

JOINT INDEPENDENT AUDIT COMMITTEE

MONDAY 20 MAY 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 26 FEBRUARY 2024**
(Attached)
- 4. MATTERS ARISING**
(Attached)
- 5. AUDITORS ANNUAL REPORT – POLICE AND CRIME COMMISSIONER & CHIEF CONSTABLE 2022/23**
External Auditors - Grant Thornton
(Paper attached)
- 6. DRAFT JOINT INDEPENDENT AUDIT COMMITTEE ANNUAL REPORT**
Chair
(Paper attached)
- 7. EXTERNAL AUDIT INTRODUCTIONS AND AUDIT STRATEGY MEMORANDUM 2023/24 (CC & PCC)**
Report of External Auditor – Ernst Young
(Verbal update)
- 8. JOINT STRATEGIC RISK REGISTER**
Head of Corporate Development
(Paper attached)
- 9. TREASURY MANAGEMENT ANNUAL REPORT 2023/24**
Deputy Head of Finance
(Paper attached)
- 10. ANNUAL GOVERNANCE REVIEW – ASSURANCE FRAMEWORK 2023/24**
Deputy Head of Finance
(Verbal update)

a) Senior Managers Assurance Statements
Internal Audit Manager
(Paper attached)

b) Review of the Effectiveness of the Internal Audit Report

Internal Audit Manager

*(Paper attached)***c) Internal Audit Annual Report**

Internal Audit Manager

*(Paper attached)***d) Annual Governance – Primary and Thematic Assurance Review 2022/23**

Joint Chief Finance Officer

*(Paper attached)***Appendices:**

- i. **Governance Arrangements**
Head of Corporate Development
(Paper attached)
- ii. **An Assessment of the Role of CFO in Accordance with Best Practice**
Joint Chief Finance Officer
(Paper attached)
- iii. **External Audit Assurance**
Deputy Head of Finance
(Paper attached)
- iv. **HMICFRS and Other External Inspections**
Head of Corporate Development
(Paper attached)
- v. **Legal and Regulatory Assurance**
Chief of Staff (OPCC)
(Paper attached)
- vi. **Risk Management Arrangements**
Head of Corporate Development
(Paper attached)
- vii. **Performance Management and Data Quality**
Head of Corporate Development
(Paper attached)
- viii. **CIPFA Financial Management Code Self-Assessment**
Deputy Head of Finance
(Paper attached)

II. DATE TIME AND VENUE OF NEXT MEETING

Monday, 23 September 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)	01/24

Date	Location	Duration
26 February 2024	TEAMS,	14:00 – 15:22

Present:

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

OPEN SESSION**1. INTRODUCTION**

The Chair opened the meeting.

2. DECLARATION OF INTEREST

No declarations of interest made.

3. MINUTES OF THE OPEN SESSION OF THE JOINT INDEPENDENT AUDIT COMMITTEE 20 NOVEMBER 2023

Agreed as a true and accurate record.

4. MATTERS ARISING

Action list updated.

DCC provided an update regarding vetting assurances.

Executive Board and OPCC Scrutiny Meeting review progress in response to vetting inspection findings. 43 recommendations were made nationally in eight key areas. 29 recommendations were made for Chief Constables with the remaining for College of Policing, National Police Chiefs' Council (NPCC), Independent Office for Police Conduct (IOPC) and Home Office. Northumbria Police has completed 27 of the 29 recommendations.

J Guy highlighted the report was not good and queried if the content would improve if the Force were reinspected.

DCC provided assurance that should the Force be reinspected standards and effectiveness would be found to have improved. The vetting process currently takes longer than the Force would like, and this has delayed recruitment in some areas. A review is being undertaken looking specifically at Professional Standards Department and vetting to implement efficiencies and improve timeliness.

ACTION: DCC to provide an update regarding vetting assurances at JIAC September 2024.

Chief of Staff and Monitoring Officer has completed the necessary paperwork to extend the tenure of J Guy for a further term. P Wood has also been confirmed. K Amlani's tenure expires at the end of March.

Two new members are undergoing vetting.

It has been arranged for future meetings to be held at OPCC Offices.

R Bowmaker updated the annual audit is almost complete and will be updated at the next meeting.

Update noted.

5. TERMS OF REFERENCE

Terms of Reference have been amended to state that the Chief Constable and the Police and Crime Commissioner (PCC) will attend one meeting per year. The May meeting would be most appropriate to allow the new PCC to attend.

J Guy queried paragraphs 42, 45 and 47 and whether they should be an agenda item. These paragraphs relate to Scheme of Consent, any codes of governance or policies relating to declarations of interest, gifts and hospitality and expenses, and whistle blowing arrangements and counter fraud and corruption strategy of the PCC and CC.

CFO highlighted some of these are covered in the Annual Governance Framework Review and will be incorporated into the report.

ACTION: Chief of Staff and Monitoring Officer will liaise with CFO to review how these items will be monitored.

P Wood queried if the annual review of the effectiveness of JIAC has been completed.

Chief of Staff and Monitoring Officer highlighted that this review has a dual purpose to discuss the effectiveness of members and Northumbria Police/OPCC. CFO updated that this is part of the annual review.

6. EXTERNAL AUDIT JOINT AUDIT FINDINGS REPORT 2022/23 (PCC & CC)

G Mills, Grant Thornton confirmed the accounts are signed off and the final version of the report has been discussed and agreed by the Chief Constable and PCC.

The Auditor's draft annual report has been shared with management and no significant weaknesses have been identified.

Once value for money is finalised, Grant Thornton will cease to be the external auditors transferring to EY for the next five years.

K Amlani queried if the report had already been signed off as there is an error on Page 7 which states thousands and should be millions.

ACTION: G Mills to request amendment to page 7 of the report.

K Amlani queried the pension disclosure.

Deputy Head of Finance advised these were part year inflation values, but that full year inflation data should have been used. £63.2 million on pension liability may seem like a large sum but is not. Materiality wise due to changes this is not an area of concern. G Mills highlighted that this is a national issue, but level adjustment is not a concern.

P Woods queried if the Value for Money (VFM) has been completed as per the letter sent in September and why this is being held up.

G Mills advised the suggested deadline is relaxed and is unable to go into detail. The draft report is complete and sent to management ahead of the three-month deadline. The picture nationally is poor. It was confirmed that assurance work is nearly complete. Deputy Head of Finance advised the letter was required under legislation and could not be signed off prior to January.

Update noted.

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

Head of CDD updated some of the Areas for Improvement are complete. Progress has been positive, and work is planned for those which remain outstanding.

J Guy drew attention to paragraph 2.21 on the report which states that *"Amber RAG ratings reflect delay in the Force's ability to deliver the recommendations rather than increased risk"* querying if this generalisation hints to accepting risk. Delays in implementing recommendations is a concern and there are several going back to 2021/2022 which are not minor recommendations, and these must be delivered sooner.

DCC highlighted that compared to other forces, the organisation is in a good position. There are some challenges due to the volume of recommendations coming in from thematic areas of inspection. There is a challenge with some outdated recommendations due to technology related issues, however, these have been built into the plan and will remain until the Force is satisfied, they are complete.

8. JOINT STRATEGIC RISK REPORT

Head of CDD updated there is no overall change to risk levels since the last meeting. Risks relating to Finance, Digital Policing, Information and Data Management and Workforce remain high.

Current factors have been updated for two risks. The first relates to the Workforce risk including use of Performance and Development Reviews (P&DR) and compliance with P&DR, the current jobs market, the Force diversity ambitions and the ability to retain volunteers. These factors are being considered as part of the overall risk. The second relates to Digital Policing which includes an update following a compromise of the Force Security perimeter devices, however, there was no network breach. A full assessment was carried out by the Cyber Incident Response Team and all remedial activities have been implemented and the overall assessment of risk remains unchanged.

Chief of Staff and Monitoring Officer indicated from the OPCC perspective the Finance risk now reflects ongoing concern that there is no information beyond next year regarding funding for policing. This is an annual concern. Regarding Public Confidence risk; as a control, work around external advisory panels has been undertaken with external input provided by external partners and those with lived experience into policing in key areas of business where this is relevant. There are a number of panels that are ongoing and is a control which should be in the public confidence element of the risk register. There is likely no impact as a result of including this detail but should be added as a control measure.

P Wood queried governance and oversight by the Confidence and Satisfaction Board and who the members are.

Head of CDD advised no external members sit on the Confidence and Satisfaction Board as there are independent advisory groups who provide feedback to the Force regarding public confidence and involve members who represent the diverse communities in the area.

P Wood queried if there are any major issues the Force are concerned about.

DCC advised some officers do not meet the standards expected.

Chief of Staff and Monitoring Officer advised the PCC is aware of the risk and this remains an area of focus for OPCC scrutiny. Regular meetings are held with the Independent Office for Police Conduct (IOPC) and external advisory panels for the OPCC have community representation to ensure the Force are communicating with the communities they serve.

Update noted.

9. TREASURY MANAGEMENT POLICY STATEMENT AND TREASURY STRATEGY 2024/25 TO 2027/28

Deputy Head of Finance updated the statement is broadly unchanged, but the interest rates have been updated. This has reviewed and some minor errors noted which will be amended.

K Amlani referred to paragraph 4.11 which states £50,037 and pointed out that an (m) is missing from the figure. They also addressed the external advisors "Link" and how they were chosen, and if there was a review process for the tender. Deputy Head of Finance advised Link were awarded the tender under the last review process.

ACTION: Deputy Head of Finance to provide tender process regarding external advisers to members and to confirm how long the current contract is for.

P Woods referred to Local Authorities losing money and becoming bankrupt and asked how the Force know whether investment in Local Authorities is safe.

Deputy Head of Finance highlighted that there is some risk, but this is linked to government investments which have a diverse portfolio for good rates. External Advisors Link provide a view regarding investment in Local Authorities. The Force also monitor bank credit ratings and withdraw if there is a downturn.

AGREED: Treasury Management Policy Statement and Treasury Strategy 2024/24 to 2027/28 is agreed once amendments have been made.

Update noted.

10. INTERNAL AUDIT CHARTER, STRATEGY STATEMENT 2024/25 – 2026/27 AND ANNUAL AUDIT PLAN 2024/25

R Bowmaker advised no changes had been made since the November plan.

P Woods queried how often the internal audit tender is reviewed.

R Bowmaker highlighted the Force have a long-standing agreement. It is currently under review as to whether it should go out to tender and there is no fixed timescale.

J Guy queried how long it has been since the internal audit agreement last went out to tender.

R Bowmaker updated that the internal audit facility has not been out to tender since the establishment of the OPCC in 2013.

K Amlani queried if this was appropriate.

CFO advised this would be reviewed with PCC with a timeline to review internal auditors and whether it would be appropriate to consider alternative providers.

R Bowmaker advised the key area is to maintain independence. Each auditor can only undertake an audit twice to avoid building relationships and bias.

AGREED: INTERNAL AUDIT CHARTER, STRATEGY STATEMENT 2024/25 – 2026/27 AND ANNUAL AUDIT PLAN 2024/25 agreed.

ACTION: Chief Finance Officer and Chief Of Staff to investigate tendering for Internal Audit services and report back to the next JIAC.

11. ANNUAL GOVERNANCE REVIEW – ASSURANCE FRAMEWORK 2023/24

AGREED: ANNUAL GOVERNANCE REVIEW – ASSURANCE FRAMEWORK 2023/24 agreed.

12. DATE AND TIME OF NEXT MEETING

Monday, 20 May 2024, 2pm, Office of the Police and Crime Commissioner for Northumbria; Victory House (Training room); Balliol Business Park; Benton Lane; Newcastle; NE12 8EW

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	2/5/24 Cleared - Included on the Forward Plan for September meeting
JAC 26/12/24	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.	OPEN	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	
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.	OPEN	ACTION	G Mills to request amendment to page 7 of the report prior to final sign off.	G Mills, Grant Thornton	
JAC 26/02/24	9. MID-YEAR TREASURY MANAGEMENT REPORT	OPEN	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	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 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	OPEN	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	

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

Financial year 2022/23

April 2024



Contents



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

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



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

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Executive summary



Value for money arrangements and key recommendation(s)

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

Auditors are required to report their commentary on the PCC's and Chief Constable's arrangements under specified criteria and 2022/23 is the third year that we have reported our findings in this way. As part of our work, we considered whether there were any risks of significant weakness in the PCC's and Chief Constable's arrangements for securing economy, efficiency and effectiveness in their use of resources. Our conclusions are summarised in the table below.

Criteria	2022/23 Risk assessment	2022/23 Auditor judgement on arrangements		2021/22 Auditor judgement on arrangements	
Financial sustainability	No risks of significant weakness identified	G	No significant weaknesses in arrangements identified.	A	No significant weaknesses in arrangements identified but one improvement recommendation made.
Governance	No risks of significant weakness identified	G	No significant weaknesses in arrangements identified.	G	No significant weaknesses in arrangements identified.
Improving economy, efficiency and effectiveness	No risks of significant weakness identified	G	No significant weaknesses in arrangements identified.	G	No significant weaknesses in arrangements identified.

- G

No significant weaknesses in arrangements identified or improvement recommendation made.
- A

No significant weaknesses in arrangements identified, but improvement recommendations made.
- R

Significant weaknesses in arrangements identified and key recommendations made.

Executive summary (continued)



Financial sustainability

The Force continues to operate in a financially and operationally challenging environment. Whilst planning both in the short and medium term is on a sound footing with prudent assumptions being built into both, there continues to be uncertainty around future funding and the sustainability in long term. The signals are that these challenges will continue, so the structured and disciplined approach to managing finances and reserves which the Force has demonstrated will continue to be crucial. Through identification of efficiencies and prudent approach to managing its finances, the Force set a balanced budget for 2023/24. The Force continues to contend with capital programme slippage, however our work has not identified evidence of significant weaknesses within the arrangements in place, and we have not identified any improvement recommendations.



Governance

The governance arrangements of the PCC and Chief Constable are strong, with effective scrutiny of finances, performance and key decisions carried out regularly in a structured and transparent way. It is evident that the PCC holds the Chief Constable to account for performance of the Force and there appear to be strong governance arrangements to allow for effective decision making. Our work has not identified evidence of significant weaknesses in the arrangements in place.



Improving economy, efficiency and effectiveness

The Force's transformation efforts over the past few years have yielded positive results, as evidenced by the good practices observed in the 3E's section. The Force has demonstrated an effective approach to evaluating its performance, with clear indicators and timely interventions to address any deviations. The development of the procurement function has seen the adoption of new technology and tools to streamline the procurement process, while the Force's collaborations with partners have strengthened its commitment to good governance. Our work has not identified evidence of significant weaknesses within the arrangements in place.



Financial Statements opinion

We have completed our audit of your financial statements and issued unqualified audit opinions on 1 February 2024. Our findings are set out in further detail on page 20.



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

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

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

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

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



Financial Sustainability

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



Governance

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



Improving economy, efficiency and effectiveness

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



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

Financial sustainability



We considered how the PCC and Chief Constable:

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

MTFS

The PCC presented the Medium-Term Financial Strategy (MTFS) in January 2023, covering the period 2023/24 to 2026/27. The MTFS was built on the budget for 2023/24.

The MTFS included the following assumptions:

- Raising of the Band D Council Tax Precept by £15.00 per year in 2023/24 to raise an additional and recurring £6m of funding;
- Inflation and other budget pressures identified for 2023/24 as being £15m;
- The total grant increase in 2023/24 including the ring-fenced grant and the reduction for the removal of the Health and Social Care Levy is £5m;
- Uplift target set of 615 officers (to be maintained following delivery by March 2023 as per settlement expectations for 2023/24 and 2024/25);
- Pay awards are included at 3.0% for 2023/24.

The PCC has considered the various pressures it faces and incorporated these into the MTFS. This includes the pressure of inflation and other budget pressures identified for 2023/24 amounting to in excess of £15m. The pressures are utilities, fuel, insurances, pay awards, building maintenance, digital policing and all major contracts that have been significantly impacted through recent challenges to the economy, inflation, energy shortages and the cost-of-living crisis. The PCC has also had to contend with the limited funding information available beyond the current settlement year. The PCC has considered this in the MTFS and has made the best use of the financial settlement 2022/23, whilst making prudent assumptions on future funding levels and expected budget requirements.

The PCC has also performed a comprehensive financial risk assessment for the revenue and capital programme budget setting process to ensure all risks and uncertainties affecting the Force's financial position are identified.

The Force faces several significant financial pressures that could affect the position over the medium term.

An assessment of the likelihood and impact of each risk and the management controls in place are shown in the MTFS in a table detailing the risk, likelihood, impact and mitigation measures.

The MTFS demonstrates awareness of the conflicting priorities of investing and savings and the need to find a balance between the two. A significant programme of work was undertaken by the Force in the Summer of 2022 to review the capacity across the Force operating model to deliver efficiencies whilst maintaining performance and identifying opportunities to improve policing services. Approved efficiencies and budget reductions being delivered in 2023/24 are just over £9.6m with further savings planned across the medium-term. The Force plans to deliver the savings through non pay expenditure, savings through procurement through the continued use of national frameworks and maximising income generation wherever possible.

Upon reviewing the MTFS and budget setting documents, it is apparent that the PCC and Chief Constable have in place suitable financial planning structures. An examination of financial performance reports indicates a clear understanding of financial risks within the Force, which is presently under active management. This underscores the PCC's and Chief Constable's awareness of prevailing challenges and its proactive approach to ensuring financial sustainability.

Financial sustainability

Managing Financial Pressures

The PCC understands acutely the financial pressures it faces and, in its pursuit to manage these pressures is taking steps to shield itself in the medium term. The PCC is approaching these pressures by focusing on reducing operating costs across various dimensions, including a thorough examination of workforce, estates, and enabling functions to deliver efficiencies of £9.6m with further savings planned across the medium-term. The PCC has also taken steps such as approving an increase in the Council Tax Precept of £15 per year for a Band D property resulting in an additional £6.1m in 2023/24. In addition, the Force is investing in digital technology to achieve operational efficiency and the delivery of high-quality services.

The PCC also established the Inflationary Risks Reserve in 2021/22 of £4.325m. This reserve is expected to be fully utilised over 2023/24 and 2024/25 to manage the inflationary and pay increases on budgets to meet the budgetary gap. The PCC has also reprofiled its £8.2m earmarked reserve established in 2020/21 for investment to manage the anticipated funding gap each year.

Strategic Priorities

The PCC's Medium Term Financial Strategy (MTFS) reflects a comprehensive integration of key strategies and plans, emphasising their financial implications. Employing a collaborative approach, the PCC actively engages with local public bodies, ensuring alignment between its financial plan and broader strategic priorities. Notably, the MTFS is modelled to realise the PCC's Police and Crime Plan, incorporating resident and stakeholder priorities.

The PCC's financial planning extends to workforce considerations, analysing staffing levels and recruitment challenges. The commitment to replacing 900 police officers over the MTFS period highlights strategic alignment, further supported by a workforce management reserve for proactive cost management related to workforce changes.

Additionally, the PCC integrates capital planning into its financial strategy, aligning with the capital programme through the inclusion of capital estimates and financing in the MTFS. This ensures a cohesive approach between the capital investment plan and the broader financial strategy.

Furthermore, the PCC's financial planning includes investment considerations, emphasising a thorough analysis of revenue streams, collaborative opportunities, and potential cost-saving avenues. This strategic perspective is reinforced by the Treasury Management strategy, providing a holistic view of investment planning within the overall financial framework.

2022/23 Performance

Finance

During 2022/23, the Force achieved a positive financial revenue outturn, successfully reducing revenue expenditure while upholding service delivery standards, resulting in an underspend. The recorded underspend at the end of the fiscal year amounted to £3.8m, equivalent to 1.1% of the approved budget of £339.3m. This surplus was allocated to bolster the inflationary risk reserve.

The key areas of underspend, ranked from largest to smallest, were as follows:

- Underspend in capital financing: £2.1m
- Underspend in Chief Constable: £1.3m
- Underspend in OPCC Supporting Services: £0.2m
- Underspend in Police and Crime Commissioner: £0.2m

Financial sustainability

The income sources offsetting the spend primarily derived from two main channels: a Central Government Grant of £276.8m, constituting approximately 80% of the Force's funding, and the Council Tax Precept of £62.5m, representing around 20% of the Force's funding.

Factors driving the underspend included challenges in recruitment due to market volatility, leading to unfilled vacancies, and additional funding received through the National Uplift Programme. The final outturn position ensured that the general reserve level remained above the 2% minimum target level the Force has in place, aligning with the reserves policy for the fiscal year 2022/23.

Capital

At the end of 2022/23, the capital outturn position was £16.3m against a budgeted spend of £39.4m, resulting in a significant underspend of £23.1m, 59% slippage on the approved budget. Within this underspend, £18.3m is earmarked for rephasing to the Medium-Term Financial Strategy (MTFS), while £5.8m is designated as slippage to the financial year 2023/24.

The primary areas of underspend, ranked in descending order, are as follows:

- Underspend in Digital Policing and Digital Transformation: £11.8m
- Underspend in Building works: £6.7m
- Underspend in Vehicles and Equipment: £4m
- Underspend in NEROCU Schemes: £0.2m

Capital financing for the projects was derived from prudential borrowing of £10.2m (63% of funding), capital receipts of £5.6m (34% of funding), and capital grants and contributions of £0.5m (3% of funding).

The underspend was primarily attributed to the inability to execute preprogrammed estates-related refurbishment programmes and vehicle acquisitions due to supply chain challenges, encompassing difficulties in securing contractors and suitable materials.

Additionally, challenges arose in acquiring vehicles due to the Ukraine conflict, preventing replacements as part of the capital programme. While £5.8m of the slippage is being rephased into 2023/24, ongoing supply chain issues persist due to the impact of the Ukraine conflict.

We raised this issue as an Improvement Recommendation in our 2021/22 report in September 2023. Management did not have the opportunity to address the recommendation within the 2022/23 financial year due to the timing of our report, however management have informed us that the 2023/24 capital budget was subject to further scrutiny and challenge during June 2023, based on the capital outturn position for 2022/23 and a comprehensive review of budget estimates, timescales for delivery and other assumptions. Whilst capital budget reporting is presented to the Commissioner on a quarterly basis, we have been informed that during the 2023/24 financial year the budget reporting process was strengthened through the addition of monthly reporting on capital schemes to the Force Executive Team in order to provide increased transparency, further opportunity for scrutiny and challenge and early opportunity for remedial action where required.

Consequently, we have not carried forward the recommendation raised in our 2021/22 report. We recognise that the group has faced challenges from various supplier-side factors, but we are satisfied that management have taken appropriate action to strengthen the processes and governance in place.

Financial sustainability

Reserves

As part of the reporting of the MTFS, the Force also includes its Reserves Strategy which covers:

- General Reserves – A contingency for unexpected events or emergencies and a working balance to help cushion the impact of uneven cash flows and avoid unnecessary temporary borrowing
- Earmarked Reserves – To meet known or predicted liabilities, for example workforce management, insurance, and capital development reserves

General Reserve

In the 2023/24 MTFS, the expected General Reserve at 31 March 2023 was £10.6m equating to 3.0% of the revenue budget of £355.6m for 2023/24. The outturn General Reserve balance as of 31 March 2023 was £10.8m thus meeting one of the key MTFS principles to seek to maintain the General Reserve at a minimum of 2.0% of the net revenue budget. The closing General Reserve at 31 March 2027 is estimated to be £10.6m equating to 2.8% of the net revenue budget of £373.0m.

Earmarked Reserves

In the 2023/24 MTFS, the expected earmarked reserves at 31 March 2023 were £28.9m (expected to reduce by 68% to £9.1m by the end of the MTFS period 31 March 2027). The outturn position as of 31 March 2023 resulted in an Earmarked Reserves position of £30.6m, an increase compared to the budgeted reserves position. This was a result of the underspend the Force delivered during 2022/23.

Governance



We considered how the PCC and Chief Constable:

- monitors and assesses risk and gains assurance over the effective operation of internal controls, including arrangements to prevent and detect fraud.
- approaches and carries out its annual budget setting process
- ensures effective processes and systems are in place to ensure budgetary control; communicate relevant, accurate and timely management information (including non-financial information); supports its statutory financial reporting; and ensures corrective action is taken where needed, including in relation to significant partnerships
- ensures it makes properly informed decisions, supported by appropriate evidence and allowing for challenge and transparency
- monitors and ensures appropriate standards, such as meeting legislative/regulatory requirements and standards in terms of staff and member behaviour (such as gifts and hospitality or declaration of interests) and where it procures and commissions services.

Monitoring and assessing risk

Risk Assessment

The PCC and Chief Constable share a Joint Strategic Risk Register (JSRR). Each strategic risk is assigned a Chief Officer or PCC owner(s), who has responsibility for the management of controls and the implementation of new controls where necessary.

The JSRR identifies each risk, provides context to the risk and also provides a summary of existing controls. The risks are also assessed based 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.

The JSRR is presented to the joint Business Meeting between the PCC and the Chief Constable on a quarterly basis. The Joint PCC/Chief Constable Governance Group and JIAC provide additional scrutiny and governance on a quarterly basis.

The JSRR captures risk(s) in twelve thematic areas: Digital Policing, Finance; Governance; Information and Data Management; Information and Data Quality; Infrastructure and Assets; Operational; Partnership and Collaboration; Public Confidence; Regulation and Standards; Strategy; and Workforce.

The highest rated risks in February 2023 were:

- Inability of the Force to respond effectively to service demand due to loss or failure of mission and business critical technology solutions. (Risk score 12)
- Reduction in funding and/or funding pressures which require changes to financial planning and/or a change to the resourcing of service delivery. (Risk score 16)
- Challenges in adhering and complying with consistent and sustainable data management processes and standards to prevent data breaches. (Risk score 12)

- 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. (Risk Score 12)
- Reduction in attraction and retention. (Risk score 12)

Audit Committee

The Joint Internal Audit Committee (JIAC) provides independent assurance to the Chief Constable and the Police and Crime Commissioner that the Force's governance, risk management, and control processes are effective and operating as intended. The JIAC for the Force is an independent committee responsible for overseeing the Force's internal audit function.. The JIAC is made up of four independent members who possess the necessary skills and expertise to provide effective oversight of the internal audit function. The committee meets on a quarterly basis to review the work of the internal audit function and to provide recommendations for improvement. All meetings are open to the press and public with minutes being published on the PCC website to ensure transparency and accountability.

During 2022/23 the committee met 5 times with two members achieving a 100% attendance rate and 2 members receiving an 80% attendance rate.

A self-assessment of the Committee's competencies was carried out in April 2023 as part of the review of the activities of the Committee by Internal Audit, during the review of annual assurance, it was highlighted that the Committee was operating well and meets the terms of reference. They demonstrate the necessary skills, knowledge, and experience to perform their function.

Governance

Internal Audit

The internal audit function is responsible for providing independent and objective assurance to the Force's senior management team that its governance, risk management, and control processes are effective. Gateshead Council continued to provide Independent Internal Audit services under the terms of a service level agreement with both the PCC and the Chief Constable for 2022/23. The internal audit function conducts audits of key areas of the Force's operations, including financial management, procurement, and information security. The internal audit function also provides advice and guidance to the Force's senior management team on best practices in governance, risk management, and control processes. This approach enables the Force to identify areas for improvement and to implement changes to enhance its performance and effectiveness.

During 2022/23 there were 27 audits within the 2022/23 audit plan, all of which were completed. Of the 27 reports, 22 audits concluded that systems and procedures were operating well, and 5 audits concluded that systems and procedures were operating satisfactorily. No audit concluded systems contained a significant weakness. As part of the 2022/23 audit plan, approved by the JIAC, the audit of governance was completed. Internal audit found systems and controls were operating well and no findings were raised, which is a positive result for the Force.

Annual Budget Setting Process

The arrangements in place for the Force's 2023/24 annual budget setting process are comprehensive and aim to ensure that the Force remains financially sustainable while delivering high-quality services to the public.

The Force has a comprehensive process which involves a thorough analysis of the Force's financial position, including its revenue and expenditure, business plans, investment proposals, savings options, as well as an identification of spending pressures it faces and an assessment of its strategic objectives and priorities. The Force considers a range of factors, including demographic changes, demand for services, and emerging risks and opportunities, to determine its funding requirements for the upcoming financial year and incorporates these into its assumptions for setting the budget. The Force also makes use of benchmarking when considering certain assumptions such as inflation against other Forces to ensure it is in line with national expectations.

The budget-setting process also involves engagement with key stakeholders, including the five Tyne and Wear Councils and Northumberland County Council which scrutinise the performance of the Police and Crime Commissioner (PCC) via the Police and Crime Panel. The Force also engages with residents regarding its budget setting process, an example is the raising of the council tax precept to the maximum £15 for which it received support. This engagement enables the Force to understand the needs and priorities of its partners and to ensure that its budget aligns with broader strategic priorities.

It is evident that the Force's approach to budget setting is demonstrative of how acutely aware it is of the various factors impacting its budget as well as having strong governance arrangements to support this process.

Budget Monitoring

The Force monitors its budget through a process that includes regular reporting on spending, cost analysis, and forecasting.

Each department head receives their monthly budget outturn, holding responsibility for monitoring and generating financial reports for senior management. Responsible officers for each portfolio also receive monthly budget outturn reports. Following the investigation and understanding of variances, these departmental reports are consolidated for presentation to the Executive Board in one report. The Executive Board, comprising portfolio leads, the Chief Constable, and Deputy Chief Constable, reviews these reports, which detail actual expenditure, commitments, and forecasted spending. This scrutiny helps identify any variances between actual and planned expenditures. The timeframe from the outturn position to Executive Board reporting is approximately three weeks. Starting in 2023/24, the Force has integrated Power BI, providing a link to budget data in the monthly Executive Board report. This enhancement enables Executive Board members to interact with budget activity, facilitating detailed exploration and improving scrutiny.

Quarterly, the group budget outturn position is presented during the Joint Business Meeting between the Police and Crime Commissioner and the Chief Constable. This presentation includes outturn against budget and variances stated. Upon approval by the PCC, the quarterly outturn report is published under key decisions on the PCC website.

Governance

The 2022/23 arrangements are deemed robust, featuring frequent (monthly) and timely (3 weeks) reporting on budget outturns. This process ensures active engagement with relevant stakeholders, including finance, senior management, and budget holders, fostering awareness of the current financial landscape and potential risks. We note that the 2022/23 outturn reporting within Key Decision published on the PCC's website lacks detailed narrative explanations for variances, which we would expect to see for transparency from the perspective of members of the public. Explanations for variances were included for the equivalent monitoring reports for Q1-3 of the financial year though.

Decision Making

The Force upholds a robust decision-making process, ensuring accountability through multiple channels. The Police and Crime Commissioner (PCC) plays a pivotal role in holding the Chief Constable accountable for the Force's performance. Monthly Joint Business meetings between the PCC and Chief Constable serve as a platform for accountability, with published minutes accessible on the website. The PCC employs Key Performance Indicators (KPIs) to monitor the Force's performance, regularly updating the public through the publication of Northumbria Police data on its website. This information includes the Force's alignment with priorities outlined in the Police and Crime Plan. Additionally, the PCC publishes inspection reports from HMICFRS and quarterly complaints reports, ensuring the public and stakeholders have access to current and relevant information for scrutiny.

Crucial decisions, such as quarterly revenue, capital allocations, procurement awards, and key strategies, undergo approval by the PCC and are subsequently published under the "Key Decisions" section of the website. The PCC, in turn, faces scrutiny from the Police and Crime Panel. The Panel conducts thorough examinations of the PCC's performance, adding an extra layer of assurance to the decision-making processes and overall performance of the Force.

Standards

The Annual Governance Statement (AGS) is a statutory document that both the PCC and Chief Constable must prepare separately which provides an assessment of the effectiveness of the PCC's and Chief Constable's governance arrangements. The AGS provides an overview of the PCC's and Chief Constable's governance arrangements, including its internal controls, risk management processes, and compliance with applicable laws and regulations.

