

JOINT INDEPENDENT AUDIT COMMITTEE

MONDAY 18 NOVEMBER 2024, 14:00 – 16:00

**TRAINING ROOM, VICTORY HOUSE, BALLIOL BUSINESS PARK,
BENTON LANE, NEWCASTLE, NE12 8EW**

AGENDA

OPEN SESSION

- 1. INTRODUCTION**
- 2. DECLARATION OF INTEREST**
- 3. MINUTES OF THE OPEN SESSION OF THE JOINT INDEPENDENT AUDIT COMMITTEE 23 September 2024**
(Attached)
- 4. MATTERS ARISING**
(Attached)
- 5. JOINT STRATEGIC RISK REGISTER**
Head of Corporate Development
(Paper attached)
- 6. VETTING ASSURANCES UPDATE**
Deputy Chief Constable
(Verbal update)
- 7. TREASURY MANAGEMENT MID-YEAR REPORT 2024/25**
Deputy Head of Finance
(Paper attached)
- 8. FINAL ANNUAL GOVERNANCE STATEMENTS 2023/24**
Deputy Head of Finance
(Paper attached)
- 9. INTERIM JOINT AUDIT FINDINGS REPORT 2023/24 ACCOUNTS (PCC & CC)**
External Auditors
(Paper to follow)
- 10. AUDITORS ANNUAL REPORT 2023/24 (PCC & CC)**
External Auditors
(Paper to follow)
- 11. EMERGENT INTERNAL AUDIT PLAN**
Internal Audit
(Paper attached)
- 12. DATE TIME AND VENUE OF NEXT MEETING**



**NORTHUMBRIA
POLICE**

Monday, 18 November 2024, 2pm, Office of the Police and Crime Commissioner for Northumbria; Victory House (Training room); Balliol Business Park; Benton Lane; Newcastle; NE12 8EW



**NORTHUMBRIA
POLICE**

NORTHUMBRIA POLICE MINUTES

Title	Meeting number
Joint Independent Audit Committee (JIAC)	03/24

Date	Location	Duration
23 September 2024	Victory House (Training room); Balliol Business Park / TEAMS	14:00 – 15:00

Present:

Committee Members:	C Young	Chair
	E Cocker	
	C Winfield	
	P Wood	

Officers:	R Durham	Office of Police and Crime Commissioner (OPCC) Chief of Staff and Monitoring Officer
	K Laing	Joint Chief Finance Officer (CFO)
	J Meir	Deputy Chief Constable (DCC)

Invitees:	C Mellons	External Audit, Ernst and Young (EY)
	T Reade	Corporate Governance Manager
	G Thompson	Deputy Head of Finance
	R Bowmaker	Internal Audit, Gateshead Council
	Clare Penny-Evans	Deputy Police and Crime Commissioner
	M Graham	Governance and Planning Adviser (<i>Secretary</i>)

Apologies

J Guy	Committee Member
J Lawson	Assistant Chief Officer, Corporate Services

OPEN SESSION**1. INTRODUCTION**

Chair opened the meeting and advised that Committee Member Janet Guy has resigned from JIAC with immediate effect, Chair thanked Janet Guy for her contributions to the Committee and advised that the process of finding a new Committee Member has already commenced.

2. DECLARATION OF INTEREST

No declarations of interest made.

3. MINUTES OF THE OPEN SESSION OF THE JOINT INDEPENDENT AUDIT COMMITTEE 20 MAY 2024

Agreed as a true and accurate record.

4. MATTERS ARISING

Action list updated.

5. JOINT STRATEGIC RISK REGISTER

Corporate Governance Manager provided an update on the Joint Strategic Risk Register, noting that the force's annual review of risk of the register has been completed internally and will be presented to JIAC in November once additional reviews have been completed. While there has been some reduction in public confidence, it remains quite high, the positive feedback received on the force's handling of recent riots and protest activity as contributing to high public confidence was highlighted. Two further changes to the risk register include a response to the recent internal audit of Patching identified by Digital Policing and a second regarding the Finance risk to reflect the change in government and the three-year financial settlement for policing currently being considered.

Chief of Staff (OPCC) advised that the Police and Crime Commissioner's annual review of risk is on-going to coincide with the force's update and that updates have been made to account for the 2024 elections. Finance is regarded as a high risk as government funding is currently unknown until plans are announced by the new government. Cessation of the funding for the Violence Reduction Unit at the end of March 2025 was also noted as a risk.

P Wood asked if Northumbria Police regularly communicates with other forces regarding the identification and reduction of risk.

Deputy Chief Constable advised that the fall in public confidence in policing can be attributed in part to high profile national events and that Northumbria Police is working hard to maintain the rise in public confidence that resulted from the response to the riots in the summer. An increased police presence in public spaces and efforts to increase the profile of lesser-known programs were noted as two ways the force is maintaining public confidence. Changes are being made to the way the force gathers feedback and public satisfaction surveys with those who have been in contact with the police are being monitored to ensure accurate feedback can be gathered and shared with individual officers. Technological solutions to improve collaboration and sharing information and best practice with other forces are also currently being investigated in collaboration with Lancashire Police and noted that the government may be looking to introduce measures which would require forces to collaborate more frequently.

C Winfield queried when matters such as the summer riots and the disruption they cause to day-to-day operations are considered a strategic risk.

Deputy Chief Constable advised that multi-agency partners are currently investigating the effectiveness of the force's response. A recovery period is on-going to address issues such as a cancelled rest days to support the unrest; inadequate computer systems utilised by the force to support the allocation of officers and resources at the quantity and pace required during an emergency such as the riots, and that working around these technical restrictions required significant time and staff. This has a negative effect on the strategic risk regarding the ability to coordinate resources and was already a known issue but highlighted during the riots. The Home Office is expected to pay 85% of the force's costs associated with the riots. Additionally, the riot compensation scheme put in place to allow members of the public to make claims for damages incurred during the

riots is being managed by the Police and Crime Commissioner, however if associated costs are not met by the government, this may also fall to the force.

Update noted

6. REGULATORY FRAMEWORK – INDEPENDENT ASSURANCE

Deputy Head of Finance provided an overview and outlined the duties of JIAC members as stated in the Terms of Reference. Proposed changes to the Whistleblowing procedure, which is currently out of date, was recently presented to the Staff Association and Trade Unions meeting for consultation and sign off at their next meeting.

P Wood queried if officers are required to report annually on any conflicts of interest.

Deputy Chief Constable advised all staff are required to complete an annual Integrity Health Check which highlights any potential conflicts of interest or changes in circumstances. If a potential conflict of interest or change in circumstances is not disclosed and later comes to light, this may be considered a matter of misconduct.

C Winfield queried if there is a log kept of all whistleblowing incidents.

Deputy Chief Constable confirmed whistleblowing incidents are recorded and they will investigate how exactly these are held and monitored and provide an update at the next JIAC meeting.

Action: Deputy Chief Constable to provide an update on the recording and monitoring of whistleblowing incidents at the next meeting.

Update noted

7. EXTERNAL AUDIT PROGRESS REPORT

External Auditor updated on current progress, noting that the risk assessment has been completed and will be presented within agenda item 8, External Audit – Audit Plan 2023/24. Work is progressing to present the audit completion and findings report at the November meeting of JIAC.

Update noted

8. EXTERNAL AUDIT – AUDIT PLAN 2023/24

External Auditor provided an overview and advised that some identified risks may be lowered in the second year as Ernst and Young's understanding of the force grows and additional information is provided by former external auditor, Grant Thornton. They advised of ongoing discussions regarding the nature of data external auditors should be able to access and that it has been agreed to restrict auditor access to certain data, which may result in additional work to accommodate.

Chair asked if this additional work would result in additional costs to the force.

External Auditor advised that it is possible additional costs will arise, however they are in regular contact with the force's Finance team to ensure any additional costs are necessary and not unexpected.

P Wood queried if there has been a smooth transfer from former external auditor, Grant Thornton and how operational risk is assessed by the External Auditor. External Auditor advised that while not complete, the transfer of information is progressing smoothly and within the expected time frame.

P Wood queried how operational risk is assessed by the External Auditor.

They consult the risk register and consider if it matches their understanding of the force and constantly gather information to inform their understanding.

C Winfield requested clarification on the nature and purpose of the report provided to the National Audit Office referred to in the papers.

External Auditor advised the National Audit Office audit all government accounts, Ernst and Young are required to provide a return, from which the National Audit Office provide procedures to follow and create areas of focus. This return is typically completed alongside the audit.

C Winfield queried the 'Risk of fraud in revenue expenditure recognition – Inappropriate capitalisation of revenue expenditure' noted in the papers and if this is a risk expected to remain a constant source of risk due to the nature of force revenue or likely to be regarded as lower risk in following years of auditing.

External Auditor advised it is a common area of risk due to the nature of police funding. Medium to long-term measures would be required to offset this risk.

Update noted

9. DATE TIME AND VENUE OF NEXT MEETING

Monday, 18 November 2024, 2pm, Office of the Police and Crime Commissioner for Northumbria; Victory House (Training room); Balliol Business Park; Benton Lane; Newcastle; NE12 8EW

It was noted that E Cocker has given apologies for the next meeting

10. EXCLUSION OF THE PRESS AND PUBLIC – EXEMPT BUSINESS

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

Agenda item number	Paragraph of Schedule 12A to the Local Government Act 1972
11	7
12	7
13	7
14	7
15	7
16	7

Open Action List

Meeting	Agenda Item/Title/Context	Open/Closed	Action	Detail	Assigned to	Update
JAC 26/02/24	4. MATTERS ARISING – Review of finances is being undertaken looking specifically at Professional Standards Department and vetting to implement efficiencies and improve timeliness	OPEN	ACTION	DCC to provide an update regarding vetting assurances at JAC September 2024.	DCC	23/09/24 – DCC advised item has been delayed to 18/11/24 meeting to provide a more comprehensive update 2/5/24 Cleared - Included on the Forward Plan for September meeting
JAC 26/02/24	5. REVISED TERMS OF REFERENCE Query regarding paragraphs 42, 45 and 47 relating to Scheme of Consent, Codes of Governance or Policies relating to Declarations of Interest, Gifts and Hospitality and Expenses and Whistleblowing arrangements and Counter Fraud and Corruption Strategy of the PCC and CC.	CLOSED	ACTION	Chief of Staff and Monitoring Officer to liaise with CFO to review how these items will be monitored	Chief of Staff and Monitoring Officer	23/09/24 – Presented at 23/09/24 meeting under Item 6 Regulatory Framework – Independent Assurance. 20/5/24 Cleared - CFO advised that some aspects of the revised terms of reference will be included in the Annual Governance Report later in the meeting. The report also includes recommendations for additional items to be presented to the JAC next year as part of the Annual Programme of Works.
JAC 26/02/24	6. EXTERNAL AUDIT JOINT AUDIT FINDINGS REPORT 2022/23 (PCC & CC) Error on Page 7 of the report which states thousands and should be millions.	CLOSED	ACTION	G Mills to request amendment to page 7 of the report prior to final sign off.	G Mills, Grant Thornton	20/5/24 Cleared - External Audit, Grant Thornton confirmed the requested amendment has been made by Grant Thornton.
JAC 26/02/24	9. MID-YEAR TREASURY MANAGEMENT REPORT	CLOSED	ACTION	Deputy Head of Finance to provide tender process regarding external advisors to members and to confirm how long the current contract with Link is for	Deputy Head of Finance	23/09/24 - Deputy Head of Finance advised that the current contract with Link Treasury Management Services began in November 2022, has a minimum length of 2 years with a further 12-month extension permitted up to a 4-year maximum. Additionally, the Treasury Management Strategy has been amended to contain information on the contract award date and duration. The Link Treasury Management Services contract was last awarded in November 2022. The length of the contract is 2 years minimum, with 2 further 12-month extensions permitted (4 Years Maximum). In addition, JAC members suggested that the Treasury Management Strategy 2024/25 to 2027/28 should contain additional information

