

Internal Audit Follow Up Report - Police Joint Audit Committee (25th March 2026)

Cumbria Police, Fire & Crime Commissioner

Cumbria Constabulary

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Global Internal Audit Standards (UK public sector)

Our work was completed in accordance with Global Internal Audit Standards (UK public sector). Our

1 Introduction and Background

In making recommendations and agreeing action plans it is intended that improvements may be made to both internal controls and operational effectiveness. However, in order to verify that the benefits of the process are achieved, it is necessary to subsequently follow up on the implementation of agreed actions, in order to fully assess:

- Whether implementation has occurred or been superseded by further events; and
- Whether the actions have produced the intended effect.

Follow-up is, therefore, a vital aspect of the internal audit process.

This report provides an update on the progress of implementing previous internal audit recommendations against the last position reported to the Joint Audit Committee and on recommendations contained in internal audit reports issued since then.

Section 3 and 4 summarises the status of previous audit recommendations and Section 5 details the high and critical risk recommendations that are in progress/outstanding or are not yet due.

When all recommendations have been completed, reviews from previous years will be removed from the tracker once presented to Joint Audit Committee.

To assist the Joint Audit Committee the definitions of risk levels and assurance ratings are included in Appendix A.

2 Objective

The objective of this follow-up review was to provide an update on progress made towards the implementation of agreed internal audit recommendations. The reported position is at the 3rd March 2026.

3 Summary Table

The summary of our follow-up work is contained below:

	March 2026		November 2025	
Total number of recommendations made	40		38	-
Actions not yet due	(17)		(13)	-
Actions included within this report	23	100%	25	100%
Actions previously reported as completed	11	48%	14	56%
Actions confirmed by MIAA as complete in this report	3	13%	8	32%
Actions confirmed by MIAA as no longer required/superseded	-	-	1	4%
Actions overdue and in progress	1	4%	2	8%
Actions overdue and awaiting an update	8	35%		
Actions deemed by management to be complete but not yet confirmed by MIAA	-		-	-

There are 40 internal audit recommendations in relation to 10 reviews, of which 17 recommendations are not yet due for implementation: leaving 23 to be reported upon in this briefing note.

- 14 recommendations have been completed in total, with 3 recommendations completed since the last report at the Joint Audit Committee in November and 11 having been completed previously.
- There is 1 overdue recommendation that is in progress.

- There are 8 overdue recommendations that are awaiting an update.
- 7 critical/high/medium actions have revised deadlines. These were as follows:

Review	Recommendation	Original Date	Revised Date
Partnerships and LGR	Updated Strategy	31/07/24	30/04/2026
Business Continuity	Plans and Impact Assessments	31/10/25	28/02/2026
Data Protection and GDPR	Central IAR be reviewed and departmental IARs be developed	31/12/2025	31/03/2026
Data Protection and GDPR	Specific responsibilities for data ownership be clearly defined and enforced	31/12/2025	31/03/2026
ICT – Disaster Recovery	A Disaster Recovery Plan be developed	31/08/2025	31/10/2025 31/03/2026
ICT – Disaster Recovery	It be ensured that BIAs are in place and up to date for all IT services / systems, and that they contain sufficient detail and objectives.	31/08/2025	31/10/2025 31/03/2026
Use of Force	Taser to be mandatory on use of force forms	28/02/2025	28/02/2026
Key Financial Systems	Verification of supplier changes	30/11/2025	31/03/2026

The next formal follow up of previously agreed recommendations will be reported in Q1 2026/27.

A detailed breakdown by review is provided in section four below.

4 Internal Audit Action Tracker

The following summarises progress against the internal audit recommendations, including those previously raised by TIAA as at 3rd March 2026:

Audit Title	Assurance Level	Total	Progress on recommendations					C	H	M	L
			Previously reported as complete / Superseded	Implemented since November 2025	Not Due	Due and in progress	Due and Awaiting Response	Total Outstanding			
The following are TIAA Audit Team Recommendations. Assurance levels differ to those used by MIAA.											
2023/24 Reviews											
Partnerships and LGR	Reasonable	1	-	-	1	-		1	-	-	-
2024/25 Reviews											
Data Protection and GDPR	Reasonable	5	2	-	2	1		3	-	2	1
ICT – Disaster Recovery	Limited	6	4	-	2	-		2	1	1	-
Business Continuity	Reasonable	1	-	-	-	-	1	1	-	1	-
Use of Force Reporting	Reasonable	2	1	-	-	-	1	1	-	1	-
Cyber Security Maturity Assessment			Part Two Report								
The following are MIAA Recommendations											
2025/26 Reviews											

Audit Title	Assurance Level	Progress on recommendations					C	H	M	L	
		Total	Previously reported as complete / Superseded	Implemented since November 2025	Not Due	Due and in progress					Due and Awaiting Response
Part Two Report											
Management of Sexual Offenders											
Commissioner Grants – Property & Community Funds	Substantial	3	-	-	-	-	3	3	-	2	1
Pensions	Substantial	4	3	1	-	-	-	-	-	-	-
Key Financial Systems	Substantial	5	1	2	2			2	-	1	1
Problem Solving	Moderate	7	-	-	5	-	2	7	-	4	3
Futures Programme	Moderate	6	-	-	5	-	1	6	-	3	3
Totals		40	11	3	17	1	8	26	1	6	8

	No overdue actions
	Actions are in progress
	Actions awaiting response
	Management advised actions complete but not yet confirmed by MIAA
	All report actions confirmed as implemented

5 Internal Audit Critical, High and Medium Risk Recommendations

The following provides the details of the critical, high and medium risk recommendations that have been implemented/ superseded and those outstanding as at 3rd March 2026. They include recommendations raised by the previous auditors TIAA who used different assurance levels to MIAA.

Review/Responsible Officer/Due Date	Recommendation and Management Response	Position (as per management update provided)
2023/24		
Audit Title: Partnerships and LGR Responsible Officer: Safer Cumbria Business Manager Action due: 31/07/2024 Revised: 30/04/2026	R1 Recommendation (risk rating 2): The Safer Cumbria Partnership Strategy be updated to reflect key changes as a result of the newly formed unitary authorities including structural and functional changes. Management Response: The changes to the Local Authority Landscape have been recognised through the work of the Safer Cumbria Partnership and named individuals from both Local Authorities are in attendance at both the main board and across the associated subgroups, with all terms of reference updated to reflect the changes. The changes to the strategy need to be made out with of the office due to the design packages required. This work is scheduled in with the Force Marketing and Media Department.	Previous Management Update: Management confirmed that this is still ongoing and half way complete. Completion is scheduled for end of November. Management Update for September Joint Audit Committee This action is still ongoing. The OPFCC Chief Executive has agreed an extension to this deadline to 30/04/26 Not yet due.
2024/25		

Review/Responsible Officer/Due Date	Recommendation and Management Response	Position (as per management update provided)
Audit Title: Data Protection and GDPR Responsible Officer: Data and Information Privacy Manager Action due: One month following delivery of the revised national package	R2 Recommendation (risk rating 3): Data protection training completion rates be monitored once accurate monitoring information is available and reminders be issued to staff who have not completed the training at the required intervals. Management Response: S – Review capability of performance data and adopt a framework to monitor completion. M – By the ability to efficiently and effectively provide completion compliance. A – If the national package provides the required capability. R – To raise awareness and reduce risk. T – Is dependent on the delivery of the revised package from the College of Policing, See implementation timetable column.	Evidence provided to MIAA. MIAA have requested additional information.
Audit Title: Data Protection and GDPR Responsible Officer: Data and Information Privacy Manager Action due: 31/12/2025 Revised Deadline: 31/03/2026	R3 Recommendation (risk rating 2): The central IAR be reviewed and departmental IARs be developed with business leads responsible for their ownership and management. Management Response: S – Review the existing central IAR and develop Departmental registers. M – An up-to-date central IAR and creation of Department owned registers. A – With support from department heads and Constabulary leadership. To achieve this, additional resource may be required. R – Reduce risk and identify efficiency. T – See Implementation Timetable.	At Info Mgmt Board 20/11/25 DCC approved an extension to 31/03/26 with progress update to IMB Feb'26 Not yet due.

Review/Responsible Officer/Due Date	Recommendation and Management Response	Position (as per management update provided)
Audit Title: Data Protection and GDPR Responsible Officer: Cyber Security and Risk Intelligence Advisor Action due: 31/12/2025 Revised Deadline: 31/03/2026	R4 Recommendation (risk rating 2): The Department Heads and Commands maintain oversight and accountability for information assets and records. Specific responsibilities for data ownership be clearly defined and enforced through relevant policies. Management Response: S – Review the Information Asset Owner framework and revise or create any required Policies. M – Completion of appropriate policies that define responsibilities. A – With support from leadership across the Constabulary and capacity allows. R – Improve accountability, reduce risk and achieve efficiencies T – See Implementation Timetable column.	At Info Mgmt Board 20/11/25 DCC approved an extension to 31/03/26 with progress update to IMB Feb'26 Not yet due.
Audit Title: ICT – Disaster Recovery Responsible Officer: CTO Action due: 31/08/2025 Revised Deadline 31/10/2025 Further Revised Deadline: 31/03/2026	R1 Recommendation (risk rating 1): A dedicated Disaster Recovery Plan be developed, enhancing the information in the Business Continuity Plan and enabling the Constabulary to separate out business continuity from disaster recovery in its plans. Management Response: S: Create a dedicated DR Plan, and a separate enhanced BCP plan. M: completion of and approved by DDAT SLT. A: by the technical team leaders and DDAT SLT. R: Captured as part of technical team leaders meeting and DDAT SLT meeting. T: by 31st August 2025.	At Info Mgmt Board 20/11/25 DCC approved an extension to 31/03/26 with progress update to IMB Feb'26 Not yet due.

Review/Responsible Officer/Due Date	Recommendation and Management Response	Position (as per management update provided)
Audit Title: ICT – Disaster Recovery Responsible Officer: CTO Action due: 31/08/2025 Revised Deadline 31/10/2025 Further Revised Deadline 31/03/2026	R4 Recommendation (risk rating 2): It be ensured that BIAs are in place and up to date for all IT services / systems, and that they contain sufficient detail and objectives. Management Response: S: Review existing BIA and identify the gaps. M: by completion of and approved revised BIA for identified services. A: by DDAT team leaders. R: Captured as part of DDAT team leaders meetings and DDAT SLT meeting, and report to Org board on a quarterly basis. T: By 31st August 2025	At Info Mgmt Board 20/11/25 DCC approved an extension to 31/03/26 with progress update to IMB Feb'26 Not yet due.
Audit Title: Business Continuity Responsible Officer: Chief Superintendent Operations Carl Patrick Action due: 31/10/2025 Revised 28/02/2026 Deadline:	R1 Recommendation (risk rating 2): Business Continuity Plans and Business Impact Assessments and all related appendices be appropriately reviewed and brought up to date in line with relevant requirements and standards. Management Response: To address the recommendation a review will be undertaken of Business Continuity Plans consisting of Force Operations undertaking the following: 1. A review of all Business Continuity Plans with a view to placing them in a prioritisation list April 2025. 2. Training for relevant officers / staff across Commands / Directorates across the force May 2025. 3. Business Continuity Plans to be reviewed and refreshed if needed October 2025.	Partially implemented. ACC Bird and DCC Blackwell have agreed to extend the deadline for this recommendation to 28/02/2026 Management Update for September Joint Audit Committee 1. A revised Business Continuity Policy and Business Continuity Framework was approved at Org Board on 07/08/25. The documents were formally agreed at SMB on 03/09/25. 2 - It is suggested that the target date is extended, following the policy documents are approved on 03/09/25 the training with individual Depts can be scheduled. Awaiting further update.

Review/Responsible Officer/Due Date	Recommendation and Management Response	Position (as per management update provided)
Audit Title: Use of Force Reporting Responsible Officer: Chief Superintendent t Matt Kennerley Action due: 28/02/2025 Revised deadline: 28/02/2026	R2 Recommendation (risk rating 2): A review into making actual usage of the taser be a mandatory field on usage of force forms to ensure completed data is submitted. Management Response: S – This is specific in terms of a review of the IT solution for Use of Force. M – It is measurable in the delivery of a technical meeting with DDAT resources and if not can be worked into discussions with future supplier. A - Achievable in short time as it is a meeting to consider system capability. R- Realistic in terms of delivery by meeting with DDAT and their review of a system. T – Deliverable by end of Feb 2025.	ACC Bird and DCC Blackwell have agreed to extend the deadline for this recommendation. Awaiting update
2025/26		
Audit Title: Commissioner Grants Responsible Officer: Partnerships & Commissioning Manager Action due: 01/02/2026	R1 Recommendation (Medium) A standard operating procedure should be devised in respect of the Community and Property funds which would include: Purpose and Scope Roles and Responsibilities Call for Applications Application Submission Process Eligibility Criteria Evaluation and Scoring Award Decision Process Notification and Feedback Disbursement of Funds Monitoring and Reporting Review and Continuous Improvement. Management Response We acknowledge the importance of developing a formal standard operating procedure to ensure a consistent approach is applied to our open grants and to prevent process inefficiencies, especially when key individuals leave the organisation.	Awaiting update

Review/Responsible Officer/Due Date	Recommendation and Management Response	Position (as per management update provided)
Audit Title: Commissioner Grants Responsible Officer: Partnerships & Commissioning Manager Action due: 01/02/2026	R2 Recommendation (Medium) An appropriate, proportionate, risk assessment process should be devised which effectively captures identified risks obtained from various parties/ sources, assesses those risks against impact and likelihood and then records actions mitigations to be taken to manage those risks. Management Response The Office does risk assess each application before formally approving funding. However, we acknowledge the above recommendation and will commence a review to develop a formal recording process for capturing risks linked to applications received.	Awaiting update
Audit Title: Commissioner Grants Responsible Officer: Partnerships & Commissioning Manager Action due: 01/02/2026	R3 Recommendation (Medium) The standard application forms for the Community and Property funds should be revised to incorporate a requirement for applicants to state how they became aware of the funding channels. This information should be collated following the periodic closure of each of the funds and shared with the communications team so that opportunities to further enhance/re-focus activities can be explored before the funds are re-opened to new applicants. Management Response The high volume of applications received via the Property and Community Funds shows that currently the promotion of these grants is effective. However, we accept the above recommendation and will incorporate this into the next funding round	Awaiting update

Audit Title: Key Financial Systems Responsible Officer: Lorraine Holme – Group Accountant Action due: 30/11/2025	R1 Recommendation (Medium) The Constabulary should consider the following: • Have appropriate cover for all key processes including reconciliation approvers to ensure that if there is an absence from work, processes are not affected and disrupted. • Unpresented cheques should be cancelled and then reissued if they are significantly in the past. • The monitoring sheet should be updated monthly and completeness ensured. Management Response Control accounts and monitoring S – There is resilience at the preparer level in the role of Financial Services Assistant. Recommendation is to create a checklist and train an additional FSM as an approver to act as backstop – that will make 3 in total that can sign off the reconciliations. The approving FSM will now complete the reconciliation monitoring sheet, both to indicate to the FSA's that the approvals have happened and also so they can review the monitoring sheet to ensure there are no gaps M - Measured by reviewing the reconciliation monitoring sheet A - Yes – most of the control accounts are set up with a similar layout, so the training is quite straightforward. R – We are a small team so the resilience this will provide is relevant. T – Complete by 30/11/2025 Out of Date Cheques Most banks have a policy of not cashing cheques over 6 months old to ensure payments are processed in a reasonable timeframe. Some banks still process cheques at their discretion, but this is not guaranteed and can vary from bank to bank. There have been instances recently whereby older cheques have been cashed. The current PFCC/Constabulary process is that cheques will be cancelled in a bi-annual process which was last run in August, this ensures that there are not significant numbers of cheques that are over 12 months old. 48 of our 58 outstanding cheques at the end of October were below £250, 6 were between £250 and £1000 and the remaining 4 were between £1,000 and £3,357 = £15,579 in total representing a small amount of working capital tied up.	Implemented Evidence to Confirm Implementation Training to ensure appropriate cover is available Checklist
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Review/Responsible Officer/Due Date	Recommendation and Management Response	Position (as per management update provided)
Audit Title: Key Financial Systems Responsible Officer: Bridget Whitfield, Head of Business Relationships and Performance Management Action due: 30/11/2025 Revised Deadline: 31/03/2026	R2 Recommendation (Medium) Ensure verification of supplier changes takes place, ensure confirmation of the change is established separate from the person requesting or updating on the change. The Constabulary should consider documenting verification checks in a specific file; this would assist should the Constabulary need to provide any evidence due to fraud. Management should document the internal spot checks that take place on supplier changes. Management Response S – Will review current processes to ascertain if process issue or training, and if required will update Processes and/or refresher training will be provided to staff to meet correct standards. M – Will implement a dip sample Audit process to ensure correct procedures are completed. A - Training and system configuration will be reviewed to achieve correct processes. R - Ensure Policies and Procedures are updated if required on outcome of investigation T – 30th November 2025	ACC Bird approved at Ops Board 15/01/26 date being extended to 31/03/26. Not yet due.

Review/Responsible Officer/Due Date	Recommendation and Management Response	Position (as per management update provided)
Audit Title: Futures Programme Responsible Officer: Claire Head, Assistant Director of Change Action due: December 2025	Recommendation (Medium) A change control process covering business cases should be introduced which incorporates: • Requiring all changes to be logged, reviewed, approved, and tracked. • Use version control to maintain a history of edits and ensure traceability. • Templates that include change logs, revision dates, and responsible parties. • Changes are clearly documented with rationale and expected impact. • Stakeholders reviewing and signing off on changes. • Checklists to verify that all required updates have been incorporated. • Review meetings to walk through the revised business case. Consideration should be given to providing risk management training to those involved in the production and review of business cases. Management Response This occurred as a result of business change resources not being sufficiently aligned to projects, the Force has now centralised all business change projects with all change resources. Programme Managers/ business analysts aligned to each. The Programme manager role will QA each business case to ensure all risks /benefits and quality is in place.	Awaiting Update – report only just finalised

Review/Responsible Officer/Due Date	Recommendation and Management Response	Position (as per management update provided)
Audit Title: Futures Programme Responsible Officer: Claire Head & Sarah McMeekin Action due: July 2026	Recommendation (Medium) The post implementation phase of the programme should be defined and documented. The guidance should include details of the process to be followed, documentation that is required to be produced and clearly document the timescales for completion, scrutiny, and challenge. Areas to consider could include: • Project Objectives vs. Outcomes • Scope, Schedule, and Budget Performance • Stakeholder Satisfaction • Quality of Deliverables • Risk Management • Team Performance and Collaboration • Lessons Learned • Benefits Realisation Management Response As projects are implemented, an evaluation point will be scheduled into the Futures programme plan, evaluation reports with recommendations for change will be provided for audit, post evaluation. The ToR for each project considers the evaluation requirements that should be in place, with the Head of Analysis for the Force consulted and an agreed approach recorded which includes methodology and timelines.	Not yet due

Review/Responsible Officer/Due Date	Recommendation and Management Response	Position (as per management update provided)
Audit Title: Futures Programme Responsible Officer: Claire Head / Louise Kane Action due: September 2026	Recommendation (Medium) The content of reports presented to the Futures Programme Board should consider the inclusion of the following (as appropriate): Finance Report • Actual Savings Achieved in year against those identified in the respective business cases. • Details of any pressures on delivery of identified savings • Profiled savings where appropriate (e.g. projects that are delayed/ implemented mid-year are unlikely to achieve full year savings in year one) • Split between recurring and non-recurring savings. • Detailing of any one-off costs that need to be incurred to deliver identified savings (e.g. Redundancy costs) Project Highlight Updates Development of an annual cycle of business detailing when specific projects updates can be expected along with post implementation reports. • Update of the highlight update template to reference the RAG criteria and introduce prospective timescales in reference to risk mitigations and achieving benefits. • Consider a brief executive summary to highlight the key matters to bring to the attention of the members of the Futures Programme Board. Management Response Assessment and recommendation agreed. Sufficient time is needed to allow projects to mature to this stage therefore a date in the future selected to accommodate this.	Not yet due

Review/Responsible Officer/Due Date	Recommendation and Management Response	Position (as per management update provided)
Audit Title: Problem Solving Responsible Officer: Inspector Mottram Action due: March 2026	R1 Recommendation (Medium) • The Constabulary should consider having a dedicated Problem-Solving guidance document to be used by officers. • The Anti-Social Behaviour Policy should be updated, appropriately approved and made available. • Policies should link to the most recent Police and Crime Plan. Management Response The ASB policy originally expired in March 2025 which coincided with the introduction of Mk43. An extension was approved at Operations Board to remove the requirement to launch at the same time and then be amended. The ASB policy is was presented at Ops Board on the 20th January then for progression to SMB for approval. Whilst dedicated problem-solving guidance has not been produced, links from the Problem-Solving section on the NHP intranet page do provide officers with immediate access to the College of Policing guidance – adherence to this is expected. Problem solving training has been provided via the locally developed NHP training (which received accreditation), and is being repeated through the Neighbourhood Policing Programme. Notwithstanding the accessibility of problem-solving guidance, additional guidance will be included within an amended version of the ASB policy (which by the time of writing will have been approved via Ops); and a stand-alone problem-solving policy will be developed. Previously, the consideration of a stand-alone problem-solving policy was included within the Neighbourhood Policing continual improvement plan but was halted pending the development of the Prevent board and related governance arrangements. Responsible Officer – Inspector Mottram Implementation Date – March 2026 • ASB Policy to include additional explanations regarding problem solving methodology and OSARA. Separate Problem-Solving Policy to be developed in line with the COP guidance. • Governance to evidence compliance is NHP Tactical meeting and interim Strategic Neighbourhoods Governance Board.	Not yet due.

Review/Responsible Officer/Due Date	Recommendation and Management Response	Position (as per management update provided)
Audit Title: Problem Solving Responsible Officer: Chief Inspector Smillie Action due: March 2026	R2 Recommendation (Medium) Audits should be completed on a timely basis. The forms used for the audits should be fully completed. Findings and feedback arising from the audits should be collated and assessed for themes and any lessons which could be learnt and shared. Management Response The expectations of Neighbourhood Inspectors are exactly as articulated within this finding. This is not an issue of a lack of process or procedure, but one of compliance in certain (known) NHP teams. The NHP Tactical meeting is well established and a county wide forum, this meeting monitors the progression and developments alongside the continual improvement plan, and sets processes and procedures. The Neighbourhood Performance meetings monitor neighbourhood performance and compliance, and will capture the requirements to quality assure problem solving plans. A direction will be issued to assert compliance requirements in relation to this process, and a standardisation meeting will be established to compare each BCU's NHP performance agenda and ensure the performance framework and procedural compliance is appropriately monitored. Responsible Officer – Chief Inspector Smillie Implementation Date – March 2026 • Chief Supt Wilkinson will issue a direction to assert compliance regarding quality assurance reviews of problem-solving files. • Chief Insp Smillie (in consultation with Chief Insp Hadwin) will establish a recurring NHP Standardisation meeting involving neighbourhood leadership and senior leadership teams county wide, to ensure consistency in processes and monitoring procedures. • The governance for completion of this recommendation will be an endorsement to the continual improvement plan (via NHP Tactical); and for the establishment of standardisation days, via the Safer Neighbourhood Governance Board.	Not yet due

Audit Title: Problem Solving Responsible Officer: Chief Supt Wilkinson Action due: February 2026	R3 Recommendation (Medium) • The action for dedicated Problem-Solving Software on the Continuous Improvement document should be investigated with rigorous review of the alternative software package, to ensure it meets all information requirements. • If the spreadsheets are still required, Problem Solving guidance, as noted in Recommendation 1, should include process maps to ensure that they are updated on a regular basis e.g. weekly, by a nominated individual in each Neighbourhood Policing Team. Management Response The current processes are the most efficient and effective possible with the systems in place. Mk43 does not enable a whiteboard oversight of problem solving activity, nor the attribution of NPCC closing codes – the spreadsheet referred to are a work-around where areas do utilise Mk43 but complete the spreadsheets to enable a quick reference and onward searchability on Mk43. Following a problem-solving presentation to Cumbria, Lancashire Police have previously offered a product to the Constabulary free of charge, which would bridge the gaps of problem solving in this county. The scoping for adoption of this has occurred locally and informally, and more recently formerly via ACC Bird in Organisational Board. The current timescales for adoption and implementation are unknown. Responsible Officer – Unable to allocate to separate commands (currently the progress is required from DDaT) – Chief Supt Wilkinson as the action owner. Implementation Date – Actions to be completed in January and February 2026, implementation as directed by DDaT. • Chief Supt Wilkinson to contact DDaT and establish what progress has been made with Lancashire with a view to establishing whether the system can be adopted in Cumbria and making the relevant arrangements to have it adopted. • Chief Supt Wilkinson to liaise with the Exec staff office to establish what position the progress action remains, and if it doesn't, liaise with the relevant ACC with a view to having the workflow re-established. • Regardless of the progress or a decision to or not to progress the Lancashire problem solving product, the inclusion of problem-solving guidance within the	Awaiting update.
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Review/Responsible Officer/Due Date	Recommendation and Management Response	Position (as per management update provided)
	existing ASB policy, and the development of a problem solving policy (as per recommendation 1), will include guidance in relation to the frequency of updates • required – although to note this is unlikely to be explicit as it will be dependent upon the circumstances of each case. • The governance for the progression of the problem solving document is currently via the continual improvement plan as presented to the NHP Tactical Meeting – a conversation between the ACC and Chief Supt will result in a decision as to re-invigoration at Organisational Board. • The governance for the progression of the policy guidance is as per recommendation 1.	

Audit Title: Problem Solving Responsible Officer: Chief Inspector Smillie Action due: March 2026	R4 Recommendation (Medium) - Guidance notes, as per Recommendation 1, accompanied by training on using the Mark43 system, or any alternative system which may supersede it, should be rolled out across the Neighbourhood Teams. - There should be clarification in the Policy on cases for Problem Solving to be applied and those that do not require the approach. - Segregation of duties should be ensured when processes are reviewed. Management Response Mk43 will not realistically be amended to enable the aforementioned whiteboard functionality to manage problem solving – the context and actions to progress at recommendation 3 address potential alternative solutions and compliance with the existing spreadsheet requirements. As addressed in previous recommendations, once the ASB policy has been further amended and the problem-solving policy developed, these will be appropriately communicated across the constabulary. The guidance as already shared throughout one BCU will be shared county wide. The ASB policy does already include the requirements upon the sergeant to set the OSARA expectations – either individually or during an initial review with the officer responsible for the case, and then further iterations at the review periods. It is the case that where OSARA has not been applied (as it is not required per policy), that officers may apply the methodology regardless (without a sergeants direction), and this is encouraged and expected as more officers progress through the Neighbourhood Policing Framework. The ASB policy requires certain officers to close certain ASBRA's (Inspectors must finalise gold cases) – the concerns regarding a lack of segregation are noted, but sergeants closing cases that they have supervised (including the initial recording of the OSARA) is the desired process, and comparable to the principles of investigation from a PLAN, REVIEW and CLOSED perspective – this will remain as there are benefits to it. The requirements to quality assure and peer-review cross BCU problem-solving does mitigate perceived risks, Inspector performance reviews and the Neighbourhood Performance meetings enhances compliance and consistency. Responsible Officer – Chief Inspector Smillie Implementation Date – March 2026 - The BCU wide guidance regarding recording problem solving on Mk43 will be circulated amongst all NHP teams.	Not yet due.
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Review/Responsible Officer/Due Date	Recommendation and Management Response	Position (as per management update provided)
	- Requirements regarding what situations and cases requiring formal OSARA plans will be reviewed and confirmed within the aforementioned ASB and problem-solving policies. A negative (what cases do not require) will not be developed so as to not dissuade officers from adopting the methodology where it may be of benefit. - The governance to ensure the circulation of guidance will be via the continual improvement plan at the NHP Tactical meeting, and the development of a problem solving policy and amendment to the existing ASB policy as per recommendation 1.	

Appendix A: Risk Classifications

Risk Rating	Assessment Rationale
Critical	Control weakness that could have a significant impact upon, not only the system, function or process objectives but also the achievement of the organisation's objectives in relation to: - the efficient and effective use of resources - the safeguarding of assets - the preparation of reliable financial and operational information - compliance with laws and regulations.
High	Control weakness that has or is likely to have a significant impact upon the achievement of key system, function or process objectives. This weakness, whilst high impact for the system, function or process does not have a significant impact on the achievement of the overall organisation objectives.
Medium	Control weakness that: - has a low impact on the achievement of the key system, function or process objectives; - has exposed the system, function or process to a key risk, however the likelihood of this risk occurring is low.
Low	Control weakness that does not impact upon the achievement of key system, function or process objectives; however, implementation of the recommendation would improve overall control.

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Cumbria Office of the Police, Fire and Crime Commissioner and Cumbria Constabulary

DRAFT Internal Audit Plan 2026/27

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Appendix A: Strategic Three Year Internal Audit Plan
Appendix B: Internal Audit Key Performance Indicators

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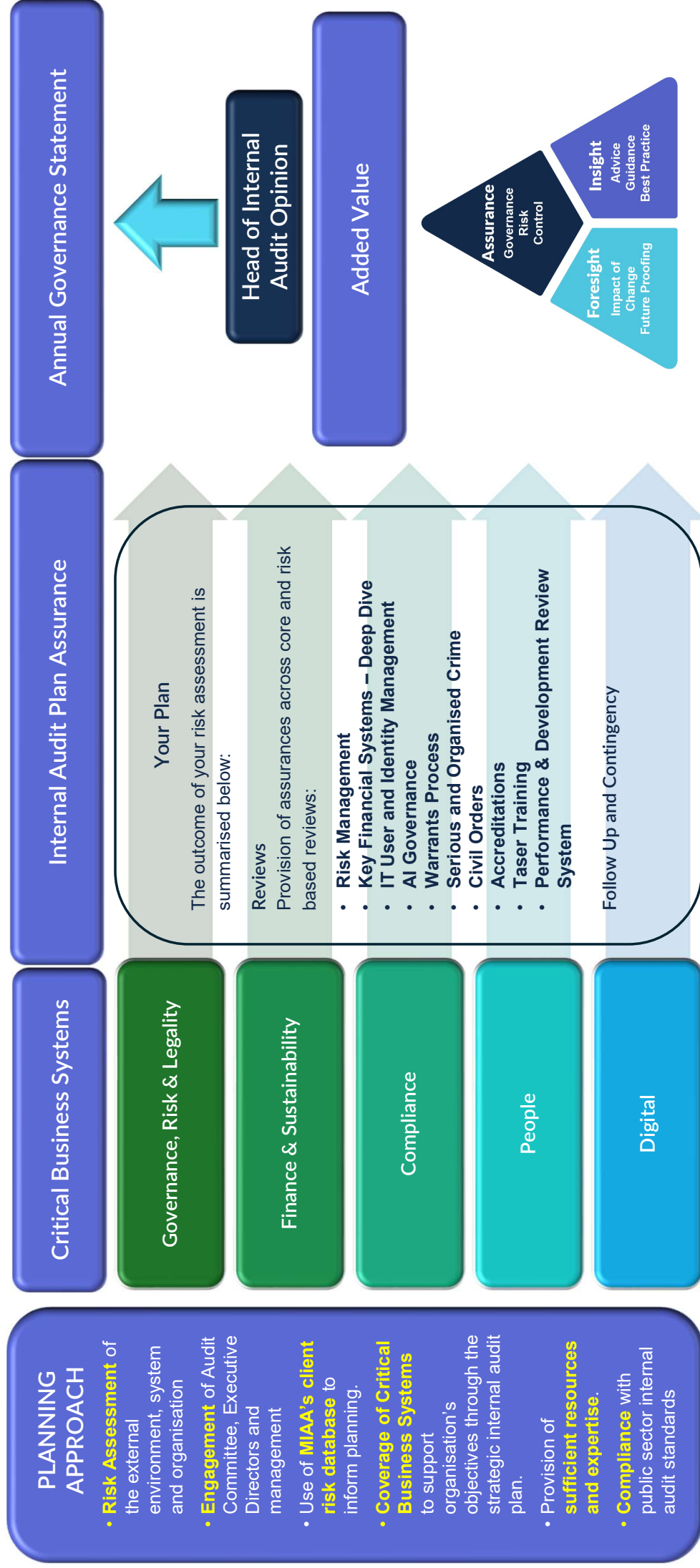
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1 Internal Audit Plan on a Page

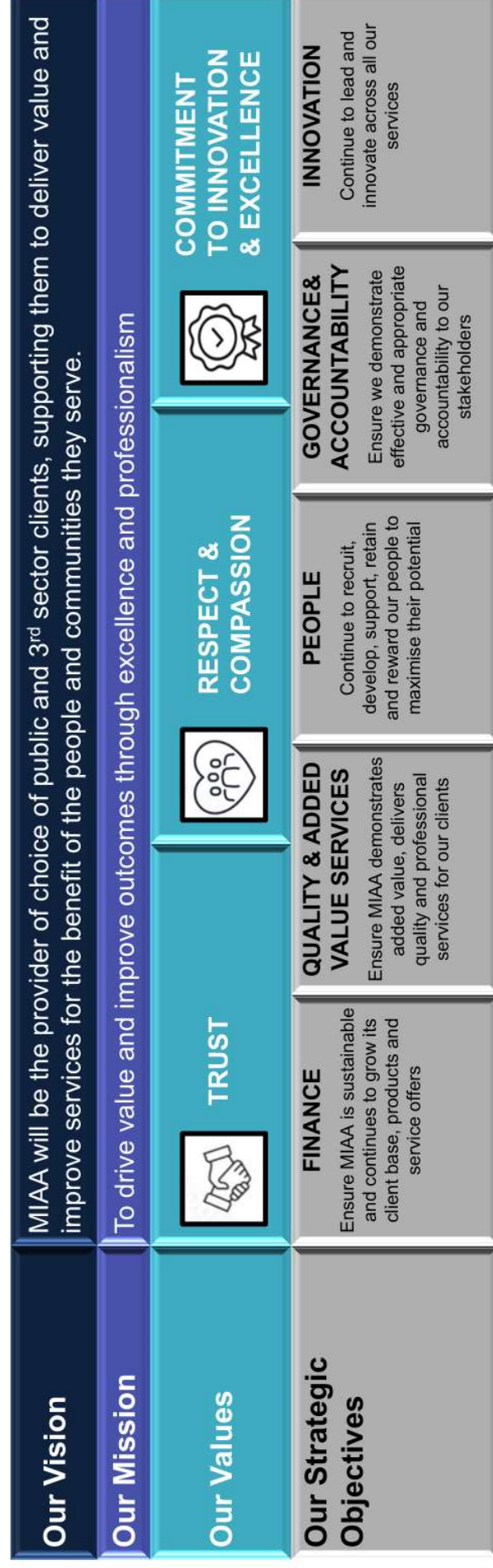
For Cumbria Office of the Police, Fire and Crime Commissioner and Cumbria Constabulary, this is the planning approach we will adopt:



2 Executive Summary

2.1 MIAA's Strategy - Working in partnership with you

MIAA Assurance, providing cost effective assurance, insight and foresight. These services are delivered in partnership with you to ensure they are personal and responsive, ensuring the best possible customer experience. Our current MIAA wide strategy is summarised below:



2.2 Your Risk Assessment

A strong risk assessment underpins the Internal Audit Plan. This has focused upon your assurance framework as this represents **Cumbria Office of the Police, Fire and Crime Commissioner and Cumbria Constabulary's** own assessment of the risks to achieving its strategic objectives. These are summarised in Appendix A. We have clearly set out the risks which have been prioritised within the audit plan and those which are not.

Where available and appropriate we have considered the work of other assurance providers in developing your plan.

2.3 Your Internal Audit Plan

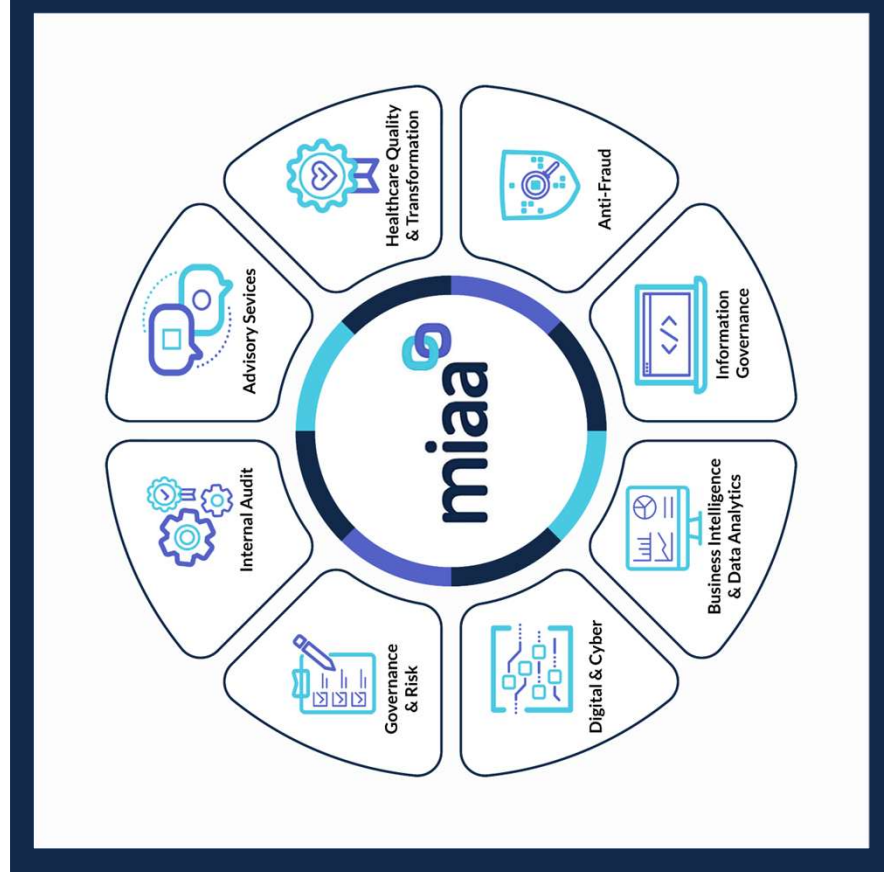
Your Internal Audit service includes core assurances, national and regional risk areas and strategic risks from your assurance framework. The draft plan is based on an initial risk assessment and provides indicative coverage for the organisation. The plan will remain flexible to allow for responses to emerging challenges that the organisation may face.

