

**JOINT INDEPENDENT AUDIT COMMITTEE**

**MONDAY 24 FEBRUARY 2025, 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 18 November 2024**  
*(Attached)*
- 4. MATTERS ARISING**  
*(Attached)*
- 5. PCC POLICE AND CRIME PLAN 2025-2029**  
OPCC Chief of Staff  
*(Paper attached)*
- 6. JOINT STRATEGIC RISK REGISTER**  
Head of Corporate Development  
*(Paper attached)*
- 7. TREASURY POLICY STATEMENT AND TREASURY STRATEGY 2025/26 TO 2028/29**  
Deputy Head of Finance  
*(Paper attached)*
- 8. ANNUAL GOVERNANCE REVIEW - ASSURANCE FRAMEWORK 2024/25**  
Deputy Head of Finance  
*(Paper attached)*
- 9. FINAL ANNUAL GOVERNANCE STATEMENTS 2023/24**  
Deputy Head of Finance  
*(Paper attached)*
- 10. FINALISED EXTERNAL AUDIT 2024 STATEMENT OF ACCOUNTS**  
External Auditors
  - a) JOINT AUDIT RESULTS REPORT 2023/24**  
External Auditors  
*(Paper to follow)*

**b) AUDITORS ANNUAL REPORT 2023/24**

External Auditors  
(Paper to follow)

**II. INTERNAL AUDIT CHARTER, STRATEGY STATEMENT 2025/26 – 2027/28  
AND ANNUAL AUDIT PLAN 2025/26**

Internal Audit  
(Paper attached)

**12. DATE TIME AND VENUE OF NEXT MEETING**

Wednesday, 25 June 2025, 1pm, Office of the Police and Crime Commissioner for  
Northumbria; Victory House (Training room); Balliol Business Park; Benton Lane; Newcastle;  
NE12 8EW

**NORTHUMBRIA POLICE MINUTES**

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| <b>Title</b>                             | <b>Meeting number</b> |
| Joint Independent Audit Committee (JIAC) | 04/24                 |

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| <b>Date</b>      | <b>Location</b>   | <b>Duration</b> |
| 18 November 2024 | Victory House (Training room);<br>Balliol Business Park / TEAMS | 14:00 – 15:10   |

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**Present:**

|                           |                                 |              |
|---------------------------|---------------------------------|--------------|
| <b>Committee Members:</b> | C Young<br>C Winfield<br>P Wood | <i>Chair</i> |
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| <b>Officers:</b> | J Meir<br>K Laing<br>R Snaith | Deputy Chief Constable (DCC)<br>Joint Chief Finance Officer (CFO)<br>Office of Police and Crime Commissioner (OPCC) Director of Commissioning and Policy |
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| <b>Invitees:</b> | C Mellons<br>T Reade<br>G Thompson<br>R Bowmaker<br>M Graham | External Audit, Ernst and Young (EY)<br>Corporate Governance Manager<br>Deputy Head of Finance<br>Internal Audit, Gateshead Council<br>Governance and Planning Adviser ( <i>Secretary</i> ) |
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| <b>Apologies:</b> | E Cocker<br>J Lawson<br>P Godden<br>R Durham | Committee Member<br>Assistant Chief Officer, Corporate Services<br>Head of Corporate Development<br>Office of Police and Crime Commissioner (OPCC) Chief of Staff and Monitoring Officer |
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**OPEN SESSION****1. INTRODUCTION**

Chair opened the meeting and welcomed all attendees.

**2. DECLARATION OF INTEREST**

No declarations of interest made.

**3. MINUTES OF THE OPEN SESSION OF THE JOINT INDEPENDENT AUDIT COMMITTEE 23 SEPTEMBER 2024**

Agreed as a true and accurate record.

**4. MATTERS ARISING**

6. Regulatory Framework – Independent Assurance – Deputy Chief Constable to provide an update on the recording and monitoring of whistleblowing incidents at the next meeting.

DCC advised that the Whistleblowing Procedure has been re-drafted, focussing on making the procedure clearer and ensuring all staff are aware of the threshold for whistleblowing and how this relates to Professional Standards. This will be approved at the end of November and a forcewide communication will be distributed to advise of the changes. A specific mailbox for whistleblowing has been created and will be monitored by the Professional Standards Department, this will enable an up-to-date log and more accurate reporting and analysis of whistleblowing incidents.

***Action List updated.***

## **5. JOINT STRATEGIC RISK REGISTER**

Corporate Governance Manager provided an update on the annual strategic risk review. Advised that a new risk has been added to the force strategic risk register following a review of the Risk Appetite Statement and noted that a new record management system is still being created. Projects / Programmes is already a well-managed area due to engagement with the Force Change Board, Force Transformation Team and reactive risk logs for all projects, with appropriate escalation points identified. This is closely monitored as failure to complete any project could present additional risk to the organisation. Following a request from the Committee, the risk rating of Public Confidence has been re-examined. The assigned rating has not been changed as local surveying continues to suggest that public confidence in the force remains high, though the force acknowledges public confidence can fluctuate.

The wording of the Strategy risk has been changed to better reflect the wider environment and less internally focussed. Infrastructure and Assets has been escalated to a strategic level as high levels of property are obtained by the force as part of investigations which requires storing and recording. A team has been assigned to support this and an active management programme is in place currently focussing on this area.

P Wood expressed approval for the modifications to the approach to strategic risk and queried if the risk registers of all 43 national police forces are examined externally by a government organisation such as the Home Office.

Corporate Governance Manager advised there is no direct oversight at a national level, Northumbria Police's Strategic Risk Register is examined during certain audits to demonstrate maturity, but this is not a requirement for all police forces. However, the National Police Chief's Council has a national risk management forum, at which all 43 forces are represented.

DCC advised all 43 forces are accountable to Police and Crime Commissioners and that His Majesty's Inspectorate of Constabulary and Fire Rescue Services (HMICFRS) will examine risk as part of a wider examination. There is no national body which oversees policing in this way, however the Government may announce a new governing body for policing in the coming months. Any issues the police experience regarding funding must be escalated by HMICFRS, the current Chief Inspector for HMICFRS recently included in the annual State of Policing report about the insufficient funds some forces are experiencing,

P Wood queried if upcoming reports or reviews from the government are likely to look at the structure of all 43 police forces.

DCC advised this is possible and believed, as a result of the reviews some forces may be deemed too small to be considered viable in the future. The reviews are primarily focussing on ways to improve how forces collaborate with regards to multi-police force operations or response teams and the way police equipment is purchased, currently all forces purchase equipment separately, often for varying costs.

C Winfield expressed approval for the inclusion of emerging risks in the paper and queried if additional information could be provided on the newly added Projects / Programmes risk to give the Committee more context.

Chair advised consideration has been given to providing a risk training session for Committee members prior to the next meeting, if possible. Dates for training to be discussed outside of the meeting.

Chair noted the Digital Policing risk includes several estimated completion dates and queried if there is confirmation that these have been completed. Corporate Governance Manager advised that information on which deadline were achieved will be available at the next JIAC meeting.

P Wood queried if the force has confidence in delivering high performance while Finance is considered to be a high risk. CFO advised that Finance is rated high due to the external uncertainty of government funding, not due to any internal concerns.

P Wood queried the reasoning behind the Workforce risk and asked where the force is experiencing a shortfall in staffing. Corporate Governance Manager advised there are pockets of staffing shortfalls across the force, particularly within investigatory roles, which causes Workforce in general to be considered a risk that must be included on the register. Specific recruitment drives are put in place to address areas of concern.

DCC advised the force has no issues with general recruitment and the volume of recruitment remains high to offset people leaving the organisation. Recruiting to specialist roles with experienced people can be more challenging. Crime investigation and Safeguarding are the areas which present the most challenge to allocate appropriate staff for various reasons, one of which being that many roles in these areas require experienced detectives. There is currently no incentive for officers to take the exam required to become a detective as there is no increase in pay and the move away from shift work can often result in an overall reduction in pay. This, coupled with the workload demands of the role can deter potential detectives. Targeted variable payments for officers working in roles which are difficult to fill are being considered as an incentive, however it may not be a sufficient incentive. Workload and the associated stress is considered the primary factor and organisational changes are being considered to improve the reputation of the roles.

Chair queried the riot compensation scheme and if payment of claims will be required from the OPCC or the government. CFO advised the responsibility to pay these claims is with the OPCC, Northumbria is currently looking at an estimated total cost of £500,000, although this is subject to insurance claims which may reduce the total cost. The Home Office is being lobbied to reconsider this decision and provide funding to assist forces.

***Update noted.***

## **6. VETTING ASSURANCES UPDATE**

DCC updated a recent report from His Majesty's Inspectorate of Constabulary and Fire & Rescue Services (HMICFRS) provided recommendations including: ensuring all staff have a level of vetting sufficient for their role. These roles have been identified and oversight will ensure any officer / staff moving into one of these roles receive the correct vetting, Until vetting is complete access to some IT systems will be restricted and/or individuals will work with more oversight. The timescale to complete an application has been reduced from 20 weeks to 14 weeks and the force is aiming to reduce this further when possible. The risks of the lengthy timescale are delays to organisational work and the potential loss of skilled employees finding other jobs during the waiting period.

The other recommendation regarded the vetting of non-police personnel such as contractors. In periods of uplift the force has been at risk of financial penalties if recruitment targets were not met, which led to the need to prioritise the vetting of new officers over other vetting needs such as external contractors and police staff. Northumbria Police currently has a backlog within vetting, there are currently 58 applications for vetting from external contractors. The force can require particular contractors for national organisations to vet their own staff which removes some of the demand from the force vetting unit. Warwickshire Police provide a national vetting service which the force makes use of when possible. Three additional staff have been seconded to the Vetting Unit to support demand and a proposal drafted to embed the additional resources permanently and to increase the unit by a further two resources.

The Approved Professional Practice regarding vetting has been amended and provides a more complex process for forces to comply with including, a vetting review of officers/staff moving roles within the force. Additionally, the existing Integrity Health Check which covers areas such as conflicts of interest and personal circumstances is being replaced with an Annual Vetting & Integrity Review which will take longer to complete and is likely to increase demand for the Vetting Unit.

Changes of circumstances such as address or marital status also require a review of vetting, there are currently 20 change of circumstance requests waiting to be processed. Additional technology has been provided to the Vetting Unit to improve efficiency.

C Winfield queried if the volume of contractors waiting on vetting approval is considered a concern. DCC advised that an upcoming change to building access across the force will require a high number of additional contractors to be vetted. The biggest risk this poses is delays to internal projects. CFO noted that additional vetting requirements can be raised if there is a change of personnel within the external contractor's organisation, any new staff assigned to work on Northumbria Police contracts also require vetting before they can begin work.

***Update noted.***

## **7. TREASURY MANAGEMENT MID-YEAR REPORT 2024/25**

Deputy Head of Finance provided an overview of the report, noting an overachievement in investment interest and that force borrowing interest is forecasted to be under budget. Overall the force considers this financial performance to be very positive. There has been a reduction in banking rates which are expected to fall again in December and continue to fall throughout 2025.

P Wood queried the definition of the operational boundary for external debt. Deputy Head of Finance advised that exceeding the operational boundary is considered a warning sign for forces, particularly if it is exceeded multiple times and clarified that it is the authorised limit which forces are not permitted to exceed. Northumbria Police is not at risk of breaching its operational boundary currently.

CFO advised the Deputy Head of Finance holds a monthly treasury management meeting with the Finance Department and bi-monthly meetings with the CFO, and in addition to this Link Group (Treasury Management Advisors) meets with the force twice a year to provide an opinion on the market position and to examine the force's balance sheets.

***Update noted.***

**8. FINAL ANNUAL GOVERNANCE STATEMENTS 2023/24**

CFO advised this item has been withdrawn and deferred to the next meeting as the 2023/24 audit has not yet been finalised. FP

**9. INTERIM JOINT AUDIT FINDINGS REPORT 2023/24 ACCOUNTS (PCC & CC)**

CFO advised this item has also been deferred and a verbal update will be provided to this meeting. The item and papers will be presented at the following JIAC in February 2025. FP

External Auditor updated that their methodology has led to increased sample sizes in certain areas, particularly as it is their first year auditing the force, and that estimates of timescales had not matched the time required to complete audits to a satisfactory standard. This will be addressed when planning timescales in 2025. Work is progressing and discussions taking place regarding the fixed asset register, which records all assets incoming and outgoing from the force. The asset management records cannot be easily matched to the fixed asset register and Finance Department are currently carrying this out manually. Full reports will be presented at the February 2025 JIAC meeting and will still allow for reporting to take place before the statutory date of 28 February 2025.

C Winfield queried the new timescale for the completion of the report. External Auditor advised completion is expected by the end of January 2025.

P Wood queried if there would be benefit in include details on the volume of complaints made against the Chief Constable and Police and Crime Commissioner (PCC) and how those complaints are being addressed or progressed. CFO advised this has been discussed previously and the force and PCC prefer not to include metrics on complaints but could note if there has been an increase or decrease in the volume of complaints received.

***Update noted.***

**10. AUDITORS ANNUAL REPORT 2023/24 (PCC & CC)**

Discussed as part of item 9. Interim Joint Audit Findings Report 2023/24 Accounts (PCC & CC)

**11. EMERGENT INTERNAL AUDIT PLAN**

Internal Auditor advised that the current audit plan was agreed by JIAC in February 2024 and forms the basis of this annual review. The 2025 audit plan will be presented in February 2025. There have been no changes to the plan as yet, however the elements falling under Digital Policing are currently under review, with a review of patch management expected to be increased from its current bi-annual frequency. Also noted

is the requirement to comply with the Public Sector Internal Audit Standards, a revised version is due to be ratified by the Chartered Institute of Public Finance and Accountancy (CIPFA) on 1 April 2025. These revisions may create a need for amendments to the 2025 audit plan and strategy, however the guidance on the revisions may not be received before the February 2025 JIAC meeting. As such, the plan and strategy may be subject to change over the course of 2025 to ensure compliance.

P Wood queried if the force is satisfied with the current bi-annual review of patch management. DCC advised this is an area with significant oversight scrutiny. HMICFRS has recently scrutinised this area and is expected to again in 2025.

C Winfield queried how hours are estimated for each audit and if the total hours of 2,080 for 2025 are identical to 2024's hours in Appendix A. CFO advised from past experience carrying out audits the hours are used to provide an estimate of how long each will take to complete and believed the total hours in 2024 was higher due to the inclusion of Pension Remedy Audits which are not required in 2025.

C Winfield queried what prompts the move of some audits from bi-annual to in annual frequency. CFO advised there are 13 measurements used within force to create a score similar to the risk register for each audit, which is then used to objectively provide a frequency at which the audit should be carried out.

***Update noted.***

## **12. DATE TIME AND VENUE OF NEXT MEETING**

Chair advised that the proposed 2025 meeting dates have been agreed by committee members as 24 February 2025, 23 June, 22 September and 17 November, pending agreement from the force and subject to change if circumstances arise. The Police and Crime Commissioner and the Chief Constable will be in attendance for the 23 June meeting which will be the annual governance meeting.

DCC advised they will confirm the Chief Constable's availability on 23 June and propose a new date if required.

***Action: Confirm if the Chief Constable is available to attend JIAC on 23 June 2025 and if not, propose an alternate date.***

Monday, 24 February 2025, 2pm, Office of the Police and Crime Commissioner for Northumbria; Victory House (Training room); Balliol Business Park; Benton Lane; Newcastle; NE12 8EW

## **13. EXCLUSION OF THE PRESS AND PUBLIC – EXEMPT BUSINESS**

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

| <b>Agenda item number</b> | <b>Paragraph of Schedule<br/>12A to the<br/>Local Government Act<br/>1972</b> |
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**AGENDA ITEM 3.**

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| 17 | 7 |
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| 19 | 7 |

**Open Action List**

| Meeting       | Agenda Item/Title/Context  | Open/Closed | Action | Detail   | Assigned to  | Update   |
|---------------|--|-------------|--------|--|--|--|
| JIAC 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 JIAC.  | Chief Finance Officer /Chief of Staff and Monitoring Officer | <p>10/02/25 – CFO advised agreed for Gateshead to deliver the audit plan for 2025/26 and then investigate a tender for 2026/27 onwards.</p> <p>18/11/24 – Discussions remain on-going.</p> <p>23/09/24 – CFO advised internal audit discussions are on-going with intent to review alongside Gateshead Council.</p> <p>20/5/24 CFO advised that internal advice has been sought regarding internal audit services and a meeting has been arranged with Gateshead Council to discuss auditing arrangements going forward.</p> |
| JIAC 18/11/24 | 12. Date Time and Venue of Next Meeting  | OPEN        | ACTION | Secretary will confirm if the Chief Constable is available to attend JIAC on 23 June 2025 and if not, propose an alternate date. | Governance and Planning Advisor                              | 06/02/25 – New meeting date of 25 <sup>TH</sup> June, 13:00-15:00 has been agreed.   |

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| JOINT INDEPENDENT AUDIT COMMITTEE   | 24 FEBRUARY 2024 |
| POLICE AND CRIME PLAN 2025-2029   |                  |
| REPORT OF: RUTH DURHAM, CHIEF OF STAFF, OFFICE OF THE POLICE AND CRIME COMMISSIONER |                  |

## 1. Purpose

- 1.1 The purpose of this report is to share with the JIAC the Police and Crime Commissioners (PCC) Police and Crime Plan for 2025- 2029.

## 2. Background

- 2.1 The PCC turns the public’s policing priorities into a strategic plan for the police force by producing a Police and Crime Plan. This statutory duty must be carried out within the financial year in which each ordinary election is held.
- 2.2 The PCC has recently launched her new Police and Crime Plan which is attached and is also available on the OPCC website.
- 2.3 A plan on a page has also been developed along with an easy read version are also provided for information.

## 3. Shaping the Plan

- 3.1 The draft Police and Crime Plan has been shaped by a wide range of public consultation, alongside consultation with key partners and organisations.
- 3.2 Public consultation  
Following election in May 2024, the Commissioner vowed to be a PCC that listened to our communities and reflect their local priorities within her Police and Crime Plan. Such listening exercises and consultation began as soon as the PCC took post, with an extensive number of public engagements and visits being completed alongside the formal consultation that was ran by the OPCC.
- 3.3 To allow as much time as possible for residents, partners, and services to have their say on the future policing & crime priorities of the region, the PCC began a public consultation in July 2024, two months after her election. To encourage maximum participation, over 120,000 letters were sent out across the force area to encourage residents to take part in the consultation, supported by extensive online and media coverage.
- 3.4 The online public consultation ran for two months to the end of August, with over 3,200 responses ultimately received and analysed to inform the priorities within the plan. As well as the quantitative data collected in the consultation,

we also collected extensive qualitative data that helped bring the data to life and understand the impact of the issues being identified by residents.

### 3.5 Partner and Stakeholder Consultation

In addition to the consultation carried out with residents, the OPCC facilitated a variety of events/visits/meetings with key stakeholders and partners who will ultimately assist in the delivery of the Police and Crime Plan.

### 3.6 In person discussions with partners were hosted by the Commissioner to further understand the issues facing our communities, and how we can work with the identified sectors to address those. Roundtable events took place in relation to the following priorities:

- Violence Against Women and Girls
- Retail and business crime
- Youth provision
- Anti-social behaviour
- Serious Violence

### 3.8 The Commissioner also reached out to key local partners, asking them to identify the key issues being experienced by them and those that they work with, and the role they could play in supporting delivery of the Police and Crime Plan. Over 50 detailed and insightful responses were received, ranging from the business sector to education providers, Community Safety Partnerships and local authority leaders.

### 3.3 Existing strategies and advisory panels

Within the OPCC there are a number of existing strategies and workstreams currently in place including VAWG, Violence Reduction and ASB. Consultation work that has been carried out in these areas was also included when developing the Police and Crime Plan.

### 3.3.1 The OPCC hosts several External Advisory Panels (EAPs) that are formed consisting of representatives from Northumbria Police, Northumbria OPCC, commissioned services, community groups and local authorities. The role of the EAPs is to improve service delivery by providing oversight and challenge, ensuring the work of the force and OPCC is effective and inclusive. The following EAPs were also given the opportunity to feed into the Police and Crime Plan consultation:

- Police Powers
- VAWG
- Custody and Detention
- Out of Court Resolutions
- Victim and Witness

## 4. **Consultation priorities**

Following the consultation, the emerging priorities from the public and partners were:

- Tackling serious and organised crime
- Reducing anti-social behaviour, including use of off-road motorbikes

- Improving police response times & ensuring effective investigations
- Preventing burglary & theft
- Increasing neighbourhood policing presence
- Working to make the regions roads safer and free of dangerous drivers

4.1 Using the priorities identified by the public, along with the feedback and insight provided by partners, services and Northumbria Police throughout the engagement process, the plan at Appendix 1 was developed with 6 priorities which also include key performance measurements

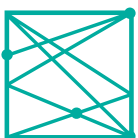
1. Engaged and Responsive Police Force
2. Crime and Anti-Social Behaviour
3. Serious Violence and Organised Crime
4. Violence against Women and Girls
5. Hate Crime and Community Cohesion
6. Victims and Justice.

4.2 The Commissioner will provide feedback to communities on a regular basis around delivery of the priorities within the plan.

# Northumbria Police and Crime Plan 2025-2029



**Safer streets:  
Stronger  
communities**



SUSAN DUNGWORTH  
NORTHUMBRIA  
**POLICE & CRIME  
COMMISSIONER**

# Safer streets: Stronger communities

## Contents

- 1 Foreword from Susan Dungworth, your Northumbria Police and Crime Commissioner
- 2 My commitment to you
- 3 Your voice, your plan
- 4 Message from the Chief Constable
- 5 Delivering this plan for you
  - Holding the Chief Constable to account
  - Making the best use of resources
  - Working in partnership
  - Victims commissioning and grants
  - Supporting the delivery of national policing priorities
  - Strategic Policing Requirement
- 6 Northumbria Police – A day in the life
- 7 Police and Crime Plan priorities
  - **Priority 1:** Engaged and responsive police force
  - **Priority 2:** Crime and anti-social behaviour
  - **Priority 3:** Serious violence and organised crime
  - **Priority 4:** Violence against women and girls
  - **Priority 5:** Hate crime and community cohesion
  - **Priority 6:** Victims and justice
- 8 How we spend your money
- 9 Ways to stay connected





# Foreword from Susan Dungworth

Your Northumbria Police  
and Crime Commissioner

**As I introduce my Police and Crime Plan, I want to make one thing clear – this is YOUR plan. It’s a plan about ensuring you feel safe - whether out in public places or in what should be the comfort of your own home. It’s also about ensuring Northumbria Police is there, and trusted to deliver for everybody, when they are needed.**

Anyone who knows me, knows I love talking with people - listening to them and understanding them. Doing just that has been invaluable for shaping this plan and so my thanks go to everyone who I have spoken with since taking on this important role. Through this plan, I am delighted to have the

opportunity to champion your voices. Conversations on the Metro, emails into my office, responses on my Instagram or participation at roundtable events – it’s all been fed into this document. In fact, my consultation received more responses than any other consultation ran by the office, and so I am grateful to all who have engaged with me. You’ve shared ideas, raised concerns and highlighted successes to build on too. This has all helped me form a collective vision for delivering safer streets and stronger communities for the people of Northumberland, Tyne and Wear.

I want Northumbria Police to be the best force at fighting crime and getting offenders before the courts. I also want our victims to be the most supported as they cope and recover from their experience and navigate the criminal justice system.



Ultimately though, my aim is to have less crime in the first place, and therefore, fewer victims needing support. With this in mind, at the heart of my plan I want us to be identifying the root causes and exploring ways to prevent crime from happening at all. I want us to get ahead of the game. This is not an easy task – policing needs change and financial pressures continue – Northumbria Police can’t do it all. And so, my office works alongside our police force and partners, and we co-ordinate and fund a range of projects to educate and deter people away from crime and make our streets safer. The office also plays a key role in monitoring and scrutinising our force to ensure the policing response is both efficient and effective and is equipped to face evolving demands. This is all work I will be sure to regularly update you on.

So, I see this plan as a starting point - but what I really want to do is keep the conversation going, keep Northumbria Police responding to your needs, and ultimately keep you and your family safe.

Keep in touch,  
**Susan**

## My commitment to you

### I will

- Listen to understand your issues and share information with you about the delivery of this plan.
- Hold the Chief Constable to account for the performance of Northumbria Police and making best use of resources.
- Be a visible PCC and stand up for people across Northumbria on local and national issues.
- Be open and transparent about my plans, performance and how money is spent.
- Lobby for the best funding for Northumbria Police.



# Your Voice, Your Plan

Since my election in May 2024, I have prioritised getting out in the community, listening to victims, speaking to officers, and ensuring residents feel heard.

I have been able to get a real sense of what is working well and what concerns people have. In addition to our face-to-face conversations, I ran a public consultation, to hear from as many of you as possible across Northumberland and Tyne and Wear, this included local people and partner agencies. I'm particularly delighted that my online survey received over 3,400 responses telling me what your priorities are and what makes you feel safe. Your answers have shaped this plan, and I believe this can deliver 'Safer Streets and Stronger Communities' for Northumberland and Tyne and Wear. This plan is for 2025 – 2029, but I will continue to meet and listen to people living in, working in and visiting Northumbria and consider your responses to the Safer Communities Survey and User Satisfaction Surveys to ensure that, where needed, I will update the plan to include any new areas of concern.

My Police and Crime Plan has six police and crime objectives and reflects the crime and community safety issues that you have told me matter to your communities. I am committed to working with the Chief Constable, and other partners, to focus on the priority areas outlined in this plan and will regularly update you on the process being made.

- Engaged and responsive police force: deliver an engaging police service that's both efficient and effective.
- Crime and ASB: reducing and preventing crime and ensuring tackling ASB is a high priority, making residents feel safe and supported.
- Serious violence and organised crime: continue to embed a public health approach to reduce serious violence and ensure a robust and proactive stance is taken against organised criminals, protecting young people from falling into crime.
- Violence against women and girls: further develop long term work to change behaviours and educate people around healthy relationships, misogyny and consent.
- Hate crime and community cohesion: strengthen communities by supporting, listening and tackling hate crimes in all its forms.
- Victims and justice: improve awareness of the support available to victims and ensure it is easily accessible.



# Message from the Chief Constable

I feel immensely privileged to serve as the Chief Constable for Northumbria Police, leading a force that is committed to keeping people safe and fighting crime in a fantastic region, rich in diverse, collegiate communities.

Our force remains determined to deliver an outstanding service by providing the right response to the public, investigating crime and tackling ASB effectively. We recognise those areas of policing that are most important to our communities in order for people to feel safe and secure as they live, work and visit our region.

- Our force has three clear strategic objectives -**
1. Focus on Prevention
  2. Be there when the public need us
  3. Deliver an outstanding service

It is these three objectives that drive all our business areas and have formed the basis of structural change within force. Our 6 area commands now align with local authority boundaries, supporting greater ownership, leadership and accountability for performance at a local level.

We are passionate about ensuring we are there when you most need us. To support achieving this aim we have improved our response to emergency and priority calls, increasing our visibility through a preventative focus on crime and anti-social behaviour.

We will continue to work with a preventative approach to tackle the root cause of offending and support victims of crime.

It is my commitment to all our communities that we will deliver a force that is outstanding in the service we provide.

I look forward to working with the Police and Crime Commissioner to deliver the priorities that matter most to our communities.

**Vanessa Jardine**  
Northumbria Police Chief Constable



# Delivering this plan for you

## Holding the Chief Constable to account

On your behalf, I will regularly meet with the Chief Constable and her senior team to examine and challenge the performance of Northumbria Police. I will focus on these priorities and the commitments I have made. I will also look at inspection findings to ensure that recommendations are implemented.

Working with partners is a key part of my role as chair of the Local Criminal Justice Board, and through this I will work to support an effective and efficient criminal justice system in our area.

Hosting External Advisory Panels which open police practices to service experts and community representatives. These provide constructive insight that is used to improve service delivery.

To ensure that you know what my office and Northumbria Police are doing on your behalf, I will publish performance information quarterly.

I will also attend the Police and Crime Panel, which scrutinises and supports me as your Police and Crime Commissioner.



## Working in partnership

Partners bring their specialist skills to ensure the safety of communities. To prevent and reduce crime and anti-social behaviour, I will work with partners to respond to your priorities.

I will work with the community sector, local elected leaders, Community Safety Partners, criminal justice partners, and other services including fire, ambulance and health to understand and respond to the causes of crime, VAWG, and anti social behaviour and ensure community concerns are met with a greater resource.

I value the support of a range of volunteer schemes across all areas of crime and justice, and I will work closely with the Northumbria Police and Crime Panel welcoming their scrutiny

## Supporting the delivery of national policing priorities

The Government's Safer Streets mission underpins the priorities of this plan. Integral to this mission is an ambition to halve knife crime and halve violence against women and girls within a decade, and rebuild public confidence in policing by getting police back 'on the beat'.

Resources are set to receive a boost as Central Government funding for policing will increase, with additional funding for neighbourhood policing to help the delivery of our local plans.

I support the Home Office's announcement of a new performance unit to help drive up performance and standards and welcome the role that PCCs will play in supporting the development of this framework.

A new 'National Centre of Policing' will help free up more time for officers and support them to get back out on the frontline raising standards and improving efficiencies.

## Victims commissioning and grants

An important part of my role is to commission initiatives and services that prevent crime and disorder and help victims of crime in Northumbria.

To support victims of crime to recover from their experience, I will ensure that services are in place to meet their needs. Looking forward, I will collaborate with our local authorities and health partners with a view to improve the co-ordination of commissioned services for victims of sexual violence, domestic abuse, and serious violence.

I have introduced my Commissioner's Community Fund, which takes money recovered from criminals and reinvests it into our neighbourhoods to create safer and stronger communities. I will use this fund to provide small grants to support local voluntary and community groups that are working to improve the lives of people living in Northumberland, Tyne and Wear and contribute to delivering my Police and Crime Plan priorities.

Further details of my commissioning and grant funding can be found on my website [www.northumbria-pcc.gov.uk](http://www.northumbria-pcc.gov.uk).

## Making the best use of resources

I will ensure that Northumbria taxpayers' money is well spent giving you the best value for your money. On your behalf, I will monitor financial arrangements and receive quarterly budget monitoring information. Working with the Chief Constable I will ensure that suitable opportunities are identified for joint procurement exercises to save money where we can. I will also focus on ensuring that Northumbria Police have a well-managed sustainable estate and vehicles that enable them to deliver policing effectively.

I have the support of the Joint Independent Audit Committee and external and internal audit providers to ensure good financial and organisational governance of Northumbria Police and the Office of the Police and Crime Commissioner.

People are a resource too, and I will ensure that the Chief Constable invests in the psychological and physical wellbeing of officers, staff and volunteers so they are well trained and feel safe to work in challenging and demanding circumstances.

Opportunities will also be taken to further improve service delivery using better technological innovations and learning from best practice. Where possible, I will secure additional funding and continue to seek the best financial settlement from the government for policing in Northumbria.

## Strategic Policing Requirement

All police force areas in England and Wales must demonstrate that they have the plans and capability to respond to national threats, as currently identified by the Government. These threats, contained within the Strategic Policing Requirement (SPR), are: terrorism; public disorder; serious and organised crime; child sexual abuse; violence against women and girls; civil emergencies; and national cyber security incidents.

As part of the SPR, Northumbria Police must show evidence of preparedness in the areas of capacity; capability; connectivity; consistency; and contribution. The Chief Constable and I must pay "due regard" to the SPR and ensure that Northumbria Police is ready to respond, in addition to normal business, if required to do so. I must also ensure that sufficient funds are available for this to be achieved.

I will hold the Chief Constable to account for Northumbria Police's ability to respond to these national threats and meet the needs of the SPR. His Majesty's Inspectorate of Constabulary and Fire & Rescue Services will also continue to inspect the force's work in this area.





# A day in the life



**1,480,267**  
people in Northumbria



**828** 999 calls received  
**696** 101 calls received



**645,414**  
households in Northumbria



**394**  
crimes recorded



**3,839**  
police officers

**481**  
digital contacts



**1,196**  
incidents recorded



**1,986**  
police staff



**131**  
police support volunteers



**22,812**  
miles driven





# Priority 1 Engaged and responsive police force

## Building greater trust and confidence in Northumbria Police

### I want Northumbria Police to:

- Engage with local communities to understand their needs so that everyone feels confident to report crime and share concerns.
- Respond to crimes such as domestic abuse, hate crime by listening to service experts and seldom heard voices.
- Have a well-trained and diverse workforce that is reflective of local communities.
- Ensure that all officers act in an ethical and professional manner, and are fair, impartial, and trusted by all.

## Getting in touch

### I want Northumbria Police to:

- Answer and respond to 999 and 101 calls as effectively as possible ensuring that threat, harm and risk informs prioritisation.
- Tell you how to get in touch to report crimes and how you can share information by telephone and online options, including social media.
- Deploy officers and respond to you in the best way with response and investigations being a mix of face to face, video, and telephone conversations.
- Carry out investigations with a focus on victim care and safeguarding, and keeping victims informed in a timely way.
- Make sure you know how to complain if you are dissatisfied with the service you have received.

Always remember to call 999 in an emergency.



“Ensuring residents feel safe in their daily lives, able to easily contact the police regarding crime and antisocial behaviour and feel that it is being actioned in an appropriate timescale.”

Female, 35-44, Newcastle



## Measuring progress:

- Average answer time for 999/101 calls, and those 999 calls that are responded to within call handling standards
- Attendance rate for priority 1 incidents - urban/rural





# Priority 2 Crime and anti-social behaviour

## Anti-Social Behaviour and crime

### I want Northumbria Police to:

- Make sure that communities know who their neighbourhood team is and are kept updated about work in their local area.
- Respond to ASB as a priority and work with partners to prevent ASB in your community to make sure you feel safe and supported.
- Have neighbourhood officers with the skills and tools to tackle ASB and crime, find solutions and provide support for vulnerable victims.
- Work with partners to identify where ASB/ motorbike disorder hotspots are and tackle these issues together.
- Work with public transport providers to tackle ASB and crime on the networks that connect you with your family, friends, and work.

## Rural crime

### I want Northumbria Police to:

- Ensure those living in rural areas know how to report to the police and feel supported when they do so.
- Talk to rural communities to understand and tackle theft, wildlife, and poaching offences, as well as other crimes like domestic abuse.
- Develop innovative crime prevention tactics suitable for use in rural areas such as rural crime volunteers which work to encourage communities to report to the police.
- Share intelligence across borders to fight organised crime and prevent criminals from other areas targeting our countryside by working with the National Rural Crime Network.

## Roads policing

### I want Northumbria Police to:

- Promote safety and awareness around the fatal four - speeding, drink or drug driving, not wearing a seatbelt and using a mobile phone - making people aware of the dangers of these behaviours.
- Ensure that any new road safety issues are dealt with robustly to keep our roads safe.
- Work with local authorities and other partners to reduce harm on our roads caused by speeding.

## Retail and business crime

### I want Northumbria Police to:

- Make it easier to report incidents of business and retail crime.
- Support local businesses by responding to shop theft, targeting repeat offenders, and carrying out effective investigations.
- Continue to engage with the retail sector to understand first hand experiences.
- Explore and develop the use of Restorative Justice in preventing shop theft and supporting victims to recover from their experience.

“Motorbike disorder is a much-underrated crime causing misery for communities”

Male, 55-64, Gateshead

## Online fraud

### I want Northumbria Police to:

- Work with partners to target those engaged in online crime, making arrests and recovering assets held by those criminals.
- Educate and promote awareness of the dangers of online fraud to reduce the risk of being a victim of this crime.
- Work with communities, businesses, and partners to provide a cyber protect service to educate and reduce the risk of harm.

## Burglary and other acquisitive crime

### I want Northumbria Police to:

- Reduce the level of residential burglary in Northumbria.
- Reduce robbery and theft of motor vehicles and bikes by targeting repeat offenders and organised crime groups involved in this offending.
- Provide support for victims of burglary particularly those who are vulnerable and prevent them from being re-targeted.

## Measuring progress:

- Total recorded crime and victim satisfaction with services provided by Northumbria Police
- ASB incident levels and victim satisfaction





“Having young grandchildren,  
I’d like them protected and  
to be educated around the  
dangers of knife crime”

Female, 65-74,  
Northumberland



# Priority 3

## Serious violence and organised crime

### Serious violence and knife crime

#### I want Northumbria Police to:

- Work with partners to deliver the Northumbria Serious Violence Response Strategy, our joint plan to tackle the causes and impact of serious violence.
- Carry out robust enforcement action, targeting offenders and locations to disrupt criminal activity.
- Continue to implement the public health approach to serious violence prevention, providing early opportunities to divert people of all ages from serious violence.

#### I want the Northumbria Violence Reduction Unit to:

- Continue to promote the public health approach to improve our shared response to tackling serious violence.
- Provide interventions to divert, disrupt and support individuals involved, or at risk of being involved, in serious violence.
- Explore ways to offer young people pathways out of violence through training and employment opportunities.
- Support agencies working with young people to deliver prevention work in education and youth settings.

#### I want Northumbria Police and the Northumbria Violence Reduction Unit to:

- Work across borders with to tackle drug related crime and exploitation, including county lines.
- Support partners to deter young and vulnerable people from being drawn into county lines and drug gangs.
- Raise awareness of how to spot the signs of county lines and build community resilience against the harm they cause.
- Understand and respond to emerging drug trends such as synthetic opioids, to reduce harm to the public and support a regional, joined-up approach to substance misuse and addictions to reduce this risk.

### Serious and organised crime

#### I want Northumbria Police to:

- Work with regional and national partners to protect our communities and tackle serious and organised crime.
- Work with my office and partners to provide an Anti-Slavery Partnership to prevent modern slavery and human trafficking, including support for victims.
- Protect children from child sexual abuse and child sexual exploitation by raising awareness, increasing reporting, targeting perpetrators, and providing trauma informed support.
- Protect communities from economic crime, tackle fraud and money laundering, and target criminals' assets.

#### Measuring progress:

- Serious violence offences, including homicides
- Knife-enabled serious violence and hospital admissions (under-25s for assault with a sharp object)



# Priority 4

## Reducing violence against women and girls (VAWG)

### Prioritise prevention

#### I want Northumbria Police to:

- Work with partners to make sure women and girls are safe and feel safe from sexual violence and harassment in public places including transport systems and in the night-time economy.
- Work with partners to increase confidence to report VAWG crimes to the police through campaigns and awareness raising.
- Support my office in promoting work to tackle misogyny and sexism which are some of the root causes of VAWG.
- Ensure effective use of all available protection and prevention orders to safeguard victims of domestic abuse, sexual offences and stalking and harassment.
- Promote the Right to Ask and Right to Know about a current or ex-partner and whether they have a previous history of violence and abuse.

### Support victim survivors

#### I want Northumbria Police to:

- Treat victim survivors of rape, serious sexual assaults, domestic abuse and stalking with empathy ensuring access to the best support to meet their needs from the services commissioned by my office or others.
- Continue to explore options to provide support and engage victims at the earliest opportunity, for example building on the success of domestic abuse specialists in the police control room.
- Ensure that Northumbria Victim and Witness Service (NVWS) is responsive to the needs of victim-survivors helping to maintain victim engagement through any criminal or court proceedings.

### Action against perpetrators

#### I want Northumbria Police to:

- Continue to strengthen investigations involving rape, serious sexual offences, and domestic abuse, ensuring more offenders are brought to justice.
- Support my office around the delivery of behavioural change programmes engaging men and boys to reduce harm to women and girls.
- Work with partners to provide the best response to stalking and harassment ensuring that alongside support for survivors, we are also targeting priority perpetrators causing the most harm.

### Creating stronger systems to address VAWG

#### I want Northumbria Police to:

- Continue to listen to victim survivors to understand barriers to reporting or accessing support and ensure information is widely available.
- Support the work of my VAWG External Advisory Panel, responding to the voices of victim survivors and specialist VAWG organisations.
- Help shape my commissioning intentions to ensure a broad range of services and clear support pathways are in place for adult and child victim survivors.
- Drive the work with partners to improve the victim journey through the criminal justice system.
- Support the Government's ambition to halve the number of victims of Violence Against Women and Girls by focusing on reducing the number of repeat victims and prolific perpetrators.