AGENDA ITEM 4

						on the contract award date and the contract duration. Deputy Head of Finance can confirm that the document has been amended to include this.
JAC 26/02/24	10. INTERNAL AUDIT CHARTER, STRATEGY STATEMENT 2024/25 – 2026/27 AND ANNUAL AUDIT PLAN 2024/25	CLOSED	ACTION	Chief Finance Officer and Chief of Staff to investigate tendering for Internal Audit services and report back to the next JAC.	Chief Finance Officer /Chief of Staff and Monitoring Officer	23/09/24 – CFO advised internal audit discussions are on-going with intent to review alongside Gateshead Council. 20/5/24 CFO advised that internal advice has been sought regarding internal audit services and a meeting has been arranged with Gateshead Council to discuss auditing arrangements going forward.
JAC 20/5/24	8. JOINT STRATEGIC RISK REGISTER	CLOSED	ACTION	Risk assessment for public confidence to be reviewed	Head of Corporate Development	23/09/24 - Corporate Governance Manager advised item covered under Item 5. Joint Strategic Risk Register
JAC 20/5/24	9. TREASURY MANAGEMENT ANNUAL REPORT 2023/24	OPEN	AGREED	Treasury Management Annual Report 2023/24 to be presented to the Commissioner	Deputy Head of Finance	23/09/24 – Deputy Head of Finance advised Treasury Management Annual Report will be presented to the Commissioner on 30 September
JAC 20/5/24	10.d.viii. ANNUAL GOVERNANCE REVIEW – ASSURANCE FRAMEWORK 2023/24	CLOSED	ACTION	Information to support JAC to provide independent assurance in respect of the regulatory framework to be presented at the next meeting and on an annual basis.	Deputy Head of Finance	23/09/24 – Deputy Head of Finance advised item was covered under Item 6. Regulatory Framework – Independent Assurance 20/05/24 – Included on September JAC agenda (Item 6) and recorded on the forward plan on an annual basis.
JAC 23/09/24	6. Regulatory Framework – Independent Assurance	OPEN	ACTION	Deputy Chief Constable to provide an update on the recording and monitoring of whistleblowing incidents at the next meeting.	Deputy Chief Constable	

Joint Independent Audit Committee	18 November 2024
Joint Strategic Risk Register	
Report of: Ruth Durham, Chief of Staff and Monitoring Officer and Jayne Meir, Deputy Chief Constable	
Author: Paul Godden, Head of Corporate Development	

I. PURPOSE

- 1.1 To present the outturn of the annual review of the Joint Strategic Risk Register (JSRR) including the updated Northumbria Police Risk Appetite Statement.

2. BACKGROUND

- 2.1 Northumbria Police and the Office of the Police and Crime Commissioner (OPCC) 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 Leadership 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.
- 2.4 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.
- 2.5 The JSRR is reported to the joint Business Meeting between the PCC and the Chief Constable on a quarterly basis. This presents the Force Strategic Risk Register (FSRR) alongside the OPCC Strategic Risk Register. The Joint PCC/Chief Constable Governance Group and Joint Independent Audit Committee (JIAC) provide additional scrutiny and governance on a quarterly basis.
- 2.6 The JSRR is reviewed on an annual basis; this year's review took place at the end of August/September 2024 and included consideration of the current risk appetite for Northumbria Police.

Northumbria Police Risk Appetite Statement (Appendix A)

- 2.7 The current risk position i.e. the risk level at which the Force is currently operating is now within the Tolerable risk position in all areas.
- 2.8 In two areas, Finance and Operational the Force is now operating in an optimal risk position. In both, this is as a result of a reassessment of the optimal position, which has moved from Open to Cautious, reflecting the current operating environment.
- 2.9 Information and Data Quality, which is currently operating in a Cautious risk position, remains above our optimal Minimalist risk position. As a result, additional controls are in place to ensure the Force have mitigated as far as possible the risk, and this area is subject to additional management to drive activity.
- 2.10 A new appetite statement has been set for Projects/Programmes. The current risk level at which the Force is operating is considered tolerable; however, an optimal level would be hungry as we pursue innovation and continue to challenge current working practices.
- 2.11 Overall, Northumbria Police remains committed to increasing its appetite to risk in order to achieve the Force's purpose, vision and strategic objectives.
- 2.12 A review of the FSSR has also been undertaken to ensure it captures emerging risks from local risk registers and accurately reflects the current risks faced by the Force.
- 2.13 The FSRR now captures risk(s) in thirteen thematic areas: Digital Policing; Finance; Governance; Information and Data Management; Information and Data Quality; Infrastructure and Assets; Operational; Partnership and Collaboration; Projects/Programmes; Public Confidence; Regulation and Standards; Strategy; and Workforce.
- 2.14 Appendix B provides an overview of the current Red, Amber, Green (RAG) status of the strategic risks for Northumbria Police, alongside the FSRR. (Thematic risk areas are recorded alphabetically and now alphabetised for ease of reference only.)

Key changes to the Force Strategic Risk Register

Strategic Risk Area – Infrastructure and Assets

- 2.15 Storage capacity for evidential property has been identified as an emerging risk from local risk registers and added as a current factor to this thematic risk area for the Force.
- 2.16 Property stored without formal recording or Retention, Review, Deletion processes in place, might result in non-compliance with regulations and a potential negative impact on investigations. Volumes retained also impacts on the planned transition to a new records management system.
- 2.17 The Data Management Assessment Team is assisting with property management and ACC (Communities) has a sub-group working towards improving the property system.

Strategic Risk Area – Projects/Programmes

Risk – Change programmes and projects are not aligned with strategic priorities or do not successfully deliver requirements and intended benefits to time, cost and quality.

- 2.18 This is a new thematic risk area for the Force and has been added as there is a significant change programme underway to deliver benefits for both the public and our people requiring investment in new technology, systems, kit and people.
- 2.19 There are already well-established controls in place for specific projects and significant risks are discussed at the various Project Boards and can be escalated to the Force Change Board.
- 2.20 A Project Approval Group is also in place to review business cases and requirements for potential new digital solutions.

Strategic Risk Area – Public Confidence

- 2.21 Misinformation and disinformation spread through media networks has been added as a current factor, and results from experience in recent protest activity.
- 2.22 With regard to the assessment of the risk, overall public confidence performance remains consistent with the previous year.
- 2.23 Nationally, the most recent national data shows Northumbria Police is placed around the national average for many of the confidence and perception measures. (There are limitations to this dataset due to the sample size for each force.) The Force's own data, from the Safer Community Survey, shows a reduction in confidence; however, overall confidence levels remain high.
- 2.24 The Force Engagement Strategy and supporting plan have recently been refreshed.

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 or a changing macro-environment.

- 2.25 The risk has been updated to include a changing macro-environment, acknowledging the recent North East devolution deal between the government and the local authorities as a current factor.
- 2.26 Four areas remain high risk: Digital Policing; Finance; Information and Data Management; and Workforce.

Key changes to the OPCC Strategic Risk Register

- 2.27 The OPCC senior leadership team has carried out the annual review of the strategic risks facing the OPCC, and updates have been made to ensure risks are fully captured and actions are in place to mitigate escalation.
- 2.28 The review identified no additional risks and no risks are proposed to be removed.
- 2.29 Appendix C details the reviewed OPCC Strategic Risk Register. Updates are focussed around three key areas; the uncertainty around the new Government's direction for crime, policing and criminal justice, the uncertainty around additional funding streams, and the inclusion of OPCC External Advisory Panels in both the governance and public confidence risks.

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

Northumbria Police Risk Appetite Statement

This Risk Appetite Statement forms part of the risk management framework in place in Northumbria Police and supports discussion of ideas, new initiatives and approaches to problem solving; informs decision-making; and inspires high performance. By defining both optimal and tolerable risk positions, the Force can clearly set out both the target and acceptable position in the pursuit of its strategic objectives.

For the purposes of this document the following definitions of Risk Appetite are used:

- Risk appetite: the amount of risk that Northumbria Police is prepared to accept, tolerate, or be exposed to at any point in time.
- Tolerable risk position: the level of risk with which the Force is willing to operate given current constraints. This balances the funding position with the position outlined in the Force's purpose, vision and strategic objectives. The tolerable position will shrink as the Force optimises the risk position.
- Optimal risk position: the level of risk with which the Force aims to operate. This is informed by the Force's purpose, vision and strategic objectives.

The risk appetite for Northumbria Police is set by the Chief Constable and Executive Board and reflects the level of residual risk that it is comfortable to accept in 'business as usual' situations.

Northumbria Police has set out its appetite across the range of its activities linked to delivery of its purpose, vision and strategic objectives and has recognised that it may choose to accept different levels of risk in different areas.

This risk appetite does not restrict Northumbria Police from taking decisions that may involve additional risk(s) within each of the thematic areas. Rather it ensures that such decisions are properly assessed and have accountability at the appropriate level.

Where the risk appetite is low, we will either choose options which have low risk, or put in place additional controls to ensure we have fully mitigated the risks of the option we want to pursue; where the risk appetite is high, we are more likely to choose options with a level of increased risk or which require less controls to mitigate the risks.

There may be occasions where the level of accepted risk is higher than the current risk appetite and Northumbria Police is more willing to accept risks e.g. from Open to Hungry. In this case the decision to do so will be escalated and considered by the Executive Lead for discussion at Force Assurance Board.

Frequent breaches of risk appetite, or tensions arising from its implementation may reflect a need to review the risk appetite statement.

In determining the statements, it is recognised that risk appetite is subject to change and needs to flex in-line with the strategic environment and operating conditions; and as such the statement will be reviewed on a regular basis, and at least annually.

The following five levels provide a broad description of the amount of risk Northumbria Police is willing to accept or retain in order to achieve its objectives.

Appetite Levels	Description
Averse (Low)	Avoidance of risk and uncertainty is a key objective. <i>We will take very safe delivery approaches and accept only the very lowest levels of risk, avoiding risk and uncertainty as a key objective, whilst recognising that this may restrict exploitation of opportunities and innovation.</i>
Minimalist (Medium Low)	Preference for ultra-safe options that have a low degree of inherent risk and only have a potential for limited reward. <i>We have an overall preference for safe delivery approaches and whilst we are willing to accept some low level risks, the potential for increased outcomes and benefits is not the key driver.</i>
Cautious (Medium)	Preference for safe options that have a low degree of residual risk and may only have limited potential for reward. <i>We are willing to accept modest and largely controllable levels of risk in order to achieve acceptable key, but possibly unambitious, outcomes or benefits.</i>
Open (Medium High)	Willing to consider all options and choose the one that is most likely to result in successful delivery while also providing an acceptable level of reward. <i>We are prepared to consider a number of potential delivery approaches, even where there are elevated levels of associated risk, and will choose the option which provides a high probability of productive outcomes and benefits.</i>
Hungry (High)	Eager to be innovative and to choose options based on potential higher rewards (despite greater inherent risk). <i>We are eager to be innovative and will proactively take creative and pioneering delivery approaches to help maximise opportunities whilst accepting the associated substantial risk levels in order to secure highly successful outcomes and benefits.</i>

The current risk position i.e. the risk level at which the Force is currently operating is within the Tolerable risk position in all areas.

Overall, Northumbria Police is seeking to increase its appetite to risk in order to achieve the Force's purpose, vision and strategic objectives.

