

**JOINT INDEPENDENT AUDIT COMMITTEE**

**MONDAY 23 FEBRUARY 2026, 14:00 – 16:00**

**OFFICE OF THE POLICE AND CRIME COMMISSIONER, VICTORY HOUSE**

**AGENDA**

**OPEN SESSION**

**1. INTRODUCTION**

**a. STRATEGIC UPDATE – POLICE PRECEPTS**

*(Verbal update)*

**b. STRATEGIC UPDATE – POLICE REFORM**

*(Verbal update)*

**2. DECLARATION OF INTEREST**

**3. MINUTES OF THE OPEN SESSION OF THE JOINT INDEPENDENT AUDIT COMMITTEE 26 NOVEMBER 2025**

*(Attached)*

**4. MATTERS ARISING**

*(Attached)*

**5. JOINT AUDIT RESULTS REPORT (ARR) 2024/25**

External Audit, Ernst & Young / Joint Chief Finance Officer

*(Paper to follow)*

**6. JOINT AUDITORS ANNUAL REPORT (AAR) 2024/25**

External Audit, Ernst & Young / Joint Chief Finance Officer

*(Verbal update)*

**7. FINAL ANNUAL GOVERNANCE STATEMENTS 2024/25**

Joint Chief Finance Officer

*(Paper attached)*

**8. TREASURY POLICY STATEMENT AND TREASURY STRATEGY 2026/27 TO 2029/30**

Joint Chief Finance Officer

*(Paper attached)*

**9. ANNUAL GOVERNANCE REVIEW – ASSURANCE FRAMEWORK 2025/26**

Joint Chief Finance Officer / Head of Corporate Development

*(Paper attached)*

**10. JOINT STRATEGIC RISK REGISTER**

Head of Corporate Development

*(Paper attached)*

**11. 2026 UPCOMING PAPERS**

Joint Chief Finance Officer  
(Paper attached)

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

Monday, 15 June 2026, 14:00pm, Office of the Police and Crime Commissioner, Victory House

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

The Committee is asked to pass 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 12A to the Local Government Act 1972</b>
14	7
15	7
16	7
17	7
18	7
19	7

**NORTHUMBRIA POLICE MINUTES**


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<b>Title</b> Joint Independent Audit Committee (JIAC)	<b>Meeting number</b> 04/25
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<b>Date</b> 26 November 2025	<b>Location</b> Victory House (Training room); Balliol Business Park	<b>Duration</b> 11:30 – 12:40
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**Present:**

<b>Committee Members:</b>	C Young C Winfield M Calam E Cocker A Wigmore P Wood	<i>Chair</i> <i>Deputy Chair</i>
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**Officers:**

R Durham	Office of Police and Crime Commissioner (OPCC) Chief of Staff and Monitoring Officer
J Meir	Deputy Chief Council (DCC)
G Thompson	Joint Chief Finance Officer (CFO)

**Invitees:**

S Dungworth	Police and Crime Commissioner (PCC)
R Bowmaker	Internal Audit, Gateshead Council
C Mellons	External Audit, Ernst and Young
R Merez	External Audit, Ernst and Young
T Reade	Corporate Governance Manager
M Graham	Governance and Planning Adviser ( <i>Secretary</i> )

**Apologies:**

V Jardine	Chief Constable
P Godden	Head of Corporate Development
J Lawson	Assistant Chief Officer Corporate Services

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**OPEN SESSION****1. INTRODUCTION**

Chair opened the meeting.

**2. DECLARATION OF INTEREST**

No declarations of interest made.

**AGENDA ITEM 03.****3. MINUTES OF THE OPEN SESSION OF THE JOINT INDEPENDENT AUDIT COMMITTEE 22 SEPTEMBER 2025**

M Calam advised they do not feel the discussion on item 06. Joint Strategic Risk Register is fully reflected in the minutes. Key points will be reiterated in the minutes of this meeting to ensure they are recorded. Aside from this, the minutes were agreed as a true and accurate record

**4. MATTERS ARISING**

*Action list updated.*

**5. MID-YEAR TREASURY MANAGEMENT REPORT**

Joint CFO provided an overview of the report; E Cocker queried how frequently the Force considers other treasury management advisers. Committee members recommended benchmarking or full tender be done every five years. It was advised the current contact has run since November 2022 and has one year remaining, as such this will go out to tender in 2026.

P Wood raised a query on the Public Works Loans Board, as it is forecast below budget and asked what risks this may pose to the Force; Joint CFO advised no operational risk has been identified. A query was also raised on the Force's focus on long term cashflow and borrowing regulations, it was noted that the Force does consider the risks of loans, and the borrowing portfolio is used to spread out the risk. This is similar to the approaches taken by other UK Forces, as the challenges presented in this area across the country are very similar.

Deputy Chair queried how medium forecasts are stress tested. It was noted this is factored into budgeting and planning but is not specifically reported to JIAC.

*Update noted*

**6. JOINT STRATEGIC RISK REGISTER**

Corporate Governance Manager provided an update, noting the format of this report will change in February 2026, following completion of the annual review of risk.

M Calam reiterated key points raised in discussion of this item in the previous meeting, noting that the Committee find it difficult to see the key issues within the strategic risk registers as they are currently presented, and noted a clear picture of where the Force is in relation to areas of concern, where it aims to be, and what it requires to make that happen would be highly beneficial. It was also noted that the committee feels several strategic risk areas are overly broad in scope and are keen to have more detailed discussions focussing on specific strategic areas.

DCC highlighted the review of information as relates to data retention is challenging, as previously used IT systems did not have in-built processes to review retention, and the Force is still in the process of moving to new systems which are better equipped to manage data effectively. DCC noted the Force has responded to recommendations and areas of concern raised in previous audits and progress has been made; additional IT packages that may assist further in this are also being explored. All Forces in the UK face

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similar challenges regarding moving away from paper forms and inherited IT systems that are not fully suited to modern data management requirements.

It was noted a new Digital Policing strategic risk system will be implemented in February 2026. Deputy Chair noted that due to the timings of the reporting structure, Digital Policing and the recently announced changes regarding the PCC role will be reflected in the next meeting.

It was advised that vetting for JIAC members is up to date and requires no further action.

***Update noted*****7. EMERGENT INTERNAL AUDIT PLAN 2026/27 – 2028/29**

Internal Auditor provided a summary of the plan; it was noted that the tender process for the Force's internal auditor will begin before the end of December 2025. Internal Auditor advised that performance management and data quality encompasses information and performance data that will be provided to the Home Office and similar bodies, and noted that areas such as counter-fraud and corruption are covered by a single audit, and all related reports are owned by the Professional Standards Department.

M Calam noted that high volume of scrutiny processes are in place but the quality of the various methods of scrutiny must also be considered and maintained. It was noted that the Corporate Development Department contains a Business Assurance team which monitors the quality of investigations; scrutiny is considered high, particularly on operational matters.

***Update noted*****8. DATE TIME AND VENUE OF NEXT MEETING**

Monday, 23 February 2026, 14:00pm, Office of the Police and Crime Commissioner for Northumbria; Victory House (Training room); Balliol Business Park; Benton Lane; Newcastle; NE12 8EW

**9. 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 12A to the Local Government Act 1972</b>
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## AGENDA ITEM 04.

Reference	Meeting	Agenda Item/Title/Context	Open/Closed Session	Action	Detail	Assigned to	Update
JJAC010	JJAC 02/25	<p><b>09. Joint Independent Audit Committee Annual Report</b> Chair provided an overview of the annual report, confirming the appointment of two new members, Mary Calam and Andrew Wigmore and reaffirmed the Committee's approval of the revised Terms of Reference. P Wood queried what measures hold the Committee and members to account and if these are deemed sufficient. It was noted that the quarterly JJAC meetings attended by either the Chief Constable and Police and Crime Commissioner or their representatives provide oversight, Committee members hold each other to account, and oversight is also provided by the external auditor. Corporate Governance Manager noted that as no concerns have been raised regarding any current Committee members there has been no need for additional scrutiny or for discussions on holding members to account. It was suggested that further clarity on this could be provided in future reports from the Committee, with assistance from the OPCC Chief of Staff and Monitoring Officer. It was also suggested that Committee members could be provided with peer-to-peer talks with members of JJACs from other police forces.</p>	OPEN	ACTION	To explore options regarding peer-to-peer discussions with JJAC members from other police forces.	OPCC Chief of Staff and Monitoring Officer	<p>26/11/25 - Durham and Cleveland JJACs work from very different models but this is not expected to stop collaboration, work is ongoing to arrange discussions.</p> <p>22/09/25 - Durham and Cleveland OPCC officers are receptive to collaboration, further discussion to be held in October.</p> <p>Chief of Staff has met with the Chair and Vice Chair and will contact Durham and Cleveland OPCC officers to explore options regarding peer-to-peer discussions for the Chair and Vice Chair with their JJAC Chairs to consider sharing best practice.</p>
JJAC011	JJAC 02/25	<p><b>10. Joint Strategic Risk Register</b> M Calam noted the presentation of risk provided to the Committee is evident of a strong focus on risk across a wide range of areas, but it is difficult to gauge the force's largest areas of concern, how that area/areas are managed, their current status and goals to improve those primary concerns in future. Suggested Strategic Risk Area – Workforce as an example of a risk with a wide scope, covering recruitment and retention and noted that one of those areas could be resolved faster than the other but it is unclear what impact that would have on the overall risk. Head of Corporate Development advised conversations regarding those concerns do take place regularly throughout the governance structure. ACO Corporate Services advised the presentation of information to JJAC is given a great deal of consideration and that some risks are inevitable and can only be mitigated and managed, though the degree to which they are mitigated must be considered from a cost to benefit perspective.</p>	OPEN	ACTION	To consider the presentation of the Joint Strategic Risk Register item and how best to communicate the force's primary areas of concern and the status of those risks.	Head of Corporate Development	<p>09/02/26 - It is proposed this action be closed and monitored via action: JJAC016 due to their similarity.</p> <p>26/11/25 - Chair proposed a risk workshop be held for members in February 2026 in advance of the next Committee meeting.</p> <p>22/09/25 - The annual review of risk is ongoing, updates to the presentation of the Risk Register item will be incorporated in the February 2026 meeting.</p>
JJAC015	JJAC 03/25	<p><b>05. CIPFA FM Review</b> Joint CFO delivered an overview of the CIPFA report, and summary of recommendations. It was noted that there were instances in which some safeguarding measures were not detected in the framework of the CIPFA audit process.</p> <p>The Force is prioritising those recommendations which will integrate well with existing processes and will consider those which would take longer to implement at a later date. Some recommendations may also be taken onboard in part, for example, consideration is being given to lifting elements from the Business Partnering Model noted in one recommendation; a full partnering model is not considered to be the right approach for the Force.</p> <p>Training to improve financial acumen is being planned for members of the Senior Leadership Team and key stakeholders.</p>	OPEN	ACTION	To provide an update on the CIPFA Financial Management (FM) Review alongside the Annual Assurance Review	Joint Chief Finance Officer	26/11/25 - Joint CFO advised an additional update will be provided in June 2026.

JIAC016	JIAC 03/25	<p><b>06. Joint Strategic Risk Register</b> Chair raised a suggestion on behalf of the Committee regarding risk, queried if the possibility of holding separate monthly meetings with risk owners could be considered as this could provide additional insight into each risk area and improve members' understanding of risk overall.</p> <p>DCC acknowledged such discussions might be helpful, but concerns were raised that this may fall outside of the scope of the Committee. It was suggested that instead, a more in-depth discussion of selected risk areas could be incorporated into the existing JIAC meetings.</p>	OPEN	ACTION	To consider future reporting format for the Joint Strategic Risk Register to inform JIAC members' understanding of the risk management framework and associated control environment.	Head of Corporate Development	26/11/25 - Chair proposed a risk workshop be held for members in February 2026 in advance of the next Committee meeting.
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# Annual Governance Statement

(Chief Constable Statements of Account 2024/25)

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:

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*“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 2024/25 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 2024/25. 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 2024/25 financial year covers the period from 1 April 2024 to 31 March 2025 and any issues which arise up to the date of approval of the annual Statements of Account.

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

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

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

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

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

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

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

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

The Commissioner has a Police and Crime Plan, Safer Streets: Stronger Communities, for the period 2025 to 2029. 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 the Force Strategy having regard to 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.