I am committed to tackling VAWG crimes in any form and ensuring support for all victim-survivors, regardless of sex or gender, or any other characteristic.



“Need to look at the online radicalisation of misogyny. Investment in early interventions that focus on unhealthy masculinities to help tackle sexism and harmful gender norms that can be the root causes of VAWG.”

VAWG Partners  
Roundtable

### Measuring progress:

- Number of VAWG offences
- Satisfaction with services provided to victim survivors of VAWG



# Priority 5

## Hate crime and community cohesion

### Preventing hate and providing support for victims

#### I want Northumbria Police to:

- Prioritise prevention through education and awareness campaigns around the causes and consequences of all hate crimes.
- Further develop their Hate Crime Champions scheme to strengthen communities in the fight against hate, giving victims another route to the right help and support.
- Identify hate crime at the earliest opportunity and in cases where it overlaps with other crimes or ASB.
- Undertake effective investigations to identify and bring offenders of hate crime to justice.
- Ensure officers and staff are trained to communicate empathetically with victims of hate crime and where needed connect them with victim support services.

### Community engagement and cohesion

#### I want Northumbria Police to:

- Work with communities and partners to encourage reporting of hate crime and make it easier and safe to do so.
- Engage with communities to understand and identify community tensions, ensuring that policing feels a part of those communities, rather than something that is happening to them.
- Work with partners to protect communities from a range of harms, including hate crime, intolerance and extremism.
- Make communities and individuals active partners by building trust and listening to voices such as the Police Powers External Advisory Panel, the Independent Scrutiny and Oversight Board and the Northumbria Police Hate Crime Board.

“Education of young people on the consequences of their actions when it comes to hate crime and online abuse.”  
Anon, 45-54, Self employed

### Measuring progress:

- Hate crime offences
- Satisfaction with services provided to victims of hate crime







# Priority 6 Victims and justice

## Victims first

Working with Northumbria Police and other victim services we will:

- Improve awareness of the support available for adult and child victims through the Northumbria Victim and Witness Service, and ensure it is easily accessible.
- Help shape my commissioning of specialist victim services so those at the greatest risk of harm receive the support that works best for them.
- Identify repeat victims and put in place safeguarding measures to protect them.
- Understand and respond appropriately to vulnerable victims of crime and missing people while being aware of neurodivergent or mental health needs.
- Ensure the voice of the victim is at the centre of service design and improvement.
- Closely monitor victim satisfaction rates and ensure victims are provided with regular updates in relation to their cases.
- Provide the opportunity for victims to explore restorative justice options that might help gain closure and lead to offenders understanding the impact of their actions.

## Criminal Justice System

As Chair of the Northumbria Criminal Justice Board, I work with criminal justice agencies to deliver system wide improvements and will:

- Work towards speedier justice for victims, identifying and resolving blockages where they exist making the process quicker in Northumbria.
- Promote the Victims Code of Practice and uphold victims' rights and entitlements.
- Reduce the number of victims who drop out during the criminal justice process by making it easier for them to give evidence in a way that suits their needs.
- Explore opportunities to increase the use of out of court resolutions to divert offenders away from the criminal justice system and prevent re-offending.
- Improve public awareness about the work of the criminal justice system to build trust and confidence.



“I would be worried about reporting a sexual assault or rape as the conviction figures are so low and I would be worried about the trauma of going through a trial.”

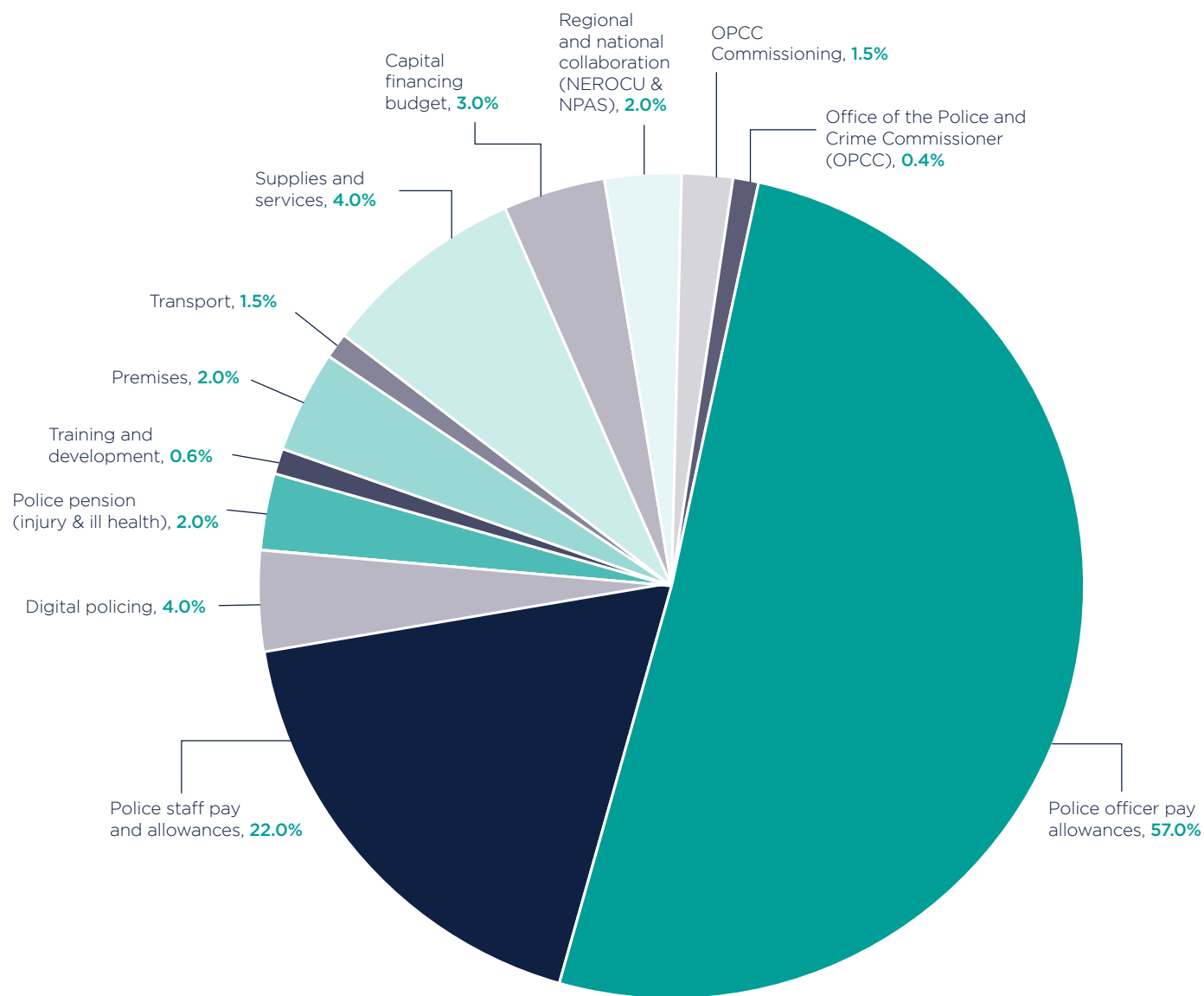
LGBTQIA+  
Organisation



## Measuring progress:

- Victim satisfaction with services provided by Northumbria Police
- Compliance with the Victims' Code of Practice





## How we spend your money

**Our police need the right resources to deliver on your priorities and keep you and your community safe.**

I will do all I can to make sure Northumbria Police has the resources it needs. Northumbria Police receive two main sources of funding; grant income from central Government and the part of Council Tax which is allocated to the police called the 'police precept'. Additional funding is sometimes made available by the Government to help encourage new ways of working. We are always eager to explore innovation to deliver better services and to save public money and for this reason we are keen to bid for some of these extra resources. Funding we have received in response to bidding exercises has been used previously to deliver projects ranging from early youth intervention, reduction of ASB, and reducing reoffending.

Considering specific grants and income, the net revenue budget for Northumbria Police is £405m. This chart shows the percentage allocation of gross expenditure across policing.

My Medium Term Financial Strategy describes the financial direction of my office and the force over a four year period. The strategy demonstrates an affordable position, balancing costs with available resources and provides an overarching framework for police budgets over the medium term and it can be found on

[www.northumbria-pcc.gov.uk](http://www.northumbria-pcc.gov.uk)

# Ways to stay connected

There are several ways for you to contact me and I welcome hearing from you.

✉ [enquiries@northumbria-pcc.gov.uk](mailto:enquiries@northumbria-pcc.gov.uk)

🌐 [www.northumbria-pcc.gov.uk](http://www.northumbria-pcc.gov.uk)

📍 **Northumbria Police & Crime Commissioner**

1st Floor Victory House  
Balliol Business Park  
Benton Lane  
Newcastle upon Tyne  
NE12 8EW

☎ 07761764406

You can keep up-to-date with the work of my office by giving the accounts below a follow.

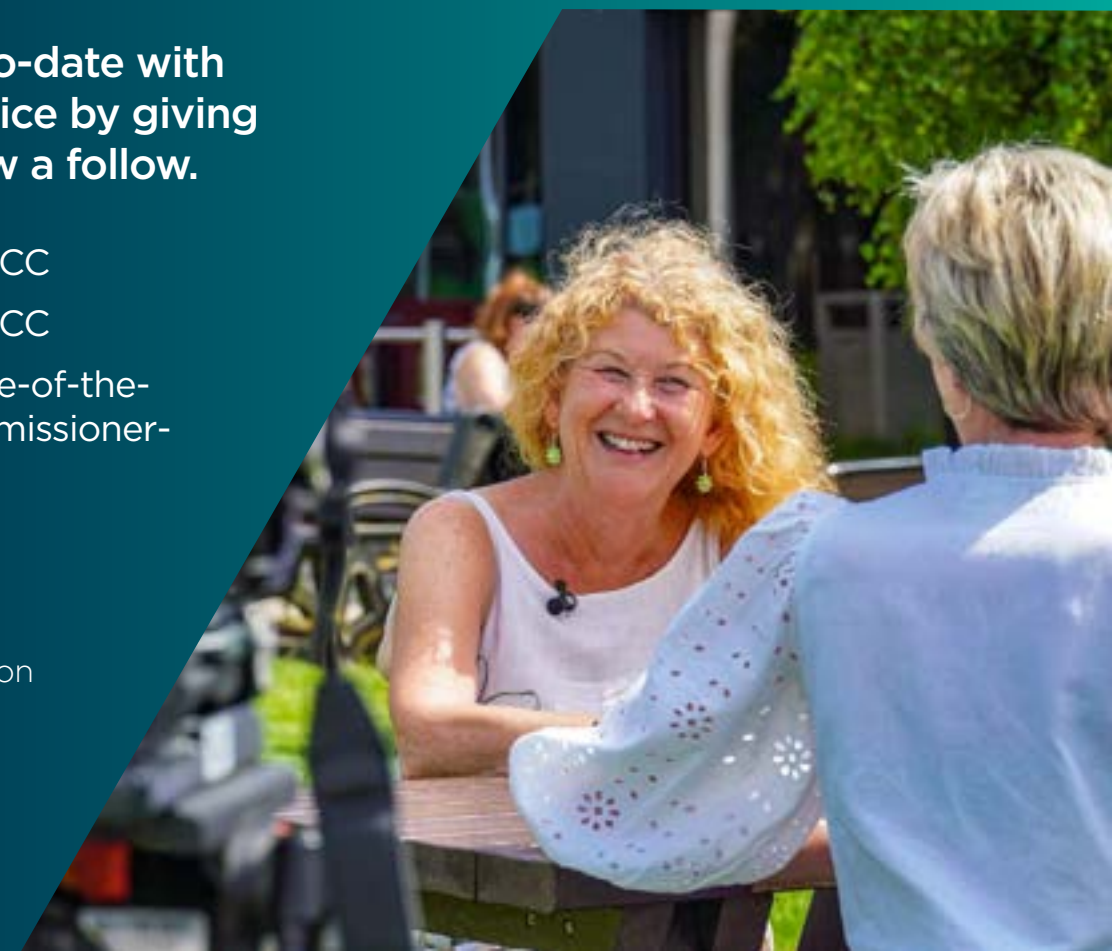
📷 @NorthumbriaOPCC

📘 @NorthumbriaOPCC

🌐 [linkedin.com/office-of-the-police-crime-commissioner-for-northumbria/](https://www.linkedin.com/company/office-of-the-police-crime-commissioner-for-northumbria/)

### Accessibility statement:

If larger print or translation required, please contact us via one of the above methods.











SUSAN DUNGWORTH  
NORTHUMBRIA  
**POLICE & CRIME  
COMMISSIONER**



This plan is about ensuring you feel safe - whether out in public places or in what should be the comfort of your own home.

It's also about making sure Northumbria Police is there, and trusted to deliver for everybody, when they are needed.

Here are my commitments to deliver safer streets and stronger communities.

#### I will

- Listen to understand your issues and share information with you about the delivery of this plan.
- Hold the Chief Constable to account in delivering this Police and Crime Plan and making best use of resources.
- Be a visible PCC and stand up for people across Northumbria on local and national issues.
- Be open and transparent about my plans, performance and how money is spent.
- Lobby for the best funding for Northumbria Police.

# Ways to stay connected

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✉ [enquiries@northumbria-pcc.gov.uk](mailto:enquiries@northumbria-pcc.gov.uk)

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📷 @NorthumbriaOPCC

📘 @NorthumbriaOPCC

🌐 [linkedin.com/company/office-of-the-police-crime-commissioner-for-northumbria/](https://www.linkedin.com/company/office-of-the-police-crime-commissioner-for-northumbria/)

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## Northumbria Police and Crime Plan 2025-2029

Plan on a page



**Safer streets:  
Stronger  
communities**



SUSAN DUNGWORTH  
NORTHUMBRIA  
**POLICE & CRIME  
COMMISSIONER**



# Your Voice, Your Plan.

My Police and Crime Plan has six police and crime priorities and reflects the crime and community safety issues that you have told me matter to your communities. I am committed to working with the Chief Constable, and other partners, to focus on the priority areas outlined in this plan and will regularly update you on the progress being made.

|                            | <b>Priority 1:</b><br>Engaged and responsive police force   | <b>Priority 2:</b><br>Crime and anti-social behaviour   | <b>Priority 3:</b><br>Serious violence and organised crime  | <b>Priority 4:</b><br>Violence against women and girls  | <b>Priority 5:</b><br>Hate crime and community cohesion   | <b>Priority 6:</b><br>Victims and justice   |
|----------------------------|---|---|---|---|---|---|
| <b>Delivery focus:</b>     | <ul style="list-style-type: none"> <li>Building greater trust and confidence in Northumbria Police</li> <li>Getting in touch</li> </ul> | <ul style="list-style-type: none"> <li>Anti-social behaviour and crime</li> <li>Rural crime</li> <li>Roads policing</li> <li>Retail and business crime</li> <li>Online fraud</li> <li>Burglary and other acquisitive crime</li> </ul> | <ul style="list-style-type: none"> <li>Serious violence and knife crime</li> <li>Serious and organised crime</li> </ul>                     | <ul style="list-style-type: none"> <li>Prioritise prevention</li> <li>Support victim survivors</li> <li>Action against perpetrators</li> <li>Creating stronger systems to address VAWG</li> </ul> | <ul style="list-style-type: none"> <li>Preventing hate and providing support for victims</li> <li>Community engagement cohesion</li> </ul>  | <ul style="list-style-type: none"> <li>Victims first</li> <li>Criminal Justice System</li> </ul>  |
| <b>Measuring progress:</b> | <ul style="list-style-type: none"> <li>Answer time for 999 &amp; 101 calls</li> <li>Attendance rate for grade 1 incidents</li> </ul>    | <ul style="list-style-type: none"> <li>Total recorded crime and victim satisfaction</li> <li>ASB incident levels</li> </ul>   | <ul style="list-style-type: none"> <li>Serious violence offences</li> <li>Knife-enabled serious violence and hospital admissions</li> </ul> | <ul style="list-style-type: none"> <li>Number of VAWG offences</li> <li>Satisfaction with services provided to victim survivors of VAWG</li> </ul>  | <ul style="list-style-type: none"> <li>Hate crime offences</li> <li>Satisfaction with services provided to victims of hate crime</li> </ul> | <ul style="list-style-type: none"> <li>Victim satisfaction with services provided by Northumbria Police</li> <li>Compliance with the Victims' Code of Practice</li> </ul> |



Easy Read

## Northumbria Police and Crime Plan 2025 – 2029

Safer Streets: Stronger Communities

Susan Dungworth: Police and Crime  
Commissioner for Northumbria



made with  
photosymbols®

Made by the Easy Info Team at  
Skills for People, employing  
people with a learning disability.

## Who I am and what I do



My name is Susan. I am the Police and Crime Commissioner for Northumbria.



People have told me that they want to feel safe from crime.



My job is to make sure that the Police do what you want them to do.



I have talked to lots of people about the things that work well and the things the Police need to do better to stop crime.





## The Police and Crime Plan

This is my plan for the Police in **Northumbria** from 2025 to 2029.



**Northumbria** is a large area. It includes Gateshead, Newcastle, North Tyneside, Northumberland, South Tyneside and Sunderland.



The plan is called Safer Streets, Stronger Communities. This means that we all need to work together to help each other feel safe.



My Plan tells you about six things I want the Police to do. These are the things that you said are important to you.

## 1. An Engaged and Responsive Police Force



This means that I want the Police to listen to you and give you help when you need it.



I want you to trust the Police and feel confident to report crime or tell us if you are worried about something.



I want the Police to answer calls to 999 or 101 as quickly as possible and do the best thing to deal with the crime you have told them about.



If you are a victim of crime, I want the Police to tell you what is happening.



## 2. Crime and Anti-Social Behaviour

I want the Police to work hard to stop crime and anti-social behaviour so that you feel safe where you live, on public transport and on the roads that you use.

I want you to know who the Police Officers are in the place where you live so that you can talk to them when you need them.

I want the Police to work hard to stop crimes like shoplifting, burglary, theft of vehicles, motorbike crime and online scams.

### 3. Serious Violence and Organised Crime



I want the Police to stop crimes that happen with knives, drugs and gangs.



I want the Police to stop vulnerable young people from being used by criminal gangs to break the law.



My plan is to keep going to make the things better that we are already doing to stop serious crime before it happens.



## **4. Violence against Women and Girls**

I will make sure that the Police work better to keep women and girls safe from harm.



The Police will work to change bad behaviours towards women and girls. We will teach people and use the law where we need to.



When a woman or girl is the victim of a violent crime, I want them to be treated with respect by the Police and to be supported to say what has happened to them.



## 5. Hate Crime and Community Cohesion



This means that my plan is to help everyone in the community to feel stronger and to respect each other.



I want the Police to work hard to stop hate crime.



I want the Police to listen to and support people and organisations so that they can also help to stop hate crime.

## 6. Victims and Justice



I want everyone who has been a victim of crime to have the help and support that they need.



I want victims of crime to know what can be done to make sure that the people who commit crime are punished.



I want the Police to understand the needs of autistic people, people with a learning disability or other disability, and those with mental health problems.



I will work hard to cut the amount of time it takes for a crime to be investigated and to be heard by a Judge.

## **How you will know if the Police and Crime Plan is working**



I will meet with the Chief Constable of Northumbria Police and tell you how things are going.



I will ask victims of crime how we are doing. What they say will help us make decisions in the future.



## **Keep in touch**

Please keep in touch with me to tell me how the plan is working.

You can do this in lots of ways.



Email

[enquiries@northumbria-pcc.gov.uk](mailto:enquiries@northumbria-pcc.gov.uk)





Website [www.northumbria-pcc.gov.uk](http://www.northumbria-pcc.gov.uk)



## Address

Northumbria Police & Crime  
Commissioner

1st Floor Victory House

Balliol Business Park

Benton Lane

Newcastle upon Tyne

NE12 8EW



Phone 07761764406



## Social media

[instagram.com/NorthumbriaOPCC](https://www.instagram.com/NorthumbriaOPCC)

[facebook.com/NorthumbriaOPCC](https://www.facebook.com/NorthumbriaOPCC)

[x.com/NorthumbriaOPCC](https://twitter.com/NorthumbriaOPCC)

[linkedin.com/company/office-of-the-  
police-crime-commissioner-for-  
northumbria/](https://www.linkedin.com/company/office-of-the-police-crime-commissioner-for-northumbria/)

|   |                         |
|---|-------------------------|
| <b>Joint Independent Audit Committee</b>  | <b>24 February 2025</b> |
| <b>Joint Strategic Risk Register</b>  |                         |
| <b>Report of: Ruth Durham, Chief of Staff and Monitoring Officer and Jayne Meir, Deputy Chief Constable</b> |                         |
| <b>Author: Paul Godden, Head of Corporate Development</b>   |                         |

## **I. PURPOSE**

- 1.1 To present the Joint Strategic Risk Register (JSRR).

## **2. BACKGROUND**

- 2.1 Northumbria Police and the Office of the Police and Crime Commissioner (OPCC) share a JSRR. Each strategic risk is assigned a Chief Officer or OPCC owner(s), who has responsibility for the management of controls and the implementation of new controls where necessary.

### **Governance of the Joint Strategic Risk Register**

- 2.2 The JSRR identifies each risk, provides context to the risk, and identifies current factors affecting thematic areas and captures the consequences if it were to happen. It also provides a summary of existing controls and rates risks on the likelihood of the risk occurring and the impact it would have. All risks are regularly reviewed by the respective owners and updated, where necessary.
- 2.3 Area Commanders, Department Heads, Senior Leadership Teams and the OPCC are responsible for the identification of emerging risks, some of which might not be controlled locally and have the potential to prevent the Force and PCC from achieving objectives.
- 2.4 Risks are escalated in-line with the governance and decision-making structures and recorded on the JSRR. Recommendations and areas for improvement following external inspections are considered to ensure they are adequately reflected in current risks.
- 2.5 The JSRR is reported to the Joint Business Meeting between the PCC and the Chief Constable on a quarterly basis. This presents the Force Strategic Risk Register (FSRR) alongside the OPCC Strategic Risk Register. The Joint PCC/Chief Constable Governance Group and Joint Independent Audit Committee (JIAC) provide additional scrutiny and governance on a quarterly basis.
- 2.6 The FSRR captures risk(s) in thirteen thematic areas: Digital Policing; Finance; Governance; Information and Data Management; Information and Data Quality; Infrastructure and Assets; Operational; Partnership and Collaboration; Projects/Programmes; Public Confidence; Regulation and Standards; Strategy; and Workforce.
- 2.7 Appendix A provides an overview of the current Red, Amber, Green (RAG) status of the strategic risks for Northumbria Police, alongside the FSRR. (Thematic risk areas are recorded alphabetically and alphabetised for ease of reference only.)

**Key changes to the Force Strategic Risk Register**

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

- 2.8 The summary of controls have been refreshed to reflect an increase in the percentage of vacancies filled in the new IT organisational restructure from 85% to 96%, and conclusion of migration to new NPICCS hardware at the end of summer 2024 as anticipated.
- 2.9 The existing Cobol resources, which had been extended and capacity increased by two funded projects during Q3 2024, have now been extended to the end of 2026. The extension is to accommodate the ongoing support and maintenance of the NPICCS platform until it can be decommissioned after the Niche go-live and legacy data store has been delivered.
- 2.10 Wide Area Network (WAN) transition from Capita to MLL as WAN suppliers, was completed at the end of November 2024. The migration from BT Broadband at Neighbourhood Policing Team locations to MLL WAN is continuing; expected completion at the end of February 2025.

**Strategic Risk Area: Finance – Reduction in funding and/or funding pressures which require changes to financial planning and/or a change to the resourcing of service delivery.**

- 2.11 Current factors have been updated following the announcement of the Police Settlement by the Home Secretary 17 December 2024, which provided a one year settlement for 2025/26 and was below the level of assumptions within the assumed budget for 2025/26. There is a proposal to consider a 3-year settlement for policing during the Spring of 2025.
- 2.12 Funding arrangements for the recruitment of 13,000 additional neighbourhood officers, community support officers and special constables, as announced by the Prime Minister earlier in December are yet to be clarified in order to incorporate into budget and resourcing plans.
- 2.13 There have been no changes to the assessment of risk during the last reporting period. Four areas remain high risk: Digital Policing; Finance; Information and Data Management; and Workforce.

| <b>Thematic Risk Area</b>     | <b>Likelihood</b> | <b>Impact</b> | <b>RAG</b> |
|-------------------------------|-------------------|---------------|------------|
| Digital Policing              | Medium (3)        | High (4)      | High (12)  |
| Finance                       | High (4)          | High (4)      | High (16)  |
| Governance                    | Very Low (1)      | Low (2)       | Low (2)    |
| Information & Data Management | Medium (3)        | High (4)      | High (12)  |
| Information and Data Quality  | Low (2)           | High (4)      | Medium (8) |
| Infrastructure and Assets     | Low (2)           | Medium (3)    | Medium (6) |
| Operational                   | Low (2)           | High (4)      | Medium (8) |

|                               |            |            |            |
|-------------------------------|------------|------------|------------|
| Partnership and Collaboration | Low (2)    | High (4)   | Medium (8) |
| Projects/Programmes           | Low (2)    | High (4)   | Medium (8) |
| Public Confidence             | Low (2)    | High (4)   | Medium (8) |
| Regulation and Standards      | Medium (3) | Medium (3) | Medium (9) |
| Strategy                      | Low (2)    | High (4)   | Medium (8) |
| Workforce                     | Medium (3) | High (4)   | High (12)  |

### Key changes to the OPCC Strategic Risk Register

2.14 Appendix B details the latest OPCC Strategic Risk Register. Updates are focused around three risk areas:

- The current position in respect of police funding is provided in Finance.
- In Governance the current government led national reform work on police accountability and the police landscape replace the 2020 national PCC review. Governance now also reflects the pending outcome of the recent Force wide HMICFRS PEEL inspection.
- In Public Confidence the publication of the PCC's first Police and Crime Plan is referenced.

2.15 There have been no changes to the assessment of risk during the last reporting period. One area remains high risk: Finance.

| Thematic Risk Area            | Likelihood   | Impact   | RAG        |
|-------------------------------|--------------|----------|------------|
| Finance                       | High (4)     | High (4) | High (16)  |
| Governance                    | Very Low (1) | Low (2)  | Low (2)    |
| Partnership and Collaboration | Low (2)      | High (4) | Medium (8) |
| Public Confidence             | Low (2)      | High (4) | Medium (8) |

## 3. CONSIDERATIONS

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



**AGENDA ITEM 6.**  
**APPENDIX A**

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

| LIKELIHOOD | Very High (5) |                |   |   |               |
|------------|---------------|----------------|---|---|---------------|
|            | High (4)      |                |   | B - Finance   |               |
|            | Medium (3)    |                | K - Regulation & Standards                                | A - Digital Policing<br>D - Information & Data Management<br>M - Workforce  |               |
|            | Low (2)       |                | F - Infrastructure and Assets<br>I - Projects/ Programmes | E - Information & Data Quality<br>G - Operational<br>H - Partnership & Collaboration<br>J - Public Confidence<br>L - Strategy |               |
|            | Very Low (1)  | C - 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<br>i<br>k<br>e<br>l<br>i<br>h<br>o<br>o<br>d | 5. VERY HIGH | 5           | 10     | 15        | 20      | 25           |
|  | 4. HIGH      | 4           | 8      | 12        | 16      | 20           |
|  | 3. MEDIUM    | 3           | 6      | 9         | 12      | 15           |
|  | 2. LOW       | 2           | 4      | 6         | 8       | 10           |
|  | 1. VERY LOW  | 1           | 2      | 3         | 4       | 5            |
|  |              | 1. VERY LOW | 2. LOW | 3. MEDIUM | 4. HIGH | 5. VERY HIGH |
|  | Impact       |             |        |           |         |              |

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

### Key:

**Green: Very Low/Low**

**Amber: Medium**

**Red: High/Very High**

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

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

**Risk Appetite Keys:**

**Position:**

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

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

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

**Level:**

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

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

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

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

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

|                        |   |                          |                |
|------------------------|---|--------------------------|----------------|
| <b>A</b>               | <b>Strategic Risk Area – Digital Policing</b>   |                          |                |
|                        | <b>Risk Appetite</b>  | <b>Current/Tolerable</b> | <b>Optimal</b> |
|                        |   | Cautious                 | Open           |
|                        | <b>Risk – Inability of the Force to respond effectively to service demand due to loss or failure of mission and business critical technology solutions.</b>   |                          |                |
| Owner(s)               | Deputy Chief Constable  |                          |                |
| Governance & Oversight | Digital Policing Portfolio Governance Board   |                          |                |
| Context                | <ul style="list-style-type: none"> <li>▪ Limitations of current digital policing systems and the impact on service delivery.</li> <li>▪ Loss of critical digital policing services.</li> <li>▪ Significant information technology (IT) projects and programmes.</li> <li>▪ Lack of skills and/or capacity to fulfil business as usual and change activities in parallel.</li> <li>▪ A malicious intent to compromise or access information or data.</li> <li>▪ Failure of national projects to deliver on time and to specification.</li> <li>▪ 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.</li> </ul>   |                          |                |
| Current factors        | <ul style="list-style-type: none"> <li>▪ Legacy technology estate carrying a low level of documentation, coupled with loss of knowledge and introduction of new staff.</li> <li>▪ Some technologies are no longer covered under a commercial contract for support &amp; maintenance.</li> <li>▪ Some technologies are no longer supported by the vendor resulting in a lack of security patching and feature upgrades.</li> <li>▪ Lack of standardisation across the technology estate.</li> <li>▪ Unclear business ownership aligned to technologies to effect business representation against contract renewals and license allocation.</li> <li>▪ Disparate applications with unclear alignment to Force capabilities.</li> <li>▪ No formally agreed Service Level Agreements (SLAs) with the business in relation to technology availability and recovery.</li> <li>▪ An organically grown network which is lacking consistency and standardisation.</li> <li>▪ A significant weakness was highlighted during the internal audit in May 24. This relates to the visibility and reporting of the network security posture, and more specifically the patch status of network devices.</li> </ul> |                          |                |
| Potential consequence  | <ul style="list-style-type: none"> <li>▪ Ineffective IT system to support business processes.</li> <li>▪ Inability to effectively communicate with partners and the public.</li> <li>▪ Loss of information from systems as a result of a cyber-attack.</li> <li>▪ Removal from the Public Service Network (PSN/p) may be considered if the Force network is found to have been compromised.</li> <li>▪ Loss of confidence in systems and the organisation from users, the public and partner organisations.</li> <li>▪ Loss of people data due to out of service life and unsupported core people systems internally and externally.</li> </ul>   |                          |                |



**AGENDA ITEM 6.**  
**APPENDIX A**

|                     |  |
|---------------------|--|
|                     | <ul style="list-style-type: none"> <li>▪ Confidentiality and integrity risk to Force data and systems and potentially national policing data and systems.</li> <li>▪ The ability to carry out impact assessments based on new vulnerabilities is manual, and therefore may result in devices missing critical and non-critical updates within a suitable timeframe.</li> </ul>   |
| Summary of Controls | <ul style="list-style-type: none"> <li>▪ Digital Policing Board Key Performance Indicator (KPI) to track and maintain oversight of both National Management Centre (NMC) alerts and patching.</li> <li>▪ New major IT organisational restructure approved with 96% of vacancies filled increasing leadership, capability and capacity.</li> <li>▪ Hardware upgrade and investment in existing NPICCS solution to ensure support and maintenance is maintained.</li> <li>▪ New NPICCS hardware procured and installed across two sites, migration concluded at the end of summer 2024.</li> <li>▪ 18-month implementation plan requiring significant IT commitment/resource in-place to implement the Records Management System replacement for NPICCS by February 2026.</li> <li>▪ Audit regime to test internal switches and disablement when required.</li> <li>▪ Wide Area Network (WAN) Transition from Capita to MLL as WAN suppliers completed November 2024. Migration from BT Broadband at Neighbourhood Policing Team locations to MLL WAN is continuing, expected completion end of February 2025.</li> <li>▪ Tender being shaped to redesign and deliver a transformed Local Area Network (LAN).</li> <li>▪ Disaster recovery controls in formation to deliver appropriate management of core system recovery and associated business continuity plans.</li> <li>▪ Effective Cyber Incident Response Plan (CIRP) agreed, understood and in place.</li> <li>▪ Patching policy in place. Network Team at full establishment will ensure daily checks and patching regime on network and infrastructure devices is maintained and reported.</li> <li>▪ Centralised hardware security monitoring now fully operable via the NMC provided by the National Enabling Programme.</li> <li>▪ Increased the number of devices being monitored (Meraki devices) by the central monitoring by NMC.</li> <li>▪ Close direct relationships with Cyber support and oversight provided by the National Cyber Security Centre (NCSC).</li> <li>▪ Greater security enhancement via enhanced Firewalls, access controls and further investment in new F5 technology.</li> <li>▪ Annual and ad-hoc penetration testing regime embedded.</li> <li>▪ Existing Cobol resources extended to the end of 2026.</li> <li>▪ Implementation of Smart Contact Command and Control solutions removing the threat of loss of 999 and 101 calls due to loss of NPICCS.</li> <li>▪ Increase in the frequency and types of backups of the people data and full system backups to minimise any loss.</li> </ul> |

**AGENDA ITEM 6.**  
**APPENDIX A**

|            |  |           |
|------------|--|-----------|
|            | <ul style="list-style-type: none"> <li>▪ Periodic restores and read tests in place to ensure backup is viable.</li> <li>▪ 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.</li> <li>▪ A wider assessment of security controls in place, which will include consideration of Administrative Username and Password used across the Force network.</li> <li>▪ Discovery and modelling of the entire technology estate has commenced. This will provide full documentation and understanding of linked assets, and the ability to carry out effective assessment to drive improvements.</li> <li>▪ Digital Roadmap in development to provide visibility and gain buy-in from key stakeholders against all change activities required.</li> </ul> |           |
| Likelihood | 3  | <b>12</b> |
| Impact     | 4  |           |

|                                   |  |                          |                |
|-----------------------------------|--|--------------------------|----------------|
| <b>B</b>                          | <b>Strategic Risk Area – Finance</b>   |                          |                |
|                                   | <b>Risk Appetite</b>   | <b>Current/Tolerable</b> | <b>Optimal</b> |
|                                   |  | Cautious                 | Cautious       |
|                                   | <b>Risk – Reduction in funding and/or funding pressures which require changes to financial planning and/or a change to the resourcing of service delivery.</b>   |                          |                |
| <b>Owner(s)</b>                   | Chief Constable and Head of Finance (CFO)  |                          |                |
| <b>Governance &amp; Oversight</b> | Executive Board / Business Meeting   |                          |                |
| <b>Context</b>                    | <ul style="list-style-type: none"> <li>▪ 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.</li> <li>▪ Reduction in central government funding as announced in the annual Home Office (HO) Police Funding Settlement.</li> <li>▪ 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.</li> <li>▪ Continued global cost pressures and cost of living increases are not funded with the grant settlement, leading to the necessity for efficiencies.</li> <li>▪ 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.</li> <li>▪ 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.</li> </ul> |                          |                |
| <b>Current factors</b>            | <ul style="list-style-type: none"> <li>▪ Following the change in Government during 2024, a one year settlement has been announced for 2025/26 with a proposal to consider a 3-year settlement for policing during the Spring of 2025.</li> <li>▪ The draft funding settlement for 2025/26 is below the level of assumptions within the assumed budget for 2025/26.</li> <li>▪ Terms of funding for the Prime Minister's pledge for a national 13,000 increase in resources to Neighbourhoods are yet to be clarified in order to incorporate into budget and resourcing plans.</li> <li>▪ There is still an expectation that the review of the Police Allocation Formula (PAF) will be delivered under the new Government however, timescales are yet to be clarified.</li> <li>▪ In force financial implications of pension remedy, which are currently being progressed based on national guidance.</li> <li>▪ Inflationary rises and supply chain issues are creating significant cost pressures in current and future budget predictions, without any increases in funding.</li> </ul>   |                          |                |
| <b>Potential consequence</b>      | <ul style="list-style-type: none"> <li>▪ 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</li> </ul>   |                          |                |

**AGENDA ITEM 6.**  
**APPENDIX A**

|                            |   |           |
|----------------------------|---|-----------|
|                            | <p>unplanned efficiencies and savings thereby impacting on service delivery.</p> <ul style="list-style-type: none"> <li>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.</li> </ul>   |           |
| <b>Summary of Controls</b> | <ul style="list-style-type: none"> <li>Transparent ownership of financial matters between the PCC and Chief Constable.</li> <li>Well understood in-year financial monitoring and reporting governance.</li> <li>An effective Reserves Strategy to provide mitigation against known and potential future events (Inflationary Risk, Pay Inflation, Emergency Services Network, , Operational Systems Reserves etc.), plus reserves providing financing to planned future investments.</li> <li>Full consultation, engagement and lobbying alongside and independently with the Police and Crime Commissioners Treasurers' Society, NPCC Treasurers' group and the HO alongside regional public sector partners including the Mayoral Office, to influence funding for Policing and the North East.</li> <li>Effective force wide Business Planning cycle, Revenue and Capital budget setting processes, Efficiency plans and monitoring.</li> <li>An effective Workforce Plan, Governance Arrangements and Force Operating Model (FOM) to manage pay related spend.</li> </ul> |           |
| Likelihood                 | 4   | <b>16</b> |
| Impact                     | 4   |           |

|                        |  |                          |                |
|------------------------|--|--------------------------|----------------|
| <b>C</b>               | <b>Strategic Risk Area – Governance</b>  |                          |                |
|                        | <b>Risk Appetite</b>   | <b>Current/Tolerable</b> | <b>Optimal</b> |
|                        |  | Cautious                 | Open           |
|                        | <b>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.</b>  |                          |                |
| Owner(s)               | Deputy Chief Constable   |                          |                |
| Governance & Oversight | Executive Board  |                          |                |
| Context                | <ul style="list-style-type: none"> <li>Chief Constable is unable to account to the PCC for the exercise of their functions and those under their direction and control.</li> <li>There is a breakdown in relationship between the Force and Office of the Police and Crime Commissioner (OPCC).</li> </ul>   |                          |                |
| Current factors        | <ul style="list-style-type: none"> <li>PCC due to consult upon Policing and Crime Plan</li> <li>Response to external inspection and investigation activity by His Majesty's Inspectorate of Constabulary and Fire &amp; Rescue Services (HMICFRS).</li> <li>Challenging Force change projects and programmes.</li> </ul>   |                          |                |
| Potential consequence  | <ul style="list-style-type: none"> <li>Inability to identify and respond to deteriorating performance resulting in policing priorities not being achieved.</li> <li>A decline in quality and service delivery, leading to a reduction in satisfaction levels.</li> <li>Inability to work effectively in partnership to provide services to victims and witnesses.</li> <li>Slippage/failure of projects, which hamper the achievement of objectives.</li> <li>Adverse external inspection reports, leading to recommendations and wider escalation.</li> <li>Loss of public confidence.</li> </ul>   |                          |                |
| Summary of Controls    | <ul style="list-style-type: none"> <li>New Force Strategy, underpinned by thematic strategies and delivery plans.</li> <li>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.</li> <li>A Joint Independent Audit Committee to provide advice to the PCC and Chief Constable on the principles of corporate governance.</li> <li>Internal Audit of Governance by Gateshead Council.</li> <li>Adherence to CIPFA good governance</li> <li>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.</li> </ul> |                          |                |
| Likelihood Impact      | 1<br>2   | 2                        |                |