Your operational annual plan in Section 6 forms part of the organisation's three year Strategic Plan (shown in Appendix A). This will be reviewed as part of our ongoing risk assessment process to ensure that it remains focused on the organisation's key risks and challenges and adds value.

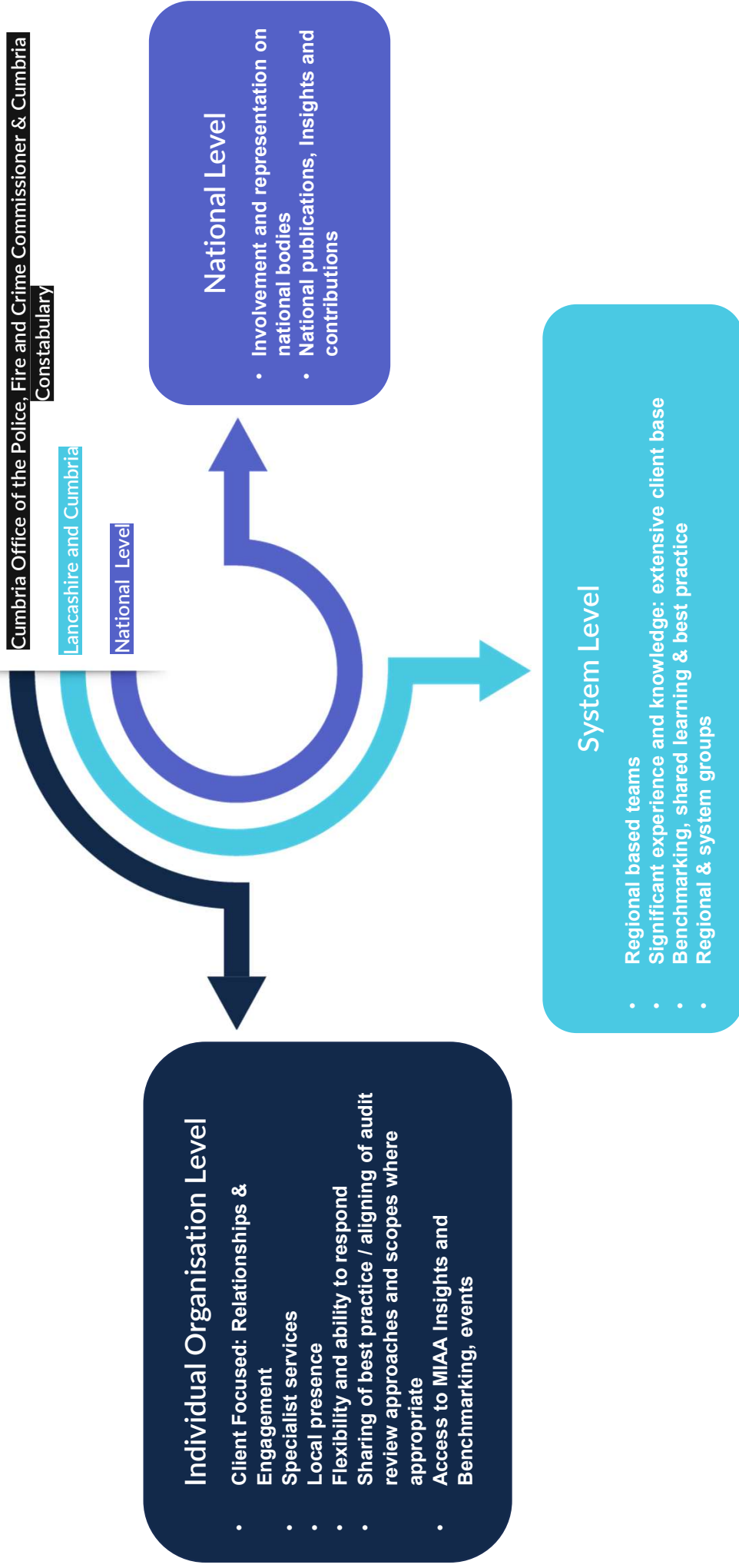
We will actively engage across the organisation to ensure we have a full and detailed understanding of your risks and can ensure we focus our work to best effect.

MIAA insights, including benchmarking, briefings and events will be integral to your plan.

Fees for 26/27 are yet to be confirmed but will be based on 25/26 fees uplifted in line with the NHS pay award.



3 Supporting you through Adding Value



4 Understanding Your Vision, Objectives & Risks

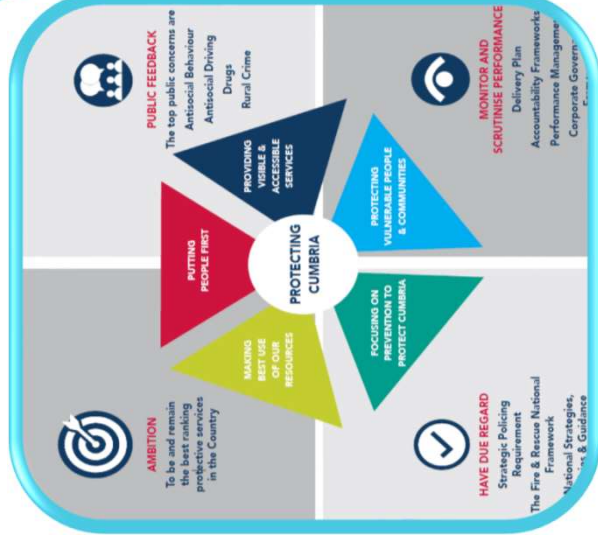
Understanding Your Vision, Objectives and Risks

A key focus of our strategic risk assessment is understanding your vision and ensuring that the internal audit plan contributes to your objectives. This in turn ensures that the assurances provided are built around your risks.

Assurance Built Around Your Risks

- Financial sustainability
- Cyber and IT Resilience
- Delivery of key change programmes
- Workforce
- Statutory Compliance
- Devolution

We map your strategic objectives and strategic risks to the 3 Year Strategic Internal Audit Plan (Appendix A).



5 Internal Audit Risk Assessment

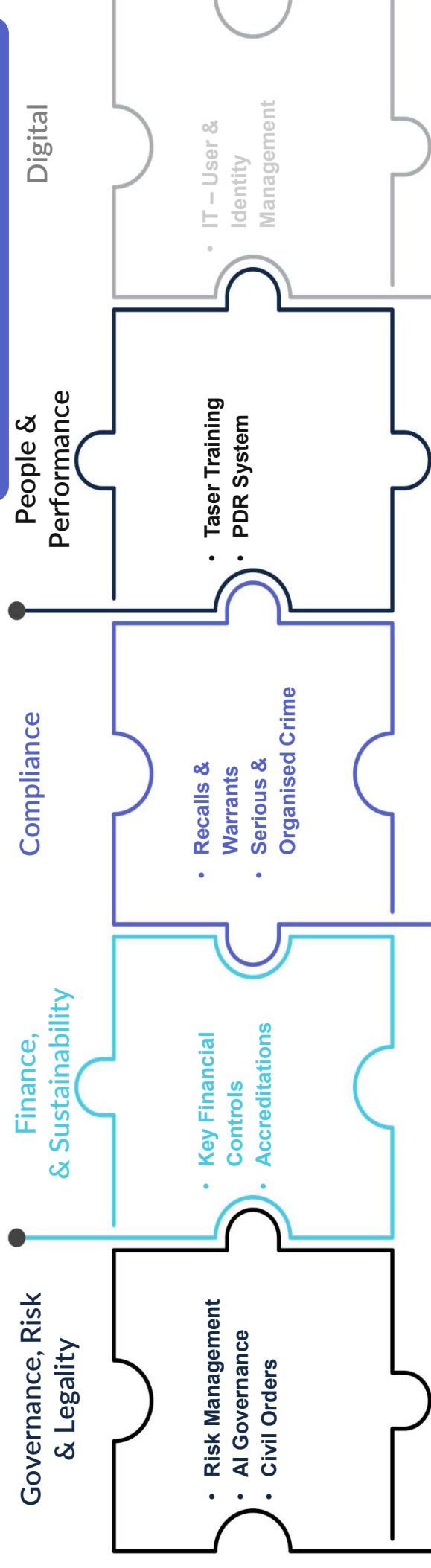
The Cumbria Office of the Police, Fire and Crime Commissioner and Cumbria Constabulary's internal audit plan is built from a risk assessment which has considered national and local system risks, place based developments and your local strategic risk assessment, along with our breadth of experience and understanding of the challenges you face.

A key focus of our strategic risk assessment is understanding your vision and ensuring that the internal audit plan contributes to your objectives. This in turn ensures that the assurances provided are built around your risks.

The initial strategic risk assessment and internal audit risk assessment has considered:

- **Organisation intelligence** – including review of your Strategic Risk Register, Police and Crime Plan and operational plans and performance.
- **Benchmarking and national Police Audit Group (PAG) mapping** – MIAA are part of the PAG where we gain insight and share learning across audit providers working with the police sector.
- **Assurance mapping** – utilisation of the 3 lines of assurance model and professional standards to ensure focused coverage. Where relevant, we have considered expected third party assurances to enable coordination of services and m
- **Previous Internal Audit coverage** – we have reviewed your previous Internal Audit coverage to ensure the proposed plan does not duplicate coverage.
- **Mandated assurance** – including core systems assurances and public sector internal audit standards requirements.
- **Follow Up** – Internal Audit coverage will also include follow up of outstanding internal audit actions.

Prioritised risks are presented below. Non-prioritised risk areas are detailed in Section 6 of this document



6 Operational Internal Audit Plan 2026/27

Review & Scope	Risk / Rationale	Planned Delivery	Budgeted Days	Executive Lead
Governance, Risk & Legality				
Risk Management: To provide assurance that core risk management controls have established and maintained.	Internal audit standards requirement	Q4	12	Deputy Chief Constable / Constabulary Chief Finance Officer, OPFCC Chief Finance Officer.
AI Governance: To assess the organisations AI maturity across five domains to identify strengths, gaps and actionable recommendations for progressing maturity.	Core Assurance	Q3	7	Deputy Chief Constable / Constabulary Chief Finance Officer
Civil Orders: To provide assurance that the tracking and administration of civil orders is appropriately controlled and working effectively, with a focus on Domestic Violence Orders & Notices, Sexual Risk Orders and Stalking Protection Orders.	Management Request	Q2	13	Deputy Chief Constable / Constabulary Chief Finance Officer.
Finance & Sustainability				
Key Financial Systems – Deep Dive: To provide assurance that the key controls are appropriately designed and operating effectively in practice.	Core Assurance/Risk Assessment R1, R28	Q3	12	Deputy Chief Constable / Constabulary Chief Finance Officer, OPFCC Chief Finance Officer.
Accreditations: To review the controls in place for tracking accreditations across crime and operations and ensure they are operating effectively.	Management Request/Risk Assessment R58	Q1	12	Deputy Chief Constable / Constabulary Chief Finance Officer.
Compliance				
Recalls & Warrants Process: To provide assurance that key controls are appropriately designed and operating effectively in practice	Management Request	Q2	13	Deputy Chief Constable / Constabulary Chief Finance Officer.
Serious and Organised Crime: To provide assurance that the key controls around serious organised crime are appropriately designed and operating effectively in practice, including Agency & partner management information, disruption and review & archive of organised crime groups.	Management Request	Q1	13	Deputy Chief Constable / Constabulary Chief Finance Officer.

Review & Scope	Risk / Rationale	Planned Delivery	Budgeted Days	Executive Lead
People & Performance				
Personal Development Reviews: To review controls are in place for PDRs and that the process is being followed effectively.	Core System Assurance/Management Request	Q3	13	Deputy Chief Constable / Constabulary Chief Finance Officer.
Taser Training: To review assess officer taser training (including refresher) is effective, compliant with national standards, and mitigates operational risks.	Carried forward from 25/26 plan/Management Request	Q2	13	Deputy Chief Constable / Constabulary Chief Finance Officer.
Digital				
User & Identity Management: To provide an opinion on the control environment established by the organisation to ensure effective and robust user privilege management and highlight areas of improvement, where appropriate.	Core Assurance/Risk Assessment R61	Q2	15	Deputy Chief Constable / Constabulary Chief Finance Officer.
Follow up & Contingency				
Follow up and Contingency	Internal audit standards requirement	Q1 – Q4	12	
Planning, Reporting and Added Value				
Planning, Management, Reporting & Meetings	Internal audit standards requirement	Q1 – Q4	15	
Added Value including Events and MIAA Insights programme				

Exclusion from the Internal Audit Plan 2026/27

The following audits have been recommended by MIAA for review in 2026/27 but not included in the plan

Recommended Review	Reason for non-inclusion in the plan
Child Protection	Recent inspection by HMICFRS – Included in 3 year plan

Risks in the Strategic Risk Register not covered by reviews in the plan

Strategic Risk Reference	Reason for non-inclusion in the plan
R61 Increased Cyber Crime	Other risk areas prioritised – Digital Investigations included in the 3 year strategic plan
R7 Devolution	External risk – The OFPCC Team are engaging with Programme Boards to ensure the interests of the Constabulary and Fire Authority are fully represented.
R62 Call Data Requests	Other risk areas prioritised – Freedom of Information Act Requests included in the 3 year Strategic Plan

Areas requested by Audit Committee members or officers which have not been included in the plan

Review Area	Reason for non-inclusion in the plan
Mandatory Training	Other risk areas prioritised – Included in the 3 year strategic plan

The Internal Audit Risk assessment and plan will be reviewed on an ongoing basis throughout the year and any requests for change discussed and approved via the Audit Committee. A 6 month review of the plan will also take place.

Appendix A – 3 Year Strategic Internal Audit Plan

We have mapped your strategic objectives and strategic risks to the 3 Year Strategic Internal Audit Plan. This aligns to our overarching strategy referenced in Section 2. This will be reviewed as part of the risk assessment process to ensure that it remains focused on the organisation's key risks and challenges and adds value.

REF	Strategic Risk	Risk Score	2026/27	2027/28	2028/29
OPFCC Strategic Risks					
R1	Strategic Finance	12	Financial Systems	Financial Systems	Financial Systems Treasury Management
R2	CFRS Pensions Remedy	20	To be considered as part of the CFRS Internal Audit Plan		
R5	CFRS Reserves	16			
R6	CFRS Development of the Estate	16			
R7	Devolution	16		Devolution Governance	
Cumbria Constabulary Strategic Risks					
R28	The implications of longer-term reduction in budget and the level of savings required.	20	Financial Systems	Financial Systems Budget Management Payroll & Expenses	Financial Systems Treasury Management Workforce Planning
R58	ISO Accreditation - Achieving accreditation in line with the Forensic Science Regulator statutory code	9	Accreditations		
R61	Increased Volume & Complexity of Reported Cyber Crime	16	User and Identity Management	Digital Investigations	
R62	Increased demand for call data requests.	16		Freedom of Information Requests	Complaints

Appendix B – Internal Audit Key Performance Indicators

An efficient and effective internal audit service is delivered in partnership. It is important that clear expectations are established and a range of KPIs are in place to support this. It is important that organisations ensure an effective Internal Audit Service. Whilst input and process measures offer some assurance, the focus should be on outcomes and impact from the service. Our annual Head of Internal Audit Opinion will provide you with a range of impact and effectiveness measures, as well as confirmation of our compliance with public sector internal audit standards and accreditations.

In addition, the following operational KPIs have been proposed for you.

Operational KPI	Target	Measurement and Frequency
Agreement of Annual Plan prior to the start of the year	100%	Annual (measured as per agreed Audit Committee date / Audit Committee Workplan)
Completion of annual plan within agreed timetable and budget	100%	Annual (measured through HOIA opinion) plus in year reporting to Audit Committee
Presentation of the Head of Internal Audit Opinion to the Audit Committee	100%	Annual (measured as per agreed Audit Committee date / Audit Committee Workplan)
Delivery of audit reports to audit committee as per the plan	100%	Quarterly (measured as per annual operational delivery plan)
Final audit report issued within 10 days of receiving management response	100%	Quarterly (measured as per MIAA's EWP system)
Final audit reports are agreed by the nominated Senior Leadership Executive, who will ensure consultation has taken place with relevant officers	100%	Quarterly (measured as per annual operational delivery plan)
Receipt of all internal audit reports in accordance with timelines for Audit Committee publication with completed cover sheets as required	100%	Quarterly (measured as per agreed Audit Committee dates)
Proportion or recommendations accepted by management	95%	Quarterly (measured as per MIAA's EWP system) – the target allows for advisory recommendations (we would expect 100% of high risk recommendations).
Monitor and Follow Up implementation of accepted recommendations by due date	95%	Quarterly (measured through follow up reports) - requires organisation and MIAA to deliver KPI
Issue of client satisfaction survey following completion of each review	100%	Quarterly (measured as per agreed Audit Committee dates)
Operation of systems to ISO Quality Standards and compliance with global internal audit standards.	100%	Quarterly (measured as per agreed Audit Committee dates)
Commitment to training and development of audit staff. Maintenance of 65% Qualified (CCAB, IIA etc) 35% Part Qualified	100%	Quarterly (measured as per agreed Audit Committee dates)

Global Internal Audit Standards in the UK Public Sector

This Plan is compliant with the requirements of the Global Internal Audit Standards as they apply in the UK Public Sector which came into effect on 1st April 2025.

Limitations

Our work does not provide absolute assurance that material errors, loss or fraud do not exist. Responsibility for a sound system of internal controls and the prevention and detection of fraud and other irregularities rests with management and work performed by internal audit should not be relied upon to identify all strengths and weaknesses in internal controls, nor relied upon to identify all circumstances of fraud or irregularity. Effective and timely implementation of our recommendations by management is important for the maintenance of a reliable internal control system.

Reports prepared by MIAA are prepared for your sole use and no responsibility is taken by MIAA or the auditors to any director or officer in their individual capacity. No responsibility to any third party is accepted as the report has not been prepared for, and is not intended for, any other purpose and a person who is not a party to the agreement for the provision of Internal Audit and shall not have any rights under the Contracts (Rights of Third Parties) Act 1999.




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Internal Audit Charter

Cumbria Office of the Police, Fire and Crime Commissioner and
Cumbria Constabulary

Contents

- 1 Introduction & Background
- 2 Purpose, Mandate and Responsibility
- 3 Independence and Objectivity
- 4 Proficiency and Due Professional Care
- 5 Quality Assurance and Improvement Programme
- 6 Managing the Internal Audit Activity
- 7 Nature of Work
- 8 Engagement Planning
- 9 Performing the Engagement
- 10 Communicating Results
- 11 Monitoring Progress
- 12 Communicating the Acceptance of Risks
- 13 Definitions

1 Introduction

The Internal Audit Charter is mandated through Global Internal Audit Standards (UK public sector)¹ and is a formal document that defines the internal audit activity's purpose, mandate and responsibility. The internal audit charter establishes the internal audit activity's position within the organisation; authorises access to records, personnel and physical properties relevant to the performance of engagements; and defines the scope of internal audit activities.

This Charter complies with the Global Internal Audit Standards (UK public sector), CIPFA's *Code of Practice for the Governance of Internal Audit in UK Local Government* and MIAA confirms ongoing compliance with these standards and code.

2 Purpose, Mandate and Responsibility

Internal auditing is “an independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes²”.

The Accounts and Audit Regulation 2015 sets out the mandate for internal audit in relevant authorities in England:

¹Internal Audit

5.(1) A relevant authority must undertake an effective internal audit to evaluate the effectiveness of its risks management, control and

governance processes, taking into account public sector internal auditing standards or guidance.

(2) Any officer or member of a relevant authority must, if required to do so for the purposes of the internal audit –

- a) make available such documents and records; and
- b) supply such information and explanations;

as are considered necessary by those conducting the internal audit.

(3) In this regulation “documents and records” includes information recorded in an electronic source.’

The Financial Management Code of Practice (Home Officer 2018) states:

‘The police and crime commissioner (PCC) and the chief constable should establish an independent audit committee. It is recommended that this be a combined body which will consider the internal and external audit reports of both the PCC and the chief constable’

The provision of assurance services is the primary role for internal audit in the public sector. This role requires the internal auditor to provide an independent opinion based on an objective assessment of the framework of governance, risk management and control. The main purpose of internal audit activity within the public sector is therefore to provide the Accountable or Accounting Officer with an objective evaluation of, and opinion on, the overall adequacy and effectiveness of the organisation's framework of governance, risk management and control. The Director of Internal Audit's opinions is a key element of the framework of assurance that the Accountable or Accounting Officer needs to inform the completion of the Annual Governance Statement (AGS).

² The Definition of Internal Auditing, The Institute of Internal Auditors, January 2024

¹ This consists of the Global Internal Audit Standards (GIAS) of the IIA and the Application Note: Global Internal Audit Standards in the UK public sector

Internal audit also provides an independent and objective consultancy service which is advisory in nature, and generally performed at the specific request of the organisation. Such consultancy work is separate from but contributes to the opinion which internal audit provides on risk management, control and governance. When performing consulting services, the internal auditor will maintain objectivity and not take on management responsibility.

The above functions drive MIAA's Mission 'To drive value and improve outcomes through excellence and professionalism'.

Assurance Reviews will provide individual audit opinions to support the annual Director of Internal Audit Opinion. Formal agreement will be sought for the provision of third party assurances to other bodies in respect of the services provided by the organisation.

In accordance with the organisation's Financial Regulations, Internal Auditors will (without necessarily giving prior notice) have access to all records (including those of a confidential nature) and employees of the organisation.

3 Independence and Objectivity

The internal audit activity must be independent, and internal auditors must be objective in performing their work. To achieve the degree of independence necessary to effectively carry out the responsibilities of the internal audit activity, the Director of Internal Audit will have direct and unrestricted access to senior management and Joint Audit Committee.

The Director of Internal Audit will confirm to the Joint Audit Committee, at least annually, the organisational independence of the internal audit activity.

The Director of Internal Audit will report functionally to the Audit Committee and establish effective communication with, and have free and unfettered access to, the Chief Finance Officer and the Chair of the Joint

Audit Committee. This will include communicating and interacting directly with the Joint Audit Committee.

Internal audit activity will be free from interference in determining the scope of internal auditing, performing work and communicating results. Internal auditors will have an impartial, unbiased attitude and avoid any conflict of interest. Conflicts of interest may arise where an auditor provides services other than internal audit to the organisation. Your MIAA Internal Audit Team does not currently provide other services to the organisation. If this changes steps will be taken to avoid or manage transparently and openly such conflicts of interest, so that there is no real or perceived threat or impairment to independence in performing the audit role. These steps will be documented in the charter where required.

All internal auditors will complete an annual declaration of interest identifying possible conflicts of interest and the actions taken to mitigate them. This process, and its outcomes, will be communicated to the Joint Audit Committee annually through the Director of Internal Audit Opinion and Annual Report.

MIAA will also periodically review the specific audit manager assigned to the organisation to ensure that both parties are satisfied that relationships remain independent and objective.

If independence or objectivity is impaired in fact or appearance, the details of the impairment will be disclosed to appropriate parties. The nature of the disclosure will depend upon the impairment.

4 Proficiency and Due Professional Care

Engagements will be performed with proficiency and due professional care. Internal auditors will possess the knowledge, skills, and other competencies needed to perform their individual responsibilities. The internal audit activity collectively will possess or obtain the knowledge, skills and other competencies needed to perform its responsibilities.

The Director of Internal Audit is a CCAB qualified Accountant and is responsible for ensuring access to the full range of knowledge, skills, qualifications and experience to meet the requirements of the internal audit standards. MIAA internal auditors will ensure Continuing Professional Development and compliance with professional standards. Internal auditors will apply the care and skill expected of a reasonably prudent and competent internal auditor. Due professional care does not imply infallibility.

5 Quality Assurance and Improvement Programme

The Director of Audit will develop and maintain a quality assurance and improvement programme that covers all aspects of the internal audit activity. The quality assurance and improvement programme will include both internal and external assessments.

- Internal assessment will include;
- Ongoing monitoring of the performance of the internal audit activity; and
- Periodic self-assessments or assessment by other persons within the organisation with sufficient knowledge of internal audit practices.

External assessments will also be conducted at least once every five years by a qualified, independent reviewer or review team from outside the organisation. The results of external quality reviews and any consequent improvement plans will be reported to the Chief Executive and Joint Audit Committee.

6 Managing the Internal Audit Activity

The Director of Internal Audit will develop and maintain an Internal Audit strategy designed to meet the main purpose of the internal audit activity

and its service provision needs. This strategy will advocate a systematic and prioritised review, outlining the resources and skills required to meet the assurance needs of the Accountable/Accounting Officer and Joint Audit Committee. The strategy will take into account the relative risk maturity of the organisation, taking due regard of the assurance framework.

The Director of Internal Audit will establish risk based plans to determine the priorities of the internal audit activity consistent with the organisation's goals.

The Director of Internal Audit will include in the internal audit strategy the approach to using other sources of internal and external assurance. Periodic plans will include any work associated with placing reliance upon such work.

The Director of Internal Audit will agree the strategy and periodic plans with the Accountable/Accounting Officer and Joint Audit Committee.

The Director of Internal Audit will work with senior management and client staff who will support MIAA in the delivery of the audit plan.

Where the Director of Internal Audit believes that the level of agreed resources will prevent the Accountable/Accounting Officer being provided with an opinion on the overall adequacy and effectiveness of the organisation's framework of governance, risk management and control, the consequences will be brought to the attention of Joint Audit Committee.

The Director of Internal Audit will agree arrangements for interim reporting to the Accountable/Accounting Officer and Joint Audit Committee in the course of the year and produce an annual report that incorporates his opinion.

The Director of Internal Audit will provide to the Accountable/Accounting Officer an opinion on the overall adequacy and effectiveness of the

organisation's framework of governance, risk management and control, timed to support the Annual Governance Statement.

7 Nature of Work

The internal audit activity will evaluate and contribute to the improvement of governance, risk management and control processes (including value for money), using a systematic and disciplined approach.

The internal audit activity will also evaluate the potential for the occurrence of fraud and consider how the organisation manages fraud risk. CIPFA has issued a *Code of Practice on Managing the Risk of Fraud and Corruption*. While compliance with the code is voluntary, CIPFA strongly recommends that it is used as the basis for assessment of how an organisation manages its fraud risk. The Director of Internal Audit should be notified of all suspected or detected fraud, corruption or impropriety in order to inform the annual opinion and risk based plans. The Director of Internal Audit will also liaise with the organisation's external auditors and other review bodies to facilitate the effective co-ordination of audit resources and assurances.

8 Engagement Planning

The Director of Internal Audit will establish a risk based Internal Audit Plan in conjunction with the client and with the agreement of the Joint Audit Committee. The plan will set out the priorities for internal audit activity, consistent with the organisation's goals and objectives.

Internal auditors will develop and document a terms of reference for each engagement, including the engagement's objectives, scope, timing and resource allocations, based on an evaluation of the nature and complexity of each engagement, time constraints and available resources. A work plan will be developed and documented that achieves the engagement objectives.

Internal audit will meet regularly with the external auditor to consult on audit plans and discuss matters of mutual interest.

9 Performing the Engagement

Internal audit will identify, analyse, evaluate and document sufficient information to achieve the engagement's objectives. Internal auditors will base conclusions and engagement results on appropriate analyses and evaluations. Internal auditors will document relevant information to support the conclusions and engagement results.

Engagements will be properly supervised to ensure objectives are achieved, quality is assured and staff are developed.

10 Communicating Results

Internal auditors will communicate the engagement results with appropriate parties, including the engagement's objectives and scope, as well as applicable conclusions, recommendations and action plans.

Working with the organisation, the Director of Internal Audit will ensure that communications are accurate, objective, clear, concise, constructive, complete and timely.

The Director of Internal Audit will deliver an annual internal audit opinion and report that can be used by the organisation to inform its Annual Governance Statement.

The annual internal audit opinion will conclude on the overall adequacy and effectiveness of the organisation's framework of governance, risk management and control.

The annual report will incorporate;

- The opinion;
- A summary of the work that supports the opinion; and

- A statement on conformance with the Global Internal Audit Standards (UK Public Sector), CIPFA's *Code of Practice for the Governance of Internal Audit in UK Local Government* and the results of the quality assurance and improvement programme.

11 Monitoring Progress

The Director of Internal Audit will establish and maintain a follow-up process to monitor that management actions have been effectively implemented or that senior management has accepted the risk of not taking action. This will be operated to support the organisation in ensuring the implementation of actions, and reporting progress to the Joint Audit Committee.

12 Communicating the Acceptance of Risks

When the Director of Internal Audit believes that senior management has accepted a level of residual risk that may be unacceptable to the organisation, the Director of Internal Audit will discuss the matter with senior management. If the decision regarding residual risk is not resolved, the Director of Internal Audit will report the matter to the Joint Audit Committee for resolution.

Code of Ethics

MIAA will operate within the definition of internal auditing and the requirements of the Global Internal Audit Standards (UK Public Sector). This includes compliance with the Seven Principles of Public Life.

13 Definitions

Board	The Joint Management Board with overall responsibility for governance.
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Accountable Officer	Officer responsible and accountable for funds entrusted to the organisation.
Joint Advisory Committee	The committee with overall responsibility for advising those charged with governance on the establishment of an effective system of governance.
Director of Internal Audit	Acts as the Chief Audit Executive as the independent corporate executive with overall responsibility for internal audit.
Senior Management	The overall lead director agreed by the organisation for each audit engagement.

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Joint Audit Plan for the Police, Fire and Crime Commissioner for Cumbria and the Chief Constable of Cumbria Constabulary

Year ending 31 March 2026

25 March 2026



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Introduction and headlines

Purpose

- This document provides an overview of the planned scope and timing of the statutory audit of the Police, Fire and Crime Commissioner for Cumbria (PFCC) and Chief Constable of Cumbria Constabulary (Chief Constable) for those charged with governance. Those Charged with governance are the PFCC and the Chief Constable as each is a corporation sole.

Respective responsibilities

- The National Audit Office ('the NAO') Code of Audit Practice 2024 ('the Code') summarises where the responsibilities of auditors begin and end and what is expected from the audited body. Our respective responsibilities are also set out in the agreed Terms of Appointment and Statement of Responsibilities issued by Public Sector Audit Appointments (PSAA), the body responsible for appointing us as auditor of the PFCC and Chief Constable. We draw your attention to these documents.



Scope of our Audit

The scope of our audit is set in accordance with the Code and International Standards on Auditing (ISAs) (UK). We are responsible for forming and expressing an opinion on the PFCC and Chief Constable's financial statements that have been prepared by management with the oversight of those charged with governance; and we consider whether there are sufficient arrangements in place at the PFCC and the Chief Constable for securing economy, efficiency and effectiveness in your use of resources. Value for money relates to ensuring that resources are used efficiently in order to maximise the outcomes that can be achieved.

The audit of the financial statements does not relieve management or those charged with governance of your responsibilities. It is the responsibility of the PFCC and Chief Constable to ensure that proper arrangements are in place for the conduct of its business, and that public money is safeguarded and properly accounted for. We have considered how the PFCC and Chief Constable is fulfilling these responsibilities.

Our audit approach is based on a thorough understanding of the PFCC and Chief Constable's business and is risk based.

Introduction and headlines (continued)

Significant risks

Those risks requiring special audit consideration and procedures to address the likelihood of a material financial statement error, have been identified as:

- Management override of controls
- Valuation of land and buildings
- Valuation of the pension fund net asset / liability

We will communicate significant findings on these areas, as well as any other significant matters arising from the audit to you in our Audit Findings (ISA 260) Report.

Group Audit

The PFCC is required to prepare group financial statements that consolidate the financial information of the PFCC and Chief Constable.

Materiality

We have determined planning materiality to be £5.32m (PY £5.10m) for the Group, £4.76m (PY £4.54m) for the PFCC, and £4.67m (PY £4.43m) for the Chief Constable, which equates to 2.5% of the prior year gross expenditure for the year. For our audit testing purposes, we apply the lowest of these materiality amounts, which is £4.67m.

We are obliged to report uncorrected omissions or misstatements other than those which are ‘clearly trivial’ to those charged with governance.

Clearly trivial has been set at £0.23m (PY £0.22m).

Value for Money arrangements

Our risk assessment regarding your arrangements to secure economy, efficiency and effectiveness in its use of resources has not identified any significant weakness areas or related risks, requiring additional work. We will continue to monitor and update our risk assessment and responses until we issue our Auditor’s Annual Report.

Audit logistics

Our planning visit took place in February and our interim visit will take place in March and April and our final visit will take place from mid June. Our key deliverables are this Joint Audit Plan, our Joint Audit Findings Report, Joint Auditor’s Annual Report and Audit Opinions.

Our proposed fee for the audit will be £107,047 (PY: £101,131) for the PFCC and £59,808 (PY: £57,854) for the Chief Constable, subject to the PFCC and Chief Constable delivering a good set of financial statements and working papers and no significant new financial reporting matters arising that require additional time and/or specialist input.

We have complied with the Financial Reporting Council’s Ethical Standard (revised 2024) and we as a firm, and each covered person, confirm that we are independent and are able to express an objective opinion on the financial statements

Significant risks identified

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

Significant risk	Audit team's assessment	Planned audit procedures
Management override of controls Under ISA (UK) 240 there is a non-rebuttable presumed risk that the risk of management override of controls is present in all entities.	We have therefore identified management override of controls, in particular journals, reversal of prior year accruals after the prior audit year has been signed off, management estimates and transactions outside the course of business as a significant risk of material misstatement.	We will: • review accounting estimates, critical judgements and significant decisions made by management; • evaluate the design and implementation of controls; • review of accounting policies and any changes to those policies; • perform testing of journals entries for appropriateness; and • review unusual significant transactions.
Risk Relates to PFCC/Chief Constable		



“In determining significant risks, the auditor may first identify those assessed risks of material misstatement that have been assessed higher on the spectrum of inherent risk to form the basis for considering which risks may be close to the upper end. Being close to the upper end of the spectrum of inherent risk will differ from entity to entity and will not necessarily be the same for an entity period on period. It may depend on the nature and circumstances of the entity for which the risk is being assessed. The determination of which of the assessed risks of material misstatement are close to the upper end of the spectrum of inherent risk, and are therefore significant risks, is a matter of professional judgment, unless the risk is of a type specified to be treated as a significant risk in accordance with the requirements of another ISA (UK).” (ISA (UK) 315).

In making the review of unusual significant transactions “the auditor shall treat identified significant related party transactions outside the entity’s normal course of business as giving rise to significant risks.” (ISA (UK) 550).

Significant risks identified (continued)

Significant risk	Audit team's assessment	Planned audit procedures
The revenue cycle includes fraudulent transactions Under ISA (UK) 240 there is a rebuttable presumed risk that revenue may be misstated due to the improper recognition of revenue. Risk Relates to PFCC/Chief Constable	Having considered the risk factors set out in ISA (UK) 240 and the nature of the revenue streams of the PFCC and the Chief Constable, we have determined that the risk of fraud arising from revenue recognition can be rebutted, because: • there is little incentive to manipulate revenue recognition; • opportunities to manipulate revenue recognition are very limited; • the majority of revenue received by the PFCC derives from taxation and grant income which is difficult to manipulate; • all revenue received by the Chief Constable comes from the PFCC; and • the culture and ethical frameworks of public sector bodies, including the Chief Constable comes from the PFCC, mean that all forms of fraud are seen as unacceptable. Therefore, we do not consider this to be a significant risk for the PFCC or Chief Constable.	As the risk has been rebutted, we do not consider this to be a significant risk for the PFCC or Chief Constable and standard audit procedures will be carried out. We will keep this rebuttal under review throughout the audit to ensure this judgement remains appropriate. We will: • review and test, on a sample basis, revenue transactions, ensuring that it remains appropriate to rebut the presumed risk of revenue recognition; and • design and carry out appropriate audit procedures to ascertain the recognition of income is in the correct accounting period using cut-off testing.

Significant risks identified (continued)

Significant risk	Audit team's assessment	Planned audit procedures
The expenditure cycle includes fraudulent transactions Practice Note 10 (PN10) states that as most public bodies are net spending bodies, then the risk of material misstatements due to fraud related to expenditure may be greater than the risk of material misstatements due to fraud related to revenue recognition. As a result under PN10, there is a requirement to consider the risk that expenditure may be misstated due to the improper recognition of expenditure. Risk Relates to PFCC/Chief Constable	We have identified and completed a risk assessment of all expenditure streams for the PFCC and Chief Constable. We have rebutted the presumed risk that expenditure may be misstated due to the improper recognition of expenditure for all expenditure streams. This is due to the low fraud risk in the nature of the underlying nature of the transactions. Employee costs account for over 80% of expenditure and therefore we deem the overall risk that expenditure may be misstated due to improper recognition of expenditure to be low.	Where the risk has been rebutted we do not consider this to be a significant risk for the PFCC or Chief Constable and standard audit procedures will be carried out. We will keep this rebuttal under review throughout the audit to ensure this judgement remains appropriate. We will: • review and test, on a sample basis, expenditure transactions, ensuring that it remains appropriate to rebut the presumed risk of expenditure recognition; and • design and carry out appropriate audit procedures to ascertain the recognition of expenditure is in the correct accounting period using cut-off testing.