When considering the AGS, the PCC and Chief Constable consider eight thematic areas considered by the Joint Governance Group which inform the Annual Governance Statement:

- Governance Arrangements
- An assessment of the role of CFO in accordance with best practice
- External Audit Assurance
- MICFRS and Other External Inspections
- Legal and Regulatory Assurance
- Risk Management Arrangements
- Performance Management and Data Quality
- CIPFA Financial Management Code Self-Assessment

The PCC and Chief Constable evaluate various elements when formulating its AGS, adhering to established good practices and appropriateness. There is broad coverage for governance-related themes, affirming the commitment to monitoring and upholding the necessary regulatory and applicable standards.

Improving economy, efficiency and effectiveness



We considered how the PCC and Chief Constable:

- uses financial and performance information to assess performance to identify areas for improvement
- evaluates the services it provides to assess performance and identify areas for improvement
- ensures it delivers its role within significant partnerships and engages with stakeholders it has identified, in order to assess whether it is meeting its objectives
- where it commissions or procures services assesses whether it is realising the expected benefits.

Use of financial and performance information

The Force has eight strategic objectives, each aligned with specific areas of focus. These objectives serve as a framework for performance evaluation, with a series of key performance indicators (KPIs) designed to measure outcomes. The Force adopts a balanced scorecard approach to categorise KPIs under four headings: victims, people, assets, and operational delivery.

The Corporate Development department plays a pivotal role in supporting performance management within the Force. Responsible for providing information, data, and intelligence insights, the team aids in decision-making at both strategic and operational levels. The corporate development team actively engages in performance management conversations with the Chief Officer team, business units, and individual level, ensuring comprehensive performance monitoring throughout the Force.

The Force has established performance frameworks tailored to each different function within the Force which outline key performance questions for managers and supervisors to pose to their staff. These frameworks also incorporate KPIs for performance tracking, ensuring a targeted and department-specific approach that acknowledges individual contributions to overall performance. There are weekly meetings in place between supervisors and their staff to monitor performance.

Various systems and software support the Force in managing its performance, including Excel solutions and the use of Qlik Sense, a business intelligence tool accessible to staff and officers. Benchmarking is facilitated through the digital crime and policing performance pack, providing comparative data nationally. The Force also leverages national police data through iQuanta.

Utilising data insights derived from Qlik Sense and incorporating performance feedback obtained during team meetings, the Force integrates these inputs into two monthly performance meetings at the Strategic Management Board.

At these meetings, the Corporate Development team provides presentations, offering a comprehensive overview of performance against predetermined outcomes. Attendance at these mandatory meetings is imperative, with provision for substitutes in cases where direct attendance is not feasible.

Given the extensive engagement with data for performance reporting, the Force has implemented quality assurance mechanisms. The Corporate Development team conducts independent audits of crime recording standards and decision-making, aligning with the national data quality assurance manual. Quarterly audits on investigative standards, considering data quality, are also carried out. Additionally, the Communications department's Crime Allocation and Screening Quality (CASQT) team conducts lifetime audits on incident and crime recording.

Improving economy, efficiency and effectiveness

HMICFRS Inspections

The Force undergoes joint, PEEL and thematic inspections by HMICFRS. The latest PEEL inspection was in 2021/22 where the Force was rated as being 'good' overall, with one area identified as being adequate and one area as requiring improvement and no areas identified as being inadequate. The eight areas for improvements (AFIs) were reported in the November 2022 JIAC along with actions against each area for improvement consisting of implementation of improvement plans, use of new technologies, the introduction of a new Response Policing Team (RPT), investment in training programmes. In addition to these AFIs, the Force takes actions to address all AFIs identified as part of the Inspectorate's wider thematic inspections. There are currently 71 recommendations, and 12 AFIs open on the monitoring portal. The Force's approach is to actively monitor the actions against the recommendations and respond appropriately. A HMICFRS Update is a consistent agenda item at the Joint Business Meeting between the PCC and Chief Constable and at the JIAC where inspections and recommendations are discussed. The regular reporting and monitoring of both the results from the inspections and actions against recommendations demonstrates good governance practices and underscore the Force's commitment to robust performance management and continuous improvement.

Procurement

The procurement team is responsible for end-to-end procurement activities, encompassing requirement development, tendering, contract awarding, and contract management.

The Force is currently undergoing a transformation of its procurement function, recognising the need for restructuring in the area. Taking a proactive stance, in January 2023 the Force, as part of the CIPFA's Fair Achievement programme, engaged in an exercise with CIPFA to assess its procurement practices. The subsequent report from CIPFA highlighted specific areas for growth within the procurement function, prompting the Force to embark on a transformative journey.

In the fiscal year 2022/23, the procurement function witnessed a change in leadership, resulting in a team structure comprising a Head of Procurement, a procurement manager, a procurement business partner, and four procurement officers. Embracing a category management approach, the Force has faced challenges in recruitment, particularly for procurement business partner roles, with three vacancies remaining unfilled.

The combination of staffing gaps and the ongoing IT transformation program aimed at modernising systems has placed significant demands on the procurement team. In response, the Force has adopted a 'grow our own' strategy for procurement staff, enrolling new members in the CIPS programme. The Force has established a proficient contract management system to oversee contractor performance, with lower-value contract performance reported on an exception basis. Business areas are delegated the responsibility of managing their contracts on a day-to-day basis, ensuring that updates on issues are communicated to the Head of Procurement through regular catch-up sessions. In the case of higher-value contracts, the Force has implemented Key Performance Indicators (KPIs) to gauge contract performance. Notably, the Force is presently in the process of revising its contract management procedures, and there are ongoing proposals for implementation for the year 2024/25.

Governance arrangements mandate that any tendering activity related to goods or services with an estimated annual cost as per the EU Procurement Threshold of £0.16m or with a total value of £0.5m over the period of the contract require formal approval from the Police and Crime Commissioner. Subsequently, contract awards are presented for approval by the Police and Crime Commissioner. These approvals are transparently reported under the 'key decisions' section on the PCC's website under 'Transparency.'

Readiness for new procurement bill

The procurement team is aligning systems, strategies, and team structures with the upcoming procurement bill set to take effect in October 2024. Demonstrating a proactive stance, the team ensures they stay abreast of any updates by actively participating in relevant seminars and conferences. Additionally, the team receives regular updates from Blue Light Commercial, enhancing their preparedness for the forthcoming changes in procurement regulations.

Improving economy, efficiency and effectiveness

Partnerships

According to Section 23E of the Police Act 1996, both the Police and Crime Commissioner and the Chief Constable are obligated to publish collaboration agreements to which they are parties. The Force has diligently provided details of all such agreements on its website or where the agreements contain sensitive information have appropriately stated this.

A significant partnership for the Force is the North East Regional Organised Crime Unit (NEROCU), established to enhance capacity and capability across the region in addressing serious and organised crime. This agreement was initiated in October 2013 and expanded in April 2015 to include additional regional functions, operates under comprehensive governance arrangements. The Joint Committee, comprising the region's three Chief Constables, three Police and Crime Commissioners, the CFO from Northumbria Police, and the ACC overseeing ROCU, oversees this arrangement. The Management Board, featuring the participation of the three Deputy Chief Constables, operates under the Joint Committee.

Performance reporting occurs quarterly at both the Joint Committee and Management Board meetings, with representation from finance, people services, and enabling departments. Financial governance involves consulting the budget in October/November each year, with budget proposals agreed upon by the Management Board before presentation to the Joint Committee, usually in January.

Monitoring extends to the national level, with performance reporting to the Home Office, including the Home Secretary and Security Minister, the Network Operations Capability, the national ROCU Board, and the National Crime Agency. The partnership undergoes inspections from HMICFRS on ROCU partnership working, complemented by Internal Audit reviews providing feedback on the effectiveness of the partnership.

HMICFRS Update on NEROCU

HMICFRS inspected NEROCU (formerly NERSOU) in December 2022 with the finding that the partnership was working well with the finding stating: 'There are good relationships between the ROCU and Forces, but NERSOU needs more consistent support from Forces to improve regional collaboration'. The inspection covered the performance of each partner Force individually in terms of tackling serious and organised crime with Northumbria Police being rated as 'good' which is a positive result for the Force. In particular the report notes that 'There is good leadership and management of Serious Organised Crime (SOC)'.

Whilst Northumbria Police was rated as 'good' in the inspection, the NEROCU was rated as being adequate overall with an area of improvement identified.

In response to the recommendations where two Level 3 AFIs resulted from the Northumbria SOC inspection. A revised governance structure has been determined for NEROCU unit, which has been provided to HMICFRS. This is an alternative to a single dedicated chief officer to lead the regional response to SOC.

The inspection also highlighted concern regarding the capacity within three specialist teams to meet SOC demand. Since the inspection there has been an uplift of resources in both POLIT and Covert Authorities Bureau which has addressed concerns in these areas. The current capacity of the Economic Crime Unit (ECU) remains insufficient to meet demand; however, resourcing arrangements in financial investigation are currently being determined in order to address this. Once ECU capacity has been addressed, the AFI will be considered complete.

Opinion on the financial statements



Grant Thornton provides independent opinions on whether each of the PCC's and Chief Constable's financial statements:

- give a true and fair view of the financial positions of the PCC and Chief Constable as at 31 March 2023 and of their expenditure and income for the year then ended, and
- have been properly prepared in accordance with the CIPFA/LASAAC Code of practice on local authority accounting in the United Kingdom 2022/23

We conducted our audits in accordance with:

- International Standards on Auditing (UK)
- the Code of Audit Practice (2020) published by the National Audit Office, and
- applicable law

We are independent of the PCC and Chief Constable in accordance with applicable ethical requirements, including the Financial Reporting Council's Ethical Standard.

Audit opinion on the financial statements

We issued an unqualified opinion on each of the PCC's and Chief Constable's financial statements on 1 February 2024.

The full opinions are included in the PCC's and Chief Constable's Annual Reports for 2022/23, which can be obtained from the PCC's and Chief Constable's websites.

Further information on our audits of the financial statements is set out overleaf.



Opinion on the financial statements



Timescale for the audits of the financial statements

- The Audit Plan was issued in September 2023 and presented at the meeting of the Joint Independent Audit Committee.
- The PCC and Chief Constable provided draft financial statements in October 2023. This was not in line with the national timetable of 31 May 2023, however the 2021/22 accounts were only signed off in September 2023.
- Audit fieldwork was completed remotely between October 2023 and January 2024.
- The opinion on the financial statements was issued on 1 February 2024. This was not in line with the national timetable of 30 September 2023.

Findings from the audits of the financial statements

The key issues were:

- Adjustments were made following receipt of actuarial valuations based on full-year information relating to the LGPS. These reports were not available at the time that the draft accounts were published.
- A methodological issue was identified by our consulting actuary with regard to the approach taken by management's actuary in producing the estimated Police Pension Scheme liability at 31 March 2023. This led to a material adjustment in the Chief Constable's financial statements which was incorporated into the final version of the accounts.
- Several other presentational amendments were identified through the course of our audit, but no significant issues were noted.

More detailed findings are set out in our Audit Findings Report, which was presented to the PCC and Chief Constable on 25 January 2023. Requests for this Audit Findings Report should be directed to the PCC and Chief Constable.



Other reporting requirements



Other opinion/key findings

No other matters to report.

Audit Findings Report

More detailed findings can be found in our Audit Findings Report, which has been published on the PCC's and Chief Constable's websites, alongside the financial statements.

Whole of Government Accounts

To support the audit of the Whole of Government Accounts, we are required to examine and report on the consistency of the Service's consolidation schedules with their audited financial statements. This work includes performing specified procedures under group audit instructions issued by the National Audit Office.

We have confirmed that the group is below the threshold for detailed work to be required. An assurance statement was submitted to the NAO upon the signing of the financial statements opinions on 1 February 2024.



Appendices

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

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

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

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

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

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

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



Appendix B – An explanatory note on recommendations

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

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

Appendix C – Opinion on the financial statements and use of auditor's powers

We bring the following matters to your attention:

Opinion on the financial statements

Auditors are required to express an opinion on the financial statements that states whether they: (i) present a true and fair view of the PCC's and Chief Constable's financial positions, and (ii) have been prepared in accordance with the CIPFA/LASAAC Code of practice on local authority accounting in the United Kingdom 2022/23

We have completed our audit of your financial statements and issued an unqualified audit opinion on 1 February 2024. Our findings are set out in further detail on pages 16 to 18.

Statutory recommendations

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

We did not issue any statutory recommendation

Public Interest Report

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

We did not issue a public interest report

Application to the Court

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

We did not apply to the court on any matters

Advisory notice

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

We did not issue any advisory notices

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

Judicial review

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

We did not apply for judicial review on any matters



JOINT INDEPENDENT AUDIT COMMITTEE	20 MAY 2024
DRAFT JOINT INDEPENDENT AUDIT COMMITTEE ANNUAL REPORT 2023/24	
REPORT OF: CARRIE YOUNG, CHAIR OF THE JOINT INDEPENDENT AUDIT COMMITTEE	

I. INTRODUCTION

The Joint Independent Audit Committee (JIAC) provides independent assurance that adequate corporate and strategic risk management arrangements are in place for the Police and Crime Commissioner for Northumbria (PCC) and the Chief Constable (CC). It jointly advises the PCC and the CC on governance matters as well as good practices.

The Chartered Institute of Public Finance and Accounting (CIPFA) guidance, recommends that the JIAC report annually on how they have discharged their duties and responsibilities.

This report provides the PCC and CC with a summary of the Committee's activities in the financial year 2023/24. It also seeks to provide assurance that the Committee has fulfilled its terms of reference, and added value to the overall governance arrangements that were in place for both the PCC and the CC.

The Committee wishes to record its gratitude to the former Deputy Chief Constable Debbie Ford who was in post until October 2023, and welcomed Deputy Chief Constable Jayne Meir to the Committee. Also, the Joint Chief Finance Officer Kevin Laing, and PCC Chief of Staff Ruth Durham for their constant support, along with the officers of the PCC and CC who have regularly attended JIAC throughout the year. The Finance and Corporate Development teams who have again facilitated the work of the Committee well during the year, along with the Internal and External Audit have assisted the Committee to fulfil its role.

2. COMMITTEE MEMBERSHIP AND ATTENDANCE.

The members of the Committee during the year were as detailed in the table below, along with their attendance record.

Member	No of Meetings	% Attendance
Carrie Young (Chair)	5	100%
Janet Guy	5	100%
Kushil Amiani	5	100%
Peter Wood	5	100%

3. Meetings

The Committee met on 5 occasions during the financial year with an extraordinary meeting arranged on 26 May 2023. The additional meeting was scheduled to receive the Annual Assurance Review and agree the draft Annual Governance Statements (AGS's) for 2022/23. This followed the national guidance change to return to a deadline of 31 May 2023 to publish the draft Statements of Account and AGS's.

All meetings are open to the press and public with minutes being published on the PCC website.

4. Risk Management.

The Committee has a role to ensure that the PCC and CC have in place robust and effective arrangements for the identification and management of strategic risks. A joint strategic risk register is maintained, which is reviewed at each meeting of the Committee. Regular reports are received from the Head of Corporate Development on:

- Escalation and de-escalation of identified strategic risks.
- Additional strategic risks arising during the year and the likely effect to the organisation.
- Deletions of risks, which are deemed no longer to have a strategic relevance.
- In each case, a full explanation is provided for any change of risk status.

The reports received by the Committee during the year have given assurance that strategic risks reflect the current challenging economic and operational environments, along with public confidence challenges. Along with His Majesty's Inspectorate of Constabulary and Fire & Rescue Services (HMICFRS) inspections, and internal audit reports on areas such as vetting; cyber security; financial and treasury management have provided further assurance.

The Committee welcomed the development of a Risk Appetite Statement to supplement the existing risk management framework, identifying the amount of risk it is prepared to accept, tolerate, or be exposed to at any point in time for each of the thematic areas.

The Committee was pleased to note the more rapid pace that recommendations for some areas for improvement (AFIs) were actioned.

Overall, the assurances of the Executive, together with triangulation of the risk register, with both internal and external audit reports, has provided reasonable assurance to the JIAC that strategic risks are managed effectively.

5. External Audit

Grant Thornton UK LLP provide external audit services, there were continued delays in the external audit of the 2021/22 financial statements, the audit not being completed by the statutory deadline of the end of November 2022, acknowledging the PCC and CC met the statutory deadlines. The delay being due to the audit of the Local Government Pension Scheme (LGPS) being delayed, which the external auditor relies upon. The Committee

recognised this was a national issue, however, it expressed concern that the delays on the external audit were putting significant additional pressure on the finance team. The outcome of the audit was reported at the September 2023 meeting, the outcome being unqualified opinions for both the PCC and CC, along with a Value for Money (VFM) assessment that there were no significant weaknesses.

In relation to 2022/23, there was a knock-on effect due to the delay of the audit of the previous year's financial statements due to the national pension issue, requiring the significant restating of pension related entries within the 2022/23 statements. The revised draft financial statements were audited with the Audit Findings Report presented at the February 2024 meeting, showing an unqualified opinion. The outcome of the VFM will be reported as part of the Auditor's Annual Report (AAR), which will be delayed until the May 2024 JIAC meeting, which will be the end of Grant Thorntons tenure as our external auditors.

6. Internal Audit

Gateshead Council continue to provide Independent Internal Audit services under the terms of a service level agreement with both the PCC and the CC.

The Annual Internal Audit Plan is determined after an assessment of the risks associated with the various activities of the PCC and CC. The Committee agrees the audit plan supporting the risk management process, for this year this included the addition of audits for vetting and pensions remedy, in response to specific areas of focus. This ensures that internal audit activity supports and provides appropriate assurance to the PCC and CC, as well as the external auditor Grant Thornton.

During the year the Committee has monitored progress against the Annual Internal Audit Plan receiving summaries of all completed internal audit reports setting out the findings, recommendations and updates on actions taken by management where necessary.

The Committee has challenged findings where appropriate. IT and Cyber security continue to be areas of heightened risk and therefore of particular focus by the JIAC.

As part of the annual governance review, the findings and opinion of the Internal Audit manager are taken into account. The Internal Audit Plan 2023/24 shows to date:

Audits Planned	Audits Completed	Audits deferred to following year	Audit Reports Issued *	Operating Well	Satisfactory	Requires Improvement
26	22	0	22	15	4	0

* The remaining reports will be reported at the May 2024 meeting of the JIAC.

The Committee noted that:

- There were no in-year investigations.
- The Committee was satisfied with the findings and opinions within the reports.

The Committee is appreciative of the efforts of Robert Bowmaker and his colleagues in Internal Audit for their efforts in fulfilling their role throughout 2023/24.

The Committee has asked for the provision of Internal Audit services to be reviewed and the market tested in order to receive assurance of the continuation of an appropriate internal audit service meeting future need.

7. Corporate Governance

In reviewing the draft Annual Governance Statements, which accompany the Financial Statements the Committee, takes into consideration the following:

- **Senior Managers' Assurance Statements** - Report of the Internal Audit Manager.
- **The Reports of HMICFRS and other external inspectorates** - Report of the Head of Corporate Development.
- **Review of the Effectiveness of Internal Audit** - Report of the Internal Audit Manager.
- **Internal Audit Annual Report** - Report and opinion of the Internal Audit Manager.
- **External Audit Report** - Report and opinion of the External Auditor.
- **Corporate Risk Management Annual Report** - Report of the Head of Corporate Development.
- **Performance and Data Quality Assurance Annual Report** - Report of the Head of Corporate Development.
- **Self-assessment of the Chief Finance Officer** - Report of the Joint Chief Finance Officer.
- **Legal and Regulatory Assurance** - Report of the Chief of Staff and Joint Chief Finance Officer.
- **Other Thematic areas, including:** Partnership Arrangements; Business Planning; Wellbeing; ICT; and Fraud, Corruption and Money Laundering - Reports of the Chief of Staff and Joint Chief Finance Officer.

Recommendations for additions in the draft statements are made, to enable the Committee to recommend adoption. The draft and final AGS's for 2022/23 were agreed at the Committee.

8. Treasury Management

The Committee is required to monitor and approve Treasury Management policies and strategy.

Link Asset Services are retained as Treasury service advisers.

The Treasury Management Strategy is agreed annually and reviewed during the year. Challenge is provided on borrowing and the timing of redemptions to ensure that the best use of reserves is made. The Committee has monitored progress throughout the year and are pleased to report that Treasury Management is operating well and within the agreed limits.

The Treasury Management Annual Report for 2022/23 has been reviewed and recommended to the PCC for publication.

9. JIAC Self-Assessment

A self-assessment of the Committee's competencies was carried out in April 2024 as part of the review of the activities of the Committee by Internal Audit, during the review of annual assurance, the following were highlighted:

- The Committee was operating well and meets the terms of reference. They demonstrate the necessary skills, knowledge, and experience to perform their function.
- Where additional knowledge is required, both the PCC and CC representatives are able and willing to provide the necessary briefing/training.
- Support for the work of the Committee comes from the Joint Chief Finance Officer and his Team, Chief of Staff to the PCC, and the Deputy Chief Constable, which has greatly assisted the Committee in its work.

10. JIAC Terms of Reference, Membership and Development

During the year a review of the Terms of Reference (ToR) for the Committee was undertaken. Minor changes have been agreed to the ToR, these were:

- To ensure that the JIAC membership has the appropriate level of financial experience and in light of difficulty in recruiting members with such experience, to allow appointment for an initial four-year term with the option of a second and third year term, each term being four years.
- The Chief Constable and the Police and Crime Commissioner to attend one meeting a year in person alongside their representative.

The Committee is committed to developing its skills and knowledge and constantly reviews its composition and need for additional information, briefing or training. Suitable induction training will be provided to new members of the committee and for specific topics as appropriate.

11. Recommendation

The Committee is recommended to consider, comment on, and note the above report and agree it as an appropriate summary of the activities of the Committee for financial year 2023/24. The report will be amended to include any changes arising from the meeting of the Committee on 20 May 2024; and subsequently any findings from the completion of the 2023/24 financial statements as they are completed by the external auditor.

Carrie Young
Chair of Joint Independent Audit Committee

Joint Independent Audit Committee	20 May 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 Joint Strategic Risk Register (JSRR); this incorporates the strategic risk(s) faced by the Force and Office of Police and Crime Commissioner (OPCC) within twelve thematic areas.

2. BACKGROUND

- 2.1 Northumbria Police and the 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 Management Teams and the OPCC are responsible for the identification of emerging risks, some of which might not be controlled locally and have the potential to prevent the Force and PCC from achieving objectives.
- 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 presented to the joint Business Meeting between the PCC and the Chief Constable on a quarterly basis. This presents the 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 captures risk(s) in twelve thematic areas: Digital Policing; Finance; Governance; Information and Data Management; Information and Data Quality; Infrastructure and Assets; Operational; Partnership and Collaboration; Public Confidence; Regulation and Standards; Strategy; and Workforce.
- 2.7 Appendix A provides an overview of the current Red, Amber, Green (RAG) status of the strategic risks for Northumbria Police, alongside the Force Strategic Risk Register. (Thematic risk areas are recorded alphabetically and numbered for ease of reference only.)

- 2.8 Four areas remain high risk for the Force: Digital Policing; Finance; Information and Data Management; and Workforce.

Key changes to the Force Strategic Risk Register

Workforce - 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.

- 2.9 The impact of vetting not currently matching the hiring pace of strategic resourcing has been identified as a current factor. This can result in candidates waiting a significant period of time to join the organisation, or attrition of candidates due to the length of the wait, and vacancies being held for long periods.
- 2.10 Detailed work has been undertaken to smooth peaks of demand as well as to maintain resourcing levels. Current factors and consequences have been updated and controls reflected in the summary.
- 2.11 Likelihood remains medium (3) and impact high (4).
- 2.12 Further work to review each of the thematic risk areas has been commissioned in-Force at the Force Assurance and Executive Boards ahead of the annual review of risk, which will be aligned to Force Strategy discussions. The outturn of this review will be reported at JIAC in September.
- 2.13 Appendix B provides an overview of the current RAG status of the risks for the OPCC, alongside the register.
- 2.14 The OPCC has assessed one area as high risk: Finance.

Key changes to the OPCC Strategic Risk Register

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

- 2.15 The current factors have been updated to reflect we are now in the final year of government funding settlements/awards relating to key services and project based spend.
- 2.16 Likelihood remains high (4) impact high (4).

Partnership and Collaboration - Reduction in or withdrawal of partnership working for the OPCC leading to a failure to identify, develop and retain collaborative arrangements that support communities with sustainable multi agency responses.

- 2.17 The current factor relating to new ways of working in the criminal justice system has been removed as this is now business as usual following recovery from the pandemic. The risk

controls have been updated to include the PCCs role in chairing the Anti-Social Behaviour (ASB) Board which provides the PCC with a leadership role around OPCC collaboration with partners to achieve our ASB goals. This is a significant partnership which has developed over the last 12 months.

- 2.18 Likelihood remains low (2) impact high (4).

Public Confidence - Loss of public confidence in the PCC resulting from a lack of engagement and communication, leading to a failure to reflect public priorities in the Police and Crime Plan.

Failure to hold the Chief Constable to account on behalf of the public for delivery of their priorities or other statutory obligations.

- 2.19 Current factors have been updated to include the pre-election period as the OPCC has specific restrictions around communications and publicity during this time. The factor relating to Legally Qualified Chairs has been removed as the Home Office review of the police dismissal process is pending and new guidance is expected imminently. The new guidance and legislative framework will determine if this will remain an issue.
- 2.20 Likelihood remains low (2) impact high (4).

3. CONSIDERATIONS

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

Overview of the RAG status of Strategic Risk – Northumbria Police

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

Assessment of Risk

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

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

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

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

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

Key:

Green: Very Low/Low

Amber: Medium

Red: High/Very High

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

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

I	Strategic Risk Area – Digital Policing
	Risk – Inability of the Force to respond effectively to service demand due to loss or failure of mission and business critical technology solutions.
Owner(s)	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) transformation programme. ▪ 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"> ▪ New technology/new working practices being introduced. ▪ 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 2 sites. ▪ Procurement complete and engagement started (January 2024) on the Records Management System replacement for NPICCS. ▪ Both the Force and Digital Policing are working to address the delay in replacement of the People systems which is being impact assessed in terms of delay incurred and the approach to deliver. ▪ Audit regime to test internal switches and disablement when required. ▪ Wide Area Network Transition from Capita to MLL as WAN suppliers.
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 PSN/p network 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. ▪ Confidentiality and integrity risk to Force data and systems and potentially national policing data and systems.

Summary of Controls	<ul style="list-style-type: none"> ▪ Effective disaster recovery controls in place with appropriate management of core system recovery and associated business continuity plans. ▪ Effective Cyber Incident Response Plan (CIRP) and agreed, understood and in place. ▪ Significant investment in place to provide core IT services. ▪ Force Digital Strategy is in development supported by key underlying strategies. ▪ Digital Policing senior leadership team and robust governance via the local Digital Policing Board 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. ▪ Recruitment and retention arrangements being finalised over the transition period. ▪ Recruitment to structure on target and plan to achieve required capacity and capability. ▪ Improved attraction and retention activities being undertaken. ▪ Dedicated Solution Delivery function focussed on project delivery of the transformation programme. ▪ Existing Cobol resources extended and capacity increased by 2 funded by projects during Q3 2024. ▪ Improved agile working capabilities for project delivery staff in place and effective. ▪ Implementation of Smart Contact Command and Control solutions removing the threat of loss of 999 and 101 calls due to loss of NPICCS. ▪ Automated and manual patching of key systems and operating systems completed across critical, high and medium high systems, now monitored through Digital Policing Board and Force Assurance Board. ▪ Increase in the frequency and types of backups of the people data and full system backups to minimise any loss. ▪ Periodic restores and read tests in place to ensure backup is viable. ▪ Introduction of infrastructure to refresh and improve WAN, LAN and WIFI network and improve remote access resilience. ▪ Analysis by the Cyber Incident Response Team (CIRT) of relevant systems/devices. Force work alongside the National Management Centre (NMC) Police Digital Services and the
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	<p>National Cyber Security Centre (NCSC).</p> <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.▪ External Cyber company (Accenture) commissioned to provide National and local assessment of the security perimeters in place across Northumbria and identify gaps that need to be addressed (completed January 2024).	
Likelihood	3	12
Impact	4	

2	Strategic Risk Area – Finance
	Risk – Reduction in funding and/or funding pressures which require changes to financial planning and/or a change to the resourcing of service delivery.
Owner(s)	Chief Constable and Head of Finance (CFO)
Governance & Oversight	Executive Board / Business Meeting
Context	<ul style="list-style-type: none"> ▪ A review of the funding formula used by government to distribute grant funding to police forces in England and Wales may lead to a reduction in the percentage of central government police funding allocated to Northumbria Police. ▪ Reduction in central government funding as announced in the annual Home Office (HO) Police Funding Settlement. ▪ The funding settlement currently provides certainty for only one financial year and carries continued long-term uncertainty over several funding strands, including Uplift and Pensions. ▪ Continued global cost pressures and cost of living increases are not funded with the grant settlement, leading to the necessity for efficiencies. ▪ Other public sector funding reductions may reduce services provided, leading to increased service pressure on Northumbria Police and a need to look at potential collaboration opportunities. ▪ In-year events or changes, outside of Northumbria Police's control, may lead to unbudgeted costs that cannot be met from within the annual budget.
Current factors	<ul style="list-style-type: none"> ▪ The Government has stated the review of the Police Allocation Formula (PAF) will be completed in this parliament; this however may be delayed. ▪ In force financial implications of pension remedy, which are currently being progressed based on national guidance. ▪ Inflationary rises and supply chain issues are creating significant cost pressures in current and future budget predictions, without any increases in funding.
Potential consequence	<ul style="list-style-type: none"> ▪ A reduction to national funding, short notice changes or extraordinary increases in cost may require a change in short and medium-term force financial planning, including a need to deliver unplanned efficiencies and savings thereby impacting on service delivery. ▪ Any in-year pressures which become a forecast overspend must be addressed through consideration of in-year efficiencies and discussions with the 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 (Operational, Emergency Services Network, Pay inflation, inflationary, 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 to influence funding for Policing and the North East. ▪ Effective force wide Business Planning cycle and efficiency monitoring. ▪ An effective Workforce Plan and Force Operating Model to manage pay related spend. 	
Likelihood Impact	4 4	16

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

4	Strategic Risk Area – Information and Data Management
	Risk – Challenges in adhering and complying with consistent and sustainable data management processes and standards to prevent data breaches.
Owner(s)	Assistant Chief Constable (Force Coordination)
Governance & Oversight	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.

	<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	

5	Strategic Risk Area – Information and Data Quality
	Risk – Challenges in efficiently and effectively managing data through the technical and cultural implementation of control measures, storage and practice in support of existing and new operating platforms.
Owner(s)	Assistant Chief Constable (Force Coordination)
Governance & Oversight	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. ▪ Failure to identify risk of vulnerability, officer, public safety. ▪ Inaccurate data returns to the HO and other bodies e.g. HMICFRS. ▪ Adverse findings from inspectorate and audit bodies e.g. HMICFRS and ICO. Poor data quality affecting operational and business decisions, meaning that critical risk factors may be missed or not fully understood e.g. vulnerability, officer safety and public safety.