**AGENDA ITEM 6.**  
**APPENDIX A**

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

**AGENDA ITEM 6.**  
**APPENDIX A**

|            |   |           |
|------------|---|-----------|
|            | <ul style="list-style-type: none"> <li>▪ 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.</li> <li>▪ Targeted and relevant audit and organisational learning process to identify inappropriate handling and management of information.</li> <li>▪ Oversight and management through the Governance and Decision-making structure.</li> <li>▪ Implementation of formal Information Asset Registers, training, awareness and ongoing monitoring and support for IAOs and Information Asset Leads.</li> <li>▪ Enhanced legislative, policy/procedure compliance via review, retention and deletion (RRD) implementation around stored data, which radicalises volumes and controls access.</li> <li>▪ 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.</li> <li>▪ Planned assurance schedule relating to critical systems and services.</li> <li>▪ Bi-monthly meeting with Senior Information Risk Owner to formally assess and govern risk.</li> <li>▪ Force OpSy role identified and placed into IMD to improve operational security.</li> </ul> |           |
| Likelihood | 3   | <b>12</b> |
| Impact     | 4   |           |

|                        |   |                          |                |
|------------------------|---|--------------------------|----------------|
| <b>E</b>               | <b>Strategic Risk Area – Information and Data Quality</b>   |                          |                |
|                        | <b>Risk Appetite</b>  | <b>Current/Tolerable</b> | <b>Optimal</b> |
|                        |   | Cautious                 | Minimalist     |
|                        | <b>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.</b>   |                          |                |
| Owner(s)               | Assistant Chief Constable (Force Coordination)  |                          |                |
| Governance & Oversight | Force Assurance Board   |                          |                |
| Context                | <ul style="list-style-type: none"> <li>▪ 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.</li> <li>▪ The replacement of Force legacy systems presenting competing data collection processes.</li> <li>▪ The ability to assign accountability/ownership of data assets to ensure data is collected, stored and used appropriately.</li> <li>▪ 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.</li> <li>▪ 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.</li> </ul> |                          |                |
| Current factors        | <ul style="list-style-type: none"> <li>▪ Legacy data and systems.</li> <li>▪ Vetting our workforce at the appropriate levels defined by role requirements.</li> <li>▪ Managing the use of personal devices for official tasks.</li> <li>▪ Limiting staff and visitor access to information, assets and estate.</li> </ul>   |                          |                |
| Potential consequence  | <ul style="list-style-type: none"> <li>▪ Inaccessible/inaccurate intelligence.</li> <li>▪ 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.</li> <li>▪ Reduction in force performance and delivery through poor and non-reflective data quality.</li> <li>▪ Inaccurate data returns to the HO and other bodies e.g. HMICFRS.</li> <li>▪ Adverse findings from inspectorate and audit bodies e.g. HMICFRS and ICO.</li> <li>▪ 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.</li> </ul>                  |                          |                |

**AGENDA ITEM 6.**  
**APPENDIX A**

|                     |  |   |
|---------------------|--|---|
| Summary of Controls | <ul style="list-style-type: none"> <li>▪ Investment in IT to support ongoing Digital Policing (DP) programme which integrates data management processes and wider compliance obligations.</li> <li>▪ Migration plans as part of IT projects and programmes to ensure data quality, accuracy and compliance with GDPR.</li> <li>▪ Implementation of Data Quality reviews and Audits to support ongoing improvements relating to handling methods, accuracy, review and retention.</li> <li>▪ Quality Standards Delivery Team.</li> <li>▪ Use of the Qlik Sense Business Intelligence tool to identify compliance and data quality issues.</li> <li>▪ Engagement with the HO/National Police Chiefs' Council National Data Quality Improvement Service (NDQIS).</li> <li>▪ Implementation of holistic Information Asset Registers with accountable Owners and Leads.</li> <li>▪ 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.</li> <li>▪ Implementation of formal Information Asset Registers, training, awareness and ongoing monitoring and support for IAOs and Information Asset Leads.</li> <li>▪ Enhanced legislative, policy/procedure compliance via review, retention and deletion (RRD) implementation re stored data which radicalises volumes and controls access.</li> <li>▪ Enhanced external audit regime implemented that reflects the complexity and breadth of information management obligations and compliance regimes.</li> <li>▪ 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.</li> <li>▪ Compliance with Vetting Code of Practice to ensure consistent and high standards of police vetting.</li> <li>▪ Regular review of the Designated Post List against known role descriptions.</li> <li>▪ Self-service updates to allow efficient and timely changes to data.</li> <li>▪ Information Management training mandated for all staff and officers with key performance indicators reported as a standing agenda item.</li> <li>▪ Dedicated communication and awareness plan for all staff and officers which targets key risks and impacts in a timely and effective manner.</li> </ul> |   |
| Likelihood          | 2  | 8 |
| Impact              | 4  |   |

**AGENDA ITEM 6.**  
**APPENDIX A**

|                        |  |                          |                |
|------------------------|--|--------------------------|----------------|
| <b>F</b>               | <b>Strategic Risk Area – Infrastructure and Assets</b>   |                          |                |
|                        | <b>Risk Appetite</b>   | <b>Current/Tolerable</b> | <b>Optimal</b> |
|                        |  | Cautious                 | Open           |
|                        | <b>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.</b>   |                          |                |
| Owner(s)               | Assistant Chief Officer Corporate Services   |                          |                |
| Governance & Oversight | Strategic Resourcing Board   |                          |                |
| Context                | <ul style="list-style-type: none"> <li>▪ Failure to appropriately maintain assets may result in critical failure.</li> <li>▪ Failure to comply with building regulations and legislation regarding the safety of our estate.</li> <li>▪ Force must meet future sustainability and carbon reduction targets.</li> <li>▪ Failure to ensure officers and staff have the right assets and equipment available to perform their role.</li> <li>▪ Failure to prevent unauthorised access to force buildings.</li> <li>▪ Failure to provide the appropriate training estate to enable maintenance of operational training profiles and to meet CoP licensing requirements</li> </ul>  |                          |                |
| Current factors        | <ul style="list-style-type: none"> <li>▪ Programme of works aligned to future FOM needs to be established to meet operation, sustainability and carbon reduction requirements.</li> <li>▪ Implementation of an Agile Working policy.</li> <li>▪ Delays and increased costs of Estates programme as a result of supply chain issues and inflationary pressures.</li> <li>▪ Ongoing delays in new supply of vehicles/availability of fleet as a result of global supply chain issues.</li> <li>▪ Physical security of buildings and methods of access.</li> <li>▪ Non police owned operational training estate with reliance on other parties to support our delivery.</li> <li>▪ Storage capacity for evidential property.</li> </ul>   |                          |                |
| Potential consequence  | <ul style="list-style-type: none"> <li>▪ Injury to users of assets, detainees or the public.</li> <li>▪ Reduced availability of assets impacts on services across some or all business areas.</li> <li>▪ Litigation and civil claims.</li> <li>▪ Negative impact on the workforce and on public confidence.</li> <li>▪ Not achieving sustainability and carbon reduction targets.</li> <li>▪ Unauthorised access to force buildings and assets.</li> <li>▪ Loss of CoP license to deliver operational training impacting on capability and deployability of workforce.</li> <li>▪ Property is stored in various locations without formal recording or RRD (Retention, Review, Deletion) processes in place. Potential for non-compliance with regulations and a potential negative impact on investigations and subsequent loss of public confidence. Volumes retained also impacts on cost to transition from NPICCS to NICHE.</li> </ul> |                          |                |



**AGENDA ITEM 6.**  
**APPENDIX A**

|                     |  |
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| Summary of Controls | <ul style="list-style-type: none"> <li>▪ 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</li> <li>▪ Full review of methods of access to buildings undertaken, specification and project underway to replace current key access with electronic access control system for all force buildings.</li> <li>▪ To mitigate specific risk at North Shields, a bespoke access control system has been installed.</li> <li>▪ There has been a programme of communications issued to all staff in relation to building security. Including the wearing of identification and challenging where appropriate individuals seeking to access force buildings.</li> <li>▪ Additional penetration testing to test building security measures has been put in place.</li> <li>▪ Implement agreed Estates Strategy, rationalising where appropriate and re-profiling building refurbishment programme to align with future operating model and operating procedures.</li> <li>▪ Established internal arrangements to minimise the impact of proposed estate and infrastructure changes/refreshes on the business.</li> <li>▪ Business Continuity Plans, Estate Strategies and policies and procedures in place.</li> <li>▪ Regular inspection, testing and maintenance programmes in place in respect of water hygiene, electricity and gas safety.</li> <li>▪ Statutory maintenance audit sampling a number of force buildings to be undertaken, providing assurance around statutory compliance and potentially to identify any gaps in maintenance coverage.</li> <li>▪ Fire risk assessments in place.</li> <li>▪ Asbestos management plan in place.</li> <li>▪ Health and Safety management embedded at tactical and strategic level.</li> <li>▪ Fleet Strategy implemented in-line with carbon reduction targets.</li> <li>▪ Fleet User Group to revise fleet use and force profile, including development of sustainable fleet measures.</li> <li>▪ Vehicle maintenance, transportation and installation partners are vetted to ensure security and continuity of service.</li> <li>▪ Internal fuel stock maintained.</li> <li>▪ Asset management software and/or recording system in place.</li> <li>▪ Telematics installed in all cars providing management oversight with timely maintenance and usage data.</li> <li>▪ Operational equipment requirements are managed via the Force Safety Group and reported to the Culture and Leadership Board.</li> <li>▪ Estates Strategy significant investment projects and Estates Capital Programme progress are overseen by the Estates Programme Board.</li> <li>▪ Ongoing negotiations to secure operational training bases with Northumberland and Tyne and Wear Fire services which will be compliant with CoP license requirements and in support of Etal Lane as Northumbria Police owned estate. Longer term agreement to secure operational training base.</li> </ul> |
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**AGENDA ITEM 6.**  
**APPENDIX A**

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|            | <ul style="list-style-type: none"> <li>DMAT (Data Management Assessment Team) assisting with property management. ACC (Communities) has a sub-group working towards improving the property system.</li> </ul> |   |
| Likelihood | 2   | 6 |
| Impact     | 3   |   |

|                        |  |                          |                |
|------------------------|--|--------------------------|----------------|
| <b>G</b>               | <b>Strategic Risk Area – Operational</b>   |                          |                |
|                        | <b>Risk Appetite</b>   | <b>Current/Tolerable</b> | <b>Optimal</b> |
|                        |  | Cautious                 | Cautious       |
|                        | <b>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.</b>  |                          |                |
| Owner(s)               | Assistant Chief Constable (Force Coordination)   |                          |                |
| Governance & Oversight | Force Assurance Board  |                          |                |
| Context                | <ul style="list-style-type: none"> <li>▪ A specific focus on Joint Emergency Services Interoperability Programme (JESIP) principles and preparedness planning through the Local Resilience Forum (LRF) to manage Major Incidents.</li> <li>▪ The national strategic threat and risk assessment in specialist areas of Public Order Public Safety (POPS), Firearms and Motor Patrols has led to the identification of shifting threats from extremist groups and associated learning from public inquiries.</li> <li>▪ 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.</li> </ul> |                          |                |
| Current factors        | <ul style="list-style-type: none"> <li>▪ Current review of the CCA (Civil Contingencies Act).</li> <li>▪ Proposed wider remit of LRFs and stronger LRF pilot within the Northumbria region.</li> <li>▪ Statutory guidance for JESIP and increased training requirements.</li> <li>▪ Implementation of a new FOM has created an imbalance of skills across geographical locations and shifts.</li> <li>▪ Work Force Plan.</li> <li>▪ Significant Events (e.g. derby match and increase in protests).</li> <li>▪ Manchester Arena recommendations impacting broader testing &amp; exercising.</li> <li>▪ Increased Public and Personal Safety training (PPST) schedule.</li> <li>▪ Increased Mutual Aid requests.</li> </ul>   |                          |                |
| Potential consequence  | <ul style="list-style-type: none"> <li>▪ Inability to meet core policing requirements.</li> <li>▪ Inability to respond effectively to Major Incidents.</li> <li>▪ Reduced staffing and service provision.</li> <li>▪ Inability to deliver services across some or all business areas.</li> <li>▪ Inability to project accurate resourcing to meet future demand.</li> <li>▪ Ability to meet mobilisation commitment.</li> <li>▪ Negative impact on public confidence.</li> <li>▪ Ineffective business continuity.</li> </ul>   |                          |                |

**AGENDA ITEM 6.**  
**APPENDIX A**

|                     |  |          |
|---------------------|--|----------|
| Summary of Controls | <ul style="list-style-type: none"> <li>▪ Skills map is being developed and will be taken to Strategic Resourcing Board with recommendations to address the imbalance caused by FOM moves.</li> <li>▪ Robust business continuity plans in place across all area commands and departments with regular testing</li> <li>▪ Concept of Operations developed in line with the States of Policing Matrix to support resourcing decisions maintain critical functionality for the force.</li> <li>▪ 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.</li> <li>▪ Ability to implement agile ways of working and create secure estate environments.</li> <li>▪ Northumbria Police are an invested partner in the LRF and work closely with the partnership on preparedness for civil emergencies and the testing and excising of the multi-agency response.</li> <li>▪ Northumbria police will lead on recruitment of stronger LRF resources and will host the roles once recruited</li> <li>▪ Strategic and tactical JESIP delivery groups.</li> <li>▪ Internal and multi-agency Governance structure to deliver on Manchester Arena Inquiry recommendations.</li> <li>▪ Ability to revise shift pattern to facilitate mobilisation of specialist staff, particularly in respect of TL2 assets.</li> <li>▪ Force Coordination Centre and twice daily pace setter meetings to align demand and resources.</li> <li>▪ Working Group established to manage Public Order resources to fulfil operational requirements.</li> </ul> |          |
| Likelihood          | 2  | <b>8</b> |
| Impact              | 4  |          |

|                        |  |                          |                |
|------------------------|--|--------------------------|----------------|
| <b>H</b>               | <b>Strategic Risk Area – Partnership &amp; Collaboration</b>   |                          |                |
|                        | <b>Risk Appetite</b>   | <b>Current/Tolerable</b> | <b>Optimal</b> |
|                        |  | Cautious                 | Open           |
|                        | <b>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.</b>   |                          |                |
| Owner(s)               | Deputy Chief Constable   |                          |                |
| Governance & Oversight | Strategic Resourcing Board   |                          |                |
| Context                | <ul style="list-style-type: none"> <li>▪ Lack of scoping and user requirements at the outset of partnerships/collaboration or commercial interest.</li> <li>▪ Financial constraints on public services.</li> <li>▪ Cost of living and inflation impacting economy and changing opportunities.</li> <li>▪ Lack of integrated planning with partners to identify opportunities.</li> <li>▪ 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.</li> <li>▪ Failure of collaborative agreements.</li> <li>▪ Reduced commitment to Community Safety Partnerships (CSPs) and joint objective setting due to competing demands within LAs.</li> </ul> |                          |                |
| Current factors        | <ul style="list-style-type: none"> <li>▪ Reduction in safeguarding activity and preventative work, particularly relating to serious violence and anti-social behaviour.</li> <li>▪ Ability to manage commercial contracts.</li> <li>▪ Missed opportunities for further partnership collaboration with partners.</li> <li>▪ Cost of living/inflation is affecting commercial businesses and public sector.</li> <li>▪ Ability of partners to deliver services.</li> </ul>   |                          |                |
| Potential consequence  | <ul style="list-style-type: none"> <li>▪ Gaps in services and support to communities.</li> <li>▪ Missed opportunities to prevent and reduce crime and disorder.</li> <li>▪ Reduced public confidence.</li> <li>▪ Reduced opportunities for more efficient and effective services.</li> <li>▪ Increased costs due to poor scoping and/or contract management.</li> <li>▪ Missed learning opportunities for partner agencies from serious case reviews.</li> <li>▪ Police resource used to fill gaps created by non-delivery of partnership services, depleting capacity to provide policing services.</li> </ul>  |                          |                |
| Summary of Controls    | <ul style="list-style-type: none"> <li>▪ Improving partnership governance arrangements and joint partnership plans through CSPs and wider multi-agency arrangements.</li> <li>▪ Force wide business planning cycle and delivery of local business plans informed by partnership data and engagement.</li> <li>▪ Strategic Design Authority and Force change projects and programmes to improve scope and user requirements of procured</li> </ul>  |                          |                |



**AGENDA ITEM 6.**  
**APPENDIX A**

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

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

**AGENDA ITEM 6.**  
**APPENDIX A**

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

|                        |  |                          |                |
|------------------------|--|--------------------------|----------------|
| <b>J</b>               | <b>Strategic Risk Area – Public Confidence</b>   |                          |                |
|                        | <b>Risk Appetite</b>   | <b>Current/Tolerable</b> | <b>Optimal</b> |
|                        |  | Cautious                 | Open           |
|                        | <b>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.</b>   |                          |                |
| Owner(s)               | Deputy Chief Constable   |                          |                |
| Governance & Oversight | Trust and Confidence Board   |                          |                |
| Context                | <ul style="list-style-type: none"> <li>Force or an associated individual acts in an inappropriate, discriminatory way or demonstrates corrupt behaviour.</li> <li>Death or serious injury following police contact or other adverse or critical incident, as a result of police action or omission.</li> <li>Misuse or deliberate disclosure of sensitive data or information.</li> <li>Public perceptions of police ineffectiveness in relation to offences disproportionately impacting on specific communities or those with protected characteristics.</li> <li>Reduced legitimacy due to poor engagement.</li> <li>Publication of recent reports, including Dame Louise Casey review of Metropolitan Police, Operation Hotton and the findings following the murder of Sarah Everard and the Angiolini Inquiry.</li> </ul>  |                          |                |
| Current factors        | <ul style="list-style-type: none"> <li>Abuse of authority for financial or sexual purpose, fraud or theft.</li> <li>Awareness of risk within workforce (Abuse of Authority for a Sexual Purpose (AA4SP), misogyny, discrimination) and increase in associated misconduct cases.</li> <li>Current operating context and legitimacy in use of police powers.</li> <li>Disproportionality in use of powers.</li> <li>Identification and response to organisational learning opportunities.</li> <li>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.</li> <li>Reduced levels of public confidence.</li> <li>Misinformation and disinformation spread through media networks.</li> </ul> |                          |                |
| Potential consequence  | <ul style="list-style-type: none"> <li>Abuse of authority for financial or sexual purpose, fraud or theft.</li> <li>Increased civil unrest.</li> <li>Perception of disparity damaging confidence of minority groups.</li> <li>Litigation, legal action against the Force.</li> <li>Reduced public confidence.</li> </ul>   |                          |                |



**AGENDA ITEM 6.**  
**APPENDIX A**

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

**AGENDA ITEM 6.**  
**APPENDIX A**

|                        |  |                          |                |
|------------------------|--|--------------------------|----------------|
| <b>K</b>               | <b>Strategic Risk Area – Regulation &amp; Standards</b>  |                          |                |
|                        | <b>Risk Appetite</b>   | <b>Current/Tolerable</b> | <b>Optimal</b> |
|                        |  | Minimalist               | Cautious       |
|                        | <b>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.</b>  |                          |                |
| Owner(s)               | Deputy Chief Constable   |                          |                |
| Governance & Oversight | Force Assurance Board  |                          |                |
| Context                | <ul style="list-style-type: none"> <li>▪ Litigation, legal action and/or prosecution of the Force and/or individuals by former officers or staff members.</li> <li>▪ Failure to comply with regulatory frameworks.</li> </ul>  |                          |                |
| Current factors        | <ul style="list-style-type: none"> <li>▪ Increased scrutiny and challenge on police powers and super complaints.</li> <li>▪ Significant events impacting on public confidence over last 12 months.</li> <li>▪ Change in legislation in relation to protest may result in legal challenge.</li> <li>▪ Increase awareness and reporting of AA4SP could result in legal action against force for failure to prevent.</li> </ul>   |                          |                |
| Potential consequence  | <ul style="list-style-type: none"> <li>▪ Litigation, legal action and/or prosecution of the Force and/or individual staff.</li> <li>▪ Associated costs of dealing with litigation.</li> <li>▪ Negative impact on the workforce and public confidence.</li> <li>▪ Failure to comply with relevant Health and Safety regulations.</li> </ul>   |                          |                |
| Summary of Controls    | <ul style="list-style-type: none"> <li>▪ Central review of all civil claims, with adverse trends and lessons learnt reported and learning shared through Force Assurance Board.</li> <li>▪ Recognised accreditation in relevant areas of business.</li> <li>▪ Health and Safety Management System and provision of health and safety advice.</li> <li>▪ Investigations and review of health and safety incidents, with lessons learnt reported.</li> <li>▪ Force policy on mandatory use of Body Worn Video at key incidents/events.</li> <li>▪ External Scrutiny including panel for use of police powers (Use of Force/Stop &amp; Search) and substantive Independent Scrutiny and Oversight Board.</li> <li>▪ Force approach to identify and reduce AA4SP.</li> </ul> |                          |                |
| Likelihood             | 3  | <b>9</b>                 |                |
| Impact                 | 3  |                          |                |

|                        |  |                          |                |
|------------------------|--|--------------------------|----------------|
| <b>L</b>               | <b>Strategic Risk Area – Strategy</b>  |                          |                |
|                        | <b>Risk Appetite</b>   | <b>Current/Tolerable</b> | <b>Optimal</b> |
|                        |  | Cautious                 | Open           |
|                        | <b>Risk – Northumbria Police fails to deliver its strategic objectives and those of the Police and Crime Plan, due to ineffective business planning, including effective management of performance, risk, demand, transformation, workforce and finance or a changing macro-environment.</b>   |                          |                |
| Owner(s)               | Chief Constable  |                          |                |
| Governance & Oversight | Executive Board  |                          |                |
| Context                | <ul style="list-style-type: none"> <li>▪ Failure to deliver the Force Strategic Priorities.</li> <li>▪ Failure to deliver against objectives set out in the Police and Crime Plan.</li> <li>▪ Failure to achieve the business benefits from Force change projects and programmes.</li> <li>▪ Compliance and standards not meeting acceptable levels impacting on victim services and public confidence.</li> <li>▪ Failure to meet areas for improvement highlighted by external bodies.</li> </ul>  |                          |                |
| Current factors        | <ul style="list-style-type: none"> <li>▪ Increased demand as the force implements Force change projects and programmes.</li> <li>▪ Implementation of operating model able to support future demand.</li> <li>▪ North East devolution deal between the government and the local authorities.</li> </ul>   |                          |                |
| Potential consequence  | <ul style="list-style-type: none"> <li>▪ Deteriorating performance resulting in policing priorities not being achieved.</li> <li>▪ A decline in quality and service delivery, leading to a reduction in satisfaction and confidence.</li> <li>▪ Adverse external inspection reports, leading to recommendations and wider escalation.</li> <li>▪ Slippage/failure of projects, which hamper the achievement of objectives.</li> </ul>  |                          |                |
| Summary of Controls    | <ul style="list-style-type: none"> <li>▪ FOM reviewed and implementation of new model.</li> <li>▪ New Force Strategy underpinned by thematic strategies and delivery plans.</li> <li>▪ Annual preparation of Force Management Statement.</li> <li>▪ Business planning cycle and delivery of local business plans.</li> <li>▪ Force wide Performance Management Framework.</li> <li>▪ Oversight and management of performance using the Governance and Decision-making structure.</li> <li>▪ Effective relationships and communication with partners locally enabling response to national issues (e.g. LCJB).</li> <li>▪ Development and implementation of financial and efficiency planning focused on delivery of Force strategic priorities.</li> </ul> |                          |                |

**AGENDA ITEM 6.**  
**APPENDIX A**

|            |  |   |
|------------|--|---|
|            | <ul style="list-style-type: none"> <li>▪ Realisation of benefits linked to delivery of Force change projects and programmes.</li> <li>▪ Accelerated Investigation Improvement Plan.</li> </ul> |   |
| Likelihood | 2  | 8 |
| Impact     | 4  |   |



|                        |  |                          |                |
|------------------------|--|--------------------------|----------------|
| <b>M</b>               | <b>Strategic Risk Area – Workforce</b>   |                          |                |
|                        | <b>Risk Appetite</b>   | <b>Current/Tolerable</b> | <b>Optimal</b> |
|                        |  | Cautious                 | Open           |
|                        | <b>Risk – Standards, conduct and behaviours of the workforce are not in-line with Northumbria Police values and the Code of Ethics.</b><br><b>Inability to maintain an effective workforce profile through a reduction in attraction, recruitment and retention.</b>   |                          |                |
| 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"> <li>• A strong and relevant employer brand focussed on improvement, which is realistic and reflective of our internal culture.</li> <li>• 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.</li> <li>• Our people feel confident to challenge and call out adverse behaviours at every level.</li> <li>• A collective focus on wellbeing and a commitment to maintaining manageable workloads.</li> <li>• A holistic resourcing strategy through which operating models and roles offer clarity and have a long-term vision to support attraction, retention, and development.</li> <li>• The development of clear supply pipelines to grow capability internally, providing progression opportunities, nurturing talent, and governing this activity through the resourcing strategy.</li> <li>• 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.</li> <li>• The development and promotion of sustainable growth in future capabilities, by effectively understanding our future skills requirements.</li> </ul> |                          |                |
| Current factors        | <ul style="list-style-type: none"> <li>• Developing understanding of current and future operating models which impacts on resourcing and skills requirements.</li> <li>• Poor understanding of people performance, insufficient use of the P&amp;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.</li> <li>• Current job market means candidates have increased choice and higher expectations in relation to salary and opportunities for development.</li> <li>• Challenges to meet wider diversity ambition prevail despite increased local diversity as applicant pools remain limited.</li> <li>• Challenges in the attraction of specialist resources through internal supply routes.</li> </ul>   |                          |                |

**AGENDA ITEM 6.**  
**APPENDIX A**

|                       |   |
|-----------------------|---|
|                       | <ul style="list-style-type: none"> <li>• Higher percentage of female officer voluntary leavers than males.</li> <li>• Skills shortages persist in select specialist and technical roles due to marked differences in remuneration when compared to private sector.</li> <li>• The attraction and retention of volunteers continues to be negatively impacted by a nationally depleting market.</li> <li>• Vetting is currently not matching the hiring pace. Vacancies are being held for long periods and attrition of candidates due to the length of wait is evident.</li> <li>• Capacity and capability in Public Order resources to fulfil increased operational requirements.</li> </ul>  |
| Potential consequence | <ul style="list-style-type: none"> <li>• Failure to secure a diverse and engaged workforce, directly impacting productivity.</li> <li>• Reduction in performance and negative impact on quality of service.</li> <li>• Failure to deliver services in technical and specialist areas impacting on public trust and confidence.</li> <li>• Impact on investigative standards and quality due to insufficient investigative resources to meet demand.</li> <li>• Lack of representation of the communities we serve, impacting negatively in trust and confidence.</li> <li>• Limited ability to deliver or delays in the delivery of Force change projects and programmes due to insufficient specialist and/or technical skills.</li> <li>• Loss of talent due to vetting delays.</li> </ul>  |
| Summary of Controls   | <ul style="list-style-type: none"> <li>• 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.</li> <li>• A People Strategy underpinned by specific people pillars provides direction and clarity to create suitable environments to drive performance improvement and support attraction, recruitment and development of our people.</li> <li>• 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.</li> <li>• 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.</li> <li>• Pay offer and job evaluation have been modernised, bringing salaries within the median for public sector to improve attraction and retention.</li> <li>• In addition to the new salary model, bespoke support and significant investment has been made to increase pay competitiveness across</li> </ul> |

**AGENDA ITEM 6.**  
**APPENDIX A**

|            |  |    |
|------------|--|----|
|            | <p>technical roles, securing critical technical skills and supporting Force change projects and programmes.</p> <ul style="list-style-type: none"> <li>• Focus on implementing a total rewards package and the establishment of a rewards panel to provide consistency, fairness and scrutiny to the allocation of market supplements, retention payments and other monetary related benefits.</li> <li>• The NPCC Diversity, Equality &amp; Inclusion Strategy is incorporated into the DE&amp;I Strategy with a delivery plan aligned to national workstreams as well as a bespoke positive action plan to support meeting diversity and volunteering ambition.</li> <li>• Use of agency / organisations to provide burst capability for technical skills.</li> <li>• 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.</li> <li>• A comprehensive accelerated investigative improvement plan and associated workforce plan is in place with governance provided by the Investigative Capability Gold Group and Strategic Resourcing Board.</li> <li>• A focussed Capacity and Capability Meeting is in place to monitor, coordinate and agree operational resourcing solutions at tactical level. This provides a platform for early consultation on change to operating models and early understanding of capacity and capability impact.</li> <li>• Working Group established to manage Public Order resources.</li> <li>• 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.</li> </ul> |    |
| Likelihood | 3  | 12 |
| Impact     | 4  |    |

**Overview of the RAG status of Strategic Risk – OPCC**

| LIKELIHOOD | Very High (5) |                      |            |   |               |
|------------|---------------|----------------------|------------|---|---------------|
|            | High (4)      |                      |            | (OPCC)<br>Finance   |               |
|            | Medium (3)    |                      |            |   |               |
|            | Low (2)       |                      |            | (OPCC)<br>Partnership and<br>Collaboration<br><br>(OPCC)<br>Public Confidence |               |
|            | Very Low (1)  | (OPCC)<br>Governance |            |   |               |
|            | Very Low (1)  | Low (2)              | Medium (3) | High (4)  | Very High (5) |
| IMPACT     |               |                      |            |   |               |

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



|                          |  |
|--------------------------|--|
| <b>OPCC</b>              | <b>Strategic Risk – Finance (OPCC)</b><br><br><b>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.</b>  |
| Owner(s)                 | Chief Finance Officer – OPCC   |
| Governance and Oversight | Joint Business Meeting/OPCC Business Meeting   |
| Context                  | <ul style="list-style-type: none"> <li>▪ 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.</li> <li>▪ 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.</li> <li>▪ 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.</li> <li>▪ 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.</li> <li>▪ Reserves policy is crucial to medium-term sustainability.</li> <li>▪ In-year financial monitoring must be robust.</li> </ul>  |
| Current factors          | <ul style="list-style-type: none"> <li>▪ Draft funding settlement 2024/25 remains one-year only with funding being below the level of assumptions within the current Medium Term Financial Strategy.</li> <li>▪ Settlement 2025/26 has continued funding to support the Uplift programme.</li> <li>▪ Following the change in Government during 2024 a one-year settlement has been received for 2025/26 with a proposal to consider a 3-year settlement for policing during Spring 2025. Along with a pledge for a national 13,000 increase in resources to Neighbourhoods, the terms of which are yet to be clarified for the requirements within Force to secure the funding.</li> <li>▪ At this time, the level of national funding and the robust controls detailed below mitigate in the short term the consequence.</li> <li>▪ In the medium-term extraordinary international events and national inflationary rises lead to significant increases in cost without any increase in funding.</li> <li>▪ As a result of the summer unrest there are a number of claims under the ‘Riot Compensation Scheme’ against the OPCC. Discussions are ongoing for these to be funded by government, if this is not agreed they will need to be met from Force reserves.</li> </ul> |
| Potential consequence    | <ul style="list-style-type: none"> <li>▪ 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.</li> <li>▪ 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.</li> <li>▪ If claims under the ‘Riot Compensation Scheme’ are to be met by OPCC, then these will need to be met from the General Reserve, potentially taking it below minimum levels.</li> </ul>   |

**AGENDA ITEM 6.**  
**APPENDIX B**

|                     |   |           |
|---------------------|---|-----------|
| Summary of Controls | <ul style="list-style-type: none"> <li>▪ Strategic engagement in respect of any proposed review of the funding formula.</li> <li>▪ Transparent ownership of financial matters between the PCC and CC.</li> <li>▪ Comprehensive approach using Priority Based Budgeting to identify areas of efficiency and investment, and an annual budget setting process.</li> <li>▪ Well understood in-year financial monitoring and reporting governance.</li> <li>▪ Medium- and long-term financial planning.</li> <li>▪ Regular oversight of revenue and capital budget.</li> <li>▪ Maintain adequate risk assessed reserves.</li> <li>▪ 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.</li> <li>▪ Audit Committee/Internal Audit/Treasury Management strategy in place and outcomes reviewed by PCC.</li> <li>▪ HMICFRS inspection regime.</li> </ul> |           |
| Likelihood          | 4   | <b>16</b> |
| Impact              | 4   |           |

|                          |   |   |
|--------------------------|---|---|
| <b>OPCC</b>              | <b>Strategic Risk – Governance (OPCC)</b><br><br><b>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.</b>   |   |
| 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"> <li>▪ Ineffective governance, scrutiny, oversight of services and outcomes delivered and lack of reaction to organisational learning by Northumbria Police.</li> <li>▪ Need to target resources and priorities towards changing performance/landscapes or community needs.</li> <li>▪ Chief Constable setting high performance standards.</li> <li>▪ Chief Constable leading a representative workforce that demonstrates the highest levels of integrity, fairness and respect towards others.</li> <li>▪ Trust in the transparency of Northumbria Police.</li> <li>▪ Effective governance includes oversight of complaints against Northumbria Police.</li> <li>▪ Effective systems and controls to manage risk are needed to support the delivery of service.</li> <li>▪ A strong relationship between the Office of the Police and Crime Commissioner and Force which is resilient to external factors.</li> </ul> |   |
| Current factors          | <ul style="list-style-type: none"> <li>▪ Government's Devolution White Paper - plans to widen and deepen devolution.</li> <li>▪ Understanding the new Government's approach to crime, policing and criminal justice including the review of police accountability and the current police reform programme led by the Home Secretary.</li> <li>▪ Pending outcome of the recent Force wide PEEL inspection</li> </ul>   |   |
| Potential consequence    | <ul style="list-style-type: none"> <li>▪ Loss of public confidence.</li> <li>▪ Reputational risk.</li> <li>▪ A decline in quality and service delivery, leading to a reduction in public satisfaction with policing.</li> <li>▪ Deteriorating performance resulting in policing priorities not being achieved.</li> <li>▪ Poor relationship with Northumbria Police.</li> <li>▪ Government intervention.</li> <li>▪ Challenge by the Police and Crime Panel.</li> <li>▪ Adverse external inspection reports, leading to recommendations and potential escalation.</li> </ul>  |   |
| Summary of Controls      | <ul style="list-style-type: none"> <li>▪ Police and Crime Plan (regularly reviewed).</li> <li>▪ Joint Business Meeting.</li> <li>▪ Annual Scrutiny Programme.</li> <li>▪ Provision of the complaints statutory review process.</li> <li>▪ Public and partnership engagement - External Advisory Panel Framework</li> <li>▪ PCC and Chief Constable 1:1s.</li> <li>▪ Police and Crime Panel scrutiny.</li> <li>▪ Scrutinising force response to HMICFRS inspection findings.</li> <li>▪ Audit Committee, audit, annual governance statement, Internal Audit.</li> </ul>  |   |
| Likelihood<br>Impact     | 1<br>2  | 2 |

|                          |   |          |
|--------------------------|---|----------|
| <b>OPCC</b>              | <b>Strategic Risk – Partnership &amp; Collaboration (OPCC)</b>  |          |
|                          | <b>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.</b>   |          |
| Owner(s)                 | Chief of Staff and Monitoring Officer   |          |
| Governance and Oversight | Joint Business Meeting/VRU Strategic Board/Local Criminal Justice Board/ASB Strategic Board   |          |
| Context                  | <ul style="list-style-type: none"> <li>▪ Challenging budget and service pressures within partner organisations both in public and voluntary sector can lead to silo working.</li> <li>▪ Potential for national issues and crisis to affect collaborative working.</li> <li>▪ Requirement to retain engagement of the public as a partner.</li> <li>▪ Ensuring external factors do not alter relationships preventing joint working.</li> <li>▪ Clear outcomes not being identified and reported can risk sustainability and ongoing partner engagement.</li> <li>▪ 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 up to the end of March 2025.</li> </ul>   |          |
| Current factors          | <ul style="list-style-type: none"> <li>▪ Current economic crisis and funding pressures on partners.</li> <li>▪ Understanding the new governments approach to crime, policing and criminal justice.</li> </ul>   |          |
| Potential consequence    | <ul style="list-style-type: none"> <li>▪ Reduced public confidence.</li> <li>▪ Reduced opportunities for more efficient and effective services.</li> <li>▪ Missed opportunities to prevent and reduce crime and disorder and maintain an efficient and effective Criminal Justice System.</li> </ul>  |          |
| Summary of Controls      | <ul style="list-style-type: none"> <li>▪ Effective partnership/commissioning governance arrangements that identify and report outcomes and progress.</li> <li>▪ Comprehensive public engagement and communication strategies to inform multi agency responses and effective scrutiny.</li> <li>▪ Scrutiny of effectiveness of Force collaborative activity.</li> <li>▪ Focus on accessing funds for collaborative working and lobbying government for sustained funding streams.</li> <li>▪ VRU Strategic Board and Response Strategy.</li> <li>▪ PCC chairs Local Criminal Justice Board and ASB Strategic Board.</li> <li>▪ Collaboration and engagement with other PCCs, nationally and regionally.</li> <li>▪ Comprehensive engagement and monitoring of commissioned services.</li> <li>▪ Regular 'sector' engagement meetings with potential and current partners.</li> </ul> |          |
| Likelihood               | 2   | <b>8</b> |
| Impact                   | 4   |          |

|                          |  |   |
|--------------------------|--|---|
| <b>OPCC</b>              | <b>Strategic Risk – Public Confidence (OPCC)</b>   |   |
|                          | <b>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.</b>   |   |
| Owner(s)                 | Chief of Staff and Monitoring Officer  |   |
| Governance and Oversight | Joint Business Meeting/Annual Scrutiny Programme   |   |
| Context                  | <ul style="list-style-type: none"> <li>▪ A robust communications plan is needed to demonstrate effective and visible accountability of the Chief Constable to the PCC.</li> <li>▪ 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.</li> <li>▪ Engagement with communities, through external advisory panels and the complaints process to respond to trends or concerns identified ensuring organisational learning.</li> <li>▪ OPCC business must ensure compliance with legal, information management legislation, transparency guidance and the public sector equality duty.</li> <li>▪ Continue to reassure communities through robust scrutiny of Northumbria Police and engagement with partners and communities.</li> </ul>   |   |
| Current factors          | <ul style="list-style-type: none"> <li>▪ Launch of the PCC's Police and Crime Plan</li> <li>▪ Role of social media in shaping public perceptions.</li> <li>▪ Impending HMICFRS PEEL assessment for Northumbria Police.</li> </ul>  |   |
| Potential consequence    | <ul style="list-style-type: none"> <li>▪ Reputational damage.</li> <li>▪ Police and Crime Plan and delivery not aligned to public priorities.</li> <li>▪ Loss of trust/confidence in the PCC as a result of crime perceptions.</li> <li>▪ Poor service delivery damages public confidence.</li> <li>▪ Relationship with force and partners.</li> <li>▪ Government penalties due to poor assessment results.</li> </ul>   |   |
| Summary of Controls      | <ul style="list-style-type: none"> <li>▪ Police and Crime Plan (regularly updated to reflect emerging priorities).</li> <li>▪ Annual Scrutiny Programme and quarterly OPCC service confidence in policing report from the PCC to the Chief Constable.</li> <li>▪ Police and Crime Panel Scrutiny.</li> <li>▪ Reporting back to the public crime data and on their concerns and progress towards the Police and Crime plan.</li> <li>▪ External evaluations including impact of the VRU.</li> <li>▪ Rolling programme of PCC engagement across demographics and issue-based topics.</li> <li>▪ Annual Report.</li> <li>▪ Governance Framework.</li> <li>▪ Annual Assurance Statement/Audit Committee/Internal Audit.</li> <li>▪ OPCC website and social media.</li> <li>▪ Data Protection Officer.</li> <li>▪ Complaints review process.</li> <li>▪ Service level agreement with Northumbria Police.</li> <li>▪ External Advisory Panel Framework.</li> </ul> |   |
| Likelihood<br>Impact     | 2<br>4   | 8 |



|   |                         |
|---|-------------------------|
| <b>JOINT INDEPENDENT AUDIT COMMITTEE</b>                                    | <b>24 FEBRUARY 2025</b> |
| <b>TREASURY POLICY STATEMENT &amp; TREASURY STRATEGY 2025/26 TO 2028/29</b> |                         |
| <b>REPORT OF: THE JOINT CHIEF FINANCE OFFICER</b>                           |                         |

## **I PURPOSE**

- 1.1 To review and recommend the adoption by the Commissioner of the attached four year Treasury Policy Statement and Strategy 2025/26 to 2028/29.

## **2 RECOMMENDATIONS**

- 2.1 To recommend the adoption by the Commissioner of the attached four year Treasury Policy Statement and Strategy 2025/26 to 2028/29.

