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Our reference: JAC/CM

Date: 13th March 2024

AGENDA

TO: THE MEMBERS OF THE JOINT AUDIT COMMITTEE

**CUMBRIA POLICE, FIRE & CRIME COMMISSIONER, CUMBRIA CONSTABULARY AND
CUMBRIA FIRE & RESCUE SERVICE - JOINT AUDIT COMMITTEE**

A Meeting of the Joint Audit Committee will take place on **Wednesday 20th March 2024** in the **Conference Room 1, Police HQ Penrith**, at **10:30am**.

Please note – There will be two member development sessions alongside this meeting:
9am – Treasury Management Update with PFCC/Fire CFO, CC CFO and Link Treasury Advisors prior to the main meeting.

2pm – Budget Briefing, the PFCC/Fire CFO and the CC CFO will provide members with an update in relation to the 2024/25 budget and MTFF.

Gill Shearer
Chief Executive

Note: Members are advised that allocated car parking for the meeting is available in the Visitors' Car Park at the Police HQ.

Note: If members of the public wish to participate in this meeting please contact charlotte.morton@cumbria.police.uk by 13th March 2024 for an invitation.

COMMITTEE MEMBERSHIP

Mrs Fiona Moore (Chair)
Mr Malcolm Iredale
Wing Commander (Retired) Tim Mann
Mr Jake Cornthwaite
Mr Mike Roper

AGENDA

PART 1 – ITEMS TO BE CONSIDERED IN THE PRESENCE OF THE PRESS AND PUBLIC

Note – Items to be considered by exception, it is assumed that members will have read all papers before the meeting.

Agenda Item	Agenda Item	Officer/Lead	Time (Est)
1	APOLOGIES FOR ABSENCE	Chair	10.30
2	URGENT BUSINESS AND EXCLUSION OF PRESS AND PUBLIC To consider (i) any urgent items of business and (ii) whether the press and public should be excluded from the Meeting during consideration of any Agenda item where there is likely disclosure of information exempt under s.100A(4) and Part I Schedule A of the Local Government Act 1972 and the public interest in not disclosing outweighs any public interest in disclosure.	Chair	10.30
3	DISCLOSURE OF PERSONAL INTERESTS Members are invited to disclose any personal/prejudicial interest, which they may have in any of the items on the agenda. If the personal interest is a prejudicial interest, then the individual member should not participate in a discussion of the matter and must withdraw from the meeting room unless a dispensation has previously been obtained.	Chair	10.35
4	MINUTES OF MEETING AND MATTERS ARISING To receive and approve the minutes of the committee meeting held on 22 nd November 2023.	Chair	10.40
5	ACTION SHEET To receive the action sheet from previous meetings. a) Part 1 b) Part 2	Chair	10.45
6	CORPORATE UPDATE To receive a briefing on matters relevant to the remit of the Committee. a) Constabulary b) The OPFCC c) Fire & Rescue d) Finance	DCC OPFCC Chief Exec Chief Fire Officer PFCC or CC Chief Finance Officer	10.50 11.00 11.10 11.20

7	FUTURE WORKING OF JOINT AUDIT COMMITTEE To receive an update report on the future working of the Joint Audit Committee.	PFCC CFO	11.30
8	INTERNAL AUDIT – SUMMARY INTERNAL CONTROLS ASSURANCE REPORT To receive the Internal Auditors the Summary Internal Controls Assurance (SICA) Report. To include arrangements for Quality Assurance and Improvement. a) PFCC/Constabulary b) Fire & Rescue - None	Director of Audit TIAA Ltd	11:40
9	INTERNAL AUDIT REPORT(S) To receive reports from the Internal Auditors in respect of specific audits conducted since the last meeting of the committee. a) PFCC/Constabulary i. General Ledger ii. Creditors iii. Victims Support Services iv. Insurance b) Fire & Rescue i. None	Director of Audit TIAA Ltd	11.50
10	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. a) PFCC/Constabulary b) Fire & Rescue	Director of Audit TIAA Ltd	12:00
11	To receive from the external auditors the Joint Annual External Audit Plan. Deferred to June 2024 meeting a) PFCC/Constabulary b) Fire & Rescue	Engagement Lead Grant Thornton	12.10
12	EXTERNAL AUDIT ANNUAL AUDIT REPORT To receive from the external auditors The Annual Audit Report for 2022/23 a) PFCC/Constabulary b) Fire & Rescue N/A for 2022/23	Engagement Lead Grant Thornton	12.15

