary
Matters in relation to fraud	We have previously discussed the risk of fraud with the PCC, Chief Constable and the Joint Independent Audit Committee. We have not been made aware of any significant incidents in the period and no other issues have been identified during the course of our audit procedures.
Matters in relation to related parties	We are not aware of any related parties or related party transactions which have not been disclosed.
Matters in relation to laws and regulations	You have not made us aware of any significant incidences of non-compliance with relevant laws and regulations and we have not identified any incidences from our audit work.
Written representations	Letters of representation will be requested for both the PCC and the Chief Constable. At this point we do not envisage any non-standard representations being required.
Confirmation requests from third parties	We requested permission from management to send confirmation requests to banking, loan and investment counterparties. This permission was granted, and the requests were sent. These requests were all returned with positive confirmation.
Accounting practices	We have evaluated the appropriateness of the Chief Constable's and the PCC's and group's accounting policies, accounting estimates and financial statement disclosures. Our review found no material omissions in the financial statements.
Audit evidence and explanations/ significant difficulties	Aside from responses to our formal planning inquiries of management and those charged with governance, all information and explanations requested from management were provided in a timely manner.

2. Financial Statements: other communication requirements



Our responsibility

As auditors, we are required to “obtain sufficient appropriate audit evidence about the appropriateness of management's use of the going concern assumption in the preparation and presentation of the financial statements and to conclude whether there is a material uncertainty about the entity's ability to continue as a going concern” (ISA (UK) 570).

Issue	Commentary
Going concern	<p>In performing our work on going concern, we have had reference to Statement of Recommended Practice – Practice Note 10: Audit of financial statements of public sector bodies in the United Kingdom (Revised 2020). The Financial Reporting Council recognises that for particular sectors, it may be necessary to clarify how auditing standards are applied to an entity in a manner that is relevant and provides useful information to the users of financial statements in that sector. Practice Note 10 provides that clarification for audits of public sector bodies.</p> <p>Practice Note 10 sets out the following key principles for the consideration of going concern for public sector entities:</p> <ul style="list-style-type: none"> the use of the going concern basis of accounting is not a matter of significant focus of the auditor's time and resources because the applicable financial reporting frameworks envisage that the going concern basis for accounting will apply where the entity's services will continue to be delivered by the public sector. In such cases, a material uncertainty related to going concern is unlikely to exist, and so a straightforward and standardised approach for the consideration of going concern will often be appropriate for public sector entities for many public sector entities, the financial sustainability of the reporting entity and the services it provides is more likely to be of significant public interest than the application of the going concern basis of accounting. Our consideration of the PCC's and Chief Constable's financial sustainability is addressed by our value for money work, which is covered elsewhere in this report. <p>Practice Note 10 states that if the financial reporting framework provides for the adoption of the going concern basis of accounting on the basis of the anticipated continuation of the provision of a service in the future, the auditor applies the continued provision of service approach set out in Practice Note 10. The financial reporting framework adopted by the PCC and Chief Constable meets this criteria, and so we have applied the continued provision of service approach. In doing so, we have considered and evaluated:</p> <ul style="list-style-type: none"> the nature of the PCC and Chief Constable and the environment in which they operate the PCC's and Chief Constable's financial reporting framework the PCC's and Chief Constable's system of internal control for identifying events or conditions relevant to going concern management's going concern assessment. <p>On the basis of this work, we have obtained sufficient appropriate audit evidence to enable us to conclude that:</p> <ul style="list-style-type: none"> a material uncertainty related to going concern has not been identified for either the PCC or the Chief Constable management's use of the going concern basis of accounting in the preparation of both sets of financial statements is appropriate.

2. Financial Statements: other responsibilities under the Code

Issue	Commentary
Other information	<p>We are required to give an opinion on whether the other information published together with the audited financial statements (including the Annual Governance Statements and Narrative Reports), are materially inconsistent with the financial statements or our knowledge obtained in the audits or otherwise appear to be materially misstated.</p> <p>No inconsistencies have been identified. We plan to issue an unmodified opinion in this respect to both the PCC and Chief Constable.</p>
Matters on which we report by exception	<p>We are required to report on a number of matters by exception in a number of areas:</p> <ul style="list-style-type: none"> • if the Annual Governance Statement does not comply with disclosure requirements set out in CIPFA/SOLACE guidance or is misleading or inconsistent with the information of which we are aware from our audit, • if we have applied any of our statutory powers or duties. • where we are not satisfied in respect of arrangements to secure value for money and have reported [a] significant weakness/es. <p>As at the point of publishing this report, we have nothing to report on these matters.</p>
Specified procedures for Whole of Government Accounts	<p>We are required to carry out specified procedures (on behalf of the NAO) on the Whole of Government Accounts (WGA) consolidation pack under WGA group audit instructions.</p> <p>The NAO has confirmed the extent of work required for the WGA 2022-23 exercise, and we can confirm that no detailed work will be required for the group.</p>
Certification of the closure of the audit	<p>We intend to certify the closure of the 2022/23 audit of the PCC, Chief Constable and Group following the completion of our audit opinion work, our work on the group's value for money arrangements, and communication procedures required on the WGA by the NAO.</p>