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The latest HMICFRS inspection report for Northumbria Police 'PEEL 2023/25 Police effectiveness, efficiency and legitimacy' was published in May 2025. The inspection assessed how good Northumbria Police is in nine areas of policing and graded judgements were made in eight areas; with seven adequate grades awarded and one area assessed as good. HM Chief Inspector of Constabulary's (HMCIC) overall assessment was that they were pleased with aspects of the performance of Northumbria Police in keeping people safe, reducing crime and providing victims with an effective service and were satisfied with most other aspects of the Force's performance, but highlighted some areas for improvement.

All HMICFRS inspection and investigation reports and other external inspection and audit reports are considered by the Force Executive 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 continues to be made against all recommendations and AFI's and is monitored at the Scrutiny Meeting of the OPCC and reported to the Joint Independent Audit Committee. There are currently no matters of exception in response to previous inspections.

**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 2025 there were no data breaches requiring a report to the Information Commissioner's Office (ICO). The 2024/25 audit of Information Governance and Data Protection found that control systems were operating well with no recommendations raised.

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 the Commissioner as required. Through regular meetings the Chief Constable is subject to the oversight and scrutiny of the Commissioner.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

The training serves as an introduction to the national leadership standards and the leadership development framework. The Force aim is to improve 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.

In 2024/25 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). The Force has also recruited through the Police Constable Entry Programme (PCEP) 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 a previous report from His Majesty's Inspectorate of Constabulary and Fire & Rescue Service (HMICFRS), highlighting the Force's successful innovative approach to attracting candidates from under-represented groups.

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

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

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

This is achieved through the delivery of a risk based annual audit plan which is monitored by the JIAC on a quarterly basis. The Internal Audit Executive also prepares an annual report based on the work of the Internal Audit Service which provides an independent and objective opinion on the internal control, governance and risk environments of the Commissioner and Chief Constable, based on the work undertaken by the Internal Audit Service throughout 2024/25.

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

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applied, particularly in relation to budget management. This ensures that responsibility and accountability for resources rest with those managers who are responsible for service provision. This is underpinned by systematic controls which ensure financial commitments are approved by the relevant manager.

- In accordance with the Prudential Code and best accounting practice, the Commissioner produces a four-year Medium Term Financial Strategy (MTFS) and capital programme. The Chief Constable produces a Medium-Term Financial Plan (MTFP) that informs the MTFS of the Commissioner. These are reviewed on an on-going basis and form the core of resource planning, setting the precept level, the annual revenue budget and capital programme.
- The MTFS includes known commitments, anticipated resource availability and other expenditure items which the Chief Constable has identified as necessary to deliver both national and local policing priorities.
- The Force has 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 were delivered in 2024/25, with further savings reflected across the MTFS period 2025/26 to 2028/29.
- 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 2024/25 which included an increase in the Council Tax Precept of £13.00 per year for a Band D property.
- The additional income generated by the precept increase for 2024/25 was £5.384m and was used to:
  - Allow Northumbria Police to introduce a force-wide Motorbike ASB Unit.
  - Allow the force to safeguard and hire new investigators, including digital forensic specialists.
  - Avoid the need for further cuts to the frontline police budget.
- Monthly financial performance reports are presented to the Executive Board that focus on year-to-date information and forecast outturn enabling officers to establish a clear understanding of financial performance. These are then presented quarterly to the Commissioner through the joint Business Meeting, and these are available on the Commissioner website for wider scrutiny of financial performance by the public. Additional monitoring reports are produced and discussed with budget managers on a regular basis throughout the year.

**Review of Effectiveness**

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

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within the Force who have responsibility for the development and maintenance of the governance environment.

For 2024/25, the review process has been led by the Joint Police and Crime Commissioner/Chief Constable Governance Monitoring Group and considered by the JIAC and has taken account of:

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

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

The assessment has been divided into seven 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 2024/25 against each section are noted below:

- The Responsibilities of the Chief Finance Officer and Leadership Team (Green)
- Governance and Financial Management Style (Green)

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- 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)

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. There were no areas of non-compliance identified for disclosure in the AGS.

**Auditors Annual Report (AAR) 2024/25**

In November 2025, the external auditors issued their Draft Auditors Annual Report (AAR) for 2024/25, which includes an assessment of whether the Chief Constable has appropriate arrangements in place to secure economy, efficiency, and effectiveness in the use of resources. In line with National Audit Office requirements, this assessment covers three key areas: Financial Sustainability, Governance, and Improving Economy, Efficiency and Effectiveness.

The Draft AAR for 2024/25, concluded that there were no significant weaknesses and no improvement recommendations in respect of Financial Sustainability or arrangements to improve Economy, Efficiency and Effectiveness. These findings demonstrate the continued robustness of financial planning processes and the effectiveness of ongoing improvement activity across the organisation.

However, a significant governance weakness was identified in relation to capacity within the Finance function. During 2025, the Finance team faced considerable resourcing pressures, including vacancies, sickness absence, and maternity leave. Despite proactive efforts to manage these challenges, the reduced capacity affected service delivery. The auditors were kept fully informed throughout, and, as a result, elements of planned audit work were paused. This meant the original target date for completion of the audit in December 2025 could not be met, and the Joint Independent Audit Committee (JIAC) received an update on the position in November 2025.

Management accepted the audit findings and committed to a comprehensive set of actions to address the capacity issues and build greater resilience within the Finance team. Additional staff were deployed to support the completion of outstanding work and to strengthen resources ahead of the 2025/26 financial year-end. This included bringing in external staff to supplement internal capacity. These measures were implemented to ensure that the Chief Constable and Commissioner were fully able to meet the statutory audit and accounts Backstop publication date of 27 February 2026, and to prevent recurrence of the issues identified.

**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 29 audits within the 2024/25 audit plan, all of which are complete. Of the 29 reports, 27 audits concluded that systems and procedures were operating well, and 2 audits concluded that

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systems and procedures were operating satisfactorily. There were no audits assessed as having significant weaknesses.

Based on the evidence arising from internal audit activity during 2024/25, 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 2024/25 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 2023/24 Statement**

There are no actions outstanding from the 2023/24 Statement.

**2024/25 Governance Issues**

The review has identified one governance issue that needs to be included within the 2024/25 Annual Governance Statement.

The Draft Auditors Annual Report (AAR) for 2024/25 identified a significant weakness in relation to capacity within the Finance function and set out their recommendations:

- Review the capacity of the Finance Team.
- Ensure that there is the appropriate strength and depth in the finance team to establish robust contingency plans to ensure the finance team's functions continue during unexpected absences or resource constraints.
- Consideration of cross-training staff so critical roles can be covered, defining clear protocols for prioritizing essential financial reporting and audit support tasks and implementing quality control processes.

**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.

SIGNED

Chief Constable

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SIGNED

Deputy Chief Constable

SIGNED

Chief Finance Officer

Date

# Annual Governance Statement

(Police and Crime Commissioner for Northumbria Statements of Account 2024/25)

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'.

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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 2024/25 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 2024/25. 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 2024/25 financial year covers the period from 1 April 2024 to 31 March 2025 and any issues which arise up to the date of approval of the annual Statements of Account.

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

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

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

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

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

The Commissioner's six principles of good governance are:

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

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

The Commissioner has a Police and Crime Plan, Safer Streets: Stronger Communities, for the period 2025 to 2029. The plan was devised following consultation with thousands of local residents, partners, and commissioned services seeking their views on policing and crime, and their local priorities for Northumbria Police.

Residents had their concerns heard, and these have been reflected in the priorities chosen within the new Police and Crime plan. Tackling crime and anti-social behaviour remains the public's number one priority for Northumbria Police and our partners. Our communities want to feel safe and supported by the police, knowing that action is going to be taken to address their local concerns.

Support was shown for continuing the work we are already doing to tackle serious and organised crime – combining a preventative approach with young people on the cusp of criminality, with a robust proactive approach for those who look to exploit others and benefit from crime.

Matters such as; ensuring the force are engaged and responsive, providing the best support for victims, and tackling violence against women and girls continue to be areas of focus of the Police and Crime Plan, and key issues for our communities.

The Commissioner is passionate about building strong communities and ensuring that residents of all backgrounds are listened to, encouraged to report crime and supported by Northumbria Police. Tackling hate crime, and building community cohesion, was subsequently added as a key priority to the plan, and work is underway to build on the learning from the summer disorder experienced in August 2024. Through the plan the Commissioner will continue to strengthen communities in the fight against hate, giving victims another route to the right help and support.

**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**

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 and external stakeholders. The Force's Strategic Performance Board (SPB), 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 her Executive Team to account at a regular Scrutiny meeting. Within the OPCC an Accountability Board made up of Scrutiny Support officers and OPCC Directors will consider a range of intelligence sources such as insights findings around community experience, HMICFRS reports, new and emerging service issues, and findings from external advisory panels. With this insight a series of questions will be provided to the CC around the delivery of priorities within the plan on a cyclical basis. Reports on strategic matters such as finance and workforce planning will also be provided to the PCC on a regular basis. Internally to the OPCC performance is also monitored through the Violence Reduction Unit (VRU) management board and the ASB Strategic Board.

Regular Joint Business Meetings manage progress on specific business issues. At 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,

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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 2023/25 Police effectiveness, efficiency and legitimacy' was published in May 2025. The inspection assessed how good Northumbria Police is in nine areas of policing and graded judgements were made in eight areas; with seven adequate grades awarded and one area assessed as good. HM Chief Inspector of Constabulary's (HMCIC) overall assessment was that they were pleased with aspects of the performance of Northumbria Police in keeping people safe, reducing crime and providing victims with an effective service and were satisfied with most other aspects of the Force's performance, but highlighted some areas for improvement.

All HMICFRS inspection and investigation reports and other external inspection and audit reports are considered by the Force Executive 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 continues to be made against all recommendations and AFIs and is monitored at the Scrutiny Meeting of the OPCC and reported to the Joint Independent Audit Committee. There are currently no matters of exception in response to previous inspections.

**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 and has a Business Plan to support this work.

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

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

Commissioner and the Chief Constable a duty to publish copies of collaboration agreements to which they are party.

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

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

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

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

The Commissioner is responsible for scrutinising the work of Northumbria Police in relation to complaints and conduct matters, as well as complying with the requirements of the Independent Office of Police Complaints. Professional Standards Department (PSD) provides a report to the Scrutiny Meeting on a 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.

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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.

The Joint Independent Audit Committee (JIAC) of the Commissioner and Chief Constable has 6 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 2024 the Chief Constable launched the new **Force Strategy**, following feedback from officers and staff in the Force Survey that they wanted 'clear and simple direction'.

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

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

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

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

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

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

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

- Problem solving
- Leading high performing teams
- Effective communication

- Decision making
- Team wellbeing
- Resilience
- Challenging unacceptable behaviour

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

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

The training serves as an introduction to the national leadership standards and the leadership development framework. The Force aim is to improve 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.

In 2024/25 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). The Force has also recruited through the Police Constable Entry Programme (PCEP) 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 a previous 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 2024/25 with local, regional, and national representation and engagement via the press and through active social media channels and external 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:

- Precept
- Police and Crime Plan
- OPCC equality objectives 2025-2029
- Local Neighbourhood Surveys
- Work to tackle violence against women and girls with a focus on the areas of prevention, pursuing perpetrators, supporting victim-survivors and creating stronger systems.

- Development of Safer Streets Projects - Women's Safety in Public Places and Safety on Public transport
- Engagement and collaboration has continued through the VRU engagement group and via our work with the Youth Panel.
- Feelings of safety in key ASB and serious violence hotspot areas across Northumbria
- In respect of victim services commissioning and creating a more victim focused criminal justice system, consultation with service providers, the public and the 'voice of the victim' has informed our work in this area.

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 2024/25.

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

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

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- 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 2024/25. The police settlement issued by the government for 2024/25 assumed that each PCC would increase the precept by the maximum of £13.00 per year for a Band D property. The Commissioner approved an increase of £13.00 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 £8.67 per year. However, the Northumbria Council Tax Precept remains by far the lowest of policing bodies in England and Wales.
- The additional income generated by the precept increase for 2024/25 was £5.384m and was used to:
  - Allow Northumbria Police to introduce a force-wide Motorbike ASB Unit.
  - Allow the force to safeguard and hire new investigators, including digital forensic specialists.
  - Avoid the need for further cuts to the frontline police budget.
- 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 2024/25 the review process has been led by the Commissioner and Chief Constable's Joint Governance Monitoring Group and considered by the JJAC 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
  - Digital Policing 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 seven 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) |

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.

There were no areas of non-compliance identified for disclosure in the AGS.