Summary of Controls	<ul style="list-style-type: none"> ▪ Investment in IT to support ongoing DP programme which integrates data management processes and wider compliance obligations. ▪ Migration strategy as part of the Transformation 2025 programme IT strand to ensure data quality, accuracy and compliance with GDPR. ▪ Implementation of Data Quality reviews and Audits to support ongoing improvements relating to handling methods, accuracy, review and retention. ▪ Quality Standards Delivery Team. ▪ Use of the Qlik Sense Business Intelligence tool to identify compliance and data quality issues. ▪ Engagement with the HO/National Police Chiefs' Council National Data Quality Improvement Service (NDQIS). ▪ Implementation of holistic Information Asset Registers with accountable Owners and Leads. ▪ Implementation of revised and enhanced processes and procedures relating to review, retention and disposal of electronic and physical assets with oversight and ongoing monitoring from the IMD. ▪ 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	

6	Strategic Risk Area – Infrastructure and Assets
	Risk – Failure to effectively manage assets to ensure continued effective service delivery through provision of equipment and facilities which keep the workforce capable; able to respond to the public and maintain the physical security and safety of our estate.
Owner(s)	Assistant Chief Officer Corporate Services
Governance & Oversight	Strategic Resourcing 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.
Current factors	<ul style="list-style-type: none"> ▪ Programme of works aligned to future Force Operating Model needs to be established to meet operation, sustainability and carbon reduction requirements. ▪ Implementation of New Ways of Working programme. ▪ Delays and increased costs of Estates programme as a result of supply chain issues and inflationary pressures. ▪ Delays in new supply of vehicles/availability of fleet as a result of global supply chain issues. ▪ Physical security of buildings.
Potential consequence	<ul style="list-style-type: none"> ▪ Injury to users of assets, detainees or the public. ▪ Reduced availability of assets impacts on services across some or all business areas. ▪ Litigation and civil claims. ▪ Negative impact on the workforce and on public confidence. ▪ Not achieving sustainability and carbon reduction targets.
Summary of Controls	<ul style="list-style-type: none"> ▪ Understanding and review of the Force estate to ensure it is fit for purpose and used effectively. Where appropriate maximise collaboration and shared estate where there is an operational benefit. ▪ Rationalise the estate where appropriate to align with future operating model and operating procedures. ▪ Re-profiling of building refurbishment programme in-line with and New Ways of Working requirements and future Force Operating Model in place. ▪ Established internal arrangements to minimise the impact of proposed estate and infrastructure changes/refreshes on the business. ▪ Business Continuity Plans, Estate Strategies and policies and procedures in place. ▪ Regular inspection, testing and maintenance programmes in place in respect of water hygiene, electricity and gas safety. ▪ Fire risk assessments in place. ▪ Asbestos management plan in place.

APPENDIX A

	<ul style="list-style-type: none">▪ Health and Safety management embedded at tactical and strategic level.▪ New Fleet Strategy implemented in-line with carbon reduction targets.▪ New Fleet User Group to revise fleet use and force profile, including development of sustainable fleet measures.▪ 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 are overseen by the Estates Programme Board.	
Likelihood	2	6
Impact	3	

7	Strategic Risk Area – Operational
	Risk – Inability to implement centralised force coordination ensuring sustainable capacity and capability to meet statutory requirements under the Civil Contingencies Act (CCA) and responsibilities from the Strategic Policing Requirement.
Owner(s)	Assistant Chief Constable (Force Coordination)
Governance & Oversight	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 POPS, FA and MP has led to the identification of shifting threats from extremist groups and associated learning from public inquiries. ▪ The uplift of staff and coordinated work force plan has predicted a significant gap in experience and skill base, particularly in specialist areas of investigation and public order. ▪ A recognition of the Force's ability to effectively deal with Societal Risks; Diseases; Natural Hazards; Major Accidents; Malicious Attacks 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 Force Operating Model, demographic and operational placement of officers and staff in Quarter 1 and 2 of 2024 to ensure, across the force, they are balanced based on demographics. ▪ Work Force Plan. ▪ Significant Events (for e.g. derby match and increase in protests relating to Palestine situation etc). ▪ Manchester Arena recommendations impacting broader testing & exercising. ▪ Increased PPST training 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.

Summary of Controls	<ul style="list-style-type: none"> ▪ Robust business continuity plans in place across all area commands and departments. ▪ Pandemic Multi-Agency Response Teams Plan with partners. ▪ Concept of Operations developed in line with the States of Policing Matrix to support resourcing decisions in order to maintain critical functionality for the force. ▪ Close working with National Police Coordination Centre (NPoCC) and the Regional Information and Coordination Centre to test and exercise mobilisation commitment and provide and request mutual aid as appropriate. ▪ Mobilisation plan includes changes to NPoCC mobilisation commitment and deployments to British Overseas Territories. ▪ Ability to implement agile ways of working and create secure estate environments. ▪ Northumbria Police currently chairs the Northumbria LRF and work closely with partners on preparedness for civil emergencies and the testing and exercising of the multi-agency response. ▪ Strategic and tactical JESIP delivery groups. ▪ Internal and multi-agency Governance structure to deliver on MAI recommendations. ▪ LRF weekly situation reporting meeting in place. ▪ Ability to revise shift pattern to facilitate mobilisation of specialist staff, particularly in respect of TL2 assets. ▪ Force Coordination Centre and daily pace setter meetings to align demand and resources. 	
Likelihood	2	8
Impact	4	

8	Strategic Risk Area – Partnership & Collaboration
	Risk – Loss or reduction in opportunities to work in partnership or collaboration and subsequent impact on service delivery. Ineffective management of new and current commercial contracts leading to reduced service delivery and/or low value for money.
Owner(s)	Deputy Chief Constable
Governance & Oversight	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.

	<ul style="list-style-type: none"> ▪ Strategic Design Authority and Transformation Programme to improve scope and user requirements of procured services with clear benefits tracking via the Strategic Resourcing Board ▪ 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. ▪ Joint work between agencies e.g. Newcastle Safeguarding Children's and Adults Boards and Safer Newcastle to produce a Serious Violence and Criminal Exploitation Strategy. ▪ Ability to introduce and maintain joint Criminal Justice Impact and Recovery working exercises when required, utilising resources across disciplines to meet demand. ▪ Increased early interventions and out of court disposals in place for young people. 	
Likelihood Impact	2 4	8

9	Strategic Risk Area – Public Confidence
	Risk – The loss of public confidence in Northumbria Police due to the behaviour, conduct, actions or inaction of Northumbria Police as an organisation or individuals representing the Force.
Owner(s)	Deputy Chief Constable
Governance & Oversight	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.
Current factors	<ul style="list-style-type: none"> Abuse of authority for financial or sexual purpose, fraud or theft. Awareness of risk within workforce (Abuse of Authority for a Sexual Purpose (AA4SP), misogyny, discrimination) and increase in associated misconduct cases. Current operating context and legitimacy in use of police powers. Disproportionality in use of powers. Identification and response to organisational learning opportunities. Public perception that ineffective response to Violence Against Women and Girls (VAWG), hate crime and victimisation of Black, Asian and minority ethnic communities is influenced by cultural issues misogyny/institutional racism.
Potential consequence	<ul style="list-style-type: none"> Abuse of authority for financial or sexual purpose, fraud or theft. Increased civil unrest. Perception of disparity damaging confidence of minority groups. Litigation, legal action against the Force. Reduced public confidence.

Summary of Controls	<ul style="list-style-type: none"> ▪ Effective governance arrangements. ▪ Independent advisory groups and Scrutiny Panels for use of powers. ▪ Force Engagement Strategy and systems. ▪ Force wide internal communications to increase awareness of behaviour and standards. ▪ Completion of Equality Impact and Community Tension Assessments. ▪ Force VAWG Strategy, Race Action Plan and Hate Crime Delivery Plan. ▪ Dedicated Counter Corruption Unit with appropriate capacity and capability to deliver a full range of covert tactics. ▪ Internal threat awareness through Professional Standards Department risk matrix and abuse of authority problem profile. ▪ Vetting procedures in-line with APP on Vetting. ▪ Identification and review of organisational learning, with oversight by the Force 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 Impact	2 4	8

10	Strategic Risk Area – Regulation & Standards	
	Risk – Northumbria Police and/or its staff, fail to operate within the regulatory framework defined by law or by force policy. In doing so, creating risks which may result in harm to individuals, groups or organisations.	
Owner(s)	Deputy Chief Constable	
Governance & Oversight	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 achieve/maintain relevant ISO/IEC accreditation in line with relevant codes of practice. ▪ Failure to comply with relevant Health and Safety regulations. 	
Summary of Controls	<ul style="list-style-type: none"> ▪ Central review of all civil claims, with adverse trends and lessons learnt reported and learning shared through Force Assurance Board. ▪ Audit arrangements and Quality Management System. ▪ ISO governance meeting. ▪ Health and Safety Management System and provision of health and safety advice. ▪ Investigations and review of health and safety incidents, with lessons learnt reported. ▪ Introduction of scrutiny panel for use of police powers. ▪ Force policy on mandatory use of Body Worn Video at key incidents/events. ▪ External Scrutiny panel for use of police powers (Use of Force/Stop & Search). ▪ Force approach to identify and reduce AA4SP. ▪ Introduction of a substantive Independent Scrutiny and Oversight Board in 2024. 	
Likelihood Impact	3 3	9

II	Strategic Risk Area – Strategy
	Risk – Northumbria Police fails to deliver its strategic objectives and those of the Police and Crime Plan, due to ineffective business planning, including effective management of performance, risk, demand, transformation, workforce and finance.
Owner(s)	Chief Constable
Governance & Oversight	Executive Board
Context	<ul style="list-style-type: none"> ▪ Failure to deliver the Force Strategic Priorities. ▪ Failure to deliver against objectives set out in the Police and Crime Plan. ▪ Failure to achieve the business benefits from the Transformation Programme. ▪ Compliance and standards not meeting acceptable levels impacting on victim services and public confidence. ▪ Failure to meet areas for improvement highlighted by external bodies.
Current factors	<ul style="list-style-type: none"> ▪ COVID recovery impacting on Newcastle Crown Court backlog. ▪ Increased demand as the force implements the Transformation Programme. ▪ Development of operating model able to support future demand.
Potential consequence	<ul style="list-style-type: none"> ▪ Deteriorating performance resulting in policing priorities not being achieved. ▪ A decline in quality and service delivery, leading to a reduction in satisfaction and confidence. ▪ Adverse external inspection reports, leading to recommendations and wider escalation. ▪ Reduction in services provided to victims and witnesses as a result of ineffective partnership working with other criminal justice agencies. ▪ Delays to criminal justice outcomes. ▪ Slippage/failure of projects, which hamper the achievement of objectives.
Summary of Controls	<ul style="list-style-type: none"> ▪ Annual preparation of Force Management Statement. ▪ Force Operating Model reviewed and implementation of new model ongoing. ▪ Business planning cycle and delivery of local business plans. ▪ Force wide Performance Management Framework. ▪ Oversight and management of performance using the Governance and Decision-making structure. ▪ Transformation 2025 Programme.

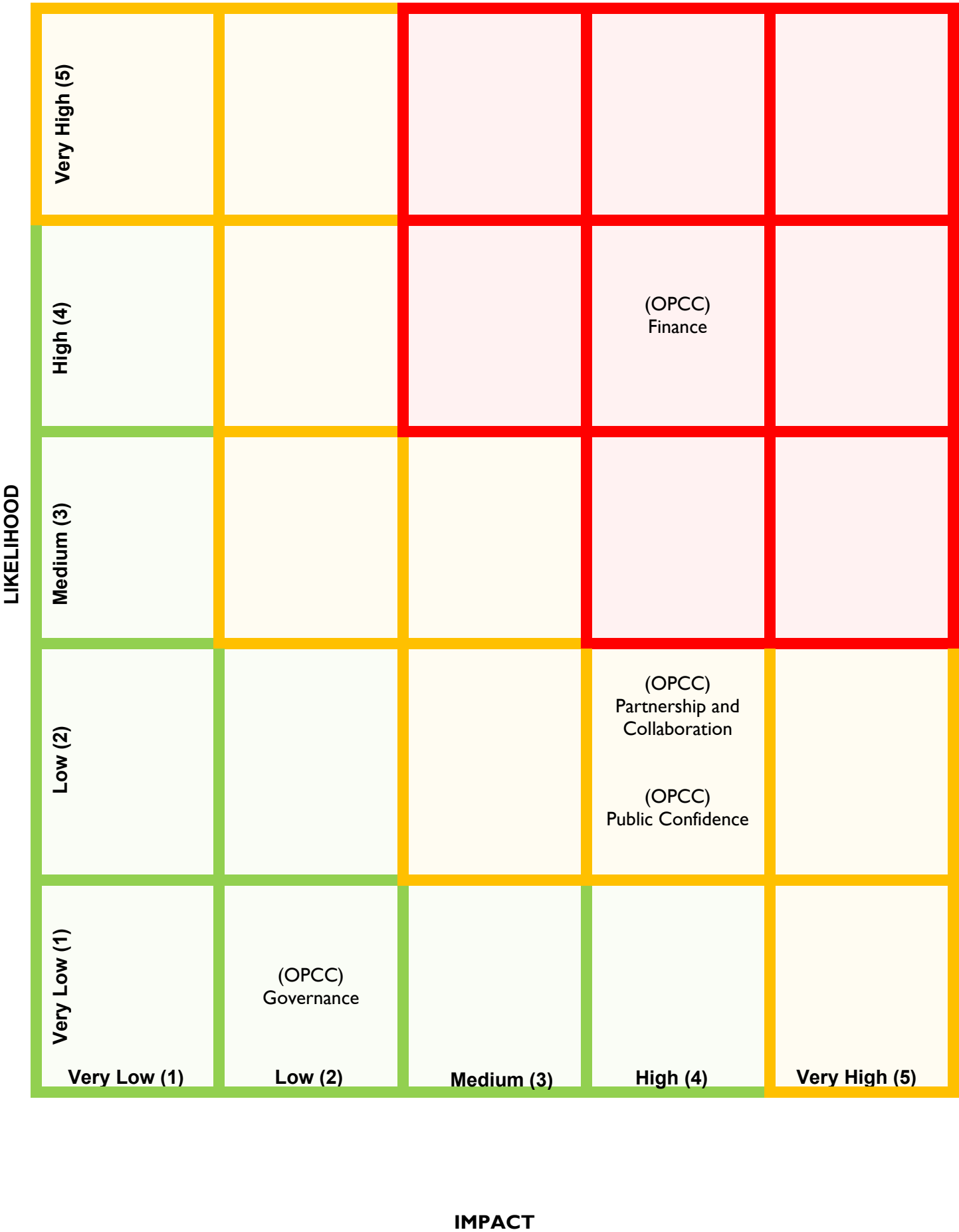
	<ul style="list-style-type: none">▪ Local Criminal Justice Board (LCJB) Plan and supporting governance structures.▪ Effective relationships and communication with partners locally enabling response to national issues (e.g. LCJB Strategic Recovery Group).▪ Victim service review to improve service delivery to victims of crime and investigative standards.▪ Implementation of a Northumbria Police Victim and Witness Service.▪ Development and implementation of financial and efficiency planning focused on delivery of Force strategic priorities.▪ Realisation of benefits linked to delivery of the transformation programme.▪ Force Operating Model reviewed and implementation of new model ongoing.	
Likelihood	2	8
Impact	4	

12	Strategic Risk Area – Workforce
	<p>Risk – Standards, conduct and behaviours of the workforce are not in-line with Northumbria Police values and the Code of Ethics.</p> <p>Inability to maintain an effective workforce profile through a reduction in attraction, recruitment and retention.</p>
Owner(s)	Assistant Chief Officer Corporate Services
Governance & Oversight	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 workloads manageable. • A holistic resourcing strategy through which operating models and roles offer clarity and have a long-term vision to support attraction, retention, and development. • A modernised total rewards package, reflective of the needs of a diverse workforce. • 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"> • Limited understanding of current and future operating models results in lack of clarity of 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. • Societal challenges and adverse press coverage across policing continues to impact on attraction.

	<ul style="list-style-type: none"> • 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. • Moderate though noticeable increase in attrition, particularly during first few years of service. • 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 which is resulting in candidates waiting a significant period of time to join the organisation. Vacancies are being held for long periods and attrition of candidates due to the length of wait is evident.
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 transformation 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, Culture and Wellbeing 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.

	<ul style="list-style-type: none"> • 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 transformation. • Focus on reward through a benefits plan and implementation of the reward 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 People, Culture and Wellbeing 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 investigative capability and resilience plan is in place with governance provided by the Investigative Capability Gold Group and Strategic Resourcing Board. • A focussed Operational Resourcing 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. • 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



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"> ▪ Provisional settlement 2024/25 remains one-year only. ▪ Funding streams including the VRU, victim services and Safer Streets all remain on a short-term basis, ending March 2025. ▪ There is short term certainty of the level of Precept flexibility for a further one year period. ▪ Settlement 2024/25 has continued funding to support the Uplift programme. ▪ At this time, the level of national funding and the robust controls detailed below mitigate in the short term the consequence. ▪ In the medium-term extraordinary international events and national inflationary rises lead to significant increases in cost without any increase in funding.
Potential consequence	<ul style="list-style-type: none"> ▪ Short notice change to national funding may require a change in short and medium-term force financial planning, including a need to deliver unplanned savings thereby impacting on service delivery. ▪ Any in-year or longer-term pressures or extraordinary events which become a forecast overspend must be addressed through consideration of in-year savings and efficiencies, potential use of relevant reserves and discussion with the CC.

APPENDIX B

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, NPCC Treasurers Group and the Home Office to influence funding for policing in the North East. ▪ Audit Committee/Internal Audit/Treasury Management strategy in place and outcomes reviewed by PCC. ▪ HMICFRS inspection regime. 	
Likelihood Impact	4 4	16

OPCC	Strategic Risk – Governance (OPCC) Existing arrangements for the PCC to carry out robust scrutiny and hold the Chief Constable to account for efficient and effective delivery of the Police and Crime Plan are ineffective or inconsistent.	
Owner(s)	Chief of Staff and Monitoring Officer	
Governance and Oversight	Joint Business Meeting/ Annual Scrutiny Programme/CC/PCC Governance Meeting/ JIAC/Police and Crime Panel/PCC/CC 1:1 Meeting	
Context	<ul style="list-style-type: none"> ▪ Ineffective governance, scrutiny, oversight of services and outcomes delivered and lack of reaction to organisational learning by Northumbria Police. ▪ Need to target resources and priorities towards changing performance/landscapes or community needs. ▪ Chief Constable setting high performance standards and appropriate culture and values is crucial to meaningful scrutiny. ▪ Trust in the transparency of Northumbria Police. ▪ Effective governance includes effective oversight of complaints against Northumbria Police. ▪ Effective systems and controls to manage risk are needed to support the delivery of service. ▪ A strong relationship between the Office of the Police and Crime Commissioner and Force which is resilient to external factors. 	
Current factors	<ul style="list-style-type: none"> ▪ Implementation of national PCC Review – PCCs remit in fire, criminal justice and management of offenders along with a review of the Policing Protocol. ▪ Government levelling up agenda - expanded devolution deals. ▪ May 2024 election 	
Potential consequence	<ul style="list-style-type: none"> ▪ Loss of public confidence. ▪ Reputational risk. ▪ A decline in quality and service delivery, leading to a reduction in public satisfaction with policing. ▪ Deteriorating performance resulting in policing priorities not being achieved. ▪ Poor relationship with Northumbria Police. ▪ Government intervention. ▪ Challenge by the Police and Crime Panel. ▪ Adverse external inspection reports, leading to recommendations and potential escalation. 	
Summary of Controls	<ul style="list-style-type: none"> ▪ Police and Crime Plan (regularly reviewed). ▪ Joint Business Meeting. ▪ Annual Scrutiny Programme. ▪ Provision of the complaints statutory review process. ▪ Public and partnership engagement and feedback. ▪ PCC and Chief Constable 1:1s. ▪ Police and Crime Panel scrutiny. ▪ Scrutinising force response to HMICFRS inspection findings. ▪ Audit Committee, audit, annual governance statement, Internal Audit. 	
Likelihood Impact	1 2	2

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

OPCC	Strategic Risk – Public Confidence (OPCC) Loss of public confidence in the PCC resulting from a lack of engagement and communication, leading to a failure to reflect public priorities in the Police and Crime Plan. Failure to hold the Chief Constable to account on behalf of the public for delivery of their priorities or other statutory obligations.	
Owner(s)	Chief of Staff and Monitoring Officer and Director of Planning and Delivery	
Governance and Oversight	Joint Business Meeting/Annual Scrutiny Programme	
Context	<ul style="list-style-type: none"> ▪ A robust communications plan is needed to demonstrate effective and visible accountability of the Chief Constable to the PCC. ▪ Delivery of the PCCs manifesto commitments on which she was elected with the continual need to understand and react to changing communities or priorities and reflect this in the Police and Crime Plan. ▪ Engagement with communities to identify and respond to trends identified through the complaints process and external communication to reflect organisational learning. ▪ OPCC business must ensure compliance with legal, information management legislation, transparency guidance and the public sector equality duty. ▪ Continue to reassure communities through robust scrutiny of Northumbria Police and engagement with partners and communities. 	
Current factors	<ul style="list-style-type: none"> ▪ Communications activity restrictions during pre-election period. ▪ Role of social media in shaping public perceptions. ▪ Changes to law to allow the public to report crimes via social media. ▪ Review of the Police dismissals process. New legislation due April 2024. 	
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	20 MAY 2024
TREASURY MANAGEMENT ANNUAL REPORT 2023/24	
REPORT OF THE JOINT CHIEF FINANCE OFFICER	

1. Purpose

- 1.1 The report asks the Joint Independent Audit Committee (the Committee) to review the Treasury Management Annual Report 2023/24 as attached at Appendix A and approve it for presentation to the Police and Crime Commissioner (the Commissioner).

2. Recommendation

- 2.1 The Committee is asked to review the Treasury Management Annual Report 2023/24 and approve it for presentation to the Commissioner.

3. Background

- 3.1 The Chartered Institute of Public Finance and Accountancy's (CIPFA) Code of Practice on Treasury Management (the Code) requires the Commissioner to receive a Treasury Management Annual Report on borrowing and investment activity by 30 September each year. This report meets this requirement and informs the Commissioner of Treasury Management activity during 2023/24.

- 3.2 This report covers the period 01 April 2023 to 31 March 2024.

Summary

- 3.3 The Treasury Management Annual Report 2023/24 is attached at Appendix A. The key highlights are as follows:
- Investment income was £0.534m higher than the revised budgeted reflecting additional cash and reserve balances available for investment and increases in Bank Rate. Whilst the budget assumed Bank Rate would increase to 4.50% and then fall to 4.00% by March 2024, the Bank of England actually increased Bank Rate to reach 5.25% in March 2024.
 - Borrowing costs were £0.299m less than the revised budget estimate, reflecting increased reserve balances available for internal borrowing and a lower borrowing requirement for capital financing.

- Financial Regulations have been complied with and all Prudential Indicators were within the limits set for the year within the Treasury Management Strategy. There were no breaches of counterparty limits during the year.

4. CONSIDERATIONS

Freedom of Information	<i>Non-exempt</i>
Consultation	Yes
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 Police and Crime Commissioner in-line with The Chartered Institute of Public Finance and Accountancy's (CIPFA) Code of Practice on Treasury Management (the Code) by 30 September each year.	
Evaluation	No

Treasury Management Annual Report 2023/24

The Strategy for 2023/24

1. The 2023/24 Treasury Management Policy Statement and Strategy was approved by the Joint Independent Audit Committee (JIAC) on 27 February 2024 for presentation to the Police and Crime Commissioner (the Commissioner). The key decision was approved by the Commissioner on 30 March 2024.
2. The formulation of the 2023/24 Treasury Management Strategy involved determining the appropriate borrowing and investment decisions with the prime objective of safeguarding assets and secondary objectives of managing liquidity, obtaining a reasonable rate of return on investments, and minimising the costs of borrowing.
3. The Treasury Management Strategy fully complied with the requirements of The Chartered Institute of Public Finance and Accountancy Code of Practice on Treasury Management and covered the following:
 - Prospects for interest rates.
 - Treasury limits set for prudential indicators.
 - The investment strategy.
 - The borrowing strategy.

Investment Strategy

4. Investments are managed in-house using counterparties listed in an approved lending list consistent with the agreed Treasury Management Strategy. Investments are placed over a range of periods and are dependent on the assessed security of the counterparty, the liquidity requirements of the cash flow, actual interest rates and expectations of movements in interest rates.
5. The expectation for interest rates within the Treasury Management Strategy for 2023/24 anticipated Bank Rate would not need to increase further than 4.50%. The Strategy noted further down the road, it was anticipated that the Bank of England would be keen to loosen monetary policy when the worst of the inflationary pressures were behind us – that timing being one of fine judgment: cut too soon, and inflationary pressures may well build up further; cut too late and any downturn or recession may be prolonged.
6. The Treasury Management Strategy was to adopt caution in the management of the 2023/24 treasury operations. The interest rate market was monitored to allow the Chief Finance Officer (CFO) to adopt a pragmatic approach to any changing circumstances, having delegated powers to invest and manage the funds of the Commissioner.

Borrowing Strategy

7. The borrowing strategy for 2023/24 was:

- Consider the use of short-term borrowing as a bridge until capital receipts are received.
 - Consider the use of market loans which are at least 20 basis points below the PWLB target rate, where they become available.
 - Consider, where required, the use of PWLB loans where rates fall below Link Group trigger rates, with preference given to terms which ensure a balanced profile of debt maturity.
 - Consider the use of reserve and General Fund balances to limit the requirement for new borrowing, reducing investment balances rather than increasing external borrowing in order to minimise interest costs.
 - Maintain a flexible strategy in order to allow decisions on borrowing to be taken which balance the refinancing risk associated with an increase in interest rates against any potential short-term savings.
8. The early repayment of debt was not considered to present value for money during 2023/24, as the cost of premiums payable on the early repayment of debt continue to outweigh any potential savings on refinancing.

Treasury Management Compliance with Risk Strategy

9. The primary objective is to ensure the security of funds and minimise risks, including counterparty and interest rate risks. In January 2024 the Internal Audit report on the review of the treasury management function gave the opinion that it was 'Operating Well'.

Outturn 2023/24 – Performance Measurement

10. Prudential indicators are set annually to ensure that borrowing is prudent, sustainable and affordable. Performance is monitored against these indicators throughout the year and reported in the quarterly capital monitoring reports to the Joint Business Meeting (JBM). The outturn against the prudential indicators confirms that all indicators were operating within agreed limits. A copy of the prudential indicators is attached at Appendix I.

External Advisers

11. Link Group have continued to be used as external treasury management advisers to assist in achieving the objectives set out in the Treasury Policy Statement and Strategy and provide access to specialist skills and resources. The contract with Link Group was renewed on 1 November 2022 following a procurement exercise. This is a two year contract with options to extend for a further two years up to 31 October 2026.

Investment strategy and control of interest rate risk

12. Investment returns picked up throughout the course of 2023/24 as central banks, including the Bank of England, realised that inflationary pressures were not transitory, and that tighter monetary policy was called for.
13. Starting April at 4.25%, Bank Rate moved up in stepped increases of either 0.25% or 0.5%, reaching 5.25% by August 2023. By the end of the financial year, no further

increases were anticipated. Indeed, the market is pricing in a first cut in Bank Rate in either June or August 2024.

14. The upward sloping yield curve that prevailed throughout 2023/24 meant that Commissioners/local authorities continued to be faced with the challenge of proactive investment of surplus cash, and this emphasised the need for a detailed working knowledge of cashflow projections so that the appropriate balance between maintaining cash for liquidity purposes, and “laddering” deposits on a rolling basis to lock in the increase in investment rates as duration was extended, became an on-going feature of the investment landscape.
15. With bond markets selling off, UK equity market valuations struggled to make progress, as did property funds, although there have been some spirited, if temporary, market rallies from time to time – including in November and December 2023. However, the more traditional investment options, such as specified investments (simple to understand, and less than a year in duration), have continued to be at the forefront of most Commissioners/local authority investment strategies, particularly given Money Market Funds have also provided decent returns in close proximity to Bank Rate for liquidity purposes. In the latter part of 2023/24, the local authority to local authority market lacked any meaningful measure of depth, forcing short-term investment rates above 7% in the last week of March.
16. Whilst the Commissioner has taken a cautious approach to investing, there is also an appreciation of the changes to regulatory requirements for financial institutions, in terms of additional capital and liquidity, that came about in the aftermath of the financial crisis. These requirements have provided a far stronger basis for financial institutions. Annual stress tests by regulators have evidenced how institutions are now far more able to cope with extreme stressed market and economic conditions.
17. Investment balances have been kept to a minimum through the agreed strategy of using reserves and balances to support internal borrowing, rather than borrowing externally from the financial markets. External borrowing would have incurred an additional cost, due to the differential between borrowing and investment rates. Such an approach has also provided benefits in terms of reducing the counterparty risk exposure, by having fewer investments placed in the financial markets.

Borrowing strategy and control of interest rate risk

18. During 2023/24, the Commissioner maintained an under-borrowed position. This meant that the capital borrowing need, (the Capital Financing Requirement), was not fully funded with loan debt as cash supporting the Commissioner’s reserves, balances and cash flow was used as an interim measure. This strategy was prudent as although near-term investment rates were equal to, and sometimes higher than, long-term borrowing costs, the latter are expected to fall back through 2024 and 2025 as inflation concerns are dampened.
19. A cost of carry will generally remain in place during the year on any new long-term borrowing that is not immediately used to finance capital expenditure, as it will cause a temporary increase in cash balances; this would incur a revenue cost – the difference between (higher) borrowing costs and (lower) investment returns. The Commissioner sought to avoid taking on long-term borrowing at elevated levels (>4%) and has focused on a policy of internal borrowing. There was no new long-term borrowing taken during 2023/24 and therefore this risk was nil.

20. The policy of avoiding new borrowing by running down spare cash balances has served well over the last few years. However, this was kept under review to avoid incurring higher borrowing costs in the future when the Commissioner may not be able to avoid new borrowing to finance capital expenditure and/or the refinancing of maturing debt.
21. Against this background and the risks within the economic forecast, caution was adopted with the treasury operations. The Chief Finance Officer therefore monitored interest rates in financial markets and adopted a pragmatic strategy based upon the following principles to manage interest rate risks:
 - if it had been felt that there was a significant risk of a sharp FALL in long and short term rates, (e.g. due to a marked increase of risks around relapse into recession or of risks of deflation), then long term borrowings would have been postponed, and potential rescheduling from fixed rate funding into short term borrowing would have been considered.
 - if it had been felt that there was a significant risk of a much sharper RISE in long and short term rates than initially expected, perhaps arising from an acceleration in the start date and in the rate of increase in central rates in the USA and UK, an increase in world economic activity or a sudden increase in inflation risks, then the portfolio position would have been re-appraised.
22. Interest rate forecasts initially suggested further gradual rises in short, medium and longer-term fixed borrowing rates during 2023/24. Bank Rate had initially been forecast to peak at 4.5% but it is now expected to have peaked at 5.25%.
23. By January 2024 it had become clear that inflation was moving down significantly from its 40-year double-digit highs, and the Bank of England signalled in March 2024 that the next move in Bank Rate would be down, so long as upcoming inflation and employment data underpinned that view. Currently the CPI measure of inflation stands at 3.2% but is expected to fall materially below 2% over the summer months and to stay there in 2025 and 2026. Nonetheless, there remains significant risks to that central forecast, mainly in the form of a very tight labour market putting upward pressure on wages, and continuing geo-political inflationary risks emanating from the prevailing Middle East crisis and the Russian invasion of Ukraine.

Investment Performance

24. The main focus for treasury management in 2023/24 has continued to be ensuring the security of investments whilst generating a positive rate of return in an environment of continually rising rates. Due to the difference between the cost of borrowing and investment interest, cash balances have continued to be used to temporarily fund the capital programme. This has resulted in continued savings on the cost of borrowing and lower credit risk as the investment portfolio is reduced.
25. A continued use has been made of a range of investment instruments in order to maintain flexibility, spread risk, maximise liquidity and obtain positive interest rates. The use of money market funds, bank accounts, and investment deposits with banking institutions and Local Authorities within the Treasury Strategy counterparty limits, has maintained the security of funds and positive rate of return on investments.