13	<p>STRATEGIC RISK REGISTER To consider the strategic risk registers as part of the Risk Management Strategy</p> <p>a) OPFCC b) Constabulary c) Fire & Rescue</p>	<p>CE OPFCC Dir P&C D CFO</p>	12.25
14	<p>RISK MANAGEMENT STRATEGY To provide the triennial review of the Risk Management Strategies</p> <p>a) Fire & Rescue Deferred to June meeting – Presentation by D CFO</p>	<p>D CFO</p>	12.40
15	<p>ANNUAL REVIEW OF GOVERNANCE To review the PFCC, Constabulary and Fire arrangements for governance; cyclical review over three years. Some documents reported in November, some in March (see Appendix C)</p> <p>a) OPFCC – i. Governance Review Report ii. Scheme of Delegation & Consent b) Constabulary – Scheme of Delegation c) Fire & Rescue – Scheme of Delegation d) Financial Regulations & Financial Rules Deferred to June/Sept until after OPFCC election</p>	<p>CE OPFCC CC CFO D CFO</p>	12:45
16	<p>VALUE FOR MONEY: To receive an annual report on Value for Money within the Constabulary.</p> <p>a) Constabulary Deferred, HMICFRS VFM profiles for 2023 have not yet been published.</p>	<p>CC CFO</p>	13:00
17	<p>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</p> <p>a) Constabulary b) Fire & Rescue</p>	<p>CC CFO PCC CFO</p>	13:10
18	<p>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.</p> <p>a) PFCC/Constabulary TMSS b) Fire & Rescue TMSS c) Treasury Management Practices - Joint</p>	<p>CC CFO PFCC CFO CC CFO</p>	13:20

19	<p>TREASURY MANagements ACTIVITIES</p> <p>To receive for information reports on Treasury Management Activity - Quarter 3.</p> <p>a) PFCC/Constabulary b) Fire & Rescue</p>	CC CFO	13:30
20	<p>POINTS FOR CONSIDERATION BY THE COMMISSIONER, THE CHIEF CONSTABLE AND THE CHIEF FIRE OFFICER</p>		13:40

Future JAC Meeting Dates (For Information)

26th June 2024 @ 10.30 – Police HQ Conference Room 1 & Fire HQ

25th September 2024 @ 10.30– Police HQ Conference Room 2 & Fire HQ

27th November 2024 @ 10.30 – Police HQ Conference Room 1 & Fire HQ

26th March 2025 @ 10.30– Police HQ Conference Room 1 & Fire HQ

Future Police, Fire and Crime Panel Meeting Dates (For Information)

22nd May 2024 – Barrow Town Hall, Drawing Room, Duke Street, Barrow LA14 2LD

25th July 2024 - Committee Room 1, County Hall, Kendal

14th October 2024 - Conference Room A/B, Cumbria House, Carlisle

31st January 2025 - Committee Room 1, County Hall, Kendal

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Agenda Item 4 – Part 1

CUMBRIA POLICE, FIRE & CRIME COMMISSIONER ,CUMBRIA CONSTABULARY AND CUMBRIA FIRE & RESCUE SERVICE - JOINT AUDIT COMMITTEE

Minutes of a meeting of the Joint Audit Committee held on Wednesday 22nd November
2023 Conference Room1, Police HQ, Penrith, at 10.30am.