**Auditors Annual Report (AAR) 2024/25**

In November 2025, the external auditors issued their Draft Joint Auditors Annual Report (AAR) for 2024/25, which includes an assessment of whether the Commissioner and Chief Constable have appropriate arrangements in place to secure economy, efficiency, and effectiveness in the use of resources. In line with National Audit Office requirements, this assessment covers three key areas: Financial Sustainability, Governance, and Improving Economy, Efficiency and Effectiveness.

The Draft AAR for 2024/25, concluded that there were no significant weaknesses and no improvement recommendations in respect of Financial Sustainability or arrangements to improve Economy, Efficiency and Effectiveness. These findings demonstrate the continued robustness of financial planning processes and the effectiveness of ongoing improvement activity across the organisation.

However, a significant governance weakness was identified in relation to capacity within the Finance function. During 2025, the Finance team faced considerable resourcing pressures, including vacancies, sickness absence, and maternity leave. Despite proactive efforts to manage these challenges, the reduced capacity affected service delivery. The auditors were kept fully informed throughout, and, as a result, elements of planned audit work were paused. This meant the original target date for completion of the audit in December 2025 could not be met, and the Joint Independent Audit Committee (JIAC) received an update on the position in November 2025.

Management accepted the audit findings and committed to a comprehensive set of actions to address the capacity issues and build greater resilience within the Finance team. Additional staff were deployed to support the completion of outstanding work and to strengthen resources ahead of the 2025/26 financial year-end. This included bringing in external staff to supplement internal capacity. These measures were implemented to ensure that the Chief Constable and Commissioner were fully able to meet the statutory audit and accounts Backstop publication date of 27 February 2026, and to prevent recurrence of the issues identified.

**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 29 audits within the 2024/25 audit plan, all of which are complete. Of the 29 reports, 27 audits concluded that systems and procedures were operating well, and 2 audits concluded that systems and procedures were operating satisfactorily. There were no audits assessed as having significant weaknesses.

Based on the evidence arising from internal audit activity during 2024/25, 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 2024/25 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 2023/24 Statement**

There are no actions outstanding from the 2023/24 Statement.

**2024/25 Governance Issues**

The review has identified one governance issue that needs to be included within the 2024/25 Annual Governance Statement.

**AGENDA ITEM 07.**

The Draft Joint Auditors Annual Report (AAR) for 2024/25 identified a significant weakness in relation to capacity within the Finance function and set out key recommendations:

- Review the capacity of the Finance Team.
- Ensure that there is the appropriate strength and depth in the finance team to establish robust contingency plans to ensure the finance team's functions continue during unexpected absences or resource constraints.
- Consideration of cross-training staff so critical roles can be covered, defining clear protocols for prioritizing essential financial reporting and audit support tasks and implementing quality control processes.

**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.

SIGNED

Police and Crime Commissioner

SIGNED

Chief of Staff

SIGNED

Chief Finance Officer

Date

<b>JOINT INDEPENDENT AUDIT COMMITTEE</b>	<b>23 FEBRUARY 2026</b>
<b>TREASURY POLICY STATEMENT &amp; TREASURY STRATEGY 2026/27 TO 2029/30</b>	
<b>REPORT OF: GAIL THOMPSON, JOINT CHIEF FINANCE OFFICER (CFO)</b>	

## **1. PURPOSE**

- 1.1 To review and recommend the adoption by the Commissioner of the attached four-year Treasury Policy Statement and Strategy 2026/27 to 2029/30.

## **2. RECOMMENDATION**

- 2.1 To recommend the adoption by the Commissioner of the attached four-year Treasury Policy Statement and Strategy 2026/27 to 2029/30.

## **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 2026/27 to 2029/30 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 MHCLG'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 2026/27 to 2029/30 is set out in Appendix I 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 2026/27 to 2029/30 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 Ministry of Housing, Communities and Local Government (MHCLG) 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 8, 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.
  - MHCLG 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 (MUFG) Treasury Management Strategy update 2026/27.

#### **4. CONSIDERATIONS**

<b>Freedom of Information</b>	NON-EXEMPT
<b>Consultation</b>	Yes
Consultation has taken place with external treasury advisers MUFG Corporate Markets.	
<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 2026/27 to 2029/30.	
<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 2026/27 to 2029/30****I. Introduction**

- 1.1 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.
- 1.2 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.'*
- 1.3 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.
- 1.4 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.
- 1.5 The Police and Crime Commissioner for Northumbria has not engaged in any commercial investments and has no non-treasury investments.
- 1.6 The Commissioner's Treasury Policy Statement and Strategy 2026/27 to 2029/30 is fully compliant with the 2021 Code editions.
- 1.7 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) 2026/27 to 2029/30 approval process and will include the approval of final prudential indicators set for 2026/27. The prudential indicators set out at Appendix 4 are therefore considered draft.
- 1.8 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 MHCLG'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 2026/27 to 2029/30 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 2026/27:

- 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 2026 as part of the Medium-Term Financial Strategy (MTFS) 2026/27 to 2029/30 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 The Annual MRP statement for 2026/27 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 MHCLG 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 2026/27 to 2029/30.
- 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 Treasury management advisors MUFG Corporate Markets (MUFG) assist the Commissioner in achieving the objectives set out in the Treasury Policy Statement
- 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 2026/27 to 2029/30****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/ 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 2026 as part of the Medium-Term Financial Strategy (MTFS) 2026/27 to 2029/30 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 22/12/2025). 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)*

DDEC	Mar	June	Sept	Dec	Mar	June	Sept	Dec	Mar	June	Sept	Dec	Mar
	2026	2026	2026	2026	2027	2027	2027	2027	2028	2028	2028	2028	2029
<b>Bank Rate</b>	3.75%	3.50%	3.50%	3.25%	3.25%	3.25%	3.25%	3.25%	3.25%	3.25%	3.25%	3.25%	3.25%
<b>5 yr PWLB</b>	4.60%	4.50%	4.30%	4.20%	4.10%	4.10%	4.10%	4.10%	4.10%	4.10%	4.10%	4.10%	4.10%
<b>10 yr PWLB</b>	5.20%	5.00%	4.90%	4.80%	4.80%	4.70%	4.70%	4.70%	4.70%	4.60%	4.60%	4.60%	4.70%
<b>25 yr PWLB</b>	5.80%	5.70%	5.60%	5.50%	5.50%	5.40%	5.30%	5.30%	5.30%	5.20%	5.20%	5.20%	5.20%
<b>50 yr PWLB</b>	5.60%	5.50%	5.40%	5.30%	5.30%	5.20%	5.10%	5.10%	5.10%	5.10%	5.10%	5.00%	5.00%

**PWLB** - Public Works Loan Board 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 22 December 2025.

**2.2 Forecasts for Bank Rate**

In Summary MUFG expect the MPC will gradually reduce Bank Rate from 3.75% to 3.25% by December 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 Rate**

MUFG's last interest rate forecast update was undertaken on 11 August. Since then, a combination of tepid growth (0.2% q/q GDP for Q2 and 0.1% q/q GDP for Q3), falling inflation (currently CPI is 3.2%), and a November Budget that will place more pressure on the majority

of households' income, has provided an opportunity for the Bank of England's Monetary Policy Committee to further reduce Bank Rate from 4% to 3.75% on 18 December.

Surprisingly, to most market commentators, the recent steep fall in CPI inflation in one month from 3.6% to 3.2% did not persuade most "dissenters" from the November vote (Lombardelli, Greene, Mann and Pill) to switch to the rate-cutting side of the Committee. Instead, it was left to Bank Governor, Andrew Bailey, to use his deciding vote to force a rate cut through by the slimmest of margins, 5-4.

Given the wafer-thin majority for a rate cut it was not unexpected to hear that although rates would continue on a "gradual downward path", suggesting a further rate cut or cuts in the offing, MPC members want to assess incoming evidence on labour market activity and wage growth. Indeed, with annual wage growth still over 4.5%, the MPC reiterated that the case for further rate cuts would be "a closer call", and Governor Bailey observed there is "limited space as Bank Rate approaches a neutral level".

Accordingly, the MUFG Corporate Markets forecast has been revised to price in a rate cut in Q2 2026 to 3.5%, likely to take place in the wake of a significant fall in the CPI inflation reading from 3% in March to 2% in April (as forecast by Capital Economics), followed by a short lull through the summer whilst more data is garnered, and then a further rate cut to 3.25% in Q4. As in August, nonetheless, threats to that central scenario abound. What if wage increases remain stubbornly high? There are, after all, several sectors of the domestic economy, including social care provision and the building/construction industries, where staff shortages remain severe. Moreover, by May 2026, following the local elections, we will have a better handle on whether or not the Starmer/Reeves team is going to see out the current Parliament or whether they face a Leadership challenge from within their own party. If so, how will gilt markets react to these variables...and will there be additional geo-political factors to also bake in, particularly the Fed's monetary policy decisions in 2026 and the ongoing battle to lower rates whilst inflation remains close to 3%.

Accordingly, our updated central forecast is made with several hefty caveats. We are confident, as we have been for some time, that our forecast for Bank Rate and the 5-year PWLB Certainty Rate is robust, and we have marginally brought forward the timing of the next rate cut(s). But for the 10-, 25- and 50-years part of the curve, the level of gilt issuance, and the timing of its placement, will be integral to achieving a benign trading environment. That is not a "given", and additionally, the inflation outlook and political factors domestically and, crucially, in the US, are also likely to hold sway. Matters should be clearer by June in the UK, but the US mid-term elections are scheduled for November.

### **Investment and Borrowing Rates**

- 2.4 Investment rates have gradually reduced during 2025/26 as the MPC has continued reducing Bank Rate.
- 2.5 PWLB Borrowing rates have only been reducing in short term maturities, however, longer term maturities are remaining the same or increasing despite the Bank Rates reductions.
- 2.6 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 2026 and later.

2.7 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)

### **3. Treasury Limits for 2026/27 to 2029/30 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 1 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 2026/27 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 2026/27 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 (CFR)), 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 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 2026/27.

- 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 (including short dated PWLB loans) as a bridge whilst the market waits for inflation, and therein gilt yields, to drop back later in 2026/27.
- 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, 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 2026/27 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 2026 the Commissioner has net debt of £49.115m; this means that borrowing is currently higher than investments with total borrowing of £86,969m and investments of £37.854m.
- 4.12 The Commissioner is currently maintaining an under-borrowed position. This means that the capital borrowing need, (the Capital Financing Requirement (CFR)), 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).
- 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 may be considered whilst premature redemption rates remain elevated but only if there is surplus cash available to facilitate any repayment, or rebalancing of the portfolio to provide more certainty is considered appropriate. 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 2026/27 to 2029/30**

### **Introduction**

- 6.1 The Commissioner has regard to the MHCLG'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 rates can be expected to fall throughout 2026, but only if the CPI measure of inflation maintains a downwards trend towards the Bank of England's 2% target. Rates may be cut quicker than expected if the economy stagnates.

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 riskier 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:

High Rated	Fitch	Moody’s	Standard & Poor’s
Short term (ability to repay short term debt)	FI+	P-1	A-1+
Long term (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 2026/27 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:

<b>Non High Rated</b>	<b>Fitch</b>	<b>Moody's</b>	<b>Standard &amp; Poor's</b>
Short term	FI	PI	A1
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 3.75% in March 2026. Bank Rate forecasts for financial year ends (March) are therefore:

- 2025/26 3.75%
- 2026/27 3.25%
- 2027/28 3.25%
- 2028/29 3.25%

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 uses MUFG Corporate Markets.