A summary of the year's activity is shown at Appendix 2. The total interest earned in the year was £1.934m (2022/23 £0.880m) with an average interest rate of 5.34%

(2021/22 2.10%). The investment interest earned was an increase of £0.534m against the revised budget of £1.400m.

26. The overall return on investments of 5.34% was achieved in 2023/24. This exceeded the backward compounded 30-day SONIA rate of 4.93%. By actively managing our temporary investments, seeking the best rates, and utilising spare capacity in certain accounts we have maximised the interest earned whilst operating within the constraints of the approved Treasury Management Policy. During 2023/24 the investment income earned was £0.834m higher than the revised budgeted due primarily to:
- Increased cash and reserve balances for 2023/24 allowed the placing of more funds on longer terms basis which has helped to achieve higher rates.
 - Higher interest rates following a succession of Bank rate rises leading to a rate of 5.25% in March 2024.

Borrowing Performance

27. The total borrowing at 31 March 2024 was £76.969m, which was within the operational borrowing limit of £155.000m. This is a net decrease of £5.000m from the opening balance of £81.969m, represented PWLB repayments of £5.000m. All new borrowing was short term with no new long-term PWLB borrowing required in 2023/24. The table below sets out short-term borrowing taken during the year:

Date	Term	Amount	Interest Rate	Sources
02/05/2023	64 days	£5.000m	4.25%	Market Loans
02/05/2023	64 days	£5.000m	4.25%	Market Loans
02/05/2023	64 days	£5.000m	4.25%	Market Loans
22/06/2023	13 days	£5.000m	4.75%	Market Loans
Total		£16.000m		

28. The use of reserves and cash balances to limit the requirement for new borrowing (internal borrowing) has continued to deliver savings in 2023/24, reducing investment balances rather than increasing external borrowing, in order to minimise interest costs.
29. The average borrowing interest rate during 2023/24 was 3.27% compared to 3.22% in 2022/23. This slight increase is due to the impact of the higher rates of the short term loan requirements during 2023/24 above the long term fixed rate PWLB loans already in place.
30. Of the total borrowing of £76.969m at 31 March 2024, £71.969m was with the Public Works Loans Board (PWLB) and the remaining £5.000m was a long-term market loan with Barclays.

31. The overall revenue cost of borrowing in 2023/24 was £2.628m. This was £0.299m less than the revised budget estimate, reflecting increased reserve balances available for internal borrowing and a lower borrowing requirement for capital financing.

Debt Restructuring and Repayment

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

Summary of Treasury Management performance for the year 2023/24

33. Investment income was £0.534m higher than revised budgeted reflecting additional cash and reserve balances available for investment and the accelerated increase in Bank Rate over the year.
34. Borrowing costs were £0.299m less than the revised budget estimate, reflecting increased reserve balances available for internal borrowing and a lower borrowing requirement for capital financing.
35. The Commissioner has continued the use of internal borrowing available through reserve balances and capital receipts.
36. Overall Treasury Management performance against budget for 2023/24 generated a saving of £0.833m as summarised in the following table:

	2023/24 Revised Budget £m	2023/24 Actual £m	2023/24 Variance £m
Borrowing Interest	2.927	2.628	(0.299)
Investment Interest	(1.400)	(1.934)	(0.534)
Net Position	1.527	0.694	(0.833)

Prudential Indicators 2023/24

Authorised Limit* for External Debt		
	2023/24 Reported Indicator £m	2023/24 Maximum YTD £m
Borrowing	175.000	96.969
Other Long Term Liabilities	0.000	0.000
Total	175.000	96.969

Operational Boundary** for External Debt		
	2023/24 Reported Indicator £m	2023/24 Maximum YTD £m
Borrowing	155.000	96.969
Other Long Term Liabilities	0.000	0.000
Total	155.000	96.969

Upper Limit on amounts invested beyond 364 days			
	2023/24 Reported Indicator £m	2023/24 Outturn £m	2023/24 Maximum YTD £m
Investments	15.000	0	0

***The authorised limit** - the authorised limit is the “affordable borrowing limit” required by s3 of the Local Government Act 2003. Once this has been set, the Commissioner does not have the power to borrow above this level. The table below demonstrates that during 2023/24 the Commissioner has maintained gross borrowing within its authorised limit.

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

Investment Activity

Investments maturing during the year		
	2022/23	2023/24
Number of investments made in the previous year, maturing in the reporting year	3	0
Number of investments made in the reporting year, maturing in the reporting year	763	691
Total number of investments maturing in the reporting year	766	691
Number of investments made in reporting year, maturing in the following year	0	0

Average duration of investments		
	2022/23	2023/24
Average duration of investments (including overnight)	2 days	2 days
Average duration of investments (excluding overnight)	51 days	67 days

Summary of non-specified investments		
	2022/23	2023/24
Non-specified investments:		
Rated non-high		
Approved limit	75%	75%
Maximum level invested	74%	68%
Investments over 364 days		
Approved limit	20%	20%
Maximum level invested	0%	0%

Gross Debt and Capital Financing Requirement (CFR)

Gross Debt and CFR	2023/24 Estimate £m	2023/24 Outturn £m
Borrowing as at 31 March 2024	106.969	76.969
Capital Financing Requirement as at 31 March 2024	128.407	110.993

Amount of Borrowing (over) / under CFR	21.438	34.024
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- Total borrowing at 31 March 2024 was lower than the Capital Financing Requirement (CFR) by £34.024m. This represents the extent to which the Commissioner is utilising reserves and cash balances for internal borrowing at the end of the financial year.
- Borrowing at 31 March 2024 was below the original estimate. The planned re-financing of a £5.000m PWLB maturity was not required during the year due to an underspend against the capital programme. In addition, forecast short-term temporary borrowing during the year was not required due to an increase in the reserves position at 31 March 2024 against the original MTFS estimate.
- The actual CFR at 31 March 2024 was lower than the original estimate as a result of the underspend against the capital programme for 2023/24.

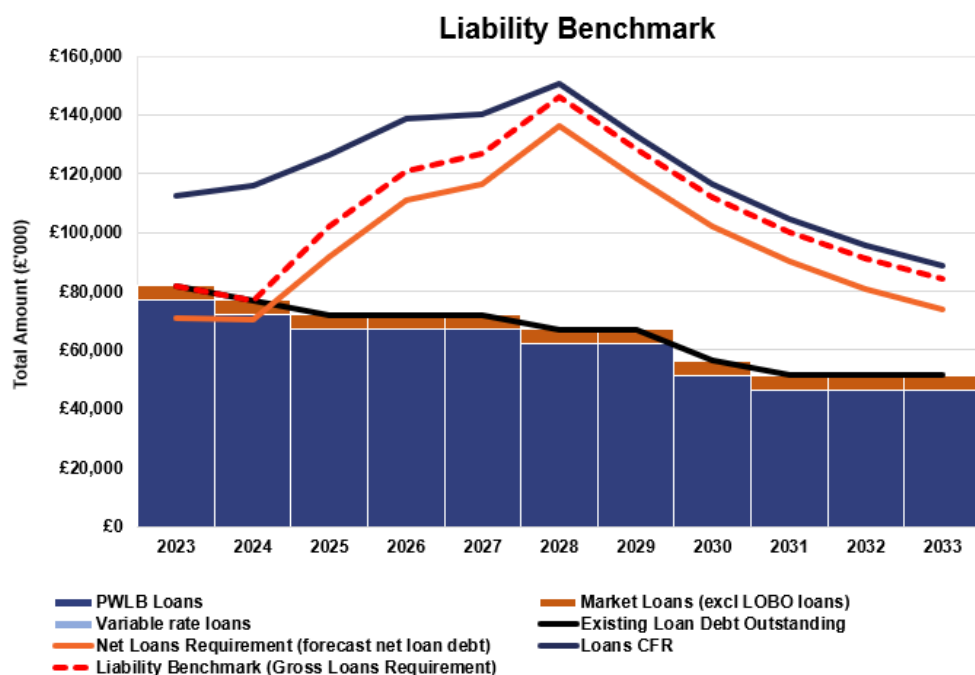
Liability Benchmark

The Liability Benchmark is 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 Liability Benchmark chart is set out below.



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).

JOINT INDEPENDENT AUDIT COMMITTEE

20 MAY 2024

SENIOR MANAGERS ASSURANCE STATEMENTS

REPORT OF THE INTERNAL AUDIT MANAGER

1 Purpose of the Report

- 1.1 To inform the Committee of the assurance which the Chief of Staff and Monitoring Officer to the Police and Crime Commissioner (PCC) and Force managers have placed on their control systems to feed into the Annual Governance Statement for 2023/24.

2 Background

- 2.1 The Accounts and Audit Regulations 2015 require Authorities to produce an Annual Governance Statement giving an assessment of governance arrangements and their effectiveness.
- 2.2 The Joint Independent Audit Committee agreed on 26 February 2024 an assurance framework which would provide evidence for the completion of the Annual Governance Statement.
- 2.3 Assurances from managers on the effectiveness of controls they have in place in their departments is fundamental within the assurance framework and forms a key part of the review of the effectiveness of internal control as set out in the Annual Governance Statements for both the PCC and Chief Constable reported elsewhere on today's agenda.
- 2.4 The Chief of Staff and Monitoring Officer, Heads of Departments and Area Commanders were asked to complete self-assessments, which took the form of a questionnaire covering the processes in place to manage their key business risks. They were required to state whether they agreed or disagreed that the processes they had in place provided an effective level of assurance and compliance. There was also a requirement to detail the evidence to support their assessment and highlight any areas of either above or below average performance or outputs.

3 Overall Opinion

- 3.1 All assessments issued have been returned, and all listed satisfactory evidence to support the opinions recorded. All returns confirmed agreement in all areas.
- 3.2 All managers agreed that overall effective controls are in place to allow them to achieve their service objectives and therefore the objectives of the PCC and Chief Constable.

- 3.3 A summary of returns is attached at Appendix A showing each process being assessed.
- 3.4 Internal Audit has time in the 2024/25 audit plan to review the evidence and actions identified by managers in their assurance statements. All departments are reviewed on a cyclical basis, the following areas are scheduled to be included in the 2024/25 audit:
- Safeguarding
 - Central Area Command
 - Corporate Development
 - Business Support
- 3.5 The outcome of this work will be reported to the Joint Independent Audit Committee prior to the approval of each body's financial statements. This audit will cover a number of questions included in the assurance statements, across a sample of departments.

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 Ongoing reviews of controls and their effectiveness will assist managers in the identification and mitigation of risk.

7 Financial implications

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

8 Recommendation

- 8.1 The Committee is asked to note the assurances provided by senior managers.

Appendix A

Senior Manager Assurance Assessments 2024/25

Area of Assurance	Percentage that Agree / Disagree that Effective Controls are in Place
1. Controls are in place to demonstrate compliance with legal requirements, governance arrangements and corporate policies.	100% (24 out of 24 managers) agreed that the processes they had in place provided an effective level of assurance and compliance.
2. There is effective service planning with resources used to ensure that the Police and Crime Plan and the Chief Constable's Delivery Plan are both fully supported. Plans are reviewed on a regular basis to measure progress against relevant performance targets.	100% agreed that the processes they had in place provided an effective level of assurance and compliance.
3. There are effective data quality and performance management processes with accurate and sufficient information generated, which is reported to relevant parties on a timely basis and with appropriate action taken to address performance issues.	100% agreed that the processes they had in place provided an effective level of assurance and compliance.
4. Awareness of the requirements of the General Data Protection Regulations (GDPR) and taken steps to ensure compliance. The Area Command / Department have identified its sources and flows of information including rights of access.	100% agreed that the processes they had in place provided an effective level of assurance and compliance.
5. There are well defined reporting arrangements to senior management, including a clear reporting structure containing accurate and timely information, to ensure decision making is taken on a sound basis.	100% agreed that the processes they had in place provided an effective level of assurance and compliance.
6. Management and staffing structures are clearly defined, responsibilities including job descriptions are clearly established and there is a	100% agreed that the processes they had in place provided an effective level of assurance and compliance.

workforce of adequate competence and number to deliver the service.	
7. Standards of conduct within the Area Command / Department are in accordance with written codes and controls are in place to deter, prevent, detect, and therefore reduce the risk, of fraud and corruption (including bribery).	100% agreed that the processes they had in place provided an effective level of assurance and compliance.
8. There are effective financial planning and budgetary control procedures in place. Staff within my Service area involved with financial matters and contracts are familiar with, and comply with, financial procedure and procurement rules as published procedures on the Force Instructional Information System; and are fully aware of their responsibilities when authorising transactions and will be held accountable for their actions.	100% agreed that the processes they had in place provided an effective level of assurance and compliance.
9. The Area Command / Department can demonstrate it has sought value for money in the use of resources.	100% agreed that the processes they had in place provided an effective level of assurance and compliance.
10. Relevant Partnership arrangements are well founded with clearly defined governance arrangements and are adequately monitored for effectiveness.	96% agreed that the processes they had in place provided an effective level of assurance and compliance. One return stated this question was not applicable due to having no partnerships in place.
11. ICT systems used by the Area Command / Department are secure and satisfactory for their purpose and adequate business continuity arrangements are in place.	100% agreed that the processes they had in place provided an effective level of assurance and compliance.
12. Recommendations from relevant Inspectorate / audit reports where they relate to your area of responsibility are reviewed and acted upon.	100% agreed that the processes they had in place provided an effective level of assurance and compliance.

<p>13. Decisions are taken with due regard to insurance, health and safety, information governance, community safety and other risk implications.</p>	<p>100% agreed that the processes they had in place provided an effective level of assurance and compliance.</p>
<p>14. There is effective risk management within the Area Commands / Department with adequate identification, control and on-going monitoring and review of service, operational and strategic risks.</p>	<p>100% agreed that the processes they had in place provided an effective level of assurance and compliance.</p>

JOINT INDEPENDENT AUDIT COMMITTEE

20 MAY 2024

REVIEW OF THE EFFECTIVENESS OF INTERNAL AUDIT 2023/24

REPORT OF THE INTERNAL AUDIT MANAGER

I Purpose of the Report

- 1.1 To ask the Committee to review the effectiveness of the system of Internal Audit for 2023/24.

2 Background

- 2.1 The Accounts and Audit Regulations 2015 require all authorities to “conduct an annual review of the effectiveness of its internal control” and for a committee of the body to consider its findings” and that this process should be part of the annual review of the effectiveness of the system of internal control which contributes towards the production of the Annual Governance Statement.
- 2.2 This review should be undertaken prior to the consideration of the Internal Audit Annual Report to allow the opinion of the Audit Manager to be relied upon.
- 2.3 The Joint Chief Finance Officer has delegated responsibility to maintain an adequate internal audit of both the Police and Crime Commissioner and Chief Constable’s financial affairs of both bodies as required by Section 151 of the Local Government Act 1972.
- 2.4 The review of the effectiveness of internal audit for 2023/24 was undertaken with members Joint PCC and Chief Constable Governance Monitoring Control Group, which includes the PCC’s Chief of Staff and Monitoring Officer, the Deputy Chief Constable and the Acting Joint Chief Finance Officer. This review was based upon the following:
- Self-assessment and results of the external assessment against UK Public Sector Internal Audit Standards (PSIAS);
 - Self-assessment against the CIPFA Statement on the Role of the Head of Internal Audit;
 - Assessment of the effectiveness of the Joint Independent Audit Committee; and
 - Relevant local performance information.

3 Assessment against UK Public Sector Internal Audit Standards (PSIAS)

- 3.1 The PSIAS require an external assessment of internal audit functions to be completed every five years. In compliance with PSIAS the Internal Audit Service was assessed against current Internal Audit practices and compliance with professional standards by external auditors, Mazars, during 2019/20.
- 3.2 The professional standards have four areas as detailed below:
- Definition of Internal Auditing;
 - Code of Ethics;
 - Attribute Standards; and
 - Performance Standards.
- 3.3 The outcome of the assessment was positive and found that the Internal Audit Service is substantially compliant with the standards in all significant aspects. A number of minor recommendations were made following the external assessment; these are currently being implemented and compliance is being monitored.
- 3.4 The next PSIAS external assessment is due to take place during 2024/25.

4 Self-Assessment against the CIPFA Statement on the Role of the Head of Internal Audit

- 4.1 This assessment requires an evaluation of how the five principles of this statement are embedded within the OPCC and Force and the Chief Audit Executive's skills and personal experience. The self-assessment found arrangements to be compliant with the statement. For information, a copy is attached at Appendix A.

5 Reliance Placed Upon Internal Audit by the External Auditor

- 5.1 During 2023/24 External Audit have not relied on the work of Internal Audit in any specific areas.

6 Assessment of the Effectiveness of the Audit Committee

- 6.1 An assessment of the effectiveness of the Joint Independent Audit Committee (JIAC) has been completed. The assessment covered the following areas:
- Purpose & Governance;
 - Functions of the Committee;
 - Membership & Support; and
 - Effectiveness of the Committee.
- 6.2 A review of the assessment was carried out by the Joint Governance Monitoring Group members and found the JIAC to be effective.
- 6.3 Evidence includes the Committee's oversight of risk management, internal audit arrangements, the Statement of Accounts and approval of the Annual Governance Statement.

7 Performance Information

- 7.1 Performance monitoring of the work carried out by the Internal Audit Service provides further assurance that the system of Internal Audit is operating effectively and adding value. During 2023/24 the following key performance indicators are relevant:
- Customer satisfaction questionnaires returned in the year recorded satisfaction at 99%.
 - 100% of draft audit reports were issued within the target of 17 working days following the end of audit fieldwork.

8 Opinion of the Effectiveness of Internal Audit

- 8.1 Based on the reviews detailed above it is considered that both the PCC and Chief Constable's system of internal audit is operating effectively.

9 Equal Opportunities implications

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

10 Human Rights implications

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

11 Risk Management implications

- 11.1 An effective system of internal audit will positively contribute to the management and mitigation of risk.

12 Financial implications

- 12.1 There are no financial implications directly arising from this report.

13 Recommendation

- 13.1 The Committee is asked to endorse the opinion that the PCC and Chief Constable's system of internal audit is operating effectively.

Appendix A – 2023/24 Self-Assessment against the CIPFA Role of the Head of Internal Audit (HIA) Statement

Principle	Principle Definition	The Organisation: Governance Requirements	The Role: Core HIA Responsibilities	The Individual: Personal Skills/ Professional Standards
1	The HIA in a public service organisation plays a critical role in delivering the organisation's strategic objectives by championing best practice in governance, objectively assessing the adequacy of governance and management of existing risks and commenting on responses to emerging risks and proposed developments.	<p>Head of Internal Audit (HIA) role in the organisation's governance is set out in the Audit Charter which complies with UK Public Sector Internal Audit Standards (UKPSIAS).</p> <p>The responsibility and objectives of Internal Audit:</p> <ul style="list-style-type: none"> • Organisational independence; • Accountability & reporting lines; • The contribution made by the HIA to the internal control environment (including an assessment of its effectiveness) which in turn contributes to the Annual Governance Statement; • The access to all records, assets, personnel and premises, except covert; • The requirement of the HIA to provide an annual audit opinion on the internal control environment. 	<p>HIA helps promote good governance through an annual risk based audit programme, quarterly meetings of the joint governance monitoring group, quarterly progress reports to the JIAC, and an annual audit opinion report.</p> <p>Role of the Internal Audit Service is defined in the scope of the Audit Charter which is reviewed annually.</p>	<p>The Internal Audit Strategy is reviewed by the HIA annually and revised as necessary to reflect any prevailing risks to the Police and Crime Commissioner (PCC) and Chief Constable.</p> <p>HIA undertakes consultation exercises with senior managers to feed into annual plan.</p> <p>HIA identifies and disseminates best practice through audit provision across different organisations in the public sector.</p>
2	The HIA in a public service organisation plays a critical role in delivering the organisation's strategic objectives by giving an objective and evidence based opinion on all aspects of governance, risk management and internal control.	<p>Established through the Audit Charter, the HIA has clear lines of responsibility to the Chair of the JIAC, PCC, Chief Constable, PCC's Chief of Staff and Monitoring Officer, Force Command Team and the Section 151 Officer for both the PCC and Chief Constable.</p> <p>HIA produces an Audit Strategy, which is approved by the JIAC.</p> <p>Protocols that define Internal Audit's</p>	<p>HIA produces an Annual Audit Opinion which gives assurance to the PCC and Chief Constable on the effectiveness of the system of internal control.</p> <p>HIA liaises regularly with those discharged with the organisation's external audit responsibilities. HIA ensures that audit work is not driven by priorities of external audit.</p> <p>HIA produces a three year rolling Audit</p>	<p>HIA reports both in detail and in summary on all principal audit findings and control and system weaknesses to the JIAC without interference or influence from the Police Service or auditees.</p> <p>All audit findings are evaluated and assessed against the risk to the organisation.</p> <p>HIA ensures that recommendations presented are objective, pragmatic and</p>

Appendix A – 2023/24 Self-Assessment against the CIPFA Role of the Head of Internal Audit (HIA) Statement

Principle	Principle Definition	The Organisation: Governance Requirements	The Role: Core HIA Responsibilities	The Individual: Personal Skills/ Professional Standards
		working relationships are also set out in the Scheme of Delegation and Financial Regulations.	<p>Strategy which is reviewed annually to reflect the organisation's key risks. The strategy and plan are flexible, supportive, challenging, prioritised and timely which ensures the plan maintains focus on emerging risks.</p> <p>The Audit Strategy is presented to the JIAC prior to the start of the financial year.</p> <p>The annual audit planning process incorporates the organisational risks as identified in the risk register. To place reliance on the risk register the HIA evaluates and assesses the organisation's risk maturity and risk appetite.</p> <p>HIA liaises with other external bodies including those with inspection/assurance responsibilities such as external audit.</p>	<p>risk based.</p> <p>HIA ensures that all recommendations are followed up at the agreed due date and that the progress in actioning these is reported to the JIAC.</p>
3	The HIA in a public service organisation must be a senior manager with regular and open engagement across the organisation, particularly with the Leadership Team and with the Audit Committee.	<p>HIA reports directly to the PCC and CC's Section 151 Officer but with direct line of access to the PCC, Chief Constable and Chair of the JIAC.</p> <p>HIA has clear lines of responsibility and reporting to the JIAC.</p> <p>The HIA has access to the senior management and leadership team within the OPCC and Force.</p> <p>As established within the Audit Charter the HIA leads an audit function which has</p>	<p>HIA liaises and consults with key PCC and Force stakeholders in revising the annual audit strategy and the annual audit programme.</p> <p>HIA has unfettered access to escalate any concerns through reports or direct submissions to the JIAC.</p>	<p>HIA has developed and maintained effective professional working relationships with a range of internal and external stakeholders.</p> <p>HIA attends and reports to the JIAC.</p> <p>HIA ensures that audit programmes are flexible in nature and are developed to ensure testing is reflective of the current operational procedures, process and structures of the PCC and CC.</p> <p>HIA networks both internally and</p>

Appendix A – 2023/24 Self-Assessment against the CIPFA Role of the Head of Internal Audit (HIA) Statement

Principle	Principle Definition	The Organisation: Governance Requirements	The Role: Core HIA Responsibilities	The Individual: Personal Skills/ Professional Standards
		unrestricted access to all people, systems and records within the organisation, subject to restrictions in relation to covert assets (as agreed by JIAC).		externally.
4	The HIA in a public service organisation must lead and direct an internal audit service that is resourced to be fit for purpose.	<p>All internal auditors are fully qualified (CCAB, AAT, IIA or equivalent) or are undertaking professional studies.</p> <p>Local performance targets are produced which are reported into the JIAC quarterly.</p> <p>Client questionnaires are circulated with the results incorporated into the HIA's quality control function.</p> <p>The Audit Plan is developed using a risk based approach prior to looking at resource implications.</p> <p>The service has undergone external assessment against PSIAS and was assessed as substantially compliant and all recommendations from the external assessment are being implemented.</p>	<p>HIA ensures that the Internal Audit Service is resourced to be fit for purpose through:</p> <ul style="list-style-type: none"> • Training support to undertake professional qualifications; • On the job and in-house training; • Regular Appraisal & Development reviews and client surveys which are used to identify training and development needs; • Review of job profiles to ensure all staff responsibilities are clearly defined and recognised; and • Internal Audit Development Plan. <p>HIA regularly attends conferences, courses and other networking opportunities keeping up to date with recent audit developments and current best practice in the public sector.</p>	<p>The Internal Audit Service complies with PSIAS.</p> <p>Annual planning involves consultation with stakeholders, including senior managers and JIAC members.</p> <p>Client questionnaires are circulated for feedback in relation to Internal Audit's performance. These aim to enhance customer focus.</p> <p>Innovative arrangements to manage skills gaps i.e. Newcastle IT audit arrangement.</p> <p>Where appropriate the Internal Audit Service will work in partnership with other relevant parties.</p>
5	The HIA in a public service organisation must be professionally qualified and suitably experienced.	<p>HIA has 24 years local authority experience and has been CIPFA qualified for 13 years. The HIA has 14 years Internal Audit experience.</p> <p>The core responsibilities of the HIA role are clearly defined in the job profile, the Audit Charter and Financial Regulations.</p>		<p>HIA is CIPFA qualified and takes personal responsibility for continuous professional development (CPD) in accordance with institute requirements.</p> <p>The Internal Audit Section operates according to PSIAS and has been externally assessed as substantially compliant.</p>

Appendix A – 2023/24 Self-Assessment against the CIPFA Role of the Head of Internal Audit (HIA) Statement

Principle	Principle Definition	The Organisation: Governance Requirements	The Role: Core HIA Responsibilities	The Individual: Personal Skills/ Professional Standards
		HIA has the appropriate experienced and qualified resources (see above) within the audit section to fulfil the audit provision as set out in the Annual Audit plan.		HIA has 24 years' experience in local authority finance.

JIAC - Self-Assessment of Good Practice
Northumbria Police

SELF ASSESSMENT REPORT

Audit committee purpose and governance		Yes	Partly	No	Comments
1	Does the PCC and Chief Constable have a dedicated audit committee that is not combined with other functions (eg standards, ethics, scrutiny)?	✓			Yes
2	Does the audit committee report directly to the PCC and Chief Constable?	✓			Yes
3	Has the committee maintained its advisory role by not taking on any decision-making powers?	✓			Yes
4	Do the terms of reference clearly set out the purpose of the committee in accordance with CIPFA's 2022 Position Statement?	✓			Yes
5	Do all those charged with governance and in leadership roles have a good understanding of the role and purpose of the committee?	✓			Yes - to the best of my knowledge
6	Does the audit committee escalate issues and concerns promptly to those in governance and leadership roles?	✓			Yes
7	Does the PCC and Chief Constable hold the audit committee to account for its performance at least annually?	✓			Yes
8	Does the committee publish an annual report in accordance with the 2022 guidance, including:	✓			Yes
	- compliance with the CIPFA Position Statement 2022	✓			Yes - to the best of my knowledge
	- results of the annual evaluation, development work undertaken and planned improvements	✓			Yes - to the best of my knowledge
	- how it has fulfilled its terms of reference and the key issues escalated in the year?	✓			Yes - to the best of my knowledge
Functions of the committee					
9	Do the committee's terms of reference explicitly address all the core areas identified in CIPFA's Position Statement as follows?	✓			Yes - to the best of my knowledge
	- governance arrangements	✓			Yes - to the best of my knowledge (reliance on audit reports)
	- risk management arrangements	✓			Yes - to the best of my knowledge (reliance on audit reports)
	- internal control arrangements, including:	✓			Yes - to the best of my knowledge
	• financial management	✓			Yes - to the best of my knowledge (reliance on audit reports)
	• value for money	✓			Yes - to the best of my knowledge (reliance on audit reports)
	• ethics and standards	✓			Yes - to the best of my knowledge (reliance on audit reports)
	• counter fraud and corruption	✓			Yes - to the best of my knowledge (reliance on audit reports)
	- annual governance statement	✓			Yes - to the best of my knowledge
	- financial reporting	✓			Yes - to the best of my knowledge
	- assurance framework	✓			Yes - to the best of my knowledge
	- internal audit	✓			Yes - to the best of my knowledge
	- external audit	✓			Yes - to the best of my knowledge
10	Over the last year, has adequate consideration been given to all core areas?	✓			Yes - to the best of my knowledge

11	Over the last year, has the committee only considered agenda items that align with its core functions or selected wider functions, as set out in the 2022 guidance?	✓			Yes - to the best of my knowledge
12	Has the committee met privately with the external auditors and head of internal audit in the last year?		✓		Met/questioned external auditors as part of JIAC meetings and has the ability to meet with internal audit if required
Membership and support					
13	Has the committee been established in accordance with the 2022 guidance as follows?	✓			
	- separation from the executive	✓			Yes
	- a size that is not unwieldy and avoids use of substitutes	✓			Yes
	- inclusion of lay/co-opted independent members in accordance with legislation or CIPFA's recommendation	✓			Yes
14	Have all committee members been appointed or selected to ensure a committee membership that is knowledgeable and skilled?	✓			Yes
15	Has an evaluation of knowledge, skills and the training needs of the chair and committee members been carried out within the last two years?	✓			Yes - additional training provided and scheduled
16	Have regular training and support arrangements been put in place covering the areas set out	✓			Yes
17	Across the committee membership, is there a satisfactory level of knowledge, as set out in the	✓			Yes
18	Is adequate secretariat and administrative support provided to the committee?	✓			Yes
19	Does the committee have good working relations with key people and organisations, including external audit, internal audit and the CFO?	✓			Yes
Effectiveness of the committee					
20	Has the committee obtained positive feedback on its performance from those interacting with the committee or relying on its work?	✓			Yes
21	Are meetings well chaired, ensuring key agenda items are addressed with a focus on improvement?	✓			Yes
22	Are meetings effective with a good level of discussion and engagement from all the members?	✓			Yes
23	Has the committee maintained a non-political approach to discussions throughout?	✓			Yes
24	Does the committee engage with a wide range of leaders and managers, including discussion of audit findings, risks and action plans with the responsible officers?	✓			Yes
25	Does the committee make recommendations for the improvement of governance, risk and control arrangements?	✓			Yes
26	Do audit committee recommendations have traction with those in leadership roles?	✓			Yes - to the best of my knowledge
27	Has the committee evaluated whether and how it is adding value to the organisation?	✓			Yes
28	Does the committee have an action plan to improve any areas of weakness?	✓			Yes
29	Has this assessment been undertaken collaboratively with the audit committee members?	✓			Yes

Completed by: Carrie Young
Chair of JIAC for Northumbria Police
Date: 23/04/2024

JOINT INDEPENDENT AUDIT COMMITTEE

20 MAY 2024

INTERNAL AUDIT ANNUAL REPORT – 2023/24

REPORT OF THE INTERNAL AUDIT MANAGER

I Purpose of the Report

- 1.1 To inform the Committee about work undertaken by the Internal Audit Service during 2023/24 and to give an overall assessment and independent opinion on the effectiveness of both the Police and Crime Commissioner (PCC) and Chief Constable's internal control systems, risk management and governance arrangements to feed into the Annual Governance Statements for 2023/24.

2 Background

- 2.1 The audit plan for 2023/24 set out to meet the requirements of the UK Public Sector Internal Audit Standards (PSIAS) in providing a risk-based focus for the deployment of internal audit resources. The requirements of both the PCC and Chief Constable were taken into account when preparing the audit plan.
- 2.2 The audit plan also enables the Joint Chief Finance Officer to fulfil his delegated responsibility to maintain an adequate internal audit of financial affairs as required by Section 151 of the Local Government Act 1972.