PRESENT

Mrs Fiona Moore (Chair)
Mr Malcolm Iredale
Wing Commander (Retired) Tim Mann
Mr Jake Cornthwaite
Mr Mike Roper

Also present:

Office of the PFCC

The Police, Fire and Crime Commissioner (PFCC), (Peter McCall)
PFCC Chief Finance Officer/CFRS Chief Finance Officer (PFCC CFO & CFRS CFO), (Steven Tickner)

Cumbria Constabulary

Chief Constable (CC), (Rob Carden)
Deputy Chief Constable (DCC), (Darren Martland)
Constabulary Chief Finance Officer (CC CFO), (Michelle Bellis)
T/Chief Superintendent (TCS), (Mick Bird)
Financial Services Assistant (FSA), (Charlotte Morton)

Cumbria Fire & Rescue Service

Chief Fire Officer (CFO), (Rick Ogden)
Head of Performance and Assurance (HPA), (Mark Clement)

Internal Audit

Audit Manager (AM), TIAA, (Andrew McCulloch)

External Audit

Engagement Lead (EL), Grant Thornton, (Michael Green)
Engagement Manager (EM), Grant Thornton, (Gareth Winstanley)
Engagement Officer (EO), Grant Thornton, (Edward Blackburn)

PART 1 – ITEMS CONSIDERED IN THE PRESENCE OF THE PRESS AND PUBLIC

The Chair called the meeting to order at 10.30am

829. APOLOGIES FOR ABSENCE

Apologies were received from:

The Deputy Police, Fire and Crime Commissioner (DPFCC), (Mike Johnston)
Chief Executive (CE), Office of the Police, Fire and Crime Commissioner (Gill Shearer)
Deputy Chief Fire Officer (DCFO), (Brian Steadman)
Director of Corporate Support (Dir CS), (Stephen Kirkpatrick)

830. URGENT BUSINESS AND EXCLUSION OF PRESS AND PUBLIC

There were no items of urgent business or exclusions of the press and public to be considered by the committee.

831. DISCLOSURE OF PERSONAL INTERESTS

There were no disclosures of any personal interest relating to any item on the agenda.

832. AUDIT FINDINGS REPORT

a) PFCC/Constabulary

The Audit findings report has been received and reviewed by committee.

The Grant Thornton Engagement Lead provided an overview of the audit work and reported that the audit had gone very well and there were no major issues, however, Grant Thornton have been unable to completely conclude the audit due to some technical adjustments and amendments regarding Pensions and Property, Plant & Equipment Valuations. Reserves will not be impacted. Auditors do anticipate issuing an unqualified (clean) audit opinion, subject to boxing off these last few areas.

There was a detailed discussion with regard to the process for valuation of Property, Plant and Equipment. Due to the cyclical approach adopted for property valuations 50% of the portfolio is revalued each year. The auditors have raised a number of queries during the audit but are now satisfied that the accounts are materially correct in terms of property valuations. The Auditors gave a recommendation that management should go back and evaluate the impact of assets being valued on an annual basis.

The other area of significant risk to the financial statements is around valuation of net pension liability, both for the Local Government Scheme and the Police Pension schemes. Auditors have been unable to conclude because the Auditor of the Cumbria Pension Scheme has not finished their work. This is anticipated to happen within the next week or two. The auditors do not anticipate any findings. The Police pension schemes, which are valued annually by the

government actuaries department, is subject to an Independent third-party review by Price Waterhouse Coopers (PWC). They have found that the actuaries department had not taken half yearly inflation figures into account in determining the liability for the year. Because inflation has been high, the likely impact is material. The material liability impacts across the country. The government actuaries department are now re-calculating the net pension liability. Auditors anticipate a material change to the liability. The Auditors reiterated there will be no impact on the general fund and no impact on the overall final position.

Another issue in relation to pensions relates to the local government pension scheme is that last year, there was a £60m pension liability but this year it is £20m asset. This has never happened before in the public sector. An asset ceiling has been applied by actuaries. The £20m asset has now been adjusted to nil. This is a significant change.

The Auditors said they received a very good quality set of accounts and working papers, and thanked CC CFO, PFCC CFO, and the Financial Services team. The auditor confirmed that issues raised in the draft findings report are very technical and sector-wide and not specific to Cumbria.

Value for money work is on-going and will be completed by January 2024, in line with the National Audit Office timetable. No risks of significant weakness identified at this stage.

The committee had a private pre-meeting with the external auditors where they had the opportunity to discuss a number of issues arising from the Auditors report.