3. Value for Money arrangements (VFM)

Approach to Value for Money work for 2022/23

The National Audit Office issued its guidance for auditors in April 2020. The Code requires auditors to consider whether the body has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

When reporting on these arrangements, the Code requires auditors to structure their commentary on arrangements under the three specified reporting criteria.

On work in this area is in progress. To date, we have not identified any risks of significant weakness, nor anything which would impact on the financial statements and our opinion thereon.



Improving economy, efficiency and effectiveness

Arrangements for improving the way the body delivers its services. This includes arrangements for understanding costs and delivering efficiencies and improving outcomes for service users.



Financial Sustainability

Arrangements for ensuring the body 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 body makes appropriate decisions in the right way. This includes arrangements for budget setting and management, risk management, and ensuring the body makes decisions based on appropriate information



Potential types of recommendations

A range of different recommendations could be made following the completion of work on the body's arrangements to secure economy, efficiency and effectiveness in its use of resources, which are as follows:



Statutory recommendation

Written recommendations to the body under Section 24 (Schedule 7) of the Local Audit and Accountability Act 2014. A recommendation under schedule 7 requires the body to discuss and respond publicly to the report.



Key recommendation

The Code of Audit Practice requires that where auditors identify significant weaknesses in arrangements to secure value for money they should make recommendations setting out the actions that should be taken by the body. We have defined these recommendations as 'key recommendations'.



Improvement recommendation

These recommendations, if implemented should improve the arrangements in place at the body, but are not made as a result of identifying significant weaknesses in the body's arrangements

4. Independence and ethics

We confirm that there are no significant facts or matters that impact on our independence as auditors that we are required or wish to draw to your attention and consider that an objective reasonable and informed third party would take the same view. We have complied with the Financial Reporting Council's Ethical Standard and confirm that we, as a firm, and each covered person, are independent and are able to express an objective opinion on the financial statements.

We confirm that we have implemented policies and procedures to meet the requirements of the Financial Reporting Council's Ethical Standard and we as a firm, and each covered person, confirm that we are independent and are able to express an objective opinion on the financial statements.

Further, we have complied with the requirements of the National Audit Office's Auditor Guidance Note 01 issued in May 2020 which sets out supplementary guidance on ethical requirements for auditors of local public bodies.

Details of fees charged are in Appendix E.

Transparency

Grant Thornton publishes an annual Transparency Report, which sets out details of the action we have taken over the past year to improve audit quality as well as the results of internal and external quality inspections. For more details see [Grant Thornton International Transparency report 2023](#).

Audit and non-audit services

For the purposes of our audit we have made enquiries of all Grant Thornton UK LLP teams providing services to the group, PCC and Chief Constable. No non-audit services were identified which were charged from the beginning of the financial year to the time of writing.

Appendices

- A. Communication of audit matters to those charged with governance
- B. Action plan – Audit of Financial Statements
- C. Audit Adjustments
- D. Audit Fees
- E. Auditing developments

A. Communication of audit matters to those charged with governance

Our communication plan	Audit Plan	Audit Findings
Respective responsibilities of auditor and management/those charged with governance	•	
Overview of the planned scope and timing of the audit, form, timing and expected general content of communications including significant risks	•	
Confirmation of independence and objectivity	•	•
A statement that we have complied with relevant ethical requirements regarding independence. Relationships and other matters which might be thought to bear on independence. Details of non-audit work performed by Grant Thornton UK LLP and network firms, together with fees charged. Details of safeguards applied to threats to independence	•	•
Significant findings from the audit		•
Significant matters and issue arising during the audit and written representations that have been sought		•
Significant difficulties encountered during the audit		•
Significant deficiencies in internal control identified during the audit		•
Significant matters arising in connection with related parties		•
Identification or suspicion of fraud involving management and/or which results in material misstatement of the financial statements		•
Non-compliance with laws and regulations		•
Unadjusted misstatements and material disclosure omissions		•
Expected modifications to the auditor's report, or emphasis of matter		•

ISA (UK) 260, as well as other ISAs (UK), prescribe matters which we are required to communicate with those charged with governance, and which we set out in the table here.