3 Performance Management and Quality Assurance

- 3.1 There were 26 planned audits for 2023/24, final reports have been issued for 23 of these.
- 3.2 The 2023/24 audit plan allocated 2,240 hours to routine audits, and advice and liaison with the Force and OPCC. As of 31 March 2024 107% of the audit plan, in terms of actual audit hours against planned hours was achieved by the Internal Audit Service, against a target of 97.25%. This overachievement reflects the time that was carried into 2023/24 from the previous year.
- 3.3 The Chief Constable has in place a framework of assurance, which includes Internal Audit, but also includes other audits and checks undertaken by employees.
- 3.4 The Internal Audit Service has a Quality Assurance and Improvement Programme in place which appraises:
- The quality of audit work;

- The quality of supervision;
- Compliance with PSIAS;
- Independence of the internal audit function
- Compliance with the Audit Service's local audit manual;
- The ways in which the Internal Audit Service benefits the PCC and Chief Constable; and
- Achievement of performance standards.

The work undertaken in 2023/24 was found to be compliant with the above.

- 3.5 The percentage of audits subject to quality review by the Internal Audit Manager varies but will not be less than 20% of all audits. During 2023/24 100% of audits were reviewed by the Internal Audit Manager. An action plan is in place for the continued development of the Internal Audit Service which accommodates any findings from these quality reviews.

4 Main Audit Findings

Overall Assessment & Independent Opinion

- 4.1 Of the 23 final audit reports issued, 18 concluded that systems and procedures in place were operating well, 4 concluded that systems and procedures were operating satisfactorily and 1 was found to have significant weaknesses. A further 2 audits are at draft report stage, with 1 requiring further testing. No work in progress is showing any issues that would impact on the opinion recorded in paragraph 4.4 below. A summary of these audits is attached at Appendix A.
- 4.2 The standard conclusions in audit reports are defined as:
- Operating well - where the system in place is effective and no recommendations or only a few best practice recommendations have been raised.
 - Satisfactory - where the system in place works, however there are medium priority recommendations.
 - Significant weakness - where the system in place is flawed and there are one or more high priority recommendations or a large number of medium priority recommendations. Also where little or no action has been taken since the previous audit.
- 4.3 Audit work has been focused on the completion of routine systems based audits. There have been no special investigations during the period under review and therefore no cases of suspected fraud or corruption.
- 4.4 Based on the evidence arising from internal audit activity during 2023/24, including work in progress and managements responses to recommendations, the PCC and Chief Constable's internal control systems and risk management and governance arrangements are considered to be effective.
- 4.5 This overall assessment of the PCC and Chief Constable's internal control environment and governance arrangements by Internal Audit makes up a fundamental element of assurance for the Annual Governance Statement.

5 Equal Opportunities implications

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

6 Human Rights implications

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

7 Risk Management implications

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

8 Financial implications

- 8.1 There are no financial implications directly arising from this report.

9 Recommendation

- 9.1 The Committee is requested to note the findings set out in this report.

APPENDIX A

	2023/24 Audit Area	Status	Opinion (Current Year)
	Police & Crime Commissioner		
1	Grant Distribution	Final Report	Operating Well
2	Treasury Management	Final Report	Operating Well
	Chief Constable		
3	DP Security - Application & Data; Cyber; Infrastructure	Final Report	Operating Well
4	DP Resilience (incl.Cloud Computing & Data Centres)	Draft Report	
5	Patch Management	Final Report	Significant Weakness
6	Hardware Asset Management	In Progress	
7	Software Asset Management	Final Report	Operating Well
8	Police Charities Fund	Final Report	Operating Well
9	Asset Management	Final Report	Operating Well
10	People Department	Final Report	Satisfactory
11	Property	Final Report	Satisfactory
12	Programme/Project Management	Final Report	Operating Well
13	Vetting	Final Report	Satisfactory
	Combined Areas		
14	Creditors & Procurement	Draft Report	
15	Payroll & Pensions	Final Report	Operating Well
16	Main Accounting System	Final Report	Operating Well
17	Budgetary Control	Final Report	Operating Well
18	Employee Claims	Final Report	Operating Well
19	Pension Remedy Preparedness	Final Report	Operating Well
20	Governance	Final Report	Operating Well
21	Information Governance & Data Security	Final Report	Satisfactory
22	Annual Governance Statement - Review of Managers' Assurance Statements	Final Report	Operating Well
23	Risk Management & Business Continuity Arrangements	Final Report	Operating Well
24	VAT	Final Report	Operating Well
25	Complaints	Final Report	Operating Well
26	Counter Fraud & Corruption Arrangements	Final Report	Operating Well

JOINT INDEPENDENT AUDIT COMMITTEE	20 MAY 2024
ANNUAL GOVERNANCE - PRIMARY AND THEMATIC ASSURANCE REVIEW – 2023/24	
REPORT OF THE JOINT CHIEF FINANCE OFFICER	

I PURPOSE

- 1.1 Each financial year a review of the effectiveness of the system of internal control is undertaken and Annual Governance Statements (AGS's) are prepared for both the Police and Crime Commissioner (PCC) and the Chief Constable (CC).
- 1.2 The following sets out the internal reviews carried out as part of the Annual Governance Review Framework, as reported to the Joint Independent Audit Committee (JIAC) on 26 February 2024.
- 1.3 The below elements of review have been considered in order to review the overall Governance Framework and propose the draft AGS's.

2 RECOMMENDATION

- 2.1 To note the content of this report as part of the production of the Annual Governance Statements (AGS's) assurance framework.

3 BACKGROUND

- 3.1 The Accounts and Audit Regulations 2015 require that the PCC and CC each conduct a review of the effectiveness of the systems of internal control and prepare individual Annual Governance Statements.

Assurance Framework

- 3.2 The assurance framework is made up from a number of sources that provide assurance on governance arrangements, and controls, that are in place to achieve each organisations strategic objectives.
- 3.3 The Chartered Institute of Public Finance and Accountancy (CIPFA) has issued guidance based around a framework that sets out the steps by which assurance should be gathered to enable the production of an Annual Governance Statement for both the PCC and CC.
- 3.4 In preparation, the evidence from the following sources of assurance were reviewed in order to obtain assurance that the systems of internal control are operating as planned:
 - **The system of internal Audit**

- Review of the effectiveness of Internal Audit
 - Review of the effectiveness of Joint Independent Audit Committee
 - Internal Audit Annual Report
 - **Senior Managers Assurance Statements**
 - **Primary and Thematic Assurance**
 - 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
 - CIPFA Financial Management Code self-assessment
 - Other 'Thematic' sources of assurance, including:
 - Business Planning
 - Partnership arrangements and governance
 - Digital Policing Arrangements
 - Fraud, Corruption and Money Laundering
 - Wellbeing
- 3.5 From the above, the 'Systems of Internal Audit' and 'Senior Managers Assurance Statements Review' are considered elsewhere on this agenda.
- 3.6 The following sections outline how suitable assurance has been established from the 'Primary and Thematic' elements of the above list of sources of assurance.
- 3.7 Appendices have been included for each of the areas of Primary assurance and the CIPFA Financial Management Code, along with summaries for each of the Thematic areas.

Primary Assurance Framework Elements

3.8 Governance arrangements

- 3.8.1 The PCC and CC have responsibilities for governance within the Office of the Police & Crime Commissioner (OPCC) and the Force in their own right. This means that there will be two freestanding processes within the Police Service for ensuring good governance. In most respects the principles and implementation will be the same for the PCC and the CC. There may be however, areas specific to each corporation sole which will need to be reflected.

- 3.8.2 Appendix (i) provides an overview of the assurance gained in relation to the Governance Arrangements. There were no areas identified to explicitly include within the draft AGS's.

3.9 Financial controls - An assessment of the role of the CFO in accordance with best practice

- 3.9.1 Assurance has been sought from the Joint Chief Finance Officer (JCFO) to the PCC and CC. A self-assessment of whether best practice financial governance arrangements have been in place during the financial year 2023/24 has been completed by the JCFO for the purposes of the Annual Governance Statement (AGS). In accordance with the CIPFA Statement on the Role of the Chief Financial Officer of the Police and Crime Commissioner and the Chief Finance Officer of the Chief Constable (2014).

- 3.9.2 Appendix (ii) provides an overview of the assurance gained, there were no areas identified to explicitly include within the draft AGS's.

3.10 Views of the External Auditor

- 3.10.1 A review was undertaken of the Joint Audit Findings Report (AFR) and the Auditor's Annual Report (AAR) for the 2022/23 financial year, in order to identify any recommendations to be implemented during 2023/24.

- 3.10.2 Appendix (iii) provides an overview of the assurance gained and confirms there are no issues to report which will have an impact on the Annual Governance Statement for 2023/24.

3.11 HMICFRS and other external inspectorates

- 3.11.1 In addition to the HMICFRS and external inspectorate reports presented at each JIAC meeting. An annual review has been undertaken summarising the activities during 2023/24.

- 3.11.2 Appendix (iv) provides an annual review of these external inspectorates. From the review, although there are some areas for improvement identified, there were no exceptions or risks to delivery identified during the year, for any of the recommendations or areas for improvement reported by HMICFRS, a comment to this effect has been included within the AGS's.

3.12 Legal and regulatory framework

- 3.12.1 Assurance was sought from the PCC's Chief of Staff and the CC's Head of Legal, who have a legal duty within their own bodies to ensure the lawfulness and fairness of decision-making and ensure compliance with established policies, procedures, laws and regulations.

- 3.12.2 Appendix (v) provides the outcome of the review; there were no items to include within the AGS's.

3.13 Risk Management

3.13.1 The PCC and CC have established a joint approach to the consideration and management of risk, which ensures that both bodies have management arrangements in place. The Force's strategic risks are monitored at the Executive Board and reported alongside those of the OPCC at the joint Business Meeting and to the Joint Independent Audit Committee on a quarterly basis. The Joint PCC/CC Governance Group provides additional scrutiny and governance.

3.13.2 Appendix (vi) provides an annual report for Risk Management, there were no items specifically identified which are required to be reflected within the AGS's.

3.14 Performance Management and Data Quality

3.14.1 The performance management framework forms part of the assurance of senior managers on the key controls operating in their areas. In addition, there is a framework for reporting corporate performance management information, including oversight by the PCC.

3.14.2 Appendix (vii) provides a summary of the assurance for Performance Management and Data Quality, there were no items specifically identified which are required to be reflected within the AGS's.

3.15 CIPFA FM Code Self-Assessment

3.15.1 The CIPFA Financial Management (FM) Code self-assessment is attached at appendix (viii).

3.15.2 The overall conclusion from the Financial Management Code 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.

Thematic Assurance Framework Elements

3.16 Business Planning

3.16.1 The Force has an established business planning cycle that supports the prioritisation of business proposals and ensures that plans are aligned to the delivery of the Force Strategic Priorities and Police and Crime Plan and informs the Medium-Term Financial Planning process and subsequent resourcing plans.

3.16.2 A summary of the assurance for Business Planning was considered and shared with JGG members, there were no items specifically identified which are required to be reflected within the AGS's.

3.17 Partnership arrangements and governance

3.17.1 Assurance is also required in respect of any significant partnership arrangements, as they are key to the delivery of each body's objectives. For

each partnership, aims and objectives are agreed at inception to determine that they support the vision and objectives of Northumbria Police and the Office of the Police and Crime Commissioner. Project management arrangements are put in place, with effective processes to enable achievement of these objectives and to effectively deliver against the Police and Crime Plan, and strategic aims of all partners.

3.17.2 A review of partnership arrangements and governance was last undertaken by Internal Audit in 2020/21 and the assessment was of 'Operating Well'. In 2022/23 the review of the Force's most significant partnership, the North East Regional Organised Crime Unit (NEROCU) was also assessed as 'Operating Well'.

3.17.3 Partnerships are the subject of specific collaboration agreements. Assurance was obtained that the collaboration agreements contained suitable governance arrangements and that proper controls were in place to monitor them during the year.

3.18 Digital Policing Arrangements

3.18.1 Assurance was sought as to the adequacy and robustness of information systems and information management arrangements, including the Digital Policing (DP) governance arrangements.

3.18.2 The external consultancy report on the DP service in 2020 indicated that the service provision was a functional, relatively stable, reactive service built primarily to support and respond to current operational needs but with only limited capability to respond to the level of transformational change needed to enable the force's vision. The Executive team accepted the findings of the external report, and the Force has undertaken significant investment in Digital Policing since that time.

3.18.3 2023 featured a reset on the structure of the Digital Policing department, and a new structure formed to solidify the leadership and ownership across each of the functional areas. This has introduced more clarity, alignment, and focus to all members of the department in relation to the purpose of their role, and interaction with peers and the wider Force.

3.18.4 DP continue to work closely with the Information Management Department (IMD) to ensure that the GDPR (General Data Protection Regulation) requirements for each new system implementation are understood and are in place, including the delivery of a Data Protection Impact Assessment (DPIA) where necessary.

3.18.5 Within the Force Transformation Programme, appropriate programme and project boards are in place to ensure oversight and governance over the major IT Transformation activities.

3.18.6 Information Technology is recognised as being a vital enabling capability in achieving the force's 2025 Strategic Vision.

3.18.7 The 2022/23 HMICFRS assessment of Digital Policing was complimentary so much so that they have subsequently been sign posting other forces to Northumbria, to see the progress being made.

3.18.8 The Digital Policing Assurance Report presented to members of the Joint Governance Group on 7 May 2024 explains that for 2023/24, Internal Audit has identified one area of weakness in relation to network patching. This is primarily due to the aged estate and the lack of centralised monitoring, resulting in the requirement to manually patch devices which does not enable centralised or estate-wide reporting. Mitigation of this position will be delivered via a new tender to redesign and replace the Local Area Network (LAN), ensuring all network devices are monitored and centrally managed to comply with delivery of patches and MI reporting.

3.18.9 The assurance review demonstrates that overall, across people, processes, and technology the assurance is in place and there is tangible evidence of significant improvement in governance, performance, and service capability within Digital Policing.

3.19 Fraud, Corruption and Money Laundering

3.19.1 Fraud and Corruption – a statement was agreed at JGG confirming that there has been no fraud or corruption identified during the year.

3.19.2 In consideration of the Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017, and Money Laundering Reporting Officer under the Proceeds of Crime Act 2002 (as amended by the Serious Organised Crime and Police Act 2005) - there were no cases identified or reported during the year.

3.20 Wellbeing

3.20.1 A review was undertaken of the governance arrangements for Wellbeing in Northumbria and the delivery of the Wellbeing and People Plan, to provide assurance of the commitment of the PCC and CC to Wellbeing. The review also covers compliance with Wellbeing national guidance and legislation.

3.20.2 The review highlights that the Force has a good understanding of workforce wellbeing at both a departmental and team level, allowing plans to be aligned with this. The Force is confident that those plans address the needs of our people and our occupational health service provides high quality support as reflected in our low levels of sickness absence.

3.20.3 A wellbeing assessment based on the Wellbeing Charter, Blue Light Wellbeing Framework and Mental Health at Work Commitment Standards identified that our focus in 2024 is on preventing psychological and physical health problems and supporting employees to thrive in the workplace.

3.20.4 A summary of the Wellbeing governance arrangements was considered and shared with JGG members. There were no issues which need to be reflected within the AGS.

FINDINGS

- 3.21 No areas of non-compliance have been identified and therefore need to be disclosed in the 2023/24 AGS's.

PROPOSED CHANGES TO THE ANNUAL GOVERNANCE REVIEW

- 3.22 It is proposed that for 2024/25 a further assurance report is added to the Annual Governance Review to recognise those areas under the Terms of Reference (ToR) of the JIAC (Regulatory Framework) where members are required to provide appropriate independent assurance to the PCC and CC, relating to:
- The Scheme of Consent in respect of contract procedures and rules, financial regulations and codes of conduct and behaviour.
 - Codes of Governance and Policies relating to declarations of interest, gifts and hospitality, whistle blowing, counter fraud and corruption and any other relevant areas under the ToR – Regulatory Framework section.
- 3.23 In order to ensure that JIAC members can provide the appropriate assurance, these items will be presented on the next JIAC agenda for review, and an annual update on those areas will be added to the Annual Governance Review providing updates on any changes to relevant policies, procedures, and regulations.

4. CONSIDERATIONS

Freedom of Information	<i>Non-exempt</i>
Consultation	Yes
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 and CC in-line with the Accounts and Audit Regulations 2015	
Evaluation	No

OTHER THEMATIC SOURCES OF ASSURANCE

GOVERNANCE ARRANGEMENTS

REPORT OF: HEAD OF CORPORATE DEVELOPMENT

I Overview of Area of Assurance

- 1.1 The Police and Crime Commissioner (PCC) and Chief Constable (CC) have responsibilities for governance within the Office of the Police and Crime Commissioner (OPCC) and the Force in their own right. This means that there will be two freestanding processes within the police service for ensuring good governance. In most respects the principles and implementation will be the same for the PCC and the CC. There may; however, be areas specific to each corporation sole which will need to be reflected.
- 1.2 Governance arrangements are in place with the Police and Crime Commissioner at a joint Business Meeting and Scrutiny Meeting.
- 1.3 The PCC and CC also have an established Joint PCC/CC Governance Meeting which meets four times per year and whose work is fully aligned with that of the Joint Independent Audit Committee (JIAC). The Group is resourced by individuals who have the appropriate knowledge, expertise and levels of seniority to consider all necessary and mandatory governance requirements on behalf of both corporate bodies.

2 Governance and Decision-Making Structure

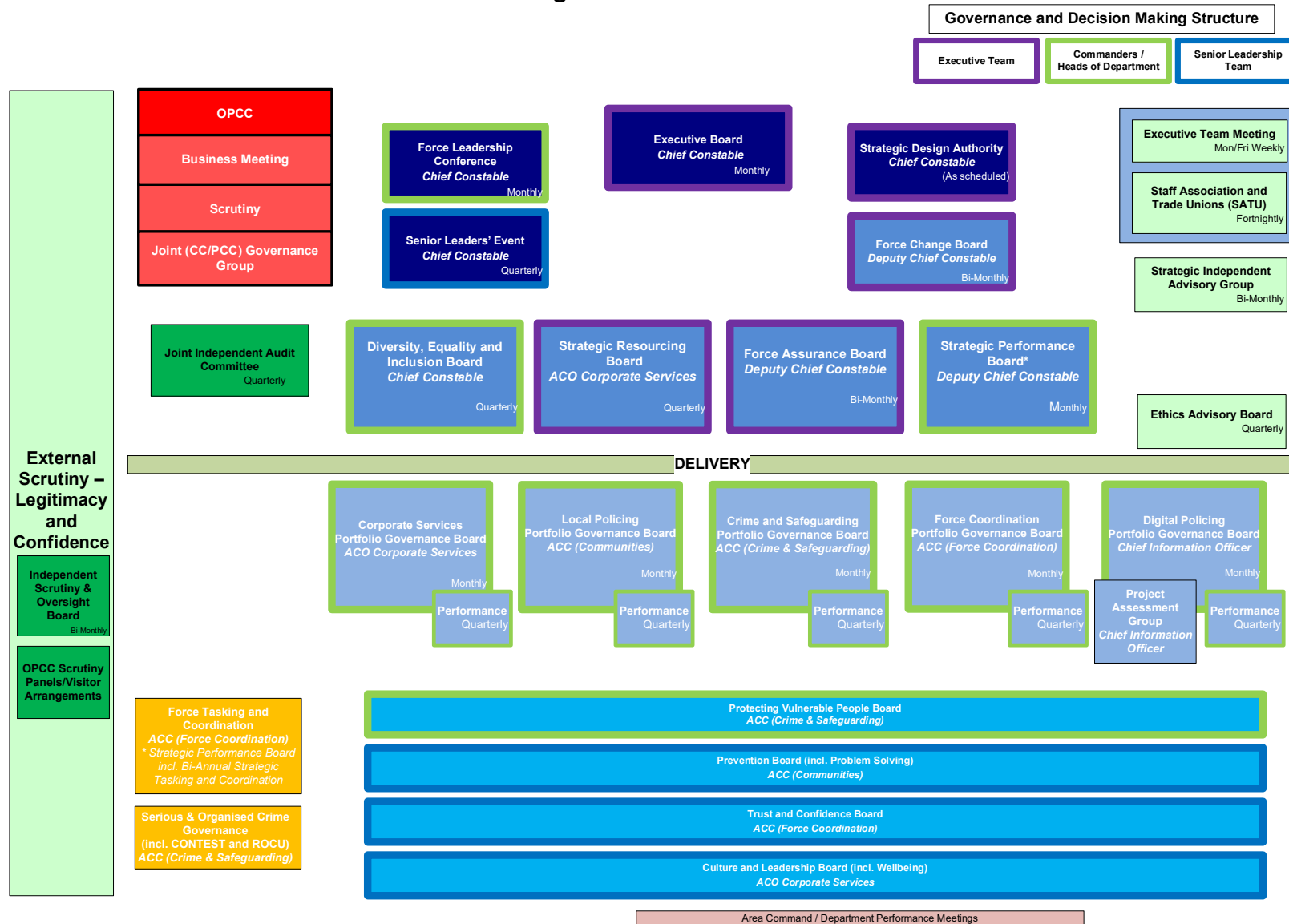
- 2.1 There are a range of boards and meetings to manage Force business, which have been subject to recent review. The Force's revised governance and decision-making structure is outlined in Annex A. There are defined key governance and stewardship arrangements in place for all meetings, with agreed terms of reference and frequency of meetings. Agenda notices and papers are circulated at least three working days before each meeting. All reports follow an agreed standard and there are templates to ensure consistency and all implications are considered. A Chief Officer or lead is identified as Chair, with agreed membership for all meetings. Minutes are published to all members, with minutes of the Executive Board published externally on the Force's website.
- 2.2 **Executive Board** sets the direction of the Force by providing strategic leadership to ensure the achievement of the Force's purpose, vision and strategic objectives, supporting delivery of the Police and Crime Plan. This Board approves and monitors the Force's Medium Term Financial Plan, including future capital requirements; monitors delivery of approved programmes, determining time and resource parameters; and monitors strategic risks.
- 2.3 **Strategic Performance Board** provides corporate oversight of performance and achievement of business delivery with membership at Chief Officer and Force Leadership level. This Board considers the Force Control Strategy and Strategic Tasking and Coordination bi-annually.
- 2.4 **Strategic Resourcing Board** oversees the delivery of the Forcewide Resourcing Strategy and plans across five areas: Demand, Design, Supply, Capacity and

Capability. The Citizens in Policing Governance Board continues to ensure accountability and provide strategic direction to drive the ongoing development and delivery of a high-quality Citizens in Policing (CiP) programme within Northumbria Police and reports into the Strategic Resourcing Board.

- 2.5 The **Strategic Design Authority** identifies and directs corporate change programmes and supporting programmes of work, ensuring alignment with the purpose, vision and values of Northumbria Police.
- 2.6 The **Force Change Board** identifies and directs corporate change programmes and projects approved by Executive Board, determining time and resource parameters. This Board oversees benefits realisation and evaluation of corporate programmes and projects, ensuring continuous improvement and shared learning are embedded in the organisation and risks to delivery are managed and identified.
- 2.7 A new **Force Assurance Board** provides strategic direction to ensure the Force learns and develops, has effective business assurance and audit processes in place to identify areas for improvement or risk and govern the response, ensuring compliance with our legislative responsibilities is upheld.
- 2.8 Information management matters previously governed by the Operational Information Management Board, and organisational learning were subsumed within the remit of this Board and Portfolio Governance Boards.
- 2.9 A new **Diversity, Equality and inclusion Board** has been created to achieve an outstanding service to the community by providing an ethical, values based and inclusive organisation working effectively with partners. This Board will ensure the Force delivers its statutory and legislative responsibilities relating to diversity, equality and inclusion, support delivery of the National Police Chiefs' Council Diversity, Equality and Inclusion Strategy and support delivery of the Code of Practice for Ethical Policing, and everyone in policing to provide ethical and professional policing services.
- 2.10 **Ethics Advisory Board** continues to support Northumbria Police and its staff to embed the Police Code of Ethics throughout the organisation, by providing a forum to discuss ethical issues and provide advice to the Chief Officer Team, Senior Leaders, and staff and in doing so promotes the highest standards of behaviour.
- 2.11 **Portfolio Governance Boards** have replaced the previous performance delivery groups (Responding to the Public, Prevention and Deterrence, Engaged Communities, Investigation and Effective Justice and Protecting Vulnerable People) and continue to ensure the highest practicable levels of efficiency, effectiveness and accountability through the coordination and management of force resources. and several corporate areas of business, including risk management, organisational learning and Force policy and procedure.
- 2.12 **Serious and Organised Crime Governance Group** continues to deliver strategic governance of the response to Serious and Organised Crime across Northumbria to ensure efficient and effective activity is delivered by the police and wider partnerships.
- 2.13 Four thematic boards have been created:

- 2.14 **Culture and Leadership Board** (subsuming the work of the People and Organisational Justice Board) is designed to drive people performance, behaviours, and activities to deliver our strategic priorities in relation to culture, public service and sustainability through effective leadership. It is designed to ensure Northumbria Police continually builds, develops and looks after its workforce, encouraging an ethical, lawful and inclusive workplace.
- 2.15 **Prevention Board** ensures the focus on prevention is delivered by preventing and deterring crime, anti-social behaviour (ASB) and disorder through targeted crime prevention activity, collaborative problem solving, effective partnership working and management of offenders at a Force, community and neighbourhood level including managing persons who are known to present a significant risk of harm to others.
- 2.16 **Protecting Vulnerable People Board** aims to ensure that as a Force we protect vulnerable victims, pursue priority offenders and identify opportunities for early intervention and prevention. We will do this by maximising an effective coordinated partnership response, cognisant of diverse needs and vulnerabilities, to both support victims and tackle perpetrators. Our ultimate aim is to achieve a safe environment for families to thrive without fear of harm and to ensure those perpetrators causing the most harm are identified and targeted so that the opportunity for them to cause further harm is removed or minimised.
- 2.17 **Trust and Confidence Board** will enhance public trust and confidence in Northumbria Police by ensuring effective and positive engagement with our communities and provide high standards of service delivery to all communities, whilst acting with transparency and accountability and being responsive to public needs.
- 2.18 Further consultation and advice is available from the Executive Team Meeting, Staff Association and Trade Union (SATU) meeting, Senior Leaders' and Strategic Independent Advisory Group.
- 2.19 The Force benefits from a range of external scrutiny groups, which support the Force to act legitimately: treating people with fairness and respect and ensuring we act ethically and lawfully to build public trust and confidence. This now includes a substantive Independent Scrutiny and Oversight Board.
- 2.20 As part of the 2023/24 Audit Plan, approved by the Joint Independent Audit Committee, the audit of Governance Arrangements assessed the adequacy of current controls in operation to ensure that governance arrangements are effective and fit for purpose and in line with recommended practice, including the seven core principles detailed in CIPFA Code of Good Governance.
- 2.21 The audit found control systems are operating well and no findings have been raised.

Annex A – Force Governance and Decision-Making Structure



JOINT INDEPENDENT AUDIT COMMITTEE	20 MAY 2024
PRIMARY ASSURANCE FRAMEWORK ELEMENT	
FINANCIAL CONTROL – AN ASSESSMENT OF THE ROLE OF THE CFO IN ACCORDANCE WITH BEST PRACTICE	
REPORT OF: KEVIN LAING, JOINT CHIEF FINANCE OFFICER	

I. Purpose

- 1.1. A self-assessment of whether best practice financial governance arrangements have been in place during the financial year 2023/24 has been completed by the Joint Chief Finance Officer for the purposes of the Annual Governance Statement (AGS). The assessment has been carried out in accordance with the CIPFA Statement on the Role of the Chief Financial Officer of the Police and Crime Commissioner and the Chief Finance Officer of the Chief Constable (2014).

2. Background

- 2.1. The Chief Finance Officer (CFO) occupies a critical position in any organisation, holding the financial reins of the business and ensuring that resources are used wisely to secure positive results. Achieving value for money and securing financial stewardship are key components of the CFOs role in public service organisations, a duty enshrined in legislation for the CFOs appointed by Police and Crime Commissioner's (PCC) and Chief Constable's (CC).
- 2.2. The purpose of the CIPFA Statement on the Role of the Chief Financial Officer of the Police and Crime Commissioner and the Chief Finance Officer of the Chief Constable (2014) (The Statement), is to support CFOs in the fulfilment of their duties and to ensure that the PCC and CC have access to effective financial advice at the highest level.
- 2.3. The CIPFA Statement has five key principles as follows:
1. The CFO of the PCC and CC is a key member of the Leadership Team, helping it to develop and implement strategy and to resource and deliver the PCC's strategic objectives sustainably and in the public interest.
 2. The CFO must be actively involved in, and able to bring influence to bear on, all material business decisions (subject to the operational responsibilities of the Chief Constable) to ensure immediate and longer term implications, opportunities and risks are fully considered, and align with the overall financial strategy.
 3. The CFO must lead and encourage the promotion and delivery of good financial management so that public money is safeguarded at all times and used appropriately, economically, efficiently, and effectively.

4. The CFO must lead and direct a finance function that is resourced to be fit for purpose.
5. The CFO must be professionally qualified and suitably experienced.
- 2.4. The Statement also sets out the governance requirements, CFO responsibilities and other skills and controls expected in detail for each of the five principles.
- 2.5. There is a '*comply or explain*' requirement in the AGS in relation to the requirements of this CIPFA Statement.
- 2.6. A detailed line-by-line self-assessment review of the Statement has been undertaken and can be found at APPENDIX A.

3. Findings

- 3.1. Where under existing arrangements a joint CFO has been appointed the reasons should be explained publicly in the organisations AGS, together with an explanation of how this arrangement delivers the same impact. As in previous years this has been reviewed and included within the 2023/24 AGS.
 - The PCC for Northumbria and the CC agreed to appoint a joint CFO for both organisations with effect from 29 March 2013. The reasoning was that a joint CFO role would provide both the PCC and CC with an efficient, effective, economic and better coordinated finance lead. The joint role is subject to the requirements, standards and controls as set out in the CIPFA Statement on the Role of the Chief Financial Officer of the Police and Crime Commissioner and the Chief Finance Officer of the Chief Constable (2014).
 - The joint arrangement has now been in place for eleven full financial years. A detailed self-assessment to the Statement has been completed and has found the role to be working well.
- 3.2. No other areas of non-compliance have been identified and therefore need to be disclosed in the AGS.