A member recalled that this was not the first time issues in relation to differences in floor areas had been raised by the auditors and encouraged the Constabulary to ensure that they get this right, not just for the accounts, but it could be for value for money, or savings, and the floor-area is the driver for that. It was appreciated that the estates team are working on this so it does not happen again.

Peter McCall said one of the areas that has potential for collaboration between Police and Fire is Estates. It is very early days but they are in the process of appointing a Joint Head of Estates and one of the key areas they are going to look at is a strategy for estates; understanding what we have got and what condition it is in. That is a key area across both services.

CC CFO provided the committee with reassurance that the points raised by Audit are valid. The CC CFO reported that the Constabulary Head of Estates left and during the audit phase and also the external valuer changed so complexities have been encountered around that. The valuers are using a set of GIA figures (Gross Internal Area) and the estates team are using slightly different ones. Some of the differences are if you measure the inside of a room or to the outside of a wall. We need to clarify that and agree which method to use.

The CC CFO outlined revisions in the process for property valuations which should help to

ensure that the same issues are not experienced in the future. The committee welcomed that response.

CC CFO also explained that the issues from the Auditor are highly technical area and subject matter specialists are employed to deal with the pension fund and property valuations.

ACTION: CC CFO to look at land and buildings to be valued on an annual basis. Particularly, due to current high interest rates to challenge and scrutinise. A robust response regarding the valuation issue of floor area measurement is encouraged. This to be addressed because this is not the first time this has had an impact.

RESOLVED, that the report be noted.

It was noted that there is no report for CFRS because the closure of accounts issues relate to 2022/23 and responsibility for CFRS sits with Cumbria CC/Unitary Authorities for that year.

A member asked if the Audit report for this year, 2023/24, will include CFRS. PFCC CFO clarified that it will not because they are two separate statutory entities. There will be a joint PFCC & CC report and audit because they are a group. The PFCC CFO will prepare the accounts for CFRS. Grant Thornton will provide the statutory audit, however, it has not yet been finalised if it will be the same team doing the audit for both. This time next year the committee will receive a set of accounts from PFCC CC and a separate set of accounts from CFRS.

833. ANNUAL STATEMENT OF ACCOUNTS

The audited Statements of Accounts have been received and reviewed by committee.

- a) The Police and Crime Commissioner for Cumbria (PCC/Constabulary Group)

This is a marked up set of accounts which show the changes to date. Potentially there is one large change to the Police Pension Fund still to be made, this will not impact on the reserves and there will be a matching liability. There will be some technical entries in the movement in reserves statement. Some of the supporting notes will change as a result. The Constabulary are awaiting information from the Government Actuary's Department, which is due in early December 2023.

The CC CFO explained the process of signing the accounts, with the assurances given through internal and external audit. It was requested that delegated authority be given to CC CFO and PFCC CFO to resolve the matters, and then Police, Fire and Crime Commissioner can sign the PCC/Group Accounts and Chief Constable can sign the Constabulary accounts.

After having a discussion with the external auditors (in the pre-meeting), the Committee does not feel in a position to make that recommendation without the accounts being revised.

ACTION: CC CFO to arrange a special meeting to present the Annual Statement of Accounts be arranged with Grant Thornton to be in attendance. This may be a hybrid or remote meeting.

A member previously submitted his comments on the draft accounts and raised a number of questions. He understands the Constabulary is in good financial health, however, expressed an underlying concern that the out-turn position is masked a little by two major overspends on Police Officers and Transport, which are recurring and underspends which are police staff vacancies and interest receivable. He is concerned that this recurring excess expenditure is offset by non-recurring underspends.

The Police, Fire and Crime Commissioner said that he is aware of this and there are operational reasons for this. He recognises the need for savings, which is a great pressure, and this has been difficult. He does not foresee any additional resource coming our way from the public sector. The PFCC said that we need to look the issue of if we have a staff vacancy after 12 weeks, we need to ask if the post is still needed.

b) The Chief Constable of Cumbria Constabulary

The CC reported that there was a £13.6 million savings target by 2028. A review of enabling (Support) services is currently taking place. Savings will be made from transformational change.