## **3 BACKGROUND**

- 3.1 The Chartered Institute of Public Finance and Accountancy (CIPFA) has produced the Code of Practice on Treasury Management in the Public Services (the Code) which represents best practice in Treasury Management. By adopting the attached Treasury Policy Statement and Strategy for 2025/26 to 2028/29 the Commissioner contributes towards achieving best practice.
- 3.2 Part I of the Local Government Act 2003 specifies the powers of local authorities to borrow for any purpose relevant to its functions under any enactment or for the purposes of the prudent management of its financial affairs. For the purpose of the Local Government Act 2003 Police and Crime Commissioners are classified as local authorities. The CIPFA Prudential Code for Capital Finance in Local Authorities sets out a range of prudential and treasury indicators that must be calculated to ensure borrowing is affordable, prudent, and sustainable. The Prudential Code also refers to the need for a clear and integrated Treasury Strategy.
- 3.3 In addition, under Section 15 of the Local Government Act 2003, local authorities are required to have regard to the DLUHC's Guidance on Local Government Investments. This document stipulates the requirement for an annual investment strategy to be integrated into the Commissioner's Treasury Strategy.

## **TREASURY POLICY AND TREASURY STRATEGY**

- 3.4 The Treasury Policy 2025/26 to 2028/29 is set out in Appendix 1 and details the overarching approach to the provision of Treasury Management which includes the Treasury Strategy, Investment Strategy, and appropriate delegations.
- 3.5 The Treasury Strategy for 2025/26 to 2028/29 covers the specific activities proposed for the next four years in relation to both borrowing and investments and ensures a wide range of advice is taken to maintain and preserve all principal sums, whilst obtaining a reasonable rate of return, and that the most appropriate borrowing is undertaken. The primary objective of the investment strategy is to maintain the security of investments at all times. The Strategy is attached at Appendix 2 to this report.
- 3.6 The Treasury Strategy complies with the requirements of the Code, the Prudential Code for Capital Finance in Local Authorities and Part I of the Local Government Act 2003.

- 3.7 The Department of Levelling Up, Housing and Communities (DLUHC) and CIPFA have extended the meaning of ‘investments’ to include both financial and non-financial investments. This report deals solely with treasury (financial) investments, (as managed by the treasury management team). Non-financial investments are essentially the purchase of income yielding assets. The Commissioner has no non-financial investments.
- 3.8 In addition, there are further Appendices 3 to 7, which set out the current interest rate forecasts, Prudential Treasury Indicators, Specified Investments, Maximum Maturity Periods, and details of foreign countries that could be invested with, all of which underpin the core approach detailed in the Strategy.

### **FURTHER INFORMATION**

- 3.9 The following documents have been used in preparation of the report:
- Local Government Act 2003.
  - DLUHC Guidance on Local Government Investments.
  - CIPFA’s Prudential Code for Capital Finance in Local Authorities 2021.
  - CIPFA’s Code of Practice on Treasury Management in the Public Services 2021.
  - The approved Treasury Management Practice Statements as used for day to day management purposes.
  - MUFG Corporate Markets (formerly Link Group) Treasury Management Strategy template 2025/26.

## **4 CONSIDERATIONS**

|  |            |
|--|------------|
| <b>Freedom of Information</b>  | NON-EXEMPT |
| <b>Consultation</b>  | Yes        |
| Consultation has taken place with external treasury advisers MUFG Corporate Markets (change of name from Link Group as at 20/01/2025).   |            |
| <b>Resource</b>  | Yes        |
| There are no financial implications directly arising from the contents of this report. Any income and expenditure within the scope of the report is included in the agreed revenue and capital budgets, and MTFS projections for 2025/26 to 2028/29.                             |            |
| <b>Equality</b>  | No         |
| <b>Legal</b>   | No         |
| <b>Risk</b>  | Yes        |
| The Treasury Policy and Strategy recommended for approval have been prepared with the aim of maintaining the security and liquidity of investments to ensure that the Commissioner’s principal sums are safeguarded. Maximising income is considered secondary to this main aim. |            |
| <b>Communication</b>   | No         |
| <b>Evaluation</b>  | No         |

**Treasury Policy 2025/26 to 2028/29****I. Introduction**

- I.1 The Commissioner has adopted the key recommendations of CIPFA's Treasury Management in the Public Services: Code of Practice (the Code) and maintains:
- A Treasury Management Policy Statement, stating the policies, objectives and approach to risk management of our treasury management activities.
  - Suitable Treasury Management Practices (TMPs), setting out the manner in which the policies and objectives are carried out, and prescribing how the activities will be managed and controlled.
- I.2 CIPFA defines Treasury Management as:
- 'The management of the organisation's borrowing, investments and cash flows, including its banking, money market and capital market transactions, the effective control of the risks associated with those activities, and the pursuit of optimum performance consistent with those risks.'*
- I.3 In 2021/22 CIPFA issued revised Prudential and Treasury Management Codes (2021 Editions). Following the soft introduction of the Codes for 2022/23, Local Authorities were expected to fully implement the required reporting changes within their TMSS/AIS reports from 2023/24.
- I.4 The main objective of the 2021 Code changes (and the previous 2017 Codes) was to respond to the major expansion of local authority investment activity over recent years into commercial activity and the purchase of non-financial investments, particularly property.
- I.5 The Police and Crime Commissioner for Northumbria has not engaged in any commercial investments and has no non-treasury investments.
- I.6 The Commissioner's Treasury Policy Statement and Strategy 2025/26 to 2028/29 is fully compliant with the 2021 Code editions.
- I.7 The CIPFA Prudential and Treasury Management Codes require all local authorities to prepare a Capital Strategy report. The Capital Strategy will be approved by the Police and Crime Commissioner as part of the Medium-Term Financial Strategy (MTFS) 2025/26 to 2028/29 approval process, and will include the approval of final prudential indicators set for 2025/26. The prudential indicators set out at Appendix 4 are therefore considered draft.
- I.8 The Police and Crime Commissioner for Northumbria has delegated responsibility to the Chief Finance Officer (CFO) for the treasury management function and the undertaking of investment and borrowing on behalf of the Commissioner, ensuring that all activities are in compliance with the CIPFA Code of Practice for Treasury Management in the Public Services.

**2. Treasury Strategy**

- 2.1 The Commissioner regards the successful identification, monitoring and control of risk to be the primary criteria by which the effectiveness of its treasury management activities will be measured. Accordingly, the analysis and reporting of treasury management activities will focus on the risk implications for the Commissioner.

- 2.2 The Treasury Strategy encompasses the requirements of CIPFA's Treasury Management Code of Practice, CIPFA's Prudential Code and the DLUHC's Guidance on Local Government Investments. This document stipulates the requirement for an annual investment strategy to be integrated into the Commissioner's Treasury Strategy Statement.
- 2.3 The Treasury Strategy covers the following:
- a) Treasury limits in force which will limit the treasury risk and activities of the Commissioner, including prudential and treasury indicators.
  - b) Prospects for interest rates.
  - c) The borrowing strategy.
  - d) Debt rescheduling.
  - e) Policy on borrowing in advance of need.
  - f) Management of interest rate exposure.
  - g) The investment strategy.
  - h) Creditworthiness policy.
  - i) The policy on the use of external service providers.
- 2.4 The strategy for 2025/26 to 2028/29 is attached at Appendix 2.

### **3. Prudential and Treasury Indicators**

- 3.1 Under Part I of the Local Government Act 2003 the Commissioner may borrow money:
- a) For any purpose relevant to its functions under any enactment; or
  - b) For the purposes of the prudent management of its financial affairs.
- 3.2 Under the requirements of the Prudential Code and Code of Practice on Treasury Management in the Public Services the following indicators have been adopted for 2025/26:
- Compliance with the Code of Practice on Treasury Management in the Public Services.
  - Calculations of:
    - Authorised limit.
    - Operational boundary.
    - Actual external debt.
    - Maturity structure of borrowing.
    - Upper limits for principal sums invested for periods of over 365 days.
    - Gross debt and Capital Financing Requirement (CFR).
    - Debt liability benchmark.
- 3.3 The draft prudential indicators are attached to the Treasury Strategy at Appendix 4. These indicators will be finalised and approved by the Commissioner by 31 March 2025 as part of the Medium-Term Financial Strategy (MTFS) 2025/26 to 2028/29 and Capital Strategy approval process.

- 3.4 Under the Prudential Framework (the “Framework”), in place since 2004, local authorities have wide freedoms to borrow and invest without seeking the government’s prior approval. The Framework includes four statutory codes that set out best practice and the behaviours the government expects local authorities to demonstrate to meet the objectives of the Framework. Under statute, the Commissioner must have regard to these codes.
- 3.5 The duty to make Minimum Revenue Provision (“MRP”) is an important component of the Framework. Where local authorities finance capital expenditure with debt, they must set aside an amount of money each year, through a charge to their revenue budget, to ensure that debt can be repaid. Therefore, in deciding whether any capital expenditure is affordable, an authority must consider whether it can meet the cost of the associated MRP charged within an affordable budget. The amount of MRP is determined with respect to a local authority’s Capital Financing Requirement (“CFR”). Local authorities have flexibility in how they calculate MRP, providing the amount is ‘prudent’.
- 3.6 There are no proposed changes to the method used to calculate MRP for the Commissioner and the Annual MRP statement for 2025/26 is included at Appendix 5.

#### **4. Annual Investment Strategy**

- 4.1 Part I of the Local Government Act 2003 relaxed the investment constraints for local authorities.
- 4.2 The DLUHC has issued guidance to supplement the investment regulations contained within the Local Government Act 2003. It is also referred to under Section 15 (1) of the 2003 Local Government Act which requires authorities to “have regard (a) to such guidance as the Secretary of State may issue and (b) to such other guidance as the Secretary of State may by regulations specify”. The guidance encourages authorities to invest prudently but without burdening them with the detailed prescriptive regulation of the previous regime.
- 4.3 Central to the guidance and the Code is the need to produce an annual investment strategy. This is included as Section 6 of the Treasury Strategy in Appendix 2.
- 4.4 The annual investment strategy document will include:
- The Commissioner’s risk appetite in respect of security, liquidity and return.
  - The definition of ‘high’ and ‘non-high’ credit quality to determine what are specified investments and non-specified investments.
  - Which specified and non-specified instruments the Commissioner will use, dealing in more detail with non-specified investments given the greater potential risk.
  - The categories of counterparties that may be used during the course of the year e.g. foreign banks, nationalised/part nationalised banks, building societies.
  - The types of investments that may be used during the course of the year.
  - The limit to the total amount that may be held in each investment type.
  - The Commissioner’s policy on the use of credit ratings, credit rating agencies and other credit risk analysis techniques to determine creditworthy counterparties for its approved lending list and how the Commissioner will deal with changes in ratings, rating watches and rating outlooks.
  - Limits for individual counterparties, groups and countries.



- Guidelines for making decisions on investments and borrowing.

**5. Policy on Interest Rates Exposure**

- 5.1 The Commissioner's approach to managing interest rate exposure is described at section 4.10 of the Treasury Strategy 2025/26 to 2028/29.
- 5.2 The use of any financial instruments, such as derivatives, to mitigate interest rate risks will be considered on an individual basis and the CFO will require approval from the Commissioner prior to entering into any arrangement of this nature.

**6. Policy on External Managers**

- 6.1 The Commissioner has used Link Group as its external treasury management advisers over the past few years. On 16 May 2024, Link Group was acquired by Mitsubishi UFJ Trust & Banking, a consolidated subsidiary of Mitsubishi UFJ Financial Group, Inc.(MUFG). As a result, Link Group is now known as MUFG Pension & Market Services. As of 20 January 2025 their treasury services will form part of MUFG Corporate Markets (a division of MUFG Pension and Market Services). We have been assured that there will be no changes to the way they operate, the teams we work with , or the products and solutions we use. Our Procurement Department have arranged for the change of name on the current contract. For treasury documents and reports, our advisors shall now be referred to as MUFG Corporate Markets going forward.
- 6.2 The CFO has not appointed external investment fund managers to directly invest the Commissioner's cash.

**7. Policy on Delegation, Review Requirements and Reporting Arrangements**

- 7.1 It is the Commissioner's responsibility under the Code to approve a Treasury Policy Statement.
- 7.2 The Commissioner delegates the review and scrutiny of the Treasury Management Strategy and Policies, along with monitoring performance by receiving the mid-year review and annual report, to the Joint Independent Audit Committee, and the execution and administration of Treasury Management decisions to the CFO. Any proposals to approve, adopt or amend policy require the consent of the Commissioner and are matters for the Commissioner to determine.
- 7.3 The Commissioner will receive:
- a) A four year Treasury Strategy report, including the annual Investment Strategy, before the commencement of each financial year.
  - b) A mid-year report on borrowing and investment activity.
  - c) An annual report on borrowing and investment activity by 30 September of each year.
  - d) A Capital Strategy report providing the following:
    - A high-level long term overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of services.
    - An overview of how the associated risk is managed.
    - The implications for future financial sustainability.

**Treasury Strategy 2025/26 to 2028/29****I. Introduction**

- I.1 The Treasury Strategy has been prepared in accordance with the Treasury Management Code of Practice (the Code). The Code emphasises a number of key areas including the following:
- a) The Code must be formally adopted.
  - b) The strategy report will affirm that the effective management and control of risk are prime objectives of the Commissioner's treasury management activities.
  - c) The Commissioner's appetite for risk, including the appetite for any use of financial instruments in the prudent management of those risks, must be clearly identified within the strategy report and will affirm that priority is given to security of capital and liquidity when investing funds and explain how that will be carried out.
  - d) Responsibility for risk management and control lies within the organisation and cannot be delegated to any outside organisation.
  - e) Credit ratings should only be used as a starting point when considering risk. Use should also be made of market data and information, the quality financial press, information on government support for banks and the credit ratings of that government support.
  - f) A sound diversification policy with high credit quality counterparties which considers setting country, sector and group limits.
  - g) Borrowing in advance of need is only to be permissible when there is a clear business case for doing so and only for the current capital programme or to finance future debt maturities.
  - h) The main annual treasury management reports must be approved by the Commissioner.
  - i) There needs to be a mid-year review of treasury management strategy and performance. This is intended to highlight any areas of concern that have arisen since the original strategy was approved.
  - j) Each Commissioner must delegate the role of scrutiny of treasury management strategy and policies to a specific named body.
  - k) Treasury management performance and policy setting should be subjected to prior scrutiny.
  - l) Commissioner's and scrutiny members dealing with treasury management activities should be provided with access to relevant training as those charged with governance are also personally responsible for ensuring they have the necessary skills and training.
  - m) Responsibility for these activities must be clearly defined within the organisation.
  - n) Officers involved in treasury management must be explicitly required to follow treasury management policies and procedures when making investment and borrowing decisions on behalf of the Commissioner.
- I.2 The management of day to day working capital (cash flow) including the requirement for temporary borrowing and/or investment will be monitored along with the limits noted below.

The Commissioner will adopt the following reporting arrangements in accordance with the requirements of the Code:

| <b>Area of Responsibility</b>   | <b>Commissioner/<br/>Committee/ Officer</b>                             | <b>Frequency</b>                                   |
|---|---|--|
| Treasury Management Policy & Strategy / Annual Investment Strategy                                | Commissioner with review delegated to Joint Independent Audit Committee | Annually before the start of the year              |
| Annual Report   | Commissioner with review delegated to Joint Independent Audit Committee | Annually by 30 September after the end of the year |
| Scrutiny of treasury management performance via mid-year report                                   | Commissioner with review delegated to Joint Independent Audit Committee | Mid-Year   |
| Scrutiny of treasury management strategy, policies and procedures                                 | Joint Independent Audit Committee                                       | Annually before the start of the year              |
| Treasury Management Monitoring Reports, including any amendments to Treasury Management Practices | CFO   | Monthly report, quarterly TM monitoring meeting    |

1.3 The Treasury Management Code covers the following prudential indicators:

- Authorised limit for external debt.
- Operational boundary for external debt.
- Actual external debt.
- Upper and lower limits to the maturity structure of borrowing.
- Upper limits to the total principal sums invested longer than 365 days.
- Gross debt and Capital Finance Requirement.
- Debt liability benchmark.

1.4 The draft prudential indicators are attached to the Treasury Strategy at Appendix 4. These indicators will be finalised and approved by the Commissioner by 31 March 2025 as part of the Medium Term Financial Strategy (MTFS) 2025/26 to 2028/29 and Capital Strategy approval process.

1.5 In addition to the above indicators, where there is a significant difference between the net and the gross borrowing position the risk and benefits associated with this strategy will be clearly stated in the annual strategy.

**1.6 The strategy covers:**

- a) Prospects for interest rates.
- b) Treasury limits in force which will limit the treasury risk and activities of the Commissioner, including prudential and treasury indicators.
- c) The borrowing strategy.
- d) Sensitivity forecast.
- e) External and internal borrowing.
- f) Debt rescheduling.
- g) Policy on borrowing in advance of need.
- h) The investment strategy.
- i) The policy on the use of external service providers.

**2. Prospects for Interest Rates**

- 2.1 The table shown below outlines the Commissioner's view of anticipated movements in interest rates, based on guidance received from the Commissioner's treasury management advisers MUFG (as at 11/02/2025). A more detailed interest rate forecast is shown in Appendix 3.

*(The PWLB rates shown below include a 20 basis point 'certainty rate' discount effective 01/11/2012)*

| Rate %    | Mar 2025 | Jun 2025 | Sept 2025 | Dec 2025 | March 2026 | Jun 2026 | Sept 2026 | Dec 2026 | March 2027 | Jun 2027 | Sept 2027 | Dec 2027 | Mar 2028 |
|-----------|----------|----------|-----------|----------|------------|----------|-----------|----------|------------|----------|-----------|----------|----------|
| Bank Rate | 4.50     | 4.25     | 4.25      | 4.00     | 3.75       | 3.75     | 3.75      | 3.50     | 3.50       | 3.50     | 3.50      | 3.50     | 3.50     |
| 5 yr PWLB | 5.00     | 4.90     | 4.80      | 4.70     | 4.60       | 4.50     | 4.40      | 4.40     | 4.30       | 4.20     | 4.20      | 4.10     | 4.00     |
| 10yr PWLB | 5.30     | 5.20     | 5.10      | 5.00     | 4.90       | 4.80     | 4.70      | 4.70     | 4.60       | 4.50     | 4.50      | 4.40     | 4.40     |
| 25yr PWLB | 5.80     | 5.70     | 5.60      | 5.50     | 5.40       | 5.30     | 5.20      | 5.10     | 5.00       | 5.00     | 4.90      | 4.90     | 4.80     |
| 50yr PWLB | 5.50     | 5.40     | 5.30      | 5.20     | 5.10       | 5.00     | 4.90      | 4.80     | 4.70       | 4.70     | 4.60      | 4.60     | 4.50     |

**PWLB** - Public Works Loan Board (PWLB) is a statutory body operating within the UK Debt Management Office, which is an executive agency of HM Treasury. The PWLB's function is to lend money to other prescribed public bodies.

The MUFG forecast for interest rates was updated on 11 February 2025.

**2.2 Forecasts for Bank Rate**

In Summary MUFG expect the MPC will gradually reduce Bank Rate from 4.50% to 3.50% by the end of 2026. As there are so many variables at this time, caution must be exercised in respect of all interest rate forecasts.

**2.3 MUFG Commentary on Interest Rates**

Following the 30 October Budget, the outcome of the US Presidential election on 6 November, and the 25bps Bank Rate cut undertaken by the Monetary Policy Committee (MPC) on 7 November, we have significantly revised our central forecasts for the first time since May. In summary, our Bank Rate forecast is now 50bps – 75bps higher than was previously the case, whilst our PWLB forecasts have been materially lifted to not only reflect our increased concerns around the future path of inflation, but also the increased level of Government borrowing over the term of the current Parliament.

If we reflect on the 30 October Budget, our central case is that those policy announcements will be inflationary, at least in the near-term. The Office for Budgetary Responsibility and the Bank of England concur with that view. The latter have the CPI measure of inflation hitting 2.5% y/y by the end of 2024 and staying sticky until at least 2026. The Bank forecasts CPI to be 2.7% y/y (Q4 2025) and 2.2% (Q4 2026) before dropping back in 2027 to 1.8% y/y.

The anticipated major investment in the public sector, according to the Bank, is expected to lift UK real GDP to 1.7% in 2025 before growth moderates in 2026 and 2027. The debate around whether the Government's policies lead to a material uptick in growth primarily focus on the logistics of fast-tracking planning permissions, identifying sufficient skilled labour to undertake a resurgence in building, and an increase in the employee participation rate within the economy.

There are inherent risks to all the above. The worst-case scenario would see systemic blockages of planning permissions and the inability to identify and resource the additional workforce required to deliver large-scale IT, housing and infrastructure projects. This would lead to upside risks to inflation, an increased prospect of further Government borrowing & tax rises, and a tepid GDP performance.

Our central view is that monetary policy is sufficiently tight at present to cater for some further moderate loosening, the extent of which, however, will continue to be data dependent. We forecast the next reduction in Bank Rate to be made in February and for a pattern to evolve whereby rate cuts are made quarterly and in keeping with the release of the Bank's Quarterly Monetary Policy Reports (February, May, August and November).

Any movement below a 4% Bank Rate will, nonetheless, be very much dependent on inflation data in the second half of 2025. The fact that the November MPC rate cut decision saw a split vote of 8-1 confirms that there are already some concerns around inflation's stickiness, and with recent public sector wage increases beginning to funnel their way into headline average earnings data, the market will be looking very closely at those releases.

Regarding our PWLB forecast, the short to medium part of the curve is forecast to remain elevated over the course of the next year, and the degree to which rates moderate will be tied to the arguments for further Bank Rate loosening or otherwise. The longer part of the curve will also be impacted by inflation factors, but there is also the additional concern that with other major developed economies such as the US and France looking to run large budget deficits there could be a glut of government debt issuance that investors will only agree to digest if the interest rates paid provide sufficient reward for that scenario. Throughout the last quarter of 2024 gilt yields have risen. The 10-year gilt yield increased from 3.94% at the start of October to 4.57% by the year end (and has subsequently risen to 4.64% early in 2025). As recently as mid-September 10-year gilt yields were at their low for the financial year, but since then, and specifically after the Budget at the end of October, yields have soared. Overall, the reaction to the UK Budget highlights how bond markets are both fragile and highly attentive to news about the fiscal outlook.

So far, we have made little mention of the US President election. Nonetheless, Donald Trump's victory paves the way for the introduction/extension of tariffs that could prove inflationary whilst the same could be said of further tax cuts and an expansion of the current US budget deficit. Invariably the direction of US Treasury yields in reaction to his core policies will, in all probability, impact UK gilt yields. So, there are domestic and international factors that could



impact PWLB rates whilst, as a general comment, geo-political risks abound in Europe, the Middle East and Asia.

### **Investment and Borrowing Rates**

- 2.4 Investment rates have gradually reduced during 2024/25 as the MPC has begun reducing Bank Rate.
- 2.5 Borrowing rates had also been reducing as the Bank Rates have been reducing. However they have slightly gone up following the October 2024 Budget and are still significantly higher than two years ago.
- 2.6 On 25 November 2020 the Chancellor announced the conclusion to the review of margins over gilt yields for PWLB rates which had been increased by 100 bps in October 2019. The standard and certainty margins were reduced by 100 bps but a prohibition was introduced to deny access to borrowing from the PWLB for any local authority/Commissioner which had purchase of assets for yield in its three-year capital programme. The current margins over gilt yields are as follows:
- PWLB Standard Rate is gilt plus 100 basis points (G+100bps)
  - PWLB Certainty Rate is gilt plus 80 basis points (G+80bps)
- 2.7 The policy of avoiding new borrowing by maximising the use of internal borrowing through reserves, has served the Commissioner well in recent years. However, this is subject to continuous review in order to avoid the risk of incurring higher borrowing costs in the future when new long-term borrowing to finance capital expenditure or refinance maturities is required. MUFG's advice is that as it's long-term (beyond 10 years) forecast for Bank Rate has recently increased from 3.00% to 3.25%, and as all PWLB certainty rates are currently significantly above this level, borrowing strategies will need to be reviewed in that context. Overall, better value can be obtained at the shorter end of the curve and short-dated fixed LA to LA monies should be considered. Temporary borrowing rates will remain elevated for some time to come but may prove the best option whilst the market continues to factor in Bank Rate reductions for 2025 and later.

### **3. Treasury Limits for 2025/26 to 2028/29 including Prudential Indicators**

- 3.1 It is a statutory requirement of the Local Government Finance Act 1992, for the Commissioner to produce a balanced budget. In particular, Section 31(a), as amended by the Localism Act 2011, requires the Commissioner to calculate the budget requirement for each financial year to include the revenue costs that flow from capital financing decisions. This means that increases in capital expenditure must be limited to a level whereby increases in charges to revenue from increases in interest charges and increases in running costs from new capital projects are limited to a level, which is affordable within the projected income of the Commissioner for the foreseeable future.
- 3.2 It is a statutory duty under Section 3 of Part I of the Local Government Act 2003, and supporting regulations, for the Commissioner to determine and keep under review how much it can afford to borrow. The amount so determined is termed the Affordable Borrowing Limit. The Authorised Limit represents the legislative limit specified in the Act.
- 3.3 The Prudential Code for Capital Finance in Local Authorities is a professional code that sets out a framework for self-regulation of capital spending, in effect allowing Commissioners to invest in capital projects without any limit as long as they are affordable, prudent and sustainable.

- 3.4 The Commissioner must have regard to the Prudential Code when setting the Authorised Limit, which essentially requires the Commissioner to ensure that total capital investment remains within sustainable limits and, in particular, that the impact upon its future council tax levels is affordable.
- 3.5 To facilitate the decision making process and support capital investment decisions the Prudential Code and the Treasury Management Code requires the Commissioner to agree and monitor a minimum number of prudential indicators. The purpose of these are to restrain the activity of the treasury function within certain limits, thereby managing risk and reducing the impact of any adverse movement in interest rates. However, if these are set to be too restrictive they will impair the opportunities to reduce costs / improve performance.
- 3.6 The following indicator provides a debt related activity limit:
- Maturity structure of borrowing. These gross limits are set to reduce the Commissioner's exposure to large, fixed rate sums falling due for refinancing, and are required for upper and lower limits.
- 3.7 In addition to the prudential indicators noted above a debt liability benchmark treasury indicator has been adopted since 2023/24 to support the financing risk management of the capital financing requirement (CFR).
- 3.8 The treasury limits and draft prudential indicators have been reviewed and updated and are attached at Appendix 4.
- 3.9 The CFO has systems in place to monitor the treasury limits and will report to the Commissioner instances where limits are breached, with the exception of short-term breaches of the Operational Boundary. The Operational Boundary is set so that if breached it acts as an early warning of the potential to exceed the higher Authorised Limit and as such temporary breaches due to debt restructuring and temporary borrowing are acceptable, providing they are not sustained.
- 3.10 Minimum revenue provision (MRP): Where local authorities finance capital expenditure with debt, they must set aside an amount of money each year, through a charge to their revenue budget, to ensure that debt can be repaid. This charge is known as MRP. There are no proposed changes to the method used to calculate MRP and the Annual MRP statement for 2025/26 is included at Appendix 5.

#### **4. Borrowing Strategy**

- 4.1 The Local Government Act 2003 does not prescribe approved sources of finance, only that borrowing may not, without the consent of HM Treasury, be in other than Sterling.
- 4.2 The main options available for the borrowing strategy for 2025/26 are PWLB loans and market loans. The interest rate applicable to either PWLB or markets loans can be fixed or variable.
- 4.3 The Commissioner is currently maintaining an under-borrowed position. This means that the capital borrowing need, (the Capital Financing Requirement), has not been fully funded with loan debt as cash supporting the Commissioner's reserves, balances and cash flow has been used as a temporary measure. This strategy has been prudent as investment returns have been historically low and counterparty risk is still an issue that needs to be considered.

- 4.4 There are different types of market loans available, including variable and fixed interest rate loans. These loans are usually offered at an interest rate lower than the corresponding PWLB loan rate to try to encourage local authorities and other public sector bodies to use as an alternative to PWLB. They may only be attractive if they are forward starting i.e. to secure the rate at an earlier point than actually drawing down the funds to mitigate interest rate risk and avoid the cost of carry.
- 4.5 To mitigate variable interest rate risk a limit is placed on the total level of borrowing that can be taken as variable interest rate loans. To provide scope to utilise new market products should they become available as well as minimise the cost of borrowing and increase the diversification of the debt portfolio it is proposed that the limit on variable rate loans should be 40% of total borrowing 2025/26.
- 4.6 The main strategy is therefore:
- Consider the use of short term borrowing as a bridge until receipts are received.
  - Consideration will be given to borrowing market loans which are at least 20 basis points below the PWLB target rate, where they become available.
  - When PWLB rates fall back to or below MUFG trigger rates borrowing should be considered, with preference given to terms which ensure a balanced profile of debt maturity.
  - Consider the use of short term borrowings as a bridge whilst the market waits for inflation, and therein gilt yields, to drop back later in 2025.
- 4.7 In addition, reserve and fund balances may be utilised to limit the new external borrowing requirement, or to make early debt repayments, as an alternative to investing these resources. Reducing investment balances rather than increasing external borrowing could reduce interest payable, as short term rates on investments are likely to be lower than rates paid on external borrowing, and limit exposure to investment risk.

### **Sensitivity of the Forecast**

- 4.8 The Commissioner, in conjunction with MUFG, will continually monitor both the prevailing interest rates and the market forecasts, adopting the following responses to any changes. The main sensitivities of the forecast are likely to be the two scenarios below:
- *If it was 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 will be postponed, and potential rescheduling from fixed rate funding into short term borrowing will be considered.*
  - *If it was felt that there was a significant risk of a much sharper RISE in long and short term rates than that currently forecast, 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 will be re-appraised. Most likely, fixed rate funding will be drawn whilst interest rates are lower than they are projected to be in the next few years.*
- 4.9 Against this background, caution will be adopted in the management of the 2025/26 treasury operations. The CFO will monitor the interest rate market and adopt a pragmatic approach

to any changing circumstances having delegated powers to invest and manage the funds and monies of the Commissioner.

### **Interest Rate Exposure**

- 4.10 Interest rate exposure is managed and monitored through the use of forward balance sheet analysis. This approach requires consideration of the level of the Commissioner's underlying borrowing requirement (CFR) compared to its actual external borrowing position, to ensure the Commissioner remains comfortable with the level of interest payable budget subject to movements in interest rates. Borrowing decisions will be made with reference to the capital plans and core cash position of the Commissioner in association with both the interest rate forecast (section 2.1), and maturity profile of the current portfolio. Investment decisions will be made with reference to the core cash balances, cash flow requirements and the outlook for short-term interest rates.

### **External and Internal Borrowing**

- 4.11 As at 31 January 2025 the Commissioner has net debt of £49.124m; this means that borrowing is currently higher than investments with total borrowing of £71,969m and investments of £22.845m.
- 4.12 The Commissioner is currently maintaining an under-borrowed position. This means that the capital borrowing need, (the Capital Financing Requirement), has not been fully funded with loan debt as cash supporting the Authority's reserves, balances and cash flow has been used as a temporary measure. This strategy is prudent as medium and longer dated borrowing rates are expected to fall from their current levels once prevailing inflation concerns are addressed by tighter near-term monetary policy. The Commissioner has set trigger rates for long term borrowing and when these rates are attained consideration will be given to long term borrowing. Any short term savings gained by deferring long term borrowing will be weighed against the potential for incurring additional long term costs by delaying unavoidable new external borrowing until later years.
- 4.14 The CFO has examined the potential for undertaking early repayment of some external debt to the PWLB in order to benefit from lower interest rates that may be currently available. The significant difference between early redemption rates and interest rates payable on PWLB debt means that large premiums are likely to be incurred by such action. This situation will be monitored in case the differential is narrowed by the PWLB.

### **Borrowing in advance of need**

- 4.15 The Commissioner will not borrow more than or in advance of its needs purely in order to profit from the investment of the extra sums borrowed. Any decision to borrow in advance will be considered carefully to ensure value for money. Specifically, there will be a clear link to the capital investment programme, which supports the decision to take funding in advance of need.

### **New financial institutions as a source of borrowing and / or types of borrowing**

- 4.16 Currently the PWLB Certainty Rate is set at gilts + 80 basis points. However, consideration may still need to be given to sourcing funding from the following sources for the following reasons:
- Local authorities (primarily shorter dated maturities)

- Financial institutions (primarily insurance companies and pension funds but also some banks, out of spot or forward dates where the objective is to avoid a “cost of carry” or to achieve refinancing certainty over the next few years).
- Municipal Bonds Agency (possibly still a viable alternative depending on market circumstances prevailing at the time).

4.17 Treasury advisors, MUFG, will continue to provide advice as to the relative merits of each of these alternative funding sources.

## **5. Debt Rescheduling**

5.1 Rescheduling of current borrowing in our debt portfolio is unlikely to occur as there is still a very large difference between premature redemption rates and new borrowing rates. Any rescheduling opportunities will be considered in line with procedures approved under the Treasury Management Practice Statements and will include a full cost/benefit analysis of any proposed variations. Any positions taken via rescheduling will be in accordance with the strategy position outlined in Section 4 above and will also take into account the prudential and treasury limits.

5.2 The reasons for any proposed rescheduling will include:

- The generation of cash savings at minimum risk.
- In order to amend the maturity profile and/or the balance of volatility in the Commissioner’s borrowing portfolio.

5.3 The CFO in-line with delegated powers outlined in the approved Treasury Management Practice Statement will approve all debt rescheduling.

5.4 Consideration will also be given to the potential for making savings by running down investment balances by repaying debt prematurely as short term rates on investments are likely to be lower than rates paid on currently held debt. However, this will need careful consideration in the light of premiums that may be incurred by such a course of action and other financial considerations.

5.5 All rescheduling will be reported to Commissioner in the mid-year and annual reports.

## **6. Investment Strategy 2025/26 to 2028/29**

### **Introduction**

6.1 The Commissioner has regard to the DLUHC’s Guidance on Local Government Investments and CIPFA’s Code of Practice. The Commissioner must produce a strategy on an annual basis which covers the subsequent four year period.

6.2 This annual strategy maintains a policy covering both the categories of investment types it will invest in, criteria for choosing investment counterparties with adequate security, and monitoring their security. This is set out in the specified and non-specified investment sections below and in Appendix 6. The policy also ensures that it has sufficient liquidity in its investments. For this purpose it will set out procedures for determining the maximum periods for which funds may prudently be committed. These are detailed in Appendix 7.



Investments will be made with reference to the core balance and cash flow requirements and the outlook for short-term interest rates (i.e., rates for investments up to 12 months). Greater returns are usually obtainable by investing for longer periods. The current shape of the yield curve suggests that the risks are relatively balanced between Bank Rate staying higher for longer, if inflation picks up markedly through 2025 post the 30 October 2024 Budget, or it may be cut quicker than expected if the economy stagnates. The economy only grew 0.1% in Q3 2024, but the CPI measure of inflation is now markedly above the 2% target rate set by the Bank of England's Monetary Policy Committee two to three years forward.

Accordingly, while most cash balances are required in order to manage the ups and downs of cash flow, where cash sums can be identified that could be invested for longer periods, the value to be obtained from longer-term investments will be carefully assessed.

- 6.3 The Commissioner will maintain a counterparty list in compliance with the following criteria and will revise the criteria and submit them for approval as necessary. These criteria are separate to that which determines which types of investment instrument are either specified or non-specified as it provides an overall pool of counterparties considered high quality which the Commissioner may use, rather than defining what types of investment instruments are to be used.
- 6.4 Specified investments are denominated in Sterling, are for periods of 365 days or less and do not involve the acquisition of share or loan capital in any body corporate. Such an investment will be with either:
- The UK Government or a local authority, parish or community council, or
  - A body or investment scheme which has been awarded a high credit rating by a credit rating agency.
- 6.5 Non-specified investments are deemed more risky and guidance on local government investments requires more detailed procedures. Such procedures are required in order to regulate prudent use and establish maximum amounts which may be invested in each category.
- 6.6 Both specified and non-specified investment types currently utilised by the Commissioner are detailed in Appendix 6, along with approved limits. In addition to these numerous other investment options are available for use and these may be considered suitable for use in the future. Should this be the case then the options will be evaluated in line with the procedures contained within the approved Treasury Management Practice Statement.

### **Investment Objectives**

- 6.7 All investments will be in Sterling.
- 6.8 The Commissioner's primary investment objective is the security of the capital investment. The Commissioner will also manage the investments to meet cash flow demands and to achieve a reasonable return commensurate with the proper levels of security and liquidity. The risk appetite of the Commissioner is low in order to give priority to security of its investments.
- 6.9 The borrowing of monies purely to invest is unlawful and the Commissioner will not engage in such activity.

### **Other Limits**

- 6.11 The Police and Crime Commissioner will continue to use UK banks irrespective of the UK sovereign rating and will specify a minimum sovereign rating of AA+ for non-UK banks, as

recommended by our advisors. The list of countries that qualify using this credit criteria as at the date of this report are shown in Appendix 8. This list will be added to, or deducted from, should ratings change in accordance with this policy.

### **Creditworthiness Policy**

- 6.12 The creditworthiness service provided by MUFG is used to assess the creditworthiness of counterparties. The service provided by MUFG uses a sophisticated modelling approach with credit ratings from the three main rating agencies - Fitch, Moody's and Standard and Poor's, forming the core element. However, it does not rely solely on the current credit ratings of counterparties but also uses the following information as overlays which are combined in a weighted scoring system:
- Credit watches and credit outlooks from credit rating agencies.
  - Credit Default Swap spreads, financial agreements that compensate the buyer in the event of a default, which give an early warning of likely changes in credit ratings.
  - Sovereign ratings to select counterparties from only the most creditworthy countries.
- 6.13 The end product of this modelling system is a series of colour code bands which indicate the relative creditworthiness of counterparties. These colour codes are also used by the Commissioner to determine the duration for investments and are therefore referred to as durational bands. The Commissioner is satisfied that this service gives the required level of security for its investments. It is also a service which the Commissioner would not be able to replicate using in-house resources.
- 6.14 Sole reliance will not be placed on the use of this external service. In addition the Commissioner will also use market data and information, information on government support for banks and the credit ratings of the government support.
- 6.15 The Commissioner has also determined the minimum long-term, short-term and other credit ratings it deems to be "high" for each category of investment. These "high" ratings allow investments to be classified as **specified investments**, where they are sterling denominated and of 365 days or less. The Commissioner's approved limits for the "high" credit rating for deposit takers are as follows:

| <b>High Rated</b>                                | <b>Fitch</b> | <b>Moody's</b> | <b>Standard &amp; Poor's</b> |
|--|--------------|----------------|------------------------------|
| Short term<br>(ability to repay short term debt) | FI+          | P-1            | A-1+                         |
| Long term<br>(ability to repay long term debt)   | AA-          | Aa3            | AA-                          |
| MMF Rating                                       | AAAmf        | AAA-mf         | AAAm                         |

- 6.16 To ensure consistency in monitoring credit ratings throughout 2025/26 the Commissioner will not use the approach suggested by CIPFA of using the lowest rating from all three rating agencies to determine creditworthy counterparties, as the credit rating agency issuing the lowest rating could change throughout the year as agencies review the ratings that they have applied to countries, financial institutions and financial products. The ratings of all three agencies will be considered, with Fitch being used as a basis for inclusion on the lending list. In addition to this, the MUFG creditworthiness service will be used to determine the duration that deposits

can be placed for. This service uses the ratings from all three agencies, but by using a scoring system, does not give undue consideration to just one agency's ratings.

- 6.17 The selection of counterparties with a high level of creditworthiness will be achieved by selection of institutions down to a minimum durational band within MUFG weekly credit list of worldwide potential counterparties. The maximum maturity periods and amounts to be placed in different types of investment instruments are detailed in Appendix 7.
- 6.18 UK Government nationalised/part nationalised banks will have a maximum limit of 25% or £20m of total investment, all other counterparties will not exceed a maximum limit equal to 20% of total investments or £20m. Unless there are major changes in the level of investment balances throughout the year this limit will be reviewed prior to the commencement of each financial year.
- 6.19 Where more than one counterpart, from a group, is included on the counterparty list the group in total will be controlled by the above limits with the maximum limit being that of the parent company. Within the group each counterparty/subsidiary will have individual limits based on their creditworthiness although the total placed with the subsidiaries will not exceed the limit of the parent company. Subsidiaries that do not satisfy the minimum credit criteria will not be included.
- 6.20 A number of counterparties are also approved by the CFO for direct dealing. These counterparties are included on the approved list and dealing will be within agreed limits. Direct dealing with individual counterparties must be approved by the CFO prior to investments being placed.