Significant risks identified (continued)

Significant risk	Audit team's assessment	Planned audit procedures
Valuation of land and buildings The PFCC and Group revalue their land and buildings on a rolling two-yearly basis. This valuation represents a significant estimate by management in the financial statements due to the size of the numbers involved, £66.6m as at 31 March 2025 and the sensitivity of this estimate to changes in key assumptions. The valuation of land and buildings is a key accounting estimate which is derived, depending on the valuation methodology, from assumptions that reflect market observations and the condition of the asset at the time. However, the valuation methodology for land and buildings is specified in detail in the CIPFA Code and the sector is highly regulated by RICS, therefore we will focus our audit attention on assets that have large and unusual changes and/or approaches to the valuation of land and buildings, as a significant risk requiring special audit consideration.	We have, therefore, identified valuation of land and buildings, particularly revaluations and impairments, as a significant risk of material misstatement. The Code for 2025/26 now requires indexation in the intervening years between revaluations. The council will be adopting this for the first time and applying indexation to property plant and equipment.	We will: • evaluate management's processes and assumptions for the calculation of the estimate, the instructions issued to valuation experts and the scope of their work; • evaluate the competence, capabilities and objectivity of the valuation expert; • write to the valuer to confirm the basis on which the valuation was carried out to ensure that the requirements of the code are met; • challenge the information and assumptions used by the valuer to assess the completeness and consistency with our understanding; • evaluate the valuer's report to identify assets that have large and usual changes and/ or approaches to the valuation – these assets will be substantively tested to ensure the valuations are reasonable; • test a selection of asset revaluations performed during the year to see if they have been input correctly into the PFCC and Group asset register, revaluation reserve and Comprehensive Income and Expenditure Statement; and • evaluate the appropriateness of key indices used by the Council and check the basis of accounting entries.
Risk Relates to PFCC		

Significant risks identified (continued)

Significant risk	Audit team's assessment	Planned audit procedures
Valuation of the pension fund net asset / liability (Local Government Pension Scheme - LGPS and Police Pension Fund - PPF)	We therefore identified valuation of the Group's pension fund net liability as a significant risk, which was one of the most significant assessed risks of material misstatement	We will: • update our understanding of the processes and controls put in place by management to ensure that the PFCC and Chief Constable's pension fund net liability is not materially misstated and evaluate the design of the associated controls; • evaluate the instructions issued by management to their management expert (an actuary) for this estimate and the scope of the actuary's work; • assess the competence, capabilities and objectivity of the actuary who carried out the Group's pension fund valuation; • test the consistency of the pension fund asset and liability and disclosures in the notes to the core financial statements with the actuarial report from the actuary; • undertake procedures to confirm the reasonableness of the actuarial assumptions made by reviewing the report of the consulting actuary (as auditor's expert) and perform any additional procedures suggested with the report, including confirmation of the scope of the actuary's work and whether the application of IFRIC 14 has been considered; • obtain assurances from the auditor of Cumbria Local Government Pension Scheme as to the controls surrounding the validity and accuracy of membership data, contributions data and benefits data sent to the actuary by the pension fund and the fund assets valuation in the pension fund financial statements; and • following the publication of the triennial valuation of Cumbria LGPS as at 31 March 2025, we will consider the impact of this on the pension fund net liability.
The PFCC and Chief Constable's pension fund net liability, as reflected in its balance sheet as the net defined benefit liability, represents significant estimate in the financial statements.		
The pension fund net liability is considered a significant estimate due to the size of the numbers involved (PPS - £977m and LGPS - £645k (due to impact of asset ceiling) at 31 March 2025) and the sensitivity of the estimate to changes in key assumptions.		
Risk Relates to PFCC/Chief Constable		



Management should expect engagement teams to challenge management in areas that are complex, significant or highly judgmental which may be the case for accounting estimates, related parties and similar areas. Management should also expect to provide engagement teams with sufficient evidence to support their judgments and the approach they have adopted for key accounting policies referenced to accounting standards or changes thereto. Where estimates are used in the preparation of the financial statements, management should expect teams to challenge management's assumptions and request evidence to support those assumptions.

Other matters

Other work

In addition to our responsibilities under the Code of Practice, we have a number of other audit responsibilities, as follows:

- We read your Narrative Reports and Annual Governance Statements to check that they are consistent with the financial statements on which we give an opinion and our knowledge of the PFCC and Chief Constable.
- We carry out work to satisfy ourselves that disclosures made in your Annual Governance Statements are in line with requirements set by CIPFA.
- We carry out work on your consolidation schedules for the Whole of Government Accounts process in accordance with NAO group audit instructions.
- We consider our other duties under legislation and the Code, as and when required, including:
 - giving electors the opportunity to raise questions about your financial statements, consider and decide upon any objections received in relation to the financial statements
 - issuing a report in the public interest or written recommendations to the PFCC and Chief Constable. under section 24 of the Local Audit and Accountability Act 2014 (the Act)

- application to the court for a declaration that an item of account is contrary to law under section 28 or a judicial review under section 31 of the Act
- issuing an advisory notice under section 29 of the Act.
- We certify completion of our audits.

Other material balances and transactions

Under International Standards on Auditing, 'irrespective of the assessed risks of material misstatement, the auditor shall design and perform substantive procedures for each material class of transactions, account balance and disclosure'. All other material balances and transaction streams will therefore be audited. However, the procedures will not be as extensive as the procedures adopted for the risks identified in this report.

Group audit scope and risk assessment

In accordance with ISA (UK) 600 Revised, as group auditor we are required to obtain sufficient appropriate audit evidence regarding the financial information of the components and the consolidation process to express an opinion on whether the group financial statements are prepared, in all material respects, in accordance with the applicable financial reporting framework.

Component	Risk of material misstatement to the group	Planned audit approach and level of response required under ISA (UK) 600 Revised	Response performed by	Risks identified	Auditor
Police, Fire and Crime Commissioner for Cumbria	Yes	Full scope audit performed by Grant Thornton UK LLP	Group auditor	None	Grant Thornton UK
Chief Constable of Cumbria Constabulary	Yes	Full scope audit performed by Grant Thornton UK LLP	Group auditor	None	Grant Thornton UK

Fraud and litigation

We have not been made aware of any actual or attempted frauds in the year during our planning procedures performed to date. Should any factors arise in relation to fraud risk or actual or attempted fraud we ask that you inform us of this at the earliest possible opportunity.

Our approach to materiality

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

Description

Planned audit procedures

Determination

We have determined planning materiality (financial statement materiality) at the planning stage of the audit based on professional judgement in the context of our knowledge of the PFCC and Chief Constable, including consideration of factors such as public expectations, industry developments, financial stability and reporting requirements for the financial statements.

We determine planning materiality to:

- establish what level of misstatement could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements
- assist in establishing the scope of our audit engagement and audit tests
- determine sample sizes
- assist in evaluating the effect of known and likely misstatements in the financial statements.

Other factors

An item does not necessarily have to be large to be considered to have a material effect on the financial statements.

An item may be considered to be material by nature when it relates to:

- instances where greater precision is required (e.g. senior officer remuneration and audit fees)

Reassessment of materiality

Our assessment of materiality is kept under review throughout the audit process.

We reconsider planning materiality on receipt of the draft statement of accounts and if, during the course of our audit engagement, we become aware of facts and circumstances that would have caused us to make a different determination of planning materiality.

Our approach to materiality (continued)

Amount (£)		Qualitative factors considered
Materiality for the Group financial statements	5.320m	Materiality equates to 2.5% of prior year gross expenditure for the group. This assessment reflects the fact that you operate in a stable, publicly funded environment. There has been no change in key stakeholders, and no other sensitivities have been identified that would require materiality to be reduced.
Performance materiality for the Group financial statements	3.990m	Performance materiality equates to 75% of materiality. This assessment reflects the fact that overall few misstatements have been identified in previous periods, key contacts for the audit remain in post and no material fraud risks have been identified as being present and we are not aware of any significant frauds having occurred.
Materiality for the Chief Constable financial statements - used for testing	4.670m	Materiality equates to 2.5% of your prior year gross expenditure for the Chief Constable single entity financial statements. In determining materiality, separate amounts are identified for the group and the PFCC and Chief Constable as components of the group. In carrying out our audit testing, we apply the lowest materiality identified. This materiality is the lowest and will be applied when carrying out audit testing.
Materiality for PFCC financial statements	4.760m	Materiality equates to 2.5% of your prior year gross expenditure for the PFCC single entity financial statements.
Performance materiality for the Chief Constable financial statements - used for testing	3.503m	Performance materiality equates to 75% of materiality. In determining performance materiality, separate amounts are identified for the group and the PFCC and Chief Constable as components of the group. In carrying out our audit testing, we apply the lowest performance materiality identified.
Materiality for Senior Officer Remuneration	0.051m	This reflects public sensitivity in the pay of senior officers in the public sector.



Misstatements, including omissions, are considered to be material if they, individually or in the aggregate, could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements; Judgments about materiality are made in light of surrounding circumstances, and are affected by the size or nature of a misstatement, or a combination of both; and Judgments about matters that are material to users of the financial statements are based on a consideration of the common financial information needs of users as a group. The possible effect of misstatements on specific individual users, whose needs may vary widely, is not considered. (ISA (UK) 320)

Progress against prior year audit recommendations

We identified the following issues in our 2024/25 audit of the PFCC and Chief Constable’s financial statements, which resulted in 1 recommendation being reported in our 2024/25 Audit Findings Report, which are pleased to report has been addressed.

Assessment	Issue and risk previously communicated	Update on actions taken to address the issue(s)
Addressed	Users with elevated system privilege in Oracle Fusion During the review of privileged user access privilege within Oracle Fusion, we noted that six users have access to elevated privileges which includes the role ‘Application Implementation Administrator’. This role permits a user to make changes to Oracle Fusion system configuration. This could lead to inappropriate or unauthorized changes to data and functionality within Oracle Fusion. It also increases the risk that system-enforced internal control mechanisms could be bypassed resulting in users being able to: • Make unauthorized changes to system configuration parameters; • Create unauthorized accounts; • Make unauthorized updates to user account privileges	Management have verified via providing the Oracle User Access Report summary page that as of 18 September 2025, the six individuals as listed in our prior year AFR have had their responsibility as Application Implementation Administrator removed.

IT audit strategy

In accordance with ISA (UK) 315, we are required to obtain an understanding of the IT environment related to all key business processes, identify all risks from the use of IT related to those business process controls judged relevant to our audits and assess the relevant IT general controls (ITGCs) in place to mitigate them. Our audits will include completing an assessment of the design and implementation of ITGCs related to security management; technology acquisition, development and maintenance; and technology infrastructure.

The following IT applications are in scope for IT controls assessment based on the planned financial statement audit approach. We will perform the indicated level of assessment:

IT application	Audit area	Planned level IT audit assessment
Oracle Fusion	Financial Reporting	Roll forward assessment
Active Directory	User authentication (network level)	Design and implementation testing

Value for Money Arrangements

Approach to Value for Money work for the period ended 31 March 2026

The National Audit Office updated its Code of Audit Practice in November 2024. The Code expects auditors to consider whether the PFCC and Chief Constable has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources. Auditors are expected to report a commentary each year under the specific reporting criteria and where significant weaknesses in arrangements are identified. The new Code requires auditors to share a draft Auditor’s Annual Report (AAR) with those charged with governance by a nationally set deadline each year, and for the audited body to publish the AAR thereafter. This new deadline requirement was introduced from November 2025. The three specified reporting criteria are set out below:

Financial sustainability

How the PFCC and Chief Constable plans and manages its resources to ensure it can continue to deliver its services.



Governance

How the PFCC and Chief Constable ensures that it makes informed decisions and properly manages its risks.



Improving economy, efficiency and effectiveness

How the PFCC and Chief Constable uses information about its costs and performance to improve the way it manages and delivers its services.



We will continue our review of your arrangements until we sign the opinion on your financial statements before we issue our AAR. Should any further risks of significant weakness be identified, we will report this to those charged with governance as soon as practically possible. Any significant weaknesses identified will be reflected in our AAR and included within our audit opinion.

Risks of significant VFM weaknesses

As part of our initial planning work, we considered whether there were any risks of significant weakness in the PFCC and Chief Constable’s arrangements for securing economy, efficiency and effectiveness in its use of resources where we needed to perform additional procedures. The risks we have identified are detailed on the table overleaf along with the further work we will perform. We will continue to review the PFCC and Chief Constable’s arrangements and report any further risks of significant weaknesses we identify to those charged with governance. We may need to make recommendations following the completion of our work. The potential different types of recommendations we could make are set out in the table below.

Potential types of recommendations

	Statutory recommendation Written recommendations to the PFCC and Chief Constable under Section 24 (Schedule 7) of the Local Audit and Accountability Act 2014. A recommendation under schedule 7 requires the PFCC to discuss and respond publicly to the report.
	Key recommendation The Code of Audit Practice requires that where auditors identify significant weaknesses in arrangements to secure value for money they should make recommendations setting out the actions that should be taken by the PFCC and Chief Constable. We have defined these recommendations as ‘key recommendations’.
	Improvement recommendation Auditors may also include areas for improvement or to keep in view even if they do not identify any underlying significant weaknesses in arrangements. These recommendations set out actions for consideration which are not a result of identifying significant weaknesses in arrangements, but which if not addressed could increase the risk of a significant weakness in future periods.

Risks of significant weakness in VFM arrangements

Initial Risk assessment of the PFCC/Chief Constable’s VFM arrangements

The Code of Audit Practice 2024 (the Code) sets out that the auditor’s work is likely to fall into three broad areas: planning; additional risk-based procedures and evaluation; and reporting. We undertake initial planning work to inform this Audit Plan and the assumptions used to derive our fee. Consideration of prior year significant weaknesses and known areas of risk is a key part of the risk assessment for 2024/25. We will continue to evaluate risks of significant weakness and if further risks are identified, we will report these to those charged with governance. We set out our reported assessment below:

Criteria	2024/25 Assessment of arrangements	2025/26 Risk assessment	2025/26 risk-based procedures planned
Financial sustainability	G No risks of significant weakness reported and no improvement recommendations made.	No risks of significant weakness identified.	As no risk of significant weakness has been identified, no additional risk-based procedures are specified at this stage. We will undertake sufficient work to document our understanding of your arrangements as required by the Code.
Governance	G No risks of significant weakness reported and no improvement recommendations made.	No risks of significant weakness identified.	As no risk of significant weakness has been identified, no additional risk-based procedures are specified at this stage. We will undertake sufficient work to document our understanding of your arrangements as required by the Code.
Improving economy, efficiency and effectiveness	G No risks of significant weakness reported; improvement recommendations made.	No risks of significant weakness identified.	As no risk of significant weakness has been identified, no additional risk-based procedures are specified at this stage. We will undertake sufficient work to document our understanding of your arrangements as required by the Code.

G

No significant weaknesses or improvement recommendation(s).

A

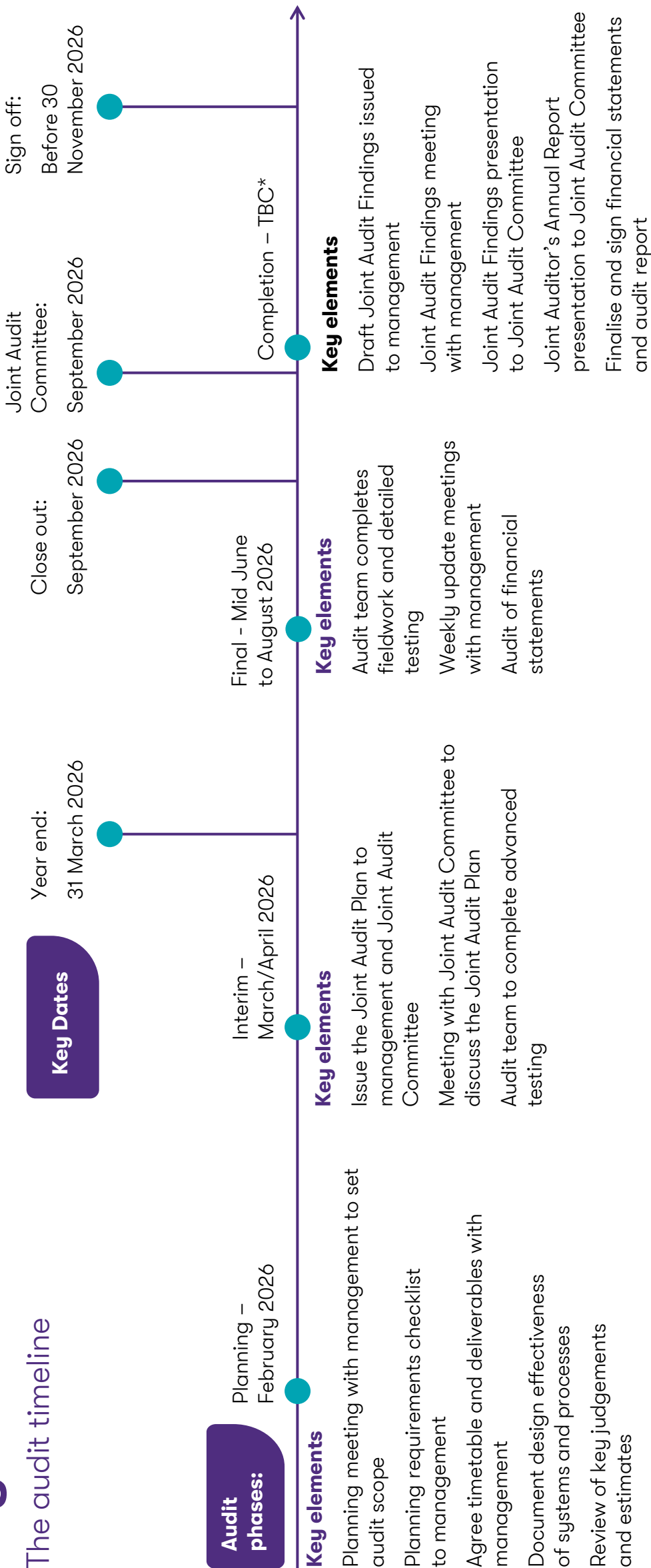
No significant weaknesses, improvement recommendation(s) made.

R

Significant weaknesses in arrangements identified and key recommendation(s) made.

Logistics

The audit timeline



Our team and communications

Grant Thornton core team

Liz Luddington Engagement Lead	Hannah Foster Audit Manager	Chelsey Taylor-Gould In-charge	Lisa Mackenzie VFM Lead
• Key contact for senior management and Joint Audit Committee • Overall quality assurance	• Audit planning • Resource management • Performance management reporting	• Audit team management • Day-to-day point of contact • Audit fieldwork	• Value for Money (VFM) planning • Main contact for the review of VFM arrangements • Development of the VFM commentary in the Auditor’s Annual Report
Pool of specialists and other technical specialists (e.g. IT audit)			

	Service delivery	Audit reporting	Audit progress	Technical support
Formal communications	• Quarterly meetings with the Chief Finance Officers	• The Joint Audit Plan • Audit Progress and Sector Update Reports • The Joint Audit Findings Report • Auditor’s Annual Report (VfM)	• Audit planning meetings • Audit clearance meetings • Communication of issues log	• Technical updates
Informal communications	• Open channel for discussion		• Communication of audit issues as they arise	• Notification of up-coming issues

Our fee estimate

Relevant professional standards

In preparing our fee estimate, we have had regard to all relevant professional standards, including paragraphs 4.1 and 4.2 of the FRC's [Ethical Standard \(revised 2024\)](#) which stipulate that the Engagement Lead (Key Audit Partner) must set a fee sufficient to enable the resourcing of the audit with partners and staff with appropriate time and skill to deliver an audit to the required professional and Ethical standards.

PSAA

Local Government Audit fees are set by PSAA as part of their national procurement exercise. In 2023 PSAA awarded a contract of audits for Cumbria PFCC and Chief Constable to begin with effect from 2023/24. The scale fee set out in the PSAA contract for the 2025/26 audit is £102,847 for the PFCC and £58,008 for the Chief Constable.

This contract sets out four contractual stage payments for this fee, with payment based on delivery of specified audit milestones:

- Production of the final auditor's annual report for the previous Audit Year or opinion issued (but not before 1 December 2025)
- Production of the draft audit planning report to Audited Body
- 50% of planned hours of an audit have been completed
- 75% of planned hours of an audit have been completed

Any variation to the scale fee will be determined by PSAA in accordance with their procedures as set out here [Fee Variations Overview – PSAA](#)

Updated Auditing Standards

The FRC has issued updated Auditing Standards in respect of Quality Management (ISQM 1 and ISQM 2). It has also issued an updated Standard on quality management for an audit of financial statements (ISA 220). We confirm we will comply with these standards.

Our fee estimate (continued)

Our fee estimate

We have set out below our specific assumptions made in arriving at our estimated audit fees, we have assumed that the PFCC and Chief Constable will:

- prepare good quality sets of accounts, supported by comprehensive and well presented working papers which are ready at the start of the audit
- provide appropriate analysis, support and evidence to support all critical judgements and significant estimates made during the course of preparing the financial statements
- provide early notice of proposed complex or unusual transactions which could have a material impact on the financial statements
- maintain adequate business processes and IT controls, supported by an appropriate IT infrastructure and control environment.
- Our fee estimate also assumes that you will engage suitably competent experts to assist management in the following areas:
 - Land and buildings valuations
 - Valuation of pension fund

Previous year

In 2024/25 the scale fee set by PSAA was £151,475. The actual fee charged for the audit was £158,985.

Audit fees

	24/25 PFCC £	24/25 CC £	24/25 Group total £	25/26 PFCC £ (proposed)	25/26 CC £ (proposed)	25/26 Group total £ (proposed)
Scale fee	96,546	54,929	151,475	102,847	58,008	160,855
Additional IT related procedures	4,200	1,800	6,000	4,200	1,800	6,000
IFRS 16	385	1,125	1,510	-	-	-
Total audit fees (Exc. VAT)	101,131	57,854	158,985	107,047	59,808	166,855

Independence considerations

Ethical Standards and ISA (UK) 260 require us to give you timely disclosure of all significant matters that may bear upon the integrity, objectivity and independence of the firm or covered persons (including its partners, senior managers and managers). In this context, there are no matters that we are required to report.

As part of our assessment of our independence at planning we note the following matters:

Conclusions	
Matter	
Relationships with Grant Thornton	We are not aware of any relationships between Grant Thornton and the PFCC and Chief Constable that may reasonably be thought to bear on our integrity, independence and objectivity.
Relationships and Investments held by individuals	We have not identified any potential issues in respect of personal relationships with the PFCC and Chief Constable held by individuals.
Employment of Grant Thornton staff	We are not aware of any former Grant Thornton partners or staff being employed, or holding discussions in respect of employment, by the PFCC and Chief Constable as a director or in a senior management role covering financial, accounting or control related areas.
Business relationships	We have not identified any business relationships between Grant Thornton and the PFCC and Chief Constable.
Contingent fees in relation to non-audit services	No contingent fee arrangements are in place for non-audit services provided.
Gifts and hospitality	We have not identified any gifts or hospitality provided to, or received from, a member of the PFCC and Chief Constable’s board, senior management or staff (that would exceed the threshold set in the Ethical Standard).

We confirm that there are no significant facts or matters that impact our independence at planning as auditors that we are required or wish to draw to your attention and consider that an objective reasonable and informed third party would take the same view. The firm and each covered person have complied with the Financial Reporting Council’s Ethical Standard and confirm that we are independent and are able to express an objective opinion on the financial statements. Further, we have complied with the requirements of the National Audit Office’s Auditor Guidance Note 01 issued in February 2025 which sets out supplementary guidance on ethical requirements for auditors of local public bodies.

Following this consideration, we can confirm that we are independent at planning and are able to express an objective opinion on the financial statements. In making the above judgement, we have also been mindful of the quantum of non-audit fees compared to audit fees disclosed in the financial statements and estimated for the current year.

Communication of audit matters with those charged with governance

Our communication plan		Joint Audit Plan	Joint Audit Findings
Respective responsibilities of auditor and management/those charged with governance		●	
Overview of the planned scope and timing of the audit, form, timing and expected general content of communications including significant risks and Key Audit Matters		●	
Planned use of internal audit		●	
Confirmation of independence and objectivity		●	●
A statement that we have complied with relevant ethical requirements regarding independence. Relationships and other matters which might be thought to bear on independence. Details of non-audit work performed by Grant Thornton UK LLP and network firms, together with fees charged. Details of safeguards applied to threats to independence		●	●
Significant matters in relation to going concern		●	●
Views about the qualitative aspects of the PFCC and Chief Constable’s accounting and financial reporting practices including accounting policies, accounting estimates and financial statement disclosures			●

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

This document, the Audit Plan, outlines our audit strategy and plan to deliver the audits, while the Audit Findings will be issued prior to approval of the financial statements and will present key issues, findings and other matters arising from the audits, together with an explanation as to how these have been resolved.

We will communicate any adverse or unexpected findings affecting the audit on a timely basis, either informally or via an audit progress memorandum.

Respective responsibilities

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

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

Communication of audit matters with those charged with governance

Our communication plan	Joint Audit Plan	Joint Audit Findings
Significant matters and issue arising during the audit and written representations that have been sought		●
Significant difficulties encountered during the audit		●
Significant deficiencies in internal control identified during the audit		●
Significant matters arising in connection with related parties		●
Identification or suspicion of fraud involving management and/or which results in material misstatement of the financial statements		●
Non-compliance with laws and regulations		●
Unadjusted misstatements and material disclosure omissions		●

15 Appendices

A - Financial reporting changes

Changes to the CIPFA Code of practice on local authority accounting for 2025/26

The main change is a revaluation expedient for property, plant and equipment. From 1 April 2025, revaluations are required once every five years or on a five year rolling basis with indexation in intervening years. This is a substantial change to the accounting for non current asset, that may require engagement with valuers, changes to underlying systems, asset records and accounting treatment.

New or revised accounting standards that are re expected to be adopted by the CIPFA Code in future years.

Amendment to IFRS 9 and IFRS 7 - Contracts Referencing Nature-dependent Electricity

The International Accounting Standards Board (IASB) issued amendments to IFRS 9 and IFRS 7 to improve the reporting of nature-dependent electricity contracts, such as power purchase agreements (PPAs). These contracts, which secure electricity from sources like wind and solar power, can vary due to uncontrollable factors like weather. The amendments clarify the 'own-use' requirements, permit hedge accounting for these contracts, and introduce new disclosure requirements to help users of the accounts understand their impact on an entity's financial performance and cash flows. The amendments are expected to be adopted by the CIPFA Code for [2026/27](#).

Amendments to IFRS 9 and IFRS 7 – Classification and measurement of financial instruments

These amendments clarify the requirements for the timing of recognition and derecognition of some financial assets and liabilities (including settling financial liabilities using an electronic payment system), adds guidance on the solely payment of principal and interest (SPPI) criteria, and includes updated disclosures for certain instruments. The amendments are expected to be adopted by the CIPFA Code for [2026/27](#).

IFRS 18 Presentation and Disclosure in the Financial Statements

IFRS 18 will replace IAS 1 Presentation of Financial Statements. All entities reporting under IFRS Accounting Standards will be impacted.

The new standard will impact the structure and presentation of the comprehensive income and expenditure statement as well as introduce specific disclosure requirements. Some of the key changes are:

- introducing new defined categories for the presentation of income and expenses
- introducing specified totals and subtotals, for example the mandatory inclusion of 'Operating profit or loss' subtotal
- disclosure of management defined performance measures
- enhanced principles on aggregation and disaggregation which apply to the primary financial statements and notes.

IFRS 18 will be effective in the UK from 1 January 2027 and so could impact the CIPFA Code from [2027/28](#).

B - Audit timetable letter



The Police, Fire and Crime Commissioner for Cumbria
and the Chief Constable of Cumbria Constabulary
Carlton Hall
Penrith
CA10 2AU

Grant Thornton UK LLP
Landmark
St Peter's Square
1 Oxford Street
Manchester
M1 4PB

11 March 2028

Dear Mr Allen and Mr Martland
Copied to: S151 Officer

Proposals for the annual accounts and external audit timeframes from 2026 onwards

Ahead of us starting our work on your 2025-28 Accounts, we wanted to send you a letter to set out our plans for your audit timelines over the course of the next two years and what we will need from you as an Authority as part of these plans.

As I am sure you are aware, on 30 September 2024, the Accounts and Audit (Amendment) Regulations 2024 came into force. This legislation introduced a series of backstop dates for local authority audits. These Regulations required audited financial statements to be published by the following dates:

- For years ended 31 March 2025 by 27 February 2026
- For years ended 31 March 2026 by 31 January 2027
- For years ended 31 March 2027 by 30 November 2027.

The statutory instrument is supported by the National Audit Office's (NAO) new Code of Audit Practice 2024. The backstop dates were introduced with the purpose of cleaning the backlog of historic financial statements and enabling to the reset of local audit. Where audit work is not complete, this will give rise to a disclaimer of opinion. This means the auditor has not been able to form an opinion on the financial statements.

To be able to achieve the targets for the next two financial years, as a firm we are looking to put things in place to enable us to achieve the end of November 2027 deadline. In order to help make this achievable, we are going to undertake a 'dry run' of finishing our work on the 2025-28 Accounts by the end of November 2026. We would note that the NAO has already set a requirement that our Value for Money (VfM) work is completed by 30 November each year which has been set to align with the upcoming 30 November accounts deadline.

One area which we see as crucial to supporting a November completion date is to make increased use of our planning and interim audit work. We are seeking to perform an enhanced interim audit involving early, advanced sample testing on a number of areas by the end of April 2026. We will be liaising with the finance team to support audit testing of transactions in the first nine to ten months of the financial year. This should reduce the level of detailed transactional testing from the year-end audit work in the Summer and Autumn.

We are aiming to start our work on your accounts from the end of June 2026, following receipt of Police, Fire and Crime Commissioner (PFCC) and Chief Constable's (CC) draft accounts. We are committed to working closely with finance colleagues from the commencement of our audit and throughout, with weekly meetings expected to take place to monitor progress and achievement against key milestones, through to November's Joint Audit Committee.

This plan should allow us as a firm to deliver all of our 2025-28 Local Government audits by the end of November 2026, which will then put us in a strong position ahead of the backstop formally moving to the end of November 2027. We appreciate this will require a change on how both sides will need to work to make this a reality, but we are committed to making this happen.

We will undertake early engagement with your finance team to clearly set out our expectations and what is needed to make a success of these plans. MHCLG have asked us as a firm to report by 31 July 2026, on a case by case basis, our assessment of the PFCC and CC's ability to both maintain and where necessary rebuild assurance. Having a clear and agreed project plan to complete all financial statements and VfM work by 30 November 2026 is a key part of this assurance.

If you have any queries or questions, then do not hesitate to let us know.

Yours sincerely

Elizabeth Luddington

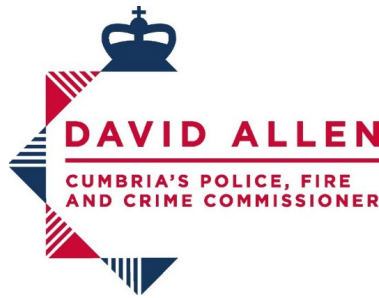
Elizabeth Luddington

Key Audit Partner & Engagement Lead for Cumbria Police



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Joint Audit Committee

Title: OPFCC Risk Management Monitoring

Date: March 2026

Agenda Item No:

Originating Officer: Lisa Hodgson

CC:

Executive Summary:

The Office of the Police, Fire and Crime Commissioner (OPFCC) is responsible for providing policing and fire services within Cumbria. This takes place in a constantly changing and challenging environment and the OPFCC must ensure that it has robust systems and processes in place to monitor and react appropriately to risk. The purpose of this report is to update the committee on the OPFCC's risk management arrangements.

Recommendation:

That, the committee notes the report as evidence of the continuing commitment to sound governance arrangements for corporate risk management.

1. Introduction & Background

- 1.1 Effective risk management is a key component of effective corporate governance. Managing risk will contribute towards delivery of the strategic priorities. There are potential significant consequences from not managing risk effectively.
- 1.2 Robust risk management helps improve decision-making and drive corporate activity that represents value for money. Effective risk management will help protect the reputation of the Constabulary, Cumbria Fire and Rescue Service and the Office of the Police, Fire and Crime Commissioner, safeguard against financial loss and minimise service disruption.
- 1.2 In accordance with the Office of the Police, Fire and Crime Commissioner's (OPFCC) Risk Management Strategy, quarterly quality assurance checks of the strategic and operational risk registers are completed, to ensure that risk is effectively managed across the organisation.
- 1.3 The Strategic Risk Register (SRR) and the Operational Risk Register (ORR) were presented to the OPFCC Executive Team in March 2026 for consideration. They were provided with assurance that this function was being carried out with

appropriate monitoring and reaction to current and emerging risks. At this meeting they agreed the changes detailed within the report.

2. Issues for Consideration

- 2.1 Staff are required to review their own risks and make any necessary changes and updates on a quarterly basis. The OPFCC Executive Team subsequently consider both the strategic and operational risk registers every quarter as part of their meetings. This illustrates whether the scores for the individual risks have risen, remained the same or decreased and assists the Committee to understand how the risks are managed.
- 2.3 Strategic risks are those affecting the medium to long term objectives of the OPFCC and are the key, high level and most critical risks that the OPFCC faces. Currently the OPFCC has four active strategic risks, one risk which no longer needs to be escalated to the SRR and one closed risk.
- 2.4 The active strategic risks identified by the OPFCC are concerned with:
- R1 - Strategic Finance
 - R4 - Fire Pensions Remedi
 - R5 - CFRS Reserves
 - R6 – Development of the Fire Estate
 - R7 – Devolution
- 2.5 The table below outlines the OPFCC's four open strategic risks and provides the RAG rating (Red, Amber and Green) for each risk based on the mitigated score (**RAG risk rating = impact x likelihood**). In the future, the table will also provide detail of those risks closed since the last report to the Joint Audit Committee meeting and the rational for that decision.
- 2.6 As part of the OPFCC's oversight of itself, Cumbria Constabulary and Cumbria Fire and Rescue Service, strategic risks for all organisations are discussed at the relevant Executive Board meetings on a quarterly basis. This enables the Commissioner to hold the Chief Officers to account for management of risks, particularly where they cross over to the OPFCC; monitoring actions being taken and progress.

3. Implications

- 3.1 Financial - the inability of the OPFCC to successfully identify and manage its organisational and strategic risks could impact financially on not only the OPFCC but Cumbria Constabulary, Cumbria Fire and Rescue Service and other partner organisations which are financially dependent.
- 3.2 Legal - the OPFCC could face legal challenge on some areas of its business, therefore it is essential that these are identified at an early stage and effectively mitigated and managed.
- 3.3 Risk - if the OPFCC does not identify and mitigate risks then it may mean that the OPFCC cannot carry out its statutory function efficiently and effectively.