Appendix A

ASSESSMENT		EVIDENCE	COMPLIANCE Y/N	EXPLAIN
Principle 1				
The Chief Finance Officer of the PCC and CC is a key member of the Leadership Team, helping it to develop and implement strategy and to resource and deliver the PCC's strategic objectives sustainably and in the public interest.				
Governance Requirements				
1.1	Ensure that a clear Statement is set out on the respective roles and responsibilities of the Leadership Team and its members individually.	See the Governance Framework	Y	
1.2	Ensure that the CFO reports directly to the PCC or the CC (depending on which CFO is concerned), the PCCs or CCs for collaborated arrangements (depending on which CFO is concerned) is a member of the Leadership Team with a status at least equivalent to other members.	CFO is a member of the leadership board of both the PCC and CC and is shared between the two bodies. The Statement of Accounts and Annual Governance Statement (CC and PCC) includes narrative about the joint role, this was enhanced in 2015/16 based on advice received from Internal Audit, this will again be stated within the 2022/23 Statement of Accounts.	Y	The Statement requires that both the PCC and CC appoint separate CFOs, where under existing arrangements a joint CFO has been appointed the reasons should be explained publicly in the authority's Annual Governance Statement, together with an explanation of how this arrangement delivers the same impact. This was first included in 2014/15 AGS and SOA.
1.3	If different organisational arrangements are adopted, explain the reasons publicly in the Annual Governance Statement (AGS), together with how these deliver the same impact.	The CFO jointly represents both the PCC and Chief Constable. These arrangements will be specifically highlighted within the AGS's. This review/assessment of the joint role will be used to evidence that statement.	Y	
1.4	Determine a scheme of delegation/consent (PCC CFO in consultation with the CC CFO), and ensure that it is monitored and updated.	Scheme of delegation published in 2014 following the appointment of a joint CFO . Reviewed by the Joint Governance Group. Published as part of the Governance Framework on the OPCC website. Governance Framework last reviewed November 2022.	Y	
1.5	Ensure that PCC and CC governance arrangements allow the CFO:			
	– To bring influence to bear on all material business decisions (accepting the operational responsibilities of the Chief Constable).	See the Governance Framework. The CFO is a member of the Force Executive Board which - sets the direction of the Force by providing strategic leadership to ensure the achievement of Force strategic priorities and objectives and delivery of the Northumbria Police purpose, vision and values. - monitors delivery of approved programmes, determining time and resource parameters.	Y	
	– Provide direct access to the PCC and CC (as above), other leadership team members, the Audit Committee and internal and external audit.	See the Governance Framework / Finance and Contract Regulations. Joint CFO has regular one to one meetings with both the CC and PCC. Joint CFO attends the JIAC, is fully engaged with both the Chair of JIAC and Internal and External Audit on all relevant matters throughout the year.	Y	
1.6	Ensure the scope of the CFO's other management responsibilities do not compromise financial responsibilities.	There are no conflicts arising.	Y	
1.7	Ensure that consideration has been given to nominated deputy provision if either CFO is unable to discharge his/her responsibilities.	The Deputy Head of Finance has been nominated for this role, and the job specification makes specific reference to the Deputy CFO (\$151) responsibility.	Y	
1.8	Ensure the financial skills required by members of the Leadership Team enable their roles to be carried out effectively.	See the Governance Framework / Finance and Contract Regulations.	Y	
Core CFO responsibilities				
1.9	Contributing to the effective leadership of the PCC and CC, maintaining focus on its purpose and vision through rigorous analysis and challenge.	CFO is a member of the leadership boards of both the PCC and CC and is shared between the two bodies. Also attends the Joint Independent Audit Committee (JIAC), and is a member of the Joint Governance Group (JGG), Strategic Resourcing Board (SRB) and other key boards.	Y	
1.10	Contributing to effective corporate management, including strategy implementation, cross organisational issues, integrated business and resource planning, risk management and performance management.	CFO is a member of the leadership boards of both the PCC and CC and is shared between the two bodies. Also attends the Joint Independent Audit Committee (JIAC), and is a member of the Joint Governance Group (JGG), Strategic Resourcing Board (SRB) and other key boards.	Y	

ASSESSMENT		EVIDENCE	COMPLIANCE Y/N	EXPLAIN
I.11	Supporting effective governance through development of:			
	– Corporate governance arrangements, risk management and reporting frameworks.	CFO is a member of the leadership boards of both the PCC and CC and is shared between the two bodies. Also attends the Joint Independent Audit Committee (JIAC), and is a member of the Joint Governance Group (JGG), Strategic Resourcing Board (SRB) and other key boards.	Y	
	– Corporate decision making arrangements.	CFO is a member of the leadership boards of both the PCC and CC and is shared between the two bodies. Also attends the Joint Independent Audit Committee (JIAC), and is a member of the Joint Governance Group (JGG), Strategic Resourcing Board (SRB) and other key boards.	Y	
I.12	Contributing to change programmes including identifying service efficiencies and value for money opportunities.	CFO or delegated staff are key elements of such workgroups. CFO is a permanent member of the 'Strategic Design Authority' responsible for managing change within the Force.	Y	
I.13	Leading development of medium term financial strategies and the annual budgeting process to ensure financial balance and a monitoring process to ensure its delivery.	Financial Regulation 5 sets out the financial planning processes and responsibilities. Four year MTFS prepared and published along with the detailed year 1 estimated revenue and capital budgets each year. Latest reports February 2024.	Y	
I.14	Ensuring that there are sound medium and long term financial plans for both revenue and capital to support the development of PCC and CC plans and strategies and that these are subject to regular review to confirm the continuing relevance of assumptions used.	Financial Regulation 5 sets out the financial planning processes and responsibilities. Four year MTFS prepared and published along with the detailed year 1 estimated revenue and capital budgets each year. Latest reports February 2024.	Y	
I.15	Ensuring that advice is provided on the levels of reserves and balances in line with good practice guidance 6. (PCC CFO responsibility in consultation with the CC CFO)	See Financial Regulation 5.2 and 8 See MTFS and budget report (February 2024).	Y	
I.16	Ensuring compliance with relevant CIPFA Codes including the Prudential Framework for Local Authority Capital Finance and CIPFA's Treasury Management Code. (PCC CFO responsibility in consultation with the CC CFO)	See Financial Regulation 5.2 and 8 See MTFS, Capital Strategy, Reserves Strategy Statement and budget report (February 2024). Plus JIAC TM Strategy and Policy (March 2024).	Y	
I.17	Ensuring that budget calculations are robust and reserves adequate, as required by s25 of the Local Government Act 2003, and in line with CIPFA guidance. (PCC CFO responsibility in consultation with the CC CFO)	See Financial Regulation 5.2 and 8 See MTFS and budget report (February 2024).	Y	
I.18	Ensuring the medium term financial strategy reflects joint planning with partners and other stakeholders.	Financial Regulations 5.3 and 5.7. Four year MTFS prepared and published along with the detailed year 1 estimated revenue and capital budgets each year. Latest reports February 2024..	Y	
Personal skills and professional standards				
In order to fulfil the aims of this Principle:				
I.19	Role model, energetic, determined, positive, robust and resilient leadership, able to inspire confidence and respect, and exemplify high standards of conduct.	Personal Development Review process.	Y	
I.20	Adopt a leadership style, able to move through visioning to implementation and collaboration/consultation to challenge as appropriate.	Personal Development Review process.	Y	
I.21	Build robust relationships both internally and externally.	Personal Development Review process.	Y	
I.22	Work effectively with other Leadership Team members with political awareness and sensitivity.	Personal Development Review process.	Y	
I.23	Support collective ownership of strategy, risks and delivery.	Personal Development Review process.	Y	
I.24	Address and deal effectively with difficult situations.	Personal Development Review process.	Y	
I.25	Implement best practice in change management and leadership.	Personal Development Review process.	Y	
I.26	Balance conflicting pressures and needs, including short and longer term trade-offs.	Personal Development Review process.	Y	
I.27	Demonstrate strong commitment to innovation and performance improvement.	Personal Development Review process.	Y	
I.28	Maintain an appropriate balance between the deeper financial aspects of the CFO Role and the need to develop and retain a broader focus on the environment and stakeholder expectations and needs.	Personal Development Review process.	Y	

ASSESSMENT		EVIDENCE	COMPLIANCE Y/N	EXPLAIN
1.29	Comply with the IFAC Code of Ethics for Professional Accountants, as implemented by local regulations and accountancy bodies, as well as other ethical standards that are applicable to them by reason of their professional status. The fundamental principles set out in the Code are integrity, objectivity, professional competence and due care, confidentiality, and professional behaviour. Impartiality is a further fundamental requirement of those operating in the public services.	Personal Development Review process.	Y	
Principle 2				
The CFO must be actively involved in, and able to bring influence to bear on, all material business decisions (subject to the operational responsibilities of the Chief Constable) to ensure immediate and longer term implications, opportunities and risks are fully considered, and align with the overall financial strategy.				
Governance Requirements			Y	
2.1	Ensure that a medium term business and financial planning process is established to deliver PCC strategic objectives, including:		Y	
	– A medium term financial strategy to ensure sustainable finances.	Budget preparation plan; timetable; 2024/25-2027/28 MTFS.	Y	
	– A robust annual budget process that ensures financial balance.	Budget preparation plan; timetable; 2024/25-2027/28 MTFS.	Y	
	– A monitoring process that enables this to be delivered.	Budget preparation plan/timetable.	Y	
2.2	Ensure that these are subject to regular review to confirm the continuing relevance of assumptions used.	Budget preparation process. Engagement with CFO national network. Financial monitoring and reporting procedures in-year. Regular finance updates and discussion at PCC Finance meeting and Force Executive Board.	Y	
2.3	Ensure that professional advice on matters that have financial implications is available and recorded well in advance of decision making and used appropriately.	Pay, Tax, Treasury Management and other advice taken as required. Examples available.	Y	
2.4	Ensuring that budget calculations are robust and reserves adequate, in line with CIPFA's guidance and s25 of the Local Government Act 2003.(PCC CFO responsibility in consultation with the CC CFO).	See MTFS and budget report (February 2024).	Y	
2.5	Ensure that those making decisions are provided with information that is fit for the purpose, relevant, timely and gives clear explanations of financial issues and their implications.	All Executive Reports contain a Financial Impact section; Specific Finance reports; Monthly Revenue budget monitoring reports and quarterly Group Revenue and Capital reports; JIAC reports etc.	Y	
2.6	Ensure that timely, accurate and impartial financial advice and information is provided to assist in decision making and to ensure that the PCC meets its policy and service objectives and provides effective stewardship of public money and value for money in its use.	Specific Purpose Finance reports; Monthly Revenue budget monitoring etc. taken to OPCC meetings. Quarterly Group Revenue and Capital monitoring reports taken to the Joint Business Meeting.	Y	
2.7	Ensure that the PCC and CC maintain a prudential financial framework; keep commitments in balance with available resources; monitor income and expenditure levels to ensure that this balance is maintained and take corrective action when necessary.	Monthly Revenue budget monitoring etc. taken to OPCC meetings. Quarterly Group Revenue and Capital monitoring reports taken to the Joint Business Meeting. Monthly Treasury Management monitoring to CFO; Annual TM Policy and Strategy, Mid-year TM report, and Annual TM Report to the PCC.	Y	
2.8	Ensure compliance with CIPFA's Code on a Prudential Framework for Local Authority Capital Finance and CIPFA's Treasury Management Code. (PCC CFO responsibility in consultation with the CC CFO).	Financial Regulation 5.20 and 15. See MTFS and budget report (February 2024), and JIAC TM Policy and Strategy report (March 2024).	Y	
2.9	Ensure that appropriate management accounting systems, functions and controls are in place so that finances are kept under review on a regular basis. These systems, functions and controls should apply consistently to all activities including partnerships arrangements, outsourcing or where the authority is acting in an enabling role.	Contained within the annual Internal Audit plan.	Y	
2.10	Ensure the provision of clear, well presented, timely, complete and accurate information and reports to budget managers and senior officers on the budgetary and financial performance.	Regular revenue and capital monitoring reports brought to PCC and CC meetings.	Y	

ASSESSMENT		EVIDENCE	COMPLIANCE Y/N	EXPLAIN
Core CFO responsibilities				
Responsibility for financial strategy:				
2.11	Ensuring that a financial framework is agreed and delivery is planned against the defined strategic and operational criteria.	See MTFS and budget report (February 2024).	Y	
2.12	Maintaining a long term financial strategy to underpin PCC and CC financial viability within the agreed performance framework.	See MTFS and budget report (February 2024).	Y	
2.13	Ensure financial management policies underpin sustainable long-term financial health and reviewing performance against them.	Financial Regulations.	Y	
2.14	Ensuring that commercial and collaborated opportunities are appraised and advising on financial targets and successful delivery.	See MTFS and budget report (February 2024).	Y	
2.15	Ensuring that an effective resource allocation model is developed and maintained to deliver business priorities.	See MTFS and budget report (February 2024).	Y	
2.16	Taking a leading role on asset and balance sheet management.	Yes, including a forward balance sheet as part of Treasury Management planning and strategy preparation. TM Prudential Indicators monitored throughout the year including the new requirement for Debt Liability Benchmark prudential indicator.	Y	
2.17	Ensuring that the planning and budgeting processes are fully co-ordinated.	Financial Regulations and annual MTFS and Budget setting process.	Y	
Influencing decision making				
2.18	Ensuring that opportunities and risks are fully considered and decisions are aligned with the overall financial strategy.	Financial Regulations 9. MTFS report February 2024. A comprehensive financial risk assessment is undertaken for the revenue and capital budget setting process to ensure all risks and uncertainties affecting the Commissioner's financial position are identified. This is included in the annual MTFS report published on the OPCC website.	Y	
2.19	Providing professional advice and objective financial analysis enabling decision makers to take timely and informed business decisions.	PCC and CC Board meetings agenda and minutes - See key decisions on PCC website.	Y	
2.20	Ensuring that efficient arrangements are in place and sufficient resources available to provide accurate, complete and timely advice to support strategy development.	PCC and CC Board meetings agenda and minutes.	Y	
2.21	Ensuring that clear, timely, accurate information is provided as requested by the Police and Crime Panel.	PCP agendas and minutes.	Y	
2.22	Ensuring that all necessary information is provided to the PCC when the Police and Crime Panel considers the budget and proposed precept. (PCC CFO responsibility in consultation with the CC CFO)	PCC Budget report and precept report February 2024.	Y	
2.23	Ensuring that capital projects are chosen after evaluating a fully costed business case complied with input from all relevant professional disciplines and can be funded in the financial strategy.	Financial Regulations 7. MTFS February 2024.	Y	
2.24	Checking, at an early stage, that innovative financial approaches comply with regulatory requirements.	CFO would pick up such approaches at senior meetings and would preview and review with Finance team. Regular direct meetings with both CC and PCC.	Y	
Financial information for decision makers				
2.25	Monitoring and reporting on financial performance that is linked to related performance information and strategic objectives that identifies any necessary corrective decisions.	Revenue and Capital Monitoring reports to PCC and CC.	Y	
2.26	Ensuring that timely management accounts are prepared.	Monthly Monitoring timetable.	Y	
2.27	Ensuring the reporting envelope reflects partnerships and other arrangements to give an overall picture.	Example: 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. The CFO attends the Joint Committee meetings under the governance arrangements and regular finance reports are presented to both the Management Board and Joint Committee. Dedicated Note to the Financial Statements for both the Chief Constable and the Commissioner/Group which covers the collaboration arrangements as a Joint Operation and financial performance for the year.	Y	

ASSESSMENT		EVIDENCE	COMPLIANCE Y/N	EXPLAIN
Personal skills and professional standards				
In order to fulfil the aims of this Principle:				
2.28	Take all reasonable steps to ensure that:			
	– Budgets are planned as an integral part of strategic and operational management and are aligned with a structure of managerial responsibilities.	Coding structure aligns with responsibilities. A full review of coding was carried out in March 2020. This is now under continuous review to ensure that it remains fit for purpose. Business Information Packs have been enhanced during 2023/24, to include Power BI dashboards and access to analysis and trend data, providing comprehensive financial performance information for budget managers. In preparation for the 2024/25 financial year significant work has been undertaken in Financial Systems, Payroll and Financial Performance Teams to align budget management to the new FOM structure effective March 2024.	Y	
	– Budgets are constructed on the basis of reliable data of past performance and rigorous assessments of future resources and commitments, and that policies and priorities are evaluated in an open, consistent and thorough manner.	See budget preparation timetable and working papers, and Annual Report on Business Planning which sets out the Business Planning cycle and new Priority Based Budgeting approach to business planning adopted from 2023/24. Includes governance arrangements for approval of MTFP and Capital Programme.	Y	
	– Responsibilities for budget management and control are unambiguously allocated, that commitments are properly authorised, and that budgets are related to clear objectives and outputs.	Coding structure aligns with responsibilities. A full review of coding was carried out in March 2020. This is now under continuous review to ensure that it remains fit for purpose. Business Information Packs have been enhanced during 2023/24, to include Power BI dashboards and access to analysis and trend data, providing comprehensive financial performance information for budget managers.	Y	
	– Accounting and financial information systems make available, at the relevant time to all users the appropriate information for their responsibilities and for the objectives of the PCC and CC.	Monthly revenue monitoring information to responsible officers, annual Internal audit review of processes. Business Information Packs have been developed during 2022/23 which provide comprehensive financial performance information for budget managers. Business Information Packs have been enhanced during 2023/24, to include Power BI dashboards and access to analysis and trend data, providing comprehensive financial performance information for budget managers. In preparation for the 2024/25 financial year significant work has been undertaken in Financial Systems, Payroll and Financial Performance Teams to align budget management to the new FOM structure effective March 2024.	Y	
2.29	Ensure that other appropriate management, business and strategic planning techniques are implemented.	Personal Development Review.	Y	
2.30	Link financial strategy and overall strategy (PCC CFO in consultation with the CC CFO).	Personal Development Review.	Y	
2.31	Demonstrate a willingness to take and stick to difficult decisions – even under pressure.	Personal Development Review.	Y	
2.32	Take ownership of the assessment of relevant financial risks.	Personal Development Review. MTFS and Budget Reports - Risk Assessment Annual Statement on the robustness of budget estimates and appropriate levels of reserves.	Y	
2.33	Network effectively to ensure awareness of all material business decisions to which CFO input may be necessary.	Personal Development Review. PACCTS and NPCC engagement, CIPFA engagement, CIPFA AFEP/CFO Events participation	Y	
2.34	Role model, persuasive and concise communication with a wide range of audiences internally and externally.	Personal Development Review.	Y	
2.35	Provide clear, authoritative and impartial professional advice and objective financial analysis and interpretation of complex situations.	Personal Development Review.	Y	
2.36	Apply relevant statutory, regulatory and professional standards both personal and organisational.	Personal Development Review.	Y	
2.37	Demonstrate a strong desire to think innovatively and to add value.	Personal Development Review.	Y	
2.38	Challenge effectively, and give and receive constructive feedback.	Personal Development Review.	Y	
2.39	Operate with sensitivity in a political environment.	Personal Development Review.	Y	
Principle 3				
The CFO must lead and encourage the promotion and delivery of good financial management so that public money is safeguarded at all times and used appropriately, economically, efficiently, and effectively.				
Governance Requirements				
3.1	Make the CFO responsible for ensuring that appropriate advice is given on all financial matters, for keeping financial records and accounts, and for maintaining an effective system of financial control.	Financial and contract regulations set out the responsibilities. Outcomes of Internal Audit Reports evidence performance External Audit AFR and AAR provide further evidence of performance.	Y	
3.2	Ensure that systems and processes for financial administration, financial control and protection of resources and assets are designed in conformity with appropriate ethical standards and monitor their continuing effectiveness in practice.	Financial and contract regulations set out the responsibilities. Outcomes of Internal Audit Reports evidence performance External Audit AFR and AAR provide further evidence of performance.	Y	
3.3	Ensure that there is in place effective and appropriate internal financial controls covering codified guidance, budgetary systems, supervision, management review and monitoring, physical safeguards, segregation of duties, accounting procedures, information systems and authorisation and approval processes. Ensuring that these controls are an integral part of the underlyne framework of corporate governance and that they are reflected in its local	Financial and contract regulations set out the responsibilities. Outcomes of Internal Audit Reports evidence performance External Audit AFR and AAR provide further evidence of performance.	Y	

AGENDA ITEM 10.d.

APPENDIX ii

ASSESSMENT		EVIDENCE	COMPLIANCE Y/N	EXPLAIN
3.4	Address the arrangements for financial and internal control and for managing non-operational risk in Annual Governance Statements.	Joint PCC/CC Governance group, review and recommendation of the AGS's by JIAC.	Y	
3.5	Ensure that annual accounts are published on a timely basis in accordance with professional and regulatory requirements in order to communicate activities and achievements, its financial position and performance.	See Statement of Accounts timetable. 2022/23 Accounts were signed off by the external auditor in February 2024. The delay was due to national issues around pensions impacting on conclusion of the audit for 2021/22 accounts which meant that 2022/23 draft accounts could not be published by the statutory deadline. Accounts for 2023/24 are on-track to be published by the statutory deadline of 31 May 2024. The Force has been appointed a new external auditor (EY) for 2023/24 and expect to receive details of their audit plan in the coming weeks, which will set out how they will achieve their audit outcomes by the statutory deadline.	Y	
3.6	Ensure an effective internal audit function is resourced and maintained or where this is provided externally, the contractor is able to deliver the same standards.	Internal Audit provision under agreement with Gateshead MBC. Annual report on the effectiveness of Internal Audit presented at JIAC.	Y	
3.7	Develop and maintain an effective Audit Committee.	Joint Independent Audit Committee agenda and minutes. Annual report by the Chair of the JIAC.	Y	
3.8	Ensure, together with the leadership team, that the PCC and CC make best use of resources and that taxpayers and/or service users receive value for money.	Auditors Annual Report (AAR) and VFM report from external audit (Grant Thornton UK LLP for 2020/21 to 2022/23).	Y	
3.9	Ensure that appropriate financial competencies are embedded in key person specifications and appraisals.	Yes. See job descriptions. The force undertook a full job evaluation process for all roles across the force which was implemented during the 2022/23 financial year. All role profiles were reviewed and updated as part of that process, with consultation carried out with all staff on their individual role profile, key duties and responsibilities etc. and reviewed by senior management.	Y	
3.10	Ensure the financial skills required by managers are assessed and developed to enable their roles to be carried out effectively.	There is no formal assessment framework in place. However all budget managers are provided with an introductory meeting when they first start to familiarise themselves with their budgets. Finance team members continue to support the budget managers with all budget related matters. Finance Master Classes available for budget and senior managers. Finance Lead (Partnerships, Projects and Capital Programme) - is a new role created in Finance which will lead on the provision of Financial Business Partnering to Heads of Department to implement and drive the principles of good financial governance and the improvement of Financial Acumen across the Force and OPCC.	Y	
3.11	Ensure that roles and responsibilities for monitoring financial performance/budget management are clear, that they have adequate access to financial skills, and are provided with appropriate financial training on an on-going basis to help them discharge their responsibilities.	Budget managers are supported by members of the finance team. Finance Master Classes available for budget and senior managers. Finance Lead (Partnerships, Projects and Capital Programme) - is a new role created in Finance which will lead on the provision of Financial Business Partnering to Heads of Department to implement and drive the principles of good financial governance and the improvement of Financial Acumen across the Force and OPCC.	Y	
Core CFO responsibilities				
Promotion of financial management				
3.12	Assessing financial management style and advising as to changes which may be needed to ensure it aligns with the PCC's strategic direction.	No formal assessment framework in place however feedback would be expected from peers. CIPFA FM Review to be implemented in 2024/25 which will help to assess and fully understand the financial maturity of the Force and implement an improvement plan.	Y	
3.13	Actively promoting financial literacy.	All budget managers are provided with an introductory meeting when they first start to familiarise themselves with their budgets. Finance team members continue to support the budget managers with all budget related matters after then. Business packs for Heads of Department provided monthly. As part of the 2020/21 business planning process it was agreed to enhance the senior level finance structure to create a new team dedicated to financial business partnering and to improve financial acumen and financial information available to budget managers. Full Departmental Business Planning was re-introduced during 2020 and continued in 2021, with senior level financial support provided to all Departments to ensure awareness of any financial implications of proposals and efficiencies. Priority Based Budgeting (PBB) was introduced in 2023/24 and all HoD and Area Commanders were provided with Review Manager Support by CDD and Finance Support from the Senior Finance Lead to develop their business planning/PBB proposals, and support them through the PBB process. There is also a continuous Financial Improvement Project in place, a key part of which is to simplify financial tasks and ensure managers are trained and equipped to carry out necessary tasks. Finance modules being developed in 2024/25 as input into Level 5 'Developing to Senior Leaders' programme. Treasury Management training presented to JIAC members. CIPFA AFEP membership subscription has provided significant enhanced opportunity for training courses for both Finance professionals and the wider department.	Y	
3.14	Assisting the development of a protocol which clearly sets out the roles and responsibilities for financial	See Financial Regulations and Contract Standing Orders.	Y	

AGENDA ITEM 10.d.
APPENDIX ii

ASSESSMENT		EVIDENCE	COMPLIANCE Y/N	EXPLAIN
Value for money				
3.15	Challenging and supporting decision makers, especially on affordability and value for money, by ensuring policy and operational proposals with financial implications are notified to and as appropriate, for non-operational aspects, signed off by the finance function.	Financial implications required to be considered by CFO in all proposals.	Y	
3.16	Ensuring that appropriate asset management and procurement strategies are developed and maintained.	Security of assets and procurement strategies are maintained. Records of assets, replacement dates, leases and valuations are all held and used to create the Statement of Accounts. The Head of Procurement is suitably qualified and reports directly to the CFO. Internal Audit annually for Asset Management.	Y	
3.17	Taking a leading role on the identification of value for money opportunities.	CFO is a key member of the leadership team for both the OPCC and Chief Constable and takes a lead role in providing professional advice on delivering value for money. The CFO receives and responds to the annual Joint AAR and VFM report issued by the external auditor.	Y	
Safeguarding public money				
3.18	Applying strong internal controls in all areas of financial management, risk management and asset control.	See Financial Regulations and Contract Standing Orders.	Y	
3.19	Explain the financial management arrangements within the Annual Governance Statement.	See the AGS(s).	Y	
3.20	Establishing budgets, financial targets and performance indicators to help assess delivery.	See MTFs and Budget Report (February 2024).	Y	
3.21	Ensuring that effective systems of internal control are implemented, these may include financial regulations, contract regulations, standing financial instructions, operating manuals, and compliance with codes of practice to secure probity.	Management and Internal Audit review. Work of Internal Audit. Annual Governance - Primary and Thematic Assurance Review - Review of the Effectiveness of Internal Audit and Internal Audit Annual Report.	Y	
3.22	Ensuring that the PCC and CC have put in place effective arrangements for internal audit of the control environment and systems of internal control as required by professional standards and in line with CIPFA's Code of Practice.	Internal Audit plan / reviewed by JIAC. Annual Governance - Primary and Thematic Assurance Review - Review of the Effectiveness of Internal Audit and Internal Audit Annual Report.	Y	
3.23	Ensuring that delegated financial authorities are respected.	Yes	Y	
3.24	Promoting arrangements to identify and manage business risks (except for operational responsibilities of the Chief Constable), including safeguarding assets, risk mitigation and insurance.	Risk register, risk review reports and insurance policies.	Y	
3.25	Ensure that capital projects are managed with post completion reviews.	Procedures for capital project management are reviewed in-line with the requirements to publish a Capital Strategy. Capital Strategy 2024/25 – 2027/28, published March 2024.	Y	
3.26	Securing the application of appropriate discipline in financial management, including managing cash and banking, treasury management, debt and cash flow, with appropriate segregation of duties.	Structures employed, staff skills and checked by internal audit. Treasury Management Procedures (TMPs) are documented and reviewed annually by internal audit. Monthly TM reports include commentary and assurance regarding both compliance and performance, and also detailed cash flow forecasts which are updated daily and reviewed monthly by the Head of Finance. Treasury Management Strategy and Policy published March 2024. Annual and Mid-Year TM Reports. Advice from external Treasury Advisors Link Group. Scrutiny of TM reports by JIAC.	Y	
3.27	Ensuring the effective management of cash flows, borrowings and investments of funds including those on behalf of others; ensuring the effective management of associated risks; pursuing optimum performance or return consistent with those risks. (PCC CFO responsibility in consultation with the CC CFO).	Treasury Management function resides with the Northumbria Police Finance Department. Daily cash flow management and monthly reporting with Head of Finance and CFO. Treasury Management Procedures (TMPs) are documented and reviewed annually by internal audit. Monthly TM reports include commentary and assurance regarding both compliance and performance, and also detailed cash flow forecasts which are updated daily and reviewed monthly by the Head of Finance. Treasury Management Strategy and Policy published March 2024. Annual and Mid-Year TM Reports. Advice from external Treasury Advisors Link Group. Scrutiny of TM reports by JIAC.	Y	
3.28	Ensuring that appropriate measures exist to prevent and detect fraud and corruption.	Internal Audit, internal controls, whistle blowing, code of ethics, separation of duties, delegation under Financial and Contract Regulations.	Y	
3.29	Ensuring that proportionate business continuity arrangements are established for financial processes and information.	Business continuity plan in place and suitable insurance cover exists.	Y	
3.30	Ensuring that any partnership arrangements are underpinned by clear and well documented internal controls.	NEROCU Partnership is relevant to this and a proper governance framework is agreed and operated. S22a collaboration agreement in place setting out governance arrangements and NEROCU arrangements are included in the internal audit plan.	Y	

ASSESSMENT		EVIDENCE	COMPLIANCE Y/N	EXPLAIN
Assurance and scrutiny				
3.31	Ensuring that financial performance of the PCC and CC and its partnerships is reported to the PCC and CC and other parties as required.	Regular budget monitoring reporting and finance monitoring support provided.	Y	
3.32	Ensuring that financial and performance information presented to members of the public, the community and the media covering resources, financial strategy, service plans, targets and performance, is accurate, clear, relevant, robust and objective. Apart from operational matters which are the responsibility of the Chief Constable.	Quality control and peer review of any information published.	Y	
3.33	Supporting and advising the Audit Committee.	Agenda and minutes from the JIAC.	Y	
3.34	Ensuring that clear, timely, accurate advice is provided on what considerations can legitimately influence decisions on the allocation of resources, and what cannot.	Notes of meetings, minutes and reports.	Y	
3.35	Ensuring that published budgets, annual accounts and consolidation data for government level consolidated accounts are prepared.	Budgets are published, MTFs published, completion of the Whole of Government Accounts included within the Statement of Accounts completion timetable. Government returns such as RA, RO, QRO, CPR, Police Pension Scheme Returns etc. are signed off by CFO, copies available.	Y	
3.36	Ensuring that the financial Statements are prepared on a timely basis, meet the requirements of the law, financial reporting standards and professional standards as reflected in the Code of Practice on Local Authority Accounting in the United Kingdom developed by the CIPFA/LASAAC Joint Committee.	See Statement of Accounts completion timetable. Work of External Audit, Joint Audit Findings Report, Audit Opinion, Auditors Annual Report and VFM Report.	Y	
3.37	Certifying the annual Statement of Accounts (PCC CFO and CC CFO for their separate accounts) and the group accounts (PCC CFO).	Certified by the CFO - see Statement of Accounts	Y	
3.38	Ensuring that arrangements are in place so that other accounts and grant claims (including those where the PCC is the accountable body for community led projects) meet the requirements of the law and of other partner organisations and meet the relevant terms and conditions of schemes.	Claims for grants such as MOJ Victims Services Grant, Uplift Grant, VRU, Serious Violence etc are completed and available. Grants are reviewed annually by external audit and evidence provided regarding grant agreements. Grant information is published in the PCC Statements of Account each year in the relevant specific Notes to the Accounts.	Y	
3.39	Liaising with the internal and external auditor.	Annual Internal Audit plan ; Regular liaison meetings held with the external auditors - see diary entries.	Y	
Personal skills and professional standards				
In order to fulfil the aims of this Principle:				
3.40	CFOs should take all reasonable steps to ensure that:			
	– Effective systems and procedures operate to monitor progress against budgets and their objectives at regular intervals, and that appropriate reporting mechanisms are in place.	Budget monitoring process.	Y	
	– That payments, including taxation, are made on time, accurately and in accordance with legal requirements.	Reconciliations and management review. Treasury Management cash payment monitoring, payroll and pensions BACS process email to decision makers prior to payment to confirm completed.	Y	
	– Cash is handled with special care to avoid loss, particularly loss through theft and secure arrangements are in place to deal with the handling of electronic or other cash-less transactions.	Financial Regulations and management control. Work of Internal Audit.	Y	
	– The accounting and financial information systems provide an accessible, complete, comprehensive, consistent and accurate record of financial transactions.	Management and system control. Systems accountants. Work of Internal Audit and External Audit.	Y	
	– All financial reports are relevant, reliable and consistent, are compatible with the accounting and financial information systems available, at the relevant time to all users, the appropriate information for their responsibilities and for the objectives of the PCC and CC.	Management and system control. Systems accountants. Work of Internal and External Audit.	Y	
	– Within the specific legislative framework, systems exist to secure the efficient and effective management of taxes, in particular to ensure that tax liabilities and obligations are properly reported and accounted for.	VAT, CIS, NI, Income tax and Apprenticeship Levy monitored and claims and payment deadlines diarised.	Y	
	– Treasury management is carried out in accordance with CIPFA's treasury management code and that effective treasury management arrangements are in place. (PCC CFO in consultation with the CC CFO).	Treasury Management function resides with the Northumbria Police Finance Department. Daily cash flow management and monthly reporting with Head of Finance and CFO. Treasury Management Procedures (TMPs) are documented and reviewed annually by internal audit. Monthly TM reports include commentary and assurance regarding both compliance and performance, and also detailed cash flow forecasts which are updated daily and reviewed monthly by the Head of Finance. Treasury Management Strategy and Policy published March 2024. Annual and Mid-Year TM Reports. Advice from external Treasury Advisors Link Group. Scrutiny of TM reports by JIAC.	Y	