#### **Nationalised/Part Nationalised Banks**

- 6.22 Where the bank has not been fully nationalised but receives substantial support from the UK Government (greater than 40% ownership) the individual rating of the bank will not be taken into consideration and the relevant banks will be included on the Commissioner's lending list as prescribed by the MUFG creditworthiness list as detailed in 6.12.

#### **Foreign Banks**

- 6.23 We will continue to use UK banks irrespective of the UK sovereign rating, however non-UK banks domiciled in countries with a minimum sovereign rating of AA+ will be considered for inclusion on the approved list. They must also meet the high rated lending criteria and have operations based in the UK. Limits will be prescribed by the creditworthiness list and limited to 365 days or less. Each non-UK country will be limited to the maximum investment limit of £20m or 20% of the Commissioner's total investments. A list of those countries with a minimum sovereign rating of AA+ is set out in Appendix 8.

#### **Local Authorities**

- 6.24 The Commissioner invests with other Local Authorities on an ad hoc basis; each investment is considered on an individual basis, prior to funds being placed. Limits are detailed at Appendix 7.

**Non-specified Investments**

- 6.25 In addition to the above specified investments, the Commissioner has also fully considered the increased risk of **non-specified investments** and has set appropriate limits for non-high rated deposit takers. These are as follows:

| Non High Rated | Fitch | Moody's | Standard & Poor's |
|----------------|-------|---------|-------------------|
| Short term     | FI    | PI      | AI                |
| Long term      | A-    | A3      | A-                |

Limits for non-high rated counterparties are detailed at Appendix 7.

- 6.26 The Commissioner has also set appropriate limits for non-specified investments with “high” rated deposit takers and UK Local Authorities where investments can be out to a maximum of 3 years. The Commissioner’s approved limits for the “high” credit rating for deposit takers are set out at 6.15 above and investment limits are detailed at Appendix 7.
- 6.27 The credit ratings will be monitored as follows:
- All credit ratings are reviewed weekly. In addition, the Commissioner has access to Fitch, Moody’s and Standard and Poor’s credit ratings and is alerted to changes through its use of the MUFG creditworthiness service. On-going monitoring of ratings also takes place in response to ad-hoc e-mail alerts from MUFG.
  - If counterparty’s or deposit scheme’s rating is downgraded with the result that it no longer meets the Commissioner’s minimum criteria, the further use of that counterparty/deposit scheme as a new deposit will be withdrawn immediately.
  - If a counterparty is upgraded so that it fulfils the Commissioner’s criteria, its inclusion will be considered for approval by the CFO.
- 6.28 Sole reliance will not be placed on the use of this external service. In addition the Commissioner will also use market data and information on government support for banks and the credit ratings of government support.

**Investment Balances / Liquidity of investments**

- 6.29 The Commissioner deposits funds beyond 365 days to a maximum of three years. This will continue where the counterparty is deemed to be a low credit risk to ensure a good rate of return is maintained in the current market conditions. Deposits beyond 365 days will only be considered when there is minimal risk involved. With deposits of this nature there is an increased risk in terms of liquidity and interest rate fluctuations. To mitigate these risks a limit of £15m (20% of total investments) has been set and a prudential indicator has been calculated (See Appendix 4). Such sums will only be placed with counterparties who have the highest available credit rating or other local authorities.
- 6.30 Deposits for periods longer than 365 days are classed as **non-specified investments**.

**Investments defined as capital expenditure**

- 6.31 The acquisition of share capital or loan capital in any body corporate is defined as capital expenditure under Section 16(2) of the Local Government Act 2003. Such investments will have to be funded out of capital or revenue resources and will be classified as **‘non-specified investments’**.
- 6.32 A loan or grant by the Commissioner to another body for capital expenditure by that body is also deemed by regulation to be capital expenditure by the Commissioner. It is therefore important for the Commissioner to clearly identify if the loan was made for policy reasons or if it is an investment for treasury management purposes. The latter will be governed by the framework set by the Commissioner for ‘specified’ and ‘non-specified’ investments.

### **Internal Investment Strategy**

- 6.33 The CFO will monitor the interest rate market and react appropriately to any changing circumstances.
- 6.34 Investments will be made with reference to the core balance and cash flow requirements and the outlook for short-term interest rates (i.e. rates for investments up to 12 months). Greater returns are usually obtainable by investing for longer periods. While most cash balances are required in order to manage the ups and downs of cash flow, where cash sums can be identified that could be invested for longer periods, the value to be obtained from longer term investments will be carefully assessed.
- If it is thought that Bank Rate is likely to rise significantly within the time horizon being considered, then consideration will be given to keeping most investments as being short term or variable.
  - Conversely, if it is thought that Bank Rate is likely to fall within that time period, consideration will be given to locking in higher rates currently obtainable, for longer periods.
- 6.35 The Commissioner takes the view that bank rate will be 4.50% in March 2025. Bank Rate forecasts for financial year ends (March) are therefore:
- 2024/25 4.50%
  - 2025/26 3.75%
  - 2026/27 3.50%
  - 2027/28 3.50%
- 6.36 Long term deposits, beyond 365 days, will only be used where minimal risk is involved and the counterparties are considered to be supported by the UK Government.

### **Investment Risk Benchmark**

- 6.37 The Commissioner will use an investment benchmark to assess the investment performance of its investment portfolio. MUFG have advised that a suitable investment benchmark is a SONIA (Sterling Overnight Index Average), which is the risk-free rate for sterling markets administered by the Bank of England. The Sonia rate advised by MUFG is 30 day Backward SONIA rate. Accordingly the commissioner will use an investment benchmark to assess the investment performance of its investment portfolio with reference to the SONIA. MUFG also provide a quarterly Investment Benchmarking report that assesses both the rate of return and



the risk of the counterparty to calculate a weighted average rate of return, which is used for comparison across other similar Authorities.

**End of year investment report**

- 6.38 By the end of September each year the Commissioner will receive a report on investment activity as part of its annual treasury report, following scrutiny of that report by the Joint Independent Audit Committee.

**Policy on use of external service providers**

- 6.39 The Commissioner has used MUFG as its external treasury management advisers. On the 16 May 2024, MUFG was acquired by Mitsubishi UFJ Trust & Banking, a consolidated subsidiary of Mitsubishi UFJ Financial Group, Inc.(MUFG). As a result, Link Group is now known as MUFG Pension & Market Services. ). As of 20th January 2025 treasury services will form part of MUFG Corporate Markets (a division of MUFG Pension and Market Services). For future treasury documents and reports, our advisors shall be referred to as MUFG.
- 6.40 The Commissioner recognises that responsibility for treasury management decisions remains with the organisation at all times and will ensure that undue reliance is not placed upon our external service providers.
- 6.41 The Commissioner recognises that there is value in employing external providers of treasury management services in order to acquire access to specialist skills and resources. The Commissioner will ensure that the terms of appointment of any such service provider, and the methods by which their value will be assessed are properly agreed and documented, and subjected to regular review.

**Scheme of Delegation**

- 6.42 As required by the Guidance Notes for Local Authorities the Treasury Management Scheme of Delegation is detailed below:

**Commissioner**

- Set and approve treasury management policy and strategy prior to the start of each financial year.
- Approve prudential and treasury indicators and any subsequent amendments if required.
- Agree and approve annual treasury management budgets.
- Approve any proposed variations in treasury strategy or policy.
- Agree annual report.
- Monitor Prudential and Treasury Indicators.
- Receive and review monitoring reports including the annual report and act on recommendations.

**Joint Independent Audit Committee**

- Scrutinise the treasury management strategy, policies and practices and make recommendations to the Commissioner
- Receive, scrutinise and approve mid-year monitoring report and annual report.

**Role of the Section 151 Officer (Chief Finance Officer)**

As required by the Guidance Notes for Local Authorities the role of the Section 151 Officer in relation to treasury management is detailed below:

- Recommending the Code of Practice to be applied, treasury management policy/practices for approval, reviewing the same regularly, and monitoring compliance.
- Submitting treasury management policy reports.
- Submitting budgets and budget variations.
- Receiving and reviewing management information reports.
- Reviewing the performance of the treasury management function.
- Ensuring the adequacy of treasury management resources and skills, and the effective division of responsibilities within the treasury management function.
- Ensuring the adequacy of internal audit, and liaising with external audit.
- Recommending the appointment of external service providers.

## Interest Rate Forecasts 2025 to 2028

## Appendix 3

PWLB rates set out in the table below have taken into account the 20 basis point certainty rate reduction.

**MUFG Forecast 11/02.25**

**Capital Economics Forecast 05/11/24**

| Rate %            | Mar<br>2025 | Jun<br>2025 | Sept<br>2025 | Dec<br>2025 | March<br>2026 | Jun<br>2026 | Sept<br>2026 | Dec<br>2026 | March<br>2027 | Jun<br>2027 | Sept<br>2027 | Dec<br>2027 | Mar<br>2028 |
|-------------------|-------------|-------------|--------------|-------------|---------------|-------------|--------------|-------------|---------------|-------------|--------------|-------------|-------------|
| Bank Rate         |             |             |              |             |               |             |              |             |               |             |              |             |             |
| MUFG              | 4.50        | 4.25        | 4.25         | 4.00        | 3.75          | 3.75        | 3.75         | 3.50        | 3.50          | 3.50        | 3.50         | 3.50        | 3.50        |
| Capital Economics | 4.50        | 4.25        | 4.00         | 3.75        | 3.50          | 3.50        | 3.50         | 3.50        | -             | -           | -            | -           | -           |
| 5 yr PWLB         |             |             |              |             |               |             |              |             |               |             |              |             |             |
| MUFG              | 5.00        | 4.90        | 4.80         | 4.70        | 4.60          | 4.50        | 4.40         | 4.40        | 4.30          | 4.20        | 4.20         | 4.10        | 4.00        |
| Capital Economics | 5.10        | 4.90        | 4.80         | 4.60        | 4.60          | 4.50        | 4.50         | 4.40        | -             | -           | -            | -           | -           |
| 10yr PWLB         |             |             |              |             |               |             |              |             |               |             |              |             |             |
| MUFG              | 5.30        | 5.20        | 5.10         | 5.00        | 4.90          | 4.80        | 4.70         | 4.70        | 4.60          | 4.50        | 4.50         | 4.40        | 4.40        |
| Capital Economics | 5.30        | 5.10        | 5.00         | 4.80        | 4.80          | 4.70        | 4.60         | 4.60        | -             | -           | -            | -           | -           |
| 25yr PWLB         |             |             |              |             |               |             |              |             |               |             |              |             |             |
| MUFG              | 5.80        | 5.70        | 5.60         | 5.50        | 5.40          | 5.30        | 5.20         | 5.10        | 5.00          | 5.00        | 4.90         | 4.90        | 4.80        |
| Capital Economics | 5.70        | 5.50        | 5.30         | 5.00        | 4.90          | 4.90        | 4.80         | 4.80        | -             | -           | -            | -           | -           |
| 50yr PWLB         |             |             |              |             |               |             |              |             |               |             |              |             |             |
| MUFG              | 5.50        | 5.40        | 5.30         | 5.20        | 5.10          | 5.00        | 4.90         | 4.80        | 4.70          | 4.70        | 4.60         | 4.60        | 4.50        |
| Capital Economics | 5.30        | 5.20        | 5.20         | 5.10        | 5.00          | 4.90        | 4.80         | 4.80        | -             | -           | -            | -           | -           |

## Prudential Indicators – Treasury Management

### Prudential Indicators

In line with the requirements of the CIPFA Prudential Code for Capital Finance, the various indicators that inform whether capital investment plans are affordable, prudent and sustainable, are set out below.

#### Authorised Limit for External Debt

There are two limits on external debt: the 'Operational Boundary' and the 'Authorised Limit'. Both are consistent with the current commitments, existing plans and the proposals in the budget report for capital expenditure and financing, and with approved treasury management policy statement and practices.

**Authorised Limit** - this represents a limit beyond which external debt is prohibited. It reflects the level of external debt which, while not desired, could be afforded in the short term, but is not sustainable in the longer term.

**Operational Boundary** - this is the limit beyond which external debt is not normally expected to exceed. In most cases this would be a similar figure to the Capital Financing Requirement (CFR), but may be lower or higher depending on the levels of actual debt.

The key difference between the two limits is that the Authorised Limit cannot be breached without prior approval of the Commissioner. It therefore includes more headroom to take account of eventualities such as delays in generating capital receipts, forward borrowing to take advantage of attractive interest rates, use of borrowing in place of operational leasing, "invest to save" projects, occasional short term borrowing to cover temporary revenue cash flow shortfalls, as well as an assessment of risks involved in managing cash flows. The Operational Boundary is a more realistic indicator of the likely position.

#### Authorised Limit for External Debt

|                             | 2025/26<br>£000 | 2026/27<br>£000 | 2027/28<br>£000 | 2028/29<br>£000 |
|-----------------------------|-----------------|-----------------|-----------------|-----------------|
| Borrowing                   | 195,000         | 210,000         | 220,000         | 220,000         |
| Other Long Term Liabilities | 0               | 0               | 0               | 0               |
| <b>Total</b>                | <b>195,000</b>  | <b>210,000</b>  | <b>220,000</b>  | <b>220,000</b>  |

## Operational Boundary for External Debt

|                             | 2025/26<br>£000 | 2026/27<br>£000 | 2027/28<br>£000 | 2028/29<br>£000 |
|-----------------------------|-----------------|-----------------|-----------------|-----------------|
| Borrowing                   | 175,000         | 190,000         | 200,000         | 200,000         |
| Other Long Term Liabilities | 0               | 0               | 0               | 0               |
| <b>Total</b>                | <b>175,000</b>  | <b>190,000</b>  | <b>200,000</b>  | <b>200,000</b>  |

The latest forecast for external debt indicates that it will be within both the authorised borrowing limit and the operational boundary set to 2028/29. The maturity structure of debt is within the indicators set.

## Upper and Lower Limits for the Maturity Structure of Borrowing

The upper and lower limits for the maturity structure of borrowing are calculated to provide a framework within which the Commissioner can manage the maturity of new and existing borrowing to ensure that debt repayments are affordable in coming years.

**Maturity structure of borrowing** – these gross limits are set to reduce the Commissioner's exposure to large, fixed rate sums falling due for refinancing, and are required for upper and lower limits. The limits do however cover variable as well as fixed rate debt. The maturity structure of borrowing set out below applies to all borrowing by the Police and Crime Commissioner, both fixed and variable.

|                                | Upper Limit | Lower Limit |
|--------------------------------|-------------|-------------|
| Under 12 months                | 80%         | 0%          |
| 12 months and within 24 months | 60%         | 0%          |
| 24 months and within 5 years   | 40%         | 0%          |
| 5 years and within 10 years    | 40%         | 0%          |
| 10 years and above             | 80%         | 0%          |

## Upper Limit on Principal Amounts Invested Beyond 365 Days

The purpose of the upper limit on principal amounts invested beyond 365 days is for the Commissioner to contain the exposure to the possibility of loss that might arise as a result of having to seek early repayment or redemption of principal sums invested.

| Upper limit on principal amounts<br>invested beyond 365 days | 2025/26<br>£000 | 2026/27<br>£000 | 2027/28<br>£000 | 2028/29<br>£000 |
|--|-----------------|-----------------|-----------------|-----------------|
| Investments  | 15,000          | 15,000          | 15,000          | 15,000          |



## Gross Debt and Capital Financing Requirement (CFR)

In order to ensure that over the medium term debt will only be for a capital purpose, the Police and Crime Commissioner should ensure that debt does not, except in the short term, exceed the total of capital financing in the previous year plus the estimates of any additional capital financing requirement for the current and next two financial years.

If in any of these years there is a reduction in the capital financing requirement, this reduction is ignored in estimating the cumulative increase in the capital financing requirement which is used for comparison with external debt.

This is a key indicator of prudence. Where the gross debt is greater than the capital financing requirement the reasons for this should be clearly stated in the annual treasury management strategy.

| Gross Debt and CFR                           | 2025/26<br>£000 | 2026/27<br>£000 | 2027/28<br>£000 | 2028/29<br>£000 |
|--|-----------------|-----------------|-----------------|-----------------|
| Forecast Borrowing as at 31 March            | 128,969         | 155,969         | 180,969         | 180,969         |
| Capital Financing Requirement as at 31 March | 153,157         | 171,573         | 185,857         | 186,898         |
| Amount of borrowing over / (under) CFR       | (24,188)        | (15,604)        | (4,888)         | (5,929)         |

Forecast borrowing is within the CFR estimates for 2025/26 to 2028/29.

## Affordability

The impact of the capital programme on the revenue budget is shown in the table below:

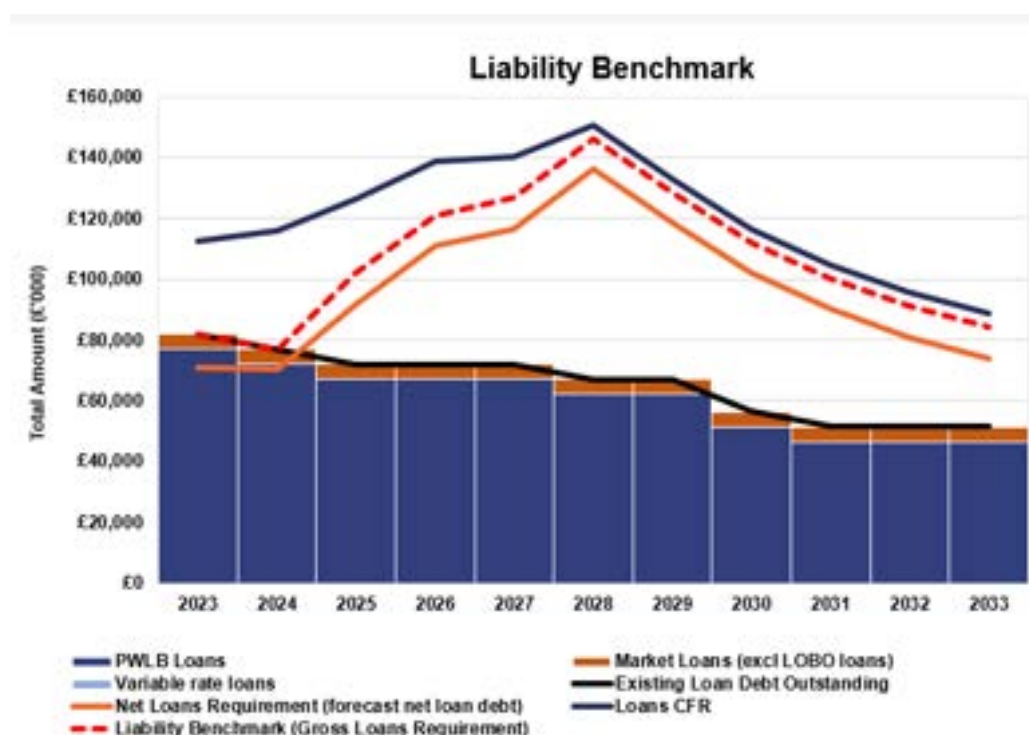
| Affordability                                | 2025/26<br>£000 | 2026/27<br>£000 | 2027/28<br>£000 | 2028/29<br>£000 |
|--|-----------------|-----------------|-----------------|-----------------|
| Revenue Budget                               | 405,444         | 416,100         | 427,900         | 437,200         |
| Capital Expenditure                          | 60,797          | 30,523          | 31,740          | 17,540          |
| Capital Financing Requirement as at 31 March | 153,157         | 171,573         | 185,857         | 186,898         |
| Interest Cost                                | 3,900           | 5,300           | 6,300           | 6,800           |
| Minimum Revenue Provision                    | 10,334          | 11,560          | 14,671          | 16,499          |
| Revenue Financing Costs                      | 14,234          | 16,860          | 20,971          | 23,299          |
| Ratio of financing cost to revenue stream %  | 3.51%           | 4.05%           | 4.90%           | 5.33%           |

## Debt Liability Benchmark

In addition to the prudential indicators set out above the debt liability benchmark treasury indicator has been adopted since 2025/26 to support the financing risk management of the capital financing requirement (CFR).

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

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



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

The Liability Benchmark chart demonstrates a requirement for new borrowing to be taken over the period commencing with the 2025/26 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).

**Minimum Revenue Provision (MRP) Statement 2025/26**

The MRP charge for 2025/26 for capital expenditure incurred before 01 April 2008 (prior to the new regulations) or which has subsequently been financed by supported borrowing will be based on the previous regulatory method of Capital Financing Requirement at a minimum of 4% of the opening balance less prescribed adjustments.

For all unsupported borrowing, exercised under the Prudential Code, the MRP Policy is based on the Asset Life Method. The minimum revenue provision will be at equal annual instalments over the life of the asset. The first charge will not be made until the year after the asset becomes operational.

## Specified Investments (All Sterling Denominated)

| Investment type   | Share/<br>Loan<br>Capital | Repayable/<br>Redeemable<br>within 12<br>months | Security /<br>Minimum<br>Credit Rating                                | Capital<br>Expenditure | Circumstance<br>of use | Maximum period   |
|---|---------------------------|---|---|------------------------|------------------------|--|
| <b>Term deposits</b> with the UK Government (DMO) or with UK local authorities (i.e. local authorities as defined under Section 23 of the 2003 Act) with maturities up to 365 days. | No                        | Yes   | High security although LA's not credit rated.<br><i>See section 6</i> | No                     | In-house               | 365 days   |
| <b>Term deposits / Certificates of Deposit</b> with credit rated deposit takers (banks and building societies), including callable deposits with maturities up to 365 days.         | No                        | Yes   | Secure<br>Varied minimum credit rating<br><i>See section 6</i>        | No                     | In-house               | 365 days   |
| <b>Money Market Funds (CNAV &amp; LVNAV (not VNAV))</b><br>These funds are instant access and therefore do not have a maturity date.  | No                        | Yes   | Secure<br><br>AAA Money Market Fund rating with assets > £1bn         | No                     | In-house               | The investment period is subject to liquidity and cash flow requirements. It is assumed that funds are placed overnight and will be returned and reinvested the next working day (although no actual movement of cash may take place). |

### Non-Specified Investments (All Sterling Denominated)

| Investment type   | (A) Why use it<br>(B) Associated risks   | Share/<br>Loan<br>Capital | Repayable/<br>Redeemable<br>within 12<br>months | Security /<br>Minimum<br>credit<br>rating   | Capital<br>Expenditure | Circumstance<br>of use | Max % of<br>overall<br>investments | Maximum<br>maturity of<br>investment                               |
|---|--|---------------------------|---|---|------------------------|------------------------|------------------------------------|--|
| <b>Term deposits /<br/>Certificates of<br/>Deposit</b> with<br>rated deposit<br>takers (banks and<br>building societies)<br>which do not<br>meet the<br>Commissioner's<br>"high" credit<br>rating | (A) To improve ability to place<br>smaller amounts<br>(B) Greater risk than "high"<br>credit rating counterparties<br>but advance warning by rating<br>agency of potential problems.<br>The Commissioner has fully<br>considered this investment<br>category and set appropriate<br>investment and maturity limits<br>in order to minimise risk.   | No                        | Yes   | Secure<br>Varied<br>minimum<br>Credit<br>rating<br><i>Minimum:<br/>Fitch<br/>Long term A-<br/>Short term<br/>F1</i> | No                     | In-house               | 75%                                | 6 months<br>(but set on an<br>individual<br>counterparty<br>basis) |
| <b>Term deposits</b><br>with UK<br>Government, UK<br>Local Authorities<br>or credit rated<br>banks and building<br>societies, with<br>maturities over 1<br>year                                   | A) To improve the ability to<br>"lock in" at times of high<br>interest rates to secure a<br>higher return over a longer<br>period should rates be<br>forecast to fall.<br>B) Lower liquidity and greater<br>risk of adverse interest rate<br>fluctuations. The<br>Commissioner has fully<br>considered this investment<br>category and set appropriate<br>investment and maturity limits<br>in order to minimise risk. | No                        | No  | Secure<br>Varied<br>minimum<br>credit rating  | No                     | In-house               | 20%                                | 3 years  |

## Maximum Maturity Periods and Amounts

| Organisation   | Criteria   | Max Amount             | Max Period | Not to Exceed Limit or %    |
|--|--|------------------------|------------|-----------------------------|
| High Rated   | Minimum Fitch rating of FI+ short term and AA- long term.  |                        |            | 25% (Government Backed)     |
| (Specified Investments – High rated and up to 365 days see Appendix 6) | Consideration to be given to Moody's minimum rating of P-I short term backed by Aa3 long term and S&P minimum rating of A-I+ short term and AA- long term.   | £20m                   | 3 years    | 20% (Non-Government Backed) |
| Foreign Banks  | Must meet the minimum high rated criteria above and have a minimum sovereign rating of AA+   | £20m country limit     | 365 days   | 20%                         |
| Non-High Rated   | Minimum Fitch rating of FI short term and A- long term.<br><br>Consideration to be given to Moody's minimum rating of P-I short term backed by A3 long term and S&P minimum rating of A-I short term and A- long term. | £10m                   | 6 months   | 20%                         |
| UK Local Authorities   | (i.e. local authorities as defined under Section 23 of the 2003 Act) Each investment is considered on an individual basis  | £10m                   | 3 years    | n/a                         |
| Money Market Funds   | CNAV or LVNAV ( <b>not VNAV</b> ) AAA Money Market Fund rating with assets >£1bn   | £10m per counter party | Overnight  | £25m in total               |



**Approved countries for investments**

This list is based on those countries which have sovereign ratings of AA+ or higher, (we show the lowest rating from Fitch, Moody's and S&P) and also, (except - at the time of writing - for Norway and Luxembourg), have banks operating in sterling markets which have credit ratings of green or above in the MUFG credit worthiness service.

MUFG currently suggests a minimum rating of AA-

Based on lowest available rating

**AAA**

Australia  
Denmark  
Germany  
Luxembourg  
Netherlands  
Norway  
Singapore  
Sweden  
Switzerland

**AA+**

Canada  
Finland  
U.S.A.

For information

**AA-**

**U.K.**

***THIS LIST IS AS AT 25.11.24***

**OFFICIAL – SENSITIVE**

|   |                         |
|---|-------------------------|
| <b>Joint Independent Audit Committee</b>                      | <b>24 February 2025</b> |
| <b>Annual Governance Review – Assurance Framework 2024/25</b> |                         |
| <b>Report of: Gail Thompson, Deputy Head of Finance</b>       |                         |

**1. 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 processes to be undertaken to review the systems of internal control and prepare the draft AGS's for presentation to the Joint Independent Audit Committee (JIAC) for review.

**2. RECOMMENDATION**

- 2.1 The Committee are asked to agree the approach and assurance framework for the production of an Annual Governance Statement for each of the PCC and CC for 2024/25.

**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.
- 3.2 The review of evidence informing the production of the AGS's will be undertaken by the Joint Governance Group (JGG), who will prepare the statements covering 2024/25 for review and approval by the JIAC.
- 3.3 The draft AGS's will then be reviewed by the JIAC before approval by the PCC and CC. The statements will then accompany the Annual Statements of Account for each organisation.

**ASSURANCE FRAMEWORK**

- 3.4 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.
- 3.5 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.
- 3.6 In preparation, it will be necessary to review evidence from the following sources of 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**

**OFFICIAL – SENSITIVE**

- 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
- 3.7 In addition, any other sources of assurance which may be highlighted as a result of discussions with the External Auditor, or within the wider financial sector.
- 3.8 As part of the Annual Governance Review for 2023/24 considered at the JIAC meeting on 20 May 2024 members agreed that a further assurance report would be 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.
- 3.9 In order to ensure that JIAC members can provide the appropriate assurance, it was agreed that these items would be presented on the September 2024 JIAC agenda for review, and an annual update on those areas would be added to the Annual Governance Review each year highlighting any changes to relevant policies, procedures, and regulations.

**CONSIDERATIONS**

- 3.10 The following sections outline how suitable assurance will be obtained from the above identified sources of assurance:
- 3.11 **The system of internal audit**
- 3.11.1 The Internal Audit Service, provided under a support agreement with Gateshead Council, is responsible for ensuring that the key systems, both financial and non-financial, of both bodies are subject to regular audit as part of the risk based internal audit plan.

**OFFICIAL – SENSITIVE**

- 3.11.2 In addition, a review of the effectiveness of internal audit is required under the Accounts and Audit Regulations 2015. This is defined by CIPFA as “a framework of assurance available to satisfy a local authority that the risks to its objectives, and the risks inherent in understanding its work, have been properly identified and are being managed by controls that are adequately designed and effective in operation”. This review will also include evaluating the effectiveness of the Joint Independent Audit Committee.
- 3.11.3 Assurance in this area will be provided through the overall independent opinion of the Internal Audit Manager based on the work undertaken by the Internal Audit Service during the year and reported to the Joint Independent Audit Committee in the Internal Audit Annual Report 2024/25.

**3.12 Senior Managers**

- 3.12.1 All Heads of Department and Area Commanders for the Force and the Chief of Staff of the OPCC will complete a self-assessment assurance statement detailing the level of assurance they feel they can place on their key control and governance processes. The JIAC will receive a report giving the overall opinion of senior managers on the adequacy of arrangements they have in place

**3.13 Governance arrangements**

- 3.13.1 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.
- 3.13.2 The PCC and CC have established a Joint Internal Governance Group (JGG) which meets on four times per year and whose work is fully aligned with that of the 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.
- 3.13.3 The permanent members of this Group are:
- Joint Chief Finance Officer
  - PCC Chief of Staff
  - Deputy Chief Constable
  - Head of Corporate Development
  - Deputy Head of Finance
  - Internal Audit Manager
- 3.13.4 This Group will:
- Consider the extent to which the organisations comply with the principles and elements of good governance set out in the framework
  - Identify systems, processes and documentation that provide evidence of compliance.
  - Identify the individuals or mechanisms responsible for monitoring and reviewing the systems, processes and documentation
  - Identify any governance issues that have not been addressed and consider how they should be addressed.

**OFFICIAL – SENSITIVE**

- Identify the individuals who would be responsible for undertaking any actions that are required.

**3.14 Financial controls**

- 3.14.1 Assurance will be sought from the Joint Chief Finance Officer (JCFO) to the PCC and CC, who is designated as the responsible officer for the administration of each body's financial affairs under section 151 of the Local Government Act 1972

**3.15 Views of the external auditor and other external inspectorates**

- 3.15.1 The external auditor will issue a Joint Audit Findings Report for the PCC and CC Statements of Account and a Joint Auditor's Annual Report each year, reporting any significant issues arising from the audits of their financial statements and providing a review of the value for money arrangements for each body.
- 3.15.2 There are also a number of other external inspectorates, including HMICFRS, which report from time to time on management and governance arrangements within the Police Service.

**3.16 HMRCFRS and other external inspectorates**

- 3.16.1 In addition to the HMICFRS and external inspectorate reports presented at each JIAC meeting, an annual review will be undertaken summarising the activities during 2024/25.

**3.17 Legal and regulatory framework**

- 3.17.1 Assurance will be 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.

**3.18 Risk management**

- 3.18.1 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. Updates on risk are provided to JIAC at each meeting and assurance in this area will be provided in the Corporate Risk Management Annual Report for 2024/25.

**3.19 Performance management and data quality**

- 3.19.1 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. The Head of Corporate Development will provide assurance in respect of this framework.
- 3.19.2 A review of the activities of the Information Management Unit will be undertaken and assurance sought of the overall management of data including and internal and external audits of the procedures and processes in place

**3.20 CIPFA Financial Management Code self-assessment**

- 3.20.1 A self-assessment against the CIPFA FM Code will be undertaken. The Code is based on a series of principles supported by specific standards which are considered necessary to provide a strong foundation to manage the short, medium and long-term finances of a public body, manage

**OFFICIAL – SENSITIVE**

financial resilience to meet unforeseen demands on services and manage unexpected changes in financial circumstances.

**3.21 Thematic assurance**

3.21.1 To supplement and enhance the specific functional assurance provided above, there are also a number of ‘Thematic’ areas from which assurance will be sort; on the internal control environment or governance arrangements for either body. These will be included in the evidence provided to support the Annual Governance conclusion:

**a) Business Planning**

The establishment, and adequacy, of business planning to inform strategic plans and the production of the annual ‘Force Management Statement’ (FMS). The FMS is a self-assessment that CC’s prepare each year, covering: The demand the Force expects to face in the next four years; how the Force will change and improve its workforce and other assets to cope with that demand; how the Force will improve its efficiency to make sure the gap between future demand and future capability is as small as it can reasonably be; financial position of the Force to deliver its plans.

**b) Partnership arrangements and governance**

Assurance is also required in respect of any significant partnership arrangements, as they are key to the delivery of each body’s objectives. Each arrangement will be assessed against guidance produced by the Audit Commission (Bridging the Accountability Gap, 2005).

**c) Resourcing – People**

Assurance will be sought to provide an overview of how people resources (Officers and Staff) are managed and deployed to meet the strategic aims of the Force. Through workforce plans; monitoring and the Strategic Resourcing Board.

**d) Digital Policing**

Assurance will be sought as to the adequacy and robustness of Digital Policing systems, processes, controls and governance. This will be via assurances from the Chief Technology Officer.

**e) Fraud, Corruption and Money Laundering**

A review of any cases of Fraud, corruption or money laundering; as identified via the stated internal policies and procedures, to identify if any assurance risks exist.

**f) Wellbeing**

Wellbeing remains a Force priority. Activity to monitor and improve our workforce’s wellbeing is led through the Wellbeing and People Plan which was substantially monitored and governed through the People and Organisational Justice Board for the 2024/25 financial year. Activity will be reviewed to ensure compliance with internal policies and procedures and to ensure alignment with priorities.

**3.22 JIAC Terms of Reference (Regulatory Framework)**



**OFFICIAL – SENSITIVE**

3.22.1 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:

- 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.

**4. CONSIDERATIONS**

|   |                    |
|---|--------------------|
| <b>Government Classification Scheme</b>   | Official Sensitive |
| <b>Freedom of Information</b>   | Non-exempt         |
| <b>Consultation</b>   | Yes                |
| <b>Resource</b>   | No                 |
| There are no additional financial considerations arising from this report.              |                    |
| <b>Code of Ethics</b>   | No                 |
| There are no ethics implications arising from the content of this report.               |                    |
| <b>Equality</b>   | No                 |
| There are no equality implications arising from the content of this report.             |                    |
| <b>Legal</b>  | No                 |
| There are no legal considerations arising from the content of this report.              |                    |
| <b>Risk</b>   | No                 |
| There are no additional risk management implications directly arising from this report. |                    |
| <b>Communication</b>  | Yes                |
| To be reported to the PCC and CC in-line with the Accounts and Audit Regulations 2015   |                    |
| <b>Evaluation</b>   | No                 |

# **Annual Governance Statement**

(Chief Constable Statements of Account 2023/24)

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

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

## **Scope of Responsibility**

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

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

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

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

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

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

## **AGENDA ITEM 9.**

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

The Commissioner and Chief Constable have a Joint CFO for 2023/24 and consider that a joint CFO role provides both the Commissioner and Chief Constable with a single efficient, effective, and economic financial management lead. The controls remain that there is an expectation that the CFO should advise the Commissioner and Chief Constable of any conflict of interest that should arise in the joint role, especially with section 151 responsibilities; and, the CFO acts in accordance with the requirements, standards and controls as set out in the CIPFA Statement on the Role of the Chief Financial Officer of the Commissioner and the Chief Finance Officer of the Chief Constable (the CIPFA Statement).

As part of the AGS assurance review, an annual assessment to the latest CIPFA Statement (2014) is carried out by the joint CFO and has been reviewed by the JIAC for 2023/24. It confirms that the role is complying with the requirements of the Statement. The Commissioner and the Chief Constable are also satisfied that the role is working efficiently, that the responsibilities set out in the Scheme of Governance are being completed effectively, and that potential conflicts are subject to continuous review. There are no issues of conflict to report.

### **The Governance Framework**

The governance framework in place throughout the 2023/24 financial year covers the period from 1 April 2023 to 31 March 2024 and any issues which arise up to the date of approval of the annual Statements of Account.

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

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

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

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

## **AGENDA ITEM 9.**

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

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

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

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

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

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

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

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

## **AGENDA ITEM 9.**

The latest HMICFRS inspection report for Northumbria Police 'PEEL 2021/22 Police effectiveness, efficiency and legitimacy' was published in September 2022. HMICFRS' evidence gathering for the police effectiveness, efficiency and legitimacy (PEEL) programme for the 2023-2025 cycle in Northumbria Police has commenced and is scheduled to be finalised December 2024; reporting is anticipated April 2025.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Northumbria Police has a robust process for dealing with data breaches and during the 12 months to 31 March 2024 there were no data breaches reported to the Information Commissioner's Office (ICO). The 2023/24 audit of Information Governance and Data Security found that control systems were satisfactory with 1 medium priority recommendation identified. This recommendation is being addressed as part of an action plan agreed by the Head of Department.

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

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

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

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

The Joint Independent Audit Committee (JIAC) of the Commissioner and Chief Constable has five independent members who are appointees from within the Force area. JIAC receives reports from both the internal and external auditors, as well as any other reports required to be referred to it



## **AGENDA ITEM 9.**

under its established Terms of Reference. Through this body the Chief Constable is subject to challenge not only by the Commissioner, but also of the independent members of the JJAC.

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

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

The Commissioner and Chief Constable ensure that they have appropriate personal performance development processes for all staff that underpin and support the performance of the local policing area or department in which they work and their own personal development. Objectives are aligned to the Commissioner's Police and Crime Plan, supported by the Northumbria Police Purpose, Vision and Objectives.

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

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

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

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

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

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

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

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

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

## **AGENDA ITEM 9.**

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

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

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

On 8 March 2023 the Force announced the successful delivery of the police officer Uplift target set by the Government for Northumbria Police of 615 officers. As part of the National Police Uplift Programme, forces across the country were given recruitment targets to be achieved from September 2019 to March 2023, with an aim of increasing the number of officers by 20,000.

In addition to the national Uplift target the Force took the decision to commit to recruiting additional numbers in 2022/23 which took them over and above the original target set by the Government, delivering a further 78 officers.

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

New officers have entered policing in Northumbria through a number of entry routes including the Police Constable Degree Apprenticeship (PCDA), the Degree Holder Entry Programme (DHEP), the Graduate Detective Programme (GDP) and the Initial Police Learning Development Programme (IPLDP). In 2024/25 the Force will also be recruiting through the Police Constable Entry Programme (PCEP) which is a new programme within the suite of existing police constable entry routes, available to all forces from April 2024.

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

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

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

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

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

## **AGENDA ITEM 9.**

control, governance and risk environments of the Commissioner and Chief Constable, based on the work undertaken by the Internal Audit Service throughout 2023/24.

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

- Financial Regulations establish the principles of financial control. They are designed to ensure that the Commissioner conducts financial affairs in a way which complies with statutory provision and reflects best professional practice. Contract Standing Orders set-out the rules to be followed in respect of contracts for the supply of goods and services.
- A robust system through which the Force manages Finance, People Services, Payroll and Procurement processes is used throughout the Force. This enables systematic control to be applied, particularly in relation to budget management. This ensures that responsibility and accountability for resources rest with those managers who are responsible for service provision. This is underpinned by systematic controls which ensure financial commitments are approved by the relevant manager.
- In accordance with the Prudential Code and best accounting practice, the Commissioner produces a four-year Medium Term Financial Strategy (MTFS) and capital programme. The Chief Constable produces a Medium-Term Financial Plan (MTFP) that informs the MTFS of the Commissioner. These are reviewed on an on-going basis and form the core of resource planning, setting the precept level, the annual revenue budget and capital programme.
- The MTFS includes known commitments, anticipated resource availability and other expenditure items which the Chief Constable has identified as necessary to deliver both national and local policing priorities.
- During the 2023/24 financial year the Force introduced a Priority Based Budgeting (PBB) approach to business planning aimed at creating efficiency savings to best invest for the future, and which can be delivered whilst maintaining performance and identifying opportunities to improve policing services. Efficiencies identified through PBB are being delivered in 2024/25 and across the new 4-year MTFS period to 2027/28.
- The annual revenue budget provides an estimate of the annual income and expenditure requirements for the Chief Constable and sets out the financial implications of the Commissioner's policies. It provides the Executive Team with the authority to incur expenditure and a basis on which to monitor and report on financial performance.
- The Commissioner approved a balanced budget for the Force in 2023/24 which included an increase in the Council Tax Precept of £15.00 per year for a Band D property.
- The additional income generated by the precept increase for 2023/24 was £6.120m and was used to:
  - Deliver a restructure of neighbourhood policing, allocating 134 new officers into specialist frontline roles to take on the fight against crime, and;
  - Help protect the force from the impact of significant budget pressures and spiraling inflation.
- Monthly financial performance reports are presented to the Executive Board that focus on year-to-date information and forecast outturn enabling officers to establish a clear

## **AGENDA ITEM 9.**

understanding of financial performance. These are then presented quarterly to the Commissioner through the joint Business Meeting, and these are available on the Commissioner website for wider scrutiny of financial performance by the public. Additional monitoring reports are produced and discussed with budget managers on a regular basis throughout the year.