Risk Ref No	Responsible Officer(s)	Risk Description	Initial Score			Latest Score			Link to Strategic Objectives	Summary of mitigating actions already taken - update	
			Impact	Likelihood	Risk Score	Impact	Likelihood	Risk Score			
OPFCC Strategic Risk Register											
R1 Strategic Finance	Chief Executive / Chief Finance Officer	Reduction in real term resources within the medium-term time horizon to provide sufficient funding for the Commissioner and Constabulary to deliver current levels of policing service. Current government funding protection is only provided in cash terms, requiring the Commissioner to meet inflation and other service pressures from increased precept or savings. This risk may lead to a reduction in the level of police services and/or result in Cumbria Constabulary not being viable as an independent force. Alternative options for delivering a police service in Cumbria may have to be considered. This may impact on the extent to which services respond to local needs in Cumbria. During the period of change there may be reductions in public assurance/confidence.	4	4	16	3	4	12	All	The budget and medium-term financial forecast (MTFF) are reviewed and updated on a regular basis. The budget has been balanced in the short term and reserves provide additional security. Continued review of the MTFF as part of the budgeting process. Further development and refinement of savings options in conjunction with the Constabulary. In response to the increased risk the Constabulary has committed to preparing an enhanced savings and efficiencies plan headed by the DCC. Savings in the MTFP have been reprofiled so mitigate the shorter-term uncertainties around funding and providing more time to create a robust savings and efficiency plan Update: August 2025 The Comprehensive Spending Review highlighted the potential for additional funding for policing, but this will not be confirmed until November / December 2025. Update March 2026 On 12 February, the Commissioner approved a balanced policing budget for 2026/27. This also included a financial plan for the next five years (to 2030/31) and a detailed programme for future investment in buildings and equipment. Setting this year's budget has been particularly	

Risk Ref No	Responsible Officer(s)	Risk Description	Initial Score			Latest Score			Link to Strategic Objectives	Summary of mitigating actions already taken - update
			Impact	Likelihood	Risk Score	Impact	Likelihood	Risk Score		
										difficult because of wider national financial pressures. Government funding remains uncertain, and this challenge was made worse by the late and limited information provided in the funding announcement. For 2026/27, the policing budget includes a £14.94 increase in the council tax paid by a Band D household (a 4.61% rise). The financial plan assumes similar increases in future years, although these would still need to be agreed each year. While the budget is balanced for 2026/27, a funding gap is expected to develop—£1.7 million in 2027/28, rising to £6.8 million by 2030/31. The Deputy Chief Constable is leading the 'Future Programme', which is developing a range of projects to close this gap and ensure that public money continues to be spent on the priorities that matter most to communities in Cumbria.
R4 Fire Pensions Remedi	Chief Officer Chief Finance Officer	There is a risk that pressure will be put on the Fire & Rescue Authority's budget due to legal requirements in terms of pensions matters and related judgements. This will result in the Fire & Rescue Authority having to fund required remedies of associated work, including the recruitment of additional capacity to address key gaps in expertise skills and knowledge.	5	5	25	4	3	12		Business case produced for four additional posts – two posts approved and recruited. Ongoing management of Service Level Agreement with the unitary councils which currently support some of the work for CFRS. Faculty AI to support with processing of data and Sergeant McCloud project. Update: Feb 2025 The joint working arrangement between CFRS and Northumberland is working well. Looking at further opportunities for AI to support

Risk Ref No	Responsible Officer(s)	Risk Description	Initial Score			Latest Score			Link to Strategic Objectives	Summary of mitigating actions already taken - update
			Impact	Likelihood	Risk Score	Impact	Likelihood	Risk Score		
										data processing. Update: August 2025 No change to the above Update March 2026 The risk score has been reduced to 12 as the joint working arrangements with Northumberland continue to operate effectively, providing access to specialist expertise and reducing associated technical risks. In addition, enhanced data validation and assurance processes have now been implemented, alongside improved communication with relevant stakeholders. The risk remains at 12, as delivery continues to be complex and is dependent on external providers and national timelines.
R5 CFRS Reserves	Chief Finance Officer	Future funding for Fire and Rescue Services is becoming increasingly unsecure following the removal of the funding in the 2025/26 funding settlement. This therefore results in a potential shortfall in resources that could require significant reductions to services. This could lead to a requirement to make additional savings from the CFRS revenue budget, which could put pressure on service delivery.	3	5	15	4	4	16		Monitoring arrangements and decision-making processes have been implemented to ensure robust management of the CFRS finances. This includes an internal monthly Fire Executive Board, chaired by the PFCC, and attended by Chief Officers across the OPFCC and CFRS, with responsibility for closely overseeing and scrutinising the budget. A risk assessment on the minimum level of reserves has been undertaken and is regularly reviewed to ensure an appropriate minimum level of unallocated reserves. 2025/2026 council tax increase of £4.95 in Band D property approved. Update: Feb 2025: The 2025/2026 funding settlement identifies

Risk Ref No	Responsible Officer(s)	Risk Description	Initial Score			Latest Score			Link to Strategic Objectives	Summary of mitigating actions already taken - update
			Impact	Likelihood	Risk Score	Impact	Likelihood	Risk Score		
										significant shortfall in central government funding which will require either short term use of reserves or longer-term saving plans. £1m of one-off funding has been secured from the Home Office to help mitigate the loss of grants from the local government finance settlement. This will provide breathing space to consider how savings can be achieved in 2026/27. Lobbying of government, both locally and on a national united front with FRA's to ensure that future funding in the Comprehensive Spending Review is maintained and Fire receives the funding required to invest in services. Update: August 2025 The outturn position meant that reserves were added to and increased to prudent minimum levels. The Comprehensive Spending Review and Fair Funding Review look likely to see further funding reductions for Fire will highlight any proposed direction of travel for the future funding of Fire. Update March 2026 The Fire and Rescue Service continues to face significant pressures on its budget. Without identifying savings, a budget gap of £1.541m would arise. Although reserves have been strengthened over the past two and a half years, they are still not high enough to cover this gap on their own. For 2026/27, a savings target of £780,000 has been set, with the remaining £761,000 to be taken from reserves for that year. After this, reserves will be rebuilt to ensure they remain at a safe and

Risk Ref No	Responsible Officer(s)	Risk Description	Initial Score			Latest Score			Link to Strategic Objectives	Summary of mitigating actions already taken - update
			Impact	Likelihood	Risk Score	Impact	Likelihood	Risk Score		
										sustainable level. To achieve the £780,000 savings, a new Financial Strategy and Savings Board has been established to review all areas of the service and identify opportunities to reduce costs.
R6 Development of the Estate	Chief Fire Officer	Following the budget settlement, potential pressures on the budget may mean the Service is unable to improve the Estate. This could result in an inability for the Estate to act as an enabler to drive culture change, a modern workforce and meet statutory compliance requirements.	4	4	16	4	3	16	All	The building condition surveys, and the new Estates Strategy, have informed a priority plan for 10 fire stations. Work is underway and this will be monitored through Fire Executive Board, Estates Working Group and Fire SLT. The Capital Plan to be approved following budget settlement. Update: March 2026 The contaminants project group will set out the impact of contaminants policy and procedures on the estate. A business case may be required which sets out investment requirements. This could impact on the capital programme. Action owner – contaminants project. Review findings of fire training towers review when this is complete. The outcome of this may impact on the capital programme. Funding has been included in the MTFP for repairs and some replacements within the life of the MTFP. Action owner - Ops and estates.
R7 Devolution	Chief Executive	The OPFCC is currently going through the Devolution process along with the two unitary authorities within Cumbria. There is a risk that the devolution project fails to	4	4	16	4	4	16		The OPFCC Executive Team will continue to fully engage with the Devolution Programme Boards to ensure that the interests of the OPFCC & CCFRA are fully represented and considered in the final

Risk Ref No	Responsible Officer(s)	Risk Description	Initial Score			Latest Score			Link to Strategic Objectives	Summary of mitigating actions already taken - update
			Impact	Likelihood	Risk Score	Impact	Likelihood	Risk Score		
		incorporate the requirements of the Office of the Police, Fire and Crime Commissioner (OPFCC) and Cumbria Commissioner Fire and Rescue Authority (CCFRA) within the new Mayoral Strategic Authority for Cumbria								configuration of the MSA. OPFCC Staff will continue to fully engage with the programme's work-streams to develop the MSA and OPFCC/CCFRA set-up from May 2027 including its resources and accountability going forward. Update March 2026: The OPFCC continues to fully engage in the devolution programme boards and is working with York & North Yorkshire Combined Authority to develop a transition plan for the office.

Risk Tolerance Levels

<u>Risk Score 1-4</u> Acceptable. No action is required but continue monitoring.	<u>Risk Score 5-12</u> Tolerable risks but action is required to avoid a Red status. Investigate to verify and understand underlying causes and consider ways to mitigate or avoid within a specified time period.	<u>Risk Score 15-25</u> Unacceptable. Urgent attention is required. Investigate and take steps to mitigate or avoid within a specified short term.
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OPFCC Risk Scoring Matrix

RISK MATRIX: LIKELIHOOD		
Likelihood Score	Description of likelihood over the next 4 years	
5	Very High	Will undoubtedly happen, possibly frequently (90% probability)
4	High	Will probably happen, but not a persistent issue (65% - 90% probability)
3	Medium	May happen occasionally (20% - 65% probability)
2	Low	Not expected to happen, but is possible (5% - 20% probability)
1	Very Low	Very unlikely to happen (less than 5%) over 100 years

RISK MATRIX: IMPACT						
IMPACT SCORE		IMPACT ON SERVICE OBJECTIVES	FINANCIAL IMPACT	IMPACT ON PEOPLE	DURATION OF IMPACT	IMPACT ON REPUTATION
5	Very High	Unable to function or fulfil obligations – total failure of at least 2 areas of activity	Severe financial impact (Above £5m / budget implications)	Internally – wholesale or part resignation; unable to staff OPFCC Externally – service provision withdrawn or unable to fund.	In excess of 1 year to recover pre-event position	Severe damage to reputation Sustained and prolonged national media interest Legal implications PCC resignation
4	High	Significant impact on service provision – total failure of at least 1 area of activity with impact across all areas of business	Significant financial impact (over £1m)	Internally – increased staff turnover/ shortage Externally – general/systemic poor user experience or unable to provide services (eg to victims)	Between 6 months to 1 year to recover pre-event position	Significant damage to reputation Short term national / longer-term local media interest Legal implications
3	Medium	Material impact on service objectives – at least 2 areas of business / several personal objectives	Material financial impact (over £250k - £1m)	Internally – high level of staff absences Externally – multiple poor service user experience; reduced service provision	Between 2 to 6 months to recover to pre-event position	Adverse publicity, noticeable damage to reputation. Short term local media interest Complaints received
2	Low	Some impact on service objectives – single area of business/ individual objectives	Some financial impact (up to £250k)	Internally - low morale Externally – some poor service user experience	Up to 2 months to recover	Some damage to reputation 1-day local media interest Complaints received
1	Very Low	Insignificant impact, no service disruption	Insignificant financial loss (<£100k)	Internally – minimal staff affected Externally – minimal change to service user experience	Minimal – up to 1 month to recover	No interest from the press, internal only



Joint Audit Committee

TITLE OF REPORT:	Constabulary Risk Management Update
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DATE OF MEETING:	25th March 2026
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ORIGINATING OFFICER:	Claire Griggs, Standards, Insight and Performance Command
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PART 1 or PART 2 PAPER:	PART 1 (OPEN)
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Executive Summary:

The purpose of this paper is to provide the Joint Audit Committee with an update on the Constabulary's risk management arrangements, including a review of the current strategic risk register.

As part of this process, quarterly quality assurance checks of all departmental and operational risk registers are completed, to ensure that risk is effectively managed across the organisation. The Strategic Risk Register was last reviewed by the Strategic Management Board on 4th March 2026.

Recommendations:

That the Joint Audit Committee:

Note the progress made in managing the Constabulary's current strategic risks.

MAIN SECTION

1. Introduction and Background

1.1 Strategic Risks

Risk is the threat that an event or action will affect the Constabulary's ability to achieve its organisational aim and objectives.

Each risk is managed at the level where the control to manage the risk resides. Strategic risks are managed by the Strategic Management Board, significant operational risks are managed by the Operations, Scrutiny and Oversight Board, and significant strategic business risks are managed in the relevant directorate or by nominated senior managers. Projects and programmes also have their own risks that are managed by the project / programme teams, which are raised at the Futures Programme Board.

Strategic risks are those affecting the medium to long term objectives of the Constabulary and are the key, high level and most critical risks that the Constabulary faces. Currently the Constabulary has 4 strategic risks.

The Constabulary's mission is to deliver an outstanding police service to Keep Cumbria Safe.

The strategic risks identified by the Constabulary are concerned with:

1. The implications of longer-term reduction in budget and the level of savings required
2. ISO Accreditation
3. Increased Volume & Complexity of Reported Cyber Crime
4. Telecoms SPOC

The table on page three outlines the Constabulary's four strategic risks and provides the RAG rating (Red, Amber, and Green) for each risk (**RAG risk rating = impact x likelihood**).

Strategic Risk Register

Risk Ref No	Responsible Officer(s)	Risk Description	Initial Score			Latest Score			Link to Strategic Objectives	Summary of mitigating actions already taken - update
			Impact	Likelihood	Risk Score	Impact	Likelihood	Risk Score		
28	Constabulary Chief Financial Officer	There may be a detrimental and significant impact on the available budget and a requirement for substantially increased savings.	5	5	25	4	5	20	All	The budget/MTFF is currently being refreshed and rolled forward by 1 year to cover the period up to and including 2030/31, a first draft was provided to COG and OPFCC in November and updated in December following the provisional funding settlement. The provisional funding settlement for 2026/27 did not contain any details, just a single combined figure. The final settlement is expected towards the end of January 2026. The final budget and MTFF position and savings requirement will not be known until the HO funding settlement is finalised in late January. At this point in time it looks like there is a funding gap of £3.8m to be bridged for 2026/27, this will be balanced through judicious use of reserves and savings proposals. No change proposed to the score at this stage.
58	ACC Operations	Achieving accreditation in line with the Forensic Science Regulator statutory code.	4	4	16	3	3	9	All	Impact and likelihood scores remain the same. ISO accreditation for Digital Forensics was reinstated following a period of suspension between August 2025 and January 2026. Issues recording administration of training records and recording the competency of staff have been resolved. On the 28 Jan 2026, the Forensic Regulator removed the requirement for full accreditation of CSI scene attendance by April 2027. This has been replaced with milestones and an expectation that forces comply with the first milestone by April 2027. This will require a competency framework that records practitioner competence (without a full compliance of validation/verification of

Risk Ref No	Responsible Officer(s)	Risk Description	Initial Score			Latest Score			Link to Strategic Objectives	Summary of mitigating actions already taken - update
			Impact	Likelihood	Risk Score	Impact	Likelihood	Risk Score		
61	ACC Operations	Increased Volume & Complexity of Reported Cyber Crime – March 25	4	4	16	4	4	16		processes which is expected in milestone 3). Overall, therefore, this alleviates the pressures of achieving full accreditation as target dates have been stretched. Other accredited areas continue to be tracked through the ISO board. There are no other exceptional risks.
62	ACC Support	Increased demand for call data requests.	3	5	15	4	4	16	All	Risk score remains the same. The debrief and learning review to produce further guidance took place in November 2025 with material being generated to act as prompts and guidance to different Command, investigative and cyber infrastructure roles. This will be featured in CPD. A growth of 4 staff has been agreed (2 x Police staff and 2 x Police Officer) although this doesn't alter the risk until they are recruited and trained and the shift pattern is put in place.

Risk Tolerance Levels

Risk Score 1-4 Acceptable. No action is required but continue monitoring.	Risk Score 5-12 Tolerable risks but action is required to avoid a Red status. Investigate to verify and understand underlying causes and consider ways to mitigate or avoid within a specified time period.	Risk Score 15-25 Unacceptable. Urgent attention is required. Investigate and take steps to mitigate or avoid within a specified short term.
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1.2 Drivers for Change

Effective risk management is a key component of effective corporate governance. Managing risk will contribute towards delivery of the strategic priorities. There are potential significant consequences from not managing risk effectively.

Robust risk management will help improve decision-making and drive corporate activity that represents value for money. Effective risk management will help protect the reputation of the Constabulary and the Office of the Police, Fire and Crime Commissioner, safeguard against financial loss and minimise service disruption.

1.3 Consultation processes conducted or which needs to be conducted

Individual risk owners have been consulted as part of the standard risk management arrangements.

1.4 Impact assessments and implications on services delivered

Not applicable- described in the risk register where appropriate.

1.5 Timescales for decision required

Not applicable to this report.

1.6 Internal or external communications required

None.

2. Financial Implications and Comments

Any financial implications are described in the relevant risks outlined within this report.

3. Legal Implications and Comments

Any legal implications are described in the relevant risks outlined within this report.

4. Risk Implications

The Constabulary's risks are described in section one of this report.

5. HR / Equality Implications and Comments

Any HR / Equality implications are described in the relevant risks outlined within this report.

6. ICT Implications and Comments

Any ICT implications are described in the relevant risks outlined within this report.

7. Procurement Implications and Comments

Any procurement implications are described in the relevant risks outlined within this report.

8. Supplementary Information

8.1 List any relevant documents and attach to report

Appendix 1	Risk Scoring Matrix
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8.2 List persons consulted during the preparation of report

- All Departmental risk owners.
- Territorial Policing and Crime Command risk owners.
- Chief Officer Group.

Risk Scoring Matrix

Impact Score	Description					
		IMPACT ON SERVICE PROVISION	FINANCIAL IMPACT	IMPACT ON PEOPLE	DURATION OF IMPACT	IMPACT ON REPUTATION
5	Very High	Unable to function, inability to fulfil obligations	Severe financial loss > £3M	Multiple fatalities	In excess of 2 years	Highly damaging, severe loss of public confidence or being declared a failing Force
4	High	Significant impact on service provision	Major financial loss £1M to £3M	Fatality	Between 1 year - 2 years	National publicity, major loss of confidence or serious IPCC complaint upheld
3	Medium	Service provision is disrupted	Significant financial loss £500k to £1M	Serious injury, RIDDOR reportable	Between six months to 1 year	Some adverse local publicity, legal implications, some loss of confidence
2	Low	Slight impact on service provision	Moderate financial loss £100k to £500k	Slight medical treatment required	2 to 6 months	Some public embarrassment, or more than 1 complaint
1	Very Low	Insignificant impact, no service disruption	Insignificant financial loss < £100k	First Aid treatment only No obvious harm/injury	Minimal - up to 2 months to recover	No interest to the press, internal only

Likelihood Score		Tolerance Levels – Likelihood Assessment				
5	Very High	A risk has a very high score if there is a 90% or more chance of it happening every year. This means that it is almost certain to happen regularly.				
4	High	A risk has a high score if there is a 65% to 90% likelihood of it happening at some point over the next 3 years. Basically, it probably will happen but it won't be too often.				
3	Medium	A risk has a medium score if the likelihood of it happening is between 20% and 65% over the next 10 years. This means it may happen occasionally.				
2	Low	A risk has a low score if the likelihood of it happening is between 5% and 25% at some point in the next 25 years. This means it is not expected to happen but it is possible.				
1	Very Low	A risk has a very low score if the likelihood of it happening is less than 5% over 100 years. Basically, it could happen but it is most likely that this would never happen.				

		Impact	Impact	Impact	Impact	Impact
		Very Low (1)	Low (2)	Medium (3)	High (4)	Very High (5)
Likelihood	Very High (5)	5	10	15	20	25
Likelihood	High (4)	4	8	12	16	20
Likelihood	Medium (3)	3	6	9	12	15
Likelihood	Low (2)	2	4	6	8	10
Likelihood	Very Low (1)	1	2	3	4	5
		Impact	Impact	Impact	Impact	Impact



Joint Audit Committee

Title: OPCC Risk Management Strategy

Date: 8 March 2026

Agenda Item No: 14a

Originating Officer: Lisa Hodgson

CC:

Executive Summary:

The Risk Management Strategy sets out the OPFCC responsibility for risk management and how risks are managed across policing and fire.

Recommendation:

That the Joint Audit Committee review and provide comment to inform the final version of the strategy to be approved by the Police, Fire and Crime Commissioner.

1. Introduction & Background

- 1.1 The risk management strategy sets out the governance arrangements in respect of the management of risk including arrangements for holding to account the Chief Constable and Chief Fire Officer for the management of risks within the force. Although the strategy covers a three-year period, an annual light-touch review is undertaken to ensure it remains fit for purpose.

2. Issues for Consideration

- 2.1 The strategy sets out the commissioner's objectives in respect of risk management and the arrangements in place for meeting those objectives through a risk management framework. The framework incorporates clear roles and responsibilities for risk management and a methodology for assessing risk and mitigating actions. The strategy provides the framework to enable the Commissioner to achieve the requirements within the approved financial rules and financial regulations.
- 2.2 Previous reviews of the strategy have introduced a number of refinements to reflect the OPFCC's evolving understanding and appetite for risk since its inception in November 2012. Notable changes include the transition from a 4x4 to a 5x5 risk management matrix.

- 2.3 The Fire and Rescue Service has completed a review of its risk management process, which will be presented for consideration at the Joint Audit Committee (Fire) meeting on 25 March 2026 to inform future strategic direction. Following the conclusion of this work, the OPFCC Risk Management Strategy will be reviewed to ensure it reflects any changes arising from the updated process.
- 2.4 In addition, following any comments by the Joint Audit Committee the Police, Fire and Crime Commissioner will review the Risk Management Strategy and approve it.

3. Implications

3.1 Financial

Effective risk management practices supports the reduction of risks that may have financial implications.

3.2 Legal

Risk management strategy supports the overall arrangements for governance and is underpinned by strategic and operational risk registers that seek to manage the risks pertaining to legal and governance within operational practice.

3.3 Risk

The risk management strategy ensures risks are identified, assessed and managed with clear ownership of the risk and activity to mitigate its impact. The strategy seeks to encourage risk taking where this has clear positive benefits.

3.4 HR / Equality

Key staff roles are identified within the strategy with responsibility for areas of risk management.

4. Supplementary information

Appendix 1 – OPCC Risk Management Strategy



Police, Fire and Crime Commissioner for Cumbria

RISK MANAGEMENT STRATEGY

2026-2029

Document control

This policy applies to all employees of the Office of the Police, Fire and Crime Commissioner for Cumbria.

Date of last review	March 2026
Date of next review	March 2029
Owner	Chief Executive
Equality Impact Assessment	March 2026

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- 4.** Our Approach to Risk Management
- 5.** Risk Management Objectives
- 6.** Risk Management Framework
- 11.** Risk Management Methodology
- 14.** Risk Management Responsibilities
- 17.** Strategic Risk Register Template

Introduction

The Police, Fire and Crime Commissioner for Cumbria (Commissioner) is committed to providing the highest quality of policing and fire services to the people of Cumbria; which takes place in a constantly changing and challenging environment. This strategy is about the approach and arrangements - the Office of the Police, Fire and Crime Commissioner (OPFCC) has in place to manage the risks we encounter in doing this.

Risk management involves the identification, assessment and prioritisation of risks and taking action to control, minimise and monitor them. Risks are threats that have potential to impact on our organisation and the delivery of our objectives and services. Sometimes they can be positive as well as negative. Risk management activity ensures we protect against negative threats whilst recognising and taking advantage of positive opportunities.

Our strategy sets out responsibilities for risk management, what we do and how we do it. It incorporates a number of key objectives and what we aim to achieve from the arrangements we have in place. In doing so our strategy provides assurance and contributes to the overall arrangements we have for governance.

Cumbria Constabulary and Cumbria Fire and Rescue Service have their own risk management processes which enables them to identify, monitor and deal with risks which relate to their individual organisations and areas of business. This strategy will identify how the Commissioner and the Office of the Police, Fire and Crime Commissioner (OPFCC) has oversight of such risks.

Our Approach to Risk Management

Police, crime reduction and fire services are delivered in a high-risk environment. Like many public service organisations we are continually challenged to change the way we do things, to improve and to reduce cost. In doing this the level of risk we take as an organisation increases. Our approach to risk management recognises this by seeking to ensure we have a structured approach to manage those risks.

ISO 31000:2018, *Risk management – Guidelines*, provides principles, a framework, and a process for managing risk. It can be used by any organisation regardless of its size, activity or sector. Using ISO 31000 can help organisations increase the likelihood of achieving objectives, improve the identification of opportunities and threats, and effectively allocate and use resources for risk treatment.

Risks affecting organisations can have consequences in terms of economic performance and professional reputation, as well as environmental, safety and societal outcomes. Therefore, managing risk effectively helps organisations to perform well in an environment full of uncertainty

Our approach seeks to ensure that our people and organisation are protected without stifling innovation or adversely restricting the taking of risks where we can see there are positive benefits from doing so. We describe this as being risk aware. This strategy sets out the things we have in place to embed a risk aware culture. These are:

- **Risk Management Objectives:** Our overall aims that set out what we want to achieve from the arrangements we have in place for risk
- **Risk Management Methodology:** The way we review our risks to understand their impact and decide how we will manage them
- **Risk Management Framework:** The specific things we have in place that supports the delivery of our objectives
- **Risk Management Responsibilities:** Specific responsibilities for different areas of risk for which our Commissioner, senior managers, staff, committees and auditors are accountable

The rest of this strategy sets out more information on our objectives, framework, methodology, responsibilities and sets out how we record our risks on our risk register.

Risk Management Objectives & Opportunities

Risk management is not always solely about eliminating risk as this would limit the availability of the Commissioner to develop and deliver their ambitions. Its purpose is to recognise the issues that could affect the achievement of the Commissioner's objectives, realise the opportunities that this brings and develop actions to control or reduce those risks. The Commissioner has an agreed appetite for risk which is explained later. Acknowledgement of potential problems and preparing for them is an essential element of risk that will enable the Commissioner to rapidly respond to change and develop innovative responses to challenges and opportunities.

Risk management makes an important contribution in helping to achieve our aims and deliver better services. Through being aware of risk and having an understanding of its impact we can make better decisions about what and how we do things. Risk management works best when we have a culture that is risk aware. Our strategy aims to achieve this by providing a framework that helps to integrate and embed risk management into our day-to-day business. To do this we have identified a number of objectives that we are committed to. This section of our strategy sets out what they are and what we will do to achieve them.

Objective 1: We will ensure that risk management is part of the process for delivering in Cumbria policing and crime reduction through the Constabulary; and fire services through Cumbria Fire and Rescue Service; and for our wider Partners. We will do this by:

- Maintaining an effective risk management strategy, a framework through which the strategy is implemented and a risk register to manage risks
- Holding the Constabulary, Fire and Rescue Service and wider Partners to account in respect of their arrangements for risk management

Objective 3: We will ensure that there is clear ownership and accountability for risks. We will do this by:

- Establishing clear roles and responsibilities in relation to risk management within our strategy
- Ensuring all risks on our risk register has a risk owner and an action owner

Objective 2: We will ensure that our organisation is risk aware and that

arrangements for risk management comply with best practice. We will do this by:

- Providing communications and guidance through our website to spread good practice
- Ensuring our officers are appropriately trained in risk management practice
- Subjecting our risk management arrangements to annual review

Objective 4: We will provide a framework for evaluating and responding to risks that is easy to understand and supports decision making. We will do this by

- Setting out a framework for risk management
- Including within the framework a methodology for scoring risks and timescale for risk review based on the risk score.

Risk Management Framework

Our risk management framework sets out the things we have in place to manage risk and who is responsible for them. They form the substantive part of what we do to achieve our risk management objectives. The framework comprises:

Identifying Risks

The first stage of risk management is to identify risk issues. These can be categorised into three areas:

- **Demand** – risk issues will arise in relation to volume, type and complexity of demands on policing, fire, the Commissioner and the OPFCC. The main demands are its statutory roles and responsibilities as a body of governance and as an organisation.
- **Capacity** – risk issues will arise in relation to the capacity and capability of the Commissioner/OPFCC to meet the demands placed upon it. Capacity and capability includes people, money, buildings and relevant areas of business.
- **Governance** - governance is about ensuring that things are done the right way for the right people in a timely, open, honest and accountable manner. It comprises of the systems, processes, culture and values by which the Commissioner is directed and controlled; and through which they engage with, are accountable to and where appropriate lead the communities of Cumbria.

Risk Registers

Risks for the Office of the Police, Fire and Crime Commissioner and Cumbria Commissioner Fire and Rescue Authority are recorded on risk registers. The registers holds key information about each risk including a description of the risk, a score for the risk, what we are doing to manage the risk currently and any further actions we plan to take. It identifies the risk owner and the score determines how frequently that owner will review the risk to ensure we are taking appropriate action.

Risk Classification

Risks are grouped on our risk register into one of three classifications. The classification determines who is responsible for managing the risk and how those risks are managed. The classifications are:

- **Strategic Risks** – risks that threaten the achievement of strategic objectives such as those in our policing plan, fire plan and other core strategies. These tend to be medium to long-term but some may feature for a shorter period of time due to a significant event or planned business activity.
- **Operational Risks** – these are risks which relate to the day-to-day business of the our operating systems, service delivery and the objectives in our business plans. Operational risks will also be identified as part of the business continuity process.
- **Project Risks** – risks identified as being significant to the projects being undertaken by the Commissioner. These risks are managed very dynamically due to the more limited timescale across which projects are typically delivered. They are reviewed prior to each project board and presented to each meeting. This means that the pace of the project and the frequency of meetings are aligned to the review of risks. The terms of reference for all project boards includes responsibility for managing project risks.

Risk Assessments

Our strategy sets out a consistent way to score risks taking into account the impact of the risk and likelihood of it occurring. The higher the risk score the more frequently we will assess the actions that we have in place to mitigate the risk. We score both the inherent risk and the mitigated risk. The inherent risk score tells us what the impact of the risk could be if we took no action whilst the mitigated score tells us how much we have reduced the risk as a result of things we do to manage it.

Police, Fire & Crime Plan

The Commissioner has a joint Police, Fire and Crime Plan and describes how policing and fire will be delivered in Cumbria. The development of the plan informs our work in relation to strategic risks. Strategic risks are incorporated within the strategic risk register which is approved by the OPFCC Executive Team and presented to the Joint Audit Committee for scrutiny. Operational risks are included within the operational risk register and are actively managed through the Commissioner's Office under the direction of the Executive Team.

Strategic and operational risks affecting the Cumbria Commissioner Fire and Rescue Authority are overseen by the Executive Board Fire, chaired by the Police, Fire and Crime Commissioner. These risks are reviewed on a quarterly basis, with the option for them to be escalated to the Board at any time should circumstances require. Risks are also presented to the Joint Audit Committee for scrutiny.

Cumbria Constabulary will actively identify and manage their own risks which are also presented to the Joint Audit Committee for scrutiny. In addition, the Commissioner receives a quarterly update at Executive Board Police on the Constabulary Strategic Risks.

Partnership Risks

Partnership Risks may be identified through the collaboration or commissioning work undertaken by the Commissioner and their office when holding partners to account. Where either are the lead or commissioning body and which impact upon the OPFCC or require mitigation these would be added to the strategic, operational or project risk register as appropriate.

Risk Arrangements Review

Our overall arrangements for risk are reviewed annually by the OPFCC Executive Team as part of the review of wider governance arrangements. The review is reported in the Annual Governance Statement alongside our Statement of Accounts, which is approved by the Commissioner. The statement is subject to external audit and presented with the Accounts to our Joint Audit Committee.

Risk Appetite & Tolerance

Risk appetite is developed in the context of the organisation's risk management capability. It is not a single, fixed concept and there will be a range of appetites for different risks which need to align. Risk appetite must take into account differing views at a strategic and operational level and these may vary over time. If a level of risk is not acceptable then it must be managed accordingly. Risk tolerance allows for variations in the amount of risk the OPFCC is prepared to tolerate for a particular activity or project. How the OPFCC will deal with risk tolerance for all its risks is addressed within the risk management methodology section of this strategy.

The OPFCC will strive to manage strategic, operational and project risks to a level which is acceptable or where it is negated, taking into account the costs of any mitigations which are required. Depending upon the circumstances it may be necessary to set a different risk appetite for a particular area of business or project but the general default position for the OPFCC will be medium/cautious.

The OPFCC has a Risk Matrix which illustrates assessments of the likelihood and impact scores which are plotted onto a (5 x 5) Risk Matrix. This determines the level of inherent risk and, later, to demonstrate the residual position after the application of controls to mitigate and reduce risk

		Impact	Impact	Impact	Impact	Impact
		Very Low (1)	Low (2)	Medium (3)	High(4)	Very High (5)
Likelihood	Very High (5)	5	10	15	20	25
Likelihood	High (4)	4	8	12	16	20
Likelihood	Medium (3)	3	6	9	12	15
Likelihood	Low (2)	2	4	6	8	10
Likelihood	Very Low(1)	1	2	3	4	5

Key

Risk Management Action Level	Low Priority No additional action needed Maximum review time frame 12 months	Some additional activity may be necessary Maximum review time frame 6 months	Activity required in current year Maximum review time frame 3 months
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Risk Responsibility

Our strategy allocates specific roles and responsibilities to officers within the OPFCC for Risk Management. This ensures there is clarity and accountability for ensuring our practices are embedded and our objectives are achieved. Responsibility for the risk management is identified later within this framework.

Fraud Risk Assessment

Fraud risk assessment is used to assist staff to identify and deal with any suspected risk of fraud and ensure that adequate and effective internal control arrangements are in place. As part of the preparation process for the financial statements of accounts, evidence and assurances are provided for scrutiny to the external auditors. This information is then assessed and incorporated into the final statement of accounts. Our independent Joint Audit Committee is provided with a copy of the final statement of accounts for consideration and can monitor any fraud issues which are raised.

We have an Anti-Fraud and Corruption Policy which provides staff with information on identifying and dealing with fraud and corruption including contact details for the reporting of any concerns. Our Joint Audit Committee reviews the policy on a cyclical basis and ensures that it meets recommended practices. Also, in place is a Confidential Reporting (Whistleblowing) Policy which provides effective mechanisms for 'open' and 'confidential' reporting of wrongdoing.

Internal Audit

Our arrangements for risk management, those of Cumbria Constabulary and Cumbria Fire and Rescue Service are subject to internal audit. The service has adopted the Public Sector Internal Audit Standards (PSIAS) which ensures that they undertake risk based internal auditing. This methodology is used to help our organisation accomplish its objectives. Our Joint Audit Committee receives the findings of audit work and monitors the implementation of actions following any audit recommendations.

Decision Making and Risk

Our reporting formats include a section on the risk implications of any decision and potential course of action. This ensures that decisions are taken on an informed basis and agreement can be reached on how risks should be managed.

Lead Officer for Risk

The Accountability Manager within the OPFCC is designated as lead officer for risk. This means that one of our staff has specific responsibility for maintaining an up-to-date awareness of risk management practices and ensuring we embed a risk aware culture. Our lead officer attends risk management meetings with Cumbria Constabulary and Cumbria Fire and Rescue Service to assure their arrangements and that our risk registers are aligned where it is appropriate. This is one of the ways we hold Cumbria Constabulary and Cumbria Fire and Rescue Service to account for their risk management arrangements.

Accountability & Governance

The Police, Fire and Crime Commissioner has an Accountability Framework which aims to:

- Provide a robust system for holding the Chief Constable and Chief Fire Officer to account for policing and fire services respectively within Cumbria.

- Provide information on performance in delivering the Police, Fire and Crime Plan.
- Focus on the priority developments whilst still maintaining oversight of key outcomes and day-to-day business.
- Provide a balance between the services provided, the quality of those services and value for money.

Collectively the risk management framework ensures that we have a systematic approach to managing our risks. It facilitates proper consideration of the implications of decisions and actions and provides a mechanism through which we can evaluate how well our approach is working in practice. Internal and external audit provide a further layer of validation and scrutiny of our arrangements.

Risks relating to the fire authority and the fire service are monitored and reviewed quarterly through the Executive Board Fire, chaired by the Commissioner. They are also considered on a quarterly basis by the Fire Senior Leadership Team.

Risk Management Methodology

This strategy adopts a risk management methodology to assess the impact of a risk should it materialise and the likelihood of this happening. This methodology plays an important part in determining how much attention we need to give to managing specific risks through helping us to consider the implications should they arise. The methodology involves scoring risks based on the likelihood of the risk happening and the impact, using a 5x5 matrix that produces a risk score of between 1 and 25.

RISK MATRIX: LIKELIHOOD		
Likelihood Score	Description of likelihood over the next 4 years	
5	Very High	Will undoubtedly happen, possibly frequently (90% probability)
4	High	Will probably happen, but not a persistent issue (65% - 90% probability)
3	Medium	May happen occasionally (20% - 65% probability)
2	Low	Not expected to happen, but is possible (5% - 20% probability)
1	Very Low	Very unlikely to happen (less than 5%) over 100 years

RISK MATRIX: IMPACT						
IMPACT SCORE		IMPACT ON SERVICE OBJECTIVES	FINANCIAL IMPACT	IMPACT ON PEOPLE	DURATION OF IMPACT	IMPACT ON REPUTATION
5	Very High	Unable to function or fulfil obligations – total failure of at least 2 areas of activity	Severe financial impact (Above £5m / budget implications)	Internally – wholesale or part resignation; unable to staff OPFCC Externally – service provision withdrawn or unable to fund.	In excess of 1 year to recover pre- event position	Severe damage to reputation Sustained and prolonged national media interest Legal implications PCC resignation
4	High	Significant impact on service provision – total failure of at least 1 area of activity with impact across all areas of business	Significant financial impact (over £1m)	Internally – increased staff turnover/ shortage Externally – general/systemic poor user experience or unable to provide services (eg to victims)	Between 6 months to 1 year to recover to pre-event position	Significant damage to reputation Short term national / longer-term local media interest Legal implications
3	Medium	Material impact on service objectives – at least 2 areas of business / several personal objectives	Material financial impact (over £250k - £1m)	Internally – high level of staff absences Externally – multiple poor service user experience; reduced service provision	Between 2 to 6 months to recover to pre-event position	Adverse publicity, noticeable damage to reputation. Short term local media interest Complaints received
2	Low	Some impact on service objectives – single area of business/ individual objectives	Some financial impact (up to £250k)	Internally - low morale Externally – some poor service user experience	Up to 2 months to recover	Some damage to reputation 1-day local media interest Complaints received
1	Very Low	Insignificant impact, no service disruption	Insignificant financial loss (<£100k)	Internally – minimal staff affected Externally – minimal change to service user experience	Minimal – up to 1 month to recover	No interest from the press, internal only

Using the Methodology

It is important that the OPFCC manages its risks effectively. Risks can have consequences in terms of economic, performance, professional reputation and public confidence. By managing risk effectively it enables the organisation to fulfil its obligations to the communities of Cumbria and partners.

There are a number of steps to using our methodology to ensure that risks are considered effectively and appropriate controls are put in place to manage them. By identifying the OPFCC's risk appetite or tolerance will enhance the ability to score and RAG rate each identified risk.

Firstly, the inherent or base risk score is calculated. This is the risk score that would result if no action were taken to manage the risk. Using the matrix above a score would be calculated by multiplying the likelihood score with the impact score. It is important to understand this base risk as it helps us to assess what might happen if the measure we put in place to manage the risk fails; or if we put nothing in place. It supports decision making on the level of effort that should be directed towards reducing the risk.

Once the base risk has been scored, consideration is given to what we can do and what we are doing to reduce the risk. These are our risk control measures. The risk is then scored again, taking into account the effects of our actions. This produces a mitigated risk score against which we can then decide to do one of four things:

Tolerate	We decide to accept the risk and take no further measures
Transfer	We transfer all or part of the risk, for example through insurance or to other agencies/contractors
Treat	We introduce additional control measures to reduce the risk
Terminate	We aim to eliminate (avoid) the risk, for example by ceasing to provide a service or by doing something a different way

If we choose to transfer, treat or terminate the risk we then update our mitigated risk score once these actions have been taken. The overall inherent and mitigated risks scores are reviewed cyclically with the score determining how often we do the review. On a quarterly basis the OPFCC risk registers are monitored and reviewed to ensure they are kept up to date. Risks with scores of between 8 and 16 are reviewed and updated on a quarterly basis; those scoring between 4 and 6 every 6 months; all other risks are reviewed and updated at least annually. The exception is project risks that are reviewed at each project board meeting due to the limited life of project activity and the impact of risk on project delivery. The inherent and mitigated risk score, control measures and any additional planned control measures are documented within our risk register. We assign a 'RAG' rating to all our risks as follows:

RED	Unacceptable with urgent action - high risks with a risk score from 8 to 16
AMBER	Tolerable with Actions – medium risks with risk scores from 4 to 6
GREEN	Acceptable - low risks with risk scores from 3 or less

This RAG rating assists in the easy identification of those risks which require urgent attention or close monitoring to those which can be reviewed on a less frequent basis.

The register identifies the review frequency and the officer responsible for managing the risk. Strategic risks under the direction of Police, Fire and Crime Commissioner are presented to the Joint Audit Committee twice during the year in March and September. This will provide the opportunity for the Committee to review both registers at the same time. An annual risk

management monitoring report will also be presented which includes the arrangements for holding the Chief Constable and Chief Fire Officer to account for their risk management processes.