The CC explained the reasons for current levels of police staff vacancies, particularly in the Digital, Data and Technology Command (DDaT). The CC also explained the difficulties being experienced in relation to overtime.

A member of the committee queried if communications and fleet investment are recurring costs, in terms of the fleet expansion. It was clarified that there is a fleet expansion review and the figures have been challenged, because the review was done prior the introduction of the new CID shift patterns. More vehicles will be required but not as many as they initially wanted because they are going to be working at different times.

Cumbria Fire & Rescue N/A for 2022/23.

834. ASSURANCE FRAMEWORK STATEMENT OF ACCOUNTS

The PFCC, Constabulary and Fire framework of assurance report is being deferred to a special meeting, once the Annual Accounts have been finalised.

835. CORPORATE UPDATES

The Police, Fire and Crime Commissioner thanked CC CFO and PFCC CFO, the financial services team and the auditors for their comments and assurance in relation to the Statutory Statement of Accounts.

a) Cumbria Constabulary

The CC provided a brief corporate update in relation to the Constabulary. The Chief Constable is now firmly in post and has built and is re-shaping the leadership team. The affect is being felt in throughout constabulary and hopefully on the street. The CC has an emphasis on 'action on the ground' and that is what the public expect. The Constabulary are starting to get that feedback from the public and seeing really positive results with criminals being arrested. Operation Uplift (the government project to recruit an additional 20,000 police officers nationally) has been completed and officers are continuing to be recruited so we are able to get officers out there. The focus is on neighborhood policing. Improvements have been made in anti-social behaviour, transport and rural policing. Cumbria continues to perform well with HMICFRS. Cumbria performs very well and reports reflect that, and there is confidence that this will continue to improve. HMICFRS have highlighted that improvements need to be made with violence against women and girls, sexual violence and analytics in recent inspections and these matters are firmly in hand by the Chief Constable and his team.

The response to 101 and 999 calls has improved. The Home Office is interested in this and Cumbria features in the top five, every month. Cumbria is one of the country's top performing Constabularies for answering a 999 call in less than 10 seconds. The next stage is that police response/deployment should be just as good as the answering of the phone call.

Annual precept setting is a huge challenge, particularly because of the high inflation and cost of living crisis. PFCC does not yet know what the precept referendum limits for 2024/25 will be. There is a PFCC election in May 2024 and the current PFCC, Mr. McCall has indicated that he will not be standing for re-election.

ACTION: PFCC to convey these positive results to the public.

The PFCC reported that taking on Fire governance has been a significant challenge. The biggest challenge is understanding the cost of running the fire service and getting the full costs from the former Cumbria County Council. The costs will not be understood fully until we have operated for a year and have had to pay the bills. CFRS has had a less than good report last year from HMICFRS. The PFCC CFO just started in post April this year and has quickly got to grips with addressing the issues in the HMICFRS report. Challenges with the budget are now manageable. There is potential for efficiency in the estates area. We now have to establish CFRS as a standalone organisation, having come out of the County Council.

In terms of collaboration it was reported that the PFCC and CFRS are two separate discrete services and operationally distinct and that should remain. The PFCC should however, look for efficiencies but thought that the potential for these would probably be limited. The key is that the operational capability of both organisations remains the focus. Both organisations remain under operation independence of their respective Chiefs and must stay that way. The challenge for now is to assess, review and change a series of SLAs, which we have with two unitary councils, both with significant financial challenges.

The PFCC have received help from the Home Office with approx. £3.5m of additional funding. One of the areas this funding is being used is the development of an estates plan.

ACTION: PFCC CFO to Assess, review and change SLAs with Unitary Councils.

Police, Fire and Crime Commissioner and CC left the meeting.

b) The OPFCC

It was reported that Crime levels have fluctuated. No issues in hate crime. The force has got through big events such as Halloween and Bonfire Night, which are resource intensive. Upcoming events are Christmas where it is anticipated there will be a rise in domestic violence and we will need high visibility street presence. An intelligent vehicle tracking system regarding fleet is going live.