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 2026 to 2029

## Appendix 3

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

MUFG Interest Rate View 22.12.25

	Mar 2026	June 2026	Sept 2026	Dec 2026	Mar 2027	June 2027	Sept 2027	Dec 2027	Mar 2028	June 2028	Sept 2028	Dec 2028	Mar 2029
<b>Bank Rate</b>													
Link	3.75	3.50	3.50	3.25	3.25	3.25	3.25	3.25	3.25	3.25	3.25	3.25	3.25
Capital Economics	3.75	3.50	3.25	3.00	3.00	3.00	3.00	3.00	-	-	-	-	-
<b>5 yr PWLB</b>													
Link	4.60	4.50	4.30	4.20	4.10	4.10	4.10	4.10	4.10	4.10	4.10	4.10	4.10
Capital Economics	4.70	4.60	4.50	4.50	4.50	4.40	4.40	4.40	-	-	-	-	-
<b>10 yr PWLB</b>													
Link	5.20	5.00	4.90	4.80	4.80	4.70	4.70	4.70	4.70	4.60	4.60	4.60	4.70
Capital Economics	5.20	5.20	5.10	5.10	5.10	5.10	5.10	5.10	-	-	-	-	-
<b>25 yr PWLB</b>													
Link	5.80	5.70	5.60	5.50	5.50	5.40	5.30	5.30	5.30	5.20	5.20	5.20	5.20
Capital Economics	5.90	5.80	5.70	5.60	5.60	5.50	5.50	5.50	-	-	-	-	-
<b>50 yr PWLB</b>													
Link	5.60	5.50	5.40	5.30	5.30	5.20	5.10	5.10	5.00	5.10	5.00	5.00	5.00
Capital Economics	5.60	5.50	5.40	5.20	5.20	5.20	5.20	5.20	-	-	-	-	-

## 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

	2026/27 £000	2027/28 £000	2028/29 £000	2029/30 £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

	2026/27 £000	2027/28 £000	2028/29 £000	2029/30 £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 2029/30. 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%

Sensitivity analysis carried out against the existing borrowing portfolio and scenario testing for planned new borrowing (short/long term) indicates that the maturity structure of borrowing will remain within the limits set.

Changes to the maturity structure limits over those adopted for 2025/26 include xxxx:

- xxx

The rationale for the change is to give flexibility for new borrowing required to support the capital programme over 2026/27 to 2029/30, providing an opportunity to take shorter term borrowing whilst rates remain high. The aim is to avoid having to lock into those higher rates for a longer duration than necessary, at a time where interest rates are set to start falling and lower rates are expected to be achievable in the next couple of years.

The approach to new borrowing durations will be balanced against the risk of interest rate exposure.

## 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 invested beyond 365 days	2026/27 £000	2027/28 £000	2028/29 £000	2029/30 £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	2026/27 £000	2027/28 £000	2028/29 £000	2029/30 £000
Forecast Borrowing as at 31 March	153,469	tbc	tbc	tbc
Capital Financing Requirement as at 31 March	176,560	tbc	tbc	tbc
Amount of borrowing over / (under) CFR	(23,091)	tbc	tbc	tbc

Forecast borrowing is within the CFR estimates for 2026/27 to 2029/30.

### Affordability

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

Affordability	2026/27 £000	2027/28 £000	2028/29 £000	2029/30 £000
Revenue Budget	437,831	tbc	tbc	tbc
Capital Expenditure	72,316	tbc	tbc	tbc
Capital Financing Requirement as at 31 March	176,560	tbc	tbc	tbc
Interest Cost	4,650	tbc	tbc	tbc
Minimum Revenue Provision	9,331	tbc	tbc	tbc
Revenue Financing Costs	13,981	tbc	tbc	tbc
Ratio of financing cost to revenue stream %	3.19%	tbc	tbc	tbc

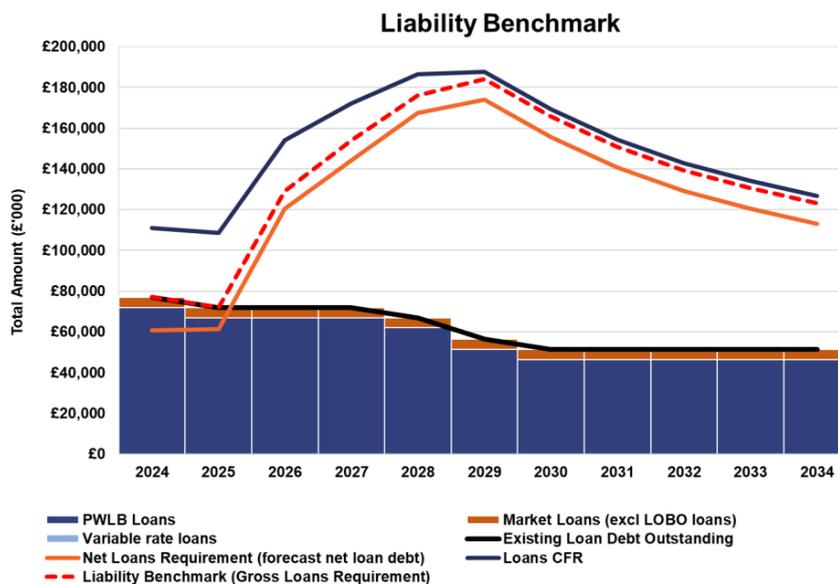
## Debt Liability Benchmark

In addition to the prudential indicators set out above the debt liability benchmark treasury indicator has been adopted since 2023/24 to support the financing risk management of the capital financing requirement (CFR).

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

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

The Debt Liability Benchmark chart is set out below.



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

The Liability Benchmark chart demonstrates a requirement for new borrowing to be taken over the period commencing with the 2026/27 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).

**IFRS 16 (Leases)**

The Commissioner has adopted IFRS 16 Leases from the 2024/25 financial year. The Prudential Indicators above do not reflect the impact of IFRS 16 in terms of the CFR and MRP estimates, which are summarised separately in the table below for the MTF5 and Capital Strategy 4-year period.

<b>CFR and MRP (IFRS 16 Leases</b>	<b>2026/27 £000</b>	<b>2027/28 £000</b>	<b>2028/29 £000</b>	<b>2029/30 £000</b>
CFR Estimates	446	325	270	220
MRP Estimates	196	121	55	50

DRAFT

**Minimum Revenue Provision (MRP) Statement 2026/27**

The MRP charge for 2026/27 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.

DRAFT

## Specified Investments (All Sterling Denominated)

Investment type	Share/ Loan Capital	Repayable/ Redeemable within 12 months	Security / Minimum Credit Rating	Capital Expenditure	Circumstance 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. See section 6	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 Varied minimum credit rating See section 6	No	In-house	365 days
<b>Money Market Funds (CNAV &amp; LVNAV (not VNAV))</b> These funds are instant access and therefore do not have a maturity date.	No	Yes	Secure  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 (B) Associated risks	Share/ Loan Capital	Repayable/ Redeemable within 12 months	Security / Minimum credit rating	Capital Expenditure	Circumstance of use	Max % of overall investments	Maximum maturity of investment
<b>Term deposits / Certificates of Deposit</b> with rated deposit takers (banks and building societies) which do not meet the Commissioner's "high" credit rating	(A) To improve ability to place smaller amounts (B) Greater risk than "high" credit rating counterparties but advance warning by rating agency of potential problems. The Commissioner has fully considered this investment category and set appropriate investment and maturity limits in order to minimise risk.	No	Yes	Secure Varied minimum Credit rating <i>Minimum: Fitch Long term A- Short term F1</i>	No	In-house	75%	6 months (but set on an individual counterparty basis)
<b>Term deposits</b> with UK Government, UK Local Authorities or credit rated banks and building societies, with maturities over 1 year	A) To improve the ability to "lock in" at times of high interest rates to secure a higher return over a longer period should rates be forecast to fall. B) Lower liquidity and greater risk of adverse interest rate fluctuations. The Commissioner has fully considered this investment category and set appropriate investment and maturity limits in order to minimise risk.	No	No	Secure Varied minimum 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  (Specified Investments – High rated and up to 365 days see Appendix 6)	Minimum Fitch rating of FI+ short term and AA- long term.  Consideration to be given to Moody's minimum rating of P-1 short term backed by Aa3 long term and S&P minimum rating of A-1+ short term and AA- long term.	£20m	3 years	25% (Government Backed)  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.  Consideration to be given to Moody's minimum rating of P-1 short term backed by A3 long term and S&P minimum rating of A-1 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  
Netherlands  
Norway  
Singapore  
Sweden  
Switzerland

#### AA+

Canada  
U.S.A.

For information

#### AA-

**U.K.**

***THIS LIST IS AS AT 23.12.25***

<b>Joint Independent Audit Committee</b>	<b>23 February 2026</b>
<b>Annual Governance Review – Assurance Framework 2025/26</b>	
<b>Report of: Gail Thompson, Joint Chief Finance Officer (CFO)</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 2025/26.

**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 2025/26 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**

- 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
- JIAC Regulatory Framework Assurance
- 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.

#### **4. CONSIDERATIONS**

4.1 The following sections outline how suitable assurance will be obtained from the above identified sources of assurance:

##### **4.2 The system of internal audit**

4.2.1 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.

4.2.2 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.

4.2.3 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 2025/26.

##### **4.3 Senior Managers**

4.3.1 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

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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.

**4.4 Governance arrangements**

4.4.1 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.

4.4.2 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.

4.4.3 The permanent members of this Group are:

- Joint Chief Finance Officer
- PCC Chief of Staff
- Deputy Chief Constable
- Head of Corporate Development
- Internal Audit Manager

4.4.4 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.
- Identify the individuals who would be responsible for undertaking any actions that are required.

**4.5 Financial controls**

4.5.1 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.

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

4.6.1 The external auditor will issue a Joint Audit Results Report (ARR) for the PCC and CC Statements of Account and a Joint Auditor's Annual Report (AAR) 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.

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4.6.2 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.

**4.7 HMRCFRS and other external inspectorates**

4.7.1 In addition to the HMICFRS and external inspectorate reports presented at each JIAC meeting, an annual review will be undertaken summarising the activities during 2025/26.

**4.8 Legal and regulatory framework**

4.8.1 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.

**4.9 Risk management**

4.9.1 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 2025/26.

**4.10 Performance management and data quality**

4.10.1 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.

4.10.2 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

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

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

**4.12 Thematic assurance**

4.12.1 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 for [His Majesty's Inspectorate of Constabulary and Fire & Rescue Services \(HMICFRS\)](#). It acts as a critical strategic, financial, and workforce planning tool,

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detailing current and projected demand, resource capacity, and plans to meet future challenges.

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) **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.

d) **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.

e) **Wellbeing**

Wellbeing remains a Force priority. Activity to monitor and improve our workforce's wellbeing was governed primarily by the Culture and Leadership Board during 2025/26. Activity will be reviewed to ensure compliance with internal policies and procedures and to ensure alignment with priorities.

#### 4.13 JIAC Terms of Reference (Regulatory Framework)

4.13.1 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.

<b>Government Classification Scheme</b>	Official
<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.	

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<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

<b>Joint Independent Audit Committee</b>	<b>23 February 2026</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 outturn of the annual review of risk including the Joint Strategic Risk Register (JSRR) and subsequent updates, and Northumbria Police Risk Appetite Statement.

## **2. BACKGROUND**

- 2.1 Northumbria Police and the Office of the Police and Crime Commissioner (OPCC) share a JSRR. Each strategic risk is assigned a Chief Officer or OPCC owner, who has responsibility for the management of controls and the implementation of new controls where necessary.
- 2.2 The JSRR is reviewed on an annual basis; this year's review took place September - November 2025.

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

- 2.3 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.
- 2.4 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.
- 2.5 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.
- 2.6 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.

### **Northumbria Risk Appetite Statement (Appendix A)**

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

- 2.8 In most areas, Digital Policing, Finance, Infrastructure and Assets, Operational, Projects/Programmes, Public Confidence, Regulation and Standards and Strategy, the Force is now operating in its optimal risk position. In all but Finance and Operational areas, this is as a result of a reassessment of the optimal position, which has moved to reflect the current operating environment.
- 2.9 The appetite for Information and Data Management and Information and Data Quality has been clarified and the statements updated. Information and Data Management is the thematic area currently operating in a Cautious risk position, which is above the Force's optimal Minimalist risk position. As a result, additional controls are in place to ensure the Force has mitigated as far as possible the risk, and this area is subject to additional management to drive activity.

### **Force Strategic Risk Register**

- 2.10 The FSRR capture risk(s) in 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.
- 2.11 Appendix B provides an overview of the current Red, Amber, Green (RAG) status of the strategic risks for Northumbria Police, alongside the FSRR.
- 2.12 Clarification of the nature of information to be included in 'Context' (details of the circumstances that form the setting for the risk to assist understanding) and 'Current Factors' (provide information about what is influencing the risk and contributing to the strategic assessment of the risk at the current time) is now included on the FSRR.
- 2.13 The key change to reporting across all risks is the splitting of the summary of controls and introduction of Core Business and Time-bound controls with expected delivery dates. A number of time-bound controls are considered complete and where appropriate will become part of core business moving forward.
- 2.14 There are also a number where an expected delivery date is still to be confirmed; these are in areas where there is additional complexity or where there is current work ongoing on the development of delivery plans.