Risk Management Responsibilities

Our strategy allocates specific responsibilities to key individuals, and any OPFCC committees and boards to ensure clear lines of accountability for managing risk. This section of our strategy sets out those responsibilities.

The Police, Fire and Crime Commissioner

The Police, Fire and Crime Commissioner has strategic responsibility for the overall arrangements for risk management. An Annual Governance Statement is approved annually by the Commissioner which includes a commentary on the effectiveness of risk management arrangements by the Commissioner's Chief Internal Auditor.

The Commissioner is responsible for strategic risks as identified within the strategic risk register and for understanding and challenging risks as part of their processes for developing policy and decision making.

The Commissioner has responsibility for holding Cumbria Constabulary, Cumbria Fire and Rescue Service and wider partners to account for their arrangements in respect of risk management and providing public assurance of such.

Risk Oversight for Policing and Fire

As well as risks related to the Office of the Police, Fire and Crime Commissioner, the Commissioner, through his office and the Joint Audit Committee, deliver oversight and holding to account for strategic risks associated with Cumbria Constabulary and Cumbria Fire and Rescue Service. This enables them to ensure risks are being appropriately identified, managed and mitigated. Where risks within Cumbria Constabulary or Cumbria Fire and Rescue Service impact upon the Commissioner, these will be entered onto the OPFCC registers and monitored.

OPFCC Executive Team

The OPFCC Executive Team has responsibility for maintaining comprehensive systems of internal control including risk management processes and approval of the risk management strategy. They also have responsibility for ensuring a strategic and operational risk register is maintained to support the management of those risks that may impact on the delivery of the OPFCC business plan.

The Chief Executive/Executive Team reports on the effectiveness of arrangements for risk management within the Annual Governance Statement to the Commissioner and to the Joint Audit Committee. The Chief Finance Officer has responsibility for ensuring appropriate internal audit arrangements are maintained and for insurance in respect of those risks which are to be treated.

OPFCC Managers and Staff

Managers and staff - have responsibility for the strategic and operational risks arising in their service areas. Managers must ensure teams carry out risk assessments to inform control measures and mitigating action. Staff are responsible for ensuring risks that may impact on the delivery of their business objectives are recorded in the strategic and operational risk register and actively managed.

Where a risk is identified by a manager or member of staff which affects another part of the OPFCC's business then this will be highlighted to the appropriate manager or member of staff for inclusion within the register.

A risk which is considered to have a significant effect on medium to long term objectives can be escalated to the Executive Team at any time for consideration, inclusion within the strategic risk register and appropriate action identified and instigated. Following their consideration, it may be reported to the Commissioner to appraise them of the issues.

OPFCC staff are able to receive direction and instruction regarding their responsibilities for operational risk from a number of sources. These include – information contained within policy/strategy and procedure manuals; as part of their induction process; from their line manager; the lead officer for risk, information sessions at extended team meetings and specific training courses where required.

Project Managers

Project managers are responsible for ensuring any project risks are actively recorded on a project risk and issues log. All risks should be scored in line with the agreed risk methodology within this risk strategy and reported to the project board to ensure appropriate action is taken. As part of updates or project reports any identified risks should be reported upon, with particular attention to those which may disrupt or halt the project.

Joint Audit Committee

The Office of the Police, Fire and Crime Commissioner, Cumbria Constabulary and Cumbria Fire and Rescue Service have in place a Joint Audit Committee which has independent membership.

The Committee will examine evidence provided by internal and external audit and other governance areas to ensure that we demonstrate we are actively managing our risks. This provides independent assurance to the Commissioner, Executive Team and OPFCC Chief Finance Officer.

The relevant terms of reference of the Joint Audit Committee are:

- Monitor the effective development and operation of risk management, review the risk profile, and monitor progress of the Police, Fire and Crime Commissioner, the Chief Constable and the Chief Fire Officer in addressing risk-related issues reported to them.
- Consider reports on the effectiveness of internal controls and monitor the implementation of agreed actions.

- Review arrangements for the assessment of fraud risks and potential harm from fraud and corruption and monitor the effectiveness of the counter-fraud strategy, actions and resources.
- Consider the framework of assurance and ensure that it adequately addresses the risks and priorities of the OPFCC, Cumbria Constabulary and Cumbria Fire and Rescue Service.

Internal and External Audit

Internal Audit are responsible for periodically reviewing the effectiveness of risk management processes including the verification that controls are operating as intended. This source of independent assurance is a fundamental part of the evidence used to discharge our accountability for reviewing the effectiveness of our governance arrangements. External auditors review the annual governance statement that sets out how we have complied with our arrangement for risk management and will test a number of financial controls that mitigate against financial risks as part of their audit work on the financial statements.

Lead Officer for Risk

The OPFCC Accountability Officer is the lead officer for risk. This responsibility includes:

- Pro-actively driving forward the management of risk
- Liaison with the Constabulary, other partners and major contractors to monitor compliance with and the effectiveness of their risk management arrangements and reporting thereon to the Police and Crime Commissioner
- Monitoring the implementation of the risk management action plans of the OPFCC Cumbria Constabulary and Cumbria Fire and Rescue Service.
- Bring to the attention of the Commissioner and/or Joint Audit Committee any concerns about the arrangement for risk management
- The provision of a risk register system to aid the recording, review, analysis and reporting of strategic and operational risks
- Maintaining an up-to-date awareness of risk management practice and leading on communications and guidance to support the embedding of a risk aware culture

Risk Register Template

Risk No:	Risk Title:	Description:
Police & Crime Plan Objectives: Fire Service Plan:		

Risk Mitigation Strategies:	
Avoid	Stop the risk completely or stop it having an impact.
Reduce	Reduce the likelihood and/or impact of the risk
Transfer	Outsource, use contractors or insure against things going wrong
Accept	The risk is tolerable/accepted

Risk Score		Likelihood – over the next 4 years
1	Very Low	Very unlikely to happen
2	Low	Not expected to happen, but is possible
3	Medium	May happen occasionally
4	High	Will probably happen, but not a persistent issue
5	Very High	Will undoubtedly happen, possibly frequently

		Unmitigated Score			Mitigated Score			Actions					
What is the cause of the risk? (Lack offailure to)	What is the consequence of the described risk? (Results in.....leads to.....)	Impact	Likelihood	Risk Score	Impact	Likelihood	Risk Score	Risk Owner & Mitigation Strategy (Avoid, reduce, transfer, accept)	Current Controls in Place to Mitigate the Risk	Assurances	Future or further actions to be taken	Action Owner	Review Date



Risk Management Policy & Procedure

Policy & Procedure:	Risk Management Policy & Procedure
Approved by which board (or Chief Officer) and date:	Chief Officer Group: May 2019
Owner:	Strategic and Development Manager
For release under Freedom of Information?	Yes
Contact for advice:	Strategic Development Manager or Performance Consultant, Standards, Insight and Performance Command
Support information: (List any legislation, APP, other policies, etc. that this policy & procedure complies with)	Provided in the appendices to this policy
Last Reviewed: (Policy & Procedure must be reviewed every 3-years)	November 2025
Next due for review	October 2028

If changes have been made to an existing Policy & Procedure document, you must complete the boxes below

Date and Version Number	November 2025 Version 4
Amendments made	Updated to revise the force strategy and Chief Constables strategic objectives. A note has been included regarding the oversight of risks pertaining to estates management which is now held by the officer of the PCC. Completion of Equality Impact Assessment. Inclusion of link to the forces Information security risk management policy and procedure. Change of policy owner role.
Date and Version Number	October 2022 Version 4

The Code of Ethics

The Code of Ethics sits at the heart of everything we do. It sets out how we work together in policing and with the public to keep people safe.

The Code of Ethics is inclusive and supports everyone in policing. It has two parts, both of which are non-statutory.

1. Ethical Policing Principles
2. Guidance for ethical and professional behaviour in policing

Ethical Policing Principles:

These principles are a series of guiding statements that should be used to help people in policing do the right things, in the right way, for the right reasons.

- **Courage** – Making, communicating and being accountable for decisions, and standing against anything that could bring our profession into disrepute.
- **Respect and Empathy** - Encouraging, listening to and understanding the views of others, and seeking to recognise and respond to the physical, mental and emotional challenges that we and other people may face.
- **Public Service** - Working in the public interest, fostering public trust and confidence, and taking pride in providing an excellent service to the public.

Courage	Respect & Empathy	Public Service
We show courage by: • Taking responsibility • Setting an example • Challenging unprofessional behaviour and practice • Being honest, open and accountable • Encouraging feedback and scrutiny	We show respect & empathy by: • Acting with respect • Listening to and understanding different perspectives • Understanding the impact of emotions and welfare • Responding to individual needs • Being fair and impartial	We provide public service by: • Delivering a service to be proud of • Acting lawfully • Understanding and responding to the public's needs • Reflecting on and applying knowledge and experience • Improving our self, our peers and our profession

Guidance for ethical and professional behaviour in policing:

The guidance describes how policing professionals should behave. It provides practical advice on areas of policing that are important to maintaining public trust and legitimacy. A link to further information can be found here: [Guidance for ethical and professional behaviour in policing | College of Policing](#)

POLICY

Chief officers, directors, commanders, senior police officers, and senior police staff managers need to be familiar with this policy.

All staff including the Special Constabulary and volunteers need to be aware of it. **(See Roles and Responsibilities section for full details).**

Terms and Definitions

Risk is the threat that an event or action will affect the Constabulary's ability to achieve its organisational aims and objectives.

Strategic risks are those affecting the medium to long term objectives of the Constabulary.

Operational risks are those encountered in the course of the day to day operational and business procedures we use to deliver effective policing services.

Risk Appetite – is the amount and type of risk that the Constabulary is prepared to take or accept to achieve its objectives.

Risk Tolerance - allows for variations in the amount of risk the Constabulary is prepared to tolerate for a particular activity or project, and this may change over time.

PROCEDURE

Building, improving and maintaining trust is essential to the delivery of the Constabulary's Mission to deliver an outstanding police service to keep Cumbria safe. The ability to control and protect data, information and systems from harm is paramount to the trust and confidence of the public, partners, officers and staff.



The purpose of risk management is to identify potential problems before they occur so that activities can be planned and implemented to mitigate adverse impacts on achieving organisational objectives and to maximise opportunities.

Risk can be categorised in many different ways. The Constabulary intends to use two categories; strategic and operational. The categories should lead to a sufficiently broad set of issues being considered but on the other hand will not impose too great an administrative burden.

Strategic risks are the key top level and most critical risks that the Constabulary faces. Best practice indicates that there should be between 5 and 10 strategic risks to manage. Robust risk management at strategic level can help protect the reputation of the Constabulary, safeguard against financial loss, and minimise service disruption. Each risk is managed at the level where the control to manage the risk resides. Therefore, strategic risks are managed by the Chief Officer Group.

Operational risks are the top critical risks that commanders, directors, and heads of departments should manage at that level because they pose a risk to their ability to deliver effective policing or department services or objectives.

Programme and Project risks are managed by the relevant programme/project managers and regular updates are provided to the relevant programme/project boards. Generally, the cause of the risk determines the type of risk it is and where it should be managed.

Risk Appetite

If the level of risk is not acceptable to the Constabulary, then the risk must be managed. The Constabulary will always strive to manage Strategic and Operational risks *downwards* as long as the cost of mitigation does not exceed the expected loss or the associated benefits.

The following criteria will be used to describe the risk appetite:

Acceptable level of risk	Risk appetite	Description
Very high	Hungry	Eager to be innovative and to choose options based on potential higher rewards (despite greater inherent risk).
High	Open	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.
Medium	Cautious	Preference for safe options that have a low degree of residual risk and may only have limited potential for reward.
Low	Minimalist	Preference for ultra-safe options that have a low degree of inherent risk and only have potential for limited reward.
Very low	Averse	Avoidance of risk and uncertainty is a key objective.

The default risk appetite for the Constabulary is 'Cautious' (see Appendix 5 for further information). However, depending on circumstances it may sometimes be beneficial to set an open risk appetite for a particular department, project, or other piece of work. Where this is the case, the rationale should be explained in the business case, the risk appetite documented, and the benefits articulated. This should be notified to the relevant senior management for approval and copied to Insight and Performance as part of the regular four monthly review process. This is also the process required where any risk appetite other than cautious is proposed.

The scale of low to high refers to a willingness to accept risks of either:

- **inherent** risk (defined as 'the exposure arising from a specific risk before any action has been taken to manage it')
- or **residual** risk (defined as 'the exposure arising from a specific risk after action has been taken to manage it and making assumption that the action is effective').

These five levels of risk (published by HM Treasury) can be applied to a broad range of corporate risks, e.g. reputational, financial, compliance, etc.

Risk Tolerance

Tolerance is the difference between what is acceptable and what is unacceptable. The parameter of the area between these two is what is tolerable. It is common practice to assign a 'RAG' rating (Red, Amber, and Green) with the following generally accepted definitions:

Status	Meaning	Required Action
Green	Acceptable	No action is required but continue monitoring.
Amber	Tolerable risks but action is required to avoid a Red status.	Investigate to verify and understand underlying causes and consider ways to mitigate or avoid within a specified time period.
Red	Unacceptable. Urgent attention is required.	Investigate and take steps to mitigate or avoid within a specified short term.

This approach can be applied across the complete risk management framework and provides a clear indication of proportional response to the perceived materiality of the associated risk. Specifying a timescale for resolution emphasises the perceived urgency and significance of the underlying cause. This makes good business sense and promotes a consistent understanding across the Constabulary.

Where the risk is confined to the relevant business or operational area and mitigating action(s) can be identified at this level, the risk should be assessed for likelihood and impact and an appropriate owner identified. Any mitigating action(s) and/or contingency measures should be identified to be completed within defined timescales. The risk can then be added to the relevant operational, departmental, or programme/ project risk register for monitoring and review.

Where any risk identified has a cross-cutting impact or if mitigating action is required by another business or operational area, the risk should be referred to the appropriate commander, director, or head of department to discuss the likelihood and impact assessment, identify an appropriate owner and agree mitigating action(s) and contingency measure(s). The risk should then be added to the relevant operational, departmental or programme/ project risks register for monitoring and review.

A risk can be escalated to the Chief Officer Group for consideration as a strategic risk at any time. Where any risk identified is considered to be significant enough to affect the medium to long term objectives of the Constabulary then it should be referred *via Insight and Performance* for submission to the Chief Officer Group for consideration and inclusion in the strategic risk register.

To support the decision-making process, Insight and Performance maintain a tracking database to provide an audit trail of the risks that are removed or remitted to the Chief Officer Group for inclusion on the Strategic Risk Register.

The benefits of this approach to the Constabulary are that it enables Chief Officers, , Chief Superintendents and Directors to:

- Exercise appropriate oversight and corporate governance by defining the nature and levels of risk they consider acceptable (and unacceptable) and so set boundaries for business activities and behaviours

- Provide a means of expressing their attitudes to risk which can then be communicated as appropriate to promote a risk aware culture
- Establish a framework for business risk/decision making (which risks can be accepted/retained, which risks should be mitigated and by how much) which ensures an appropriate balance between being risk seeking and risk averse
- Improve the allocation of resources where appetite thresholds are under threat
- Encourage more conscious and effective risk management practices, e.g. prioritising risk related issues for escalation and for response.

Please refer to the Risk Management Toolkit in Appendix 1 for information on risk management methodology (beginning in section 3.2).

Roles and responsibilities

Chief Officer Group has responsibility for:

- Identifying and assessing new and emerging strategic risks.
- Deciding whether identified risks are strategic or not.
- Deciding whether or not the level of risk is acceptable to the Constabulary.
- Prioritising and scoring strategic risks.
- Reviewing and monitoring strategic risks on a four-monthly basis.
- Approving strategic risks to be added to or removed from the strategic risk register.
- Deciding on what action should be taken against each risk and who is responsible for mitigating them.
- Deciding whether action taken is acceptable and in line with risk appetite and risk tolerance.

Commanders, Directors, and Heads of Departments have responsibility for:

- Identifying and assessing new and emerging operational risks.
- Prioritising and scoring operational risks.
- Managing risks at departmental/operational level.
- Reviewing their risk registers regularly with their management teams and staff
- Ensuring that any action(s) identified in relation to risks are completed.
- Deciding whether action taken is acceptable and in line with risk appetite and risk tolerance.
- Ensuring that risks are escalated to Chief Officer Group as appropriate (**see Risk Tolerance section**).
- Advising other directors and/or commanders and/or heads of department if they become aware of a risk which they consider should be addressed by them.
- Ensuring that their risk registers are updated regularly and kept up to date with decisions made during the risk register review process.
- Providing a copy of their risk register to Insight and Performance on a four-monthly basis for quality assurance and reporting purposes.
- Of note, the management of Cumbria Constabulary's estate management was transferred to the remit of the Office of the Police, Fire and Crime Commissioner and therefore is managed on the OfPCC's risk register.

Programme and project managers have responsibility for:

- Identifying and assessing new and emerging programme/project risks (ensuring that information and data security risks are fully considered).
- Prioritising and scoring programme/project risks.
- Managing programme/project risks.
- Reviewing their risk registers regularly with their management teams and staff at SMT.
- Ensuring that any action(s) identified in relation to risks are completed.
- Deciding whether action taken is acceptable and in line with risk appetite and risk tolerance.
- Ensuring that risks are escalated to:
 - The relevant departmental risk register or

- The relevant directorate/command risk register or
 - Chief Officer Group where appropriate (**see Risk Tolerance section**).
- Advising other directors and/or commanders if they become aware of a risk which they consider should be addressed by them.
- Ensuring that their risk registers are updated regularly and kept up to date with decisions made during the risk register review process.
- Providing a copy of their risk register to Insight and Performance on a four-monthly basis for quality assurance and reporting purposes.

All employees have responsibility for:

- Identifying risks and ensuring that action is taken to manage them.
- Escalating identified risks to a level where it can be dealt with appropriately if they do not feel that they can address a problem themselves.

Insight and Performance owns the management arrangements for risk and has responsibility for:

- Identifying and assessing new and emerging strategic risks through environmental scanning. Information is provided monthly to senior management and Chief Officer Group.
- Ensuring that risk is effectively managed by doing a four monthly quality assurance of and reporting errors and omissions found on risk registers to the relevant departmental /operational SPOCs.
- Co-ordinating risk management registers and providing a corporate overview of all risks to Chief Officer Group on a four-monthly basis.
- Providing progress updates in relation to risks in the Strategic Risk Register to Chief Officer Group, the Police and Crime Commissioner and the Joint Audit Committee as and when required.
- Identifying any actions, making recommendations and reporting them to the Chief Officer Group for approval.
- Maintaining the Strategic Risk Register tracking system.
- Provide expertise and management advice when required.

Accountability and Governance

The Police and Crime Commissioner has an Accountability Framework which aims to:

- Provide the PCC with a robust system for holding the Chief Constable to account for the services delivered by the Constabulary.
- Focus on the priority developments whilst still maintaining oversight of key outcomes and day-to-day policing.
- Provide information to the public on performance in delivering policing and the Police and Crime Plan.
- Provide a balance between crime and justice outcomes, quality of service and value for money.

Collectively the elements within this framework enable the Constabulary to assure itself that its risks are not escalating and that controls are effective in preventing and correcting any event which may have an effect on its own objectives and those of the Police and Crime Commissioner.

The Head of Standards Insight and Performance command and a representative of the Office Police and Crime Commissioner also meet 4-monthly to ensure that both strategic risk registers reflect the purpose and key objectives of the respective organisations and that the identified strategic risks are complimentary and being effectively managed.

Please refer to the forces separate policy and procedure regarding information security risk management:

[Information Security, Accreditation, and Risk Management Policy & Procedures.docx](#)

Independent Joint Audit Committee

The Office of the Police and Crime Commissioner and the Constabulary have in place a Joint Audit Committee with independent membership.

The Joint Audit Committee will monitor the effective development and operation of risk management, review the risk profile, and monitor progress of the Police and Crime Commissioner and the Chief Constable in addressing risk-related issues reported to them; and give such advice and make such recommendations on the adequacy of the level of assurance and on improvement as it considers appropriate.

Audit of Risk Management Arrangements

External audits of risk management may be commissioned as and when considered appropriate.

There are a range of audit and inspection bodies that provide assurance to the Constabulary and these are mapped in Appendix 2.

In Appendix 3, there is a summary of all of the risk control mechanisms operating in the Constabulary showing how we manage risk.

5. Supporting Information – to open attachments please open file in ‘Desktop App’ (click on ‘editing’ button top right)

Appendix 1

Risk Management Toolkit



Risk Management
Toolkit 2021 2024.doc

Appendix 2

Assurance Landscape in Policing



Assurance landscape
in policing.pdf

Appendix 3

How we manage risk - summary of risk control mechanisms utilised in the Constabulary.



How we manage risk
2019.pdf

Appendix 4

College of Policing Ten Risk Principles



Risk.pdf

Appendix 5

Constabulary Information Risk Appetite Statement



Cumbria
Constabulary Informa

6. Monitoring and Reviewing

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This Risk Management Policy will be reviewed on a three yearly basis to ensure it remains effective. The policy will also be reviewed whenever new legislation or guidance which may have an impact on it is introduced.

The monitoring of this policy will be done by:

- Reviewing the policy and associated documentation to ensure the policy is still relevant.
- Reviewing the implementation of the policy by consultation with key personnel responsible for implementation of and adherence to it.
- Measuring policy outcomes.

EQUALITY ANALYSIS

An Equality Analysis must be completed before and during development of a policy & procedure to inform its content, and the template presented below must be used.

Without an Equality Analysis, our policies and procedures can be challenged in court.

When carrying out an Equality Analysis the following documents may be of use:

- The essential guide to the public sector equality duty.
- Equality Act 2010 public sector equality duty – what do I need to know?
- Equality Act 2010 specific duties to support the equality duty – what do I need to know?
- Constabulary equality objectives in the current Police & Crime Plan.
- Equality data workbook on the performance dashboard.
- Other equality data (e.g. from external sources).

The essential guide to the public sector equality duty and the Equality Act 2010 quick start guides are all available on the Policy Library site.

In summary, the Equality Duty has three aims:

- **Eliminate unlawful discrimination**, harassment, victimisation and any other conduct prohibited by the Equality Act 2010.
- **Equality of opportunity** between people who share a protected characteristic and people who do not share it.
- **Foster good relations** between people who share a protected characteristic and people who do not share it.

You can get advice from Sarah Dimmock, Diversity Manager.

1. What is the potential impact in relation to the General Duty of this proposal on each of the protected groups below?

Protected characteristics	Positive Impact				Negative Impact (provide details and mitigating actions taken or proposed)	No Impact (✓)
	Does the proposal: eliminate unlawful discrimination (provide details)	advance equality of opportunity (provide details)	Foster good relations (provide details)	Other positive impact (provide details)		
Age	May promote fair consideration of age related risks (e.g. succession planning and workforce demographics).					✓
Disability	Encourages consideration of operational risks that may affect any disabled employees or members of the public.					✓
Sex						✓
VAWG						✓
Sexual orientation						✓
Gender reassignment						✓
Marriage and civil partnership						✓

Pregnancy and maternity	Risk management can proactively address health, safety and workload risks for pregnant employees.				✓
Race				Bias in risk perception or prioritisation may overlook issues disproportionately affecting certain racial groups. This may be mitigated by the external audit of the forces strategic risk register.	✓
Religion and belief including non-belief	Can prevent risks linked to non-accommodation of religious observance.		Inclusive risk culture can respect diverse beliefs and practices (e.g. working patterns, dietary needs, dress codes)		✓

If there is no potential impact (positive or negative) please provide a brief explanation why this is the case, e.g. the data utilised in arriving at the decision, summary of responses to consultation, etc.

Brief explanation of the 'no impact' decisions above

This policy defines the Constabulary's internal risk management governance and processes and the roles and responsibilities of staff and departments in ensuring that identified risks are effectively managed. It doesn't directly apply to people.

DATA PROTECTION IMPACT ASSESSMENT

A DPIA is required for any project/policy where the processing of personal data could result in a high risk to the rights and freedoms of individuals.

(Information Management) can advise when the requirement is statutory and when it is required as part of our policy development.

A DPIA ensures the force can meet its legal obligations to evidence that information risks, along with Data Protection principles and obligations, have been fully considered relating to the intended processing, and that control measures are considered and proportionate.

The introduction of all new projects, initiatives and policies that involve the processing of personal data or sensitive operational data require the completion of a DPIA Screening Questionnaire for review and consideration by the Data Protection Officer/Information Management Team

Triggers for completion of a screening questionnaire include:

- Procurements;
- **Policy publication;**
- IT Project business cases;
- Partnership working and Information sharing initiatives; and
- Equality Impact Assessments – where Article 8 consideration is identified

Where the outcome of a screening questionnaire is that a Stage 2/Full DPIA is required, it is the responsibility of the policy lead to complete the documentation with the support of IM if necessary.

A DPIA questionnaire must be completed before the development of a policy & procedure to inform its content, and the template presented below must be used.

If you have answered 'yes' to any of the screening questions, please contact Information Management for advice to see if a full DPIA is required.

You can get advice from Heather Wright, DPO /Lesley Johnson, GDPR PM

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	DPIA Screening Questions	Yes	No	N/A
1	Will the project/policy involve the collection of new information about individuals?		√	
	(provide details)			
2	Will the project compel individuals to provide information about themselves?		√	
	(provide details)			
3	Will information about individuals be disclosed to organisations or people who have not previously had routine access to the information?			√
	(provide details)			
4	Does the project/policy involve multiple organisations, whether they are government agencies (e.g. as a joint working initiative) or private sector organisations (e.g. providing a service as data processor).		√	
	(provide details) If any shared data will be anonymised prior to being shared, please state here what will be shared and how it is anonymised.			
5	Are you using information about individuals for a purpose it is not currently used for, or in a way it is not currently used?			√
	(provide details):			
6	Does the project/policy involve you using new technology which might be perceived as being privacy intrusive? For example, the use of biometrics or facial recognition.		√	
	(provide details):			
7	Will the project/policy result in you making decisions or taking action against individuals in ways which can have a significant impact on them?		√	
	(provide details)			
8	Is the information about individuals of a kind particularly likely to raise privacy concerns or expectations? For example, health records, criminal records or other information that people would consider to be particularly private.			√
	(provide details)			
9	Will the project/policy require you to contact individuals in ways which they may find intrusive?		√	
	(provide details)			



Office of the Police, Fire and Crime Commissioner, Cumbria Constabulary and Cumbria Fire and Rescue Service

Joint Procurement Policy

March 2026

This document needs to comply with 2 active Procurement Acts whilst transitioning pre 2023 act Frameworks whilst continuing to implement the staged Procurement Act 2023.

Any procurements conducted during this transition period will be conducted in compliance with the applicable obligations and legislation.

During this transition period, OPFCC, Constabulary and Fire staff are to seek advice from Commercial Department when conducting procurement activity to ensure compliance to the procurement legalisation.

Joint Procurement Policy

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Introduction

This document sets out the guidelines which underpins the commercial activities for procurements undertaken by the commercial department on behalf of the Office for Police, Fire and Crime Commissioner (OPFCC), Cumbria Constabulary (CC) and the Cumbria Fire and Rescue Service (CFRS).

This Joint Procurement Policy describes the rules to be applied by staff and suppliers before, during and throughout the contract period, in aid of providing the supplies, services and works needed to deliver our services. These will apply to any contracts or purchase orders resulting in a payment being made by the OPFCC / CC / CFRS.

The contents of this document outline guidance to ensuring those engaged in buying/providing goods and services conduct business professionally in accordance with our procurement objectives:

- Delivering Value for Money
- Maximising Social Value
- Equal Treatment
- Removing Barriers for Small and Medium Enterprises SMEs
- Acting with Integrity (inc. accountability)
- Fair and Transparent (effective) Competition

With the introduction of the New Procurement Act 2023, procurement processes have been overhauled, but whilst current frameworks are still running under Procurement Regulations Act 2013, there will be a mix of processes to comply with, therefore going forward in this document the Procurement Act will refer to as 'the Relevant Act'.

All contracts must be in the name of the **"The Police, Fire and Crime Commissioner for Cumbria"** (the Commissioner). Where appropriate the Commissioner may consent to the Chief Constable / Chief Fire Officer contracting and in those cases the contract must be in the name of **"the Chief Constable for Cumbria Constabulary"** (the Chief Constable) or **"the Chief Fire Officer for Cumbria Fire and Rescue Service"** (the Chief Fire Officer) If there is any doubt, advice should be sought from the Commercial Department or Legal Services.

Public procurement is a complex process strictly governed by rules and regulations subject to fines and repeals of contracts when breaches of process have been challenged. The Joint Procurement Policy aims to ensure the freedom of opportunity to trade with organisations and to ensure organisations are open and transparent in the way they undertake business aiming to ensure that Value for Money in all aspects of public sector procurement is achieved along with the right balance between quality, performance and price when we purchase goods services and works. Following the Joint Procurement Policy helps ensure we make the best use of diminishing public resources and prioritise essential services.

The Joint Procurement Policy will be reviewed annually by the Head of Commercial. Any legislative changes that come into force during such periods will be incorporated into the Regulations at the most appropriate earliest revision point in time.

The Joint Procurement Policy does not apply to the policy and procedures for issuing grants. For awards of grant agreements please refer to our Grant and Funding Agreement guidance.

Compliance

The organisations must adopt the standards within this document for the conduct of any commercial activity, the Joint Procurement Policy is underpinned by internal and external policies and procedures that all staff must comply with. These set out the detail of the procurement and contracting rules and processes including the level of authorisation, delegations and responsibilities that exist. They specify the minimum standards we expect our staff to comply with when purchasing goods and services and provide a guide to the steps they must follow. They ensure we maximise the opportunities for competition and value for money whilst providing a balance between the amount of administration involved and the value of the items being procured. Procurement and contracting may only be carried out by authorised officers

Internal Policies and Procedures

All commercial roles and any other members of the organisations involved in commercial activities must comply with expected codes of conduct which are outlined in the below internal policies and procedures:

- The Codes of Ethics which is underpinned by the Dignity and Respect Policy and Procedures
- Anti-Fraud, Bribery and Corruption Policy and Procedure
- Business Interest Policy and Procedure.
- OPFCC Scheme of Delegation.
- Chartered Institute for Procurement and Supplies

These sets out the principles that we will abide by when conducting business and covers issues such as gifts and hospitality. It aims to ensure high standards of integrity in all our business relationships.

External legislation

All commercial roles must follow the appropriate legislation which include:

- New Procurement Act 2023
- PCR 2015
- Freedom of information Act 2000.
- Data Protection Act 1998, 2003, 2018
- Any other legislation which is relevant to commercial procurement such as the International Labour Organisation.

These set out the legal requirements we need to adhere to, to ensure we conduct compliant commercial activities for the Organisations.

Separation of Duties

As part of the commitment to transparency, accountability, and service integrity, an individual that conducts a procurement, raises a purchase order, or requests a waiver cannot also approve one.

All requests and approvals therefore should be raised by one individual and approved by a different individual and in accordance with the decision value and this document.

Conflicts-of-Interest

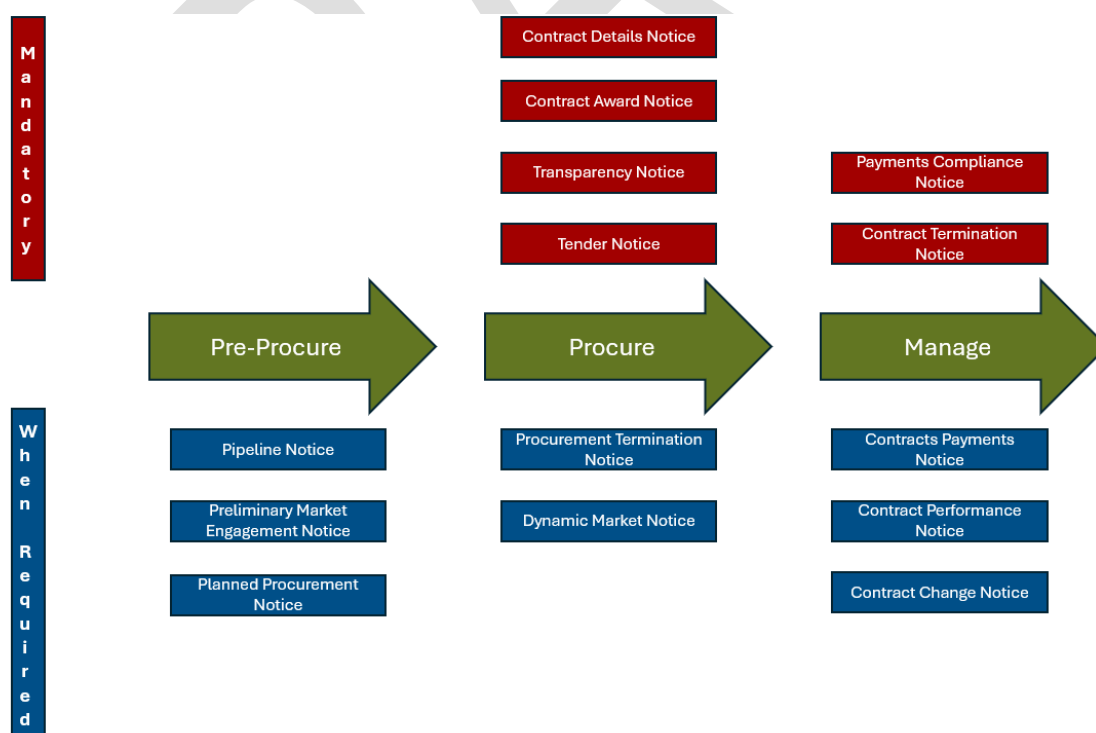
Public Procurement Legislation, as part of ensuring that all processes are managed fairly and with integrity, require all individuals (officers and members) and suppliers involved in any stage of the contract life cycle to both identify/ disclose and mitigate any perceived, potential and/ or actual conflicts of interest.

Compliance with this requirement will include carrying out a conflict-of-interest assessments whenever anyone new gets involved in the procurement, approval and/ or contract management.

All conflict-of-interest assessments must be recorded on Conflicts of Interest Register and kept under review during the whole life cycle of the contract. The assessment must also include details of any mitigations taken / to be undertaken to mitigate potentially unfair outcomes, e.g., use of Ethical Wall Agreements, use of alternative evaluators, etc.

Transparency Notices

In line with the changes in the New procurement Act, there is a mandated requirement to publish transparency notices through out the procurement process, these are detailed below:



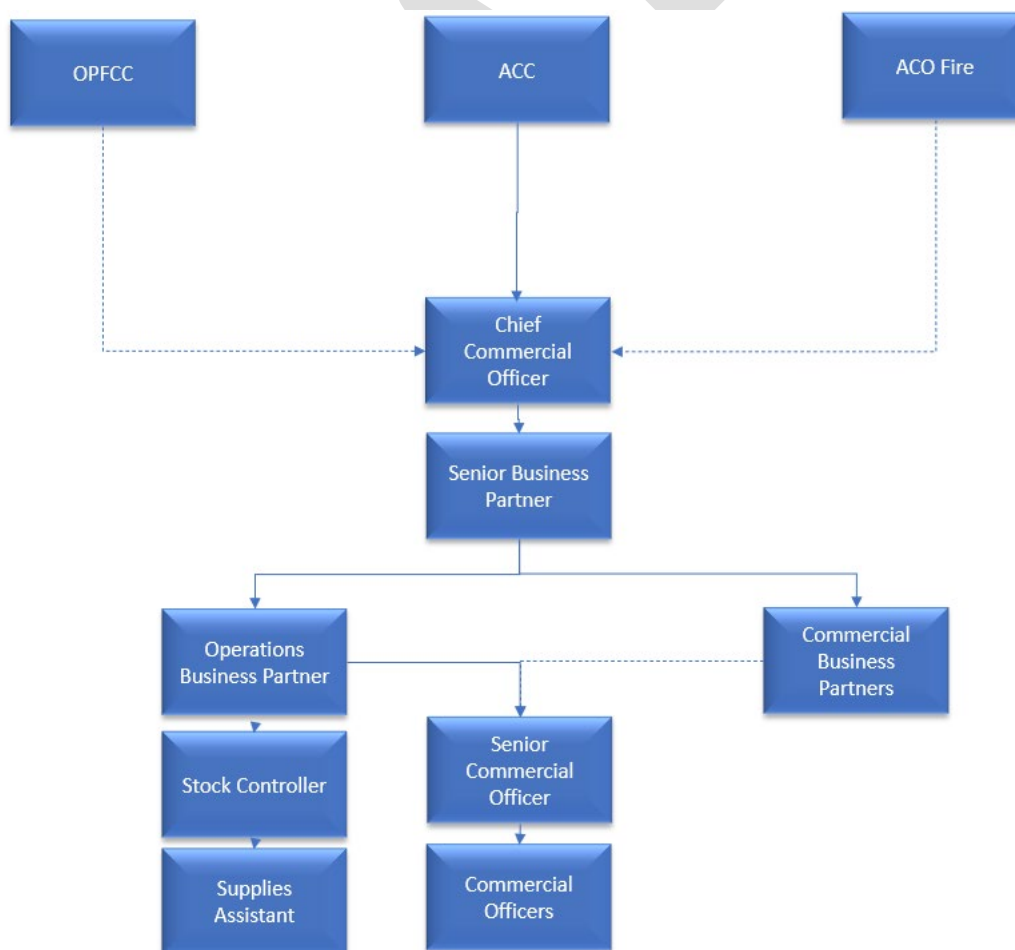
These notices will be dependant on which procurement act the contract is under and the value of the full life cost of the contract.

Procurement Strategy

The OPFCC/CC/CFRs have a jointly agreed Procurement Strategy that sets out the agreed approach and standard for designing and delivering procurement procedures.