### **Review of Effectiveness**

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

For 2023/24, the review process has been led by the Joint Police and Crime Commissioner/Chief Constable Governance Monitoring Group and considered by the JIAC and has taken account of:

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

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

## **AGENDA ITEM 9.**

The assessment has been divided into 7 specific sections; each has been assigned a Red, Amber, or Green (RAG) rating in-line with the scale of the improvements required for full compliance. A Red rating indicates that significant improvements are required; an Amber rating indicates that moderate improvements are required; and a Green rating indicates that no improvements or minor improvements may be required. The RAG assessment ratings for 2023/24 against each section are noted below:

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

The overall conclusion from the self-assessment is Green; however, the Code requires any areas for improvement to be disclosed within an action plan. The results of the self-assessment identified 1 area for improvement, which once implemented will further strengthen the OPCC and Force compliance with the Financial Management Code. The CIPFA FM Review has been carried out during the 2024/25 financial year, the outcomes and any improvement plans will be noted in the AGS 2024/25.

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

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

### **Internal Audit Overall Assessment & Independent Opinion**

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

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

Based on the evidence arising from internal audit activity during 2023/24, including advice on governance arrangements, the Commissioner and Chief Constable's internal control systems and risk management and governance arrangements are considered to be effective.

As part of the 2023/24 audit plan, approved by the JIAC, the audit of governance was completed. The audit found systems and controls are operating well and no findings were raised.

**Actions from the 2022/23 Statement**

There was one action identified in the 2022/23 Annual Governance Statement which related to an outstanding planned activity identified under the CIPFA Financial Management Code self-assessment. The CIPFA FM Review was undertaken by the Force in 2024/25 and the outcomes from the review will be noted in the AGS 2024/25.

**2023/24 Governance Issues**

The review has identified no governance issues that need to be included within the 2023/24 Annual Governance Statement as actions.

**Conclusion**

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

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



**AGENDA ITEM 9.**

SIGNED

Chief Constable

SIGNED

Deputy Chief Constable

SIGNED

Chief Finance Officer

Date

# **Annual Governance Statement**

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

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

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

## **Scope of Responsibility**

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

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

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

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

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

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

## **AGENDA ITEM 9.**

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

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

The Commissioner and Chief Constable have a Joint CFO for 2023/24 and consider that a joint CFO role provides both the Commissioner and Chief Constable with a single efficient, effective and economic financial management lead. The controls remain that there is an expectation that the CFO should advise the Commissioner and Chief Constable of any conflict of interest that should arise in the joint role, especially with section 151 responsibilities; and, the CFO acts in accordance with the requirements, standards and controls as set out in the CIPFA Statement on the Role of the Chief Financial Officer of the Commissioner and the Chief Finance Officer of the Chief Constable (the CIPFA Statement).

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

### **The Governance Framework**

The governance framework in place throughout the 2023/24 financial year covers the period from 1 April 2023 to 31 March 2024 and any issues which arise up to the date of approval of the annual Statements of Account.

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

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

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

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

## **AGENDA ITEM 9.**

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

The Commissioner's six principles of good governance are:

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

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

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

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

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

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

Delivery of the Police and Crime Plan is through partnership working between the OPCC and the Chief Constable. The Force's Strategic Performance Board, chaired by the Deputy Chief Constable, is the Force's primary meeting to drive and manage performance and delivery of the Force's purpose, vision and strategic objectives, supporting delivery of the Police and Crime Plan. This Board is underpinned by a range of portfolio governance and thematic boards.

The Commissioner scrutinises progress, along with performance, and holds the Chief Constable and his Executive Team to account at a monthly Scrutiny meeting. Performance is also monitored within the OPCC by the Violence Reduction Unit (VRU) management board and the OPCC management team.

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

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

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

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

The latest HMICFRS inspection report for Northumbria Police 'PEEL 2021/22 Police effectiveness, efficiency and legitimacy' was published in September 2022. HMICFRS' evidence gathering for the police effectiveness, efficiency and legitimacy (PEEL) programme for the 2023-2025 cycle in Northumbria Police has commenced and is scheduled to be finalised December 2024; reporting is anticipated April 2025.

All HMICFRS inspection and investigation reports and other external inspection and audit reports are considered by the Force Chief Officer Team. A lead is appointed to consider inspection findings and identify actions in response to any recommendations and areas for improvement. The Force position

## **AGENDA ITEM 9.**

is reported to the Police and Crime Commissioner at the joint Business Meeting, to inform any statutory response to inspection activity required under section 55 of the Police Act 1996. Delivery is overseen by the relevant Chief Officer lead, with further oversight at the bi-monthly Force Assurance Board and scrutiny at the Executive Board. Progress is reported and monitored at the Scrutiny Meeting of the OPCC and reported to the Joint Independent Audit Committee. There were no risks to delivery identified during the year for any of the recommendations or areas for improvement reported by HMICFRS.

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

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

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

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

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

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

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

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

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



## **AGENDA ITEM 9.**

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

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

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

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

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

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

The Police and Crime Panel (the 'Panel') oversee the work of, and support, the Commissioner in the effective exercise of functions. The Panel is comprised of twelve local authority councillors, two from each of the six authorities in the Northumbria policing area, and two independent members. A relationship protocol between the Commissioner, Chief Constable and the Panel is in place, and this sets out the mutual expectations and responsibilities needed to promote and enhance local policing through effective working relationships of all parties.

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

The Commissioner and Chief Constable each have a Strategic Risk Register which has been designed to ensure the effective management of strategic risk. In both registers the strategic risk is assigned an owner from the Force's Executive Team or OPCC as appropriate, who has responsibility for the management of controls and the implementation of new controls where necessary. The Force's

strategic risks are reported at the Force's Executive Board and reported alongside those of the OPCC at joint Business Meeting on a quarterly basis. A Joint Strategic Risk Register is also presented to all meetings of the JIAC.

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

The Commissioner and Chief Constable ensure that they have appropriate personal performance development processes for all staff that underpin and support the performance of the local policing area, their work and their own personal development. Objectives are aligned to the Commissioner's Police and Crime Plan, supported by the Northumbria Police Purpose, Vision and Objectives.

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

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

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

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

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

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

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

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

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

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

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

The training serves as an introduction to the national leadership standards and our leadership development framework. The Force aim is to improve our people's leadership skills and confidence,

## **AGENDA ITEM 9.**

regardless of their role. To be an outstanding force, we want our people to feel confident as leaders – doing the right things, in the right way for the right reasons.

On 8 March 2023 the Force announced the successful delivery of the police officer Uplift target set by the Government for Northumbria Police of 615 officers. As part of the National Police Uplift Programme, forces across the country were given recruitment targets to be achieved from September 2019 to March 2023, with an aim of increasing the number of officers by 20,000.

In addition to the national Uplift target the Force took the decision to commit to recruiting additional numbers in 2022/23 which took them over and above the original target set by the Government, delivering a further 78 officers.

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

New officers have entered policing in Northumbria through a number of entry routes including the Police Constable Degree Apprenticeship (PCDA), the Degree Holder Entry Programme (DHEP), the Graduate Detective Programme (GDP) and the Initial Police Learning Development Programme (IPLDP). In 2024/25 the Force will also be recruiting through the Police Constable Entry Programme (PCEP) which is a new programme within the suite of existing police constable entry routes, available to all forces from April 2024.

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

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

The Commissioner has operated a comprehensive engagement programme during 2023/24 with local, regional, and national representation and engagement via the press and through active social media channels and advisory groups that represent local communities and groups. The Commissioner has also visited a range of community and voluntary sector organisations that work within our communities to support vulnerable people and those with protected characteristics. Through these engagement channels, the Commissioner can ensure that the service provided reflects the changing needs of local communities,

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

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

In respect of Victim Services, consultation with service providers, the public and our Victim and Witness Service Improvement Board informed our commissioning priorities. Additional priorities

## **AGENDA ITEM 9.**

were identified around support for victims of serious violence and stalking harassment. Additional specialist services have been commissioned for these two priorities along with those already commissioned for our existing priorities:

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

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

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

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

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

This is achieved through the delivery of a risk based annual audit plan which is monitored by the JIAC at each meeting. The Internal Audit Executive also prepares an annual report based on the work of the Internal Audit Service which provides an independent and objective opinion on the internal control, governance and risk environments of the Commissioner and Chief Constable based on the work undertaken by the Internal Audit Service throughout 2023/24.

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

- Financial Regulations establish the principles of financial control. They are designed to ensure that the Commissioner conducts financial affairs in a way which complies with statutory provision and reflects best professional practice. Contract Standing Orders set-out the rules to be followed in respect of contracts for the supply of goods and services.
- Responsibility and accountability for resources rest with managers who are responsible for service provision.
- The Commissioner has adopted the CIPFA Code of Practice on Treasury Management requiring the Commissioner to consider, approve and publish an annual treasury management strategy including an annual investment strategy.
- In accordance with the Prudential Code and proper accounting practice, each year the Commissioner produces a four year Medium Term Financial Strategy (MTFS), Capital Strategy and a Reserves Strategy Statement. These are reviewed on an on-going basis and form the

## **AGENDA ITEM 9.**

core of resource planning, setting the precept level, the annual revenue budget, use of reserves and capital programme.

- The annual revenue budget provides an estimate of the annual income and expenditure requirements for the OPCC and the Chief Constable. It provides the authority to incur expenditure and the basis to manage financial performance throughout the year.
- Capital expenditure is an important element in the development of the Commissioner's service since it represents major investment in new and improved assets. The Commissioner approves a four-year capital programme each year with the MTFS and monitors its implementation and funding closely at management meetings.
- The Commissioner approved a balanced budget for 2023/24. The police settlement issued by the government for 2023/24 assumed that each PCC would increase the precept by the maximum of £15.00 per year for a Band D property. The Commissioner approved an increase of £15.00 per year for a Band D property, but for the majority of residents in Northumbria, those in a Band A property, the actual increase was only £10.00 per year. However, the Northumbria Council Tax Precept remains by far the lowest of policing bodies in England and Wales.
- The additional income generated by the precept increase for 2023/24 was £6.120m and was used to:
  - Deliver a restructure of neighborhood policing, allocating 134 new officers into specialist frontline roles to take on the fight against crime, and;
  - Help protect the force from the impact of significant budget pressures and spiraling inflation.
- Financial performance reports are presented to each of the Commissioner and Chief Constable on a monthly basis. A combined Group financial monitoring report is presented to the Commissioner and Chief Constable's joint Business Meeting on a quarterly basis and published for wider scrutiny of financial performance by the public. The quarterly reports are published as key decisions on the OPCC website.
- Performance reports are presented and discussed with the Commissioner regularly.

### **Review of Effectiveness**

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

For 2023/24 the review process has been led by the Commissioner and Chief Constable's Joint Governance Monitoring Group and considered by the JIAC and has taken account of:

- The system of internal Audit
- Senior manager's assurance statements
- Governance arrangements
- Financial Controls - An assessment of the role of the CFO in accordance with best practice
- Views of the external auditor

## **AGENDA ITEM 9.**

- HMICFRS and other external inspectorates
- The legal and regulatory framework
- Risk management arrangements
- Performance management and data quality
- Other 'Thematic Assurance'
  - Business Planning
  - Partnership arrangements and governance
  - Information and Communications Technology (ICT) Arrangements
  - Fraud, Corruption and Money Laundering
  - Wellbeing
- CIPFA Financial Management Code self-assessment

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

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

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

The overall conclusion from the self-assessment is Green; however, the Code requires any areas for improvement to be disclosed within an action plan. The results of the self-assessment identified one area for improvement, which once implemented will further strengthen the OPCC and Force compliance with the Financial Management Code. The CIPFA FM Review has been carried out during the 2024/25 financial year, the outcomes and any improvement plans will be noted in the AGS 2024/25.

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

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

### **Internal Audit Overall Assessment & Independent Opinion**

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

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

Based on the evidence arising from internal audit activity during 2023/24, including advice on governance arrangements, the Commissioner and Chief Constable's internal control systems and risk management and governance arrangements are considered to be effective.

As part of the 2023/24 audit plan, approved by the JIAC, the audit of governance was completed. The audit found systems and controls are operating well and no findings were raised.

### **Actions from the 2022/23 Statement**

There was one action identified in the 2022/23 Annual Governance Statement which related to an outstanding planned activity identified under the CIPFA Financial Management Code self-assessment. The CIPFA FM Review was undertaken by the Force in 2024/25 and the outcomes from the review will be noted in the AGS 2024/25.

### **2023/24 Governance Issues**

The review has identified no governance issues that need to be included within the 2023/24 Annual Governance Statement as actions.

### **Conclusion**

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

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



**AGENDA ITEM 9.**

SIGNED

Police and Crime Commissioner

SIGNED

Chief of Staff

SIGNED

Chief Finance Officer

Date

# Police and Crime Commissioner for Northumbria Group Audit results report

Year ended 31 March 2024  
20 February 2025





Joint Independent Audit Committee  
Police and Crime Commissioner for Northumbria (PCC), Chief  
Constable of Northumbria (CC)  
Balliol Business Park  
Benton Lane, Newcastle Upon Tyne,  
NE12 8EW

February 2025

Dear Joint Independent Audit Committee Members

#### 2023/24 Audit results report

We are pleased to attach our draft audit result report, summarising the status of our audit for the forthcoming meeting of the Joint Independent Audit Committee. We will update the Joint Independent Audit Committee at its meeting scheduled for 24 February 2025 on further progress to that date and explain the remaining steps to the issue of our final opinion.

The audit is designed to express an opinion on the 2023/24 financial statements and address current statutory and regulatory requirements. This report contains our findings related to the areas of audit emphasis, our views on the Police and Crime Commissioner or Northumbria (PCC) and the Chief Constable for Northumbria (CC)'s accounting policies and judgements and material internal control findings. Each year sees further enhancements to the level of audit challenge, the exercise of professional judgement and the quality of evidence required to achieve the robust professional scepticism that society expects. We thank the management team for supporting this process.

Although we aim to fully complete our planned audit procedures, subject to timely receipt of all outstanding audit requests from management, it remains important to consider the wider impact of Government proposals to clear the backlog in local audit and put the local audit system on a sustainable footing. The proposals to clear the backlog and embed timely audit recognises that timely, high-quality financial reporting and audit of local bodies is a vital part of our democratic system. Not only does it support good decision making by local bodies, by enabling them to plan effectively, make informed decisions and manage their services, it ensures transparency and accountability to local taxpayers. All stakeholders have a critical role to play in addressing the audit backlog.

The Joint Independent Audit Committee, as the PCC and CC's body charged with governance, has an essential role in ensuring that it has assurance over both the quality of the draft financial statements prepared by management and the PCC and CC's wider arrangements to support the delivery of a timely and efficient audit.

We consider and report on the adequacy of the PCC and CC's external financial reporting arrangements and the effectiveness of Joint Independent Audit Committee in fulfilling its role in those arrangements as part of our assessment of Value for Money arrangements and consider the use of other statutory reporting powers to draw attention to weaknesses in those arrangements where we consider it necessary to do so.

We draw Joint Independent Audit Committee members and officers' attention to the Public Sector Audit Appointment Limited's Statement of Responsibilities (paragraphs 26-28) which clearly set out what is expected of audited bodies in preparing their financial statements.

This report is intended solely for the information and use of the Joint Independent Audit Committee, and management, and is not intended to be and should not be used by anyone other than these specified parties.



We welcome the opportunity to discuss the contents of this report with you at the Joint Independent Audit Committee meeting on 24 February 2025.

Yours faithfully

Claire Mellons

Partner

For and on behalf of Ernst & Young LLP

Encl

# Contents

## 01 Executive Summary



## 02 Areas of Audit Focus



## 03 Value for Money



## 05 Audit Report



## 06 Audit Differences



## 07 Assessment of Control Environment



## 09 Other Reporting Issues



## 10 Independence



## 11 Appendices

Public Sector Audit Appointments Ltd (PSAA) issued the "Statement of responsibilities of auditors and audited bodies". It is available from the PSAA website (<https://www.psaa.co.uk/managing-audit-quality/statement-of-responsibilities-of-auditors-and-audited-bodies/statement-of-responsibilities-of-auditors-and-audited-bodies-from-2023-24-audits>). The Statement of responsibilities serves as the formal terms of engagement between appointed auditors and audited bodies. It summarises where the different responsibilities of auditors and audited bodies begin and end, and what is to be expected of the audited body in certain areas.

The "Terms of Appointment and further guidance (updated July 2021)" issued by the PSAA sets out additional requirements that auditors must comply with, over and above those set out in the National Audit Office Code of Audit Practice (the Code), and in legislation, and covers matters of practice and procedure which are of a recurring nature.

This report is made solely to the Joint Independent Audit Committee and management of Police and Crime Commissioner for Northumbria Group in accordance with the statement of responsibilities. Our work has been undertaken so that we might state to the Joint Independent Audit Committee and management of Police and Crime Commissioner for Northumbria Group those matters we are required to state to them in this report and for no other purpose. To the fullest extent permitted by law we do not accept or assume responsibility to anyone other than the Joint Independent Audit Committee and management of Police and Crime Commissioner for Northumbria Group for this report or for the opinions we have formed. It should not be provided to any third-party without our prior written consent.





# 01 Executive Summary



# Executive Summary

## Scope update

In our Audit Planning Report presented at the 23 September 2024 Joint Independent Audit Committee meeting, we provided you with an overview of our audit scope and approach for the audit of the financial statements.

We are carrying out our audit in accordance with this plan but, as reported in our verbal update at the Joint Independent Audit Committee, we were unable to issue our audit report in December 2024 as planned, due to significant delays in progressing areas of audit work, predominantly in relation to:

- ▶ Verification of property, plant and equipment due to management not retaining a listing of equipment that reconciles to the financial statements leading to a substantial amount of additional audit resource being required to be able to satisfactorily conclude on this area.
- ▶ A high volume of audit queries being raised in relation to the Valuation of land and buildings, in our first year of working with the valuation experts
- ▶ Listings initially provided for testing of accounts payable not setting out a listing of balances at year end, but showed movements in year, meaning they were not suitable for us to perform our audit procedures.

We did also experience less significant delays in other areas of the audit and we successfully worked with management to develop a revised project plan and get these resolved prior to issuing this report.

## Changes in materiality

In our Audit Planning Report, we communicated that our audit procedures would be performed using a materiality as indicated:

- ▶ Group Materiality was set at £10.9m, which represents 1.8% of 2023/24 gross expenditure on provision of services, group performance materiality at £5.5m, and uncorrected misstatements threshold set at £0.55m.
- ▶ PCC Materiality has been set at £3.0m, which represents 1.8% of 2023/24 gross expenditure on provision of services, performance materiality at £1.5m, and uncorrected misstatements threshold set at £0.15m.
- ▶ CC Materiality was set at £9.5m, which represents 1.8% of 2023/24 gross expenditure on provision of services, performance materiality at £4.8m, and uncorrected misstatements threshold set at £0.48m.

In our professional judgement, these levels of materiality remain appropriate. The basis of our assessments has remained consistent with planning report figures.





# Executive Summary (cont'd)

## Status of the audit

Our audit work in respect of the group, and single entity PCC and CC opinions is substantially complete, subject to:

- ▶ Completion of senior manager, engagement partner and engagement quality reviewer review
- ▶ Receipt of final sets of accounts and management representation letter
- ▶ Audit completion procedures and subsequent events review

Delays were experienced in receiving information during the audit visit and this has impacted the audit timelines, completion of audit procedures and completion of the reviews for the financial statements. Details of each outstanding item, actions required to resolve and the responsibility is included in Appendix B.

Given that the audit process is still ongoing, we will continue to challenge the remaining evidence provided and the final disclosures in the Annual Report and Accounts which could influence our final audit opinion.

## Value for Money

In our Audit Planning Report dated 6 September 2024, we reported that we had completed our value for money (VFM) risk assessment, and we had identified no risks of significant weaknesses in arrangements. Having updated and completed the planned procedures, subject to engagement partner review, we have not identified any significant risks to weaknesses in arrangements.

# Executive Summary (cont'd)

## Audit differences

As our audit procedures are in progress, we have not finalised the schedule of unadjusted misstatements; however, the following matters have been identified at the time of writing this report, and management have agreed to adjust the final draft of the financial statements: We note that none of these adjustments have an impact on the level of funding available for police services, as they are technical accounting adjustments.

### Summary of difference – Chief Constable:

#### Factual Misstatements:

- ▶ Management have identified an error in the LGPS Pension disclosure note and have revised the disclosure note to increase both the fair value of assets and unrecognised assets by £4.96m. The change in the note did not impact the balance sheet, as the pension assets are restricted by the pension ceiling which is lower as required by the accounting framework.
- ▶ Our testing of the disclosure of employees earning over £50,000 per annum in note 10 identified that the note had been prepared on the basis of annual remuneration due recorded in the HR system, rather than actual remuneration paid as required by the CIPFA Code.

### Summary of difference – Police and Crime Commissioner (PCC):

#### Factual Misstatements:

- ▶ An error of £2.17m was identified in the revaluation of property plant and equipment, as the contingency fees were erroneously included in the valuation of land and buildings.
- ▶ An impairment in the region of £1.5m to £1.7m is to be recognised in relation the Sexual Assault Referral Centre that was incorrectly transferred out of Assets Under Construction to Land and Buildings at cost, rather than valuation.
- ▶ An error of £0.949m was identified by management, where it was noted that vehicles that were disposed in previous years as per the Tranman Systems were not removed from the fixed assets register. There is no impact on the balance sheet as all relevant asset register items were fully depreciated and therefore held at zero value.
- ▶ An error of £0.881m was identified in relation to the reclassification of a creditor balance as a debtor; following cancellation of an invoice.
- ▶ An error of £0.723m was identified in relation to the classification of specific grants attributable to services as other contribution.
- ▶ An error of £0.944m occurred as grants that were accounted for as specific grants were included in the non specific grants account code resulting in the overstatement of non government grant income.

We also identified the following differences during the course of our audit which management have chosen not to adjust:

- ▶ Chief Constable - The auditor of the Tyne and Wear Pension Fund reported an error in relation to the understatement of assets held by the Tyne and Wear Pension Scheme. The estimated net impact on the pension assets value related to the CC is projected to be an understatement of £1.50m.
- ▶ PCC – Capitalised expenditure on computer equipment with a value of £0.723m recorded in the financial statements for which management were unable to provide evidence of existence.

# Executive Summary (cont'd)

## Areas of audit focus

In our Audit Plan we identified a number of key areas of focus for our audit of the financial report of the Police and Crime Commissioner for Northumbria Group. This report sets out our observations and status in relation to these areas, including our views on areas which might be conservative and areas where there is potential risk and exposure. Our consideration of these matters and others identified during the period is explained within the 'Areas of Audit Focus' section of this report and summarised below.

| Risk/area of focus   | Risk identified     | Audit findings and status   |
|--|---------------------|---|
| Misstatement due to fraud or error   | Fraud risk          | Our procedures are completed pending partner reviews, and we have no matters to report at the time of writing this report.  |
| Risk of fraud in revenue expenditure recognition - Inappropriate capitalisation of revenue expenditure | Fraud Risk          | <p>Our procedures are completed pending partner reviews and, at the time of writing this report, have no findings in relation to capitalisation of in-year expenditure. We did, however, identify elements of expenditure capitalised in previous years which management were unable to reconcile to an asset listing, as part of our verification of existence of equipment and have reported an unadjusted error of £0.7m in Section 5 of this report.</p> <p>A further error of £0.9m was also identified when testing the existence of property plant and equipment, in relation to vehicles that were disposed of in previous years but had not been disposed of in the fixed asset register. Management have also agreed to correct this error in the final version of the accounts</p>                   |
| Valuation of Land and Buildings  | Significant Risk    | Our procedures are completed pending senior manager and partner review. At the time of writing this report, we have identified errors in the valuation of land and building with a value of £3.9m which management have agreed to correct in the final set of accounts, following the erroneous inclusion of contingency fees in the valuation and the impairment of the Sexual Assault Referral Centre.  |
| Valuation of Pension Liabilities   | Inherent risk       | <p>Our procedures are completed, pending partner review, and we identified the following errors</p> <ul style="list-style-type: none"> <li>► Management identified an error in the LGPS Pension disclosure note, as result the disclosure note was revised to increase the fair value of assets and unrecognised assets by £4.96m. The change in the note did not impact the balance sheet as the pension assets are restricted by the pension ceiling which is lower as required by the accounting framework.</li> <li>► The auditor of the Tyne and Wear Pension Fund report an error in relation to the understatement of assets held by the Tyne and Wear Pension Scheme. The estimated net impact on the pension assets value related to the CC is projected to be an understatement of £1.50m.</li> </ul> |
| Opening balances   | Area of audit focus | Our procedures are completed in this area, and we have no matters to report.  |

# Executive Summary (cont'd)

## Other Reporting Issues

We have reviewed the information presented in the Annual Governance Statement for consistency with our knowledge of the PCC and CC. To date we have no matters to report as a result of this work, pending the review of the completed work.

We are yet to complete the procedures required by the National Audit Office (NAO) on the Whole of Government Accounts, as we are still awaiting guidance on the procedures required.

## Control observations

During the audit, we identified the following significant deficiencies in internal control:

- We noted that there is no reconciliation of equipment listings used for asset management purposes to the fixed asset register that supports the financial statements. As a result substantial effort was required from both management and the audit team to obtain assurance that the value of assets disclosed in the financial statements could be supported by the underlying records held and, as reported in Section 5 of this report, errors were identified in relation expenditure on computer equipment capitalised in the financial statements for which existence of a capital asset could not be verified. We recommend that management update this reconciliation on a regular basis to obtain assurance that there is a fixed asset register in place to support the financial statements.

## Independence

Please refer to Section 07 for our update on Independence.

The background of the slide features a close-up photograph of a person's hand holding a silver pen, pointing at a tablet screen. The screen displays a bar chart with several horizontal bars in shades of green, yellow, and red. The person is wearing a blue shirt and a dark tie.

## 02 Areas of Audit Focus



# Areas of Audit Focus

Misstatements due to fraud or error\* Significant fraud risk

## Misstatements due to fraud or error

Significant fraud risk

### What is the risk, and the key judgements and estimates?

The financial statements as a whole are not free of material misstatements whether caused by fraud or error.

As identified in ISA (UK) 240, management is in a unique position to perpetrate fraud because of its ability to manipulate accounting records directly or indirectly and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively.

We identify and respond to this fraud risk on every audit engagement.

### What are our conclusions

Subject to completion of senior manager and partner reviews, we have not identified any material weaknesses in controls or evidence of material management override, instances of inappropriate judgements being applied, or any other transactions during our audit which appear unusual or outside the Police and Crime Commissioner for Northumbria Group's normal course of business.

## Our response to the key areas of challenge and professional judgement

- ▶ Identifying fraud risks during the planning stages.
- ▶ Inquiry of management about risks of fraud and the controls put in place to address those risks.
- ▶ Understanding the oversight given by those charged with governance of management's processes over fraud.
- ▶ Discussing with those charged with governance the risks of fraud in the entity, including those risks that are specific to the entity's business sector (those that may arise from economic industry and operating conditions).
- ▶ Consideration of the effectiveness of management's controls designed to address the risk of fraud.
- ▶ Determining an appropriate strategy to address those identified risks of fraud.
- ▶ Performing mandatory procedures regardless of specifically identified fraud risks, including testing of journal entries and other adjustments in the preparation of the financial statements.
- ▶ Undertake procedures to identify significant unusual transactions.
- ▶ Consider whether management bias was present in the key accounting estimates and judgments in the financial statements.

### What else did we do?

Having evaluated this risk, we have considered whether we need to perform other audit procedures not referred to above. We concluded that those procedures included under 'Fraud in Revenue Expenditure recognition – Inappropriate capitalisation of revenue expenditure' are required.

# Areas of Audit Focus

## Fraud in Revenue Expenditure recognition\* Significant fraud risk

### Fraud in Revenue Expenditure recognition – Inappropriate capitalisation of revenue expenditure\*

Significant fraud  
Risk

#### What is the risk, and the key judgements and estimates?

We have assessed that the risk of misreporting revenue outturn in the financial statements is most likely to be achieved through inappropriate capitalisation of revenue expenditure within Fixed Asset additions

Under ISA 240 there is a presumed risk that revenue may be misstated due to improper revenue recognition. In the public sector, this requirement is modified by Practice Note 10 issued by the Financial Reporting Council, which states that auditors should also consider the risk that material misstatements may occur by the manipulation of expenditure recognition.

We have assessed the risk is most likely to occur through the inappropriate capitalisation of revenue expenditure.

#### What are our conclusions

Our procedures are completed pending partner reviews and, at the time of writing this report, have no findings in relation to capitalisation of in-year expenditure. We did, however, identify elements of expenditure capitalised in previous years which management were unable to reconcile to an asset listing, as part of our verification of existence of equipment and have reported an unadjusted error of £0.7m in Section 5 of this report.

A further error of £0.9m was also identified by management, in relation to vehicles that were disposed of in previous years but for which the disposal had not been recognised in the 2023/24 financial statements. Management have also agreed to correct this error in the final version of the accounts.

#### Our response to the key areas of challenge and professional judgement

- ▶ Consider the design and implementation of controls around the acquisition of Fixed Assets.
- ▶ Test additions to Fixed Assets to ensure that the expenditure incurred and capitalised is clearly capital in nature.
- ▶ Assess whether the capitalised spend clearly enhances or extends the useful life of asset rather than simply repairing or maintaining the asset on which it is incurred.
- ▶ Consider whether any development or other related costs that have been capitalised are reasonable to capitalise i.e. the costs incurred are directly attributable to bringing the asset into operational use.
- ▶ Seek to identify and understand the basis for any significant journals transferring expenditure from revenue to capital codes on the general ledger at the end of the year.



# Areas of Audit Focus

## Valuation of Land and Buildings- Significant risk

### Valuation of Land and Buildings

Significant Risk

#### What is the risk, and the key judgements and estimates?

At 31 March 2024, the PCC has reported land and buildings with a net book value determined on the following bases:

- Depreciated Replacement Cost – Specialised operational properties (£68.5m);
- Existing Use Value – Non-specialised operational properties (£18.7m); and
- Fair Value – Investment Property (£1.8m)

The PCC holds land and buildings with a reported net book value of £89m. This is valued on Depreciated Replacement Cost, Existing Use Value and Fair Value bases.

The PCC has a rolling valuation program of its land and buildings with approximately one third of assets revalued each year by internal specialists. This involves significant estimation and judgement and therefore there is a risk that inappropriate assumptions are used in the valuation of land and buildings which could lead to material misstatement.

#### Our response to the key areas of challenge and professional judgement

- ▶ Assess the design and implementation of controls around the valuation of Land and Buildings.
- ▶ Review the Fixed Asset Register to identify properties with higher indicators of risk.
- ▶ Engage specialists to review the appropriateness of assumptions underpinning the valuation of a sample of properties on a risk basis.
- ▶ Consider the competence, capability and objectivity of both internal and management's specialists.
- ▶ Select a sample of properties to test the assumptions used against external benchmarks.

#### What are our conclusions

Our procedures are completed pending senior manager and partner review.

At the time of writing this report, we have identified the errors in the valuation of land and buildings which management have agreed to adjust in the final set of accounts:

- £2.2m overstatement in valuation, following the erroneous inclusion of contingency fees in the calculation.
- The Sexual Assault Referral Centre was incorrectly transferred from Assets Under Construction to Land and Buildings at cost, rather than valuation. Management are in the process of finalising the valuation of this asset but the expected impairment is in the region of £1.5m - £1.7m

# Areas of Audit Focus (cont'd)

## Other Areas of Audit Focus

| Financial statement area         | Area of Audit Focus   | Audit findings  |
|----------------------------------|---|---|
| Valuation of Pension Liabilities | <p>The Local Authority Accounting Code of Practice and IAS19 require the PCC and CC to make extensive disclosures within its financial statements regarding its membership of the Local Government and Police Pension Schemes.</p> <p>Accounting for this schemes involve significant estimation and judgement and therefore management engages an external actuary to undertake the calculations on their behalf. ISAs (UK) 500 and 540 require us to undertake procedures on the use of management experts and the assumptions underlying fair value estimates.</p> | <p>Our procedures are completed, pending partner reviews, and we identified the following errors:</p> <ul style="list-style-type: none"> <li>► Management have identified an error in the LGPS Pension disclosure note and revised disclosure note to increase the fair value of assets and unrecognised assets by £4.96m. The change in the note did not impact the Balance Sheet as the pension assets are restricted by the pension ceiling which is lower as required by the accounting framework.</li> <li>► The auditor of the Tyne and Wear Pension Fund reported an error in relation to the understatement of assets held by the Tyne and Wear Pension Scheme. The estimated net impact on the pension assets value related to the CC is projected to be an understatement of £1.50m.</li> </ul> |
| Opening balances                 | <p>The 2023/24 Statements of Accounts are the first statements EY has audited on behalf of the PCC and CC. We will be required to perform some additional procedures around opening balances for 2023/24, including review of the predecessor auditor's working papers.</p>   | <p>Our procedures are completed in this area, and we have no matters to report.</p>   |

## Going concern

Our procedures in this area are complete pending review from the partner; we have not identified any matters that may impact management's assessment and conclusion to prepare financial statement of PCC, CC and the group as a going concern. Management extended their monthly cash flow analysis to cover the whole going concern period until the 31 March 2026, in line with our initial audit request made in July 2024, and have provided expanded disclosures for inclusion in the final set of financial statements.



## 03 Value for Money

# Value for Money

## The PCC and CC's responsibilities for value for money (VFM)

The PCC and CC are required to maintain an effective system of internal control that supports the achievement of their policies, aims and objectives while safeguarding and securing value for money from the public funds and other resources at its disposal.

As part of the material published with their financial statements, the PCC and CC are required to bring together commentary on its governance framework and how this has operated during the period in a governance statement. In preparing their governance statements, the PCC and CC tailor the content to reflect their own individual circumstances, consistent with the requirements set out in the CIPFA code of practice on local authority accounting. This includes a requirement to provide commentary on their arrangements for securing value for money from their use of resources.

## Risk assessment and status of our work

We are required to consider whether the PCC and CC have made 'proper arrangements' to secure economy, efficiency and effectiveness on its use of resources.

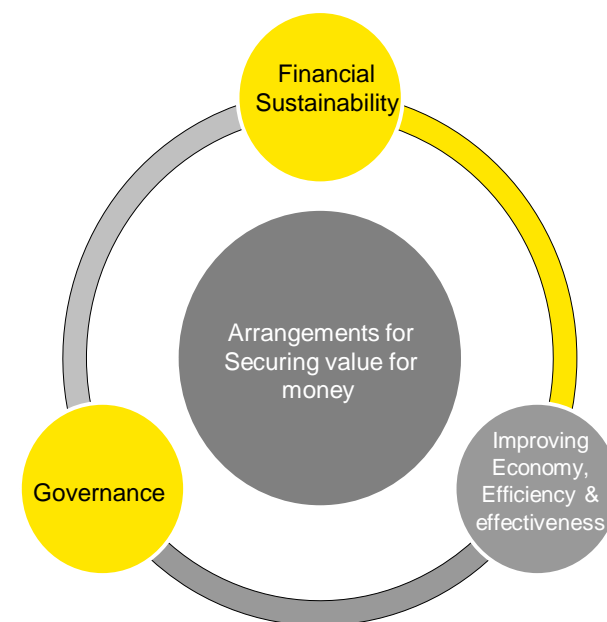
Our value for money planning and the associated risk assessment is focused on gathering sufficient evidence to enable us to document our evaluation of the PCC and CC's arrangements, to enable us to draft a commentary under three reporting criteria (see below). This includes identifying and reporting on any significant weaknesses in those arrangements and making appropriate recommendations.

We will provide a commentary on the PCC and CC's arrangements against three reporting criteria:

- ▶ Financial sustainability - How the PCC and CC plan and manage their resources to ensure they can continue to deliver their services;
- ▶ Governance- How the PCC and CC ensure that they make informed decisions and properly manage their risks; and
- ▶ Improving economy, efficiency and effectiveness - How the PCC and CC use information about their costs and performance to improve the way they manage and delivers services to date, subject to review of the execution

Having updated and completed the planned procedures, we have not identified any significant risks to weaknesses in arrangements to date, subject to review of the execution work.

We will issue our VFM narrative commentary in our 2023/24 Auditor's Annual Report which we expect to issue within 30 days of our opinion on the financial statements and by the end of March 2025 at the latest.







## 04 Audit Report

# Audit Report

Draft audit report

Our opinion on the financial statements

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF POLICE AND CRIME COMMISSIONER FOR NORTHUMBRIA GROUP

### Opinion

We have audited the financial statements of Police and Crime Commissioner for Northumbria ('the Authority') and its subsidiaries (the 'Group') for the year ended 31 March 2024. The financial statements comprise the:

- Authority and Group Movement in Reserves Statement,
- Authority and Group Comprehensive Income and Expenditure Statement,
- Authority and Group Balance Sheet,
- Authority and Group Cash Flow Statement,
- the related notes 1 to 26 of the Police and Crime Commissioner for Northumbria financial statement including a material accounting information and including the Expenditure and Funding Analysis,
- the related notes 1 to 15 of the Police and Crime Commissioner for Northumbria Group including a material accounting information and including the Expenditure and Funding Analysis.
- and include the Police Pension Fund financial statements comprising the Fund Account, the Net Assets Statement, and the related notes 1 to 4.

The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2023/24.

In our opinion the financial statements:

- give a true and fair view of the financial position of Police and Crime Commissioner for Northumbria and the Group as at 31 March 2024 and of its expenditure and income for the year then ended;
- have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2023/24; and
- have been prepared in accordance with the requirements of the Local Audit and Accountability Act 2014.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard and the Code of Audit Practice 2024, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Treasurer's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group and the Authority's ability to continue as a going concern for a period of 12 months to 31 March 2026.

Our responsibilities and the responsibilities of the Treasurer with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Group's ability to continue as a going concern.

# Audit Report (cont'd)

## Our opinion on the financial statements

### Other information

The other information comprises the information included in the in the Statement of Accounts, other than the financial statements and our auditor's report thereon. The Treasurer is responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

### Matters on which we report by exception

We report to you if:

- in our opinion the annual governance statement is misleading or inconsistent with other information forthcoming from the audit or our knowledge of the Group and the Authority
- we issue a report in the public interest under section 24 of the Local Audit and Accountability Act 2014 (as amended)
- we make written recommendations to the audited body under Section 24 of the Local Audit and Accountability Act 2014 (as amended)
- we make an application to the court for a declaration that an item of account is contrary to law under Section 28 of the Local Audit and Accountability Act 2014 (as amended)

- we issue an advisory notice under Section 29 of the Local Audit and Accountability Act 2014 (as amended)
- we make an application for judicial review under Section 31 of the Local Audit and Accountability Act 2014 (as amended)
- we are not satisfied that the Police and Crime Commissioner for Northumbria Group has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2024.

We have nothing to report in these respects.