A member enquired what the precept increase in the last year was. CC CFO responded and confirmed this was 5%.

c) Fire & Rescue Service

The CFO provided a corporate update which included information in relation to NW Fire Control (an arrangement where CFRS share a computerised IT control system with regarding the despatch of Fire engines). It is high investment which will see NW Fire Control through for the next 10 years in operation. There was concern around funding because it was a four-way split, however, Cumbria is only 9% service in comparison, so a percentage contribution has been negotiated instead. This has reduced significantly so they are in a much better position.

The CFO reported that they had recently taken delivery of 6 new fire engines for Carlisle, East, West, Kendal, Barrow, Whitehaven and Workington at a cost of £1.6Million. It has been a project for 18 months – 2 years, due to build time. This represents an improvement to the Fire fleet and provides an investment into the community.

A member queried if they were replacements, and this was clarified. The previous engines from these main stations have been moved to replace some engines in the smaller stations.

The CFO reported that through the new role of Head of Safety and Assurance, Fire now have a performance framework which they did not historically have. A series of KPIs have been set which are being monitored each week and there is an improvement across the service. This month, for

the first time in a while, 80% of calls have a 10–15-minute response time, 40 on call firefighters have been recruited, the largest recruitment in over 10 year, 30 are already operational, the remaining 10 are undergoing training and will be operational from January 2024. A new whole-time recruitment process is underway and will represent the biggest recruitment over a decade.

The service has to carry out DBS checks of staff. The amnesty period is finished. All the online checks began on 2nd October 2023, and they have a dedicated team for this. The Crimestoppers reporting line is now live. From the HMICFRS report, 19 areas were identified for improvements. Of those areas, CFRS have identified 87 separate actions and of those 87, 65% have been completed or are in progress. Reassurance was given that they are working at pace through the plan, as they now know the date HMICFRS are coming in.

Regarding data governance, a dedicated team has been set-up. There were 42 data returns last month and a lot of them were statutory. This is new across fire and rescue.

The Fire Service have recently lost 6 staff members to BAE and Sellafield who are recruiting and whose salaries exceed those in the fire service. In relation to collaboration, it was reported that CFRS have dedicated watch manager who are working closely with police colleagues on the road safety partnership. Other opportunities for blue light collaboration are being investigated.

d) Finances

PFCC CFO updated that the fire finance team are currently working on the budget process. The autumn statement is out today for information regarding precept. The PFCC CFO reported that he will hopefully sign a contract next week for a new finance system for fire to become effective from April 2024, to avoid sharing with the unitary authorities.

The CC CFO reported that the Constabulary are working on the budget setting process and working on finalising the statutory accounts for 2022/23. There are currently staff shortages in the team but a recruitment exercise is underway to restore the staffing position.

A member asked when PFCC accounts are being audited. It was clarified that PFCC and Constabulary form a group, but Fire is a separate entity. In relation to Fire, the Commissioner's official title is Cumbria Commissioner of Fire and Rescue Authority. There is no group relationship between the PFCC/Constabulary Group and CFRS.

836. MINUTES OF THE PREVIOUS MEETING

The committee received and reviewed the minutes of the meeting held 20th September 2023.

It should have been minuted that the committee received a draft set of accounts, and a member had responded by email with comments.

ACTION: Chair to sign off Minutes of Previous Meeting: Part 1 in a special meeting. Date to T.B.C.

HMICFRS Inspection Report. A member clarified if he could get the report online. CC CFO clarified it was circulated in April 2023. It is also on the HMICFRS website. Inspectors are in at the moment, and they will continue until May 2024 at which time the CC CFO will send a link to the report.

ACTION: CC CFO Send a link to the report to the committee members to avoid having to keep checking.

It was reported that CFRS had causes of concern from last report which have been lifted. They will have a full inspection in December 2024. It will be published on the website in April 2025. The next correspondence from HMICFRS will be April 2025. In May (approx.), there will be an official report for CFRS.

RESOLVED, that the Part 2 of minutes be recorded as a true record of the meeting held on 20th September 2023. Part 1 will be signed off at the special meeting following the addition of the draft final accounts being received.

837. MATTERS ARISING

No matters arising.

838. ACTION UPDATE AND PLAN

ACTION: CC FSA to remove action no 814 from this table for the public because it is a part 2 action.