This document, the Audit Findings, outlines those key issues, findings and other matters arising from the audit, which we consider should be communicated in writing rather than orally, together with an explanation as to how these have been resolved.

Respective responsibilities

As auditor we are responsible for performing the audit in accordance with ISAs (UK), which is directed towards forming and expressing an opinion on the financial statements that have been prepared by management with the oversight of those charged with governance.

The audit of the financial statements does not relieve management or those charged with governance of their responsibilities.

Distribution of this Audit Findings report

Whilst we seek to ensure our audit findings are distributed to those individuals charged with governance, we are also required to distribute our findings to those members of senior management with significant operational and strategic responsibilities. We are grateful for your specific consideration and onward distribution of our report to all those charged with governance.

B. Action Plan– Audit of Financial Statements

We have not to date identified any control deficiencies or recommendations for the Chief Constable, PCC and group as a result of issues identified during the course of our audit. We did not identify any control deficiencies or recommendations in our previous audit.

C. Audit Adjustments - PCC

We are required to report all non trivial misstatements to those charged with governance, whether or not the accounts have been adjusted by management.

Impact of adjusted misstatements

All adjusted misstatements identified to date are set out in detail below along with the impact on the key statements and the reported net expenditure for the year ending 31 March 2023.

Detail	Comprehensive Income and Expenditure Statement £'000	Statement of Financial Position £' 000	Impact on total net expenditure £'000	Impact on general fund £'000
Transposition error between investment properties and intangible assets on the PCC and group balance sheet	-	Dr Intangible Assets 2,217 Cr Investment Properties (2,217)	-	-
Overall impact	-	-	-	-

Misclassification and disclosure changes

The table below provides details of misclassification and disclosure changes identified during the audit to date which have been made in the final set of financial statements.

Disclosure/issue/Omission	Auditor recommendations	Adjusted?
We identified a few instances where the prior year comparator figures were not updated for the 2022/23 draft financial statements.	Ensure this check is done for all disclosure notes prior to draft publication. Management response Amended	✓

C. Audit Adjustments - PCC



Impact of unadjusted misstatements- PCC single entity accounts

To date we have not identified any unadjusted misstatements in the financial statements for the year ending 31 March 2023 final set of financial statements.

We did not identify any unadjusted misstatements in the previous financial statements for the year ending 31 March 2022.

C. Audit Adjustments- Chief Constable

We are required to report all non trivial misstatements to those charged with governance, whether or not the accounts have been adjusted by management.

Impact of adjusted misstatements

All adjusted misstatements identified to date are set out in detail below along with the impact on the key statements and the reported net expenditure for the year ending 31 March 2023.

Detail	Comprehensive Income and Expenditure Statement £'000	Statement of Financial Position £' 000	Impact on total net expenditure £'000	Impact on general fund £'000
Management requested a revised IAS 19 report from the PPS actuary in order to properly account for inflation experience up to the financial year end. The impact is not yet known but is expected to be highly material.	TBC	TBC.	TBC	-
Overall impact (Chief Constable and Group)	TBC	TBC	TBC	-

Misclassification and disclosure changes

The table below provides details of misclassification and disclosure changes identified during the audit which have been made in the final set of financial statements.

Disclosure/issue/Omission	Auditor recommendations	Adjusted?
Incorrect signage was noted on the PPS £120m pension interest cost within the pension disclosure note.	Amend accordingly. Management response Agreed to amend.	✓

C. Audit Adjustments – Chief Constable



Impact of unadjusted misstatements

To date we did not identify any unadjusted misstatements in the financial statements for the year ending 31 March 2023.

Impact of prior year unadjusted misstatements

The table below provides details of adjustments identified during the prior year audit which had not been made within the final set of 2021/22 financial statements. We are satisfied that this does not have a material impact on the 2022/23 financial statements.