All staff are required to align their procurements to this Strategy, with guidance available from the Chief Commercial Officer.

Commercial Team Structure



A generalised category approach model has been adopted along with the roles of Commercial Business Partners able to provide support within five broad areas of responsibility aligning specific procurements, products and services experience in different areas of the business. The Commercial Business Partner would normally be expected to undertake all technical procurement processes and offer current regulatory advice on commercial aspects of the procurement cycle.

General Category Definitions:

- DDAT
- Enabling Service Requirements including Commissioner requirements
- Estates
- Operations including Custody Suite and Fleet
- Operations including Uniform and Equipment

Each category lead will support both Police, Fire and OPFCC contracts (except Uniform currently managed by Fire)

Procurement Procedures

The Procurement Procedures ensure not only compliance but supports:

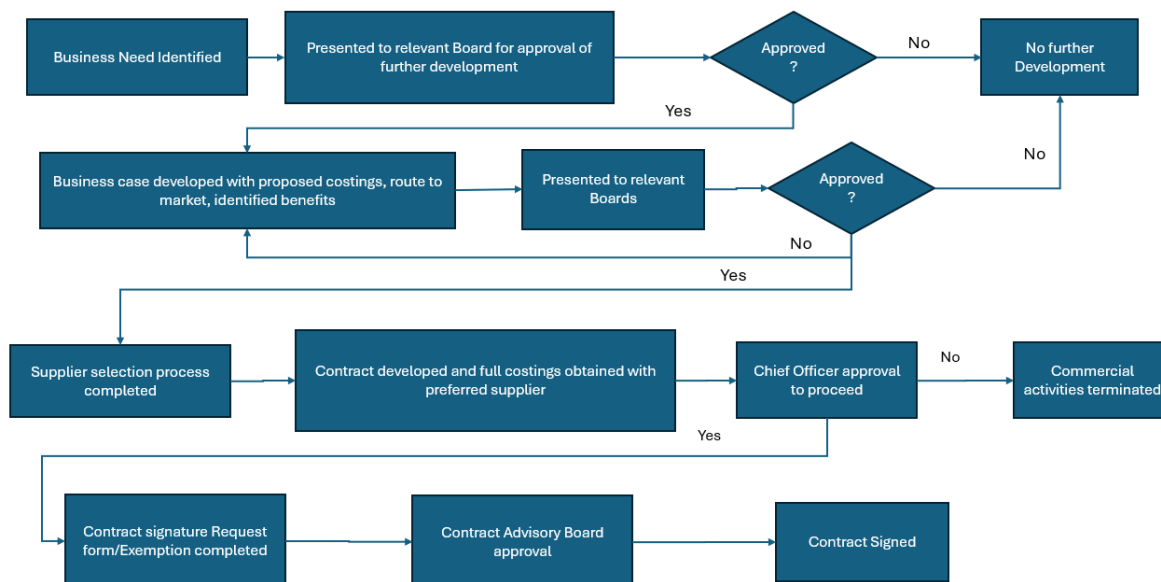
- Procurement activity is undertaken with the primary objective of supporting the OPFCC / CC / CFRS to achieve its priorities and objectives and operate compliantly, efficiently and effectively.
- All procurement should achieve best value for money both for outcomes and the efficiency and effectiveness of the procurement process.
- Procurement activities will achieve an appropriate balance between procurement risk, competition, regulatory compliance and the requirements of the business risk. Where there are conflicts between procurement risk and business risk, decision making will be taken at an appropriate level of seniority within the Organisation.
- All procurement activities will be undertaken in a transparent, fair and consistent manner, ensuring the highest standards of probity and accountability.
- All procurement will operate under robust principles and procedures to ensure best value.
- Procurement activities will only be undertaken by staff authorised to do so.

Detailed process maps are incorporated into the procurement procedures.

Commercial Governance

Below identifies the internal Governance to ensure appropriate levels of authority approvals have been gained through the contract initiation stages, this secures a full understanding of:

- What is being delivered
- The Total Life Costs
- Project delivery timescales and contract duration
- The Benefits and Risks of the contract and delivery

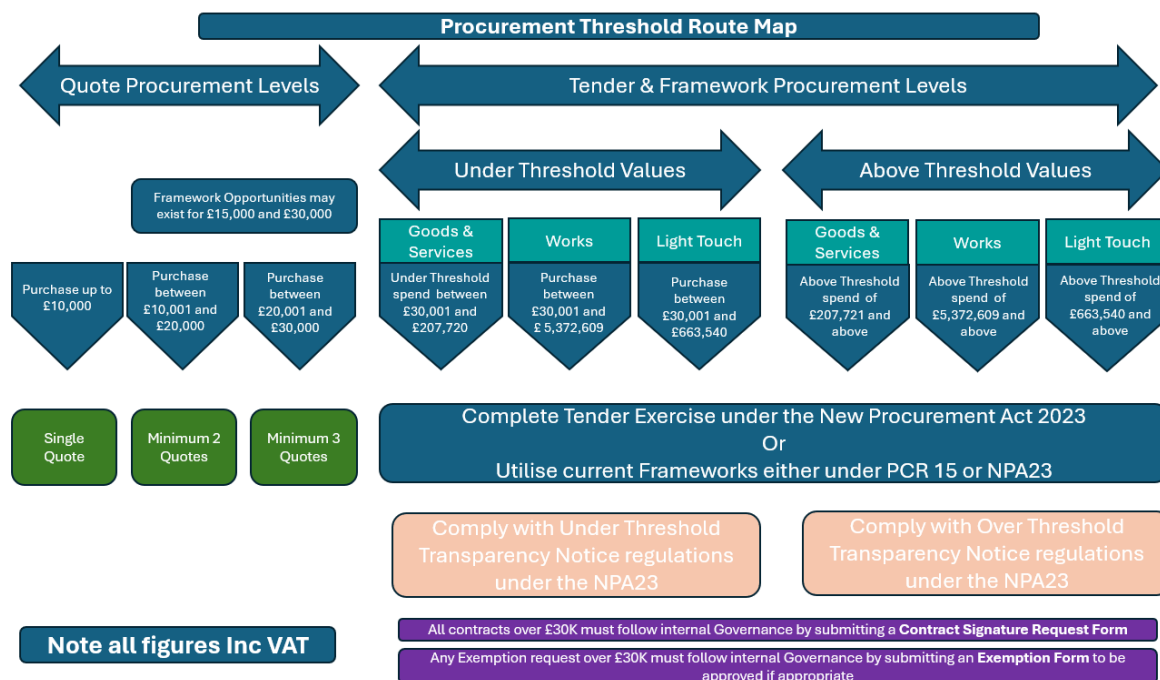


Prior to the final signing of the contract, all contracts over £30k will be presented at the biweekly Contract Award Board (CAB) for approval.

The attendees for CAB approval are:

- Chief Finance Officer to confirm funding is in place
- Director of Legal to Confirm the contract is approved
- Chief Commercial Officer to confirm the procurement route and obligations have been met.

Procurement Thresholds



Governance Forms

Standard forms and templates will be utilised as defined in the Procurement Procedures which can include depended on the value and route taken the below:

- Contract Signature Request Form
- Exemption Form
- Code of Conduct Declaration Form
- Tender Evaluation Report
- Supplier Approval Form
- Standard Terms and Conditions
- Templates (currently under development):
 - ITT – Part 1 – Invitation to Tender
 - ITT – Part 2 – Requirements and Specification

- ITT – Part 3 – Tender Response
- Request for Quote

Commercial Roles and Responsibilities

Although the Commercial Team will own and manage the tasks for commercial activities below identifies the roles and responsibilities for all stakeholder involved:

The Commercial Team is responsible for all procurement process and compliance, including ownership of the procurement option appraisals and all notices up to the publication of the Contract Award Notice, ownership of e-tendering portal, ownership and provision of all procurement templates completion/ approval of procurement template and reports, and oversight of all activities relating to waivers, contract modifications or termination.

Responsible for supporting the planning for and management of all contracts (regardless of how they are procured), owning the contract register (ensuring that information is kept up to date and that copies of contracts are attached) and forward planning for re-procurement of cyclical requirements

Managing the tender process, evaluation and moderation sessions, completing any procurement related reports and any pre-contract governance requirements and working with Legal to finalise contracts all in accordance with this document, relevant procurement legislation and other associated legislation.

Obtain all commercial approvals for signatory of the contract.

Project Management Team/Business

The Project Management team is responsible for ownership of the delivery of the project including Project Initiation Document and all pre-procurement governance and budgetary approvals, overseeing all technical document creation, organising any legal documents that are required, supporting all stages of the procurement process, co-ordinating the resourcing of tender evaluation and moderation sessions, completing any procurement related reports and any pre-

contract governance requirements and working with Commercial and Legal to finalise contracts all in accordance with this document, relevant procurement legislation and other associated legislation.

The Finance Team will be responsible for the diligence on the proposed budgets identified in the business case and advise Chief Officers of the impact to budgets, and if approved manage the budget settings and forecasting.

The Legal Team will be responsible for reviewing the proposed contracts for signature and provide guidance and advice for all legal decisions and activities.

Contract Management can vary on who owns the responsibility dependent of the value/criticality of the contract, but the commercial team will support the business in managing any contractual/supplier issues, non-performance with KPIs and where required advice on termination routes, but will be identified as part of the project closure handover documentation.

End of Document



Joint Audit Committee 25 March 2026: **Agenda Item 15**

HMICFRS Value for Money Profiles 2025/26

A Report by: Michelle Bellis, Constabulary Chief Finance Officer and Casey Walton, Strategy & Development Manager

Executive Summary

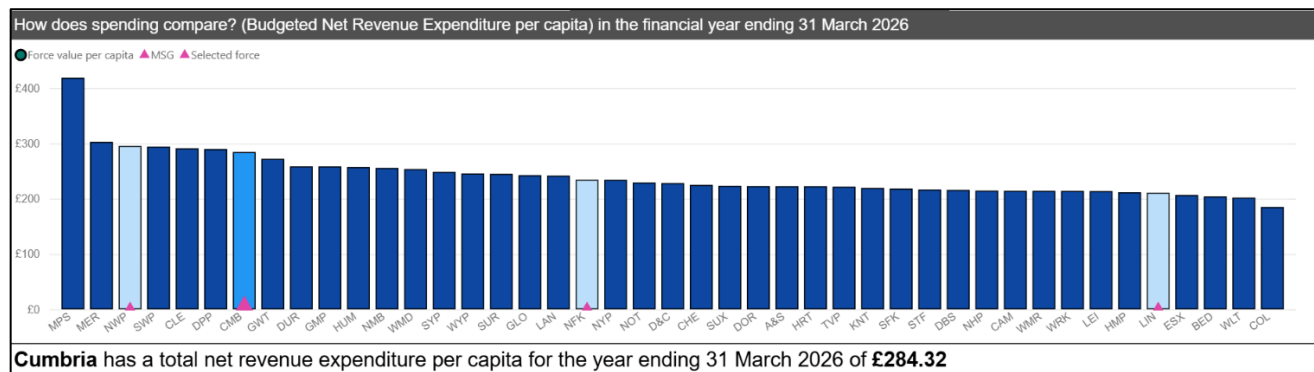
His Majesty's Inspectorate of Constabulary and Fire and Rescue Services (HMICFRS) produce a summary of value for money arrangements within Constabulary's on an annual basis. The underlying data is gathered from a variety of sources including the annual data return in relation to HR statistics and the Police Objective Analysis exercise in relation to budget figures. The most recent publication is based on the budget for 2025/26 as approved in February 2025. The data is presented in a more summarised format than in previous years. The latest data is presented in a power BI presentation and can be found on the HMICFRS website at <https://hmicfrs.justiceinspectorates.gov.uk/our-work/article/value-for-money-inspections/value-for-money-dashboards/>

Recommendation

The Joint audit committee are asked to note the content of the report.

1. Introduction and Background

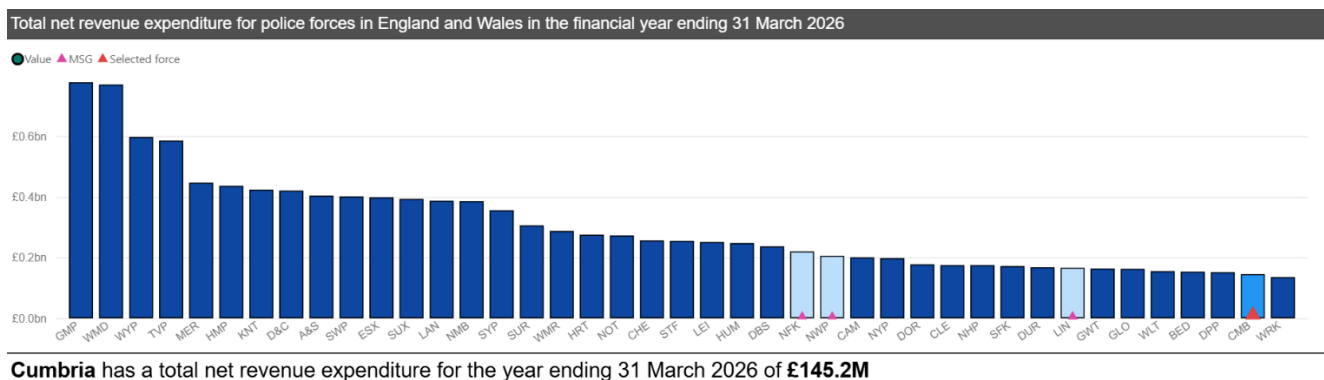
- 1.1. The VFM profiles compare Cumbria against all 43 forces and with Cumbria's Most Similar Group (MSG) which includes Lincolnshire, Norfolk and North Wales. The aim of the profiles is to compare performance and the costs of achieving that performance. The Profiles highlight where Cumbria is seen as an outlier. An outlier is defined as being in the top or bottom 10% and where the effect of the difference is greater than £1 per head of population, which equates to a cost differential of £0.5m.
- 1.2. Important general points about the VFM profiles:
 - Cumbria is a demographic outlier when comparing it to its MSG and this will continue to be the case, regardless of any VFM comparators. Cumbria's geography, topography and socioeconomic environment are unique and there are fixed costs associated with this regardless of other comparisons.
 - Population is the main determinant used in the profiles for assessing value for money – that is, cost per head of population. This significantly disadvantages Cumbria, which has the lowest population of 42 forces (excluding City of London), is the third largest county in England by area covering 2,613 square miles, is sparsely populated, is classified as 98% rural, and is geographically isolated. The additional cost of delivering services in this physical geography is not considered within the profiles.
 - The sparsity of the population, the rural nature of the county and the isolated geographic location of the county in England, results in higher costs to deliver police services compared to other forces and limits opportunities for cost effective collaborations with other forces for specialist operational services or private companies to provide services. As a result, Cumbria Constabulary requires more people and more equipment to deliver a police service to a small population distributed over a large area.
 - As a result, all of these factors combine to incur additional fixed costs in policing the county, irrespective of how and by whom police services are provided, and regardless of policy or strategy decisions made by senior management.
- 1.3. Overall, total spending per head of population shows Cumbria as the 7th highest of all forces, which is important context as this will influence relative spend across most areas. It will also reflect relative performance, as reported by the latest Force PEEL inspection.



2. Cumbria Value for Money Profile Outliers

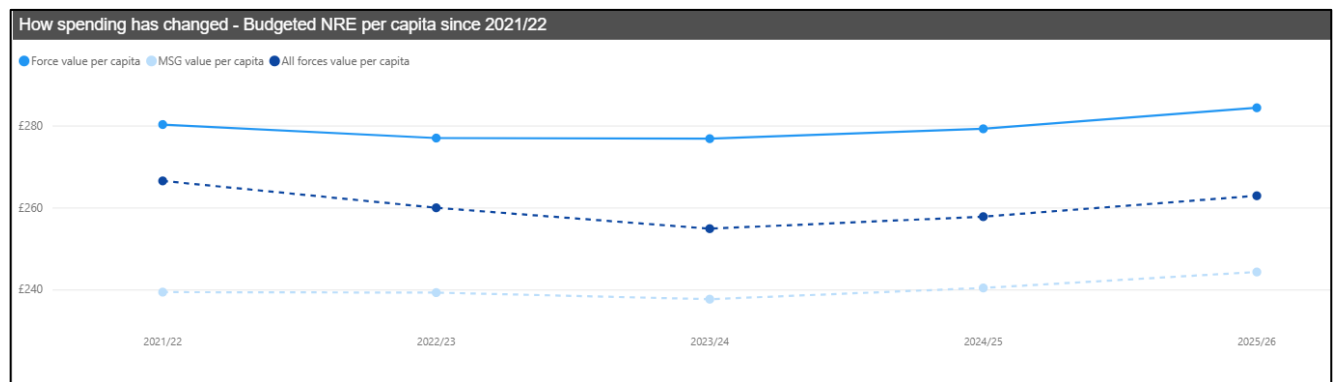
- 2.1. Cumbria's value for money data has been considered and informs the ongoing futures work of the organisation and provides a form of benchmarking with other forces. Due to the scale of both the MPS and City of London police, they have been excluded from Cumbria's analysis due to skewing comparisons. Chart 1 below presents forces total net revenue expenditure (NRE) for the most recent financial year (the NRE figure is excluding any additional funding from national policing and PCC's). This profile reports Cumbria to have a total NRE of £145.2m for the year ending March 2026, which is the second lowest across all 41 forces compared with only Warwickshire with fewer funds at £135.2m.

Chart 1: Force comparison of total net revenue expenditure in the financial year ending March 2026.



- 2.2. Chart 2 below presents the changes in spending per capita over recent years. As with the previous data sets, Cumbria presents as higher than its MSG, (which will be influenced by its significantly smaller population size) but follows the overall trend of increasing for 2025/26 which likely reflects the increases in financial pressures such as the increase in the police pay award facing all forces.

Chart 2: Force comparison of changes in NRE spending per capita since 2021/22.



2.3. Cumbria's VfM profile highlighted some functions where the force is recorded as being a potential 'outlier' compared to its most similar force group. Each outlier was analysed in order to identify any potential efficiencies and to inform the Futures Programme. A number of challenges exist regarding application of findings from the profiles, namely the profiles do not account for the structure of each individual force when comparing resource. To date, there is no blueprint of what a 'good' force workforce structure should be.

2.4. The areas where Cumbria appears to be out of step with its MSG is for spending per capita are on support functions, criminal justice arrangements, and operational support.

- Cumbria is shown to have the greatest expenditure per capita for 2025/26 within the 'Support Function' category. The highest difference comes from Information Communication Technology and when drilling down further, the driving cost is 'Other staff costs', which likely aligns to the scale of work around the implementation of the Mark 43 system and the necessity for project management and enhanced resource to embed a force wide information management system.
- Cumbria is reported to spend slightly more on its criminal justice arrangements per capita than its MSG and is the 5th highest across all forces compared. The driver of the greater costs appears to be driven by custody.
- Cumbria is reported to spend slightly more on its operational support per capita than its MSG and is the second highest across all forces compared. The driver of the greater costs appears to be driven by the firearms unit. Drilling through the categories further highlights that police officer costs are the predominant cause for the enhanced cost, which as aforementioned will be caused by the comparison being 'per capita' and Cumbria's population size being significantly smaller to comparative forces.



Joint Audit Committee Proposed Annual Work Programme 2026/27

Joint Audit Committee: 25 March 2026

Agenda Item 16

Originating Officer: Michelle Bellis, Constabulary Chief Finance Officer

Executive Summary

This paper provides the proposed work programme for the 2026/27 financial year. The format of the report has been designed to demonstrate how the work programme supports the committee in delivering against its terms of reference.

Recommendation

Members are recommended to:

- Consider the proposed annual work programme and development sessions as a basis for fulfilling the terms of reference and assurance responsibilities of the committee.
- Approve the work programme for 2026/27.

1. Introduction & Purpose of the Report

- 1.1. On an annual basis the Joint Audit Committee agrees a work programme that informs the reports and information received by the committee to ensure that members fulfil their terms of reference and advisory role. The document is aligned with the CIPFA guidance on Audit Committees. The guidance makes specific reference to the role of committees within the governance framework for policing. This report translates the terms of reference into a proposed work programme and includes a number of proposed development sessions.
- 1.2. This report includes the work required by the committee in its role as a Joint Audit Committee covering the two separate legal entities of:
- The Police, Fire and Crime Commissioner For Cumbria (PFCC),
 - The Chief Constable of Cumbria Constabulary (Constabulary),

2. Report

- 2.1. This report presents to members an annual work programme. The programme is presented in two formats:
- The first format sets out each of the terms of reference and the reports/activity that it is proposed the committee would undertake to fulfil the terms (**Appendix A**). It therefore aims to present an assurance framework in line with CIPFA guidance that identifies the key documents and information that the committee requires to fulfil its purpose.
 - The second format aligns the work programme against each committee meeting (**Appendix B**). The alignment is managed to ensure wherever possible that meetings are balanced in terms of volume of work and that governance themes are aligned.

2.2. In relation to the statutory reporting deadlines for the financial statements for 2025/26, the deadlines for publication of draft and audited statement of accounts are 30th June 2026 and 31st January 2027 respectively. Although the JAC meeting has been scheduled for 24th June, the draft statement of accounts for 2025/26 will be circulated to members for comment at the point of completion in order to meet the deadlines and comply with best practice by allowing JAC to comment on the draft accounts before they are published.

2.3. It is proposed that for 2026/27 there will be four meetings as follows:

- The meetings in June, September, November and March will each receive, cyclical monitoring reports, completed internal audit reports and the strategic risk registers (September & March only).
- The meeting in June will focus on annual reports that review the governance arrangements for the previous financial year. This will include the biennial review of effectiveness for the Committee, the review of the effectiveness of internal audit and reviews of the effectiveness of arrangements for anti-fraud and corruption and risk management. The committee will also receive the annual report of the Community Scrutiny Panel setting out the work of the panel and assurances regarding arrangements for community scrutiny. The agenda includes the annual opinion of the Director of Audit (MIAA) and ensures members have all relevant information ahead of considering the Annual Governance Statement and Code of Corporate Governance prior to their publication with the unaudited financial statements. It is also intended that at the meeting in June, members will receive a copy of the Draft Statement of Accounts (subject to audit). It should be noted that, due to the tight timescales for the production of the statements, and the timing of the meeting, it may not be possible to issue copies of the accounts with the meeting papers in advance of the meeting. The meeting will provide an opportunity for members to meet privately with the internal auditors (MIAA).

- The agenda for the September meeting will cover the standard cyclical reports and will also include the annual report of the committee, following the consideration of the committee's review of effectiveness in June. The September meeting will also consider the Audited Statement of Accounts and the Audit Findings Report of the External Auditor, setting out their opinion on the financial statements (excluding the value for money conclusion which will be presented in November). The financial statements are presented with an assurance document. This provides members with advice on the wider financial governance arrangements supporting the production of financial statements. The committee will also receive the updated annual governance statement prior to publication with the financial statements. The meeting will provide an opportunity for members to meet privately with the external auditors.
- The November meeting will focus on governance arrangements with a cyclical review of one or two of the core elements of the governance framework. A schedule outlining the review schedule for governance documents is included at **Appendix C**.
- The meeting in March will consider relevant annual strategies and plans for the following financial year. This includes the proposed internal audit plan, charter and an update on the quality assurance programme; the external audit plan and the cyclical review of governance documents in line with the plan (Appendix C). The external auditors will provide their annual report. Members will also receive an annual report on value for money within the Constabulary including HMICFRS VFM profile data benchmarking costs with most similar group (msg). The meeting includes an annual development session on treasury management, the medium term financial strategy and futures programme for both OPFCC/Policing and Fire. This aims to inform the committee of the financial climate going forward and any resulting operational change and risks in advance of the year.

- Ad-hoc HMICFRS/Inspection and other reports appropriate to the committee's terms will be circulated to members as they are published and listed on the agenda to provide the opportunity for questions and discussion.
- All meetings provide for a corporate update facilitating briefings from Chief Officers in respect of any issues of a corporate nature that are relevant to the remit of the committee or helpful as background/contextual information.
- A minimum of two development sessions will be held annually with members. The Commissioner's treasury management advisors will meet with members at a minimum annually to provide an update on treasury strategy and developments for both OPFCC/Policing and Fire.
- Before every meeting members hold a pre-meeting where they discuss and monitor progress against the JAC action plan and other topical matters.

2.4. **Appendix D** provides a proposed timeline for the various meetings and development sessions during 2026/27.

Joint Audit Committee: Annual Work Programme 2026/27 – Assurance Format

Terms of Reference		Work Programme Assurance Activity	
Terms of Reference: Governance, Risk and Control		Meeting	
2.1) Review the corporate governance arrangements against the good governance framework, including the ethical framework and consider the local code of governance. Note - Underlined governance documents are scheduled for review in 2026/27	June (Community Scrutiny Panel Annual Report)	COMMUNITY SCRUTINY GOVERNANCE: To receive an annual report from the Chair of the Community Scrutiny Panel, advising the Committee of the work of the Panel over the previous year and matters pertaining to governance in respect of the arrangements for community scrutiny. ANNUAL REVIEW OF GOVERNANCE: To review the OPFCC and Constabulary arrangements for governance; cyclical review over a three years covering: ▪ Role of the Chief Finance Officer: triennial review (November 2027) ▪ Financial Regulations: triennial review (November 2027) ▪ PFCC Grant Regulations: triennial review (November 2026) ▪ Scheme of Delegation/Consent PFCC and Constabulary: biennial review (March 2027)	
	November: (All governance reviews excluding community scrutiny) March: Risk Management Strategies, Scheme of Delegation/Consent	▪ Joint Procurement Regulations: triennial review (November 2028) ▪ Risk Management Strategy: triennial review PFCC/Police (March 2029) ▪ Joint Audit Committee Terms of Reference & Role Profiles: triennial review (November 2027) ▪ Arrangements for Anti-Fraud and Corruption /whistleblowing PFCC and Constabulary: biennial review (November 2028)	
2.2) Review the Annual Governance Statements prior to approval and consider whether they properly reflect the governance, risk and control environment and supporting assurances and identify any actions required for improvement	June	ANNUAL GOVERNANCE STATEMENT ▪ Effectiveness of Governance Arrangements: To receive a report from the PFCC CFO on the effectiveness of the PFCC and Chief Constable's arrangements for Governance. ▪ Codes of Corporate Governance: To consider the PFCC and Constabulary Codes of Corporate Governance ▪ Annual Governance Statements: To consider the PFCC and Constabulary Annual Governance Statements for the financial year and to the date of this meeting	
	November	ANNUAL GOVERNANCE STATEMENT DEVELOPMENT AND IMPROVEMENT PLAN UPDATE: To receive an update on progress against the development and improvement plan within the annual governance statements for the PFCC and Constabulary.	

Joint Audit Committee: Annual Work Programme 2026/27 – Assurance Format

Terms of Reference	Meeting	Work Programme Assurance Activity
Terms of Reference: Governance, Risk and Control		
2.3) Consider the arrangements to secure value for money and review assurances and assessments on the effectiveness of these arrangements	Every meeting	INTERNAL AUDIT REPORT: To receive reports from the Internal Auditors in respect of specific audits conducted since the last meeting of the Committee <i>(NB audit work in compliance with PSIAS will cover a specific control objective on 'value: the effectiveness and efficiency of operations and programmes'. Specific audit recommendations will be categorised within audit reports under this heading.)</i>
	March	To receive an annual report on Value for Money within the Constabulary.
	September	AUDIT FINDINGS REPORT: To receive from the external auditors the Annual Audit Findings Report incorporating the External Auditor's Value for Money Conclusion.
2.4) Consider the framework of assurance and ensure that it adequately addresses the risks and priorities of the OPFCC and Constabulary	March	ANNUAL WORK PROGRAMME: ASSURANCE FORMAT: To review and approve an annual work programme covering the framework of assurance against the Committee's terms of reference.
	September	FRAMEWORK OF ASSURANCE: STATEMENT OF ACCOUNTS: To receive a report from the PFCC CFO in respect of the PFCC and Constabulary framework of assurance.
	March	RISK MANAGEMENT STRATEGY: To provide the cyclical (3yr) review of the PFCC and Constabulary Risk Management Strategies. (NB. Next due in March 2029)
2.5) Monitor the effective development and operation of risk management, review the risk profile, and monitor progress of the Police, Fire and Crime Commissioner and the Chief Constable in addressing risk-related issues reported to them	June	RISK MANAGEMENT MONITORING: To receive an annual report from the Chief Executive on Risk Management Activity including the Commissioner's arrangements for holding the CC to account for Constabulary Risk Management.
	September & March meetings	STRATEGIC RISK REGISTER: To consider the OPFCC and Constabulary strategic risk register as part of the Risk Management Strategy.
	Every meeting	INTERNAL AUDIT REPORT: To receive reports from the Internal Auditors in respect of specific audits conducted since the last meeting of the Committee.
2.6) Consider reports on the effectiveness of internal controls and monitor the implementation of agreed actions		MONITORING OF AUDIT, INTERNAL AUDIT AND OTHER RECOMMENDATIONS AND ACTION PLANS: To receive an updated summary of actions implemented in response to audit and inspection recommendations.

Joint Audit Committee: Annual Work Programme 2026/27 – Assurance Format

Terms of Reference	Meeting	Work Programme Assurance Activity
Terms of Reference: Governance, Risk and Control (Continued)		
2.7) Review arrangements for the assessment of fraud risks and potential harm from fraud and corruption and monitor the effectiveness of the counter-fraud strategy, actions and resources	November – cyclically when updated June	ARRANGEMENTS FOR ANTI-FRAUD AND CORRUPTION: To receive the PFCC and Constabulary strategy, policy and fraud response plan. ANTI-FRAUD AND CORRUPTION ACTIVITIES: To receive an annual report from the Chief Executive on activity in line with the arrangements for anti-fraud and corruption.
2.8) To review the governance and assurance arrangements for significant partnerships or collaborations.	Ad-hoc	To receive reports on proposed governance arrangements when significant new partnerships or collaborations are entered into.
Terms of Reference: Internal Audit		
3.1) Annually review the internal audit charter and resources	March	INTERNAL AUDIT CHARTER: To receive a copy of the internal audit charter from the Internal Auditors.
3.2) Review the internal audit plan and any proposed revisions to the internal audit plan	March/Ad-hoc	PROPOSED INTERNAL AUDIT PLAN: To receive a report from the Internal Auditors on the proposed Internal Audit Annual Plan and any proposed revisions.
3.3) Oversee the appointment and consider the adequacy of the performance of the internal audit service and its independence in relation to the separate legal entities of the OPFCC, Constabulary and CCFRA.	March June Every meeting	QUALITY ASSURANCE AND IMPROVEMENT PROGRAMME: To receive from the Internal Auditors a report setting out the arrangements for quality assurance and improvement. EFFECTIVENESS OF INTERNAL AUDIT: To receive a report from the Constabulary Chief Finance Officer in respect of the effectiveness of internal audit. INTERNAL AUDIT PERFORMANCE: To receive from the Internal Auditors quarterly reports on the performance of the service against a framework of performance indicators (<i>provided within the internal audit progress reports and annual report.</i>)
	June	PRIVATE INTERNAL AUDIT MEETING: Confidential meeting of Committee members only and the Internal Auditors
3.4) Consider the Director of Internal audit's annual report and opinion, and a regular summary of the progress of internal audit activity against the audit plan, and the level of assurance it can give over corporate governance arrangements	June Every meeting	INTERNAL AUDIT –ANNUAL REPORT: To receive the Director of Internal Audit's Annual Report including the Annual Audit Opinion and details of compliance with PS/IAS and LGAN. INTERNAL AUDIT – PROGRESS REPORT: To receive a report from the Internal Auditors regarding the progress of the Internal Audit Plan.

Joint Audit Committee: Annual Work Programme 2026/27 – Assurance Format

Terms of Reference		Meeting	Work Programme Assurance Activity
Terms of Reference: Internal Audit (Continued)			
3.5) To consider the Director of Internal Audit's statement of the level of conformance with the Public Sector Audit Standards (PSIAS) and Local Government Application Note (LGAN) and the result of the Quality Assurance and Improvement Programme (QAIP) that support that statement - these will indicate the reliability of the conclusions of internal audit.	March	QUALITY ASSURANCE AND IMPROVEMENT PROGRAMME: To receive from the Internal Auditors a report setting out the arrangements for quality assurance and improvement.	
	June	INTERNAL AUDIT –ANNUAL REPORT: To receive the Director of Internal Audit's Annual Report including the Annual Audit Opinion and details of compliance with PSIAS and LGAN.	
3.6) Consider summaries of internal audit reports and such detailed reports as the Committee may request from the Police, Fire and Crime Commissioner and the Chief Constable, including issues raised or recommendations made by the internal audit service, management response and progress with agreed actions	Every meeting	INTERNAL AUDIT REPORTS: To receive reports from the Internal Auditors in respect of specific audits conducted since the last meeting of the Committee.	
3.7) Consider a report on the effectiveness of internal audit to support the Annual Governance Statement	June	EFFECTIVENESS OF INTERNAL AUDIT: To consider a report of the Constabulary Chief Finance Officer reviewing the effectiveness of Internal Audit.	
3.8) To consider any impairments to independence or objectivity arising from additional roles or responsibilities outside of internal auditing of the Director of Internal Audit. To make recommendations on safeguards to limit such impairments and periodically review their operation.	June	INTERNAL AUDIT –ANNUAL REPORT: To receive the Director of Internal Audit's Annual Report including relevant disclosures regarding impairments to independence or objectivity arising from additional roles or responsibilities outside internal auditing of the Director of Internal Audit.	

Joint Audit Committee: Annual Work Programme 2026/27 – Assurance Format

Terms of Reference		Meeting	Work Programme Assurance Activity
Terms of Reference: External Audit/External Inspection		Inspection	
4.1) Support the independence of external audit through consideration of the external auditor's annual assessment of its independence and review of any issues raised either by Public Sector Audit Appointments (PSAA) or the auditor panel as appropriate.	September	AUDIT FINDINGS REPORT: To receive from the external auditors the Audit Findings Report in respect of the annual audit of the financial statements and incorporating the External Auditor's Value for Money Conclusion. This also includes a statement with regard to Independence.	
4.2) Comment on the scope and depth of external audit work, its independence and whether it gives satisfactory value for money	March	EXTERNAL AUDIT PLAN: To receive from the external auditors the Annual External Audit Plan	
	March	EXTERNAL AUDIT FEES: To receive a verbal update around the proposed PSAA scale charge for external audit fees.	
4.3) Consider the external auditor's annual management letter, relevant reports and the report to those charged with governance	November/Ad-hoc	ANNUAL AUDIT LETTER: To receive from the External Auditors the Annual Audit Letter and reports	
	March	EXTERNAL AUDIT PLAN UPDATE: To receive from the external auditors an update report in respect of progress on the external audit plan	
4.4) Consider specific reports as agreed with the external auditors/specific inspection reports e.g. HMICFRS, relevant to the Committee's terms of reference	Every meeting	ADHOC REPORTS AS THEY ARISE: E.G. NATIONAL FRAUD INITIATIVE, STANDARDS, HMICFRS/INSPECTION: To consider any other reports falling within the remit of the Committee's terms of reference	
4.5) Advise and recommend on the effectiveness of relationships between external and internal audit and other inspection agencies and relevant bodies	September	PRIVATE EXTERNAL AUDIT MEETING: Confidential meeting of Committee members only and the external auditors	

Joint Audit Committee: Annual Work Programme 2026/27 – Assurance Format

Terms of Reference		Work Programme Assurance Activity	
Terms of Reference: Financial Reporting		Meeting	
5.1) Review the Annual Statement of Accounts. Specifically, to consider whether appropriate accounting policies have been followed and whether there are concerns arising from the financial statements or from the audit of the financial statements that need to be brought to the attention of the Commissioner and/or the Chief Constable		June (Draft Accounts) & September (Audited Accounts)	ASSURANCE FRAMEWORK: STATEMENT OF ACCOUNTS: To receive a report from the PFCC CFO in respect of the PFCC's framework of assurance; To receive a report from the Constabulary CFO in respect of the CC's framework of assurance.
		June (Draft Accounts) & September (Audited Accounts)	ANNUAL STATEMENT OF ACCOUNTS: To receive the audited Statement of Accounts for the Commissioner, Chief Constable and Group Accounts and consider a copy of a summarised non-statutory version of the accounts.
5.2) Consider the external auditor's report to those charged with governance on issues arising from the audit of the financial statements		September and November (final report)	AUDIT FINDINGS REPORT: To receive from the external auditors the Audit Findings Report in respect of the annual audit of the financial statements and incorporating the External Auditor's Value for Money Conclusion.
Terms of Reference: Accountability Arrangements			
6.1) On a timely basis report to the Commissioner, Chief Constable and the Chief Fire Officer with its advice and recommendations in relation to any matters that it considers relevant to governance, risk management and financial management		Every meeting (where appropriate)	To be discussed in Committee meetings and noted as feedback in the minutes.
6.2) Report to the Commissioner, Chief Constable and Chief Finance Officer on its findings, conclusions and recommendations concerning the adequacy and effectiveness of their governance, risk management and internal control frameworks; financial reporting arrangements and internal and external audit functions		Every meeting (where appropriate)	To be discussed in Committee meetings and noted as feedback in the minutes.