In two areas, Finance and Operational we are now operating in our optimal risk position.

However, Information and Data Quality, which is currently operating in a Cautious risk position, remains above our optimal Minimalist risk position. As a result, additional controls are in place to ensure we have mitigated as far as possible the risk, and this area is subject to additional management to drive activity.

The following Risk Appetite Statements provide a narrative for the amount of risk Northumbria Police is comfortable to accept or retain in 'business as usual' situations in order to achieve its objectives.

Digital Policing – We see technology as a key enabler to successful delivery of our strategic priorities and seek to ensure staff are equipped with appropriate IT. We have a more open risk appetite towards our development in these areas and are willing to explore options, even where there are elevated levels of associated risk, and will choose the option which provides a high probability of productive outcomes and benefits.

However, we are more cautious to ensure our network, technical infrastructure and core systems are secure and critical functions are maintained and put in place additional controls to achieve this.

Finance – The approach set out in the Medium-Term Financial Strategy seeks to deliver a balanced budget aligned to our strategic priorities. We are willing to consider all options and are prepared to choose the one that is most likely to result in successful delivery; minimising the possibility of financial loss by maintaining appropriate controls to manage risks to tolerable levels.

Governance – We have clearly defined plans and priorities and a well-embedded governance and decision-making framework. This ensures effective oversight, management and delivery and enables management of risk with appropriate scrutiny arrangements in place. In seeking to be more open, we will ensure this is not ineffective or disproportionate and will support us in adopting a more open appetite for risk in other areas.

Information & Data Management – We rely on information and data to operate effectively, recognising the benefits of lawful sharing of information to assist operational policing and that inappropriate handling has the potential to reduce public confidence and trust. As a result, we are willing to consider all options and choose the one that is most likely to result in successful delivery while also providing an acceptable level of reward.

Information & Data Quality – We recognise we face increasing physical and information security and cyber risks and as a result have less appetite for risk in this area. We place an emphasis on deploying stringent security controls effectively, particularly through vetting of personnel and controlled access to information, assets and estate.

Infrastructure & Assets – We recognise the need for infrastructure and assets to enable and support delivery of our strategic priorities and the commitments in the Police and Crime Plan and seek to ensure these are managed and used in the most efficient and effective way. We are open to considering the benefits of different solutions to meet organisational requirements; recognising the need for safe and secure provision.

Operational – We follow appropriate operational processes, systems and controls to support the provision of policing services within well-defined command structures. Our risk appetite is increasing to enable work towards growth in multi-agency arrangements to ensure those in need are provided the most appropriate service and we are able to fulfil national obligations alongside local service delivery.

Partnership & Collaboration – The Force is committed to developing collaborations and strategic partnerships where there is an operational or organisational benefit which leads to improvements in our effectiveness, efficiency and legitimacy in service delivery. Where there is no clear benefit to the public, we will not pursue collaborative working, except where it is necessary for us to do so in order to assist the wider region and reduce risk to the public.

Projects/Programmes – We are committed to deliver programmed developments that will enable us to evolve, innovate and transform our services and deliver benefits for both the public and our people. We support innovation and empower leaders to manage Force change plans in-line with organisational governance and seek to challenge current working practices.

Public Confidence – We engage, listen and respond to the public and other stakeholders and the Code of Ethics: ‘Do the right things, in the right way, for the right reasons’, underpins our purpose and vision. We are willing to take decisions which may have the potential to encourage additional scrutiny but will do this where appropriate to achieve additional outcomes or benefits and will put in place relevant controls to mitigate this risk.

Regulation & Standards – We operate within a legislative framework and have a wide range of statutory obligations. We recognise there is ongoing reform in the public sector and as a result there will be new entities to engage with. We seek to operate in line with Authorised Professional Practice issued by the College of Policing and National Police Chiefs’ Council guidance and have processes, systems and controls to ensure we fulfil these obligations.

Where recommendations and areas for improvement are identified by inspectorates and auditors, we take action to respond and address matters raised and generally have a lower appetite for risk in this area.

Strategy – We regularly review our supporting delivery strategies; however, remain focused on our purpose to keep people safe and fight crime, and in doing so support delivery of the Police and Crime Plan. To deliver an outstanding police service, we are seeking to increase our appetite to risk in some areas and take well managed risks where innovation and change create opportunities for discernible benefits and clear improvements.

Workforce – We actively seek new and innovative ways to maximise our recruitment so that our workforce is representative of the communities we serve and are prepared to invest in our people to create an environment to attract an innovative mix of skills. We are committed to equality of opportunity and seek to tailor our approaches to the needs of individuals, working positively and constructively to ensure all staff, officers and volunteers are able to progress, develop and thrive. Our appetite for risk is more open in these areas.

We support and encourage all police officers, staff and volunteers to achieve and maintain the highest professional standards, behaviour and conduct. Our appetite for risk in this area is more cautious in order to ensure Northumbria Police delivers a high level of service to the public, underpinned by the Code of Ethics and maintains public confidence and trust.

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

LIKELIHOOD	Very High (5)				
	High (4)			B - Finance	
	Medium (3)		K - Regulation & Standards	A - Digital Policing D - Information & Data Management M - Workforce	
	Low (2)		F - Infrastructure and Assets I - Projects/ Programmes	E - Information & Data Quality G - Operational H - Partnership & Collaboration J - Public Confidence L - Strategy	
	Very Low (1)	C - Governance			
		Very Low (1)	Low (2)	Medium (3)	High (4)
					Very High (5)

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.

Risk Appetite Keys:

Position:

Current: the risk level at which the Force is currently operating. This level is tolerated by default, as cessation of activity is not an option. Risks are subject to management to drive activity into tolerance or appetite.

Tolerable: the level of risk with which the Force is willing to operate given current constraints. This balances the funding position with the position outlined in the Force's purpose, vision and strategic objectives. The tolerable position will shrink as the Force optimises the risk position.

Optimal: the level of risk with which the Force aims to operate. This is informed by the Force's purpose, vision and strategic objectives.

Level:

Averse (Low): Avoidance of risk and uncertainty is a key objective.

Minimalist (Medium Low): Preference for ultra-safe options that have a low degree of inherent risk and only have a potential for limited reward.

Cautious (Medium): Preference for safe options that have a low degree of residual risk and may only have limited potential for reward.

Open (Medium High): Willing to consider all options and choose the one that is most likely to result in successful delivery while also providing an acceptable level of reward.

Hungry (High): Eager to be innovative and to choose options based on potential higher rewards (despite greater inherent risk).

A	Strategic Risk Area – Digital Policing		
	Risk Appetite	Current/Tolerable	Optimal
		Cautious	Open
	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)	Deputy Chief Constable		
Governance & Oversight	Digital Policing Portfolio Governance 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) projects and programmes. ▪ Lack of skills and/or capacity to fulfil business as usual and change activities in parallel. ▪ A malicious intent to compromise or access information or data. ▪ Failure of national projects to deliver on time and to specification. ▪ Compromise of security perimeter devices leading to a compromise of the Force core network and a breach of confidentiality and integrity of Force data, and subsequent impact to national systems. 		
Current factors	<ul style="list-style-type: none"> ▪ Legacy technology estate carrying a low level of documentation, coupled with loss of knowledge and introduction of new staff. ▪ Some technologies are no longer covered under a commercial contract for support & maintenance. ▪ Some technologies are no longer supported by the vendor resulting in a lack of security patching and feature upgrades. ▪ Lack of standardisation across the technology estate. ▪ Unclear business ownership aligned to technologies to effect business representation against contract renewals and license allocation. ▪ Disparate applications with unclear alignment to Force capabilities. ▪ No formally agreed Service Level Agreements (SLAs) with the business in relation to technology availability and recovery. ▪ An organically grown network which is lacking consistency and standardisation. ▪ A significant weakness was highlighted during the internal audit in May 24. This relates to the visibility and reporting of the network security posture, and more specifically the patch status of network devices. 		
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. ▪ Removal from the Public Service Network (PSN/p) may be considered if the Force network is found to have been compromised. ▪ 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. 		

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	<ul style="list-style-type: none"> ▪ Confidentiality and integrity risk to Force data and systems and potentially national policing data and systems. ▪ The ability to carry out impact assessments based on new vulnerabilities is manual, and therefore may result in devices missing critical and non-critical updates within a suitable timeframe.
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Summary of Controls	<ul style="list-style-type: none"> ▪ Digital Policing Board Key Performance Indicator (KPI) to track and maintain oversight of both National Management Centre (NMC) alerts and patching. ▪ New major IT organisational restructure approved with 85% of vacancies filled increasing leadership, capability and capacity. ▪ Hardware upgrade and investment in existing NPICCS solution to ensure support and maintenance is maintained. ▪ New NPICCS hardware procured and installed across two sites, with migration due to conclude by end of summer 2024 ▪ 18-month implementation plan requiring significant IT commitment/resource in-place to implement the Records Management System replacement for NPICCS by February 2026. ▪ Audit regime to test internal switches and disablement when required. ▪ Wide Area Network (WAN) Transition from Capita to MLL as WAN suppliers expected to complete in late summer 2024. ▪ Tender being shaped to redesign and deliver a transformed Local Area Network (LAN). ▪ Disaster recovery controls in formation to deliver appropriate management of core system recovery and associated business continuity plans. ▪ Effective Cyber Incident Response Plan (CIRP) agreed, understood and in place. ▪ Patching policy in place. Network Team at full establishment will ensure daily checks and patching regime on network and infrastructure devices is maintained and reported. ▪ Centralised hardware security monitoring now fully operable via the NMC provided by the National Enabling Programme. ▪ Increased the number of devices being monitored (Meraki devices) by the central monitoring by NMC. ▪ Close direct relationships with Cyber support and oversight provided by the National Cyber Security Centre (NCSC). ▪ Greater security enhancement via enhanced Firewalls, access controls and further investment in new F5 technology. ▪ Annual and ad-hoc penetration testing regime embedded. ▪ Existing Cobol resources extended and capacity increased by two funded by projects during Q3 2024. ▪ Implementation of Smart Contact Command and Control solutions removing the threat of loss of 999 and 101 calls due to loss of NPICCS. ▪ 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.
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	<ul style="list-style-type: none"> ▪ Work towards a full network topology being supplied to the NMC to allow a complete understanding of the potential routes an Advance Persistent Threat (APT) may take across the Force network and further enhanced monitoring. ▪ A wider assessment of security controls in place, which will include consideration of Administrative Username and Password used across the Force network. ▪ Discovery and modelling of the entire technology estate has commenced. This will provide full documentation and understanding of linked assets, and the ability to carry out effective assessment to drive improvements. ▪ Digital Roadmap in development to provide visibility and gain buy-in from key stakeholders against all change activities required. 	
Likelihood	3	12
Impact	4	

B	Strategic Risk Area – Finance		
	Risk Appetite	Current/Tolerable	Optimal
		Cautious	Cautious
	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"> ▪ There has been a change in Government during 2024 and current discussions suggest consideration of a 3-year settlement for policing, along with a pledge for a national 13,000 increase in resources to Neighbourhoods. This is yet to be clarified in terms of the overall funding and grant position. ▪ There is still an expectation that the review of the Police Allocation Formula (PAF) will be delivered under the new Government however, timescales are yet to be clarified. ▪ 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.	
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 (Inflationary Risk, Pay Inflation, Emergency Services Network, , Operational Systems 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 alongside regional public sector partners including the Mayoral Office, to influence funding for Policing and the North East. ▪ Effective force wide Business Planning cycle, Revenue and Capital budget setting processes, Efficiency plans and monitoring. ▪ An effective Workforce Plan, Governance Arrangements and Force Operating Model (FOM) to manage pay related spend. 	
Likelihood	4	16
Impact	4	

C	Strategic Risk Area – Governance		
	Risk Appetite	Current/Tolerable	Optimal
		Cautious	Open
	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"> PCC due to consult upon Policing and Crime Plan Response to external inspection and investigation activity by His Majesty's Inspectorate of Constabulary and Fire & Rescue Services (HMICFRS). Challenging Force change projects and programmes. 		
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"> New Force Strategy, underpinned by thematic strategies and delivery plans. 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. Adherence to CIPFA good governance 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	

D	Strategic Risk Area – Information and Data Management		
	Risk Appetite	Current/Tolerable	Optimal
		Cautious	Open
	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	Force Assurance 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. ▪ Review and regular update of Data Sharing Agreements with partners. 		