Detail	Identified by	Comprehensive Income and Expenditure Statement £'000	Statement of Financial Position £'000
Pension Assets	Audit team		
As part of our work on testing the share of pension fund assets relating to the Chief Constable, we noted that the Pension Fund auditor has identified an unadjusted error in the value of pension fund assets. This corresponds to an understatement in the value of pension assets attributable to the Chief Constable of £1.22m.		Cr Other comprehensive income (1,220)	Dr net pension liability 1,220
This understatement has no impact on the general fund.			
Overall impact (CC accounts)		(1,220)	1,220
Overall impact (group accounts)		(1,220)	1,220

D. Audit fees

	Actual Fee 2020/21	Actual Fee 2021/22	Proposed fee* 2022/23
PCC Audit	£46,529	£51,529	£56,279
Chief Constable Audit	£20,938	£28,938	£25,688
Total audit fees (excluding VAT)	£67,457	£80,457	£81,967

*As reported in our Audit Plan to the Joint Independent Audit Committee in September 2023

Assumptions

In setting the above fees, we have assumed that the PCC and Chief Constable will:

- prepare a good quality set of accounts, supported by comprehensive and well-presented working papers which are ready at the start of the audit
- provide appropriate analysis, support and evidence to support all critical judgements and significant judgements made during the course of preparing the financial statements
- provide early notice of proposed complex or unusual transactions which could have a material impact on the financial statements.

Relevant professional standards

In preparing our fee estimate, we have had regard to all relevant professional standards, including paragraphs 4.1 and 4.2 of the FRC's [Ethical Standard \(revised 2019\)](#) which stipulate that the Engagement Lead (Key Audit Partner) must set a fee sufficient to enable the resourcing of the audit with partners and staff with appropriate time and skill to deliver an audit to the required professional and Ethical standards.

D. Audit fees – detailed analysis

	Chief Constable £	PCC £
PSAA published scale fee 2022/23	16,938	32,529
Materiality reduction	1,500	3,500
Valuation specialist	-	5,000
Additional VFM cost	2,000	7,000
Impact of ISA 540	2,000	4,000
Journals testing	1,000	2,000
FRC response	500	1,000
Enhanced audit procedures for Payroll – Change of circumstances	500	-
Increased audit requirements of revised ISAs 315/ 240	1,250	1,250
Total proposed audit fees 2022/23 (excluding VAT)	25,688	56,279

All variations to the scale fee will need to be approved by PSAA

E. Auditing developments

Revised ISAs

There are changes to the following ISA (UK):

ISA (UK) 315 (Revised July 2020) 'Identifying and Assessing the Risks of Material Misstatement'

This impacts audits of financial statement for periods commencing on or after 15 December 2021.

ISA (UK) 220 (Revised July 2021) 'Quality Management for an Audit of Financial Statements'

ISA (UK) 240 (Revised May 2021) 'The Auditor's Responsibilities Relating to Fraud in an Audit of Financial Statements'

A summary of the impact of the key changes on various aspects of the audit is included below:

These changes will impact audit for audits of financial statement for periods commencing on or after 15 December 2022.

Area of change	Impact of changes
Risk assessment	<p>The nature, timing and extent of audit procedures performed in support of the audit opinion may change due to clarification of:</p> <ul style="list-style-type: none"> the risk assessment process, which provides the basis for the assessment of the risks of material misstatement and the design of audit procedures the identification and extent of work effort needed for indirect and direct controls in the system of internal control the controls for which design and implementation needs to be assess and how that impacts sampling the considerations for using automated tools and techniques.
Direction, supervision and review of the engagement	<p>Greater responsibilities, audit procedures and actions are assigned directly to the engagement partner, resulting in increased involvement in the performance and review of audit procedures.</p>
Professional scepticism	<p>The design, nature, timing and extent of audit procedures performed in support of the audit opinion may change due to:</p> <ul style="list-style-type: none"> increased emphasis on the exercise of professional judgement and professional scepticism an equal focus on both corroborative and contradictory information obtained and used in generating audit evidence increased guidance on management and auditor bias additional focus on the authenticity of information used as audit evidence a focus on response to inquiries that appear implausible
Definition of engagement team	<p>The definition of engagement team when applied in a group audit, will include both the group auditors and the component auditors. The implications of this will become clearer when the auditing standard governing special considerations for group audits is finalised. In the interim, the expectation is that this will extend a number of requirements in the standard directed at the 'engagement team' to component auditors in addition to the group auditor.</p> <ul style="list-style-type: none"> Consideration is also being given to the potential impacts on confidentiality and independence.
Fraud	<p>The design, nature timing and extent of audit procedures performed in support of the audit opinion may change due to:</p> <ul style="list-style-type: none"> clarification of the requirements relating to understanding fraud risk factors additional communications with management or those charged with governance
Documentation	<p>The amendments to these auditing standards will also result in additional documentation requirements to demonstrate how these requirements have been addressed.</p>