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

#### **Strategic Risk B: Finance**

#### **Reduction in funding and/or funding pressures which require changes to financial planning and/or a change to the resourcing of service delivery.**

- 2.15 Current factors have been updated with the position following the provisional police settlement for 2026/27 published 18 December 2025 and reflect funding shortfalls against expectations, agreement of precept increase and Neighbourhood Policing Guarantee (NPG) update for 2026/27,

- 2.16 The Police and Crime Commissioner and Chief Constable wrote to the Home Secretary and the Policing Minister in response to the provisional settlement, setting out their concerns.
- 2.17 Time-bound activity has been added to reflect the provision of further information on the detail of individual grants and future NPG delivery, alongside publication of the White Paper, in January 2026. These will be updated when next presented at JIAC following internal governance and decision-making in response.
- 2.18 Likelihood remains high (4); impact remains high (4).

### **Strategic Risk C: Governance**

**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.**

- 2.19 The position following the Government's decision to abolish the role of Police and Crime Commissioners from 2028 with their responsibilities transferring to elected Mayors, where they exist, or to new policing boards will continue to be monitored and emerging risks and controls reported within this area.
- 2.20 Adherence to CIPFA good governance is a core business control; however, the draft Auditors Annual Report (AAR) 2024/25 recently issued by the external auditor highlights a significant weakness under the area of Governance relating to the capacity of the Finance Team.
- 2.21 Having reviewed the current position, the senior leadership team is confident the Force will meet the statutory backstop date for the audit and accounts publication of 27 February 2026.
- 2.22 The overall assessment has been reviewed and remains low; however, the likelihood of the risk occurring has increased from very low (1) to low (2); impact remains low (2).

### **Strategic Risk Area G: Operational**

**Inability to deliver centralised force coordination with sustainable capacity and capability to meet statutory requirements under the Civil Contingencies Act (CCA) and to enable discharge of responsibilities to meet the Strategic Policing Requirement.**

- 2.23 The risk has been updated from an '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.'
- 2.24 There is no change to the assessment of risk, which remains high: Likelihood medium (3) and Impact high (4).

**Strategic Risk K: Regulation & Standards**

**Standards, conduct and behaviours of the workforce are not in-line with Northumbria Police values and the Code of Ethics.**

**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.**

- 2.25 Pension remedy delivery has been included as a current factor on the FSRR.
- 2.26 The Force has a current backlog of Remedial Service Statements that were required to be delivered by 31 March 2025 and a backlog of general pension administration work due to the added complexity of remedy impact.
- 2.27 External consultancy has been agreed to address the backlog in a timely manner. There remains a risk associated with failure to meet statutory obligations in relation to pension administration responsibilities and enforcement action by The Pensions Regulator.
- 2.28 The overall assessment of the risk has been reviewed and is unchanged. Likelihood remains medium (3); Impact medium (3).
- 2.29 The annual review of risk has not identified any significant changes to the FSRR which impact on the overall risk level. Five areas remain high risk: Digital Policing; Finance; Information and Data Management; Operational and Workforce.
- 2.30 The current assessment of Force strategic risk across the thematic areas is:

<b>Thematic Risk Area</b>	<b>Likelihood</b>	<b>Impact</b>	<b>RAG</b>
A - Digital Policing	Medium (3)	High (4)	High (12)
B - Finance	High (4)	High (4)	High (16)
C- Governance	Low (2)	Low (2)	Low (4)
D - Information & Data Management	Medium (3)	High (4)	High (12)
E - Information and Data Quality	Low (2)	High (4)	Medium (8)
F - Infrastructure and Assets	Low (2)	Medium (3)	Medium (6)
G - Operational	Medium (3)	High (4)	High (12)
H - Partnership and Collaboration	Low (2)	High (4)	Medium (8)
I - Projects/Programmes	Low (2)	High (4)	Medium (8)
J - Public Confidence	Low (2)	High (4)	Medium (8)
K - Regulation and Standards	Medium (3)	Medium (3)	Medium (9)
L - Strategy	Low (2)	High (4)	Medium (8)
M - Workforce	Medium (3)	High (4)	High (12)

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

- 2.31 Appendix C details the latest OPCC Strategic Risk Register.

**Risk 1 – Finance**

- 2.32 The current factors have been updated with the position following the provisional police settlement published on 18 December 2025.
- 2.33 Likelihood remains high (4); impact remains high (4).

**Risk 2 – Governance**

- 2.34 Time-bound controls have been included to reflect the need to ensure policing and crime plan priorities are current and to reflect the ongoing procurement process to strengthen internal audit provision and inclusion of timebound controls that are being undertaken.
- 2.35 Likelihood remains very low (1); impact remains low (2).

**Risk 3 – Partnerships and Collaboration**

- 2.36 Current factors around this risk have been updated to include reference to the recent Home Office announcement regarding changes to police governance and the impact on partnership working.
- 2.37 Time-bound controls have been included that reflect the need to prepare an assessment of partnership related funding streams and to ensure the Police and Crime Plan and scrutiny programme reflect current priorities.
- 2.38 Likelihood remains low (2); impact remains high (4).

**Risk 4 – Public Confidence**

- 2.39 Current factors have been updated to reflect the recent Home Office announcement regarding changes to police governance structures.
- 2.40 A time-bound control has been included to reflect our intention to update the OPCC Communications and Engagement Strategy 2026-27 to reassure communities that Northumbria Police continues to be held to account in light of the recent Home Office announcement.
- 2.41 Likelihood remains low (2); impact remains high (4).
- 2.42 There have been no changes to the assessment of risk during the last reporting period.

<b>Thematic Risk Area</b>	<b>Likelihood</b>	<b>Impact</b>	<b>RAG</b>
Finance	High (4)	High (4)	High (16)
Governance	Very Low (1)	Low (2)	Low (2)
Partnerships 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

## **Northumbria Police Risk Appetite Statement**

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

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

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

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

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

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

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

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

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

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

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

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

The outcome of last year's annual review of risk (2024/25), determined Northumbria Police was seeking overall to increase its appetite to risk in order to achieve the Force's purpose, vision and strategic objectives.

This has informed our decision making including for example, future proofing our estate with the Police and Crime Commissioner's support by investing in a new operational Headquarters (Cobalt 9), new dog kennelling facilities and new operational training facilities, and investing in an extensive IT programme, including a new records management system.

As we move forward from this year's annual review of risk (2025/26), our optimal risk appetite has reduced in several areas and we are more cautious in wishing to extend our appetite further in an environment where we face continuing financial challenges, changes in legislative and statutory frameworks and respond to the impact of national events impacting on public confidence in policing.

**Appendix A**

This is a considered response as we deliver our transformation programme for 2030 which, seeks to improve policing services and ensure value for money by enabling us to evolve, innovate and transform our services.

The current risk position i.e. the risk level at which the Force is currently operating continues to be within the Tolerable risk position in all areas. In most areas we are now operating in our optimal risk position, and this is indicative of our maturing approach to risk management.

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

## **Appendix A**

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

**Digital Policing** – We see technology as a key enabler to successful delivery of our strategic priorities and seek to ensure staff are equipped with appropriate IT. We continue to be cautious in our approach to ensure our network, technical infrastructure and core systems are secure and critical functions are maintained, and put in place additional controls to achieve this. As we implement and embed new technologies, our risk appetite for further development at this time is more cautious.

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

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

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

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

**Infrastructure & Assets** – We recognise the need for infrastructure and assets to enable and support delivery of our strategic priorities and the commitments in the Police and Crime Plan and seek to ensure these are managed and used in the most efficient and effective way. We have considered the benefits of different solutions to meet organisational requirements; recognising the need for safe and secure provision. Our risk appetite is now more cautious.

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

**Partnership & Collaboration** – The Force is committed to developing collaborations and strategic partnerships where there is an operational or organisational benefit which leads to

**Appendix A**

improvements in our effectiveness, efficiency and legitimacy in service delivery. Where there is no clear benefit to the public, we will not pursue collaborative working, except where it is necessary for us to do so in order to assist the wider region and reduce risk to the public.

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

We are willing to explore opportunities for development in new technologies, even where there are elevated levels of associated risk, and will choose the option which provides a high probability of productive outcomes and benefits.

**Public Confidence** – We engage, listen and respond to the public and other stakeholders and the Code of Ethics: ‘Do the right things, in the right way, for the right reasons’ underpins our purpose and vision. We recognise national and local challenges and our appetite for risk in this area is more cautious.

**Regulation & Standards** – We operate within a legislative framework and have a wide range of statutory obligations. We recognise there is ongoing reform in the public sector and as a result there will be new entities to engage with. We seek to operate in line with Authorised Professional Practice issued by the College of Policing and National Police Chiefs’ Council guidance and have processes, systems and controls to ensure we fulfil these obligations. Where inspectorates and auditors identify recommendations and areas for improvement, we take action to respond and address matters raised.

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

We generally have a lower appetite for risk in this area and consider this to be the optimal position.

**Strategy** – We regularly review our supporting delivery strategies; however, remain focused on our purpose to keep people safe and fight crime, and in doing so support delivery of the Police and Crime Plan. To deliver an outstanding police service, we have taken decisions in some areas where innovation and change can create opportunities for discernible benefits and clear improvements and our appetite for risk has reduced.

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

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

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

**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.

The 'Context' provides details of the circumstances that form the setting for the risk to assist understanding.

'Current factors' provide information about what is influencing the risk and contributing to the strategic assessment of the risk at the current time.

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

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

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

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

**Key:**

**Green: Very Low/Low**

Unlikely to occur or the risk is fully manageable. Likely to lead to no or only tolerable delay in the achievement of priorities.

Amber: Medium

The Force is actively managing the risk as is practicable. The risk may lead to moderate impact on the achievement of priorities.

Red: High/Very High

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	Cautious
	<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>		
Context –			
<ul style="list-style-type: none"> <li>▪ Limitations of current digital policing systems, which impacts service delivery.</li> <li>▪ Loss of critical digital policing services.</li> <li>▪ Significant information technology (IT) projects and programmes.</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>			
Owner(s)	Assistant Chief Constable (Force Innovation)		
Governance & Oversight	Force Innovation Portfolio Governance Board		
Current factors	<ul style="list-style-type: none"> <li>▪ Lack of skills and/or capacity to fulfil business as usual and change activities in parallel.</li> <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 and 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>		

	<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>
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Summary of Controls	<b>Core Business</b>	
	<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>▪ Audit regime to test internal switches and disablement when required.</li> <li>▪ Effective Cyber Incident Response Plan (CIRP) in place.</li> <li>▪ Patching policy in place to ensure daily checks and patching regime on network and infrastructure devices is maintained and reported.</li> <li>▪ Centralised hardware security monitoring 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>▪ 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> <li>▪ Periodic restores and read tests in place to ensure backup is viable.</li> </ul>	
	<b>Time-bound</b>	<b>Expected Delivery</b>
	<ul style="list-style-type: none"> <li>▪ Extension of existing Cobol resources.</li> </ul>	End of 2026
	<ul style="list-style-type: none"> <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> </ul>	Complete
<ul style="list-style-type: none"> <li>▪ A wider assessment of security controls in place, which will include consideration of Administrative Username and Password used across the Force network.</li> </ul>	April 2026	

**APPENDIX B**

	<ul style="list-style-type: none"> <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> </ul>	March 2027
	<ul style="list-style-type: none"> <li>Digital Roadmap to be finalised to provide visibility and gain buy-in from key stakeholders against all change activities required.</li> </ul>	February 2026
	<ul style="list-style-type: none"> <li>Hardware upgrade and investment in existing NPICCS solution to ensure support and maintenance is maintained.</li> </ul>	Complete
	<ul style="list-style-type: none"> <li>18-month implementation plan requiring significant IT commitment/resource in-place to implement the Records Management System replacement for NPICCS.</li> </ul>	February 2026
	<ul style="list-style-type: none"> <li>Wide Area Network (WAN) Transition from Capita to MLL as WAN suppliers completed November 2024. Migration from BT Broadband at Neighbourhood Policing Team (NPT) locations to MLL WAN is complete for all NPT locations with the exception of Gateshead Queen Elizabeth.</li> </ul>	Complete
	<ul style="list-style-type: none"> <li>Tender being shaped to redesign and deliver a transformed Local Area Network (LAN).</li> </ul>	March 2027
	<ul style="list-style-type: none"> <li>Disaster recovery controls in formation to deliver appropriate management of core system recovery and associated business continuity plans.</li> </ul>	June 2026
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>		
Context - <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>			
Owner(s)	Chief Constable and Chief Finance Officer (CFO)		
Governance & Oversight	Executive Board / Joint Business Meeting		
Current factors	<ul style="list-style-type: none"> <li>▪ The Comprehensive Spending Review (CSR) announcement in June 2025 did not provide any clarity on future government funding over the medium term, only high-level estimates of total police funding through to 2028/29, which included CT Policing, top-slice and Council Tax assumptions for which no detail was shared.</li> <li>▪ Provisional police funding settlement for 2026/27 was published on 18 December 2025. It is one-year only and provides no detailed breakdown of grant funding from government. Information provided for each force is total government grant and total increase against the previous year only.</li> <li>▪ The share of the additional grant for Northumbria Police as set out in the settlement tables is £9.3m which represents a funding shortfall against our expectation.</li> <li>▪ Analysis suggests the primary reason for the shortfall is the removal of the specific grant for Uplift Overshoot (additional recruitment to meet national Uplift targets) which represents a loss of £6.1m for 2026/27 and a further loss of £2.5m in future years relating to pay progression.</li> </ul>		