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	<ul style="list-style-type: none"> ▪ IMD and Digital Policing collaborating effectively to formally identify, document and mitigate risk through the implementation of innovative and measurable solutions via implementation of automated processes, utilising available functionality within the 365 capability. ▪ 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 and support for IAOs and Information Asset Leads. ▪ Enhanced legislative, policy/procedure compliance via review, retention and deletion (RRD) implementation around stored data, which radicalises volumes and controls access. ▪ 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. ▪ Bi-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	

E	Strategic Risk Area – Information and Data Quality		
	Risk Appetite	Current/Tolerable	Optimal
		Cautious	Minimalist
	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	Force Assurance 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. ▪ 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 Digital Policing (DP) programme which integrates data management processes and wider compliance obligations. ▪ Migration plans as part of IT projects and programmes 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. ▪ Implementation of formal Information Asset Registers, training, awareness and ongoing monitoring and support for IAOs and Information Asset Leads. ▪ Enhanced legislative, policy/procedure compliance via review, retention and deletion (RRD) implementation re stored data which radicalises volumes and controls access. ▪ 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	

F	Strategic Risk Area – Infrastructure and Assets		
	Risk Appetite	Current/Tolerable	Optimal
		Cautious	Open
	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 Board		
Context	<ul style="list-style-type: none"> ▪ Failure to appropriately maintain assets may result in critical failure. ▪ Failure to comply with building regulations and legislation regarding the safety of our estate. ▪ Force must meet future sustainability and carbon reduction targets. ▪ Failure to ensure officers and staff have the right assets and equipment available to perform their role. ▪ Failure to prevent unauthorised access to force buildings. ▪ Failure to provide the appropriate training estate to enable maintenance of operational training profiles and to meet CoP licensing requirements 		
Current factors	<ul style="list-style-type: none"> ▪ Programme of works aligned to future FOM needs to be established to meet operation, sustainability and carbon reduction requirements. ▪ Implementation of an Agile Working policy. ▪ Delays and increased costs of Estates programme as a result of supply chain issues and inflationary pressures. ▪ Ongoing delays in new supply of vehicles/availability of fleet as a result of global supply chain issues. ▪ Physical security of buildings and methods of access. ▪ Non police owned operational training estate with reliance on other parties to support our delivery. ▪ Storage capacity for evidential property. 		
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. ▪ Unauthorised access to force buildings and assets. ▪ Loss of CoP license to deliver operational training impacting on capability and deployability of workforce. ▪ Property is stored in various locations without formal recording or RRD (Retention, Review, Deletion) processes in place. Potential for non-compliance with regulations and a potential negative impact on investigations and subsequent loss of public confidence. Volumes retained also impacts on cost to transition from NPICCS to NICHE. 		

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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 ▪ Full review of methods of access to buildings undertaken, specification and project underway to replace current key access with electronic access control system for all force buildings. ▪ To mitigate specific risk at North Shields, a bespoke access control system has been installed. ▪ There has been a programme of communications issued to all staff in relation to building security. Including the wearing of identification and challenging where appropriate individuals seeking to access force buildings. ▪ Additional penetration testing to test building security measures has been put in place. ▪ Implement agreed Estates Strategy, rationalising where appropriate and re-profiling building refurbishment programme to align with future operating model and operating procedures. ▪ Established internal arrangements to minimise the impact of proposed estate and infrastructure changes/refreshes on the business. ▪ Business Continuity Plans, Estate Strategies and policies and procedures in place. ▪ Regular inspection, testing and maintenance programmes in place in respect of water hygiene, electricity and gas safety. ▪ Statutory maintenance audit sampling a number of force buildings to be undertaken, providing assurance around statutory compliance and potentially to identify any gaps in maintenance coverage. ▪ 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. ▪ 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 Culture and Leadership Board. ▪ Estates Strategy significant investment projects and Estates Capital Programme progress are overseen by the Estates Programme Board. ▪ Ongoing negotiations to secure operational training bases with Northumberland and Tyne and Wear Fire services which will be compliant with CoP license requirements and in support of Etal Lane as Northumbria Police owned estate. Longer term agreement to secure operational training base. ▪ DMAT (Data Management Assessment Team) assisting with property management. ACC (Communities) has a sub-group working towards improving the property system.
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Likelihood	2	6
Impact	3	

G	Strategic Risk Area – Operational		
	Risk Appetite	Current/Tolerable	Optimal
		Cautious	Cautious
	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	Force Assurance Board		
Context	<ul style="list-style-type: none"> ▪ 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 Public Order Public Safety (POPS), Firearms and Motor Patrols has led to the identification of shifting threats from extremist groups and associated learning from public inquiries. ▪ A recognition of the Force’s ability to effectively deal with Societal Risks; Diseases; Natural Hazards; Major Accidents; Malicious Attacks increased protest activity and 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 and stronger LRF pilot within the Northumbria region. ▪ Statutory guidance for JESIP and increased training requirements. ▪ Implementation of a new FOM has created an imbalance of skills across geographical locations and shifts. ▪ Work Force Plan. ▪ Significant Events (e.g. derby match and increase in protests). ▪ Manchester Arena recommendations impacting broader testing & exercising. ▪ Increased Public and Personal Safety training (PPST) schedule. ▪ Increased Mutual Aid requests. 		
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"> ▪ Skills map is being developed and will be taken to Strategic Resourcing Board with recommendations to address the imbalance caused by FOM moves. ▪ Robust business continuity plans in place across all area commands and departments with regular testing ▪ Concept of Operations developed in line with the States of Policing Matrix to support resourcing decisions 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. ▪ Ability to implement agile ways of working and create secure estate environments. ▪ Northumbria Police are an invested partner in the LRF and work closely with the partnership on preparedness for civil emergencies and the testing and excising of the multi-agency response. ▪ Northumbria police will lead on recruitment of stronger LRF resources and will host the roles once recruited ▪ Strategic and tactical JESIP delivery groups. ▪ Internal and multi-agency Governance structure to deliver on Manchester Arena Inquiry recommendations. ▪ Ability to revise shift pattern to facilitate mobilisation of specialist staff, particularly in respect of TL2 assets. ▪ Force Coordination Centre and twice daily pace setter meetings to align demand and resources. ▪ Working Group established to manage Public Order resources to fulfil operational requirements. 	
Likelihood	2	8
Impact	4	

H	Strategic Risk Area – Partnership & Collaboration		
	Risk Appetite	Current/Tolerable	Optimal
		Cautious	Open
	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	Strategic Resourcing Board		
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. ▪ Strategic Design Authority and Force change projects and programmes to improve scope and user requirements of procured 		

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	<p>services with clear benefits tracking via the Strategic Resourcing Board</p> <ul style="list-style-type: none"> ▪ Improving understanding of demand and external influences of demand enabling effective management of response. ▪ Business continuity plans between relevant partners. ▪ Access to local and/or national support programmes. ▪ Ongoing management of commercial contracts. ▪ Ability to introduce and maintain joint Criminal Justice Impact and Recovery working exercises when required, utilising resources across disciplines to meet demand. 	
Likelihood Impact	2 4	8

I	Strategic Risk Area – Projects/Programmes		
	Risk Appetite	Current/Tolerable	Optimal
		Open	Hungry
	Risk – Change programmes and projects are not aligned with strategic priorities or do not successfully deliver requirements and intended benefits to time, cost and quality.		
Owner(s)	Deputy Chief Constable		
Governance & Oversight	Force Change Board		
Context	<ul style="list-style-type: none"> Significant change programme underway to deliver benefits for both the public and our people requiring investment in new technology, systems, kit and people. 		
Current factors	<ul style="list-style-type: none"> Increased demand as the force implements Force change projects and programmes. Lack of skills and/or capacity to fulfil change activities in parallel with business as usual. Cultural change required to successfully deliver new operating models/ platforms. Limited ability to deliver, or delays in the delivery of, Force change projects and programmes due to insufficient specialist and/or technical skills. Increased demand on information and data management due to interdependencies within the Digital Policing Change Programme and new ways of working. Flexibility to effectively move resources as a result of structural changes 		
Potential consequence	<ul style="list-style-type: none"> Failure to achieve the business benefits from Force change projects and programmes impacting on performance and delivery of the Force Strategy. 		
Summary of Controls	<ul style="list-style-type: none"> New salary model, bespoke support and significant investment has been made to increase pay competitiveness across technical roles, securing critical technical skills and supporting Force change projects and programmes. A focussed Capacity and Capability Meeting is in place to monitor, coordinate and agree operational resourcing solutions at tactical level. This provides a platform for early consultation on change to operating models and early understanding of capacity and capability impact. Impact assessments completed where appropriate as key project activity to determine significant impacts such as changes to structure Digital Roadmap in development to increase engagement with key stakeholders for all change activities required. Established internal arrangements to minimise the impact of proposed estate and infrastructure changes/refreshes on the business. 		

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	<ul style="list-style-type: none"> ▪ Strategic Design Authority and Force Change Board to ensure appropriate oversight and governance of change projects and programmes with clear benefits tracking. ▪ Project Approval Group for review of business cases and requirements for potential new digital solutions. ▪ Planned evaluation. 	
Likelihood	2	8
Impact	4	

J	Strategic Risk Area – Public Confidence		
	Risk Appetite	Current/Tolerable	Optimal
		Cautious	Open
	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	Trust and Confidence 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 and the Angiolini Inquiry. 		
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. ▪ Reduced levels of public confidence. ▪ Misinformation and disinformation spread through media networks. 		
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 through the Trust and Confidence Board and DE&I board. ▪ Independent advisory groups and Scrutiny Panels for use of powers. ▪ Force Engagement Strategy and plan. ▪ 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 Assurance 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	

K	Strategic Risk Area – Regulation & Standards		
	Risk Appetite	Current/Tolerable	Optimal
		Minimalist	Cautious
	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	Force Assurance 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 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 Force Assurance Board. ▪ Recognised accreditation in relevant areas of business. ▪ Health and Safety Management System and provision of health and safety advice. ▪ Investigations and review of health and safety incidents, with lessons learnt reported. ▪ Force policy on mandatory use of Body Worn Video at key incidents/events. ▪ External Scrutiny including panel for use of police powers (Use of Force/Stop & Search) and substantive Independent Scrutiny and Oversight Board. ▪ Force approach to identify and reduce AA4SP. 		
Likelihood Impact	3 3	9	

L	Strategic Risk Area – Strategy		
	Risk Appetite	Current/Tolerable	Optimal
		Cautious	Open
	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 or a changing macro-environment.		
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 Force change projects and programmes. ▪ 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"> ▪ Increased demand as the force implements Force change projects and programmes. ▪ Implementation of operating model able to support future demand. ▪ North East devolution deal between the government and the local authorities. 		
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. ▪ Slippage/failure of projects, which hamper the achievement of objectives. 		
Summary of Controls	<ul style="list-style-type: none"> ▪ FOM reviewed and implementation of new model. ▪ New Force Strategy underpinned by thematic strategies and delivery plans. ▪ 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. ▪ Effective relationships and communication with partners locally enabling response to national issues (e.g. LCJB). ▪ Development and implementation of financial and efficiency planning focused on delivery of Force strategic priorities. ▪ Realisation of benefits linked to delivery of Force change projects and programmes. 		