ACTION: CC FSA to change the dates for the JAC Audit Committee – Review of Effectiveness Action Plan 2022/23 to 2023/24 because they are being carried forward.

RESOLVED, all other items were resolved.

839. INTERNAL AUDIT – SUMMARY INTERNAL CONTROLS ASSURANCE REPORT

The Internal Audit summary internal controls assurance report has been received and reviewed by committee.

a) PFCC/Constabulary

No fraud awareness issues have been raised since the last meeting. Internal audit reported that there has been a loss of 9 months resource at TIAA due to long term sickness. TIAA have managed to obtain some temporary resource from another team in the company which has now freed up everyone who is police cleared in Internal Audit. All audits have now been scheduled until the end of the year. TIAA remain confident that they can deliver the required audits to form an audit opinion by the end of the year.

The Chair clarified that there are the start dates for all pieces of work. Another member clarified that the start dates that they have already noted will change, and a concern was raised that as it

was already part-way through the 3rd quarter of the year to realistically meet the requirement. It was confirmed that internal audit are confident they will meet the new dates.

ACTION: AM, TIAA Ltd to send the new timetable to the committee.

A member pointed out that point 6 states progress in action are Priority 1 or 2 recommendations, however, they should be priority 1 only.

ACTION: AM, TIAA Ltd to change the heading to Priority 1 only.

b) Fire and Rescue

The approved plan which the committee approved is now up and running. The fleet management audit and property compliance audit will be completed by the end of w/c 27th November 2023 and drafts issued within 10 days afterwards. They will be doing some pre-meetings with the auditees. There has been excellent engagement with auditees and fire service staff.

Chair clarified confidence that they will have the resources to be able to meet the requirement and this was agreed.

Chair queried the follow-up to recommendations from previous audits and asked if TIAA had seen all previous internal audit reports. It was clarified that TIAA had not been given a handover, but they have looked at all previous audit reports and will ensure that Fire do not lose sight of the recommendations.

Chair requested assurance that historic reports will be used as opposed to starting from just this year.

ACTION: AM, TIAA Ltd to pick up actions and dates from the previous follow-up report.

RESOLVED, that the report be noted.

840. INTERNAL AUDIT REPORT(S)

The following Internal Audit reports have been received and reviewed by committee.

- a) PFCC/Constabulary
 - i. Assurance Review of Vetting

Auditor looked at the HMICFRS recommendations raised in December 2021. The arrangements are comprehensive and new starters should be vetted. There was one case where someone returning from maternity leave was not re-vetted within the timescale. It was recommended that the issue of vetting should be on a risk register. The audit provided reasonable assurance on the vetting process. It was accepted that it should have been on a departmental risk register. The DCC reported that Chief Officers have commissioned a business change review of the entire PSD department given increased demands. The DCC

stated that the Constabulary is fit for purpose now and will continue to be. It was a welcome report and actions have been addressed.

ii. Assurance Review of Fleet - Strategy and Management of Fleet

TIAA reported that there was a Fleet Strategy covering 2022-2025, supported by a comprehensive fleet demand review this year. The processes that were operating for servicing vehicles were good, however, this is not documented, and they are relying on experienced staff, so it would be a significant risk if those staff members were not available, it was recommended that procedures be documented. TIAA raised a concern over the recording of weekly vehicle checks and a recommendation has been made in this regard. Also recommended to bring in performance indicators for the workshops.

Chair clarified that it is key that vehicles are maintained because it impacts on what the force can do. It was clarified that TVG stands for Tactical Vehicle Groups.

A member queried what the cause of the vehicle checks not being completed is. The DCC reported that there are various reasons such as that the vehicle was out operationally at the time the check was due and stated that these recommendations will help enormously. The new Head of Estates will not cover fleet so interim measures are being put in place.

A member said the report highlights consistency is key, even if there is a policy, so we don't have to rely on others.

A member queried if there is a policy in place for any instances of members of the constabulary using their own vehicles, it was reported that there is a policy and procedure in place.

iii. Assurance Review of Absence Management

Policies were found to be relevant and up to date. Training support is given line managers to assist managing staff who are absent. There is no departmental risk register to cover the absence if it may be a significant risk and review meetings of staff were not regularly conducted, so made recommendations were made within the audit report to address these points. Regular performance reports and detail were being provided to workforce board. It was also noted that well-being support was offered to staff.