	<ul style="list-style-type: none"> <li>▪ Referendum limit for precept increase confirmed at £15 per year for a Band D property. Government have stated that requests for exceptional precept flexibility will be considered where the PCC/Force ‘views additional increases on the police precept as critical to maintaining their financial sustainability’.</li> <li>▪ Funding of £200 million nationally was provided for the Neighbourhood Policing Guarantee (NPG) in 2025-26. Forces were previously told that this would be Year 1 of the Government’s pledge for a national 13,000 increase in resources to Neighbourhoods. The provisional settlement for 2026/27 contains no mention of current or future NPG delivery.</li> <li>▪ Whilst the provisional police funding settlement issued in December 2025 contains no detail with regards individual grants, grant conditions, Uplift funding support or NPG delivery, the Home Office has stated that further information will be available in January 2026 alongside the publication of the White Paper on Police Reform.</li> <li>▪ The final Police Grant Report is expected by 31 January 2026.</li> <li>▪ Police Officer and Police Staff pay awards were agreed for 2025 at 4.2%, which was above the budgeted level of 2.5%. National funding of £120m was made available by the Home Office to compensate forces for the part year impact in 2025/26. The Home Office have stated that the full year impact of the 2025 pay award, and any future year pay awards, will need to be met in full, from within annual settlement allocations, no further in-year additional funding will be available.</li> <li>▪ At this time, the budget position for 2025/26, financial reserves held and the robust controls detailed below mitigate in the short term the consequence.</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>▪ Whilst inflationary rises remain a pressure across non-pay budgets, rates are lower than experienced in recent years.</li> </ul>
<p>Potential consequence</p>	<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 unplanned efficiencies and savings thereby impacting on service delivery.</li> <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>
<p>Summary of Controls</p>	<p><b>Core Business</b></p> <ul style="list-style-type: none"> <li>▪ Transparent ownership of financial matters between the PCC and Chief Constable.</li> </ul>

	<ul style="list-style-type: none"> <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> <li>▪ Pay Inflation Reserve to mitigate impact of higher pay awards.</li> </ul>	
	<b>Time-bound</b>	<b>Expected Delivery</b>
	<ul style="list-style-type: none"> <li>▪ Further information expected from the Home Office in January on detail of individual grants and future NPG delivery (aligned with White Paper publication).</li> </ul>	January 2026
	<ul style="list-style-type: none"> <li>▪ The Chief Constable along with the Commissioner has written to the Home Secretary and the Policing Minister in response to the provisional settlement, setting out concerns. Awaiting response.</li> </ul>	January 2026
	<ul style="list-style-type: none"> <li>▪ Provision of additional staff to:</li> <li>▪ assist with the outstanding work; and</li> <li>▪ to provide additional support and resilience over the 2025/26 year-end whilst new external staff are onboarded.</li> </ul>	<ul style="list-style-type: none"> <li>▪ 27 February 2026</li> <li>▪ 31 December 2026</li> </ul>
Likelihood Impact	4 4	<b>16</b>

<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>		
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> <li>▪ Response to external inspection and investigation activity by His Majesty’s Inspectorate of Constabulary and Fire &amp; Rescue Services (HMICFRS).</li> </ul>			
Owner(s)	Deputy Chief Constable		
Governance & Oversight	Executive Board		
Current factors	<ul style="list-style-type: none"> <li>▪ Challenging Force change projects and programmes.</li> <li>▪ Government announcement that the role of Police and Crime Commissioners will be abolished from 2028 with their responsibilities transferring to elected Mayors, or new policing boards.</li> <li>▪ Capacity of the Finance Team.</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	<b>Core Business</b> <ul style="list-style-type: none"> <li>▪ Police and Crime Plan.</li> <li>▪ 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> </ul>		

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	<ul style="list-style-type: none"> <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>	
	<b>Time-bound</b>	<b>Expected Delivery</b>
	There are no time-bound controls.	
Likelihood	2	4
Impact	2	

<b>D</b>	<b>Strategic Risk Area – Information and Data Management</b>		
	<b>Risk Appetite</b>	<b>Current/Tolerable</b>	<b>Optimal</b>
		Cautious	Minimalist
	<b>Risk – Challenges in adhering and complying with consistent and sustainable data management processes and standards to prevent data breaches.</b>		
Context –			
<ul style="list-style-type: none"> <li>▪ Application of records management policy and procedures (review, retention and deletion).</li> <li>▪ The ability to assign accountability/ownership of physical and electronic data assets force wide, to ensure data is collected, stored, and used appropriately through the use of Information Asset Owners and Information Asset Registers.</li> <li>▪ Incomplete baseline of Force data and infrastructure.</li> <li>▪ The complex alignment of digital policing architecture to ensure interoperability.</li> <li>▪ Evolving technical infrastructure, with hybrid on-premise and cloud provision.</li> <li>▪ Complex and saturated storage solutions.</li> <li>▪ Management of digital file storage.</li> <li>▪ Evolving cyber threats with varying risk.</li> <li>▪ Significant process and technical debt in storage of digital assets/data.</li> <li>▪ Absence of defined processes to catalogue and manage assets.</li> </ul>			
Owner(s)	Assistant Chief Constable (Force Innovation)		
Governance & Oversight	Force Assurance Board		
Current factors	<ul style="list-style-type: none"> <li>▪ The replacement of Force legacy systems presenting competing data management compliance elements.</li> <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> <li>▪ Compliance with Records and Product Management (RPM).</li> <li>▪ Developing workforce with inadequate Information Asset Owners (IAOs) and Information Asset Lead engagement.</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>▪ Data Protection Act 2018 breaches.</li> <li>▪ Failure to comply with Information Commissioner’s Office (ICO) best practice, standards and relevant codes of practice.</li> <li>▪ Failure to comply with the Investigatory Powers Act: codes of practice.</li> </ul>		

	<ul style="list-style-type: none"> <li>▪ Adverse findings from Investigatory Powers Commissioner’s Office (IPCO) or ICO inspection, which could result in sanctions placed on the Force by the Commissioners which would impact on all aspects of criminal and non-criminal investigations.</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> <li>▪ Sub-optimal ability of the Force to respond to public inquiries.</li> </ul>
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Summary of Controls	<b>Core Business</b>	
	<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> <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>▪ 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>	
	<b>Time-bound</b>	<b>Expected Delivery</b>
	<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> </ul>	To be determined.
<ul style="list-style-type: none"> <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> </ul>	April 2026 (assuming NEP DR3 design in place).	

Likelihood	3	12
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	Open
	<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>		
Context -			
<ul style="list-style-type: none"> <li>▪ Building an insight driven culture enabling data literacy, accessibility and accountability across the organisation.</li> <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 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 seamless management of data across platforms to allow interoperability and easy user access.</li> </ul>			
Owner(s)	Assistant Chief Constable (Communities)		
Governance & Oversight	Force Assurance Board		
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 intelligence, and other force 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.</li> <li>▪ 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> <li>▪ Limited confidence to provide accurate information in response to requests</li> </ul>		
	<b>Core Business</b>		

Summary of Controls	<ul style="list-style-type: none"> <li>▪ Migration plans as part of IT projects and programmes to ensure data quality, accuracy and compliance with GDPR.</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 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>▪ 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>	
	<b>Time-bound</b>	<b>Expected Delivery</b>
	<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> </ul>	Part of a wider project; to be determined.
	<ul style="list-style-type: none"> <li>▪ Implementation of Data Quality reviews and Audits to support ongoing improvements relating to handling methods, accuracy, review and retention.</li> </ul>	Audit of certain systems already takes place. Audit of new systems e.g. Niche to be determined.
	<ul style="list-style-type: none"> <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> </ul>	Part of a wider project; to be determined.
	<ul style="list-style-type: none"> <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</li> </ul>	Part of a wider project; to be determined.

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	purpose and used effectively in line with operating procedures.	
Likelihood	2	<b>8</b>
Impact	4	

<b>F</b>	<b>Strategic Risk Area – Infrastructure and Assets</b>		
	<b>Risk Appetite</b>	<b>Current/Tolerable</b>	<b>Optimal</b>
		Cautious	Cautious
	<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>		
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>			
Owner(s)	Assistant Chief Officer Corporate Services		
Governance & Oversight	Strategic Resourcing Board / Estates Board		
Current factors	<ul style="list-style-type: none"> <li>▪ The Estates Strategy delivery timeline has been agreed and is managed through Estates Programme Board with bi-monthly updates into Executive Board.</li> <li>▪ An updated agile working policy has been agreed which seeks to optimise flexibility whilst maximising use of the Estate.</li> <li>▪ Delays and increased costs of Estates programme as a result of supply chain issues and inflationary pressures.</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> <li>▪ UK Supreme Court Human Rights Judgement that the terms ‘man’, ‘woman’ and ‘sex’ in the Equality Act 2010 refer to biological sex</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>		

Summary of Controls	<b>Core Business</b>	
	<ul style="list-style-type: none"> <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>▪ 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>▪ 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 (excluding covert) 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>▪ National and local consultation on the UK Supreme Court Human Rights Judgement.</li> <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> </ul>	
	<b>Time-bound</b>	<b>Expected Delivery</b>
	<ul style="list-style-type: none"> <li>▪ Electronic access control system for all force buildings currently in roll-out.</li> </ul>	Summer 2026
	<ul style="list-style-type: none"> <li>▪ Implement agreed Estates Strategy, rationalising where appropriate and re-profiling building refurbishment programme to align with future operating model and operating procedures.</li> </ul>	Spring 2026
<ul style="list-style-type: none"> <li>▪ EV Strategy which covers sustainable fleet.</li> </ul>	Complete	
<ul style="list-style-type: none"> <li>▪ Operational training bases are in place in collaboration with the fire services as a temporary measure to ensure CoP licences can be maintained until a new Operational Training Facility can be acquired and brought into use.</li> </ul>	Spring 2027	

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	<ul style="list-style-type: none"><li>Review of evidential property management with support from the DMAT (Data Management Assessment Team) is ongoing to deliver an improved property system.</li></ul>	2027/2028
Likelihood Impact	2 3	<b>6</b>

	<b>Strategic Risk Area – Operational</b>	
	<b>Risk Appetite</b>	<b>Current/Tolerable</b>
		<b>Optimal</b>
		Cautious
<b>G</b>	<b>Risk – Inability to deliver centralised force coordination with sustainable capacity and capability to meet statutory requirements under the Civil Contingencies Act (CCA) and to enable discharge of responsibilities to meet the Strategic Policing Requirement.</b>	
	Context – <ul style="list-style-type: none"> <li>▪ Need to ensure that JESIP and Joint operating principles are complied with and responsibilities understood in force. This is in conjunction with partners and NLRF to manage major and critical incidents.</li> <li>▪ Cognisance of the national Strategic Threat and Risk Assessment to inform the capacity, capability and deployment of specialist assets (Firearms, POPS, RPU). Including implementation of learning from public inquiries such as MAI.</li> <li>▪ Need to ensure that the force is able to effectively manage changing societal risks including; health, major incidents, natural hazards, increase in protest activity and hostile action.</li> <li>▪ The force needs to deploy effectively trained and accredited assets including those in key decision making roles to mitigate operational risks.</li> </ul>	
Owner(s)	Assistant Chief Constable (Force Coordination)	
Governance & Oversight	Force Assurance Board	
Current factors	<ul style="list-style-type: none"> <li>▪ Current review of the CCA (Civil Contingencies Act).</li> <li>▪ Growth of NLRF as part of trailblazers model.</li> <li>▪ Statutory guidance for JESIP and increased training requirements.</li> <li>▪ Imbalance of skills and capability for specialisms across the force are a result of staffing changes/moves.</li> <li>▪ Increase in POPS related deployment (events, protest, sporting and spontaneous) requiring deployments.</li> <li>▪ Manchester Arena recommendations impacting broader testing &amp; exercising.</li> <li>▪ Maintenance of critical competency training profiles for the Force; PPST, TL2/3, Taser, Driving and Mod3.</li> <li>▪ Increased Mutual Aid requests.</li> <li>▪ Availability, servicing, storage and procurement of kit and equipment.</li> <li>▪ Maintenance of Commander profiles and accreditation.</li> <li>▪ Complete review of restricted and non-restricted plans to ensure current and assured/tested.</li> </ul>	