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	▪ Accelerated Investigation Improvement Plan.	
Likelihood	2	8
Impact	4	

M	Strategic Risk Area – Workforce		
	Risk Appetite	Current/Tolerable	Optimal
		Cautious	Open
	Risk – Standards, conduct and behaviours of the workforce are not in-line with Northumbria Police values and the Code of Ethics. Inability to maintain an effective workforce profile through a reduction in attraction, recruitment and retention.		
Owner(s)	Assistant Chief Officer Corporate Services		
Governance & Oversight	Corporate Services Portfolio Governance Board		
Context	<p>To attract, retain and develop a high performing and engaged workforce we must ensure:</p> <ul style="list-style-type: none"> • A strong and relevant employer brand focussed on improvement, which is realistic and reflective of our internal culture. • An environment which promotes and displays positive behaviours at all levels, led and exemplified by Chief Officers, with a clear focus on value and engagement. • Our people feel confident to challenge and call out adverse behaviours at every level. • A collective focus on wellbeing and a commitment to maintaining manageable workloads. • A holistic resourcing strategy through which operating models and roles offer clarity and have a long-term vision to support attraction, retention, and development. • The development of clear supply pipelines to grow capability internally, providing progression opportunities, nurturing talent, and governing this activity through the resourcing strategy. • Efficient recruitment and vetting processes to match hiring pace and to ensure the right assessment and quality assurance of candidates is in place to meet and exceed standards. • The development and promotion of sustainable growth in future capabilities, by effectively understanding our future skills requirements. 		
Current factors	<ul style="list-style-type: none"> • Developing understanding of current and future operating models which impacts on resourcing and skills requirements. • Poor understanding of people performance, insufficient use of the P&DR system and lack of buy-in from local management leads to ineffective resource utilisation, low morale and missed opportunities to maximise talent and innovation. • Current job market means candidates have increased choice and higher expectations in relation to salary and opportunities for development. • Challenges to meet wider diversity ambition prevail despite increased local diversity as applicant pools remain limited. • Challenges in the attraction of specialist resources through internal supply routes. • Higher percentage of female officer voluntary leavers than males. 		

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	<ul style="list-style-type: none"> • Skills shortages persist in select specialist and technical roles due to marked differences in remuneration when compared to private sector. • The attraction and retention of volunteers continues to be negatively impacted by a nationally depleting market. • Vetting is currently not matching the hiring pace. Vacancies are being held for long periods and attrition of candidates due to the length of wait is evident. • Capacity and capability in Public Order resources to fulfil increased operational requirements.
Potential consequence	<ul style="list-style-type: none"> • Failure to secure a diverse and engaged workforce, directly impacting productivity. • Reduction in performance and negative impact on quality of service. • 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, impacting negatively in trust and confidence. • Limited ability to deliver or delays in the delivery of Force change projects and programmes due to insufficient specialist and/or technical skills. • Loss of talent due to vetting delays.

Summary of Controls	<ul style="list-style-type: none"> • Continuous engagement with Chief Officer and business leads to ensure clarity of operating models, with oversight through the force governance framework, specifically Strategic Design Authority and Strategic Resourcing Board. • A People Strategy underpinned by specific people pillars provides direction and clarity to create suitable environments to drive performance improvement and support attraction, recruitment and development of our people. • A Resourcing Strategy to implement a holistic approach to resourcing and enable each business area to address design, demand, capacity, capability and supply for all resources needed. • A Strategic Workforce Plan to address resourcing needs at three distinct levels: day to day resource requirements, succession capacity and capability planning to address foreseen gaps and a longer-term vision setting out the resourcing needs and priorities of the Force across next five years. • Pay offer and job evaluation have been modernised, bringing salaries within the median for public sector to improve attraction and retention. • In addition to the new salary model, bespoke support and significant investment has been made to increase pay competitiveness across technical roles, securing critical technical skills and supporting Force change projects and programmes.
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	<ul style="list-style-type: none"> • Focus on implementing a total rewards package and the establishment of a rewards panel to provide consistency, fairness and scrutiny to the allocation of market supplements, retention payments and other monetary related benefits. • The NPCC Diversity, Equality & Inclusion Strategy is incorporated into the DE&I Strategy with a delivery plan aligned to national workstreams as well as a bespoke positive action plan to support meeting diversity and volunteering ambition. • Use of agency / organisations to provide burst capability for technical skills. • Development of a bespoke framework to address workforce retention and attrition as well as implementation of the national leavers framework to act on exit and retention intelligence. • A comprehensive accelerated investigative improvement plan and associated workforce plan is in place with governance provided by the Investigative Capability Gold Group and Strategic Resourcing Board. • A focussed Capacity and Capability Meeting is in place to monitor, coordinate and agree operational resourcing solutions at tactical level. This provides a platform for early consultation on change to operating models and early understanding of capacity and capability impact. • Working Group established to manage Public Order resources. • Recruitment campaigns are mapped for the forthcoming year and shared with vetting to ensure demand can be effectively managed and met. A process to prioritise vetting applications has been implemented between People Department and vetting. Vetting resources are considered sufficient to meet ongoing demand and remain under close observation. 	
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"> ▪ Funding settlement 2024/25 remains one-year only. ▪ Funding streams including the Violence Reduction Unit (VRU), victim services and Safer Streets all remain on a short-term basis, ending March 2025. ▪ Settlement 2024/25 has continued funding to support the Uplift programme. ▪ There has been a change in Government during 2024 and current discussions suggest consideration of a 3-year settlement for policing, along with a pledge for a national 13,000 increase in resources to Neighbourhoods. This is yet to be clarified in terms of the overall funding and grant position. ▪ 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. ▪ As a result of the summer unrest there are a number of claims under the 'Riot Compensation Scheme' against the Office of the Police and Crime Commissioner (OPCC). Discussions are ongoing for these to be funded by government, if this is not agreed they will need to be met from Force reserves.
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 Chief Constable (CC). ▪ If claims under the 'Riot Compensation Scheme' are to be met by OPCC, then these will need to be met from the General Reserve, potentially taking it below minimum levels.

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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 using Priority Based Budgeting to identify areas of efficiency and investment, and an 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, National Police Chiefs' Council 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. ▪ Chief Constable leading a representative workforce that demonstrates the highest levels of integrity, fairness and respect towards others. ▪ Trust in the transparency of Northumbria Police. ▪ Effective governance includes 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 OPCC 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. ▪ Understanding the new government's approach to crime, policing and criminal justice. 	
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 - External Advisory Panel Framework ▪ 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/ASB Strategic 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 - VRU and other joint projects including Victims Service Provision. Three-year funding confirmed up to the end of March 2025. 	
Current factors	<ul style="list-style-type: none"> ▪ Current economic crisis and funding pressures on partners. ▪ Understanding the new governments approach to crime, policing and criminal justice. 	
Potential consequence	<ul style="list-style-type: none"> ▪ Reduced public confidence. ▪ Reduced opportunities for more efficient and effective services. ▪ Missed opportunities to prevent and reduce crime and disorder and maintain an efficient and effective Criminal Justice System. 	
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 and ASB Strategic Board. ▪ 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	
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, through external advisory panels and the complaints process to respond to trends or concerns identified ensuring 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"> ▪ Ongoing consultation to develop the new Police and Crime Plan with a focus on building safer streets and stronger communities. ▪ Role of social media in shaping public perceptions. ▪ Impending HMICFRS PEEL assessment for Northumbria Police. 	
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. ▪ External Advisory Panel Framework. 	
Likelihood Impact	2 4	8

JOINT INDEPENDENT AUDIT COMMITTEE	18 NOVEMBER 2024
TREASURY MANAGEMENT MID-YEAR REPORT 2024/25	
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 2024, 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 £3.150m for the year which is £0.304m under budget. The reduced forecast for interest on borrowing reflects delaying the refinancing of the PWLB loan that matured in September, and an overall reduced borrowing requirement in 2024/25 aligned with the rephasing of capital programme expenditure.
 - Investment interest is forecast at £1.460m, an increase of £0.210m against the budget set for the year. The interest achieved on revenue balances, and forecasted for the rest of the year, is above budget due to higher interest rates achieved despite a reduction of and future forecast reductions in Bank Rate by the Bank of England. Cash balances available for investment are higher than budgeted as a result of underspends on revenue and capital budgets in 2023/24.
 - 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 2024

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 2024.

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 2024/25 to 2027/28.
- 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 2024 was £71.969m, which was within the operational borrowing limit of £155.000m. This borrowing is made up of £66.969m 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 half of the financial year the Commissioner entered into £10.000m short-term borrowing, which was fully repaid when the Pension top-up grant of £67.062m was received from the Home Office in July. There was also no temporary borrowing carried over from 2024/25.
- 3.3 Repayment of one PWLB loan for £5.000m was due on the 5 September. Due to the underspend on the capital programme in 2023/24 and the re-phasing of capital expenditure in 2024/25, refinancing of that loan was not required at that time. Due to increased cash balances and the use of internal borrowing to avoid the current higher borrowing interest rates plans for any new PWLB borrowing has been deferred but some PWLB or Short Term borrowing may be required later in the financial year, subject to progress on the capital programme.
- 3.4 As at 30 September 2024 the Treasury Management budget for interest on borrowing is forecast to underspend by £0.304m.

Borrowing Interest 2024/25	Budget £000	Forecast £000	Variance £000
PWLB	2,209	2,209	-
Market Loans (Long-term)	176	176	-
Market Loans (Short-term)	1,069	765	(304)
Total	3,454	3,150	(304)

- 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 £0.200m 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 2024/25 is £1.460m. This represents increased income of £0.210m when compared to the budget of £1.250m. This increase is partly attributed to higher interest rates achieved during the year against budget estimates. Underspends against revenue and capital budgets in 2023/24 and increased reserve balances for 2024/25 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 2024/25 financial year. The average budgeted rate for the year was 4.4326%.
- 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. The average rate of return achieved as at 30 September 2024 is 5.2216% which is 0.7890% higher than the budgeted rate of 4.4326%.
- 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 2024 is 5.2032% and this exceeds the 30-day backward SONIA rate of 4.9596%. The Commissioner's average rate of return of 5.2216% is also in excess of the 30-day backward SONIA rate of 5.1470%.
- 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 September 2024, the Commissioner achieved a weighted average rate of return of 5.2200% on investments.

This was above the risk adjusted expectations as defined in the benchmarking report of between 4.9100% and 5.0800%.

- 4.6 The most recent Link Group forecast for Bank Rate covers the period up to March 2026 and the view that the current rate of 5.00% will fall to 4.00% this financial year before falling further to 3.25% by March 2026 and then to 3.00% between September 2026 to March 2026.

Bank Rate %	Dec-24	Mar-25	Jun-25	Sep-25	Dec-25	Mar-26	Jun-26	Sep-26	Dec-26	Mar-26
	4.50	4.00	3.50	3.25	3.25	3.25	3.25	3.00	3.00	3.00

- 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 2024/25 is an under spend of £0.514m against the budget.