Joint Audit Committee: Annual Work Programme 2026/27 – Assurance Format

Terms of Reference	Meeting	Work Programme Assurance Activity
Terms of Reference: Accountability Arrangements		
6.3) Review its performance against its terms of reference and objectives on an annual basis and report the results of this review to the Commissioner, the Chief Constable and CCFRA.	June	JAC Review of Effectiveness (biennial activity cycle): - To receive a report reviewing the effectiveness of the committee against the CIPFA framework as a contribution to the overall effectiveness of arrangements for governance (Odd years) - To conduct a 360' review of committee effectiveness (private meeting between members, DCC, CE & PFCC CFO and CC CFO) (Even Years) JAC Annual Report: To receive the annual report of the committee (following the review of effectiveness undertaken in June). JAC Annual Report: To publish the annual report of the committee (following approval at the September meeting.).
6.4) Publish an annual report on the work of the committee.	September	
Terms of Reference: Treasury Management		
7.1) Review the Treasury Management policy and procedures to be satisfied that controls are satisfactory	March	TREASURY MANAGEMENT STRATEGY AND TREASURY MANAGEMENT PRACTICES: To review the annual Treasury Management Strategy incorporating the policy on investment and borrowing activity and treasury management practices for the PFCC/Constabulary.
7.3) Review the Treasury risk profile and adequacy of treasury risk management processes		
7.2) Receive regular reports on activities, issues and trends to support the Committee's understanding of Treasury Management activities; the Committee is not responsible for the regular monitoring of activity	Every meeting	TREASURY MANAGEMENT ANNUAL REPORT/ACTIVITIES: To receive for information the treasury management annual report and an update on Treasury Management Activity for the PFCC/Constabulary.
	March	TREASURY MANAGEMENT ADVISORS: To receive briefings/training from the Commissioner's Treasury Management advisors.
7.4) Review assurances on Treasury Management (for example, an internal audit report, external or other reports).	Every meeting (where applicable)	INTERNAL AUDIT REPORTS: To receive reports from Internal Audit Unit in respect of specific audits conducted since the last meeting of the Committee

Joint Audit Committee: Annual Work Programme 2026/27

Area	Wednesday 24 June 2026	Wednesday 23 September 2026	Wednesday 25 November 2026	Wednesday 24 March 2027
Private Meetings & Development Sessions	PRIVATE INTERNAL AUDIT MEETING: Confidential meeting of Committee members only and the Internal Auditors. (MIAA Ltd) PRIVATE MEETING – JAG Review of Effectiveness (360-Degree Review) – even years only DEVELOPMENT SESSION: Police Specific	PRIVATE EXTERNAL AUDIT MEETING: Confidential meeting of Committee members only and the external auditors. (GT) DEVELOPMENT SESSION: Fire Specific	PRIVATE DEVELOPMENT SESSION: 1) TBC	PRIVATE DEVELOPMENT SESSIONS: MARCH 2027 1) Treasury Advisor, to provide an update on Treasury Management developments (CC CFO). (Before JAC Meeting) 2) Medium Term Financial Forecast, capital strategy, capital programme, futures programme & value for money (PFCC CFO & CC CFO)
Regular Reports				
Corporate Update	CORPORATE UPDATE: To receive a briefing on matters relevant to the remit of the Committee (DCC, PFCC CFO & CC CFO)	CORPORATE UPDATE: To receive a briefing on matters relevant to the remit of the Committee (DCC, PFCC CFO & CC CFO)	CORPORATE UPDATE: To receive a briefing on matters relevant to the remit of the Committee (DCC, PFCC CFO & CC CFO)	CORPORATE UPDATE: To receive a briefing on matters relevant to the remit of the Committee (DCC, PFCC CFO & CC CFO)
Internal Audit	INTERNAL AUDIT – PROGRESS REPORT: To receive a report from the Internal Auditors regarding the progress of the Internal Audit Plan (MIAA):	INTERNAL AUDIT – PROGRESS REPORT: To receive a report from the Internal Auditors regarding the progress of the Internal Audit Plan (MIAA):	INTERNAL AUDIT – PROGRESS REPORT: To receive a report from the Internal Auditors regarding the progress of the Internal Audit Plan (MIAA):	INTERNAL AUDIT – PROGRESS REPORT: To receive a report from the Internal Auditors regarding the progress of the Internal Audit Plan (MIAA):
Internal Audit	INTERNAL AUDIT REPORT(S): To receive reports from the Internal Auditors in respect of specific audits conducted since the last meeting of the Committee (MIAA):	INTERNAL AUDIT REPORT(S): To receive reports from the Internal Auditors in respect of specific audits conducted since the last meeting of the Committee (MIAA):	INTERNAL AUDIT REPORT(S): To receive reports from the Internal Auditors in respect of specific audits conducted since the last meeting of the Committee (MIAA):	INTERNAL AUDIT REPORT(S): To receive reports from the Internal Auditors in respect of specific audits conducted since the last meeting of the Committee (MIAA):
Internal Audit	MONITORING OF AUDIT, INTERNAL AUDIT AND OTHER RECOMMENDATIONS AND ACTION PLANS: To receive an updated summary of actions implemented in response to audit and inspection recommendations (MIAA):	MONITORING OF AUDIT, INTERNAL AUDIT AND OTHER RECOMMENDATIONS AND ACTION PLANS: To receive an updated summary of actions implemented in response to audit and inspection recommendations (MIAA):	MONITORING OF AUDIT, INTERNAL AUDIT AND OTHER RECOMMENDATIONS AND ACTION PLANS: To receive an updated summary of actions implemented in response to audit and inspection recommendations (MIAA):	MONITORING OF AUDIT, INTERNAL AUDIT AND OTHER RECOMMENDATIONS AND ACTION PLANS: To receive an updated summary of actions implemented in response to audit and inspection recommendations (MIAA):
Internal Audit	INTERNAL AUDIT – ANNUAL REPORT: To receive the Head of Internal Audit's Annual Report including the Annual Audit Opinion (MIAA):			PROPOSED INTERNAL AUDIT PLAN/ INTERNAL AUDIT CHARTER: To receive a report from the Internal Auditors on the proposed Internal Audit Annual Plan and any proposed revisions. To include the arrangements for quality assurance and improvement. To also include the internal audit charter. (MIAA):
External Audit	EXTERNAL AUDIT FEES: To receive a verbal update around the proposed PSAA scale charge for external audit fees. (GT/Finance)	AUDIT FINDINGS REPORT: To receive from the external auditors the Audit Findings Report in respect of the annual audit of the financial statements. (GT)	ANNUAL AUDIT REPORT: To receive from the External Auditors the Annual Audit Report incorporating the External Auditor's Value for Money Conclusion. (GT).	EXTERNAL AUDIT PLAN: To receive from the external auditors the Joint Annual External Audit Plan. (GT)
External Audit				EXTERNAL AUDIT UPDATE REPORT: To receive from the external auditors an update report in respect of progress on the external audit plan. (GT)

Joint Audit Committee: Annual Work Programme 2026/27

Area	Wednesday 24 June 2026	Wednesday 23 September 2026	Wednesday 25 November 2026	Wednesday 24 March 2027
Regular Reports (continued)				
Risk Management		STRATEGIC RISK REGISTER: To consider the strategic risk registers as part of the Risk Management Strategy: a) OPFCC (AM) b) Constabulary (DCC)		STRATEGIC RISK REGISTER: To consider the strategic risk registers as part of the Risk Management Strategy: a) OPFCC (AM or GM) b) Constabulary (DCC)
Risk Management	RISK MANAGEMENT MONITORING: To receive an annual report from the Chief Executive on Risk Management Activity including the Commissioner's arrangements for holding the CC to account for Constabulary Risk Management. (AM)			RISK MANAGEMENT STRATEGY: To provide the triennial review of the Risk Management Strategies: a) PFCC (AM) (next due 2029) b) Constabulary (DCC) (next due 2029)
Cyclical/Annual Reports				
Treasury Management Strategy				TREASURY MANAGEMENT STRATEGY STATEMENT AND TREASURY MANAGEMENT PRACTICES: To review the annual Treasury Management Strategy incorporating the policy on investment and borrowing activity and treasury management practices. (PFCC/Constabulary CFO)
TM Activities	TREASURY MANAGEMENT ACTIVITIES: To receive for information reports on Treasury Management Activity - Quarter 4/Annual Report (Constabulary CFO)	TREASURY MANAGEMENT ACTIVITIES: To receive for information reports on Treasury Management Activity - Quarter 1 (Constabulary CFO)	TREASURY MANAGEMENT ACTIVITIES: To receive for information reports on Treasury Management Activity - Quarter 2 (Constabulary CFO)	TREASURY MANAGEMENT ACTIVITIES: To receive for information reports on Treasury Management Activity - Quarter 3 (Constabulary CFO)
Governance	ANTI-FRAUD AND CORRUPTION ACTIVITIES: To receive an annual report from the Chief Executive on activity in line with the arrangements for anti-fraud and corruption. (PFCC CFP/AM)		ANNUAL REVIEW OF GOVERNANCE: To review the PFCC and Constabulary arrangements for governance; cyclical review over three years. Some documents reported in November, some in March (see Appendix C). (Relevant Chief Officers).	ANNUAL REVIEW OF GOVERNANCE: To review the PFCC and Constabulary arrangements for governance; cyclical review over three years. Some documents reported in November, some in March (see Appendix C). (Relevant Chief Officers).
Governance	COMMUNITY SCRUTINY GOVERNANCE: To receive an annual report from the chair of the Community Scrutiny Panel. (AM)	PFCC ANNUAL REPORT To receive a copy of the PCCs annual report. (PFCC CFO/AM)		VALUE FOR MONEY: To receive an annual report on Value for Money within the Constabulary. (Constabulary CFO)
Governance	EFFECTIVENESS OF AUDIT: To receive a report from the Constabulary CFO in respect of the effectiveness of arrangements for audit. (Constabulary CFO)			
JAC	JOINT AUDIT COMMITTEE - REVIEW OF EFFECTIVENESS (biennial Activity): To receive a report reviewing the effectiveness of the Committee as a contribution to the overall effectiveness of arrangements for governance. (Constabulary CFO) – Old Years To conduct a 360' review of committee effectiveness private meeting between members, DCC, PFCC CFO & CC CFOs. Every 3 years.	JAC ANNUAL REPORT: To receive the annual report of the joint audit committee following the committees review of effectiveness. (Constabulary CFO)		JAC ANNUAL WORK PROGRAMME: ASSURANCE FORMAT: To review and approve an annual work programme covering the framework of assurance against the Committee's terms of reference. (Constabulary CFO)
Corporate Support / Financial Services / MB				

Joint Audit Committee: Annual Work Programme 2026/27

Cyclical/Annual Reports (continued)		Wednesday 24 June 2026	Wednesday 23 September 2026	Wednesday 25 November 2026	Wednesday 24 March 2027
Annual Governance Statement	ANNUAL GOVERNANCE STATEMENT ■ Effectiveness of Governance Arrangements: To receive a report on the effectiveness of the PFCC and Constabulary arrangements for Governance. (PFCC CFO) ■ Code of Corporate Governance: To consider the Codes of Corporate Governance. a) PFCC (PFCC CFO) b) Constabulary (CC CFO) ■ Annual Governance Statement: To consider the Annual Governance Statements for the financial year and to the date of this meeting: a) PFCC (PFCC CFO) b) Constabulary (CC CFO)			ANNUAL GOVERNANCE STATEMENT DEVELOPMENT AND IMPROVEMENT PLAN UPDATE: To receive an update on progress against the development and improvement plan within the annual governance statements: a) PFCC (PFCC CFO) b) Constabulary (CC CFO)	
	ANNUAL STATEMENT OF ACCOUNTS: To receive the un-audited Statement of Accounts and consider a copy of a summarised non-statutory version of the accounts: a) PFCC/Constabulary Group (PFCC CFO) b) Constabulary (CC CFO)	ANNUAL STATEMENT OF ACCOUNTS: To receive the audited Statement of Accounts and consider a copy of a summarised non-statutory version of the accounts: a) PFCC/Constabulary Group (PFCC CFO) b) Constabulary (CC CFO)	ANNUAL STATEMENT OF ACCOUNTS: To receive the audited Statement of Accounts and consider a copy of a summarised non-statutory version of the accounts: a) PFCC/Constabulary Group (PFCC CFO) b) Constabulary (CC CFO)		
Statement of Accounts	INFORMING THE AUDIT RISK ASSESSMENT / STATUTORY ENQUIRIES OF MANAGEMENT: To receive a report from the Constabulary CFO in respect of the PFCC/Constabulary Group responses to the informing the audit risk assessment statutory enquires of management. (CC CFO)	ASSURANCE FRAMEWORK STATEMENT OF ACCOUNTS: To receive a report from the PFCC CFO in respect of the PFCC and Constabulary framework of assurance. (PFCC CFO)			
Ad Hoc Reports					
Other Ad-hoc	ADHOC REPORTS AS THEY ARISE: E.G. NATIONAL FRAUD INITIATIVE, INSPECTION: To consider any other reports falling within the remit of the Committee's terms of reference	ADHOC REPORTS AS THEY ARISE: E.G. NATIONAL FRAUD INITIATIVE, INSPECTION: To consider any other reports falling within the remit of the Committee's terms of reference	ADHOC REPORTS AS THEY ARISE: E.G. NATIONAL FRAUD INITIATIVE, INSPECTION: To consider any other reports falling within the remit of the Committee's terms of reference	ADHOC REPORTS AS THEY ARISE: E.G. NATIONAL FRAUD INITIATIVE, INSPECTION: To consider any other reports falling within the remit of the Committee's terms of reference	ADHOC REPORTS AS THEY ARISE: E.G. NATIONAL FRAUD INITIATIVE, INSPECTION: To consider any other reports falling within the remit of the Committee's terms of reference

Governance Documents Cyclical Review Schedule

Documents	Review Cycle	Lead Officer	November 2025	November 2026	November 2027	November 2028	November 2029
OPFCC Role of the Chief Finance Officer	triennial	PFCC / Fire CFO Steven Tickner	✗	✗	✓	✗	✗
Joint Procurement Regulations	triennial	PFCC / Fire CFO Steven Tickner	✓	✗	✗	✓	✗
OPFCC Arrangements for Anti-fraud & Corruption/Whistleblowing	triennial	PFCC / Fire CFO Steven Tickner and/or Accountability Manager, Stephanie Stables	✓	✗	✗	✓	✗
Financial Regulations	triennial	PFCC CFO Steven Tickner	✗	✗	✓	✗	✗
OPFCC Grant Regulations & Procedures	triennial	PFCC / Fire CFO Steven Tickner and/or Accountability Manager, Stephanie Stables	✗	✓	✗	✗	✓
Constabulary Role of the Chief Finance Officer	triennial	Constabulary CFO Michelle Bellis	✗	✗	✓	✗	✗
Constabulary Arrangements for Anti-fraud & Corruption/Whistleblowing	triennial	Head of Professional Standards Simon Gray	✓	✗	✗	✓	✗
Joint Audit Committee Terms of Reference and Role Profiles	triennial	Constabulary CFO Michelle Bellis	✗	✗	✓	✗	✗
Documents	Review Cycle	Lead Officer	March 2026	March 2027	March 2028	March 2029	March 2030
OPFCC Risk Management Strategy	triennial	Accountability Manager Stephanie Stables	✓	✗	✗	✓	✗
OPFCC Scheme of Delegation/Consent	triennial	PFCC / Fire CFO Steven Tickner	✗	✓	✗	✗	✓
Constabulary Risk Management Strategy	triennial	Constabulary Chief Finance Officer Michelle Bellis	✓	✗	✗	✓	✗
Constabulary Scheme of Delegation	triennial	Constabulary Chief Finance Officer Michelle Bellis and/or Director of Legal Services - Andrew Dobson	✗	✓	✗	✗	✓

Corporate Support / Financial Services / MB

Proposed Meeting Timings

Times	Wednesday 24 June 2026	Wednesday 23 September 2026	Wednesday 25 November 2026	Wednesday 24 March 2027
09:00-09:45	Private Members Meeting (Police HQ)	Private Members Meeting (Police HQ)	Private Members Meeting (Police HQ)	Private Members Meeting (Police HQ)
09:45-10:45	Private Meeting with Internal Audit (MIAA Ltd) (Police HQ)	Private Meeting with External Audit (Grant Thornton) (Police HQ)		Development Session - Treasury Management (Link) (Police HQ)
11:00-12:30	PFCC/Police JAC (Police HQ)	PFCC/Police JAC (Police HQ)	PFCC/Police JAC (Police HQ)	PFCC/Police JAC (Police HQ)
12:30-13:30	Lunch Break and move to Fire HQ (Police HQ → Fire HQ)	Lunch Break and move to Fire HQ (Police HQ → Fire HQ)	Lunch Break and move to Fire HQ (Police HQ → Fire HQ)	Lunch Break and move to Fire HQ (Police HQ → Fire HQ)
13:30-15:00	Fire JAC (Fire HQ)	Fire JAC (Fire HQ)	Fire JAC (Fire HQ)	Fire JAC (Fire HQ)
15:15-16:30	Development Session - Police Specific (Police HQ)	Development Session - Fire Specific (Fire HQ)		Development Session - Budget Briefing Session (Fire HQ)



Public Accountability Conference
12 February 2026
Agenda Item No 06c

Joint Audit Committee
25 March 2026
Agenda Item No 17

Office of the Police, Fire and Crime Commissioner Report

**Title: Borrowing, Treasury Management, Investment and MRP Strategies
2026/27 (including Prudential Indicators)**

Report of the Constabulary Chief Finance Officer and PFCC Chief Finance Officer

Originating Officer: Sarah Walker, Financial Services Manager.

Purpose of the Report

The Chartered Institute of Public Finance and Accountancy's Code of Practice for Treasury Management in the Public Services (the CIPFA TM Code) and the Prudential Code require Local Authorities (including the PFCC) to determine the Treasury Management Strategy Statement (TMSS) on an annual basis.

These codes were originally issued in 2002, revised in 2009, 2011, 2017, and again in 2021. The TMSS presented here complies with the 2021 codes and accompanying guidance notes. The TMSS also incorporates the Investment Strategy which is a requirement of the Ministry of Housing, Communities and Local Government's (MHCLG) (Previously Department for Levelling Up, Housing & Communities) Investment Guidance 2018.

This report proposes a strategy for the financial year 2026/27.

Treasury Management in Local Government continues to be a highly important activity. The Police, Fire and Crime Commissioner (“The Commissioner”) adopts the CIPFA definition of Treasury Management which is as follows:

Treasury Management Definition

‘The management of the organisation’s investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks.’

Recommendations

The Commissioner is asked to:

1. Approve the Borrowing Strategy for 2026/27 as set out on pages 9-10.
2. Approve the Investment Strategy for 2026/27 as set out on pages 11-14.
3. Approve the Treasury Management Prudential Indicators as set out on pages 16-18.
4. Approve the other Prudential Indicators set out on pages 18 to 22.
5. Approve the Minimum Revenue Provision Policy Statement for 2026/27 as set out on pages 23-24.
6. Note that the detailed Treasury Management Practices (TMPs) are currently being reviewed and updated as required by the Code of Practice and will be published alongside the TMSS on the Commissioner’s website. The updated TMPs will be provided at the Joint Audit Committee in March.
7. Delegate to the PFCC Chief Finance Officer any non-material amendments arising from scrutiny of the strategy by the Joint Audit Committee.

The Joint Audit Committee are asked to review the Treasury Management Strategy Statement and Treasury Management Practices to be satisfied that controls are satisfactory and provide advice as appropriate to the Commissioner.



Treasury Management

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Key Messages

Approval of an annual Treasury Management Strategy is a statutory requirement of the Commissioner.

This Strategy aims to provide the Commissioner with a low risk, yet suitably flexible, approach to Treasury Management.

General Principles

The Commissioner is required to approve an annual Treasury Management Strategy Statement in accordance with the CIPFA Code of Practice on Treasury Management, which also incorporates an Investment Strategy as required by the Local Government Act 2003 and which is prepared in accordance with the Ministry of Housing, Communities and Local Government’s Investment Guidance 2018. Together, these cover the financing and investment strategy for the forthcoming financial year.

The Treasury Management Strategy has been prepared in line with the model guidance produced by MUFG Treasury Services Ltd, who provide specialist treasury management advice to the Commissioner. However, it should be noted that all treasury management decisions and activity are the responsibility of the Commissioner and any such references to the use of these advisors should be viewed in this context.

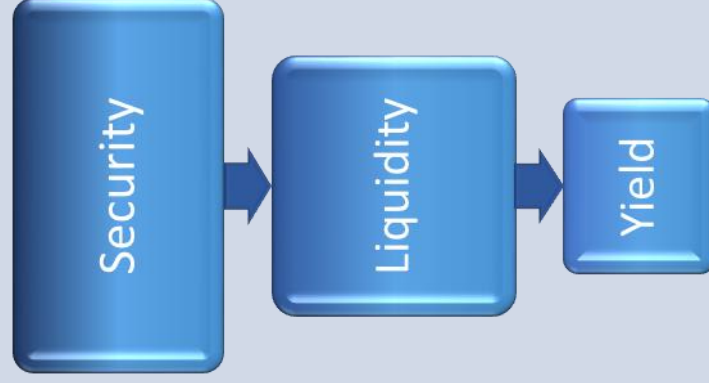
Treasury management activities involving, as they do, the investment of large sums of money and the generation of potentially significant interest earnings have inherent risks. The Commissioner regards the successful identification, monitoring and control of risk to be the prime criteria by which the effectiveness of its treasury management activities will be measured. Accordingly, the analysis and reporting of treasury management activities will focus on their risk implications for the organisation, and any financial instruments entered into to manage these risks. The main risks to the Commissioner’s treasury activities are outlined below:

- Credit and Counterparty Risk (security of investments)
- Liquidity Risk (inadequate cash resources)
- Market or Interest Rate Risk (fluctuations in interest rate levels)
- Re-financing Risks (impact of debt maturing in future years)
- Legal and Regulatory Risk
- Fraud, Error and Corruption Risk

Details of the control measures the Commissioner has put in place to manage these risks are contained within the separate Treasury Management Practices (TMPs).

Key Messages

The Commissioner's priority for investments will **always** be ranked in the order of:



General Principles (Continued)

The Commissioner acknowledges that effective treasury management will provide support towards the achievement of its business and service objectives. It is therefore committed to the principles of achieving value for money in treasury management and to employing suitable comprehensive performance measurement techniques, within the context of effective risk management. However, the high profile near failure of major banks in 2008 highlighted that this objective must be sought within a context of effective management of counterparty risk. Accordingly, the Commissioner will continue to search for optimum returns on investments, but at all times the **security** of the sums invested will be paramount. This is a cornerstone of the CIPFA Code of Treasury Management Practice which emphasises “**Security, Liquidity, Yield** in order of importance at all times”. The security of the sums invested is managed by tight controls over the schedules of approved counterparties, which are continually reviewed to take account of changing circumstances, and by the setting of limits on individual and categories of investments as set out at **Appendix A**.

The strategy also takes into account the impact of treasury management activities on the Commissioner's and Constabulary's revenue budget. Forecasts of cash balances, interest receipts and financing costs are regularly re-modelled. The revenue budget for 2026/27 and forecasts for future years have been updated in light of the latest available information as part of the financial planning process.

The guidance under which this strategy is put forward comes from a variety of different places. Principally, however, the requirement to produce an annual Treasury Management Strategy is set out in the CIPFA Code of Practice on Treasury Management published in 2011, 2017 and 2021. There is, in addition, a further requirement arising from the Local Government Act 2003 (Section 15) and the 2018 Ministry of Housing, Communities and Local Government's (MHCLG) Guidance, to produce an investment strategy as part of the wider Treasury Strategy. This is set out below, starting at page 10. Finally, the Commissioner's treasury advisors, Link Treasury Services Ltd, have provided some advice about possible future trends in interest rates and advice on best practice in relation to the format of the TMSS.

In accordance with The Code of Practice for Treasury Management, the Commissioner will approve the Annual TMSS, receive a quarterly summary of treasury activity, a mid-year update on the strategy and an annual report after the close of the financial year.

Key Messages

Scrutiny of the Commissioner's treasury activities is the responsibility of the Joint Audit Committee, including:

- Quarterly Reports
- Year End Report
- Treasury Risk Management
- Review of Assurances

As a minimum a rolling 12-month cash flow forecast is maintained and is audited as part of the statutory accounts to support the principle that the Commissioner is operating as a 'going concern'.

General Principles (Continued)

The Joint Audit Committee will be responsible for the scrutiny of treasury management policy and processes. The Joint Audit Committee terms of reference in relation to treasury management are:

- Review the Treasury Management policy and procedures to be satisfied that controls are satisfactory.
- Receive regular reports on activities, issues and trends to support the Committee's understanding of Treasury Management activities; the Committee is not responsible for the regular monitoring of activity.
- Review the treasury risk profile and adequacy of treasury risk management processes.
- Review assurances on Treasury Management (for example, an internal audit report, external or other reports).

The MHCLG Guidance on investments states that publication of strategies is now formally recommended, the full suite of strategy documents will be published on the Commissioner's website once approved.

The Commissioner complies with the provisions of section 32 of the Local Government Finance Act 1992 to set a balanced budget. This report fulfils the legal obligation under the Local Government Act 2003 to have regard to both the CIPFA Code and MHCLG Guidance.

Treasury Management Cash Flow Forecast

Treasury Management activity is driven by the complex interaction of expenditure and income flows, but the core drivers within the Commissioner's balance sheet are the underlying need to borrow to finance its capital programme, as measured by the capital financing requirement (CFR), which is explored in detail on page 8 of this report, and the level of reserves and balances. In addition, day-to-day fluctuations in cash flows due to the timing of grant and council tax receipts and outgoing payments to employees and suppliers have an impact on treasury activities and accordingly are modelled in detail. The Commissioner's level of debt and investments is linked to the above elements, but market conditions, interest rate expectations and credit risk considerations all influence the Commissioner's strategy in determining exact borrowing and lending activity.

Key Messages

Investment returns and borrowing rates have most likely peaked, they started to fall in 2024 and further rate cuts are expected through 2026. However, many factors can impact that forecast.

Treasury Management Cash Flow Forecast (Continued)

The estimated treasury position at 31st March 2026 and for the following financial years are summarised below:

Estimated Treasury Position		2024/25	2025/26	2026/27	2027/28	2028/29
		Actual	Estimate	Estimate	Estimate	Estimate
		£m	£m	£m	£m	£m
External Borrowing		0.0	0.0	0.0	0.0	0.0
Interest Payments		0.0	0.0	0.0	0.0	0.0
Internal Borrowing		16.7	20.4	24.9	26.8	28.3
Investments (<u>Average</u>)		23.2	30.1	26.4	25.0	25.0
Interest Receipts		1.1	1.2	0.9	0.8	0.8

The figures in the table above are based on the approval of the proposed revenue budget and capital programme presented to the Commissioner elsewhere on this agenda and are based on the interest rate assumptions as outlined on page 7 below. The estimate for interest receipts in 2026/27 is £0.9m (latest forecast for 2025/26 is £1.2m), this figure is net with the expectation of utilising internal borrowing as in the table above. Interest receipts are higher this year due to slippage of the capital programme and higher than expected interest rates. The timing of future external borrowing is currently not known and negotiations regarding the exit of the PFI contract are still to be made.

The Commissioner’s underlying need to borrow, as measured by the Capital Financing Requirement (CFR), is estimated to be £25.0m at the start of the 2026/27 financial year. This includes £3.1m which is the capital value of the PFI contract as required by changes to proper accounting practices introduced in The Code of Practice on Local Authority Accounting 2009. The capital programme paper elsewhere on this agenda (see item 06b) indicates that the Commissioner will need to borrow to deliver the agreed capital programme.

Under current market conditions, where short term interest rate forecasts are frequently changing, and there are continuing general uncertainties over the creditworthiness of financial institutions, it is assumed that the most prudent borrowing strategy for the present is to meet the capital funding requirement from within internal resources. This has the effect of reducing the cash balances available for investment. Advice will continue to be sought from our treasury advisors as to the most opportune time and interest rate to undertake external borrowing.

The availability of reserves is declining and a requirement to borrow to fund the capital programme is anticipated.

Key Messages

Core CPI inflation remained high during 2025 (currently 3.2%), somewhat above the 2% target. Inflation is expected to fall to 2% by April 2026.

Treasury Management Interest Rate Forecast

- GDP has posed tepid growth in 2025 (0.2% quarter on quarter for Q2 and 0.1% quarter on quarter for Q3). Inflation is currently falling (CPI 3.2%) and the November Budget placed more pressure on the majority of households’ income. This provided an opportunity for the Bank of England’s Monetary Policy Committee to reduce the Bank Rate from 4% to 3.75% on 18 December.
- UK CPI inflation fell to 3.2% in November. Both services and core inflation are currently at rates clearly above those with the 2.0% target (3.2% and 4.4%). The current shape of the yield curve suggests that bank 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.
- The MUFG Corporate Markets currently forecast a rate cut in Q2 2026 to 3.5%, this is likely to take place in the wake of a significant fall in the CPI inflation reading from 3% in March to 2% in April , followed by a short lull through the summer whilst more data is garnered, and then a further rate cut to 3.25% in Q4 .

The Monetary Policy Committee (MPC) has reduced the Bank Rate on 4 occasions over the past twelve months (February, May, August & December), taking rates to 3.75%. At the December meeting a 5-4 majority voted to cut rates to 3.75%. The Bank of England governor made it clear that any further reductions would require strong supporting data, and the pace of any further decreases would be slow compared to recent months. The markets expect Bank Rate to next be cut in April.

Base Rate Estimates				
	2025/26	2026/27	2027/28	2028/29
Quarter 1	4.50%	3.75%	3.25%	3.25%
Quarter 2	4.25%	3.50%	3.25%	3.25%
Quarter 3	4.00%	3.50%	3.25%	3.25%
Quarter 4	3.75%	3.25%	3.25%	3.25%

The Bank Rate is forecast to slowly reduce to 3.25% from 3.75% in 2026.

Key Messages

Income is sensitive to forecasted interest rates and the average balance of investments for the year.

Treasury Sensitivity Analysis

The central assumption of the Government and most economic commentators is that the current steadying of inflation will continue and ultimately see inflation returning from its current level of 3.2% towards the Government’s target of 2%. There is, however, a possibility that the inflationary pressures are more prolonged, and interest rates don’t fall in line with current economic predictions. A sensitivity analysis that illustrates the sensitivity of the investment income to changes in key assumptions by 1% on interest rates, and £1m on investment balances, is provided in the tables below for information.

Investment Income	2026/27 £m	2027/28 £m	2028/29 £m	2029/30 £m	2030/31 £m
Impact in £m of 1% increase in interest rates	0.264	0.250	0.250	0.250	0.250
Current interest rate assumption in MTFF	3.50%	3.25%	3.25%	3.25%	3.25%

Investment Income	2026/27 £m	2027/28 £m	2028/29 £m	2029/30 £m	2030/31 £m
Impact in £m of a £1m increase in balances	0.035	0.033	0.033	0.033	0.033
Current Avg balance assumption in MTFF	26.35	25.00	25.00	25.00	25.00

Key Messages

The Commissioner has an increasing Capital Financing Requirement due to the capital programme but has modest investments (after deducting the pension grant receipt), and will therefore need to borrow in the near future.

Borrowing Strategy

Long Term Borrowing

The Commissioner’s underlying need to borrow for capital purposes is measured by reference to the Capital Financing Requirement (CFR), which is one of the Prudential Indicators and represents the cumulative capital expenditure of the Commissioner that has not been financed from other sources such as capital receipts, capital grants, revenue contributions or reserves. To ensure that this expenditure will ultimately be financed, authorities are required to make a provision from their revenue accounts each year for the repayment of debt. This sum known as the Minimum Revenue Provision (MRP) is intended to cover the principal repayments of any loan over the expected life of a capital asset. The CFR together with Usable Reserves, are the core drivers of the Commissioner’s Treasury Management activities.

Actual borrowing may be greater or less than the CFR, however to comply with the Prudential Code, the Commissioner must ensure that in the medium term, net debt will only be for capital purposes. Therefore, the Commissioner must ensure that except in the short term, net debt does not exceed the CFR in the preceding year plus the estimates of any additional CFR for the current and next two financial years. In compliance with this requirement the Commissioner does not currently intend to borrow in advance of spending need.

The table below shows the Commissioner’s projected capital financing requirement for 2025/26 and beyond.

Capital Financing Requirement		2024/25	2025/26	2026/27	2027/28	2028/29
		Actual £m	Estimate £m	Estimate £m	Estimate £m	Estimate £m
Balance B/fwd		20.8	21.8	25.0	29.2	31.0
Plus Capital Expenditure financed from borrowing		1.8	4.2	5.6	3.8	4.1
Less MRP for Debt Redemption		-0.9	-0.9	-1.4	-2.0	-2.7
Balance C/Fwd		21.8	25.0	29.2	31.0	32.4

The above table shows only capital expenditure that is required to be financed from borrowing. The full capital programme and associated financing is reported in summary within the capital programme elsewhere on the agenda (see item 06b).

Key Messages

Diversification of investments continues to provide a level of liquid cash that is suitable for to cover the Commissioner’s expenditure profile whilst total investment balances remain high. This will continue to be monitored as levels of investments fall and if necessary, a minimum level of liquid cash to be maintained will be set.

Short-term borrowing from other Local Authorities may be needed in the future to manage short term cash flow shortfalls.

Borrowing Strategy (Continued)

The Commissioner is not expected to have any external borrowing at the start of 2026/27. Given that the CFR is forecast to be £29.2m by the end of 2026/27, this effectively means that the Commissioner will be funding over £26.3m of capital spend from internal resources (CFR £29.2m less £2.9m in relation to the PFI). The PFI comes to an end during 2026/27, the final details are currently being agreed with the PFI provider.

Medium and longer dated borrowing rates are expected to fall from their current levels, albeit only once prevailing inflation concerns are addressed by restrictive near-term monetary policy. Overall, better value can be obtained at the shorter end of the curve (<5 years PWLB maturity) and short-dated fixed LA to LA monies. Temporary borrowing rates will, generally, fall in line with Bank Rate cuts. Consequently, undertaking long-term borrowing at this time is likely to fix higher costs into the revenue account and commit the Commissioner to costs for many years in the future. It is critical that a long-term view is taken regarding the timing of such transactions.

It should also be recognised that by funding internally, there is an exposure to interest rate risk at the point that actual borrowing is undertaken. Accordingly, the Commissioner, in conjunction with its treasury advisors, will continue to monitor market conditions and interest rate prospects on an ongoing basis, in the context of the Commissioner’s capital expenditure plans, with a view to minimising borrowing costs over the medium to long term.

The Commissioner’s predecessors had previously raised all of its long-term borrowing from the PWLB (Public Works Loans Board) but other sources of finance are now available and being investigated, such as local authority loans and bank loans, that may be available at more favourable rates.

Short Term Borrowing

Short term loans will be used to manage day to day movements in cash balances, or over a short-term period to enable aggregation of existing deposits into longer and more sustainable investment sums. Short term borrowing would probably be from another Local Authority.

Key Messages

The Investment Strategy for 2026/27 remains broadly the same as in previous years as there has been little change in the markets or counterparties but is presented in line with the MUFG Treasury Services methodology.

The investment guidance emphasises “Security, Liquidity, Yield in order of importance at all times”.

The appropriate balance between risk and return is sought.

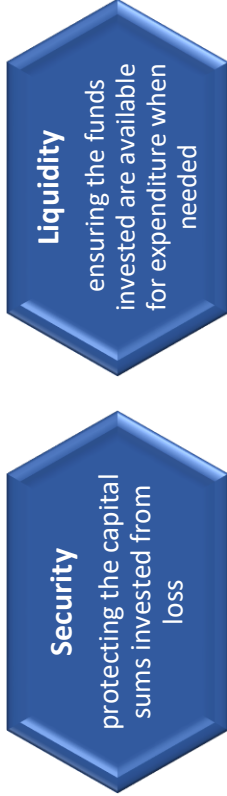
Investment Strategy

Local Authorities (which include the Commissioner) invest their money for three broad purposes:

- because they have surplus cash as a result of their day-to-day activities, for example when income is received in advance of expenditure (known as treasury management investments),
- to support local public services by lending to or buying shares in other organisations (service investments), and
- to earn investment income (known as commercial investments where this is the main purpose).

The Local Government Act 2003, Section 15(1) (a) requires the Commissioner to approve an investment strategy which must also meet the requirement in the statutory investment guidance issued by MHCLG in January 2018. The Commissioner does not currently have, and does not intend to invest in, service investments or commercial investments so the detail below focuses on a Treasury Management Investment Strategy.

The CIPFA Code requires funds to be invested prudently, and to have regard for:



The generation of yield is distinct from these prudential objectives. Once proper levels of security and liquidity are determined, it is then reasonable to consider what yield can be obtained consistent with these priorities. The objective when investing surpluses is to strike an appropriate balance between risk and return, minimising the risk of incurring losses from defaults and the risk of receiving unsuitably low investment income. Where balances are expected to be invested for more than one year, the aim would be to achieve a total return that is equal or higher than the prevailing rate of inflation, in order to maintain the spending power of the sum invested.

The treasury management investment strategy operates criteria based on credit ratings to determine the size and duration of investments it is willing to place with particular counterparties. The credit worthiness of counterparties is reviewed on an ongoing basis in conjunction with the Commissioner’s treasury advisors (MUFG).

Key Messages

In accordance with guidance from the MHCLG and CIPFA, and in order to minimise the risk to investments, the Commissioner applies minimum acceptable credit criteria in order to generate a list of highly creditworthy counterparties which also enables diversification and thus avoidance of concentration risk.

The key ratings used to monitor counterparties are the Long Term ratings.

Investment Strategy (Continued)

The Commissioner holds significant balances of invested funds, representing income received in advance of expenditure plus balances and reserves held. During 2025/26, the Commissioner’s investment balance has ranged between £4.2m and £47.4m. The larger sum was due to the receipt in July 2025 of £17.2m pension top up grant from the Home Office, which is drawn down steadily over the remainder of the year. Balances in 2026/27 are forecast to slowly reduce as expenditure on large capital schemes continues. It is anticipated that, at the peak, when the pensions grant is received in July, balances for investment could approach £39.4m.