<p>Potential consequence</p>	<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/partners confidence.</li> <li>▪ Ineffective business continuity when enacted.</li> <li>▪ Legal liability to force for expired/non-trained staff deployments</li> <li>▪ Damaged partnership relationships around interagency working</li> </ul>
<p>Summary of Controls</p>	<p><b>Core Business</b></p> <ul style="list-style-type: none"> <li>▪ There is a business continuity plan in place across all area commands and departments with regular testing managed by a qualified BCP manager.</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>▪ Strategic and tactical JESIP delivery groups working in partnership. Internally a JESIP Assurance Group has been established to oversee the assurance review. Tri-services training restarted (Dec 2025).</li> <li>▪ Force Coordination and Resilience and twice daily pace setter meetings to align demand and resources. Weekly review of figures is produced incorporating frontline abstraction levels.</li> <li>▪ Public Order management now has a governance structure in place covering Command, Capacity and Capability, Kit and Equipment, Training and event management.</li> <li>▪ A Major Incident and Business Continuity Board to ensure appropriate oversight and governance, which includes capacity, capability and readiness, with appropriate reporting and escalation through the Force governance framework.</li> <li>▪ Northumbria Police is an invested partner in the NLRP and work closely with the partnership on preparedness for civil emergencies and the testing and excising of the multi-agency response.</li> <li>▪ A Testing and Contingencies Team has been established to oversee all restricted/non-restricted plans and testing. This included multiagency, no notice testing and TTX.</li> <li>▪ A structure is now in place to write, review and oversee all restricted/non restricted plans to ensure compliance and assurance.</li> <li>▪ All SX Cadre have received learning packages including major incident training</li> </ul>

	<b>Time-bound</b>	<b>Expected Delivery</b>
	<ul style="list-style-type: none"> <li>▪ Investment in operational training estate.</li> </ul>	Spring 2027
	<ul style="list-style-type: none"> <li>▪ Internal and multi-agency Governance structure to deliver on Manchester Arena Inquiry recommendations.</li> </ul>	Summer 2026
	<ul style="list-style-type: none"> <li>▪ Recovery of officers' PPST to profile for all high priority officers.</li> </ul>	December 2025
	<ul style="list-style-type: none"> <li>▪ Establish the TL2 profile number in line with new POPS STRA. Move to agreed profile with 80% in Response policing Teams for effective deployment</li> </ul>	From April 2026
	<ul style="list-style-type: none"> <li>▪ Northumbria Police will lead on recruitment of Trail Blazer NLRP resources and will host the roles once recruited.</li> </ul>	Recruitment expected to be finalised by Spring 2026.
	<ul style="list-style-type: none"> <li>▪ Full review and consolidation of restricted/non-restricted plans; all to be assured or tested.</li> </ul>	Winter 2026
	<ul style="list-style-type: none"> <li>▪ Enhanced Testing and Exercising schedule including reintroduction of OBUA and no notice testing to be implemented.</li> </ul>	January 2026
	<ul style="list-style-type: none"> <li>▪ Review of POPs kit and replacement of any kit as necessary.</li> </ul>	April 2026
Likelihood	3	<b>12</b>
Impact	4	

	<b>Strategic Risk Area – Partnership &amp; Collaboration</b>	
	<b>Risk Appetite</b>	<b>Current/Tolerable</b>
		<b>Optimal</b>
		Cautious
		Open
<b>H</b>	<b>Risk – Loss or reduction in opportunities to work in partnership or collaboration and subsequent impact on service delivery.</b> <b>Ineffective management of new and current commercial contracts leading to reduced service delivery and/or low value for money.</b>	
	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. Reduced commitment to Community Safety Partnerships (CSPs) and joint objective setting due to competing demands within LAs.</li> </ul>	
Owner(s)	Deputy Chief Constable	
Governance & Oversight	Strategic Resourcing Board	
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	<b>Core Business</b> <ul style="list-style-type: none"> <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>▪ Force wide business planning cycle and delivery of local business plans informed by partnership data and engagement.</li> </ul>	

	<ul style="list-style-type: none"> <li>Partnership governance arrangements and joint partnership plans through Community Safety Partnerships (CSPs) and wider multi-agency arrangements.</li> </ul>	
	<b>Time-bound</b>	<b>Expected Delivery</b>
	<ul style="list-style-type: none"> <li>Improve requirements capture as part of procurement processes and business case for procured services with clear benefits tracking via the appropriate governance meeting.</li> </ul>	Complete
Likelihood	2	8
Impact	4	

	<b>Strategic Risk Area – Projects/Programmes</b>	
	<b>Risk Appetite</b>	<b>Current/Tolerable</b>
		<b>Optimal</b>
<b>I</b>		Open
		Open
	<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>	
	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>	
Owner(s)	Deputy Chief Constable	
Governance & Oversight	Force Change Board / Strategic Resourcing Board	
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	<p><b>Core Business</b></p> <ul style="list-style-type: none"> <li>▪ A focussed Capacity and Capability Meeting which monitors, coordinates and agrees 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>▪ Completion of impact assessments, where appropriate, as key project activity to determine significant impacts such as changes to structure.</li> <li>▪ Established internal arrangements to minimise the impact of proposed estate and infrastructure changes/refreshes on the business.</li> <li>▪ 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> </ul>	

	<ul style="list-style-type: none"> <li>▪ Planned evaluation.</li> </ul>	
	<b>Time-bound</b>	<b>Expected Delivery</b>
	<ul style="list-style-type: none"> <li>• Delivery of a new salary model, supported by a reward panel and national team collaboration, to ensure pay competitiveness through benchmarking and targeted investment in technical roles and support for talent attraction and retention for critical skills and future change projects and programmes.</li> </ul>	Complete
	<ul style="list-style-type: none"> <li>• Digital Roadmap in development to increase engagement with key stakeholders for all change activities required.</li> </ul>	March 2026
Likelihood	2	<b>8</b>
Impact	4	

	<b>Strategic Risk Area – Public Confidence</b>		
	<b>Risk Appetite</b>	<b>Current/Tolerable</b>	<b>Optimal</b>
		Cautious	Cautious
<b>J</b>	<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>		
	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 Hutton and the findings following the murder of Sarah Everard and the Angiolini Inquiry.</li> </ul>		
Owner(s)	Deputy Chief Constable		
Governance & Oversight	Trust, Legitimacy and Confidence Board		
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>		

Summary of Controls	<b>Core Business</b>	
	<ul style="list-style-type: none"> <li>▪ Effective governance arrangements, including introduction of a new Trust, Legitimacy and Confidence 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>▪ 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>▪ Focus on diversity in recruitment, attraction, selection and retention.</li> <li>▪ Annual Integrity and Vetting Review completed with the workforce.</li> </ul>	
	<b>Time-bound</b>	<b>Expected Delivery</b>
	<ul style="list-style-type: none"> <li>▪ Force VAWG Strategy</li> <li>▪ Race Action Plan</li> <li>▪ Hate Crime Delivery Plan</li> </ul>	<p>To be confirmed</p> <p>To be confirmed</p> <p>To be confirmed</p>
Likelihood	2	<b>8</b>
Impact	4	

K	Strategic Risk Area – Regulation & Standards		
	Risk Appetite	Current/Tolerable	Optimal
		Minimalist	Minimalist
	<p><b>Risk – Standards, conduct and behaviours of the workforce are not in-line with Northumbria Police values and the Code of Ethics.</b></p> <p><b>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></p>		
	<p>Context –</p> <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>		
Owner(s)	Deputy Chief Constable		
Governance & Oversight	Force Assurance Board		
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> <li>▪ Ability to demonstrate compliance with relevant ISO standards to maintain accredited status.</li> <li>▪ Pension remedy delivery.</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> <li>▪ Suspension or withdrawal of accreditation impacting on service delivery.</li> <li>▪ Failure to meet statutory obligations in relation to pension administration responsibilities and enforcement action by The Pensions Regulator.</li> </ul>		
Summary of Controls	<p><b>Core Business</b></p> <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> </ul>		

	<ul style="list-style-type: none"> <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> <li>▪ Oversight and management of ISO standards compliance and accreditation using the Governance and Decision-making structure.</li> <li>▪ Annual Integrity and Vetting Review completed with the workforce.</li> </ul>	
	<b>Time-bound</b>	<b>Expected Delivery</b>
	<ul style="list-style-type: none"> <li>▪ Establishment of a Gold Group to provide strategic oversight and governance for the delivery of pension remedy obligations, ensuring full compliance with statutory requirements and mitigating implementation risks. External consultancy has been agreed to address the backlog.</li> </ul>	March 2026
Likelihood Impact	3 3	9

<b>L</b>	<b>Strategic Risk Area – Strategy</b>		
	<b>Risk Appetite</b>	<b>Current/Tolerable</b>	<b>Optimal</b>
		Cautious	Cautious
<p><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></p> <p>Context –</p> <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>			
Owner(s)	Chief Constable		
Governance & Oversight	Executive Board		
Current factors	<ul style="list-style-type: none"> <li>▪ Increased demand as the force implements Force change projects and programmes.</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	<p><b>Core Business</b></p> <ul style="list-style-type: none"> <li>▪ Force Strategy underpinned by thematic strategies and delivery plans.</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>▪ Annual preparation of Force Management Statement.</li> <li>▪ Development and implementation of financial and efficiency planning focused on delivery of Force strategic priorities.</li> <li>▪ Implementation of operating model able to support future demand.</li> <li>▪ Effective relationships and communication with partners locally enabling response to national issues (e.g. LCJB).</li> </ul>		

	<ul style="list-style-type: none"> <li>Realisation of benefits linked to delivery of Force change projects and programmes.</li> </ul>	
	<b>Time-bound</b>	<b>Expected Delivery</b>
	There are no time-bound controls.	
Likelihood	2	<b>8</b>
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 –Inability to maintain an effective workforce profile through a reduction in attraction, recruitment and retention.</b>		
<p>Context –</p> <ul style="list-style-type: none"> <li>▪ To attract, retain and develop a high performing and engaged workforce we must ensure:</li> <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>			
Owner(s)	Assistant Chief Officer Corporate Services		
Governance & Oversight	Corporate Services Portfolio Governance Board / Strategic Resourcing Board		
Current factors	<ul style="list-style-type: none"> <li>▪ Requirement to improve 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 high expectations in relation to salary, flexibility and opportunities for career development.</li> <li>▪ Challenges to meet wider diversity ambition prevail despite increased local diversity as applicant pools remain limited.</li> </ul>		

	<ul style="list-style-type: none"> <li>▪ Challenges in the attraction of specialist resources through internal supply routes.</li> <li>▪ Higher percentage of female officer voluntary leavers than males.</li> <li>▪ The attraction and retention of volunteers continue to be negatively impacted by a nationally depleting market.</li> <li>▪ Candidate attrition due to prolonged waiting times within the recruitment process.</li> <li>▪ Capacity and capability in Public Order resources to fulfil increased operational requirements.</li> <li>▪ UK Supreme Court Human Rights Judgement that the terms ‘man’, ‘woman’ and ‘sex’ in the Equality Act 2010 refer to biological sex.</li> </ul>
<p>Potential consequence</p>	<ul style="list-style-type: none"> <li>▪ Failure to build and maintain a diverse and engaged workforce, can undermine trust, confidence and overall 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 delays in pre-employment checks as part of the recruitment process.</li> <li>▪ Failure to understand current and future operating models can lead to misaligned priorities, reduced efficiency, and limited ability to adapt to strategic changes.</li> </ul>
<p>Summary of Controls</p>	<p>Core Business</p> <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 comprehensive investigative resourcing plan is in place to support work to improve investigative standards. A revised review of policing pathways, including a dedicated investigative pathway which underpins a comprehensive resourcing plan to improve investigative standards.</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>▪ A Critical Competencies Meeting chaired by ACC (Force Coordination) manages Public Order resources.</li> </ul>