Budget Performance 2024/25	Budget £000	Forecast £000	Variance £000
Borrowing Interest	3,454	3,150	(304)
Investment Interest	(1,250)	(1,460)	(210)
Total	2,204	1,690	(514)

- 5.2 The underspend in borrowing costs of £0.304m reflects a lower borrowing requirement for the year due to increased reserve balances for 2024/25 and reduced spending against the capital programme. Actual temporary borrowing costs in 2024/25 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 £1.460m, an increase of £0.210m against the budget set for the year. The interest achieved on revenue balances, and forecasted for the rest of the year, is above budget due to higher interest rates achieved, despite a reduction of and future forecast reductions in Bank Rate by the Bank of England. Cash balances available for investment are higher than budgeted as a result of underspends on revenue and capital budgets in 2023/24.
- 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 2024 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 2024

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	32.66
479687	3,663,710.14	17/07/1997	05/07/2057	7.000	32.78
479976	454,300.06	06/10/1997	05/09/2057	6.625	32.95
479977	696,104.92	06/10/1997	05/09/2057	6.625	32.95
480186	659,467.82	22/10/1997	05/09/2057	6.500	32.95
480880	1,831,855.07	23/04/1998	23/04/2058	5.625	33.58
497288	5,000,000.00	25/05/2010	23/04/2060	4.290	35.59
503622	5,000,000.00	09/01/2015	09/01/2050	3.160	25.29
503623	5,000,000.00	09/01/2015	09/01/2030	2.790	5.28
505904	5,000,000.00	22/03/2017	22/03/2067	2.460	42.50
505920	5,000,000.00	27/03/2017	27/03/2066	2.370	41.52
506307	5,000,000.00	31/08/2017	31/08/2065	2.300	40.95
507097	5,000,000.00	22/03/2018	22/09/2064	2.330	40.01
507986	2,000,000.00	02/11/2018	02/05/2028	2.180	3.59
507987	2,000,000.00	02/11/2018	02/11/2068	2.550	44.12
508203	3,500,000.00	12/12/2018	12/06/2028	1.980	3.70
508204	3,500,000.00	12/12/2018	12/06/2063	2.430	38.72
508961	5,000,000.00	26/03/2019	26/03/2029	1.860	4.49
117885	5,000,000.00	01/10/2019	01/10/2027	1.170	3.00
Total	66,969,148.15				

Market Loans

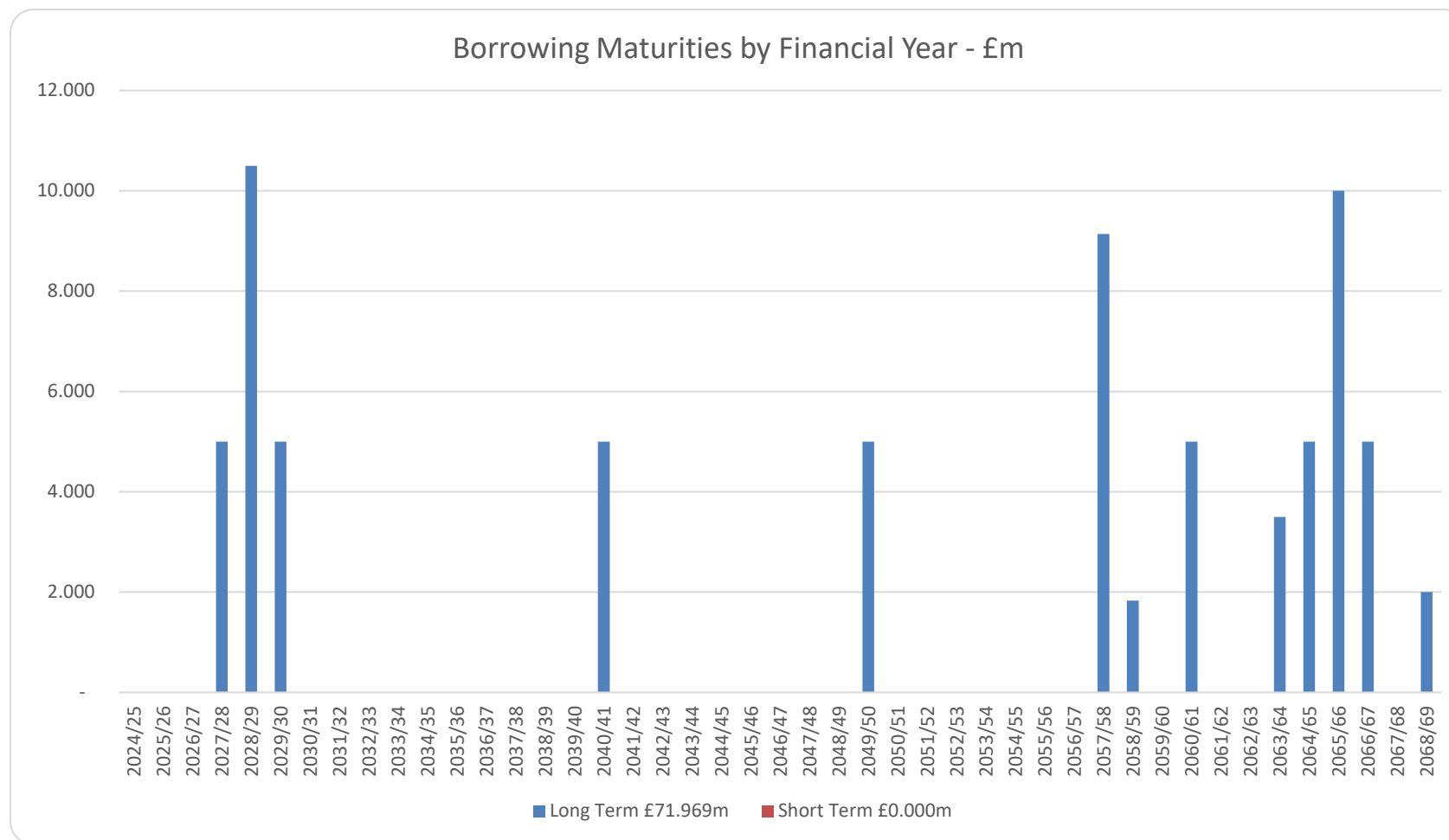
Lender	Principal £	Start Date	Maturity Date	Rate %	Years to Maturity
Barclays	5,000,000.00	01/06/2010	01/06/2040	3.52	15.68
Total	5,000,000.00				

Total Borrowing

Lender	Principal £
PWLB	66,969,148.15
Market Loans	5,000,000.00
Total	71,969,148.15

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 28 May 2024 (and confirmed unchanged following 1 August Bank of England's cut in the Bank Rate from 5.25% to 5%). The PWLB rate forecasts below are based on the Certainty Rate (the standard rate minus 20 bps). The PWLB rate forecasts below are based on the Certainty Rate (the standard rate minus 20 bps, calculated as gilts plus 80bps).

Link Group Interest Rate View		28.05.24									
		Dec-24	Mar-25	Jun-25	Sep-25	Dec-25	Mar-26	Jun-26	Sep-26	Dec-26	Mar-27
BANK RATE		4.50	4.00	3.50	3.25	3.25	3.25	3.25	3.00	3.00	3.00
3 month ave earnings		4.50	4.00	3.50	3.30	3.30	3.30	3.30	3.00	3.00	3.00
6 month ave earnings		4.40	3.90	3.50	3.30	3.30	3.30	3.30	3.10	3.10	3.20
12 month ave earnings		4.30	3.80	3.50	3.40	3.40	3.40	3.40	3.20	3.30	3.40
5 yr PWLB		4.50	4.30	4.10	4.00	3.90	3.90	3.90	3.90	3.90	3.80
10 yr PWLB		4.60	4.40	4.30	4.10	4.10	4.10	4.00	4.00	4.00	3.90
25 yr PWLB		5.00	4.80	4.70	4.50	4.50	4.40	4.40	4.40	4.30	4.30
50 yr PWLB		4.80	4.60	4.50	4.30	4.30	4.20	4.20	4.20	4.10	4.10

Link Group overview of the future path of Bank Rate:

- Link Group's forecast for interest rates was previously updated on 28 May and left unchanged on the 1 August following the MPC meeting.
- The Bank of England initiated its loosening cycle in August with a 25bps rate cut, lowering rates from 5.25% to 5.0%. In its September meeting, the Bank, resembling the ECB more than the Fed, opted to hold rates steady at 5.0%, signalling a preference for a more gradual approach to rate cuts. Notably, one Monetary Policy Committee (MPC) member (Swati Dhingra) voted for a consecutive 25bps cut, while four members swung back to voting to leave rates unchanged. That meant the slim 5-4 vote in favour of a cut in August shifted to a solid 8-1 vote in favour of no change in September.
- Short, medium, and long-dated interest rates will fall back over the next year or two, although there are upside risks in respect of the stickiness of inflation and a continuing tight labour market, as well as the size of gilt issuance".
- Link Group's forecast is due to be updated around mid-November following the 30 October Budget, 5 November US presidential election and the 7 November MPC meeting and the release of the Bank of England Quarterly Monetary Policy Report.

PWLB Rates

- Gilt yields and PWLB certainty rates were less volatile than at this time last year. Overall, the 10, 25 and 50-year part of the curve endured a little volatility but finished September very much as it started in April.
- Where there was some movement downwards, this came in the shorter part of the curve as markets positioned themselves for Bank Rate cuts in the second half of 2024 and into 2025, although the continued stickiness of inflation and the prevailing tight labour market is a concern for those looking for more sizeable falls ahead.

- At the beginning of April, the 5-year certainty rate was the cheapest part of the curve at 4.72% whilst the 25-year rate was relatively expensive at 5.28%. May saw yields at their highest across the whole curve.
- Conversely, 17 September saw the low point for the whole curve, with the 5-year certainty rate falling to 4.31% before rebounding to 4.55% by the end of the month. Similarly, the 50-year certainty rate fell to 4.88% but finished the month at 5.13%, slightly higher than at the start of April.
- At this juncture, we still forecast rates to fall back over the next two to three years as inflation dampens, although there is upside risk to our Bank Rate forecast at present. The CPI measure of inflation is expected to fall below 2% in the second half of 2025, however, and we forecast 50-year rates to stand at 4.20% by the end of September 2026. The major caveats are that there is considerable gilt issuance to be digested by the market over the next couple of years, and geo-political uncertainties – which are generally negative for inflation prospects – abound in Eastern Europe and the Middle East, in particular.

Prudential Indicators

Authorised Limit for External Debt			
	2024/25 Reported Indicator £000	2024/25 Position at 30 Sep £000	2024/25 Max YTD £000
Borrowing	175,000	71,969	86,969
Other Long Term Liabilities	0	0	0
Total	175,000	71,969	86,969
No breach of the Authorised Limit			

Operational Boundary for External Debt			
	2024/25 Reported Indicator £000	2024/25 Position at 30 Sep £000	2024/25 Max YTD £000
Borrowing	155,000	71,969	86,969
Other Long Term Liabilities	0	0	0
Total	155,000	71,969	86,969
No breach of the Operational Boundary			

Upper / Lower Limits for Maturity Structure of Fixed Rate Borrowing				
Maturity	2024/25 Reported Indicator		2024/25 Position at 30 Sep 2024	
	Upper Limit	Lower Limit	Actual Percentage	Maximum YTD
< 1 year	60%	0%	0.00%	17.25%
1 - 2 years	40%	0%	0.00%	0.00%
2 - 5 years	40%	0%	21.54%	21.54%
5 - 10 years	40%	0%	6.95%	6.95%
> 10 years	80%	0%	71.52%	71.52%
All borrowing is within the limits set for the year				

Upper Limit on principal amounts invested beyond 365 days			
	2024/25 Reported Indicator £000	2024/25 Position at 30 Sep £000	2024/25 Maximum YTD £000
Investments	15,000	0	0

Gross Debt and CFR		
	2024/25 £000 Reported Indicator	2024/25 £000 Forecast Position
Forecast Borrowing as at 31 March	101,871	96,969
Capital Financing Requirement at 31 March	126,433	117,494
Amount of borrowing (over) / under CFR	24,562	20,525

The year-end borrowing position is forecast at £96.969m which is lower than the CFR by £20.525m. The CFR (as at 31 March 2024) is forecast at £117.494m which is a reduction of £8.939m against the original estimate of £126.433m. This position reflects the 2024/25 Q2 Capital Monitoring position as at 30 September 2024.