ASSESSMENT		EVIDENCE	COMPLIANCE Y/N	EXPLAIN
3.41	Generate 'buy-in' to, and support delivery of, good financial management.	High profile finance function and personal support.	Y	
3.42	Assist in the promotion, and development of sustainable partnerships, and engage effectively in collaboration.	Collaboration and Partnership Strategy, May 2017. CFO is Finance Lead for the region - on NEROCU Joint Committee for significant collaboration with Durham and Cleveland aimed at tackling Serious and Organised Crime.	Y	
3.43	Deploy effective facilitation and meeting skills.	Personal Development Review.	Y	
3.44	Build and demonstrate commitment to continuous improvement and innovative, but risk-aware, solutions.	Weekly meetings with Deputy Head of Finance. Support and guidance to the Finance Improvement Programme and HRIT replacement programme. Membership of key delivery Boards	Y	
3.45	Place stewardship and probity as the bedrock for management of PCC and CC finances.	Financial regulations and ethics.	Y	
Principle 4				
The CFO must lead and direct, (as explained in this principle), a finance function that is resourced to be fit for purpose.				
Governance Requirements				
4.1	Ensure that the finance function has the resources, expertise and systems necessary to perform its role effectively.	Staffing and resource structure, day to day management and Personal Development Reviews.	Y	
4.2	Ensure that the role and responsibilities of the CFO, are suitably outlined and documented.	Job Specification. Role profile reviewed as part of the forcewide job evaluation programme.	Y	
Core CFO responsibilities				
4.3	Ensuring that the finance function makes a full contribution to and meets the needs of the business.	Staffing and resource structure, day to day management and Personal Development Reviews.	Y	
4.4	Ensuring that the resources, expertise and systems for the finance function are sufficient to meet business needs and negotiating these within the overall financial framework.	Staffing and resource structure. Capital investment in Finance systems.	Y	
4.5	Ensuring that robust processes for recruitment of finance staff are implemented and/or outsourcing of functions.	Recruitment supported by Talent Acquisition - People Services.	Y	
4.6	Reviewing the performance of the finance function and ensuring that the services provided are in line with the expectations and needs of its stakeholders.	Service plan monitoring and review of the SLA between PCC and CC.	Y	
4.7	Seeking continuous improvement in the finance function.	Finance SMT meet regularly to review and deliver elements of the Finance Improvement Plan.	Y	
4.8	Ensuring that finance staff, managers and the Leadership Team are equipped with the financial competencies and expertise needed to manage the business both currently and in the future.	Finance SMT meet regularly to review and deliver elements of the Finance Improvement Plan.	Y	
4.9	Ensuring that responsibility for all finance staff is properly discharged.	Day to day management and Personal Development Review.	Y	
4.10	Acting as the final arbiter on application of professional standards.	Yes	Y	
Personal skills and professional standards				
In order to fulfil the aims of this Principle:				
4.11	Ensure a vision is created and communicated for the finance function.	Personal Development Review.	Y	
4.12	Role model a customer focussed culture.	Personal Development Review.	Y	
4.13	Promote an open culture, built on effective coaching and a "no blame" approach.	Personal Development Review.	Y	
4.14	Promote effective communication between the finance department, PCC and with external stakeholders.	Personal Development Review.	Y	
4.15	Apply strong project planning and process management skills.	Personal Development Review.	Y	
4.16	Set and monitor meaningful performance objectives for the finance team.	Personal Development Review.	Y	
4.17	Role model, as required, for effective staff performance management.	Personal Development Review.	Y	
4.18	Coach and support staff, as required, in both technical and personal development.	Personal Development Review.	Y	
4.19	Promote high standards of ethical behaviour, probity, integrity and honesty.	Personal Development Review.	Y	
4.20	Ensure, when necessary, that outside expertise is called upon for specialist advice not available within the finance function.	Personal Development Review.	Y	
4.21	Promote discussion on current financial and professional issues and their implications.	Personal Development Review.	Y	

ASSESSMENT		EVIDENCE	COMPLIANCE Y/N	EXPLAIN
Principle 5				
The CFO must be professionally qualified and suitably experienced.				
Governance Requirements				
5.1	Appoint as an employee, or engage under a contract for services, a professionally qualified CFO whose core responsibilities include those set out under the other principles in this Statement and ensure that these are properly understood.	CFO in post. Significant experience and role understood.	Y	
5.2	Ensure that the CFO has the skills, knowledge, experience and resources to perform effectively in both the financial and non-financial areas of their role.	Part of appointment process.	Y	
Personal skills and professional standards				
In order to fulfil the aims of this Principle:				
5.3	Be a member of an accountancy body recognised by the International Federation of Accountants (IFAC), qualified through examination, and subject to oversight by a professional body that upholds professional standards and exercises disciplinary powers.	CIPFA.	Y	
5.4	Adhere to international standards set by IFAC on:			
	– Ethics.	Yes.	Y	
	– Continuing Professional Development.	CPD record.	Y	
5.5	Demonstrate IT literacy.	Personal Development Review.	Y	
5.6	Have relevant prior experience of financial management in the public services or private sector.	Significant experience in the public sector, both policing and local government.	Y	
5.7	Understand public service finance and its regulatory environment.	Significant experience in the public sector, both policing and local government.	Y	
5.8	Apply the principles of corporate finance, economics, risk management and accounting.	Personal Development Review.	Y	
5.9	Understand personal and professional strengths.	Personal Development Review.	Y	
5.10	Undertake appropriate development or obtain relevant experience in order to meet the requirements of the non-financial areas of the role.	Personal Development Review.	Y	

JOINT INDEPENDENT AUDIT COMMITTEE	20 MAY 2024
PRIMARY ASSURANCE FRAMEWORK ELEMENT – EXTERNAL AUDITOR ASSURANCE	
GAIL THOMPSON, DEPUTY HEAD OF FINANCE	

1. Purpose

- 1.1 To review the Joint Audit Findings Report (AFR) and Joint Auditor’s Annual Report (AAR) for the 2022/23 financial year and note any governance issues arising.

2. Background

- 2.1 Our external auditors Grant Thornton UK LLP issued their Joint Audit Findings Report (AFR) 2022/23 for the Chief Constable and Commissioner in January 2024. The report was presented to JIAC for review on 26 February 2024.
- 2.2 The Joint Auditor’s Annual Report (AAR) 2022/23 was issued in April 2024 and is included on the JIAC agenda today for review.
- 2.3 We have used the Joint AFR and AAR reports for the purpose of monitoring our governance arrangements. Both reports were reviewed to assess any recommendations in relation to the completion of the Statutory Accounts and to identify any potential governance issues which should be included within the Annual Governance Statement for 2023/24.

3. Findings

- 3.1 Based on a review of the Joint AFR for the 2022/23 financial year, there are no issues to report which will have an impact on the Annual Governance Statement for 2023/24.
- 3.2 In the AAR our external auditors are required to consider whether the Police and Crime Commissioner and Chief Constable have put in place proper arrangements to secure economy, efficiency, and effectiveness in their use of resources and to identify whether there are any risks of significant weakness in those arrangements.
- 3.3 The National Audit Office (NAO) requires the external auditor to assess arrangements under three areas:
- Financial Sustainability
 - Governance
 - Improving Economy, Efficiency, and Effectiveness
- 3.4 The AAR 2022/23 concludes that for each area there were no significant weaknesses identified and no improvement recommendations were raised.
- 3.5 Based on a review of the Joint AAR for the 2022/23 financial year, there are no issues to report which will have an impact on the Annual Governance Statement for 2023/24.

4. Considerations

Government Security Classification	OFFICIAL
Freedom of Information/ Report Exemption	Non-exempt
Consultation	
AFR and AAR Reviewed by JIAC	
Resources	
N/A	
Code of Ethics	
N/A	
Equality	
N/A	
Legal	
N/A	
Risk	
N/A	
Communication	
AFR and AAR Reviewed by JIAC and Published on Force/OPCC Websites	
Evaluation	
N/A	

OTHER THEMATIC SOURCES OF ASSURANCE

HMICFRS AND OTHER EXTERNAL INSPECTIONS

REPORT OF: HEAD OF CORPORATE DEVELOPMENT

I Overview of Area of Assurance

- 1.1 There are a number of external inspectorate and audit bodies, including HMICFRS and the Information Commissioner's Office, which report on inspection, investigation and audit findings within the Police Service.

2 Summary of Assurance

- 2.1 All HMICFRS inspection and investigation reports and other external inspection and audit reports are considered by the Chief Officer Team. A lead is appointed to review the findings and identify actions in response to any recommendations and areas for improvement (AFIs). The Force position is reported to the Police and Crime Commissioner at the joint Business Meeting to inform any statutory response to inspection activity required under section 55 of the Police Act 1996.
- 2.2 All activity is regularly reviewed by the respective owners. 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.
- 2.3 In accordance with the Police and Crime Commissioner's (PCC's) statutory role, to secure an efficient and effective police force for Northumbria and hold the Chief Constable to account for its running, the PCC receives regular progress against the recommendations and AFIs referenced in all HMICFRS inspection reports at the Scrutiny Meeting of the Office of the Police and Crime Commissioner (OPCC). The Commissioner is aware of the issues raised by HMICFRS and is, therefore, also able to consider these in other elements of the Scrutiny Programme on an ongoing basis.
- 2.4 A summary of recent external inspection reports and an overview of the process in place to manage the Force's response is provided quarterly to the Joint Independent Audit Committee.
- 2.5 Each report results in an agreed set of actions, with timescales and a plan for delivery. HM Inspectors decide one of four levels of follow-up activity that the inspectorate will take on allocated recommendations or AFIs:
- Level 1: No force self-certification, no follow-up activity required;
 - Level 2: Force self-certifies that the recommendation or AFI is complete, no follow up activity conducted by HMICFRS;
 - Level 3: Force self-certifies that the recommendation or AFI is complete, HMICFRS follow-up via the next relevant planned inspection; and
 - Level 4: No force self-certification, HMICFRS follow-up via further bespoke fieldwork.
- 2.6 Corporate Development Department acts as the central liaison point for all HMICFRS related matters. Regular contact is maintained with HMICFRS to update on progress and allow for a review of the activities undertaken.

- 2.7 The HMICFRS monitoring portal is used by HMICFRS to monitor forces' response to findings raised through inspection activities. It includes causes of concern and recommendations made to police forces by HMICFRS and areas for improvement (AFIs).
- 2.8 All outstanding recommendations and areas for improvement in response to three reports (Annex B) have been finalised during the year.
- 2.9 In total, twenty-six recommendations and five AFIs were closed during 2023/24. An additional three Level 3 recommendations and two Level 3 AFIs have been updated to indicate completion but are awaiting HMICFRS verification.
- 2.10 At the end of March 2024 there were 58 open recommendations – Level 2 (34) and Level 3 (24) and 12 AFIs – Level 2 (1) and Level 3 (11) on the monitoring portal subject to ongoing Force activity in response to seventeen HMICFRS inspections (see Annex A for a list of associated reports).
- 2.11 There has been one report following investigation by HMICFRS into super-complaints published during the year. The Force position against all recommendations made in response to super complaints is provided to the relevant National Police Chiefs' Council lead with responsibility for providing the national police response to the super complaint team within HMICFRS; two responses have been published. (See Annex C for a list of publications.)

Annex A – HMICFRS Inspection Reports

- A joint thematic inspection of the police and Crown Prosecution Service’s response to rape – Phase one: From report to police or CPS decision to take no further action (July 2021)
- Police response to violence against women and girls – Final inspection report (September 2021)
- A joint thematic inspection of the criminal justice journey for individuals with mental health needs and disorders (published November 2021)
- The police response to burglary, robbery and other acquisitive crime (published August 2022)
- PEEL 2021/22 – An inspection of Northumbria Police (published September 2022)
- An inspection of vetting, misconduct, and misogyny in the police service (published November 2022)
- An inspection into how well the police and other agencies use digital forensics in their investigations (published December 2022)
- An inspection of the north-east regional response to serious and organised crime (published December 2022)
- An inspection of how well the police tackle serious youth violence (March 2023)
- An inspection of how well the police and National Crime Agency tackle the online sexual abuse and exploitation of children (published 5 April 2023)
- PEEL Spotlight - Police performance: Getting a grip (published 7 July 2023)
- An inspection of how effective police forces are in the deployment of firearms (published 11 July 2023)
- Homicide prevention: An inspection of the police contribution to the prevention of homicide (published 11 August 2023)
- Race and policing: An inspection of race disparity in police criminal justice decision-making (published 25 August 2023)
- A report into the effectiveness of vetting arrangements in Northumbria Police (published 21 September 2023)
- An inspection of the effectiveness of the police and law enforcement bodies’ response to group-based child sexual exploitation in England and Wales (published 8 December 2023)
- Meeting the needs of victims in the criminal justice system (published 19 December 2023)

Annex B – HMICFRS Inspection Reports Finalised

- Policing in the pandemic – The police response to the coronavirus pandemic during 2020 (April 2021)
- Custody services in a COVID-19 environment (April 2021)
- Twenty years on, is MAPPA achieving its objectives? (published July 2022)

Annex C – Super Complaints

- Responses to the super-complaint from the Tees Valley Inclusion Project (April 2023)
- Report on the Criminal Justice Alliance’s super-complaint - Section 60 of the Criminal Justice and Public Order Act 1994 and independent community scrutiny of stop and search (December 2023)
- Updated response from the National Police Chiefs’ Council to the recommendations from the Tees Valley Inclusion Project super-complaint report (March 2024)

JOINT INDEPENDENT AUDIT COMMITTEE	20 MAY 2024
PRIMARY ASSURANCE FRAMEWORK ELEMENT – GOVERNANCE ARRANGEMENTS (LEGAL AND REGULATORY SERVICES)	
REPORT OF: CHIEF OF STAFF AND MONITORING OFFICER AND JOINT CHIEF FINANCE OFFICER	

I. Purpose

- 1.1 To obtain assurance that there were no governance issues arising during 2023/24 in relation to Legal and Regulatory services.

2. Background

- 2.1 The key framework for Policing Bodies governance arrangements is the CIPFA publication '*Delivering Good Governance 2016*'. This defines the principles that underpin the governance of each organisation and provides a structure to help organisations with their approach to governance.

One of the key principles contained within the framework is that the organisation behaves with integrity, demonstrating a strong commitment to ethical values and respecting the rule of law. Assurance has been obtained to ensure there are no issues in respect of the legal and regulatory framework within which the Police and Crime Commissioner (PCC) and Chief Constable (CC) have operated.

- 2.2 Legal and regulatory assurance can be demonstrated by:

- Establishment of a Joint PCC/CC Governance Group which meets four times per year, at which during 2023/24 any governance or legal issues arising from the previous meetings are discussed and appropriate action taken.
- Compliance with the CIPFA Statement on the Role of the Chief Financial Officer of the Police and Crime Commissioner and the Chief Finance Officer of the Chief Constable (2014).
- Compliance with The Elected Local Policing Bodies (Specified Information) Order 2021. This order sets out information that PCCs are required to publish on their website to allow the public to hold them to account.
- The establishment of a '*Governance Framework*' including general principals of delegation, Financial Regulations, and Contract Regulations.
- Establishment of organisational policies and procedures in-line with legal and regulatory guidance. Publicised and maintained on the Force Instructional Information System (IIS).
- Assurance obtained from the Head of Legal Services that there are no legal issues arising during 2023/24 which the PCC and CC are not aware of or disclosed as part of the annual statement of accounts as a contingent liability.

3. Findings

- 3.1 Based on the above procedures and assurances there are no issues to report which will have an impact on the Annual Governance Statements for 2023/24.

4. Considerations

Government Security Classification	OFFICIAL
Freedom of Information/ Report Exemption	Non-exempt
Consultation	
Consultation undertaken by the Deputy Head of Finance with the Head of Legal Department	
Resources	
N/A	
Code of Ethics	
Covered in the report	
Equality	
N/A	
Legal	
Covered in the report	
Risk	
N/A	
Communication	
N/A	
Evaluation	
N/A	

RISK MANAGEMENT ARRANGEMENTS – ANNUAL REPORT

REPORT OF: HEAD OF CORPORATE DEVELOPMENT

I Overview of Area of Assurance

- 1.1 To provide an overview on the management of strategic risk contained within the Police and Crime Commissioner (PCC) and Chief Constable's Joint Strategic Risk Register (JSRR).

2 Summary of Assurance

- 2.1 The PCC and CC have established a joint approach to the consideration and management of risk, which ensures both bodies have management arrangements in place. Each strategic risk is assigned an owner(s) from the Force's Executive Team or Office of the Police and Crime Commissioner (OPCC) as appropriate, who has responsibility for the management of existing controls and the implementation of new controls, where necessary.
- 2.2 Area Commanders, Department Heads and OPCC officers are responsible for the identification of emerging risks which cannot be controlled locally and have the potential to prevent the Force and PCC from achieving objectives.
- 2.3 The Force's strategic risks are monitored at the Executive Board and reported alongside those of the OPCC at the joint Business Meeting and to the Joint Independent Audit Committee on a quarterly basis. The Joint PCC/CC Governance Group provides additional scrutiny and governance.
- 2.4 The JSRR identifies each risk, provides context to the risk and identifies current factors affecting thematic risk 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.
- 2.5 All risks are regularly reviewed by their respective owners throughout the year in response to the changing environment to provide additional assurance and help to reduce the likelihood and impact of risks.

Overview

- 2.6 The JSRR continues to report on twelve thematic risk areas, capturing the strategic risk(s) faced:
1. Digital Policing
 2. Finance
 3. Governance
 4. Information and Data Management
 5. Information and Data Quality
 6. Infrastructure & Assets
 7. Operational Policing
 8. Partnership & Collaboration
 9. Public Confidence
 10. Regulation & Standards

- 11. Strategy
- 12. Workforce

(Risks are recorded alphabetically and numbered for ease of reference only.)

- 2.7 The overall assessment of risk in each of the twelve thematic risk areas has remained the same with the exception of the assessment of risk for Information and Data Quality.
- 2.8 The overall assessment of risk in this area reduced following the decision not to migrate to Connect and the removal of associated risks with implementation on data storage, audit and access capability. The likelihood of occurrence was reassessed from medium (3) to low (2).
- 2.9 Four areas are assessed as high risk: Digital Policing; Finance; Information and Data Management; and Workforce.
- 2.10 An annual review of risk management is undertaken; this year Northumbria Police developed a Risk Appetite Statement as part of this to supplement the existing risk management framework in place. This sets out the amount of risk the Force is prepared to accept, tolerate, or be exposed to at any point in time for each of the thematic areas.

OTHER THEMATIC SOURCES OF ASSURANCE

PERFORMANCE MANAGEMENT AND DATA QUALITY – ANNUAL REPORT

REPORT OF: HEAD OF CORPORATE DEVELOPMENT

I Overview of Area of Assurance

- 1.1 A Force Performance Management Framework is in place to manage performance and achievement of Force priorities and delivery of the Police and Crime Plan. This also includes oversight by the Office of the Police and Crime Commissioner (OPCC). In addition, performance management and data quality forms part of the assurance of senior managers on the key controls operating in their areas.

2 Summary of Assurance

Performance Management

- 2.1 The Strategic Performance Board is the Force's primary meeting to drive and manage performance and delivery of the Police and Crime Plan and achievement of the Force Priorities and is chaired by the Deputy Chief Constable. The Strategic Performance Board is part of the Force's governance and decision-making structure and is supported by a number of thematic boards and Portfolio Governance Boards – chaired by a member of the Executive Team.
- 2.2 Performance is considered against the Force Priorities and the Police and Crime Plan and is presented using a Balanced Scorecard, which includes:
- **Service** – Build trust and confidence by providing the right response to the public, investigating crime and tackling ASB effectively
 - **Prevention** – Work in partnership to help safeguard the community, improve people's lives and protect the most vulnerable
 - **Culture** – Ensure Northumbria Police is a great place to work by creating a supportive and inclusive culture, enabling high performing teams
 - **Innovation** – Encourage new thinking and innovative problem-solving to deliver policing priorities
 - **Sustainability** – Deliver a sustainable, resilient and collaborative organisation that is future-focused, and maximises value for the public
- 2.3 Performance is considered in a number of ways, for example:
- Performance compared to previous years.
 - Performance compared to agreed service standards.
 - Performance compared to peers (most similar family of forces or nationally).
 - Performance trend over time (typically a rolling 24 months).
 - Performance measured against key national crime and policing priorities.
- 2.4 A Scrutiny meeting is held by the Police and Crime Commissioner. These meetings provide the opportunity to monitor progress against the Police and Crime Plan, as well as consider other areas such as compliance with the Strategic Policing

Requirement, compliance with standards, such as use of force and stop and search, and progress against improvement plans. Performance against the Police and Crime Plan is reported to the Police and Crime Panel on a quarterly basis. There are also a range of external scrutiny groups. This includes a substantive Independent Scrutiny and Oversight Board.

- 2.5 As part of the Audit Plan, approved by the Joint Independent Audit Committee, the audit of performance management was carried as part of the audit plan for 2022/23, completed by the Gateshead Internal Audit Team. The audit found systems and controls are operating well and no findings were raised.
- 2.6 As part of the Force's Transformation Programme, the Force continues to develop and implement a business intelligence system. This system increases the accessibility and quality of meaningful and timely business and operational intelligence, supporting the ambition to transform the Force into a data-driven organisation. A number of applications have been developed to-date. These applications are used within the Performance Management Framework, both at a tactical and strategic level.
- 2.7 A Performance Taskforce continues to support all functions in further improving performance and service delivery with the introduction of a consistent Performance Management Framework. The Taskforce is developing and deploying the Performance Framework at both departmental and tactical operational levels, whilst ensuring area command performance structures are effectively aligned and delivered in a consistent manner. These local performance structures also set-out the roles and responsibilities for supervisors and managers and how they are expected to manage and improve performance as part of the P&DR process.
- 2.8 The Force has invested into a new training programme called the Police Leadership Framework (PLF) which changes the way we deliver leadership across policing. The leadership training is based on leadership standards that are derived from the Code of Ethics. The training is aligned to national leadership standards and the force's leadership development framework. This is designed to improve leadership skills and confidence and is a key enabler in improving performance management using a multi-level tailored programme of content for all roles.

Information Management

- 2.9 The Force has an established Information Management Department (IMD) recognising the statutory requirement and underpinning business need for this provision. The unit has a range of responsibilities for both the Force and the OPCC, primarily relating to data protection, information security and records management – this also extends to other key responsibilities for statutory functions such as subject access, freedom of information, family proceedings, the Disclosure and Barring service and the PNC Bureau.
- 2.10 The IMD also has responsibility for a number of other information management related functions, including:
 - Records Management
 - Information Systems Audit
 - Records Review Team

- Information Security
- 2.11 The demand and expectations on information management both within the organisation and also externally from regulatory bodies and partner agencies has grown significantly in response to achieving compliance, and also professionalising and formalising business processes. Information management is acknowledged as a core component of operational delivery across the Force.
- 2.12 In parallel to the core operational delivery of the information management service, there is work ongoing to embed information management services within the Force's transformational change programmes. This extends to both technology and business change programmes operating within the Transformation Programme, and also locally at Department/Area Command Level.
- 2.13 There is significant investment in information technology to ensure there is the capability and capacity to maintain existing technology, and implement new technology, which forms part of the Transformation Programme.
- 2.14 The Force is part of a national programme being rolled out to improve the quality and reduce effort required to produce the Annual Data Return (submission of data to the Home Office). The programme uses a system called National Data Quality Improvement Service (NDQIS) which is an established data quality tool provided by Datactics, funded through the Serious Violence Fund. This is initially focused on knife crime data returns but will expand to include other crime types in the future.
- 2.15 Information Commissioner's Office (ICO) undertook an audit in 2020 to determine the extent to which the Force is complying with data protection legislation. The scope of the audit was:
- Data protection governance and accountability
 - Staff data protection training and awareness
 - Security of personal data
 - Requests for personal data and data portability
 - Information sharing
 - Records management
 - Data Protection Impact Assessments and information risk management
- 2.16 An action plan was developed in response to the findings of the audit. The Force implemented a working group to manage the implementation of the action plan; attended by key stakeholders and action owners. Scrutiny and oversight of the action plan has been carried out at the Operational Information Management Board with the Audit formally closed off in June 2022 and final report provided to the force by the ICO. The ICO recognised the work undertaken by the Force and complimented the organisation for its level of commitment and engagement with them as a regulatory body. The ICO will undertake a further audit in June 2024, limited to Breach Management processes and updates will be provided via the governance structure with Portfolio, Force Assurance Board and JIAC included.
- 2.17 An audit of Information Governance and Data Security was completed as part of the 2022/23 Audit Plan. The audit found control systems are satisfactory with two

recommendations identified. Both of these recommendations have been addressed as part of an action plan. The objectives of the audit were to ensure:

- Satisfactory progress is being made towards the completion of the Information Commissioners Office's recommendations.
- Effective GDPR training has been rolled out to all employees.
- There are satisfactory controls in place to manage compliance with the Data Protection Act.
- There are adequate arrangements in place for secure storage, transport and maintenance of accurate and up-to-date data.

2.18 The Force completed a Police Digital Service facilitated Data and Analytics Maturity Assessment in February 2024, which assessed data maturity across twelve dimensions. Overall, the assessment rated the Force at a maturity level of 3 "Proactive" for most areas, scoring higher in Risk, Organisation and Policies, at a level of 4 "Managed". The assessment highlighted:

- Ongoing development of Business Intelligence and Data Strategies, including plans to fully integrate data governance into the overarching governance framework.
- Proactive management of risk.
- A clear understanding of senior leadership of the importance of data management, with increased recognition of data as a strategic asset.
- Progress in data architecture, with the technical environment transitioning to better support the Data Strategy and efforts to address legacy system challenges.

PRIMARY ASSURANCE FRAMEWORK ELEMENT

CIPFA FINANCIAL MANAGEMENT (FM) CODE
SELF-ASSESSMENT

REPORT OF: DEPUTY HEAD OF FINANCE

1. Overview of Area of Assurance

- 1.1. Compliance with the new CIPFA Financial Management Code self-assessment requirement.

2. Background

- 2.1. The Chartered Institute of Public Finance and Accountancy (CIPFA) published the Financial Management Code (FM Code) in October 2019 and detailed guidance was published in May 2020. Although it is not a statutory code public bodies are required to comply with the 6 principles and 17 standards it contains.
- 2.2. The FM Code was introduced to provide public sector bodies with a framework to guide sustainable financial management in response to concerns about the financial resilience of local authorities (including Police). The FM Code formally came into effect for 2021/22 following the 'Pilot' year in 2020/21.
- 2.3. 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, and manage financial resilience to meet unforeseen demands on services and manage unexpected changes in financial circumstances.
- 2.4. A joint self-assessment for the PCC and CC as a group entity has been undertaken for the 2023/24 financial year. The detailed assessment is attached at Appendix A.

3. Findings

- 3.1. 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:

- 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)
- 3.2. The overall conclusion from the self-assessment is Green; however, the Code requires any areas for improvement to be disclosed within an action plan within the AGS.
- 3.3. 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 B.

2023/24 CIPFA - Financial Management Self-Assessment

APPENDIX A

Background

Northumbria Police are required to comply with the 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 Force, manage financial resilience to meet unforeseen demands on services and manage unexpected changes in financial circumstances.

Northumbria Police has undertaken a self-assessment in-line with guidance issued by CIPFA.

	Question	Answer	RAG	Areas for improvement / Comments
Section I - The Responsibilities of the Chief Finance Officer and Leadership Team			G	
A	The leadership team is able to demonstrate that the services provided by the authority provide value for money			
I	Does the authority have a clear and consistent understanding of what value for money means to it and to its leadership team?	<p>The Police and Crime Plan has a clear focus on ensuring the force has the resources it needs to keep communities safe, to ensure that Northumbria Police can deliver the Plan priorities that have been set in consultation with Northumbria residents.</p> <p>The key principles of the Commissioner's Medium Term Financial Strategy have a clear focus on achieving VFM. Delivering the Police and Crime Plan priorities whilst ensuring that the achievement of Value for Money is prioritised by the Chief Constable, securing economy, efficiency, and effectiveness in the use of resources.</p>	G	

2	Does the authority have suitable mechanisms in place to promote value for money at a corporate level and at the level of individual services?	<p>The Governance 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.</p> <p>Delivery of the Police and Crime Plan is the responsibility of the Chief Constable. Performance is monitored at the Strategic Performance Board (SPB), chaired by the Deputy Chief Constable, underpinned by a number of Delivery, Standards and Assurance boards. The Commissioner scrutinises progress, along with performance, and holds the Chief Constable and his team to account at a monthly Scrutiny meeting.</p> <p>Financial Regulations including contract regulations are also detailed within the Governance Framework. The force procurement policy sets out the processes to ensure that VFM is demonstrated through tenders and contracts.</p>	G	In order to achieve compliance with the FM Code, consideration of value for money should be an integral feature to the decisions made by the leadership team, especially those relating to the allocation of resources or to the delivery of services.