### Responsibility of the Treasurer

As explained more fully in the Statement of the Responsibilities set out on page 28, the Treasurer is responsible for the preparation of the Statement of Accounts, which includes the Group financial statements and the pension fund 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, 2023/24, for being satisfied that they give a true and fair view and for such internal control as the Treasurer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Treasurer is responsible for assessing the Group and the Authority's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Group and the Authority either intends to cease operations, or has no realistic alternative but to do so.

The authority is responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources, to ensure proper stewardship and governance, and to review regularly the adequacy and effectiveness of these arrangements.



# Audit Report (cont'd)

## Our opinion on the financial statements

### Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

We obtained an understanding of the legal and regulatory frameworks that are applicable to the Group and determined that the most significant are:

- Local Government Act 1972,
- Local Government Act 2003,
- The Local Authorities (Capital Finance and Accounting) (England) Regulations 2003 as amended in 2018, 2020, and 2022,
- The Local Audit and Accountability Act 2014 (as amended), and
- The Accounts and Audit Regulations 2015.

In addition, the Group and the Authority has to comply with laws and regulations in the areas of anti-bribery and corruption, data protection, employment Legislation, tax Legislation, general power of competence, procurement and health & safety.

We understood how Police and Crime Commissioner for Northumbria Group is complying with those frameworks by understanding the incentive, opportunities and motives for non-compliance, including inquiring of management, head of internal audit and those charged with governance and obtaining and reading documentation relating to the procedures in place to identify, evaluate and comply with laws and regulations, and whether they are aware of instances of non-compliance. We corroborated this through our reading of the Group and the Authority's committee minutes, through enquiry of employees to confirm Group and the Authority policies, and through the inspection of employee handbooks and other information. Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures had a focus on compliance with the accounting framework through obtaining sufficient audit evidence in line with the level of risk identified and with relevant legislation.

We assessed the susceptibility of the Group and the Authority's financial statements to material misstatement, including how fraud might occur by understanding the potential incentives and pressures for management to manipulate the financial statements, and performed procedures to understand the areas in which this would most likely arise. Based on our risk assessment procedures, we identified manipulation of reported financial performance, inappropriate capitalisation of revenue expenditure and management override of controls to be our fraud risks.

To address our fraud risk of inappropriate capitalisation of revenue expenditure we tested the Group and the Authority's capitalised expenditure to ensure the capitalisation criteria were properly met and the expenditure was genuine.

To address our fraud risk of management override of controls, we tested specific journal entries identified by applying risk criteria. For each journal selected, we tested specific transactions back to source documentation to confirm that the journals were authorised and accounted for appropriately.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

# Audit Report (cont'd)

## Our opinion on the financial statements

Scope of the review of arrangements for securing economy, efficiency and effectiveness in the use of resources

We have undertaken our review in accordance with the Code of Audit Practice 2024, having regard to the guidance on the specified reporting criteria issued by the Comptroller and Auditor General in November 2024, as to whether the Police and Crime Commissioner for Northumbria Group had proper arrangements for financial sustainability, governance and improving economy, efficiency and effectiveness. The Comptroller and Auditor General determined these criteria as those necessary for us to consider under the Code of Audit Practice in satisfying ourselves whether the Police and Crime Commissioner for Northumbria Group put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2024.

We planned our work in accordance with the Code of Audit Practice. Based on our risk assessment, we undertook such work as we considered necessary to form a view on whether the Police and Crime Commissioner for Northumbria Group had put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

We are required under Section 20(1)(c) of the Local Audit and Accountability Act 2014 (as amended) to satisfy ourselves that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

We are not required to consider, nor have we considered, whether all aspects of the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

## Certificate

We certify that we have completed the audit of the accounts of Police and Crime Commissioner for Northumbria Group in accordance with the requirements of the Local Audit and Accountability Act 2014 (as amended) and the Code of Audit Practice issued by the National Audit Office.

## Use of our report

This report is made solely to the members of Police and Crime Commissioner for Northumbria Group, as a body, in accordance with Part 5 of the Local Audit and Accountability Act 2014 (as amended) and for no other purpose, as set out in paragraph 85 of the Statement of Responsibilities of Auditors and Audited Bodies published by Public Sector Audit Appointments Limited. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Group and the Group's members as a body, for our audit work, for this report, or for the opinions we have formed.

Claire Mellons (Key Audit Partner)

Ernst & Young LLP (Local Auditor)

Newcastle

XX February 2025

# Audit Report (cont'd)

## Our opinion on the financial statements

### INDEPENDENT AUDITOR'S REPORT TO THE CHIEF CONSTABLE FOR NORTHUMBRIA

#### Opinion

We have audited the financial statements of the Chief Constable for Northumbria for the year ended 31 March 2024. The financial statements comprise the Chief Constable for Northumbria's:

- Movement in Reserves Statement,
- Comprehensive Income and Expenditure Statement,
- Balance Sheet,
- Cash Flow Statement
- the related notes 1 to 20 including a material accounting information and including the Expenditure and Funding Analysis.
- and include the pension fund financial statements comprising the Fund Account, the Net Assets Statement, and the related notes 1 to 4.

The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2023/24.

In our opinion the financial statements:

- give a true and fair view of the financial position of Chief Constable for Northumbria as at 31 March 2024 and of its expenditure and income for the year then ended;
- have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2023/24; and
- have been prepared in accordance with the requirements of the Local Audit and Accountability Act 2014.

#### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Chief Constable for Northumbria in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard and the Code of Audit Practice 2024, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Chief Finance Officer's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Chief Constable for Northumbria's ability to continue as a going concern for a period of 12 months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Chief Finance Officer with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Chief Constable for Northumbria's ability to continue as a going concern.

# Audit Report (cont'd)

## Our opinion on the financial statements

### Other information

The other information comprises the information included in the Statement of Account 2023/24, other than the financial statements and our auditor's report thereon. The Chief Finance Officer is responsible for the other information contained within the Statement of Accounts 2023/24.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

### Matters on which we report by exception

We report to you if:

- in our opinion the annual governance statement is misleading or inconsistent with other information forthcoming from the audit or our knowledge of the Chief Constable for Northumbria
- we issue a report in the public interest under section 24 of the Local Audit and Accountability Act 2014 (as amended)
- we make written recommendations to the audited body under Section 24 of the Local Audit and Accountability Act 2014 (as amended)
- we make an application to the court for a declaration that an item of account is contrary to law under Section 28 of the Local Audit and Accountability Act 2014 (as amended)

- we issue an advisory notice under Section 29 of the Local Audit and Accountability Act 2014 (as amended)
- we make an application for judicial review under Section 31 of the Local Audit and Accountability Act 2014 (as amended)
- we are not satisfied that the Chief Constable for Northumbria has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2024.

We have nothing to report in these respects.

### Responsibility of the Chief Finance Officer

As explained more fully in the Statement of the Responsibilities set out on page 23, the Chief Finance Officer is responsible for the preparation of the Statement of Accounts, which includes the financial statements and the pension fund 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, 2023/24, for being satisfied that they give a true and fair view and for such internal control as the Chief Finance Officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Chief Finance Officer is responsible for assessing the Chief Constable for Northumbria's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Chief Constable for Northumbria either intends to cease operations, or has no realistic alternative but to do so.

The authority is responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources, to ensure proper stewardship and governance, and to review regularly the adequacy and effectiveness of these arrangements.



# Audit Report (cont'd)

## Our opinion on the financial statements

### Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

We obtained an understanding of the legal and regulatory frameworks that are applicable to the Chief Constable for Northumbria and determined that the most significant are:

- Local Government Act 1972,
- Local Government Act 2003,
- The Local Authorities (Capital Finance and Accounting) (England) Regulations 2003 as amended in 2018, 2020, and 2022,
- The Local Audit and Accountability Act 2014 (as amended),
- The Accounts and Audit Regulations 2015.
- The Police Reform and Social Responsibility Act 2011,
- Anti-social behaviour, Police and Crime Act 2014,

- Police Pensions scheme regulations 1987,
- Police Pensions regulations 2006; and
- Police Pensions regulations 2015.

In addition, the Chief Constable for Northumbria has to comply with laws and regulations in the areas of anti-bribery and corruption, data protection, employment Legislation, tax Legislation, general power of competence, procurement and health & safety.

We understood how Chief Constable for Northumbria is complying with those frameworks by understanding the incentive, opportunities and motives for non-compliance, including inquiring of [management/head of internal audit/those charged with governance/any other] and obtaining and reading documentation relating to the procedures in place to identify, evaluate and comply with laws and regulations, and whether they are aware of instances of non-compliance. We corroborated this through our reading of the Chief Constable for Northumbria's committee minutes, through enquiry of employees to confirm Chief Constable for Northumbria policies, and through the inspection of employee handbooks and other information. Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures had a focus on compliance with the accounting framework through obtaining sufficient audit evidence in line with the level of risk identified and with relevant legislation.

We assessed the susceptibility of the Chief Constable for Northumbria's financial statements to material misstatement, including how fraud might occur by understanding the potential incentives and pressures for management to manipulate the financial statements, and performed procedures to understand the areas in which this would most likely arise. Based on our risk assessment procedures, we identified inappropriate capitalisation of revenue expenditure and management override of controls to be our fraud risks.

To address our fraud risk of inappropriate capitalisation of revenue expenditure we tested the Chief Constable for Northumbria's capitalised expenditure to ensure the capitalisation criteria were properly met and the expenditure was genuine.

# Audit Report (cont'd)

## Our opinion on the financial statements

To address our fraud risk of management override of controls, we tested specific journal entries identified by applying risk criteria to the entire population of journals. For each journal selected, we tested specific transactions back to source documentation to confirm that the journals were authorised and accounted for appropriately.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Scope of the review of arrangements for securing economy, efficiency and effectiveness in the use of resources

We have undertaken our review in accordance with the Code of Audit Practice 2024, having regard to the guidance on the specified reporting criteria issued by the Comptroller and Auditor General in November 2024, as to whether the Chief Constable for Northumbria had proper arrangements for financial sustainability, governance and improving economy, efficiency and effectiveness. The Comptroller and Auditor General determined these criteria as those necessary for us to consider under the Code of Audit Practice in satisfying ourselves whether the Chief Constable for Northumbria put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2024.

We planned our work in accordance with the Code of Audit Practice. Based on our risk assessment, we undertook such work as we considered necessary to form a view on whether the Chief Constable for Northumbria had put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

We are required under Section 20(1)(c) of the Local Audit and Accountability Act 2014 (as amended) to satisfy ourselves that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

We are not required to consider, nor have we considered, whether all aspects of the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

### Certificate

We certify that we have completed the audit of the accounts of Chief Constable for Northumbria in accordance with the requirements of the Local Audit and Accountability Act 2014 (as amended) and the Code of Audit Practice issued by the National Audit Office.

### Use of our report

This report is made solely to the members of Chief Constable for Northumbria, as a body, in accordance with Part 5 of the Local Audit and Accountability Act 2014 (as amended) and for no other purpose, as set out in paragraph 85 of the Statement of Responsibilities of Auditors and Audited Bodies published by Public Sector Audit Appointments Limited. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Chief Constable for Northumbria and the Chief Constable for Northumbria's members as a body, for our audit work, for this report, or for the opinions we have formed.

Claire Mellons (Key Audit Partner)  
Ernst & Young LLP (Local Auditor)  
Newcastle  
xx February 2025





## 05 Audit Differences

# Audit Differences - PCC

In the normal course of any audit, we identify misstatements between amounts we believe should be recorded in the financial statements and the disclosures and amounts actually recorded. These differences are classified as 'known' or 'judgemental'. Known differences represent items that can be accurately quantified and relate to a definite set of facts or circumstances. Judgemental differences generally involve estimation and relate to facts or circumstances that are uncertain or open to interpretation.

## Summary of adjusted and unadjusted differences

We highlight the following misstatements greater than our uncorrected misstatements threshold of £0.15m which have been identified and noted by management for correction. We note that none of these adjustments have an impact on the level of funding available for police services, as they are technical accounting adjustments.

### Summary of difference – Police and Crime Commissioner (PCC):

#### Factual Misstatements:

- ▶ An error of £2.17m was identified in the revaluation of property plant and equipment, as the contingency fees were erroneously included in the valuation of land and buildings.
- ▶ An impairment in the region of £1.5m to £1.7m is to be recognised in relation the Sexual Assault Referral Centre that was incorrectly transferred out of Assets Under Construction to Land and Buildings at cost, rather than valuation.
- ▶ An error of £0.949m was identified by management, where it was noted that vehicles that were disposed in the previous years as per the Tranman Systems were not removed from the fixed assets register.
- ▶ An error of £0.881m was identified in relation to the reclassification of a creditor balance as a debtor; following cancellation of an invoice.
- ▶ An error of £0.723m was identified in relation to the classification of specific grants attributable to services as other contribution.
- ▶ An error of £0.944m occurred as grants that were accounted for as specific grants were included in the non specific grants account code resulting in the overstatement of non government grant income.

#### Disclosure notes:

Our testing error in disclosure note 12: Employee Remuneration which management have agreed to amend in the final draft of the financial statements.

Given that the audit process is still ongoing, we will continue to challenge the remaining evidence provided and update the summary of audit difference and disclosures for any errors identified.

# Audit Differences -CC

In the normal course of any audit, we identify misstatements between amounts we believe should be recorded in the financial statements and the disclosures and amounts actually recorded. These differences are classified as 'known' or 'judgemental'. Known differences represent items that can be accurately quantified and relate to a definite set of facts or circumstances. Judgemental differences generally involve estimation and relate to facts or circumstances that are uncertain or open to interpretation.

## Summary of adjusted and unadjusted differences

We highlight the following misstatements greater than our uncorrected misstatements threshold of £0.55m which have been identified and noted by management for correction.

### Summary of difference – Chief Constable (CC):

#### Factual Misstatements:

- ▶ Management have identified an error in the LGPS Pension disclosure note and have revised the disclosure note to increase both the fair value of assets and unrecognised assets by £4.96m. The change in the note did not impact the balance sheet, as the pension assets are restricted by the pension ceiling which is lower as required by the accounting framework.
- ▶ Our testing of the disclosure of employees earning over £50,000 per annum in note 10 identified that the note had been prepared on the basis of annual remuneration due recorded in the HR system, rather than actual remuneration paid as required by the CIPFA Code.

Given that the audit process is still ongoing, we will continue to challenge the remaining evidence provided and update the summary of audit difference and disclosures for any errors identified.

# Audit Differences Group (cont'd)

## Summary of unadjusted differences

In addition we highlight the following misstatements to the financial statements and/or disclosures which were not corrected by management. We ask that the Joint Independent Audit Committee request of management that these uncorrected misstatements be corrected or a rationale as to why they are not corrected be considered and approved by the Audit Committee and provided within the Letter of Representation:

|  | Effect on the current period: |                                 | Net assets (Decrease)/Increase |                                   |                                    |  | Equity Components Debit/(Credit) |
|--|-------------------------------|---------------------------------|--------------------------------|-----------------------------------|------------------------------------|--|----------------------------------|
|  | OCI Debit/(Credit)            | Income statement Debit/(Credit) | Assets current Debit/(Credit)  | Assets non-current Debit/(Credit) | Liabilities current Debit/(Credit) | Liabilities non-current Debit/(Credit) |                                  |
| Uncorrected misstatements 31 March 2024 (£'000)                                    |                               |                                 |                                |                                   |                                    |  |                                  |
| Errors £'000   |                               |                                 |                                |                                   |                                    |  |                                  |
| Known differences:   |                               |                                 |                                |                                   |                                    |  |                                  |
| ► Property Plant and Equipment (Existence of computer peripheral equipment!) - PCC |                               | 723                             |                                | (723)                             |                                    |  |                                  |
| Judgemental differences:   |                               |                                 |                                |                                   |                                    |  |                                  |
| ► Tyne and Wear Pension Fund – Understatement of Pension Asset-CC                  | (1,497)                       |                                 |                                | 1,497                             |                                    |  |                                  |
| Cumulative effect of uncorrected misstatements                                     | (1,497)                       | 723                             |                                | 774                               |                                    |  |                                  |





06

## Assessment of Control Environment

# Assessment of Control Environment

Financial controls

As part of our audit of the financial statements, we obtained an understanding of internal control sufficient to plan our audit and determine the nature, timing and extent of testing performed. Although our audit was not designed to express an opinion on the effectiveness of internal control, we are required to communicate to you:

- i. Significant deficiencies in internal control, including group-wide or at components; and
- ii. Our views on the effectiveness of internal control relevant to risks that may affect financial reporting and other risks arising from the entity's business model and the effectiveness of related internal controls. These are provided primarily to help you to fulfil your responsibility under Code Provision 29.

The table below provides an overview of the 'high' 'moderate' and 'low' rated observations we have from the 2024 audit (including IT controls).

|                                       | High | Moderate | Low | Total |
|---------------------------------------|------|----------|-----|-------|
| New points raised in 2023/24          | 1    | 0        | 0   | 1     |
| Total open points as at 31 March 2024 | 1    | 0        | 0   | 1     |

Key:

- A weakness which does not seriously detract from the internal control framework. If required, action should be taken within 6-12 months.
- Matters are considered to be of major importance to maintenance of internal control, good corporate governance or best practice for processes. Action should be taken within six months.
- Matters are considered to be fundamental to the mitigation of material risk, maintenance of internal control or good corporate governance. Action should be taken either immediately or within three months.

The matters reported on the next slide are limited to those that we identified during the audit and that we concluded are of sufficient importance to merit being reported to you.



# Assessment of Control Environment (cont'd)

|      |                            |        |      |
|------|----------------------------|--------|------|
| Area | PPE - ICT asset management | Rating | High |
|------|----------------------------|--------|------|

|             |   |
|-------------|---|
| Observation | We noted that there is no reconciliation of equipment listings used for asset management purposes to the fixed asset register that supports the financial statements. |
|-------------|---|

|        |   |
|--------|---|
| Impact | Substantial effort was required from both management and the audit team to obtain assurance that the value of assets disclosed in the financial statements could be supported by the underlying records. We recommend that management update this reconciliation on a regular basis to obtain assurance that there is a fixed asset register in place to support the financial statements . |
|--------|---|

|                    |  |
|--------------------|--|
| Management comment |  |
|--------------------|--|



07

## Other Reporting Issues

# Other Reporting Issues

## Consistency of other information published with the financial statements, including the Annual Governance Statement

We must give an opinion on the consistency of the financial and non-financial information in the PCC and CC Statement of Accounts 2023/24 with the audited financial statements.

We must also review the Annual Governance Statements for completeness of disclosures, consistency with other information from our work, and whether it complies with relevant guidance.

Our work in this area is still subject to final partner review, but we have not identified any matters for reporting at the time of writing this report.

## Whole of Government Accounts

Alongside our work on the financial statements, we also review and report to the National Audit Office on your Whole of Government Accounts return. The extent of our review, and the nature of our report, is specified by the National Audit Office.

We are still awaiting guidance from the National Audit Office on the extent of the procedures to be performed for 2023/24 and we cannot issue our Audit Certificate until these procedures are complete.

## Other powers and duties

We have a duty under the Local Audit and Accountability Act 2014 to consider whether to report on any matter that comes to our attention in the course of the audit, either for the Authority to consider it or to bring it to the attention of the public (i.e. "a report in the public interest").

At the time of writing this report, we have not identified any issues which required us to issue a report in the public interest.

# Other Reporting Issues (cont'd)

## Other matters

As required by ISA (UK&I) 260 and other ISAs specifying communication requirements, we must tell you significant findings from the audit and other matters if they are significant to your oversight of the Authority's financial reporting process. They include the following:

- ▶ Significant qualitative aspects of accounting practices including accounting policies, accounting estimates and financial statement disclosures;
- ▶ Any significant difficulties encountered during the audit;
- ▶ Any significant matters arising from the audit that were discussed with management;
- ▶ Written representations we have requested;
- ▶ Expected modifications to the audit report;
- ▶ Any other matters significant to overseeing the financial reporting process;
- ▶ Findings and issues around the opening balance on initial audits (if applicable);
- ▶ Related parties;
- ▶ External confirmations;
- ▶ Going concern;
- ▶ Consideration of laws and regulations; and
- ▶ Group audits

Findings to report: On slide 6 of this report, we have set out some areas of the audit where delays in the audit process meant that we were unable to be able to issue our opinion on the financial statements by the end of December 2024 as we had communicated in our Audit Planning Report. At the time of writing this report, we still expect to issue our opinion by the backstop date.



09

## Independence

# Independence - Relationships, services and related threats and safeguards

The FRC Ethical Standard requires that we provide details of all relationships between Ernst & Young (EY) and your company, and its directors and senior management and its affiliates, including all services provided by us and our network to your company, its directors and senior management and its affiliates, and other services provided to other known connected parties that we consider may reasonably be thought to bear on our integrity or objectivity, including those that could compromise independence and the related safeguards that are in place and why they address the threats.

## Relationships

There are no relationships from 1 April 2023 to the date of this report, which we consider may reasonably be thought to bear on our independence and objectivity.

We note that the former Police and Crime Commissioner, Kim McGuinness, was invited to speak at an event hosted in our Newcastle office. We are content that this does not impair our independence, as sufficient safeguards were put in place in consultation with our independence team. The Police and Crime Commissioner was not the main speaker of the event which was held for non-audit EY clients.

## Services provided by EY

There are no services provided by EY from 1 April 2023 to the date of this report, which we consider may reasonably be thought to bear on our independence and objectivity.

As at the date of this report, there are no future services which have been contracted and no written proposal to provide non-audit services has been submitted.



# Independence - Fees

The duty to prescribe fees is a statutory function delegated to Public Sector Audit Appointments Ltd (PSAA) by the Secretary of State for Housing, Communities and Local Government.

This is defined as the fee required by auditors to meet statutory responsibilities under the Local Audit and Accountability Act 2014 in accordance with the requirements of the Code of Audit Practice and supporting guidance published by the National Audit Office, the financial reporting requirements set out in the Code of Practice on Local Authority Accounting published by CIPFA/LASAAC, and the professional standards applicable to auditors' work.

As set out in our Audit Planning Report the agreed fee presented was based on the following assumptions:

- ▶ Officers meeting the agreed timetable of deliverables;
- ▶ Our financial statements opinion and value for money conclusion being unqualified;
- ▶ Appropriate quality of documentation is provided by the PCC and CC; and
- ▶ The PCC and CC has an effective control environment
- ▶ The PCC and CC complies with PSAA's Statement of Responsibilities of auditors and audited bodies. See <https://www.psaa.co.uk/managing-audit-quality/statement-of-responsibilities-of-auditors-and-audited-bodies/statement-of-responsibilities-of-auditors-and-audited-bodies-from-2023-24-audits/>. In particular the PCC and CC should have regard to paragraphs 26 - 28 of the Statement of Responsibilities.

If any of the above assumptions prove to be unfounded, we seek a variation to the agreed fee. Details of our proposed scale fee variations for the audit of the PCC and CC are set out in the fee analysis on this page.

| Current year fees                | PCC        | CC         | Total      |
|----------------------------------|------------|------------|------------|
|                                  | £          | £          | £          |
| Total Base Scale Fee – Code Work | 100,724    | 52,805     | 153,529    |
| Additional fees (note 1)         | TBD        | TBD        | TBD        |
| <b>Total audit</b>               | <b>TBD</b> | <b>TBD</b> | <b>TBD</b> |
| Other non-audit services         | Nil        | Nil        | Nil        |
| <b>Total fees</b>                | <b>TBD</b> | <b>TBD</b> | <b>TBD</b> |

*All fees exclude VAT*

(1) PSAA have updated the Scale Fees for audits from 2023/24 to reflect additional audit and regulatory requirements implemented since the start of the contract period. These replace recurring charges that had been included within Scale Fee Variations. The revision to ISA (UK) 315 has impacted our scope and approach and requires us to enhance the audit risk assessment process, better focus responses to identified risks and evaluate the impact of IT on key processes supporting the production of the financial statements. The revision to the standard has not been included in the update to the scale fees. The following matters have also arisen during the audit for which we will be seeking a variation to the scale fee:

- Additional testing required over reports and information by provided by management, as they did not want to provide us with a full general ledger download without us going through the full police vetting process.
- Substantial additional audit effort required in relation to testing the existence of ICT assets, given that no reconciliation between asset management systems and the fixed asset register is performed.
- Additional audit resource being allocated to the audit, outside of the planned resource bookings, due to delays in receiving some information from management to support the audit



# 10 Appendices

# Appendix A - Required communications with the Joint Independent Audit Committee

## Required communications with the Joint Independent Audit Committee

There are certain communications that we must provide to the Joint Independent Audit Committee s of UK entities. We have detailed these here together with a reference of when and where they were covered:

|                                     |  | Our Reporting to you              |
|-------------------------------------|--|-----------------------------------|
| Required communications             | What is reported?  | When and where                    |
| Terms of engagement                 | Confirmation by the Joint Independent Audit Committee of acceptance of terms of engagement as written in the engagement letter signed by both parties.   | Engagement contract with the PSAA |
| Our responsibilities                | Reminder of our responsibilities as set out in the engagement letter.  | Audit planning report             |
| Planning and audit approach         | Communication of: <ul style="list-style-type: none"><li>• The planned scope and timing of the audit</li><li>• Any limitations on the planned work to be undertaken</li><li>• The planned use of internal audit</li><li>• The significant risks identified</li></ul>  | Audit planning report             |
| Significant findings from the audit | <ul style="list-style-type: none"><li>• Our view about the significant qualitative aspects of accounting practices including accounting policies, accounting estimates and financial statement disclosures</li><li>• Significant difficulties, if any, encountered during the audit</li><li>• Significant matters, if any, arising from the audit that were discussed with management</li><li>• Written representations that we are seeking</li><li>• Expected modifications to the audit report</li><li>• Other matters if any, significant to the oversight of the financial reporting process</li><li>• Findings and issues regarding the opening balance on initial audits</li></ul> | Audit Results Report              |



# Appendix A - Required communications with the Joint Independent Audit Committee (cont'd)

## Our Reporting to you

| Required communications | What is reported?   | When and where       |
|-------------------------|---|----------------------|
| Going concern           | <p>Events or conditions identified that may cast significant doubt on the entity's ability to continue as a going concern, including:</p> <ul style="list-style-type: none"><li>• Whether the events or conditions constitute a material uncertainty related to going concern</li><li>• Whether the use of the going concern assumption is appropriate in the preparation and presentation of the financial statements</li><li>• The appropriateness of related disclosures in the financial statements</li></ul> | Audit Results Report |
| Misstatements           | <ul style="list-style-type: none"><li>• Uncorrected misstatements and their effect on our audit opinion, unless prohibited by law or regulation</li><li>• The effect of uncorrected misstatements related to prior periods</li><li>• A request that any uncorrected misstatement be corrected</li><li>• Material misstatements corrected by management</li></ul>  | Audit Results Report |

# Appendix A - Required communications with the Joint Independent Audit Committee (cont'd)

## Our Reporting to you

| Required communications | What is reported?  | When and where       |
|-------------------------|--|----------------------|
| Fraud                   | <ul style="list-style-type: none"> <li>Enquiries of the Joint Independent Audit Committee to determine whether they have knowledge of any actual, suspected or alleged fraud affecting the entity</li> <li>Any fraud that we have identified or information we have obtained that indicates that a fraud may exist</li> <li>Unless all of those charged with governance are involved in managing the entity, any identified or suspected fraud involving: <ul style="list-style-type: none"> <li>a. Management;</li> <li>b. Employees who have significant roles in internal control; or</li> <li>c. Others where the fraud results in a material misstatement in the financial statements.</li> </ul> </li> <li>The nature, timing and extent of audit procedures necessary to complete the audit when fraud involving management is suspected</li> <li>Matters, if any, to communicate regarding management's process for identifying and responding to the risks of fraud in the entity and our assessment of the risks of material misstatement due to fraud</li> <li>Any other matters related to fraud, relevant to Joint Independent Audit Committee responsibility.</li> </ul> | Audit Results Report |
| Related parties         | <p>Significant matters arising during the audit in connection with the entity's related parties including, when applicable:</p> <ul style="list-style-type: none"> <li>Non-disclosure by management</li> <li>Inappropriate authorisation and approval of transactions</li> <li>Disagreement over disclosures</li> <li>Non-compliance with laws and regulations</li> <li>Difficulty in identifying the party that ultimately controls the entity</li> </ul>   | Audit Results Report |

# Appendix A- Required communications with the Joint Independent Audit Committee (cont'd)

## Our Reporting to you

| Required communications   | What is reported?  | When and where   |
|---|--|--|
| Independence  | <p>Communication of all significant facts and matters that bear on EY's, and all individuals involved in the audit, integrity, objectivity and independence.</p> <p>Communication of key elements of the audit engagement partner's consideration of independence and objectivity such as:</p> <ul style="list-style-type: none"> <li>• The principal threats</li> <li>• Safeguards adopted and their effectiveness</li> <li>• An overall assessment of threats and safeguards</li> <li>• Information about the general policies and process within the firm to maintain objectivity and independence</li> </ul> <p>Communications whenever significant judgements are made about threats to integrity, objectivity and independence and the appropriateness of safeguards put in place.</p> | <p>Audit Planning Report</p> <p>Audit Results Report</p> |
| External confirmations  | <ul style="list-style-type: none"> <li>• Management's refusal for us to request confirmations</li> <li>• Inability to obtain relevant and reliable audit evidence from other procedures.</li> </ul>  | Audit Results Report                                     |
| Consideration of laws and regulations                                     | <ul style="list-style-type: none"> <li>• Subject to compliance with applicable regulations, matters involving identified or suspected non-compliance with laws and regulations, other than those which are clearly inconsequential and the implications thereof. Instances of suspected non-compliance may also include those that are brought to our attention that are expected to occur imminently or for which there is reason to believe that they may occur</li> <li>• Enquiry of the Joint Independent Audit Committee into possible instances of non-compliance with laws and regulations that may have a material effect on the financial statements and that the Joint Independent Audit Committee may be aware of</li> </ul>  | Audit Results Report                                     |
| Significant deficiencies in internal controls identified during the audit | <ul style="list-style-type: none"> <li>• Significant deficiencies in internal controls identified during the audit.</li> </ul>   | Audit Results Report                                     |



# Appendix B - Accounting and regulatory update

## Accounting and regulatory update

### Accounting update

Since the date of our last report to the Joint Independent Audit Committee, a number of new accounting standards and interpretations have been issued. The following table provides a high level summary of those that have the potential to have the most significant impact on you:

| Name           | Summary of key measures   | Impact on Police and Crime Commissioner for Northumbria Group   |
|----------------|---|---|
| IFRS 16 Leases | <ul style="list-style-type: none"><li>• CIPFA have confirmed there will be no further delay of the introduction of the leases standard IFRS 16.</li><li>• Assets being used by the authority under operating leases are likely to be capitalised along with an associated lease liability.</li><li>• Lease liabilities and right of use assets will be subject to more frequent remeasurement.</li><li>• The standard must be adopted by 1 April 2024 at the latest</li></ul> | <ul style="list-style-type: none"><li>• We have assessed the Authority's readiness to implement IFRS 16 as part of our 2023/24 programme of work. That assessment considered:<ul style="list-style-type: none"><li>• The processes to collect the required data.</li><li>• Whether reasonable accounting policy choices had been made.</li><li>• Whether relevant finance staff are familiar with the requirements of the CIPFA Code in this area and training has been provided.</li><li>• The transitional and ongoing accounting arrangements that have been established.</li><li>• Systems and processes to establish and distinguish between lease remeasurements and modifications.</li></ul></li><li>• Based on this assessment we have noted that the Authority and the Group concluded that 29 of the 84 lease arrangements will be impacted by IFRS16 requirements. We have concluded that the Authority the Group have reasonable arrangements in place to support the adoption of IFRS 16 in 2024/25.</li></ul> |

# Appendix D – Management representation letter

## Draft management representation letter

[To be prepared on the entity's letterhead]

[Date]

Ernst & Young LLP  
Citygate, St James' Boulevard,  
Newcastle upon Tyne  
NE1 4JD,  
United Kingdom

This letter of representations is provided in connection with your audit of the financial statements of Police and Crime Commissioner for Northumbria Group ("the Group") for the year ended 31 March 2024.

We recognise that obtaining representations from us concerning the information contained in this letter is a significant procedure in enabling you to form an opinion as to whether the financial statements give a true and fair view of the Authority financial position of Police and Crime Commissioner for Northumbria Group as of 31 March 2024 and of its income and expenditure for the year then ended in accordance with CIPFA LASAAC Code of Practice on Local Authority.

Accounting in the United Kingdom 2023/24 (as amended by the Update to the Code and Specifications for Future Codes for Infrastructure Assets (November 2022)).

We understand that the purpose of your audit of our financial statements is to express an opinion thereon and that your audit was conducted in accordance with International Standards on Auditing (UK), which involves an examination of the accounting system, internal control and related data to the extent you considered necessary in the circumstances and is not designed to identify -nor necessarily be expected to disclose -all fraud, shortages, errors and other irregularities, should any exist.

Accordingly, we make the following representations, which are true to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves:

### A. Financial Statements and Financial Records

1. We have fulfilled our responsibilities, under the relevant statutory authorities, for the preparation of the financial statements in accordance with the Accounts and Audit Regulations 2015 and CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2023/24 (as amended by the Update to the Code and Specifications for Future Codes for Infrastructure Assets (November 2022)).
2. We acknowledge, as members of management of the Authority our responsibility for the fair presentation of the financial statements. We believe the financial statements referred to above give a true and fair view of the financial position, financial performance (or results of operations) and cash flows of the in accordance with the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2023/24 (as amended by the Update to the Code and Specifications for Future Codes for Infrastructure Assets (November 2022)), and are free of material misstatements, including omissions. We have approved the financial statements.
3. The significant accounting policies adopted in the preparation of the financial statements are appropriately described in the financial statements.
4. As members of management of the Authority, we believe that the Authority has a system of internal controls adequate to enable the preparation of accurate financial statements in accordance with [the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2023/24 (as amended by the Update to the Code and Specifications for Future Codes for Infrastructure Assets (November 2022)), that are free from material misstatement, whether due to fraud or error.
5. We believe that the effects of any unadjusted audit differences, summarised in the accompanying schedule, accumulated by you during the current audit and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

# Appendix D – Management representation letter

## Draft management representation letter

We have not corrected these differences identified by and brought to the attention from the auditor because [specify reasons for not correcting misstatement].

6. We confirm the Authority does not have securities (debt or equity) listed on a recognized exchange.

### B. Non-compliance with law and regulations, including fraud

1. We acknowledge that we are responsible to determine that the Authority's activities are conducted in accordance with laws and regulations and that we are responsible to identify and address any non-compliance with applicable laws and regulations, including fraud.

2. We acknowledge that we are responsible for the design, implementation and maintenance of a system of internal control to prevent and detect fraud and that we believe we have appropriately fulfilled those responsibilities.

3. We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.

4. We have disclosed to you, and provided you full access to information and any internal investigations relating to, all instances of identified or suspected non-compliance with law and regulations, including fraud, known to us that may have affected the Authority (regardless of the source or form and including, without limitation, allegations by "whistleblowers") including non-compliance matters:

- involving financial improprieties
- related to laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements
- related laws and regulations that have an indirect effect on amounts and disclosures in the financial statements, but compliance with which may be fundamental to the operations of the Authority's activities, its ability to continue to operate, or to avoid material penalties;
- involving management, or employees who have significant roles in internal controls, or others; or
- in relation to any allegations of fraud, suspected fraud or other non-compliance with laws and regulations communicated by employees, former employees, analysts, regulators or others

### C. Information Provided and Completeness of Information and Transactions

1. We have provided you with:

- Access to all information of which we are aware that is relevant to the preparation of the financial statements such as records, documentation and other matters;
- Additional information that you have requested from us for the purpose of the audit; and
- Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.

2. All material transactions have been recorded in the accounting records and are reflected in the financial statements.

3. We have made available to you all minutes of the meetings of the Authority and committees (or summaries of actions of recent meetings for which minutes have not yet been prepared) held through the 2023/24 to the most recent meeting on the following date: [list date].

4. We confirm the completeness of information provided regarding the identification of related parties. We have disclosed to you the identity of the Authority's related parties and all related party relationships and transactions of which we are aware, including sales, purchases, loans, transfers of assets, liabilities and services, leasing arrangements, guarantees, non-monetary transactions and transactions for no consideration for the period ended, as well as related balances due to or from such parties at the [period] end. These transactions have been appropriately accounted for and disclosed in the financial statements.

5. We believe that the methods, significant assumptions and the data we used in making accounting estimates and related disclosures are appropriate and consistently applied to achieve recognition, measurement and disclosure that is in accordance with CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2023/24 (as amended by the Update to the Code and Specifications for Future Codes for Infrastructure Assets (November 2022)).

6. We have disclosed to you, and the Authority has complied with, all aspects of contractual agreements that could have a material effect on the financial statements in the event of non-compliance, including all covenants, conditions or other requirements of all outstanding debt.

# Appendix D – Management representation letter

## Draft management representation letter

7. From 1 April 2023 through the date of this letter we have disclosed to you, to the extent that we are aware, any (1) unauthorized access to our information technology systems that either occurred or to the best of our knowledge is reasonably likely to have occurred based on our investigation, including of reports submitted to us by third parties (including regulatory agencies, law enforcement agencies and security consultants), to the extent that such unauthorized access to our information technology systems is reasonably likely to have a material impact to the financial statements, in each case or in the aggregate, and (2) ransomware attacks when we paid or are contemplating paying a ransom, regardless of the amount.

### D. Liabilities and Contingencies

1. All liabilities and contingencies, including those associated with guarantees, whether written or oral, have been disclosed to you and are appropriately reflected in the financial statements.

2. We have informed you of all outstanding and possible litigation and claims, whether or not they have been discussed with legal counsel

3. We have recorded and/or disclosed, as appropriate, all liabilities related to litigation and claims, both actual and contingent, and have disclosed in Note [X] to the financial statements all guarantees that we have given to third parties.

### E. Ownership of Assets

1. Except for assets capitalised under finance leases, the Authority has satisfactory title to all assets appearing in the balance sheet(s), and there are no liens or encumbrances on the Authority's assets, nor has any asset been pledged as collateral, other than those that are disclosed in Note [X] to the financial statements. All assets to which the Authority has satisfactory title appear in the balance sheet.

2. All agreements and options to buy back assets previously sold have been properly recorded and adequately disclosed in the financial statements.

3. We have no plans to abandon lines of product or other plans or intentions that will result in any excess or obsolete inventory, and no inventory is stated at an amount in excess of net realisable value.

4. There are no formal or informal compensating balance arrangements with any of our cash and investment accounts. Except as disclosed in the financial statements, we have no other line of credit arrangements.

### F. Use of the Work of a Specialist

1. We agree with the findings of the specialists that we engaged to evaluate the IAS 19 Pension disclosures, Property, Plant and Equipment and Investment Property valuations and have adequately considered the qualifications of the specialists in determining the amounts and disclosures included in the financial statements and the underlying accounting records. We did not give or cause any instructions to be given to the specialists with respect to the values or amounts derived in an attempt to bias their work, and we are not otherwise aware of any matters that have had an effect on the independence or objectivity of the specialists.

### G. Estimates

When we have identified a higher risk estimate, we include the following representation(s):

1. We confirm that the significant judgments made in making the Property, Plant and Equipment and IAS 19 Pension Valuations have taken into account all relevant information of which we are aware.

2. We believe that the selection or application of the methods, assumptions and data used by us have been consistently and appropriately applied or used in making the Property, Plant and Equipment and IAS 19 Pension Valuations.

3. We confirm that the significant assumptions used in making the Property, Plant and Equipment and IAS 19 Pension Valuations appropriately reflect our intent and ability to carry out the assessments and valuations, and any specific courses of action on behalf of the entity.

4. We confirm that the disclosures made in the financial statements with respect to the accounting estimates, including those describing estimation uncertainty, are complete and are reasonable in the context of CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2023/24 (as amended by the Update to the Code and Specifications for Future Codes for Infrastructure Assets (November 2022)).

# Appendix D – Management representation letter

## Draft management representation letter

5. We confirm that appropriate specialized skills or expertise has been applied in making the Property, Plant and Equipment and IAS 19 Pension Valuations.

6. We confirm that no further adjustments are required to the accounting estimate(s) and disclosures in the financial statements.