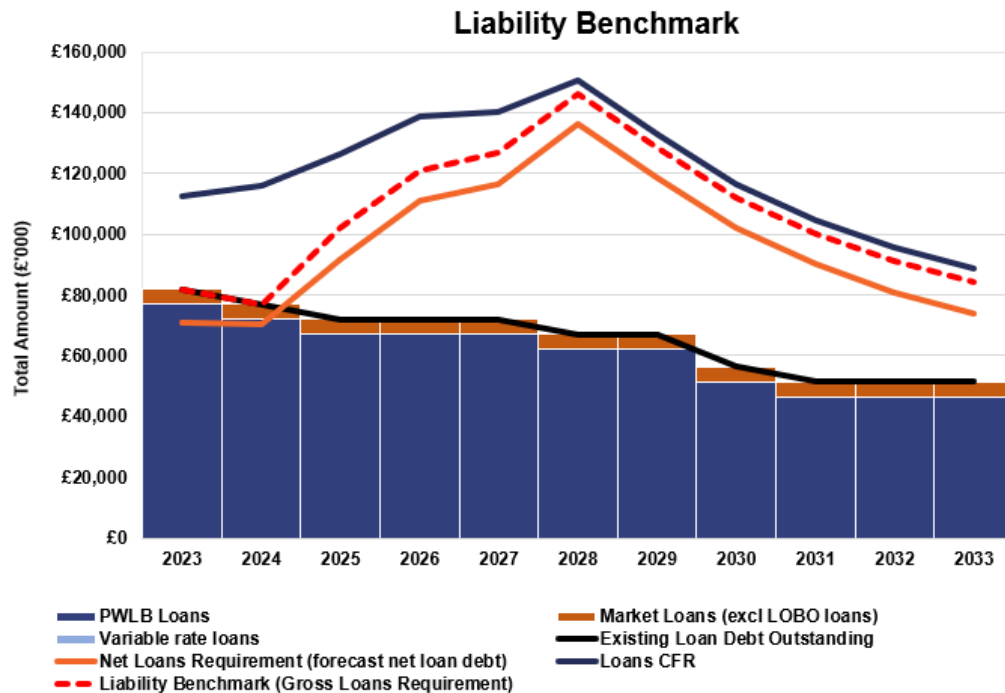
The £20.525m under borrowing against CFR reflects the availability of reserves, the strategy to maximise internal borrowing to avoid the current higher borrowing interest rates and the positive impact on the working capital position as at the year-end. This position satisfies the Code of Practice requirements.

Liability Benchmark

In addition to the prudential indicators set out above a new debt treasury indicator, the Liability Benchmark, has been adopted in 2024/25 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 2024/25 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 from LINK Group

- The third quarter of 2024 (July to September) saw:
 - GDP growth stagnating in July following downwardly revised Q2 figures (0.5% q/q)
 - A further easing in wage growth as the headline 3myy rate (including bonuses) fell from 4.6% in June to 4.0% in July;
 - CPI inflation hitting its target in June before edging above it to 2.2% in July and August;
 - Core CPI inflation increasing from 3.3% in July to 3.6% in August;
 - The Bank of England initiating its easing cycle by lowering interest rates from 5.25% to 5.0% in August and holding them steady in its September meeting;
 - 10-year gilt yields falling to 4.0% in September.
- The economy's stagnation in June and July points more to a mild slowdown in GDP growth than a sudden drop back into a recession. Moreover, the drop in September's composite activity Purchasing Managers Index, from 53.8 in August to 52.9, was still consistent with GDP growth of 0.3%-0.4% for the summer months. This is in line with the Bank of England's view, and it was encouraging that an improvement in manufacturing output growth could be detected, whilst the services PMI balance suggests non-retail services output grew by 0.5% q/q in Q3. Additionally, the services PMI future activity balance showed an uptick in September, although readings after the Chancellor's announcements at the Budget on 30th October will be more meaningful.
- The 1.0% m/m jump in retail sales in August was stronger than the consensus forecast for a 0.4% m/m increase. The rise was reasonably broad based, with six of the seven main sub sectors recording monthly increases, though the biggest gains came from clothing stores and supermarkets, which the ONS reported was driven by the warmer-than-usual weather and end of season sales. As a result, some of that strength is probably temporary.
- The government's plans to raise public spending by around £16bn a year (0.6% GDP) have caused concerns that a big rise in taxes will be announced in the Budget, which could weaken GDP growth in the medium-term. However, if taxes are raised in line with spending (i.e., by £16bn) that would mean the overall stance of fiscal policy would be similar to the previous government's plan to reduce the budget deficit. Additionally, rises in public spending tend to boost GDP by more than increases in taxes reduce it. Our colleagues at Capital Economics suggest GDP growth will hit 1.2% in 2024 before reaching 1.5% for both 2025 and 2026.
- The further easing in wage growth will be welcomed by the Bank of England as a sign that labour market conditions are continuing to cool. The 3myy growth rate of average earnings fell from 4.6% in June to 4.0% in July. On a three-month annualised basis, average earnings growth eased from 3.0% to 1.8%, its lowest rate since December 2023. Excluding bonuses, the 3myy rate fell from 5.4% to 5.1%.
- Other labour market indicators also point to a further loosening in the labour market. The 59,000 fall in the alternative PAYE measure of the number of employees in August marked the fourth fall in the past five months. And the 77,000 decline in the three months to August was the biggest drop since November 2020. Moreover, the number of workforce jobs fell by 28,000 in Q2. The downward trend in job vacancies continued too. The number of job vacancies fell from 872,000 in the three months to July to 857,000 in the three months to August. That leaves it 34% below its peak in May 2022, and just 5% above its pre-pandemic level. Nonetheless, the Bank of England is still more concerned

about the inflationary influence of the labour market rather than the risk of a major slowdown in labour market activity.

- CPI inflation stayed at 2.2% in August, but services inflation rose from a two-year low of 5.2% in July to 5.6%, significantly above its long-run average of 3.5%. Food and fuel price inflation exerted some downward pressure on CPI inflation, but these were offset by the upward effects from rising furniture/household equipment inflation, recreation/culture inflation and a surprisingly large rise in airfares inflation from -10.4% in July to +11.9% in August. As a result, core inflation crept back up from 3.3% to 3.6%. CPI inflation is also expected to rise in the coming months, potentially reaching 2.9% in November, before declining to around 2.0% by mid-2025.
- The Bank initiated its loosening cycle in August with a 25bps rate cut, lowering rates from 5.25% to 5.0%. In its September meeting, the Bank, resembling the ECB more than the Fed, opted to hold rates steady at 5.0%, signalling a preference for a more gradual approach to rate cuts. Notably, one Monetary Policy Committee (MPC) member (Swati Dhingra) voted for a consecutive 25bps cut, while four members swung back to voting to leave rates unchanged. That meant the slim 5-4 vote in favour of a cut in August shifted to a solid 8-1 vote in favour of no change.
- Looking ahead, CPI inflation will likely rise in the coming months before it falls back to its target of 2.0% in mid-2025. The increasing uncertainties of the Middle East may also exert an upward pressure on inflation, with oil prices rising in the aftermath of Iran's missile attack on Israel on 1 October. China's recent outpouring of new fiscal support measures in the latter stages of September has also added to the upshift in broader commodity prices, which, in turn, may impact on global inflation levels and thus monetary policy decisions. Despite these recent developments, our central forecast is still for rates to fall to 4.5% by the end of 2024 with further cuts likely throughout 2025. This is in line with market expectations, however, although a November rate cut still looks likely, December may be more problematic for the Bank if CPI inflation spikes towards 3%. In the second half of 2025, though, we think a more marked easing in inflation will prompt the Bank to speed up, resulting in rates eventually reaching 3.0%, rather than the 3.25-3.50% currently priced in by financial markets.
- Our forecast is next due to be updated around mid-November following the 30 October Budget, 5 November US presidential election and the 7 November MPC meeting and the release of the Bank of England Quarterly Monetary Policy Report.
- Looking at gilt movements in the first half of 2024/25, and you will note the 10-year gilt yield declined from 4.32% in May to 4.02% in August as the Bank's August rate cut signalled the start of its loosening cycle. Following the decision to hold the Bank Rate at 5.0% in September, the market response was muted, with the 10-year yield rising by only 5bps after the announcement. This likely reflected the fact that money markets had priced in a 25% chance of a rate cut prior to the meeting. The yield had already increased by about 10bps in the days leading up to the meeting, driven in part by the Fed's "hawkish cut" on 18 September. There is a possibility that gilt yields will rise near-term as UK policymakers remain cautious due to persistent inflation concerns, before declining in the longer term as rates fall to 3.0%.
- The FTSE 100 reached a peak of 8,380 in the third quarter of 2024, but its performance is firmly in the shade of the US S&P500, which has breached the 5,700 threshold on several occasions recently. Its progress, however, may pause for the time being whilst investors

wait to see who is elected the next US President, and how events in the Middle East (and Ukraine) unfold. The catalyst for any further rally (or not) is likely to be the degree of investors' faith in AI.

Annual Governance Statement

(Chief Constable Statements of Account 2023/24)

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 2023/24 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 2023/24. 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 2023/24 financial year covers the period from 1 April 2023 to 31 March 2024 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 Performance Board, chaired by the Deputy Chief Constable, is the Force's primary meeting to drive and manage performance and delivery of the Force's purpose, vision and strategic objectives, supporting delivery of the Police and Crime Plan. This Board is underpinned by a range of portfolio governance and thematic 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. HMICFRS' evidence gathering for the police effectiveness, efficiency and legitimacy (PEEL) programme for the 2023-2025 cycle in Northumbria Police has commenced and is scheduled to be finalised December 2024; reporting is anticipated April 2025.

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 Force Assurance Board 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 Trust and Confidence Board. The Group is chaired by the Assistant Chief Constable (Force Coordination) 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 2024 there were no data breaches reported to the Information Commissioner's Office (ICO). The 2023/24 audit of Information Governance and Data Security found that control systems were satisfactory with 1 medium priority recommendation identified. This recommendation is being addressed as part of an action plan agreed by the Head of Department.

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. A Joint Strategic Risk Register 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, Vision and Objectives.

In February 2024 the Chief Constable launched the new **Force Strategy**, following feedback from officers and staff in the Force Survey that they wanted 'clear and simple direction'.

The **PURPOSE** of the Force is unchanged, 'Keep people safe and fight crime'.

The Force has simplified its **VISION**, 'To be an outstanding police force'.

New force **OBJECTIVES** introduce three key areas for all officers and staff to concentrate on:

- Focus on prevention.
- Be there when the public needs us.
- Deliver an outstanding service.

The Force Strategy is underpinned by the principles outlined in the newly revived College of Policing Code of Ethics, '**Do the right things, in the right way, for the right reasons.**'

In March 2024 the Force announced the new Police Leadership Framework (PLF) in Northumbria, developed by the College of Policing.