	<ul style="list-style-type: none"> <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> <li>▪ A People and Culture 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 holistic approach to resource planning underpinned by an integrated Finance and Resource Strategy, focused on the design of the organisation to enable each business area to address the capacity and capability of the resources needed.</li> <li>▪ A comprehensive workforce plan to address resourcing needs in both day-to-day resource requirements as well as succession planning. Detailed resource forecasts show expected capacity and capability gaps and assist senior leaders in setting out a longer-term vision to respond to resourcing priorities.</li> <li>▪ Diversity, Equality and Inclusion is embedded as a core principle in the revised People and Culture strategy, supported by a delivery plan aligned to the NPCC strategy and a positive action plan to drive diversity, inclusion, and volunteering ambitions</li> <li>▪ A rewards panel to provide consistency, fairness and scrutiny to the allocation of market supplements, retention payments and other monetary related benefits.</li> <li>▪ Use of agency / organisations to provide burst capability for specialist skills when required.</li> </ul>	
	<p><b>Time-bound</b></p>	<p><b>Expected Delivery</b></p>
	<ul style="list-style-type: none"> <li>▪ Focus on implementation of a total rewards package including provision of the Real Living Wage.</li> </ul>	<p>The Real Living Wage will be reviewed in March 2026 to assess any potential impact ahead of implementation planned for October/November 2026</p>
	<ul style="list-style-type: none"> <li>▪ Implementation and embedding of the revised Investigations Career Pathway and capability enhancements to strengthen recruitment, retention, and investigative quality across the Force.</li> </ul>	<p>March 2026</p>
	<ul style="list-style-type: none"> <li>▪ Development of a bespoke framework to address workforce retention and</li> </ul>	<p>Complete</p>

	attrition as well as implementation of the national leavers framework to act on exit and retention intelligence.	
	<ul style="list-style-type: none"> <li>Modernisation of the pay offer and job evaluation, bringing salaries within the median for public sector to improve attraction and retention.</li> </ul>	Complete
	<ul style="list-style-type: none"> <li>Investment and bespoke support to increase pay competitiveness across technical roles to secure critical technical skills and support for Force change projects and programmes.</li> </ul>	Complete
	<ul style="list-style-type: none"> <li>Implementation of the new code which guides service providers, public functions and associations on how to meet the duties set out in the Equality Act 2010 following the UK Supreme Court Human Rights Judgement that the terms 'man', 'woman' and 'sex' in the Equality Act 2010 refer to biological sex.</li> </ul>	To be confirmed - EHRC submitted the draft code to the Minister for Women and Equalities for approval on 4 September 2025. On 15 October 2025 they wrote to the minister to ask for an update.
Likelihood	3	<b>12</b>
Impact	4	

Very High (5)				
High (4)			(OPCC) Finance	
Medium (3)				
Low (2)			(OPCC) Partnership and Collaboration  (OPCC) Public Confidence	
Very Low (1)	(OPCC) Governance			
	Very Low (1)	Low (2)	Medium (3)	High (4)

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

**IMPACT**

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

<b>OPCC</b>	<p><b>Strategic Risk – Finance (OPCC)</b></p> <p><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></p>
	<p>Context -</p> <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 global cost pressures, government policy decisions, 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>
Owner(s)	Chief Finance Officer – OPCC
Governance and Oversight	Joint Business Meeting/OPCC Business Meeting
Current factors	<ul style="list-style-type: none"> <li>▪ CSR announcement in June 2025 did not provide any clarity on future government funding over the medium term, only high-level estimates of total police funding through to 2028/29, which included CT Policing, top-slice and Council Tax assumptions for which no detail was shared.</li> <li>▪ Provisional police funding settlement for 2026/27 was published on 18 December 2025. It is one-year only and provides no detailed breakdown of grant funding from government. Information provided for each force is total government grant and total increase against the previous year only.</li> <li>▪ The share of the additional grant for Northumbria Police as set out in the settlement tables is £9.3m which represents a funding shortfall against our expectation.</li> <li>▪ Analysis suggests the primary reason for the shortfall is the removal of the specific grant for Uplift Overshoot (additional recruitment to meet national Uplift targets) which represents a loss of £6.1m for 2026/27 and a further loss of £2.5m in future years relating to pay progression.</li> </ul>

	<ul style="list-style-type: none"> <li>▪ Referendum limit for precept increase confirmed at £15 per year for a Band D property. Government have stated that requests for exceptional precept flexibility will be considered where the PCC/Force 'views additional increases on the police precept as critical to maintaining their financial sustainability'.</li> <li>▪ Funding of £200 million nationally was provided for the Neighbourhood Policing Guarantee (NPG) in 2025-26. Forces were previously told that this would be Year 1 of the government's pledge for a national 13,000 increase in resources to Neighbourhoods. The provisional settlement for 2026/27 contains no mention of current or future NPG delivery.</li> <li>▪ Whilst the provisional police funding settlement issued in December 2025 contains no detail with regards individual grants, grant conditions, Uplift funding support or NPG delivery, the Home Office has stated that further information will be available in January 2026 alongside the publication of the White Paper on Police Reform.</li> <li>▪ The Commissioner and Chief Constable have written to the Home Secretary and the Policing Minister in response to the provisional settlement, setting out concerns.</li> <li>▪ The final Police Grant Report is expected by 31 January 2026.</li> <li>▪ Police Officer and Police Staff pay awards were agreed for 2025 at 4.2%, which was above the budgeted level of 2.5%. National funding of £120m was made available by the Home Office to compensate forces for the part year impact in 2025/26. The Home Office have stated that the full year impact of the 2025 pay award, and any future year pay awards, will need to be met in full, from within annual settlement allocations, no further in-year additional funding will be available.</li> <li>▪ At this time, the budget position for 2025/26, financial reserves held and the robust controls detailed below mitigate in the short term the consequence.</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> </ul>
Summary of Controls	<p><b>Core controls</b></p> <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>▪ Pay Inflation Reserve to mitigate impact of higher pay awards.</li> </ul>

	<ul style="list-style-type: none"> <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>	
	<b>Time-bound</b>	<b>Expected Delivery</b>
	<ul style="list-style-type: none"> <li>▪ Further information expected from the Home Office in January on detail of individual grants and future NPG delivery (aligned with White Paper publication). The Finance risk will be updated for new information once received.</li> <li>▪ The Commissioner along with the Chief Constable has written to the Home Secretary and the Policing Minister in response to the provisional settlement, setting out concerns. Awaiting response.</li> </ul>	<ul style="list-style-type: none"> <li>▪ <b>January 2026</b></li> </ul>
Likelihood Impact	4 4	<b>16</b>

<b>OPCC</b>	<p><b>Strategic Risk – Governance (OPCC )</b></p> <p><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></p>
	<p>Context -</p> <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>
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
Current factors	<ul style="list-style-type: none"> <li>▪ Understanding the governments 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> </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>

<p>Summary of Controls</p>	<p><b>Core controls</b></p> <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>	<p><b>Expected Delivery</b></p> <ul style="list-style-type: none"> <li>▪ June 2026</li> <li>▪ March 2026</li> </ul>
<p>Likelihood Impact</p>	<p>1 2</p>	<p>2</p>

<b>OPCC</b>	<p><b>Strategic Risk – Partnership &amp; Collaboration (OPCC )</b></p> <p><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></p>
	<p>Context -</p> <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. <del>3-yr funding confirmed up to the end of March 2026.</del></li> </ul>
Owner(s)	Chief of Staff and Monitoring Officer
Governance and Oversight	Joint Business Meeting/VRU Strategic Board/Local Criminal Justice Board/ASB Strategic Board
Current factors	<ul style="list-style-type: none"> <li>▪ Home Office announcement of the change in police governance structures with the roles transferring to elected mayors or policing boards by 2028.</li> <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	<p><b>Core controls</b></p> <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> </ul>

	<ul style="list-style-type: none"> <li>▪ Comprehensive engagement and monitoring of commissioned services.</li> <li>▪ Regular ‘sector’ engagement meetings with potential and current partners.</li> </ul>	
	<b>Time-bound</b>	<b>Expected Delivery</b>
	<ul style="list-style-type: none"> <li>▪ In light of the recent Home Office announcement around PCCs, an assessment of partnership related funding streams will be shared with partners to retain confidence for the future.</li> <li>▪ Refresh of the Police and Crime Plan to ensure that policing and crime priorities reflect current local concerns and national policing priorities and the annual scrutiny programme aligns.</li> </ul>	<ul style="list-style-type: none"> <li>▪ April 2026</li> <li>▪ June 2026</li> </ul>
Likelihood	2	<b>8</b>
Impact	4	

<b>OPCC</b>	<p><b>Strategic Risk – Public Confidence (OPCC)</b></p> <p><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></p>
	<p>Context -</p> <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 Police and Crime Plan 2025-2029 alongside understanding and responding to changing community priorities</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>
Owner(s)	Chief of Staff and Monitoring Officer
Governance and Oversight	Joint Business Meeting/Annual Scrutiny Programme
Current factors	<ul style="list-style-type: none"> <li>▪ PCCs Police and Crime Plan</li> <li>▪ Home Office announcement of the change in police governance structures with the role transferring to elected mayors or policing boards by 2028.</li> <li>▪ Role of events in the media and on social media in shaping public perceptions.</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	<p><b>Core controls</b></p> <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> </ul>

	<ul style="list-style-type: none"> <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>	
	<b>Time-bound</b>	<b>Expected Delivery</b>
	<ul style="list-style-type: none"> <li>▪ Inclusion of a commitment in the OPCC Communications and Engagement Strategy 26-27 to reassure communities that Northumbria Police continue to be held to account by the PCC in the context of the announcement made by the Home Office.</li> </ul>	<ul style="list-style-type: none"> <li>▪ April 2026</li> </ul>
Likelihood	2	<b>8</b>
Impact	4	

**AGENDA ITEM 11.**

Meeting	Standing Items	Other Reports
February 2026	<p>Joint Strategic Risk Register Summary of Recent External Inspection, Investigation and Audit Reports Update on Internal Audit Work and Progress Against Annual Audit Plan Update on the Implementation of Internal Audit Recommendations</p>	<p>Joint Audit Results Report (ARR) 2024/25 Final Annual Governance Statements (AGS) 2024/25 CC and PCC Treasury Policy Statement and Treasury Strategy 2026/27 to 2029/30 Annual Governance Review - Assurance Framework 2025/26</p>
June 2026	<p>Joint Strategic Risk Register Summary of Recent External Inspection, Investigation and Audit Reports Update on Internal Audit Work and Progress Against Annual Audit Plan Update on the Implementation of Internal Audit Recommendations</p>	<p>Annual Terms of Reference Review JIAC Annual Report 2025/26  Audit Planning Report 2025/26  Treasury Management Annual Report 2025/26  Annual Governance Review 2025/26 (includes suite of reports as appropriate to evidence review outcomes)  Annual Governance Statements 2025/26 (CC and PCC)  Internal Audit Charter, Strategy Statement and Annual Audit Plan 2026/27 Auditors Annual Report 2025/26 - PCC &amp; CC Senior Managers Assurance Statement Regulatory Framework - Independent Assurance Review of the Effectiveness of the Internal Audit Annual Review of the Governance Framework</p>
September 2026	<p>Joint Strategic Risk Register Summary of Recent External Inspection, Investigation and Audit Reports Update on Internal Audit Work and Progress Against Annual Audit Plan Update on the Implementation of Internal Audit Recommendations</p>	<p>External Audit Plan 2025/26 External Audit Progress Report 2025/26</p>
November 2026	<p>Joint Strategic Risk Register Summary of Recent External Inspection, Investigation and Audit Reports Update on Internal Audit Work and Progress Against Annual Audit Plan Update on the Implementation of Internal Audit Recommendations</p>	<p>Joint Auditors Annual Report (AAR) 2025/26 Joint Audit Results Report (ARR) 2025/26  Treasury Management Mid-Year Report 2026/27  Emergent Internal Audit Plan 2027/28 to 2029/30</p>
February 2027	<p>Joint Strategic Risk Register  Summary of Recent External Inspection, Investigation and Audit Reports Update on Internal Audit Work and Progress Against Annual Audit Plan Update on the Implementation of Internal Audit Recommendations</p>	<p>Treasury Policy Statement and Treasury Strategy 2026/27 to 2029/30 Annual Governance Review - Assurance Framework 2025/26</p>