3	<p>Is the authority able to demonstrate the action that it has taken to promote value for money and what it has achieved?</p>	<p>The Commissioners Statements of Account, MTFs, Annual Budget and Precept Report have provided stakeholders and members of the public with a continuous narrative on the financial challenge faced by Northumbria Police over the 2010 and 2015 CSR periods, updated on an annual basis. These have clearly demonstrated the Force's strong history of achieving savings targets, managing financial performance within the annual budget and maintaining high standards of policing for Northumbria residents whilst being the hardest hit force over the prolonged period of austerity since 2010. This messaging has been reinforced by a number of independent reports by the National Audit Office (NAO) and HMICFRS.</p> <p>External auditors have issued an unqualified Value for Money opinion each year through to 2020/21 concluding that in all significant respects, the Chief Constable, PCC and Group has put in place proper arrangements to secure economy, efficiency and effectiveness in the use of resources.</p> <p>For the 2022/23 financial year the external auditor Grant Thornton UK LLP (GT) have issued a positive Value for Money report in their Auditor's Annual Report (AAR). Under the AAR arrangements are assessed under three areas – Financial Sustainability,</p>	G	
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		<p>Governance and Improving Economy, Efficiency and Effectiveness. The AAR 2022/23 concludes that for each area there were no significant weaknesses identified and no improvement recommendations were raised</p> <p>Procurement savings are reported to Blue Light Commercial on a quarterly basis.</p> <p>Budget savings and efficiencies continue to be delivered wherever possible as part of the annual budget and MTFS planning process, through continued scrutiny of non-pay budgets, continued use of national framework agreements and maximising income generation wherever possible.</p>		
B	The authority complies with the CIPFA Statement on the Role of the Chief Finance Officer in Local Government			
I	Is the authority's CFO a key member of the leadership team, involved in, and able to bring influence to bear on, all material business decisions?	<p>The Commissioner and Chief Constable have a Joint CFO with responsibilities set out in the Scheme of Governance, which provides both the Commissioner and Chief Constable with a single efficient, effective and economic financial management lead.</p> <p>The Joint CFO is both a member of the Commissioner's leadership team and a member of the Chief Constable's Executive Team.</p>	G	

2	Does the CFO lead and champion the promotion and delivery of good financial management across the authority?	<p>Yes, the CFO leads and champions good financial management across the Force.</p> <p>The CFO is a member of the Executive Team of the Chief Constable, is Treasurer to the PCC and sits on a number of Strategic Boards and provides financial advice and guidance throughout the year on key decisions taken by the Chief Constable and Commissioner.</p>	G	
3	Is the CFO suitably qualified and experienced?	<p>Yes, the CFO is suitably qualified and experienced as required by the CIPFA Statement on the Role of the CFO for the Chief Constable and PCC/ in Policing.</p> <ul style="list-style-type: none"> • The CFO carries out a self-assessment on an annual basis against the CIPFA Statement on the Role of the CFO to ensure compliance with the requirements, standards and controls set out in the Statement. • The AGS confirms that 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. 	G	<p>To deliver the responsibilities set out in the CIPFA Statement on the Role of CFOs in Policing, the Chief Financial Officer must:</p> <ul style="list-style-type: none"> • Lead and direct a finance function that is resourced to be fit for purpose • Be professionally qualified and suitably experienced.
4	Is the finance team suitably resourced and fit for purpose?	Yes, this is a requirement under the CIPFA Statement on the Role of the CFO – see B3 response also.	G	

		<p>The finance structure was reviewed in 2020/21 and proposed structure changes were approved in May 2021 which: take into account the development of systems and processes; increase capacity to support strategic governance; and increase professional resources to provide resilience, and to meet the increased internal and external demand on the Finance Department. The finance senior management structure was further strengthened through an additional post created in 2022/23 which will lead on the Business Partnering work across the Force to support budget leads and develop business acumen.</p> <p>The approved investment and structure realignment will enable the Finance Department to meet the challenges outlined in the Business Plan as well as identified emerging demands.</p>		
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Section 2 - Governance and Financial Management Style			G	
C	The leadership team demonstrates in its actions and behaviours responsibility for governance and internal control			
I	Does the leadership team espouse the Nolan principles?	<p>Yes</p> <p>The Code of Conduct for the Police and Crime Commissioner is published on the PCC website. The Commissioner has adopted this Code which is based on the</p>	G	

		<p>seven principles set out in Standards in Public Life: First Report of the Committee on Standards in Public Life, known as the Nolan Principles.</p> <p>The Code of Ethics is embedded in the leadership of the Force.</p> <p>The Force Instructional Information System (IIS) contains policies and procedures relating to Ethics and Codes of Conduct. The Force also operates a Trust and Confidence Board and Ethics Advisory Group. Professional Standards reporting procedures outline how staff wishing to report wrongdoing may do so, including a statement of expectation.</p>		
2	Does the authority have in place a clear framework for governance and internal control?	<p>The Governance Framework is published on the PCC website. The Commissioners 6 principles of good governance are:</p> <ol style="list-style-type: none"> 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 	G	

		<p>which are subject to effective scrutiny and risk management.</p> <p>5. Developing the capacity and capability of the Commissioner and officers to the Commissioner to be effective.</p> <p>6. Engaging with local people and other stakeholders to ensure robust public accountability.</p>		
3	Has the leadership put in place effective arrangements for assurance, internal audit and internal accountability?	<p>The assurance framework is made up from a number of sources that provide assurance on governance arrangements and that controls are in place to achieve each body's strategic objectives.</p> <p>The Joint Governance Group is responsible for assessing and reviewing evidence from a number of sources, which provide assurance that the systems of internal control are operating as planned:</p> <ul style="list-style-type: none"> • Governance arrangements. • Senior managers. • The system of internal audit. • Risk management arrangements. • Performance management and data quality. 	G	

		<ul style="list-style-type: none"> • The view of the external auditor, HMICFRS, and other external inspectorates. • The legal and regulatory framework. • Financial controls. • Partnership arrangements and governance. • Other sources of assurance as appropriate. 		
4	Does the leadership team espouse high standards of governance and internal control?	<p>See also C2 and C3 above.</p> <p>The AGS demonstrates how the Commissioner 'Promotes Values of Good Governance Through Upholding High Standards of Conduct and Behaviour'.</p> <p>The Office of the Commissioner has a comprehensive website (Northumbria PCC) that includes:</p> <ul style="list-style-type: none"> • Information about the Commissioner and office, required by the Specified information Order 2011 (and subsequent amendment orders). • Code of Conduct based on the Seven Principles of Public Life published by the Nolan Committee, signed by the Commissioner. 	G	

	<ul style="list-style-type: none">• The Commissioner's disclosure of interest document which is updated annually.• An 'Ethical Checklist' signed by the Commissioner committing to standards required by the Committee for Standards in Public in Life.• A register of the Commissioner's and the OPCC gifts, hospitality and business expenses. <p>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.</p> <p>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 Office of the Commissioner website.</p> <p>Decisions of the Force are also scrutinised by the PCC at the Scrutiny meetings which are detailed on the PCC website.</p> <p>Codes of conduct and business interests are declared, and all senior leaders are required</p>	
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		<p>to complete a related party declaration annually which is subject to external audit.</p> <p>The governance of the Force is documented annually in the Annual Governance Statement (AGS) which is approved by the JIAC.</p>		
5	Does the leadership team nurture a culture of effective governance and robust internal control across the authority?	<p>Yes.</p> <p>Regular senior leadership meetings to provide support and input at a strategic level throughout the governance cycle, promote learning and development, as well as strategic direction of the force.</p> <p>There is a Joint Governance Framework that exists for the PCC and Chief Constable which includes Finance and Contract Regulations.</p>	G	
D	The authority applies the CIPFA/SOLACE Delivering Good Governance in Local Government: Framework (2016)			
1	Has the authority sought to apply the principles, behaviour and actions set out in the Framework to its own governance arrangements?	The AGS is prepared in accordance with this Framework. The AGS for each of the Chief Constable and Commissioner explains how they have complied with the Framework and meet the statutory requirements of regulations.	G	
2	Does the authority have in place a suitable local code of governance?	The Governance Framework comprises the systems, processes, culture and values by which the Commissioner operates. The	G	

		system of internal control is a significant part of that framework and 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.		
3	Does the authority have a robust assurance process to support its AGS?	<p>The force undertakes a review of its governance arrangements on an annual basis to inform the AGS.</p> <p>All departments and area commands are required to conduct a self-assessment of the adequacy of internal control systems in place to manage principal business risks, evaluating the effectiveness of procedures, systems, and controls and where applicable, highlighting areas for improvement and actions intended to address these. Each Area Commander / Head of Department completes an Annual Assurance Statement to inform the process and is accountable for implementing their respective action plans</p> <p>The AGS is subject to scrutiny and approval by the Joint Independent Audit Committee, both for publication in the draft accounts and again for the final audited accounts.</p>	G	
E	The Financial Management Style of the authority supports financial sustainability			

1	Does the authority have in place an effective framework of financial accountability?	<p>The Governance Framework sets out financial regulations including contract regulations, and all delegations from the Commissioner and Chief Constable.</p> <p>Financial systems operate workflow at transactional level which directs relevant authorisations to managers based on roles and responsibilities.</p>	G	
2	Is the authority committed to continuous improvement in terms of the economy, efficiency, effectiveness and equity of its services?	<p>Yes, the force is committed to continuous improvement in terms of the economy, efficiency, effectiveness, and equity of its services</p> <p>The force has a formal business planning process whereby business planning reviews and proposals, including identification of efficiencies are carried out on annual basis. These are reviewed by the Executive team to identify areas for investment.</p> <p>The Force introduced a Priority Based Budgeting (PBB) approach to business planning during the 2023/24 financial year, 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.</p>	G	

		The force has a Strategic Design Authority whereby any significant proposals for change to the force operating model are discussed and recommended where appropriate, for progression to the Executive Team for formal consideration.		
3	Does the authority's finance team have appropriate input into the development of strategic and operational plans?	<p>The finance team lead on the setting of the annual budget and production of medium term forecasts and options which support, underpin, and facilitate strategic decision making and operational planning.</p> <p>The Joint CFO for the Commissioner and Chief Constable has responsibility for the Finance Department and is a key member of the leadership team for both the Force and OPCC including:</p> <ul style="list-style-type: none"> • Representation on Boards • Executive Team • JBM • OPCC Business Meeting 	G	
4	Do managers across the authority possess sufficient financial literacy to deliver services cost effectively and to be held accountable for doing so?	<p>Each Area Commander and Head of Department has a dedicated finance contact.</p> <p>The Finance Lead for Financial Performance meets regularly with ACCs and Executive Level directors to discuss their portfolio/budget areas and agree forecasts for reporting.</p>	G	

		<p>The changes approved to the finance structure in May 2021 and the strengthening of the senior management structure through an additional post created in 2022/23, have provided increased capacity and professional resources to support Strategic Governance, additional resilience, whilst meeting the increased internal and external demand on the Finance Department. Thus, increasing governance and corporate oversight, moving to provision of a more focussed Finance Business Partner role and allowing dedicated senior resources to assist on critical areas that have grown significantly over the last few years.</p>		
5	<p>Has the authority sought an external view on its financial style, for example through a process of peer review?</p>	<p>Not currently.</p> <p>Finance intends to implement the CIPFA FM model/review during 2023/24. This will enable the force to:</p> <ul style="list-style-type: none"> • Create an action plan for areas of improvement. • Review adequacy of financial management support to the organisation. <p>(Note peer review is not a requirement for compliance with the FM Code.)</p>	A	<p>In CIPFA's view, an assessment of an authority's financial management style can best be undertaken by means of peer review. Whilst this is not a mandatory requirement for compliance with the FM Code, it can yield a more objective, more balanced and more insightful view than one resulting from an</p>

				assessment undertaken by the authority itself.
6	Do individuals with governance and financial management responsibilities have suitable delegated powers and appropriate skills and training to fulfil these responsibilities?	<p>Yes</p> <ul style="list-style-type: none"> • The appropriate delegations and responsibilities are detailed in the Governance Framework, financial regulations and contract regulations. • Skills and training are reviewed through PDR process. • TM training delivered to JIAC members. • Further investment approved in the Finance structure - to enhance the senior level finance structure to create an additional senior manager (Senior Finance Lead) and a new team dedicated to financial business partnering, to improve financial acumen and financial information available to budget managers. 	G	
Section 3 - Long to Medium Term Financial Management			G	
F	The authority has carried out a credible and transparent Financial Resilience Assessment			
I	Has the authority undertaken a Financial Resilience Assessment?	The 'Financial resilience self-assessment and medium term financial planning toolkit' has been produced as part of the Achieving Finance Excellence in Policing (AFEP) programme under the oversight of the Police Financial Management (FM) Working Group	A	Financial resilience is a key component of CIPFA's Financial Management (FM) Model and provides an assessment of the financial sustainability of each force

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		The force will undertake the financial resilience assessment as part of the implementation of the CIPFA FM model/review during 2024/25.		and its ability to withstand financial shocks.
2	Has the Assessment tested the resilience of the authority's financial plans to a broad range of alternative scenarios?	As above	A	As above
3	Has the authority taken appropriate action to address any risks identified as part of the assessment	As above	A	As above
G	The authority understands its prospects for financial sustainability in the longer term and has reported this clearly to Members			
I	Does the authority have a sufficiently robust understanding of the risks to its financial sustainability?	<p>A financial risk assessment is undertaken for the revenue and capital budget setting process to ensure all risks and uncertainties affecting the Commissioner's financial position are identified. The annual budget and precept report sets out the financial risk analysis to the budget approved for the year.</p> <p>In addition, the Commissioner faces a number of significant financial pressures that could affect the position over the medium term. The MTFS 2023/24 to 2026/27 includes an assessment of those risks, the likelihood and impact of each risk and the relevant management controls in place.</p>	G	

2	Does the authority have a strategic plan and long-term financial strategy that address adequately these risks?	<p>Medium Term Financial Strategy (MTFS) is reviewed and updated annually and aligned with other strategic plans, Capital Strategy, Reserves Strategy Statement, Treasury Management Strategy.</p> <p>Specific earmarked reserves have been created to mitigate against specific financial risks identified over the medium term. The CFO has assessed the level of financial reserves as adequate as part of the MTFS and budget setting process.</p>	G	
3	Has the authority sought to understand the impact on its future financial sustainability of the strategic, operational and financial challenges that it might face (e.g. using a technique such as scenario planning)?	<p>Scenario planning is incorporated within the annual budget setting and MTFS planning process. A prudent approach is taken when adopting assumptions around material areas of expenditure and income, in particular increases to core funding sources such as government grant and local precept income.</p>	G	
4	Has the authority reported effectively to the leadership team and to members its prospects for long-term financial sustainability, the associated risks and the impact of these for short- and medium-term decision making?	<p>These factors are considered across strategic level reporting which the leadership team are sighted on as appropriate:</p> <ul style="list-style-type: none"> - Budget and Precept Report - MTFS - Capital Strategy - Reserves Strategy Statement - Treasury Management Strategy <p>Risks assessments are included in the Budget and Precept Report and MTFS which</p>	G	

		<p>specifically address risks to financial forecasts, estimates and assumptions.</p> <p>During the year revenue and capital monitoring reports will highlight changes in significant risks and issues and suggest appropriate action.</p>		
H	The authority complies with the CIPFA Prudential Code for Capital Finance in Local Authorities			
1	Has the authority prepared a suitable capital strategy?	<p>Yes, the Capital Strategy can be found at:</p> <p>Link to Capital Strategy 2024/25 to 2027/28</p>	G	
2	Has the authority set prudential indicators in line with the Prudential Code?	<p>Yes, the Prudential Indicators are published with both the Capital Strategy and the Treasury Management Strategy Statement. All Prudential Indicators are in-line with the Code requirements.</p>	G	
3	Does the authority have in place suitable mechanisms for monitoring its performance against the prudential indicators that it has set?	<p>The Prudential Indicators are monitored on a monthly basis as part of the Treasury Management reporting process. In addition they are reported in the mid-year and annual reports which are subject to scrutiny at the Joint Independent Audit Committee (JIAC) before being reported to the Commissioner.</p>	G	
I	The authority has a rolling multi-year Medium Term Financial Plan consistent with sustainable service plans			

1	Does the authority have in place an agreed medium-term financial plan?	Yes, the Medium Term Financial Strategy (MTFS) 2023/24 to 2026/27 was published in March 2023 and can be found at: Link to MTFS 2024/25 to 2027/28	G	
2	Is the medium-term financial plan consistent with and integrated into relevant service plans and its capital strategy?	The MTFS is consistent with and fully aligned with the Capital Strategy, Reserves Strategy and Treasury Management Strategy.	G	
3	Has the medium-term financial plan been prepared on the basis of a robust assessment of relevant drivers of cost and demand?	Yes, see responses to G1, G2 and G3 above. Senior leaders are fully involved in the budget setting process each year to ensure that changes in demand can be reflected in their respective areas of budget responsibility. People Services and Finance work closely throughout the budget setting process to ensure that the most significant cost base (workforce budget) is accurately forecast and throughout the year is effectively monitored to address variances at the earliest opportunity.	G	
4	Has the medium-term financial plan been tested for resilience against realistic potential variations in key drivers of cost and demand?	Financial resilience is achieved through a combination of a prudent approach to budget setting and the significant assumptions relating to grant and precept, risk analysis incorporated within budget setting and MTFS planning processes, and the creation of earmarked reserves to mitigate specific financial risks over the medium term.	G	

5	Does the authority have in place a suitable asset management plan that seeks to ensure that its property, plant and equipment including infrastructure assets contribute effectively to the delivery of services and to the achievement of the authority's strategic aims?	<p>Yes, there is an Estates plan which is premised on a full buildings condition survey. The programme is aligned with the Estates Capital Programme 2024/25 to 2027/28 as detailed in the MTFS.</p> <p>The Force has recently undertaken a thorough and independent review of its Estate and Force Operating Model including custody provision and the associated implications for the owned/leased/required estate to deliver an outstanding service. The Review was subject to detailed consultation with operational leaders, the professional view of the Estates Team (and associated surveyors) and independent challenge.</p> <p>The new Estates Strategy presented to the Commissioner on 30 April 2024 sets out 8-year plans to invest in new sites, refurbishment of existing estate and required decarbonisation work necessary to meet the 2030 net carbon zero commitment.</p> <p>The Capital Programme 2024/25 to 2027/28 contains significant investment in Digital Transformation, Vehicles including electrification of the fleet, and operational equipment to keep officers and staff safe and make sure they have the tools to be effective.</p>	G	

Section 4 - The Annual Budget			G	
J	The authority complies with its statutory obligations in respect of the budget setting process			
1	Is the authority aware of its statutory obligations in respect of the budget-setting process?	<p>Yes, the statutory obligations in respect of budget setting are met each year as required by legislation.</p> <p>Statutory obligations, relevant legislation and statutory instruments are generally referenced within the reporting processes and key decision reports to highlight the legal responsibility which is satisfied by specific decisions and approvals.</p>	G	
2	Has the authority set a balanced budget for the current year?	Yes, the budget and precept for 2024/25 was agreed by the Police and Crime Panel and approved by the Commissioner, the report can be found on the OPCC website.	G	
3	Is the authority aware of the circumstances under which it should issue a Section 114 notice and how it would go about doing so?	Yes, the Joint CFO is fully aware of the circumstances under which a Section 114 notice should be issued.	G	
K	The budget report includes a statement by the Chief Finance Officer on the robustness of the estimates and a statement of the adequacy of the proposed financial reserves			
1	Does the authority's most recent budget report include a statement by the CFO on the robustness of the estimates and a statement of the adequacy of the proposed financial reserves?	Yes, this statement is included in the report each year and specifically referenced in the key decision on the Commissioners website.	G	

2	Does this report accurately identify and consider the most significant estimates used to prepare the budget, the potential for these estimates being incorrect and the impact should this be the case?	A risk assessment is included in the Budget Report 2024/25 and MTFs 2024/25 to 2027/28 that addresses the main risks to the financial position and forecast including impact assessment and mitigation.	G	
3	Does the authority have sufficient reserves to ensure its financial sustainability for the foreseeable future?	Yes The Reserves Strategy Statement can be found at: Link to Reserves Strategy Statement 31 March 2024 The CFO considers that the level of financial reserves held at 31 March 2024 is adequate as confirmed by section 6 of the Reserves Strategy Statement.	G	
4	Does the report set out the current level of the authority's reserves, whether these are sufficient to ensure the authority's ongoing financial sustainability and the action that the authority is to take to address any shortfall?	The Reserves Strategy Statement sets out the current and forecast future levels of financial reserves and concludes at section 6 that the CFO considers that the level of financial reserves held by the Commissioner is adequate. No shortfall has been identified.	G	

Section 5 - Stakeholder Engagement and Business Plans			G	
L	The authority has engaged where appropriate with key stakeholders in developing its long-term financial strategy, medium term financial plan and annual budget			

I	<p>How has the authority sought to engage with key stakeholders in developing its long-term financial strategy, its medium-term financial plan and its annual budget?</p>	<p>Area Commanders and Heads of Departments are consulted on their respective budget areas.</p> <p>People Services are fully engaged in setting the most significant budget area (workforce). Executive Team make decisions on workforce profiles, authorised establishment levels and forecast officer recruitment.</p> <p>Capital investment requirements are determined by the Executive Team and approved by the Commissioner.</p> <p>The regional NEROCU budget is developed in partnership with Durham and Cleveland finance teams, the Head of NEROCU and NEROCU SMT, and agreed through the Management Board and Joint Committee.</p> <p>The Commissioner undertakes consultation with the public on the proposed council tax precept each year.</p> <p>The annual budget and precept proposals are subject to scrutiny by the independent Police and Crime Panel, on behalf of the public, the Councillor members of which represent all 6 local authorities across the Northumbria Police area.</p>	G	
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		PACCTS/NPCC issue a number of surveys throughout the year to collate data and working assumptions for all Forces. The results of those surveys are subsequently shared with Forces to inform planning processes.		
2	How effective has this engagement been?	<p>Northumbria Police has a strong record of effective financial management, delivering planned savings and managing financial performance within budget.</p> <p>Unqualified external audit opinion on accounts every year and unqualified value for money opinion.</p> <p>Balanced budget set each year across the medium term.</p> <p>Balanced MTFS forecast 2024/25 to 2027/28.</p> <p>Public consultation on proposed precept increase each year by the PCC – support from the public each year for the increase in precept.</p> <p>Performance - Victims of crime report high levels of satisfaction.</p> <p>Public perception - Although national comparison data was unavailable throughout the pandemic, recent data from the Crime</p>	G	

		Survey for England and Wales (CSEW) placed the force first nationally for many of the confidence and public perception measures.		
3	What action does the authority plan to take to improve its engagement with key stakeholders?	<p>Improving engagement with stakeholders is subject to continuous review to identify new opportunities to engage with the workforce, external agencies/partners, and the public.</p> <p>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. Through these engagement channels, the Commissioner can ensure that the service provided reflects the changing needs of local communities.</p> <p>NIK is the new Force intranet service launched in September 2022. NIK is the internal platform designed to help the Force create a culture of encouragement, recognition, and engagement through online interactivity. It has received positive feedback from officers and staff and provides operational Apps and tools, an intelligent search function, interactive content, and FAQs to support the workforce.</p>	G	

		<p>Engagement with the workforce has included regular newsletters and publications such as 'In the Know' and 'NIK News'.</p> <p>Recent data from the Crime Survey for England and Wales (CSEW) places Northumbria first nationally for many of the confidence and public perception measures.</p>		
M	The authority uses an appropriate documented option appraisal methodology to demonstrate the value for money of its decisions			
I	Does the authority have a documented option appraisal methodology that is consistent with the guidance set out in IFAC/PAIB publication 'Project and Investment Appraisal for Sustainable Value Creation: Principles in Project and Investment Appraisal'?	<p>The force operates a Project Assessment Group (PAG). Members of PAG are at a senior level within the organisation and include Executive Level officers:</p> <ul style="list-style-type: none"> • Assistant Chief Constable • Joint Chief Finance Officer • Chief Information Officer <p>The PAG are the governance group responsible for the review and approval of all new Business Cases produced by the Business Engagement team.</p> <p>Projects are assessed using standard templates for Ideas Capture, Assessment, Evaluation and Business Case presentation. See responses to questions 2 to 5 below for further detail of option assessment methodology.</p>	G	

		<p>Templates have also been developed for Solutions Architecture (Options Report & High Level Design) and for Procurement (tender/supplier selection).</p> <p>Note - Most significant technology schemes are led nationally either by the service or HO, and we are not involved in the development and implementation of those schemes e.g. Emergency Services Network, National Monitoring Centre.</p>		
2	Does the authority offer guidance to officers as to when an option appraisal should be undertaken?	<p>The Business Engagement Team provide advice and guidance on submission of all relevant documentation through the PAG process.</p> <p>Relevant staff within Finance, Procurement, ICT and Estates understand the need to produce an appropriate level of option appraisal to support new growth bids and provide relevant advice and guidance as required for each project.</p> <p>All major new schemes for the force are managed by the FMO and from a governance perspective taken through the Strategic Design Authority</p>	G	

3	Does the authority's approach to option appraisal include appropriate techniques for the qualitative and quantitative assessment of options?	<p>The PAG evaluation process captures both quantitative and qualitative benefits and includes assessments against:</p> <ul style="list-style-type: none"> • The Force Strategic Objectives. • The Police and Crime Commissioners Police and Crime Plan Objectives. • Existing costs and funding streams • Costs of change implementation and potential funding sources. 	G	
4	Does the authority's approach to option appraisal include suitable mechanisms to address risk and uncertainty?	<p>Reports for decision making follow a corporate format which requires that risk is considered along with implications for consultation, resources, ethics, equality, legal, communication, evaluation.</p> <p>See below response for consideration of risks and benefits within each Business Case.</p>	G	
5	Does the authority report the results of option appraisals in a clear, robust and informative manner that gives clear recommendations and outlines the risk associated with any preferred option(s)?	<p>The standard business case template ensures that the results of option appraisal are reported in a clear, robust, and informative manner with consistency and a clear framework that considers benefits and risks in determining the preferred option(s):</p> <ul style="list-style-type: none"> • Executive Summary • Background • Project Impact • Options Considered • Benefits • Risks 	G	

		<ul style="list-style-type: none"> • Milestones and Resources • Costs <p>Where option appraisal is included within business cases, the Transformation team, and Project Management Office (PMO) provide relevant inputs to option presentation, methodology, and the financial implications of any recommendations and conclusions. This ensures that the content can be clearly understood to support effective decision making.</p>		
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Section 6 - Monitoring Financial Performance			G	
N	The leadership team takes action using reports enabling it to identify and correct emerging risks to its budget strategy and financial sustainability			
I	Does the authority provide the leadership team with an appropriate suite of reports that allows it to identify and to correct emerging risks to its budget strategy and financial sustainability?	<p>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.</p> <p>The monthly revenue monitoring reports provide commentary on all significant budget</p>	G	

		<p>areas and highlight material variations to budgets, whilst the appendices to the reports provide the detailed budget position for additional scrutiny.</p> <p>New Business Packs have been developed during 2023/24 by Finance which are issued to all Area Commanders and Heads of Department. These reports are presented in Power BI format and provide additional information on spending in an improved visual format, to allow the user to drill down into spend and analyse trends.</p>		
2	Do the reports cover both forward and backward looking information in respect of financial and operational performance?	Yes, reporting covers financial position as at the reporting date and year-end forecast.	G	
3	Are there mechanisms in place to report the performance of the authority's significant delivery partnerships such as contract monitoring data?	<p>NEROCU is a significant collaboration with Durham and Cleveland with governance arrangements set out under a formal S22 Collaboration Agreement. Financial performance is reported to NEROCU Management Board and then to NEROCU Joint Committee. The Northumbria contribution to NEROCU is reported at force level within budget monitoring reports for the Chief Constable.</p> <p>Internal audit examines the arrangements in place for partnership working on an annual or biannual basis according to risk.</p>	G	

		There has been a significant volume of OPCC partnership working in recent years on funded multi-force/multi-agency projects, intended to transform policing for the future and to respond to the changing nature of crime. Partnership working has focused on prevention and early intervention tackling domestic abuse, serial perpetrators and serious violence, with governance and performance monitoring reported through the OPCC.		
4	Are the reports provided to the leadership team in a timely manner and in a suitable format?	Reports are monthly and circulated in advance of relevant meetings. Format is subject to review on an annual basis to ensure that a sufficient level of detail and transparency is provided to effectively support decision making and actions.	G	
5	Is the leadership team happy with the reports that it receives and with its ability to use these reports to take appropriate action?	Yes	G	
O	The leadership team monitors the elements of its balance sheet which pose a significant risk to its financial sustainability			
I	Has the authority identified the elements of its balance sheet that are most critical to its financial sustainability?	Reserves – the Commissioners reserves strategy is reviewed twice yearly: I. As part of the Medium-Term Financial Strategy (MTFS), precept and budget	G	

		<p>setting process</p> <p>II. In the Commissioner's Reserves Strategy Statement</p> <p>Borrowing, Investments and Cashflow – borrowing and investment activity and performance against treasury prudential indicators is monitored on a monthly basis by the Treasury Management (TM) function. Reports are provided monthly to the Head of Finance and CFO. Reporting is considered at monthly meetings with the Head of Finance and on a quarterly basis with the CFO. Cashflow forecasts are updated on a daily basis and considered monthly alongside planned investment and borrowing profiles. The Joint Independent Audit Committee (JIAC) provides scrutiny to the Treasury Management Policy and Strategy on an annual basis and receives a mid-year and annual report on TM performance and activity. JIAC recommends the approval of those reports by the Commissioner.</p> <p>Trade Debtors and Creditors – monitored by Exchequer Services (Finance)</p> <p>Capital Investment – Capital Programme reviewed and agreed annually, budget monitoring to the Commissioner on a quarterly basis and Capital Strategy published annually.</p>		
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2	Has the authority put in place suitable mechanisms to monitor the risk associated with these critical elements of its balance sheet?	Yes, the monitoring arrangements are described above and the mitigation of risk in the section below.	G	
3	Is the authority taking action to mitigate any risks identified?	<p>The Commissioner's Reserves Strategy Statement sets out the approach to maintain reserve balances that mitigate specific risks identified over the medium term – Operational Systems development, implementation of ESN, operational policing, sustaining investment in local policing services in Northumbria and a specific reserve created to manage Inflationary Risk.</p> <p>The Commissioner's Treasury Management Policy and Strategy Statement sets out the approach to managing risk identified with borrowing and investment activities.</p> <p>The Capital Strategy and Treasury Management Strategy set out the Prudential Indicators used to monitor and control treasury performance.</p> <p>Finance policies and procedures mitigate risk associated with suppliers, debtors and cash.</p>	G	
4	Does the authority report unplanned use of its reserves to the leadership team in a timely manner?	The planned use of reserves for the year ahead and over the medium term are set out in the annual precept and budget report and four-year MTFS. Any changes required to the use of reserves as a result of in-year	G	

		financial performance would be highlighted within budget reporting to the Commissioner. The final use of reserves for the year is approved by the Commissioner with the budget outturn report for the Group position.		
5	Is the monitoring of balance sheet risks integrated into the authority's management accounts reporting processes?	<p>Borrowing and Investment - Prudential indicators reported with capital budget monitoring reports, monthly treasury management reports, TM mid-year and annual reports.</p> <p>Capital Investment – monthly reporting of expenditure, capital receipts and capital financing.</p> <p>Reserves – specific consideration given where performance in-year requires a potential change to the planned use of reserves identified at budget setting.</p>	G	

Section 7 - External Financial Reporting			G	
P	The Chief Finance Officer has personal responsibility for ensuring that the statutory accounts provided to the local authority comply with the Code of Practice on Local Authority Accounting in the United Kingdom			
I	Is the authority's CFO aware of their responsibilities in terms of the preparation of the annual financial statements?	Yes, the role, responsibilities and delegations are fully detailed in the Governance Framework published on the OPCC website.	G	

		<p>The Joint CFO signs the balance sheet to the accounts and approves the draft accounts for publication (both CC and PCC/Group).</p> <p>Responsibilities are fully detailed in the CIPFA Statement on the Role of the CFO. The CFO carries out a self-assessment on an annual basis to ensure compliance with the requirements, standards and controls set out in the Statement.</p>		
2	Are these responsibilities included in the CFO's role description, personal objectives and other relevant performance management mechanisms?	Detailed in the CIPFA Statement on the Role of the CFO – see PI response.	G	
3	Have the authority's financial statements hitherto been prepared on time and in accordance with the requirements of the Code of Practice on Local Authority Accounting in the United Kingdom?	Yes, the Chief Constable, Commissioner and Group accounts have been published on-time each year since the PCC role was created, and the external audit of accounts has confirmed each year, an unqualified opinion, accounts of a high standard and prepared in-line with the Code, in addition to an unqualified value for money opinion each year.	G	
Q	The presentation of the final outturn figures and variations from budget allow the leadership team to make strategic financial decisions			
I	Is the authority's leadership team provided with a suitable suite of reports on the authority's financial outturn and on significant variations from budget?	Both the Chief Constable and Commissioner are provided with outturn reports that are aligned with the level of detail monitored monthly throughout the year. Variances are	G	

		reported monthly and detailed at the year-end within the appendices to the budget report.		
2	Is the information in these reports presented effectively?	The final outturn reports follow the structure of monthly budget reporting-level detail and form the basis of the outturn reporting within the Narrative Statement in Statements of Account for the Chief Constable and Commissioner.	G	
3	Are these reports focused on information that is of interest and relevance to the leadership team?	<p>The revenue reports focus on the annual performance, key variances and significant changes since the previous quarterly/monthly position was presented, and impact on the financial position of the force –i.e. impact on the level of financial reserves.</p> <p>Capital outturn reports highlight variances against budget estimates in addition to ‘slippage’, those differences due to timing of expenditure. This allows for assessment of the impact on the following year’s capital programme as well as on the overall capital financing requirement for the year.</p>	G	
4	Does the leadership team feel that the reports support it in making strategic financial decisions?	Yes	G	

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 one 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.	November 2024