The Framework includes different programme levels which are tailored to individual roles and stages of leadership. Each programme of learning seeks to improve core leadership skills which include:

- Problem solving
- Leading high performing teams
- Effective communication
- Decision making
- Team wellbeing
- Resilience
- Challenging unacceptable behaviour

The Police Leadership Framework has been developed to change the way forces deliver leadership across policing, with training based on leadership standards that are derived from the Code of Ethics.

The Force has kickstarted training under the new Framework with the launch of the mandatory 'Everyone as a Leader' training module, providing everyone in the Force with an introduction to leadership.

The training serves as an introduction to the national leadership standards and our leadership development framework. The Force aim is to improve our people's leadership skills and confidence, regardless of their role. To be an outstanding force, we want our people to feel confident as leaders – doing the right things, in the right way for the right reasons.

On 8 March 2023 the Force announced the successful delivery of the police officer Uplift target set by the Government for Northumbria Police of 615 officers. 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 in 2022/23 which took them over and above the original target set by the Government, delivering a further 78 officers.

In 2023/24 the Force was able to successfully maintain this higher target, and in the Police Grant Settlement for 2024/25 the Government have confirmed the additional numbers are added to the 'Uplift baseline' for Northumbria bringing the total Uplift allocation to 693 officers.

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 the Initial Police Learning Development Programme (IPLDP). In 2024/25 the Force will also be recruiting through the Police Constable Entry Programme (PCEP) which is a new programme within the suite of existing police constable entry routes, available to all forces from April 2024.

The recruitment drive 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.

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 2023/24.

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.
- During the 2023/24 financial year the Force introduced a Priority Based Budgeting (PBB) approach to business planning aimed at creating efficiency savings to best invest for the future, and which can be delivered whilst maintaining performance and identifying opportunities to improve policing services. Efficiencies identified through PBB are being delivered in 2024/25 and across the new 4-year MTFS period to 2027/28.
- 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 Commissioner approved a balanced budget for the Force in 2023/24 which included an increase in the Council Tax Precept of £15.00 per year for a Band D property.
- The additional income generated by the precept increase for 2023/24 was £6.120m and was used to:
 - Deliver a restructure of neighbourhood policing, allocating 134 new officers into specialist frontline roles to take on the fight against crime, and;
 - Help protect the force from the impact of significant budget pressures and spiraling inflation.
- 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 2023/24, 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.

AGENDA ITEM 8

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 for 2023/24 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 were 26 audits within the 2023/24 audit plan, all of which have been completed. Of the 26 reports, 20 audits concluded that systems and procedures were operating well, and 5 audits concluded that systems and procedures were operating satisfactorily, with 1 audit assessed as having significant weaknesses.

Based on the evidence arising from internal audit activity during 2023/24, 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 2023/24 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 2022/23 Statement

There was one action identified in the 2022/23 Annual Governance Statement which relates to an outstanding planned activity (CIPFA Financial Management (FM) Review) identified under the CIPFA FM Code self-assessment which is included at Appendix A. Work by CIPFA commenced in October 2024 and is due to be finalised by the end of November 2024.

2023/24 Governance Issues

The review has identified no governance issues that need to be included within the 2023/24 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 2023/24 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 2024/25. 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>The force has engaged CIPFA to carry out the review during 2024/25. This work commenced during October and is due to conclude by the end of November.</p>

AGENDA ITEM 8

SIGNED

Chief Constable

SIGNED

Deputy Chief Constable

SIGNED

Chief Finance Officer

Date

Annual Governance Statement

(Police and Crime Commissioner for Northumbria Statements of Account 2023/24)

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).

As 2024 was an election year this statement for 23/24 refers to the period when the previous PCC Kim McGuinness was in the position. The newly elected PCC Susan Dungworth will sign this AGS as the current postholder.

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 2023/24 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 2023/24 financial year covers the period from 1 April 2023 to 31 March 2024 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 Performance Board, chaired by the Deputy Chief Constable, is the Force's primary meeting to drive and manage performance and delivery of the Force's purpose, vision and strategic objectives, supporting delivery of the Police and Crime Plan. This Board is underpinned by a range of portfolio governance and thematic 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. HMICFRS' evidence gathering for the police effectiveness, efficiency and legitimacy (PEEL) programme for the 2023-2025 cycle in Northumbria Police has commenced and is scheduled to be finalised December 2024; reporting is anticipated April 2025.

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 Force Assurance Board 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 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 six-monthly 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 has been designed to ensure the effective management of strategic risk. In both registers the 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. A Joint Strategic Risk Register 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, their work and their own personal development. Objectives are aligned to the Commissioner's Police and Crime Plan, supported by the Northumbria Police Purpose, Vision and Objectives.

In February 2024 the Chief Constable launched the new **Force Strategy**.

The **PURPOSE** of the Force is unchanged, 'Keep people safe and fight crime'.

The Force has simplified its **VISION**, 'To be an outstanding police force'.

New force **OBJECTIVES** introduce three key areas for all officers and staff to concentrate on:

- Focus on prevention.
- Be there when the public needs us.
- Deliver an outstanding service.

The Force Strategy is underpinned by the principles outlined in the newly revived College of Policing Code of Ethics, '**Do the right things, in the right way, for the right reasons.**'

In March 2024 the Force announced the new Police Leadership Framework (PLF) in Northumbria, developed by the College of Policing.

The Framework includes different programme levels which are tailored to individual roles and stages of leadership. Each programme of learning seeks to improve core leadership skills which include:

- Problem solving
- Leading high performing teams
- Effective communication
- Decision making
- Team wellbeing
- Resilience
- Challenging unacceptable behaviour

The Police Leadership Framework has been developed to change the way forces deliver leadership across policing, with training based on leadership standards that are derived from the Code of Ethics.

The Force has kickstarted training under the new Framework with the launch of the mandatory 'Everyone as a Leader' training module, providing everyone in the Force with an introduction to leadership.

The training serves as an introduction to the national leadership standards and our leadership development framework. The Force aim is to improve our people's leadership skills and confidence, regardless of their role. To be an outstanding force, we want our people to feel confident as leaders – doing the right things, in the right way for the right reasons.

On 8 March 2023 the Force announced the successful delivery of the police officer Uplift target set by the Government for Northumbria Police of 615 officers. 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 in 2022/23 which took them over and above the original target set by the Government, delivering a further 78 officers.

In 2023/24 the Force was able to successfully maintain this higher target, and in the Police Grant Settlement for 2024/25 the Government have confirmed the additional numbers are added to the 'Uplift baseline' for Northumbria bringing the total Uplift allocation to 693 officers.

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 the Initial Police Learning Development Programme (IPLDP). In 2024/25 the Force will also be recruiting through the Police Constable Entry Programme (PCEP) which is a new programme within the suite of existing police constable entry routes, available to all forces from April 2024.

The recruitment drive 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.

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

The Commissioner has operated a comprehensive engagement programme during 2023/24 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 2023/24.

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.

AGENDA ITEM 8

- 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 2023/24. The police settlement issued by the government for 2023/24 assumed that each PCC would increase the precept by the maximum of £15.00 per year for a Band D property. The Commissioner approved an increase of £15.00 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 £10.00 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 2023/24 was £6.120m and was used to:
 - Deliver a restructure of neighbourhood policing, allocating 134 new officers into specialist frontline roles to take on the fight against crime, and;
 - Help protect the force from the impact of significant budget pressures and spiraling inflation.
- 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 2023/24 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 were 26 audits within the 2023/24 audit plan, all of which have been completed. Of the 26 reports, 20 audits concluded that systems and procedures were operating well, and 5 audits concluded that systems and procedures were operating satisfactorily, with 1 audit assessed as having significant weaknesses.

Based on the evidence arising from internal audit activity during 2023/24, 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 2023/24 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 2022/23 Statement

There was one action identified in the 2022/23 Annual Governance Statement which relates to an outstanding planned activity (CIPFA Financial Management (FM) Review) identified under the CIPFA FM Code self-assessment which is included at Appendix A. Work by CIPFA commenced in October 2024 and is due to be finalised by the end of November 2024.

2023/24 Governance Issues

The review has identified no governance issues that need to be included within the 2023/24 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 2023/24 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 2024/25. 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>The force has engaged CIPFA to carry out the review during 2024/25. This work commenced during October and is due to conclude by the end of November.</p>

SIGNED

Police and Crime Commissioner

SIGNED

Chief of Staff

SIGNED

Chief Finance Officer

Date

NORTHUMBRIA POLICE

JOINT INDEPENDENT AUDIT COMMITTEE

18 NOVEMBER 2024

EMERGENT INTERNAL AUDIT PLAN 2025/26–2027/28

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 2025/26-2027/28 to allow sufficient time for consultation prior to the presentation of the proposed plan to Committee in February 2025.

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 26 February 2024. 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 2024/25
 - 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 changes to the previously presented plan.
- 3.5 The emergent Internal Audit Plan 2025/26-2027/28 is attached at Appendix A for review and comment.

4 Equal Opportunities implications

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

5 Human Rights implications

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

6 Risk Management implications

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

7 Financial implications

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

8 Recommendations

- 8.1 The Committee is asked to review and comment on the emergent Internal Audit Plan 2025/26-2027/28.

Internal Audit Emergent Plan 2024/25 – 2026/27

Risk	Frequency	Audit Area	2025/26	2026/27	2027/28
		Police & Crime Commissioner			
High	Annual	Treasury Management	80	80	80
High	Annual	Grant Distribution	50	50	50
		Chief Constable			
		Digital Policing Audits			
High	Annual	DP Security - Application & Data; Cyber; Infrastructure	60	60	60
High	Annual	DP Resilience (incl.Cloud Computing & Data Centre)	60	60	60
Medium	Biennial	DP Information Management		60	
Medium	Biennial	ITIL Configuration and Change Management		60	
Medium	Biennial	DP Governance and Risk Management		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
Medium	Biennial	Asset Management	100		100
Medium	Biennial	Fleet Management		70	
Medium	Biennial	People Services & Development	100		100
Medium	Biennial	Legal & Insurance Arrangements		90	
Medium	Biennial	Firearms Licencing		90	
		Theme Based Audits			
High	Annual	Property	120	120	120
High	Annual	Programme/Project Management	40	40	40
Medium	Biennial	Vetting		70	
		Combined Areas			
		Financial Systems			
High	Annual	Creditors	70	70	70
High	Annual	Procurement	70	70	70
High	Annual	Payroll & Pensions	100	100	100
High	Annual	Main Accounting System	50	50	50
High	Annual	Budgetary Control	50	50	50
Medium	Biennial	Employee Claims	60		60
Medium	Biennial	Debtors		70	
		Other Combined Areas			
High	Annual	Governance	50	50	50
High	Annual	Information Governance & Data Security	80	80	80
High	Annual	Annual Governance Statement - Review of Managers' Assurance	100	100	100
Medium	Biennial	Cash Advances & Income Arrangements		60	
Medium	Biennial	Risk Management & Business Continuity Arrangements	90		90
Medium	Biennial	Health & Safety		60	
Medium	Biennial	Performance Management & Data Quality		60	
Medium	Biennial	VAT	50		50
Medium	Biennial	Complaints	100		100
Medium	Biennial	Counter Fraud & Corruption Arrangements	60		60
Medium	Biennial	Equality & Diversity		50	
Medium	Biennial	Key Partnerships - NEROCU		50	
		Other			
		Sub Total	1,740	1,850	1,740
		Follow Up & Contingency	70	70	70
		General Advice, Consultancy & Systems Review	150	150	150
		Joint Independent Audit Committee - Preparation & Support	120	120	120
		Total Hours	2,080	2,190	2,080