Credit Rating - Investment decisions are made by reference to the lowest published long-term credit rating from credit agencies such as, Fitch, Moody’s or Standard & Poor’s. Where available, the credit rating relevant to the specific investment or class of investment is used, otherwise the counterparty credit rating is used. In addition to credit ratings, the Commissioner, and its advisors, select countries and financial institutions after analysis and ongoing monitoring of:

- Economic fundamentals (e.g., net debt as a % of GDP)
- Credit default swap prices (a CDS is a financial derivative or contract that allows an investor to "swap" or offset credit risk with that of another investor)
- Sovereign support mechanisms
- Share prices
- Corporate developments, news, articles, market sentiment and momentum
- Subjective overlay – or, put more simply, common sense.

The investment strategy for 2015/16 was opened up slightly to include some additional classes of investment to allow more flexibility and diversification. The strategy for 2026/27 remains principally the same, however, the methodology used in applying the matrix for the placement of investments has been fully aligned with the MUFG Treasury Services methodology. A full explanation of each class of asset and the creditworthiness policy is provided in **Appendix A** together with a schedule of the limits that will be applied.

The decision to enter into an approved class of investment is delegated to the PFCC Chief Finance Officer. Lending Limits (amounts & maturity) for each counterparty will be set through applying the matrix table. Transaction limits are also set for each type of investment.

Key Messages

The PFCC Chief Finance Officer (subject to consultation with the Commissioner) will be granted delegated authority to amend or extend the list of approved counterparties should market conditions allow.

No plans to use derivatives – this would require explicit approval.

Investment Strategy (Continued)

Classes of investment are also categorised under two types: specified and non-specified, the limits for these are set in the TMP's. Specified investments are those with a high level of credit quality and subject to a maturity limit of one year or have less than a year left to run to maturity, even if originally they were classified as being non-specified investments solely due to the maturity period exceeding one year. Non-specified investments are those with less high credit quality, may be for periods in excess of one year, and/or are more complex instruments which require greater consideration by members and officers before being authorised for use.

The Treasury Management Strategy is designed to be a dynamic framework which is responsive to prevailing conditions with the aim of safeguarding the Commissioner's resources. Accordingly, the Commissioner and his advisors will continuously monitor corporate developments and market sentiment with regards to counterparties and will amend the approved counterparty list and lending criteria where necessary. Whilst credit ratings are central to the counterparty risk evaluation process, other factors such as the prevailing economic climate are taken into consideration when determining investment strategy. It is proposed to continue the policy, adopted in 2017/18 that the PFCC Chief Finance Officer, subject to consultation with the Commissioner, be granted delegated authority to amend or extend the list of approved counterparties should market conditions allow.

The Joint Audit Committee will be updated on any changes to policy. The performance of the Commissioner's treasury advisors and quality of advice provided is evaluated prior to the triennial renewal of the contract. Meetings with the advisors to discuss treasury management issues are held on a regular basis.

[The use of Financial Instruments for the Management of Risks](#)

Currently, Local Authorities (including the PFCC's) legal power to use derivative instruments remains unclear. The General Power of Competence enshrined in the Localism Act is not sufficiently explicit.

In the absence of any explicit legal power to do so, the Commissioner has no plans to use derivatives during 2026/27. Should this position change, the Commissioner may seek to develop a detailed and robust risk management framework governing the use of derivatives, but this change in strategy will require explicit approval. A derivative is a financial security with a value that is reliant upon or derived from, an

Key Messages

The cash flow forecast is maintained for a minimum rolling 12 months. This allows assessment of the ability to invest longer term and identifies areas where short term borrowing may be required.

Investment Strategy (Continued)

underlying asset or group of assets. The derivative itself is a contract between two or more parties, and the derivative derives its price from fluctuations in the underlying asset.

Liquidity of investments

The investment strategy must lay down the principles which are to be used in determining the amount of funds which can prudently be committed for more than one year i.e., what MHCLG defines as a long-term investment. (The commissioner has set this limit at £2m).

The Financial Services team use a cash flow forecasting spreadsheet to determine the maximum period for which funds may prudently be committed. The forecast is compiled on a prudent basis to minimise the risk of the Commissioner being forced to borrow on unfavourable terms to meet his financial commitments. For the Commissioner, the total of investments over one year in duration are limited to £2m with a maximum duration of three years. This policy balances the desire to maximise investment returns, with the need to maintain the liquidity of funds.

Under current market conditions there is still little opportunity to generate significant additional investment income by investing in longer time periods over one year. However, as always, investment plans should be flexible enough to respond to changing market conditions during the year. The estimate of investment income for 2026/27 amounts to £0.9m (£1.2m 2025/26) and actual investment performance will be reported regularly to the Commissioner and will be provided to members of the Joint Audit Committee as background information to provide guidance and support when undertaking scrutiny of Treasury Management procedures.

Key Messages

The 'Treasury Management Practices' statement is updated each year, scrutinised by the Joint Audit Committee and published on the Commissioner's website alongside this strategy.

Treasury Risk and Treasury Management Practices

The Commissioner's approach to risk is to seek optimum returns on invested sums, taking into account at all times the paramount security of the investment. The CIPFA Code of Practice and Treasury Management Practices sets out in some detail defined treasury risks and how those risks are managed on a day to day basis. The CIPFA Code of Practice on Treasury Management recommends the adoption of detailed Treasury Management Practices (TMPs). As outlined above, the Treasury Management Code and Prudential Code were updated and additional guidance notes have now been received. The TMP's have been updated. The guidance from CIPFA recommends that TMPs should cover the following areas:

- Risk Management
- Performance Management
- Decision Making and Analysis
- Approved Instruments
- Organisation, Segregation of Duties and Dealing Arrangements
- Reporting and Management Information Requirements
- Budgeting, Accounting and Audit
- Cash and Cash Flow Management
- Money Laundering
- Training and Qualifications
- Use of External Service Providers
- Corporate Governance

Treasury Management is a specialised and potentially risky activity, which is currently managed on a day-to-day basis by the Financial Services Team under authorisation from the PFCC Chief Finance Officer as part of a shared service arrangement for the provision of financial services. The training needs of treasury management staff to ensure that they have appropriate skills and expertise to effectively undertake treasury management responsibilities is addressed on an ongoing basis. Specific guidance on the content of TMPs is contained within CIPFA's revised code of Practice for Treasury Management. Accordingly, the TMPs have been reviewed in detail and where necessary amendments have been made to bring the TMPs into line with The Code.

The key objectives of The Code are to ensure, within a clear framework, that Capital investment plans are affordable, prudent and sustainable (or to highlight, in exceptional cases, that there is a danger this will not be achieved so that the Commissioner can take remedial action). To demonstrate that Authorities have fulfilled these objectives, the Prudential Code sets out the Indicators that must be used. The indicators required by The Code are designed purely to support local decision making and are specifically not designed to represent comparative performance indicators.

The treasury management Indicators are not targets to be aimed at but are instead limits within which the treasury management policies of the Commissioner are deemed prudent. These cover three aspects:

1. Maturity Structure of Borrowing

It is recommended that upper and lower limits for the maturity structure of borrowings are calculated as follows:

Period of Maturity		Upper Limit	Lower Limit
		%	%
Under 12 months		100%	0%
12 months and within 24 months		100%	0%
24 months and within 5 years		100%	0%
5 years and within 10 years		100%	0%
10 years and above		100%	0%

This indicator is primarily applicable to organisations, which have undertaken significant levels of borrowing to finance their capital programmes in which case it is prudent to spread the profile of repayments to safeguard against fluctuations of interest payments arising from having to refinance a large proportion of the debt portfolio at any point in time. During 2012/13 the Commissioner repaid all outstanding external borrowing and as a result there is currently no requirement to apply stringent limits to the maturity profile of existing debt.

The PFCC currently has no external debt and does therefore not need to set limits on the maturity of debt in each period.

Treasury Management Prudential Indicators (Continued)

2. Principal sums invested for periods longer than a year

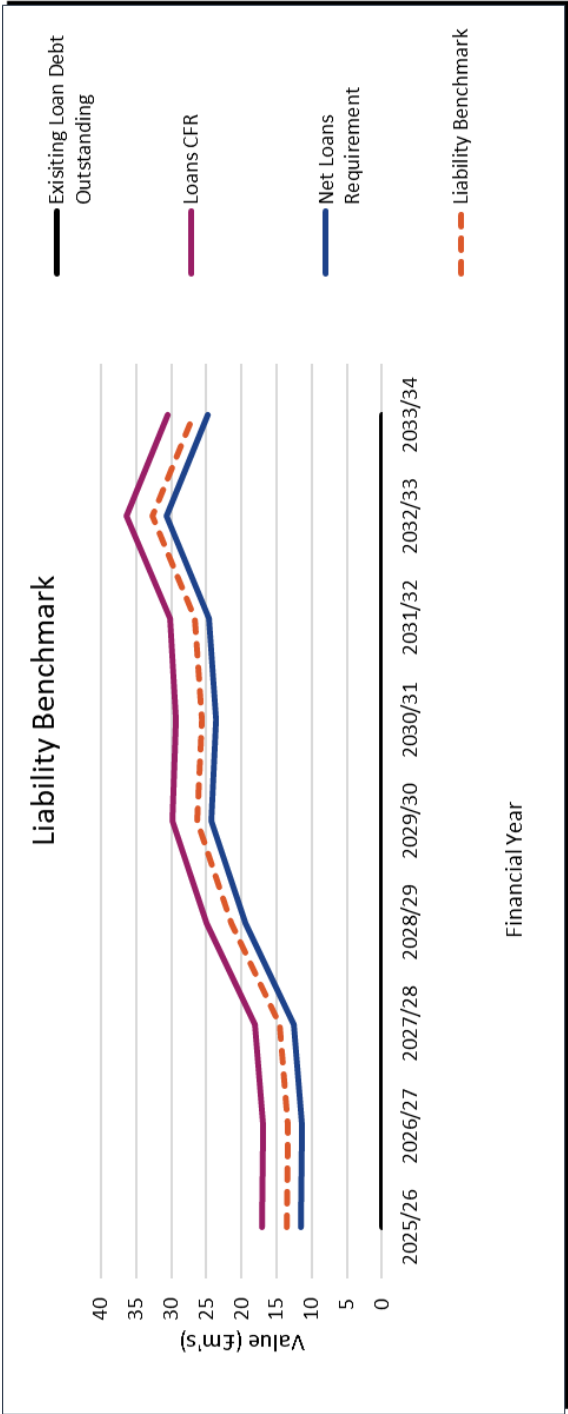
The purpose of this indicator is to contain the Commissioner’s exposure to the possibility of loss that might arise as a result of having to borrow short term at higher rates or losses by seeking early repayment of its investments.

Price Risk Indicator		2024/25	2025/26	2026/27	2027/28	2028/29
Limit on principal invested beyond one year		£2m	£2m	£2m	£2m	£2m

3. Liability Benchmark

The 2021 code requires Authorities to define their own ‘Liability Benchmark’ which looks at the net management of the PFCC’s overall treasury position. The aim of the indicator is to support in the management of treasury risks, namely refinancing risk, interest rate and credit risk. It does this through profiling the borrowing portfolio close to the plotted liability benchmark position.

The graph below shows that the current position for the Police Fire and Crime Commissioner is one of no external debt but a loan requirement just below the capital financing requirement. The gap to the external loans of zero represents the under borrowed position / internal borrowing undertaken.



Compliance with the indicators will be presented to the PFCC Public Accountability Conference and the Joint Audit Committee in the quarterly Treasury Activities report.

Prudential Indicators, other than those using actual expenditure taken from audited statements of accounts must be set prior to the commencement of the financial year to which they relate. Indicators may be revised at any time, and must, in any case, be revised for the year of account when preparing indicators for the following year. The PFCC Chief Finance Officer has a prescribed responsibility under The Code to ensure that relevant procedures exist for monitoring and reporting of performance against the indicators. The Prudential Indicators when initially set and whenever revised, must be approved by the body which approves the budget, i.e. The Commissioner at his Public Accountability Conference.

Other Prudential Indicators 2026/27

As per the 2021 CIPFA Prudential Code for Capital Finance and the accompanying guidance notes the Commissioner is required to produce a number of indicators to assist understanding and to evaluate the prudence and affordability of the capital expenditure plans and the borrowing and investment activities undertaken in support of this.

Capital Expenditure and Capital Financing

This indicator is set to ensure that the level of proposed capital expenditure remains within sustainable limits and, in particular, to consider the impact on council tax.

Capital Expenditure	2024/25	2025/26	2026/27	2027/28	2028/29
	Actual £m	Estimate £m	Estimate £m	Estimate £m	Estimate £m
Capital Expenditure	3.9	7.2	6.2	4.3	4.6

Capital Financing	2024/25	2025/26	2026/27	2027/28	2028/29
	Actual £m	Estimate £m	Estimate £m	Estimate £m	Estimate £m
Capital Receipts	0.7	1.5	0.0	0.0	0.0
Government Grants	0.0	0.0	0.0	0.0	0.0
Revenue Contributions	3.2	1.5	0.5	0.5	0.5
Total Financing	3.9	3.1	0.5	0.5	0.5
Borrowing*	0.0	4.2	5.6	3.8	4.1
Total Funding	0.0	4.2	5.6	3.8	4.1
Total Financing and Funding	3.9	7.2	6.2	4.3	4.6

* In the current financial climate the decision has been taken to borrow internally rather than from the PWLB which will be reflected in the capital financing requirement indicator.

Key Messages

Capital Finance Requirement – ‘The mortgage you are yet to take’.

Minimum Revenue Provision – ‘Annual Mortgage repayments’.

The Authorised Limit is a statutory limit (Local Government Act 2003) above which the Commissioner has no authority to borrow.

Other Prudential Indicators 2026/27 (Continued)

Capital Financing Requirement

The Capital Financing Requirement (CFR) shows the difference between the capital expenditure and the revenue or capital resources set aside to finance that spend. The CFR will increase where capital expenditure takes place and will reduce with the Minimum Revenue Provision (MRP) made each year from the revenue budgets.

Capital Financing Requirement	2024/25 Actual £m	2025/26 Estimate £m	2026/27 Estimate £m	2027/28 Estimate £m	2028/29 Estimate £m
Balance B/fwd	20.8	21.8	25.0	29.2	31.0
Plus Capital Expenditure financed from borrowing	1.8	4.2	5.6	3.8	4.1
Less MRP for Debt Redemption	-0.9	-0.9	-1.4	-2.0	-2.7
Balance C/Fwd	21.8	25.0	29.2	31.0	32.4

Authorised Limit

This represents a control on the maximum level of external debt. Whilst not desired it could be afforded by the authority in the short term but is not sustainable in the longer term. The Authorised Limit gauges events that may occur over and above those transactions which have been included in the Operational Boundary. The Authorised Limit must not be breached.

Authorised Limit for External Debt	2024/25 £m	2025/26 £m	2026/27 £m	2027/28 £m	2028/29 £m
Borrowing	23.2	26.9	31.4	33.3	34.8
Other Long Term Liabilities	5.1	4.6	4.3	4.2	4.1
Total Authorised Limit	28.3	31.5	35.7	37.5	38.9

Key Messages

The Operational Boundary limit is not an absolute limit of external debt and may be exceeded temporarily.

Other Prudential Indicators 2026/27 (Continued)

Operational Boundary

The Operational Boundary is a limit beyond which external debt is not normally expected to exceed. This limit is not an absolute limit but it reflects the expectations of the level at which external debt is not normally expected to exceed.

Occasionally, the Operational Boundary may be exceeded (but still not breach the Authorised Limit) following variations in cash flow. Such an occurrence would follow controlled treasury management action and may not have a significant impact on the prudential indicators when viewed all together. Consistent with the Authorised Limit, the PFCC Chief Financial Officer has delegated authority, within the total Operational Boundary, to effect movement between the separately identified and agreed figures for External Borrowing and Other Long-term Liabilities. Any such changes will be reported to the Commissioner and the Joint Audit Committee meeting following the change.

Operational Boundary for External Debt	2024/25 £m	2025/26 £m	2026/27 £m	2027/28 £m	2028/29 £m
Borrowing	21.7	25.4	29.9	31.8	33.3
Other Long Term Liabilities	5.1	4.6	4.3	4.2	4.1
Total Operational Boundary	26.8	30.0	34.2	36.0	37.4

Actual External Debt

The Commissioner’s actual external debt as at 31 March 2026 will be £3.1m, comprising only of other long-term liabilities of £3.1m in relation to the PFI. It is unlikely that the Commissioner will actually exercise external borrowing until there is a change in the present structure of investments rates compared to the costs of borrowing. It should be noted that all previous external borrowing with the PWLB (Public Works Loans Board) was repaid during 2012/13.

Currently the Commissioner has no external borrowing.

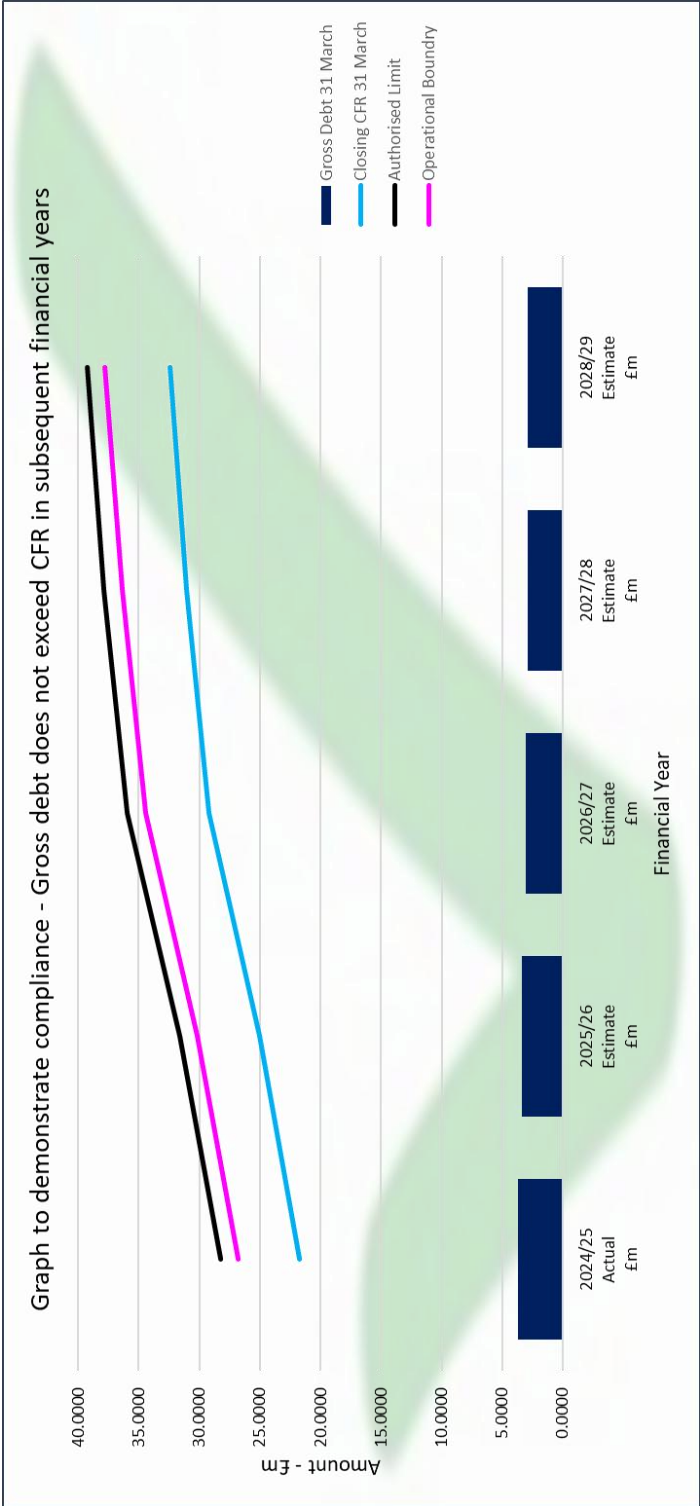
Other Prudential Indicators 2026/27 (Continued)

Gross Debt and the Capital Financing Requirement

The Commissioner should only borrow to support a capital purpose, and borrowing should not be undertaken for revenue or speculative purposes. Gross debt, except in the short term, should not exceed CFR in the preceding year plus the estimates for CFR for the three subsequent years.

Gross Debt and Capital Financing Requirement		2024/25	2025/26	2026/27	2027/28	2028/29
		Actual	Estimate	Estimate	Estimate	Estimate
		£m	£m	£m	£m	£m
Closing CFR 31 March		21.8	25.0	29.2	31.0	32.4
Gross Debt 31 March		3.4	3.1	2.9	2.9	2.9

Using the figures from the above stated indicators the graph below demonstrates compliance as gross debt remains below CFR, authorised and operational limits for all years presented:



Other Prudential Indicators 2026/27 (Continued)

Ratio of financing costs

This is an indicator of affordability and highlights the revenue implications of existing and proposed capital expenditure by identifying the proportion of the revenue budget required to meet financing costs. The definition of financing costs is set out in the Prudential Code.

Financing Costs include the amount of interest payable in respect of borrowing or other long-term liabilities and the amount the Commissioner is required to set aside to repay debt, less interest and investments income. The Commissioner’s financing costs can be both positive and negative dependent on the relative level of interest receipts and payments.

The actual Net Revenue Stream is the ‘amount to be met from Non-specific government grants and local taxation’ taken from the annual Statement of Accounts, budget, budget proposal and medium-term financial forecast. These figures are purely indicative and are in no way meant to indicate planned increases in funding from Council Tax.

Ratio of Financing Costs to Net Revenue Stream		2024/25	2025/26	2026/27	2027/28	2028/29
		Actual £m	Estimate £m	Estimate £m	Estimate £m	Estimate £m
Investment income		1.1	1.2	0.9	0.8	0.8
MRP		0.9	0.9	1.4	2.0	2.7
Financing Costs		-0.3	-0.3	0.5	1.2	1.8
Net Revenue Stream		138.3	146.6	148.8	152.2	155.6
Ratio		-0.20%	-0.21%	0.34%	0.80%	1.19%

Key Messages

The broad aim of the Minimum Revenue Provision is to ensure that debt is repaid over a period that is reasonably commensurate with that over which the capital expenditure provides benefits.

Calculation will be based on Option 1 for pre 2008/09 debt and option 3 thereafter.

The Commissioner is also permitted to make additional voluntary payments if required (voluntary revenue provision VRP) although there are no plans to make any in the medium-term forecasts.

Annual MRP Statement for 2026/27

The Local Authorities (Capital Finance and Accounting) (England) (Amendment) Regulations 2008 (SI 2008/414) place a duty on authorities to make a prudent provision for debt redemption; this is known as the Minimum Revenue Provision (MRP). The Local Government Act 2003 requires the Authority to “have regard” to The Ministry of Housing, Communities and Local Government’s Guidance on Minimum Revenue Provision most recently issued in 2018. This sum known as the MRP is intended to cover the principal repayments of any loan over the expected life of a capital asset.

The Ministry of Housing, Communities and Local Government recommends that before the start of the financial year, The Commissioner approves a statement of MRP policy for the forthcoming financial year. This is now by agreement encompassed within the TMSS. The broad aim of the policy is to ensure that MRP is charged over a period that is reasonably commensurate with the period over which the capital expenditure, which gave rise to the debt, provides benefits.

The four options available for calculating MRP are set out below:

- Option 1 – Regulatory Method based on 4% of the CFR after technical adjustments.
- Option 2 – CFR Method, based on 4% of the CFR with no technical adjustments.
- Option 3 – Asset Life Method, spread over the life of the asset being financed.
- Option 4 – Depreciation Method, based on the period over which the asset being financed is depreciated.

It is proposed that The Commissioner’s MRP policy for 2026/27 is unchanged from that of 2025/26 and that the Commissioner utilises option 1 for all borrowing incurred prior to the 1st April 2008 and option 3 for all borrowing undertaken from 2008/09 onwards, irrespective of whether this is against supported or unsupported expenditure. This policy establishes a link between the period over which the MRP is charged and the life of the asset for which borrowing has been undertaken. It is proposed that a fixed instalment method is used to align to the Commissioner’s straight-line depreciation policy. MRP in respect of PFI and leases brought on to the balance sheet under the 2009 accounting requirements will match the annual principal repayment for the associated deferred liability. This will not result in an additional charge to the Commissioner’s revenue budget as this is part of the capital repayment element of the PFI unitary charge. There have been some additional voluntary contributions of MRP made in previous years that are available to reduce the revenue charges in later years. No such overpayments or withdrawals are planned for 2025/26.

A new International Financial Reporting Standard 16 (IFRS16) was implemented in the 2024/25 financial year, introducing a single lessee accounting model that requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is low value. This has resulted in an increase to the Capital Financing Requirement, external debt (other long-term liabilities), the Authorised Limit and the Operational Boundary, allowing for those leases, which were previously off-balance sheet, being brought onto the balance sheet. The related assets and liabilities have been brought onto the balance sheet increasing long-term liabilities, and as a result has increased the debt liability, this will reduce with annual MRP charges.

Creditworthiness Policy

The lending criteria set is designed to ensure that, in accordance with The Code of Practice, the security of the funds invested is more important than maximising the return on investments. Following consultation with the Commissioner's treasury advisors there are no amendments to the criteria used in determining approved investment counterparties for 2026/27 compared to those in operation for 2025/26.

The criteria for approving investment counterparties have been devised, grouped, graded and investment limits attached as detailed in Schedule A below. The individual, group and category limits are based on a percentage of the potential maximum sums available for investment during the year of up to £50m (previously £40). The counterparty limits, for banks and Local Authorities, for 2026/27, have been increased from £2m to £4m to allow for increasing cashflow balances and permit flexibility within investments. The methodology used in applying the matrix for the placement of investments is fully aligned with MUFG Treasury Services methodology. This service employs a sophisticated modelling approach utilising credit ratings from the three main credit rating agencies - Fitch, Moody's and Standard & Poor's. The credit ratings of counterparties are supplemented with the following overlays: -

1. "watches" and "outlooks" from credit rating agencies;
2. CDS spreads that may give early warning of changes in credit ratings;
3. Sovereign ratings to select counterparties from only the most creditworthy countries.

This modelling approach combines credit ratings, and any assigned Watches and Outlooks, in a weighted scoring system which is then combined with an overlay of CDS spreads. The end-product of this is a series of colour coded bands which indicate the relative creditworthiness of counterparties. These colour codes are used by the Commissioner to determine the suggested duration for investments. The Commissioner will, therefore, use counterparties within the following durational bands;

- Yellow 5 years *
- Purple 2 years
- Blue 1 year (only applies to nationalised or semi nationalised UK Banks)
- Orange 1 year
- Red 6 months
- Green 100 days
- No colour not to be used

The MUFG creditworthiness service uses a wider array of information other than just primary ratings. Furthermore, by using a risk weighted scoring system, it does not give undue preponderance to just one agency's ratings.

Typically, the minimum credit ratings criteria the Commissioner uses will be a short-term rating (Fitch or equivalents) of F1 and a long-term rating of A-. There may be occasions when the counterparty ratings from one rating agency are marginally lower than these ratings but may still be used. In these instances, consideration will be given to the whole range of ratings available, or other topical market information, to support their use.

UK Government is considered the safest place to invest as it has never defaulted and therefore minimum credit ratings do not apply. All investments are Sterling; therefore, the Commissioner is not exposed to any foreign exchange / currency risk. The Commissioner has determined that it will only use approved counterparties from the UK and from countries with a minimum sovereign credit rating of AA.

All credit ratings are monitored on an ongoing basis in conjunction with the Commissioner's treasury management advisors, MUFG Treasury Services Ltd, who provide timely updates and advice on the standing of counterparties. The Commissioner is alerted to changes to ratings of all three agencies through its use of the MUFG creditworthiness service. Whilst credit ratings are central to the counterparty risk evaluation process, other factors such as the prevailing economic climate are taken into consideration when determining investment strategy and at the time when individual investment decisions are made. If this ongoing monitoring results in a significant change to counterparty selection during the year, the Commissioner and the Joint Audit Committee will be advised through the quarterly activities report.

- If a downgrade results in the counterparty / investment scheme no longer meeting the Authority's minimum criteria, its further use as a new investment will be withdrawn immediately.
- In addition to the use of credit ratings the Authority will be advised of information in movements in Credit Default Swap spreads against the iTraxx European Senior Financials benchmark and other market data on a daily basis via its Passport website, provided exclusively by MUFG. Extreme market movements may result in the downgrade of an institution or removal from the Authority's lending list.

Sole reliance will not be placed on the use of this external service. In addition, the Commissioner will also use market data and market information, as well as information on any external support for banks to help its decision-making process.

Schedule A – Counterparty Groupings and Associated Limits

Y	Pi1	Pi2	P	B	O	R	G	N/C
1	1.25	1.5	2	3	4	5	6	7
Up to 5yrs	Up to 5yrs	Up to 5yrs	Up to 2yrs	Up to 1yr	Up to 1yr	Up to 6mths	Up to 100days	No Colour

Category	Colour (and long-term rating where applicable)	Money limit	Transaction limit	Time limit
Banks *	Yellow	£20m	£4m	3yrs
UK Banks	Purple		£4m	2yrs
UK Banks	Orange		£4m	1yr
UK Banks – part nationalised	Blue		£4m	1yr
UK Banks	Red		£4m	6mths
UK Banks	Green		£4m	100 days
UK Banks	No Colour	Not to be used	0	0
Non-UK Bank**	Orange/Blue/Purple	£6m	£4m	1yr
Non-UK Bank**	Red	£6m	£4m	6mths
Commissioner's banker (where "No Colour")	No Colour	£1m	£1m	1 day
DMADF	UK sovereign rating	unlimited	unlimited	6 months
Local authorities	n/a	unlimited	£4m	1yr
Housing associations	Colour bands	£10m	£2m	As per colour band
Category	Fund rating***	Money limit	Transaction limit	Time limit
Money Market Funds CNAV	AAA	£20m	£4m	liquid
Money Market Funds LVNAV	AAA	£20m	£4m	liquid
Money Market Funds VNAV	AAA	£20m	£4m	liquid

* The yellow colour category is for UK Government, or its equivalent, money market funds and collateralised deposits where the collateral is UK Government debt.

** Non-UK Bank (£6m) is within the total category limit of £20m for all banks.

*** Please note: "fund" ratings are different to individual counterparty ratings; Pooled funds are in essence the same as AAA money market funds but they require 3 days' notice for the return of our funds. This slight reduction in cash flow is rewarded by a slightly increased interest rate. Link Treasury Services Ltd suggest that these funds are used for longer term investments and the ordinary money market funds to manage cash flow

Creditworthiness.

Significant levels of downgrades to Short and Long-Term credit ratings have not materialised since the crisis in March 2020. In the main, where they did change, any alterations were limited to Outlooks. Nonetheless, when setting minimum sovereign debt ratings, this Commissioner will not set a minimum rating for the UK.

Credit Default Swap (CDS) prices

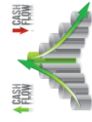
Although bank CDS prices, (these are market indicators of credit risk), spiked upwards during the days of the Truss/Kwarteng government in the autumn of 2022, they have returned to more average levels since then. However, sentiment can easily shift, so it will remain important to undertake continual monitoring of all aspects of risk and return in the current circumstances. Link monitor CDS prices as part of their creditworthiness service to local authorities and the Commissioner has access to this information via its Link-provided Passport portal.

Limits

Due care will be taken to consider the exposure of the Commissioner's total investment portfolio to non-specified investments, countries, groups and sectors.

- a. Non-specified treasury management investment limit. The Commissioner has determined that it will limit the maximum total exposure of treasury management investments to non-specified treasury management investments as being a total of £2m in the treasury management investment portfolio.
- b. Country limit. The Commissioner has determined that it will only use approved counterparties from the UK and from countries with a minimum sovereign credit rating of AA from Fitch.
- c. No more than £6 Million (12% at full capacity) will be placed with any non-UK country at any time;
- d. Sector limits will be monitored regularly for appropriateness.
- e. Whilst these limits also apply to the Commissioner's own bankers in the ordinary course of business if that bank's lowest rating falls below 'A-' balances will be maintained for operational purposes only and minimised on a daily basis. A non-investment limit of £1m will apply in such circumstances.

The Police, Fire and Crime Commissioner for Cumbria
Treasury Management Activities 2025/26 Quarter 3
for the period 01 October 2025 to 31 December 2025
Executive Board Police 25/02/26 and Joint Audit Committee 25/03/26



Cash flow Balances

Quarter average daily
balance - £36.393m
Investment balance @
31/12/25 £27.939

Investment Strategy

Category	Category Limit (£m)	Investments at 31 Dec (£m)	Compliance with Limit
Banks Unsecured	20	9,770	Yes
Government (inc LA)	Unlimited	11,780	Yes
Registered Providers	10	0,000	Yes
Pooled Funds	20	6,389	Yes
Total		27,939	

There have been no breaches in the approved limits
to report during the reporting period.



Borrowing Strategy

As a result of inflationary pressures on the budget, the decision was taken to reduce revenue contributions to capital by £3m p.a. and to replace this with borrowing as a means of balancing the revenue budget. It is anticipated in 2025/26 borrowing may become necessary; however, this will be internal borrowing.



Investment Interest Forecast

Budget - £1.030m
Current Estimate -
£1.221m

Performance Indicators

Quarter 3	Number of Days	Average Balance £	Largest Balance £
Days In Credit	92	65,487	250,086
Days Overdrawn	0	0	0

Average interest rate earned – 3.80%
Average bank base rate – 3.97%
(Current bank base rate – 3.75%)

Treasury and Prudential Indicators

During the period 01 October 2025 and 31 December 2025, the treasury function has operated within the treasury and prudential indicators set out in the Treasury Management Strategy Statement and in compliance with the Treasury Management Practices.

Compliance with the prudential and treasury indicators are shown on page 4.

Economic Outlook and Treasury position for the quarter ended 31 December 2025

Base Rate Estimates	2025/26 %	2026/27 %	2027/28 %
Quarter 1	4.25	3.75	3.25
Quarter 2	4.00	3.50	3.25
Quarter 3	4.00	3.50	3.25
Quarter 4	3.75	3.25	3.25

The third quarter of 2025/26 saw:

- A -0.1% month on month change in real GDP in October, leaving the economy no bigger than at the start of April.
- CPI inflation fall sharply from 3.6% to 3.2% in November, with core CPI inflation easing to 3.2%.
- The Bank of England cut interest rates from 4.00% to 3.75% in December, after maintaining the rate in November.

CPI inflation fell sharply in November, easing from 3.6% in October to 3.2%. This was the third consecutive softer-than-expected inflation outturn and suggests that disinflation is well underway. There was a widespread easing in price pressures with inflation slowing in 10 of the 12 main categories. Core inflation fell from 3.4% to 3.2% and services inflation dipped from 4.5% to 4.4%. However, a great deal will depend on the adjustments to regulated and indexed prices scheduled for next April. Capital Economics forecast CPI inflation to drop from 3.2% in March 2026 to 2.0% in April, thereby leaving inflation on track to settle at the 2.0% target, or below, by the end of 2026.

There have been six Monetary Policy Committee meetings held between April and December 2025, with 3 rate cuts of 0.25% each in May, August and December. At the December meeting, with November CPI inflation having fallen to 3.2%, and with Q2 GDP revised down from 0.3% quarter to quarter to only 0.2% quarter to quarter, and Q3 GDP stalling at 0.1%, the MPC voted by 5-4 to cut rates to 3.75%. However, Governor Bailey made it clear that any further reductions would require strong supporting data, and the pace of any further decreases would be slow compared to recent months. The markets expect the bank base rate to next be cut in April 2026.

The Commissioner’s treasury advisor, MUFG Corporate Markets, latest 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 gathered, and then a further rate cut to 3.25% in Q4.

Borrowing position for the quarter ended 31 December 2025

At 31st December 2025 there were no loans outstanding.

Investments in place on 31 December 2025

Category/Institution	Credit Rating	Investment Date	Investment Matures	Rate (%)	Counterparty Total (£)
Category 1 - Banks Unsecured (Includes Banks & Building Societies)					
Lloyds Bank	AA-	30/06/2025	On Demand	3.77%	1,760,000
MUFG - National Bank of Canada	A+	03/07/2025	30/01/2026	4.13%	2,000,000
MUFG - Landesbank Hessen - (Helaba)	A+	03/07/2025	20/02/2026	4.13%	2,000,000
MUFG - Qatar National Bank	A+	03/07/2025	20/03/2026	4.36%	2,000,000
MUFG - Standard Chartered Bank	A+	19/12/2025	27/03/2026	3.990%	2,000,000
NatWest (Liquidity Select Acc)	A+	31/12/2025	On Demand		10,000
					9,770,000
Category 3 - Government (Includes HM Treasury and Other Local Authorities)					
DMO		11/12/2025	15/01/2026	3.790%	840,000
DMO		12/12/2025	22/01/2026	3.775%	3,000,000
DMO		23/12/2025	22/01/2026	3.720%	940,000
DMO		07/08/2025	30/01/2026	3.925%	4,000,000
DMO		12/12/2025	30/01/2026	3.770%	3,000,000
					11,780,000
Category 4 - Registered Providers (Includes Providers of Social Housing)					
None					
BlackRock	AAA	Various	On demand	3.870%	£47,000.00
Fidelity	AAA	Various	On demand	3.970%	£3,531,000.00
Goldman Sachs	AAA	Various	On demand	3.900%	£220,000.00
Aberdeen Standard	AAA	Various	On demand	3.990%	£2,281,000.00
					6,389,000
Total					27,939,000

At the end of December funds invested were £27.939m. The breakdown is: 22.9% held in money markets funds, 28.6% in bank deposits, 42.2% in government and 6.3% in call accounts. The Home Office Police Pension Top-up Grant (£17.3m) was received on 3rd July, this grant is paid largely in advance and drawn down as police pensions are paid throughout the year. Following the receipt of the grants and precept at the beginning of August the investments peaked with a balance of £47.4m, the highest point for investments in the year. As the pension grant is drawn down to fund monthly pension payments liquidity will be monitored to ensure that the Commissioner has funds available when they are needed. The investment balance for the 31st of March is predicted to be £4.249m.