### H. Retirement benefits

1. On the basis of the process established by us and having made appropriate enquiries, we are satisfied that the actuarial assumptions underlying the scheme liabilities are consistent with our knowledge of the business. All significant retirement benefits and all settlements and curtailments have been identified and properly accounted for.

### I. Reserves

1. We have properly recorded or disclosed in the financial statements the useable and unusable reserves.

### J. Contingent Liabilities

We are unaware of any violations or possible violations of laws or regulations the effects of which should be considered for disclosure in the financial statements or as the basis of recording a contingent loss (other than those disclosed or accrued in the financial statements).

We are unaware of any known or probable instances of non-compliance with the requirements of regulatory or governmental authorities, including their financial reporting requirements, and there have been no communications from regulatory agencies or government representatives concerning investigations or allegations of non-compliance, except as follows:

1. Matters of routine, normal, recurring nature (e.g., examinations by bank and insurance examiners, examinations by taxing authorities, [continue listing as appropriate]) none of which involves any allegations of noncompliance with laws or regulations that should be considered for disclosure in the financial statements or as a basis for recording a loss contingency.

2. Matters referred to in the letters dated [date] issued to you by the Authority's Monitoring Officer and the Authority's legal advisor.

### K. Going Concern

1. Note [X] to the financial statements discloses all the matters of which we are aware that are relevant to the Authority's ability to continue as a going concern, including significant conditions and events, our plans for future action, and the feasibility of those plans.

### L. Subsequent Events

1. Other than..... described in Note [X] to the financial statements, there have been no events subsequent to period end which require adjustment of or disclosure in the financial statements or notes thereto.

### M. Other information

1. We acknowledge our responsibility for the preparation of the other information. The other information comprises the Annual Governance Statement and Narrative Statement.

2. We confirm that the content contained within the other information is consistent with the financial statements.

3. We confirm that the Annual Governance Statement for 2023/24 is a true reflection, in all material respects, of the governance arrangements and the effectiveness of those arrangements in 2023/24 and includes disclosure of all significant governance issues and findings relating to that financial year, through to the date of this letter.



# Appendix D – Management representation letter

## Draft management representation letter

### N. Climate-related matters

1. We confirm that to the best of our knowledge all information that is relevant to the recognition, measurement, presentation and disclosure of climate-related matters has been considered including the impact resulting from the commitments made by the Authority and reflected in the financial statements.

2. The key assumptions used in preparing the financial statements are, to the extent allowable under the requirements of the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2023/24 (as amended by the Update to the Code and Specifications for Future Codes for Infrastructure Assets (November 2022)), aligned with the statements we have made in the other information or other public communications made by us.

Yours faithfully,

\_\_\_\_\_  
Chief Financial Officer

\_\_\_\_\_  
(Police, Crime Commissioner for Northumbria / Chief Constable of Northumbria)



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**JOINT INDEPENDENT AUDIT COMMITTEE**

**24 FEBRUARY 2025**

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**INTERNAL AUDIT CHARTER, STRATEGY STATEMENT 2025/26 – 2027/28  
AND ANNUAL AUDIT PLAN 2025/26**

**REPORT OF THE INTERNAL AUDIT MANAGER**

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**1 Purpose of the Report**

- 1.1 To inform the Committee of the Internal Audit Charter, the Internal Audit Strategy Statement 2025/26 – 2027/28 and the annual Audit Plan 2025/26 for the Police and Crime Commissioner and Chief Constable and seek its approval.

**2 Background**

- 2.1 The Internal Audit Service is to be provided under agreement with Gateshead Council. Internal Audit are required to objectively examine, evaluate and report upon the adequacy of the control environment as a contribution to the proper, economic, efficient and effective use of resources.
- 2.2 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 as required by Section 151 of the Local Government Act 1972. The Accounts and Audit Regulations 2015 also stipulates public bodies must undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance.
- 2.3 The Internal Audit Manager manages the provision of the Internal Audit Service and is responsible for ensuring resources are sufficient to meet the Audit Plan, which is developed based on a review and evaluation of all aspects of the internal control environment.
- 2.4 The main aim of the Internal Audit Service is to assist all levels of management in delivering the objectives of the Police and Crime Commissioner and Chief Constable through the assessment of exposure to risk and the continuous improvement of the control environment. The risk-based audit plan provides purpose and direction in the achievement of this aim. It is the responsibility of management to install and maintain effective internal control systems.
- 2.5 A report was brought to Committee in November 2024 outlining the emergent plan for comment. Following further consultation with officers

## **AGENDA ITEM II.**

there have been a number of changes under the Digital Policing (DP) area of work. There has been no reduction in the areas covered however the following amendments have been made:

- The titles of some of the audits have been revised to better reflect current terminology.
- The structure of the audit testing has been subject to some movement between audit headings to better reflect departmental responsibilities and reporting lines.
- The frequency of patch management testing has increased in response to the previous significant weakness opinion.

Appendix D includes further detail on the DP changes along with some general information on the audit areas covered.

2.6 Additionally a new audit has been added to the plan. Equipment Servicing and Compliance will look at the maintenance of non-covert operational assets such as finger printing machines and speed cameras to ensure they are compliant with calibration and servicing requirements.

2.7 The final plan is attached as an appendix to this report.

### **3 Internal Audit Charter**

3.1 The purpose, authority and responsibility of Internal Audit must be formally defined in an Internal Audit Charter, consistent with the definition of Internal Auditing outlined in Global Internal Audit Standards in the UK Public Sector (GIAS UKPS), (which replaces the Public Sector Internal Audit standards from 1<sup>st</sup> April 2025).

3.2 These standards, based on the mandatory elements of the Institute of Internal Auditors (IIA) International Professional Practices Framework (IPPF), are intended to promote further improvement in the professionalism, quality, consistency and effectiveness of internal audit across the public sector.

3.3 A key element of compliance with GIAS UKPS is the regular review by the Internal Audit Manager and approval by the Joint Independent Audit Committee of an Internal Audit Charter. The Internal Audit Charter was last presented to Committee in February 2024. The Charter is a formal document that defines Internal Audit's purpose, authority and responsibility and establishes its position within both the Office of the Police and Crime Commissioner (OPCC) and the Force, setting out the Internal Audit Manager's functional reporting relationships, authorises rights of access for Internal Audit staff and defines the scope of Internal Audit activity.

3.4 The Internal Audit Manager has carried out an annual review of the Internal Audit Charter. A number of amendments have been made to ensure ongoing compliance with professional standards:

## **AGENDA ITEM 11.**

- Throughout the charter, references to PSIAS (Public Sector Internal Audit Standards) have been replaced with the updated name, GIAS UKPS (Global Internal Audit Standards in the UK Public sector).
- The definition of Internal Audit (section 3) has been updated, replacing the words 'consulting' with 'advisory'.
- Code of ethics (section 6):
  - Added the requirement for auditors to display 'professional courage' when undertaking their role (6.3).
  - Added 'professional due care' as an ethical principle (6.7).
- Added the word 'Mandate' to the title of section 9.
- The term 'Purpose of Internal Audit' replaces the 'Mission of Internal Audit', throughout the Charter.

Professional advice from CIPFA will be monitored closely and should additional material changes be required, a revised version of the Charter will be brought back to JIAC for further approval.

- 3.5 The reviewed Internal Audit Charter is attached at Appendix A for approval.

### **4 Internal Audit Strategy Statement 2025/26 – 2027/28 and Annual Plan 2025/26**

- 4.1 The strategy of the Internal Audit Service is to deliver a risk-based audit plan in a professional and independent manner and to provide the Police and Crime Commissioner and Chief Constable with an opinion on the level of assurance they can place upon their internal control environment, and to make recommendations to improve it.
- 4.3 Quarterly monitoring of progress against the plan will be reported to the Joint Independent Audit Committee with priorities reviewed on an ongoing basis to direct audit resources to the areas of highest risk.
- 4.4 The Audit Strategy Statement 2025/26 – 2027/28 and the annual Audit Plan for 2025/26 are attached at Appendices B and C. Under the GIAS UKPS, the Joint Independent Audit Committee should review the proposed plan prior to its approval.
- 4.5 The Strategy document has been prepared in accordance with GIAS UKPS which outline that the Chief Audit Executive (Internal Audit Manager) must establish a risk-based plan to determine the priorities of the internal audit activity, consistent with the organisation's goals, taking into account the organisation's risk management framework, input from senior management and the Committee. The plan should remain flexible in both content and timing to respond to changes in the organisation's business, risks, operations, programs, systems and controls.
- 4.6 The risk-based plan must take into account the requirement to produce an annual audit opinion on the assurance framework. It must be linked

## **AGENDA ITEM 11.**

to a strategic statement of how the internal audit service will be delivered and developed in accordance with the Internal Audit Charter and how it links to the organisation's objectives and priorities outlined in the Police and Crime Plan.

### **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 adequate and appropriate use of resources.

### **8 Financial implications**

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

### **9 Recommendations**

- 9.1 The Committee is asked to:
- Approve the Internal Audit Charter
  - Agree the Internal Audit Strategy Statement 2025/26 – 2027/28
  - Review the proposed annual plan of work for the Internal Audit Service for 2025/26 and
  - Agree to receive quarterly monitoring reports showing progress made against the plan.

**POLICE AND CRIME COMMISSIONER AND CHIEF CONSTABLE FOR  
NORTHUMBRIA**

**INTERNAL AUDIT CHARTER**

**1. Introduction**

- 1.1 The Audit Manager is responsible for effectively managing the activity of the Internal Audit provider in accordance with this Charter, the definition of internal auditing, the Code of Ethics and Global Internal Audit Standards in the UK Public Sector (GIAS UKPS) and is the formal document that defines Internal Audit's purpose, authority and responsibility. The Charter also establishes Internal Audit's position within the organisation, including access to records, personnel and physical property.

**2. Statutory Basis**

- 2.1 Internal Audit is statutory service in the context of the Accounts and Audit Regulations (England) 2015, which states that:

"A relevant authority must undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance."

- 2.2 The Global Internal Audit Standards in the UK Public Sector came into effect in April 2025 constitute proper practices to satisfy the requirements for relevant bodies set out in the Accounts and Audit Regulations 2015.
- 2.3 Section 151 of the Local Government Act 1972 states that every local authority should make arrangements for the proper administration of their financial affairs and shall secure that one of their officers has the responsibility for the administration of these affairs (The Chief Financial Officer (CFO)). CIPFA has defined proper administration in that it should include 'compliance with the statutory requirements for accounts and internal audit'.
- 2.4 The CIPFA Statement on the Role of the Chief Financial Officer states that the CFO must:
- Ensure an effective internal audit function is resourced and maintained;
  - Ensure that the authority has put in place effective arrangements for internal audit of the control environment;
  - Support internal audit arrangements; and



- Ensure the audit committee receives the necessary advice and information so that both functions can operate effectively.
- 2.5 This Internal Audit Charter recognises the mandatory nature of the GIAS PSUK including the definition of Internal Auditing, the Purpose of Internal Audit, the Code of Ethics and the Standards themselves.

### **3. Definition of Internal Audit**

- 3.1 The Internal Audit provider for the Police and Crime Commissioner (PCC) and Chief Constable for Northumbria has adopted the mandatory definition of internal auditing as set out in the common set of GIAS PSUK:

“Internal auditing is an independent, objective assurance and advisory service designed to add value and improve an organisation’s operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of governance, risk management and control processes”

### **4. Purpose of Internal Audit**

- 4.1 The purpose of Internal Audit articulates what Internal Audit aspires to accomplish within an organisation. The Internal Audit Service has adopted the purpose statement set out in the GIAS UKPS:

“Internal auditing strengthens the organisation’s ability to create, protect, and sustain value by providing the board and management with independent, risk-based, and objective assurance, advice, insight, and foresight”

### **5. Core Principles for the Professional Practice of Internal Auditing**

- 5.1 The Core Principles, taken as a whole, articulate internal audit effectiveness. For an internal audit function to be considered effective in achieving its purpose, all the following principles should be present and operating effectively:

- Demonstrates integrity;
- Demonstrates competence and due professional care;
- Is objective and free from undue influence (independent);
- Aligns with strategies, objectives and risks of the organisation;
- Is appropriately positioned and adequately resourced;
- Demonstrates quality and continuous improvement;
- Communicates effectively;
- Provides risk-based assurance;
- Is insightful, proactive, and future-focussed; and
- Promotes organisational improvement.

## 6. Code of Ethics

- 6.1 The Code of Ethics, incorporated within GIAS UKPS, is necessary and appropriate for the profession of internal auditors as it is founded on the trust placed in its objective assurance about risk management, control and governance. All internal auditors working for, or providing a service to, the PCC and Chief Constable must conform to the Code of Ethics as set out below. If internal auditors have membership of another professional body then they must also comply with the relevant requirements of that body.
- 6.2 The Code of Ethics is based upon five principles that are relevant to the profession and practice of internal auditing and set out the rules of conduct that describe behaviour norms expected of internal auditors to guide their ethical conduct:
- Integrity;
  - Objectivity;
  - Confidentiality;
  - Competency; and
  - Professional Due Care.
- 6.3 **Integrity:** The integrity of internal auditors establishes trust and thus provides the basis for reliance on their judgement. All Internal Audit staff will:
- Perform their work with honesty, diligence and responsibility.
  - Observe the law and make disclosures expected by the law and their profession.
  - Not knowingly be a party to any illegal activity or engage in acts that are discreditable to the profession of internal auditing or the audited bodies.
  - Respect and contribute to the legitimate and ethical objectives of the audited bodies.
  - Demonstrate professional courage when undertaking their role.
- 6.4 **Objectivity:** Internal auditors will exhibit the highest level of professional objectivity in gathering, evaluating and communicating information about the activity or process being examined. They will make a balanced assessment of all of the relevant circumstances and will not be unduly influenced by their own interests or the interests of others in forming judgements. All Internal Audit staff will:
- Not participate in any activity or relationship that may impair their unbiased assessment. This participation includes those activities or relationships that may be in conflict with the interests of the audited bodies.

- Not accept anything that may impair or be presumed to impair their professional judgement.
- Disclose all material facts known to them that, if not disclosed, may distort the reporting of the activities under review.

6.5 **Confidentiality:** Internal auditors will respect the value and ownership of the information they receive and will not disclose information without appropriate authority unless there is a legal or professional obligation to do so. All Internal Audit staff will:

- Be prudent in the use and protection of information acquired in the course of their duties.
- Not use information for any personal gain or in any manner that would be contrary to the law or detrimental to the legitimate and ethical objectives of the audited bodies.

6.6 **Competency:** Internal auditors will apply the knowledge, skills and experience needed in the performance of their duties. All Internal Audit staff will:

- Engage only in those services for which they have the necessary knowledge, skills and experience.
- Perform their work in accordance with the International Standards for the Professional Practice of Internal Auditing.
- Continually improve their proficiency, effectiveness and the quality of the service they deliver.

6.7 **Professional Due Care:** Internal auditors apply due professional care in planning and performing internal audit services. The standards that embody exercising due professional care require:

- Conform with the GIAS UKPS.
- Consideration of the nature, circumstances, and requirements of the work to be performed.
- Application of professional scepticism to critically assess and evaluate information.

## 7. Principles of Public Life

7.1 Internal Audit staff will also have regard to Nolan's Seven Principles of Public Life in the course of their duties. The seven principles are:

- **Selflessness:** Holders of public office should act solely in terms of the public interest. They should not do so in order to gain financial or other benefits for themselves, their family or their friends.
- **Integrity:** Holders of public office should not place themselves under any financial or other obligation to outside individuals or organisations that might seek to influence them in the performance of their official duties.
- **Objectivity:** In carrying out public business, including making public appointments, awarding contracts, or recommending individuals for rewards and benefits, holders of public office should make choices on merit.

- **Accountability:** Holders of public office are accountable for their decisions and actions to the public and must submit themselves to whatever scrutiny is appropriate to their office.
- **Openness:** Holders of public office should be as open as possible about all decisions and actions they take. They should give reasons for their decisions and restrict information only when the wider public interest clearly demands.
- **Honesty:** Holders of public office have a duty to declare any private interests relating to their public duties and to take steps to resolve any conflicts arising in a way that protects the public interest.
- **Leadership:** Holders of public office should promote and support these principles by leadership and example.

## **8. Internal Audit Mandate - Purpose, Authority and Responsibilities**

### **8.1 Purpose**

8.1.1 Internal Audit is a managerial control primarily responsible for objectively examining, evaluating and reporting upon the adequacy of the internal control environment as a contribution to the proper economic, efficient and effective use of resources. Internal Audit is one of a number of assurance providers that contribute to the PCC and Chief Constable's assurance framework. The purpose of Internal Audit is to deliver a risk-based audit plan in a professional and independent manner to allow the Internal Audit Manager to provide both the PCC and Chief Constable with an opinion on the level of assurance they can place upon their internal control, risk management and governance arrangements and to make recommendations for continuous improvement in these areas. This opinion will be set out in the Internal Audit Annual Report to the Joint Independent Audit Committee and supports the PCC and Chief Constable's Annual Governance Statements which accompany the Annual Statements of Accounts.

8.1.2 To this end the Internal Audit provider is required to review, appraise and report upon:

- The soundness, adequacy and application of accounting, financial and other operational controls.
- The extent of compliance with established policies, plans and procedures, statute and regulations.
- The extent to which assets and interests are properly accounted for and safeguarded from losses of all kinds including fraud, bribery, corruption, other offences, waste, extravagance, inefficient administration, poor value for money or other cause.
- The suitability and reliability of financial and other operational information.
- The economy, efficiency and effectiveness with which resources are utilised.
- Whether operations are being carried out as planned and objectives and goals are being met.

- The investigation of instances of fraud, bribery, corruption and irregularities.

#### 8.1.3 Other objectives include:

- Supporting the Joint Independent Audit Committee in fulfilling its governance responsibilities as detailed in the Committee's terms of reference.
- Providing quality services through the highest standards of professional practice, quality assurance systems and investment in staff.
- Be future focussed and to continually add value to the organisation.

## 8.2 Authority

- 8.2.1 Internal Audit is an assurance function required under the provisions of the Accounts and Audit Regulations 2015. Delegated responsibility to maintain an adequate and effective internal audit of the PCC and Chief Constable's accounting records and control systems rests with the Joint Chief Finance Officer, as set out in the Commissioner's Delegations to Officers.
- 8.2.2 The scope of Internal Audit provider activity allows for unrestricted coverage of each body's control environment, which includes all of its operations, resources, services and responsibilities in relation to other bodies. The only exception to this is in relation to covert assets. Assurance on the existence and deployment of covert assets will be provided to Internal Audit and onto the Joint Independent Audit Committee by the Assistant Chief Constable responsible for Crime.
- 8.2.3 In accordance with the definitions of GIAS UKPS, the Internal Audit Manager is the OPCC and Force's Chief Audit Executive, the Joint Independent Audit Committee as the Board and Area Commanders/Heads of Department and above are designated as "senior management".
- 8.2.4 The Internal Audit Manager, in consultation with the Joint Chief Finance Officer and the Joint Independent Audit Committee, will have the freedom to determine the priorities for Internal Audit activity.
- 8.2.5 The Internal Audit Manager will carry out a systematic review and evaluation of all aspects of the internal control environment through consideration of the respective risk registers and consultation with senior managers and the external auditor. This enables the Internal Audit Manager to prepare a three-year risk-based plan, covering all areas of the Police Service and to provide purpose and direction in this process. This plan will be linked to a statement of how the Internal Audit service will be delivered and developed in accordance with this Charter and both the PCC and Chief Constable's overall objectives.

- 8.2.6 Subject to the restriction relating to covert assets noted in 8.2.2 above, Financial Regulations grant to Internal Audit, having been security cleared, the authority to:
- Enter at all reasonable times OPCC and the Force premises;
  - Have access to all assets, records, documents, correspondence, control systems and appropriate personnel, subject to appropriate security clearance;
  - Receive any information and explanation considered necessary concerning any matter under consideration;
  - Require any employee to account for cash, stores or any other OPCC or Force asset under their control; and
  - Access records belonging to contractors, when required. This shall be achieved by including an appropriate clause in all contracts.
- 8.2.7 Where required assurances based on the work of Internal Audit may be provided to respective external bodies. This will take the form of a written assurance from the Internal Audit Manager detailing the objectives of the internal audit activity undertaken and a conclusion on the assessment of the internal control environment.
- 8.2.8 The main determinant of the effectiveness of the Internal Audit provider is that it is seen to be independent. To ensure this, the Internal Audit provider will operate in a framework that allows direct reporting to the PCC, all Chief Officers and the Chair of the Joint Independent Audit Committee.

### **8.3 Responsibilities**

- 8.3.1 The Internal Audit provider will perform all audit work in accordance with GIAS UKPS and the prescribed local procedures as outlined within the Internal Audit Manual, giving due recognition to the mandatory basis of the GIAS UKPS . Auditors will carry out their duties in compliance with the standards and the Code of Ethics detailed within them. In addition to the Annual Internal Audit Report the Internal Audit Manager will report progress against the annual audit plan to the Joint Independent Audit Committee on a quarterly basis. This will include details of any significant weaknesses identified in internal controls and the results of the Internal Audit Manager's Quality Assurance and Improvement Programme which assesses compliance with GIAS UKPS .
- 8.3.2 The Internal Audit provider will have no responsibilities over the activities that it audits beyond the furnishing of recommendations and advice to management on associated risks and controls.
- 8.3.3 The existence of the Internal Audit provider does not diminish the responsibility of management to establish systems of internal control to ensure that activities are conducted in a secure, efficient and well-ordered way. Management is expected to implement all agreed audit recommendations by the agreed implementation date. Each



recommendation will be followed up at the agreed date to assess the extent to which this has happened.

- 8.3.4 Arrangements are in place with senior managers to inform Internal Audit of changes in organisational systems and procedures on an ongoing basis.
- 8.3.5 Every effort will be made to preserve objectivity by ensuring that all Internal Audit provider employees are free from any conflicts of interest and do not undertake any non-audit duties other than those for the demands of the service.

## **9. Resourcing of Internal Audit**

- 9.1 Resourcing of Internal Audit will take into consideration the following:
  - The PCC and Chief Constable's priorities;
  - The level of risk, taking into account such areas as materiality, complexity, potential for fraud and sensitivity;
  - Consultation with senior managers and the external auditor;
  - Changes in legislation;
  - The scope of planned external audit work; and
  - The implications of external inspection reports.
- 9.2 The staffing structure of the Internal Audit provider comprises of professional accountants, accounting technicians and trainee posts with a mix of specialisms to reflect the varied workload of the Service. Where the Internal Audit Manager considers there to be insufficient resources to deliver an effective audit plan this will be drawn to the attention of the Joint Chief Finance Officer and the Chair of the Joint Independent Audit Committee immediately.
- 9.3 At the request of the Joint Chief Finance Officer appropriate specialists from other services should be made available to participate in any audit or review requiring specialist knowledge.
- 9.4 The Internal Audit Manager will carry out a continuous review of the development and training needs of all audit personnel and will arrange in-service training delivered through both internal and external courses.
- 9.5 Internal Audit maintains its awareness of national and local issues through membership and subscription to professional bodies such as CIPFA's Better Governance Forum, Technical Information Service, Finance Advisory Network, the Institute of Internal Auditors (IIA) and through regular liaison with external audit.
- 9.6 The Internal Audit provider will keep abreast of best audit practice by adhering to CIPFA's and the IIA's best practice advisories and practice guides, where applicable, as well as networking with other internal audit service providers.

- 9.7 In this regard the Internal Audit provider considers trends and emerging issues that could impact on the organisation.

## **10. Fraud Related Work**

- 10.1 Managing the risk of fraud, bribery and corruption is the responsibility of management and the Internal Audit provider does not have responsibility for the prevention and detection of these matters. Internal Auditors will however be alert to the risk and exposures that can allow fraud, bribery and corruption and will investigate such instances and any irregularities that are identified within the Service. Audit procedures alone, even when performed with due professional care, cannot guarantee that fraud, bribery and corruption will be detected.
- 10.2 The Internal Audit Manager has provision in the Audit Plan to allow for the investigation of fraud, bribery and corruption and Financial Regulations, the Counter Fraud and Corruption Policy and Statement on the Prevention of Bribery require them to be notified of all suspected or detected fraud, corruption or impropriety. The Internal Audit Manager will assess the potential impact of such cases on the internal control environment.

## **11. Consulting Services**

- 11.1 Where resources and skills allow within the Audit Plan, the Internal Audit provider will provide independent and objective services, such as consultancy at the request of management. Consultancy work will be assessed by the Internal Audit Manager for its impact on the internal control environment and the potential added value in terms of the PCC and Chief Constable achieving their legitimate and ethical objectives and will be subject to the Audit Protocol on Consultancy Engagements.



# **The Internal Audit Strategy Statement**

**2025/26 – 2027/28**

**& Annual Plan 2025/26**

**1. Introduction**

- 1.1 The Internal Audit Service for the Police and Crime Commissioner and Chief Constable plays an essential role in supporting each body to achieve its objectives and outcomes. The Annual Audit Plan for 2025/26 has been formulated from a review of the major risks that are faced over the next three years. The plan therefore focuses on areas where we can add the most value and provide assurance that risks are being properly managed.
- 1.2 Our objectives over the three years are to promote and champion sound governance and effective internal controls throughout both bodies and to provide objective assurance by ensuring key business controls are operating as planned and value for money is being achieved to support delivery of the Police and Crime Plan.
- 1.3 It is the responsibility of management to install and maintain effective internal control systems. The role of Internal Audit, as outlined in the Audit Charter, is to assist managers in the effective discharge of this responsibility and in so doing, deliver the objectives of the Police and Crime Commissioner, Chief Constable and any associated bodies.
- 1.4 Internal Audit is provided to the Police and Crime Commissioner and Chief Constable under an agreement with Gateshead Council.

**2. Purpose**

- 2.1 This document sets out Internal Audit's Strategy for 2025/26 – 2027/28 and Annual Audit Plan for the Police and Crime Commissioner and Chief Constable for the financial year 2025/26. The purpose of the Internal Audit Strategy and Annual Audit Plan is to:
- Meet the requirements of the Global Internal Audit Standards in the UK Public Sector (GIAS UKPS) that requires the Chief Audit Executive to produce a risk based annual plan taking into account the requirement to give an independent annual opinion on the overall adequacy and effectiveness of each organisation's framework of governance, risk management and control;
  - Deliver an internal audit service that meets the requirements of the Accounts & Audit Regulations 2015;
  - Ensure effective audit coverage and a mechanism to provide independent and objective assurance in particular to the Joint Independent Audit Committee and Senior Managers;
  - Identify the key risks that could prevent each body from achieving its objectives and determine the corresponding level of audit resources required to assess mitigating controls;
  - Add value and support senior management in providing effective internal controls and identifying opportunities for improving value for money; and
  - Support lead staff in the areas of finance and legal in fulfilling their obligations as the Section 151 and Monitoring Officers respectively.

**3. Key Outputs 2025/26**

**3.1 Internal Audit will deliver the following key responsibilities:**

- To provide ongoing assurance to management on the control environments comprising systems of governance, risk management and internal control;
- To support expected standards of behaviour;
- To be responsive to transformational change and service demands;
- To work together with the external auditors to ensure reliance can be placed on our audit work where appropriate;
- To continue to develop our joint working relationships with other related regional and national groups and bodies;
- To embed the integration of internal audit work with governance and service improvement and produce a clearly co-ordinated risk-based approach to the audit of business systems across both organisations;
- To monitor and follow-up agreed management actions to audit recommendations within the agreed timescales;
- To deliver the statutory requirements of the Accounts and Audit Regulations 2015;
- To continue to develop and have a key role in corporate governance arrangements; and
- To provide support in respect of counter fraud and corruption investigations where required.

**4. Key Issues & Annual Audit Plan for 2025/26**

**4.1 Having regard to the current risk profile, the following main areas have been included in the Annual Plan for 2025/26:**

**Police and Crime Commissioner Audit Areas**

**4.2 This area will focus on the two audits of Grant Distribution and Treasury Management. The Grant Distribution audit will examine the grants issued by the PCC to help support the priorities of the Police and Crime Plan. The audit of Treasury Management will look at how all borrowing and investments are managed in line with the agreed strategy.**

**Chief Constable Audit Areas**

**4.3 These audits will focus upon the systems and procedures undertaken at establishments and departments across the Force and will also include some tailored work in respect of information technology.**

**Combined Audit Areas**

**4.4 These audits are primarily focused around major financial systems and governance.**

**General Allocations**

**4.5 Where audit reports have had a high priority finding or had an overall opinion of significant weakness they will be followed up by Internal Audit within six months of the final report being issued and time is provided within the plan for any such activity.**

## **AGENDA ITEM 11.**

- 4.6 During the course of the year the Police and Crime Commissioner, Chief Constable or the Joint Independent Audit Committee can ask Internal Audit to carry out additional work on control systems which may not have been planned for. This time allocation is to provide some scope to do this. Internal Audit is also available to give ad hoc support and advice for staff and officers on internal control and governance issues. Activity in this area also includes preparation and delivery of reports for the Joint Independent Audit Committee.

### **2025/26 Annual Audit Plan**

- 4.7 To allow an annual opinion on the effectiveness of the respective internal control environments to be delivered Internal Audit will review all major systems and areas of activity within a three-year period. The three-year risk based strategic plan is reviewed annually after considering:
- Organisational priorities;
  - A review of risk documentation;
  - Consultation with senior managers;
  - Changes in legislation;
  - The scope of planned external audit work;
  - The implications of any external inspection reports; and
  - Time elapsed since the previous audit.
- 4.8 Once this information has been analysed the perceived level of risk for each audit area is assessed based on thirteen areas taking into account such factors as materiality, operational impact, links to strategic risks, potential for fraud and sensitivity. Based on a score derived from these assessments, audits are categorised as high, medium or low priority which dictates where they will be audited within the three-year cycle. High priority areas are audited on an annual basis. However, there are some audits where the frequency is dictated by other criteria such as external reporting requirements in which case they may be conducted annually even though they are not categorised as high risk.
- 4.9 The Annual Audit Plan for 2025/26 has been developed on this basis and is set out at Appendix C. The plan sets out the broad areas for the basis of work during 2025/26 but remains flexible to respond to changing risks and priorities during the year. The level of audit resources required to deliver the plan is 2,130 hours (2,260 hours for 2024/25).

## **5. How the service will be provided**

- 5.1 Internal Audit is delivered under agreement with Gateshead Council. This includes the use of specialist auditors from Newcastle Council for IT auditing. This arrangement will be kept under review on an annual basis.
- 5.2 In order to deliver the Annual Audit Plan at the required level of quality and professionalism, we strive to ensure the team have the necessary mix of skills and experience. All internal audit staff are either fully qualified CCAB Accountants and/or qualified Association of Accounting Technicians or undertaking professional studies.



## **AGENDA ITEM II.**

- 5.3 Our professional judgement has been applied in assessing the level of resources required to deliver the Annual Audit Plan. The level of resource applied is a product of:
- The complexity of the areas to be reviewed;
  - Factors such as number of locations, number and frequency of transactions; and
  - Assurance that can be brought forward from previous audits and other internal and external reviews carried out.
- 5.4 Staff development needs are continually assessed to ensure we maintain the optimal level and mix of skills required to deliver a highly professional and added value internal audit service.

### **6. Our Performance Management**

- 6.1 The standards for 'proper practice' in relation to internal audit are laid down in the Public Sector Internal Audit Standards and we will continually ensure compliance with these professional standards through a combination of internal and external reviews; with the outcomes reported to the Joint Independent Audit Committee. Examples of this include:
- Internal self-assessments by the Internal Audit Manager;
  - Customer satisfaction questionnaires;
  - Reliance placed on our work by external auditors, where applicable;
  - CIPFA benchmarking information; and
  - External assessment every five years by a recognised, qualified and independent assessor.
- 6.2 To achieve the planned coverage for 2025/26, deliver a high standard of customer care and demonstrate effectiveness of the Service, we have well established internal performance targets based on best professional practice. The following indicators will be reported to the Committee on a quarterly basis:

| <b>Performance Indicator</b>  | <b>Target</b> |
|---|---------------|
| Actual hours against planned hours  | 97.25%        |
| Draft audit reports issued within 17 working days following the completion of audit fieldwork | 100%          |
| Number of audit recommendations implemented   | 100%          |
| Customer satisfaction levels  | 95%           |

**AGENDA ITEM 11.****APPENDIX C****Internal Audit Plan 2025/26 - 2027/27**

| <b>Risk</b> | <b>Frequency</b> | <b>Audit Area</b>  | <b>2025/26</b> | <b>2026/27</b> | <b>2027/28</b> |
|-------------|------------------|--|----------------|----------------|----------------|
|             |                  | <b>Police &amp; Crime Commissioner</b>                           |                |                |                |
| High        | Annual           | Treasury Management  | 80             | 80             | 80             |
| High        | Annual           | Grant Distribution   | 50             | 50             | 50             |
|             |                  | <b>Chief Constable</b>   |                |                |                |
|             |                  | <b>Digital Policing Audits</b>                                   |                |                |                |
| High        | Annual           | DP Information Security  | 60             | 60             | 60             |
| High        | Annual           | DP Vulnerability Scanning and Patch Management                   | 40             | 40             | 40             |
| High        | Annual           | DP IT Resilience (Cloud, Data Centres, Disaster Recovery)        | 60             | 60             | 60             |
| High        | Annual           | DP Asset Management (Hardware, Software, Certificate Management) | 60             | 60             | 60             |
| Medium      | Biennial         | DP Change and Configuration management                           |                | 60             |                |
| Medium      | Biennial         | DP IT Governance - (Information Governance, Risk Management)     | 60             |                | 60             |
|             |                  | <b>Departmental Audits</b>                                       |                |                |                |
| Annual      | Annual           | Police Charities Fund  | 40             | 40             | 40             |
| Medium      | Biennial         | Asset Management   | 100            |                | 100            |
| Medium      | Biennial         | Fleet Management   |                | 70             |                |
| Medium      | Biennial         | People Services & Development                                    | 100            |                | 100            |
| Medium      | Biennial         | Legal & Insurance Arrangements                                   |                | 90             |                |
| Medium      | Biennial         | Firearms Licencing   |                | 90             |                |
|             |                  | <b>Theme Based Audits</b>  |                |                |                |
| High        | Annual           | Property   | 120            | 120            | 120            |
| High        | Annual           | Programme/Project Management                                     | 40             | 40             | 40             |
| New         | Annual           | Equipment Servicing and Compliance                               | 50             | 50             | 50             |
| Medium      | Biennial         | Vetting  |                | 70             |                |
|             |                  | <b>Combined Areas</b>  |                |                |                |
|             |                  | <b>Financial Systems</b>   |                |                |                |
| High        | Annual           | Creditors  | 70             | 70             | 70             |
| High        | Annual           | Procurement  | 70             | 70             | 70             |
| High        | Annual           | Payroll & Pensions   | 100            | 100            | 100            |
| High        | Annual           | Main Accounting System   | 50             | 50             | 50             |
| High        | Annual           | Budgetary Control  | 50             | 50             | 50             |
| Medium      | Biennial         | Employee Claims  | 60             |                | 60             |
| Medium      | Biennial         | Debtors  |                | 70             |                |
|             |                  | <b>Other Combined Areas</b>                                      |                |                |                |
| High        | Annual           | Governance   | 50             | 50             | 50             |
| High        | Annual           | Information Governance & Data Security                           | 80             | 80             | 80             |
| High        | Annual           | Annual Governance Statement - Review of Managers' Assurance      | 100            | 100            | 100            |
| Medium      | Biennial         | Cash Advances & Income Arrangements                              |                | 60             |                |
| Medium      | Biennial         | Risk Management & Business Continuity Arrangements               | 90             |                | 90             |
| Medium      | Biennial         | Health & Safety  |                | 60             |                |
| Medium      | Biennial         | Performance Management & Data Quality                            |                | 60             |                |
| Medium      | Biennial         | VAT  | 50             |                | 50             |
| Medium      | Biennial         | Complaints   | 100            |                | 100            |
| Medium      | Biennial         | Counter Fraud & Corruption Arrangements                          | 60             |                | 60             |
| Medium      | Biennial         | Equality & Diversity   |                | 50             |                |
| Medium      | Biennial         | Key Partnerships - NEROCU  |                | 50             |                |
|             |                  | <b>Other</b>   |                |                |                |
|             |                  | <b>Sub Total</b>   | <b>1,790</b>   | <b>1,900</b>   | <b>1,790</b>   |
|             |                  | Follow Up & Contingency  | 70             | 70             | 70             |
|             |                  | General Advice, Consultancy & Systems Review                     | 150            | 150            | 150            |
|             |                  | Joint Independent Audit Committee - Preparation & Support        | 120            | 120            | 120            |
|             |                  | <b>Total Hours</b>   | <b>2,130</b>   | <b>2,240</b>   | <b>2,130</b>   |

## **Revisions to the Digital Policing Audit Plan 2025/26**

The Strategic Audit Plan is kept under review to ensure it covers the key risks at any given time. Years two and three of the plan are therefore seen as indicative and will be subject to annual review each year. This review will also take into account audit work that has been delivered previously which will give an assessment of the effectiveness of systems in place and therefore the risk they represent to the organisation.

A review has been undertaken in preparation for the 2025/28 plan and discussed with officers at the Force which has resulted in the following changes to the Digital Policing (DP) plan.

Below is a summary of the changes with the rationale below:

| <b>Original 2022/25 audit plan headings</b> | <b>Revised 2025/28 audit plan headings</b>     |
|---|--|
| DP Security                                 | DP Information Security                        |
| Patch Management                            | DP Vulnerability Scanning and Patch Management |
| DP Resilience                               | DP Resilience                                  |
| Hardware Asset Management                   | DP Asset Management                            |
| Software Asset Management                   | DP Asset Management                            |
| ITIL Configuration and Change management    | DP Configuration and Change management         |
| DP Information Management                   | DP IT Governance                               |
| DP Governance                               | DP IT Governance                               |

The audit plan headings for 2025/28 have been reconfigured to better fit in terms of risk coverage and the management of that area.

### **DP Information Security**

Information security, often referred to as InfoSec, refers to the processes and tools designed and deployed to protect sensitive business information from modification, disruption, destruction, and inspection. This coverage has not changed from the previous audit plan.

The audit area will cover the following audits during 2025/28:

- Infrastructure
- Cyber security
- Applications and databases

### **DP Vulnerability Scanning and Patch Management**

The last audit was undertaken in 2023/24 highlighted weaknesses around patch performance reporting, particularly on network patching. Given this a decision has been taken to undertake annual audits in this area. We will reassess the priority rating again in 2026/27.

The audit will now also include testing on vulnerability scanning.

## **DP Resilience**

There have been no changes to this audit. IT resilience is about the ability to continuously keep essential IT infrastructure, systems, and applications up and running despite disasters and planned/unplanned disruptions.

This area is seen as high risk and therefore all audits within this audit area will be undertaken within the 2025/28 audit plan.

The audit area will cover the following audits during 2025/28:

- Vulnerability Scanning and Patch Management
- Cloud computing management
- Data Centre management
- DR planning

## **DP Asset Management**

This new audit heading merges what were the asset management audits within the 2022/2025 audit plan. The new heading closely aligns with DP's asset management strategy. Testing within the audit heading will follow the asset lifecycle from its inception to ongoing maintenance and management throughout the asset's life to its eventual disposal.

The audit area will cover the following audits during 2025/28

- Hardware Asset Management
- Software Asset Management - Licences
- Software Asset Management – Certificates

## **DP IT Governance**

DP IT Governance now includes information management which was a separate audit area within the 2022/25 audit plan.

IT Governance lays down the foundations of how DP strategy is implemented through structures, policies, and procedures. IT risk management process and performance management reporting support the strategic process. Information governance ensures that the organisation is meeting regulatory requirements.

Testing will cover the following areas of a cyclical basis:

- Governance, policy, and procedures
- Risk Management
- Information Governance
- Strategic Implementation and Performance Management

## **Configuration and Change Management**

The coverage for this audit has not changed. Configuration Management considers installations, changes, updates, and redundancies to configuration items are tracked and coordinated. Devices, operating systems, and applications are configured in a consistent manner. Improper configurations can be quickly identified and corrected, and services can be quickly restored in the event of an outage.