Committee questioned the formatting of the management responses to recommendation. CC CFO explained the Constabulary response said they require SMART formatting.

CC CFO reassured the committee that recommendations are taken very seriously. Compliance is a matter of concern. Figures are looked at monthly by the Workforce Board, which is Chaired by the Deputy Chief Constable. The DCC reported that the Constabulary is clamping down on absence management because the well-being of our workforce is very important. It is public money, and it is receiving the highest level of attention.

- b) Fire & Rescue (N/A for 2022/23)

RESOLVED, that the report be noted.

841. MONITORING OF AUDIT, INTERNAL AUDIT AND OTHER RECOMMENDATIONS AND ACTION PLANS

- a) PFCC/Constabulary

TIAA are continuing to contact Auditees to seek evidence of completion of previous recommendations and will provide an update report in March 2024.

The Chair expressed concern that this will be a full year without an update on progress on actions. AM TIAA Ltd said there is potential for a report at the end of January 2024. He can give an update to the CC CFO at the monthly meeting to pass that on.

ACTION: CC CFO to meet with AM TIAA Ltd and email the update to the committee.

The CC CFO clarified that there is a meeting on a monthly basis to monitor progress against the audit plan which includes AM TIAA, CC CFO, PFCC CFO and TCS. Concerns over progress have been discussed with TIAA and they have provided reassurance that the plan will be delivered. TIAA reported that they have copies of all audit reports for the last 3 years. The committee will receive a regular formal report from TIAA Ltd once the backlog has been cleared. For TIAA Ltd sign off, they need to see evidence of the recommendations being embedded.

RESOLVED, all other items were resolved.

- b) Fire & Rescue (N/A for 2022/23).

842. AUDIT ANNUAL REPORT

- a) PFCC/Constabulary

The Audit Annual report is deferred to the March 2024 meeting.

- b) Fire & Rescue (N/A for 2022/23)

843. JAC ANNUAL REPORT

The JAC Annual report is deferred to the March 2024 meeting.

The 360' review was needed for this item but the financial services team have not had capacity to do the 360' review. It is a lookback over 2022/23 as an alternative to an Annual Report. There was discussion over whether to provide a 360 review to include fire next year. It was decided that the 360' review be carried out later in 2024 and include fire.

ACTION: CC CFO and PFCC CFO to provide that 360 report to include fire next year.

844. ANNUAL REVIEW OF GOVERNANCE

The following reports on the Review of Governance have been received and reviewed by committee.

a) Role of the Chief Finance Officers

i. Constabulary

The CC CFO provided an overview of the report covering the role of the CFO within the Constabulary. From an internal self-assessment against the CIPFA requirements, the conclusion was that the constabulary is 100% compliant with the requirements of the CIPFA role. The committee accepted this.

A member wanted to clarify that there were many references to “will” do something in the document which insinuates that it will be done in the future instead of now. The CC CFO advised that the wording would be clarified for future iterations of the document.

ii. PFCC & Fire

Fundamentally the same report but from the angle of the PFCC and Cumbria Fire CFO. The same conclusion is made as the CC CFO paper that the OPFCC is fully compliance with the CIPFA requirements. A member clarified the role to Chief Finance Officer in Policing and if the applicability applies to the fire service. It was clarified that still applies. A member asked if there are any significant differences with the role but there is not. A member noted the report was more police heavy than fire heavy. There was discussion around whether there was a separate report requirement for fire because it will be audited separately. It was noted that potentially there could be a section made more applicable to fire.

Chair got clarification that Constabulary, PFCC & Fire are 3 legal entities. She requested to keep the identities separate.

ACTION: PFCC CFO Fire will look to see if he can provide a separate report for Fire.

b) Joint Procurement Regulations

Updated to reflect governance changes, however, no fundamental changes.

A member asked if the templates are under current development. This will need to be checked.

ACTION: PFCC CFO to check templates are fully developed.

ACTION: PFCC CFO to ensure separate procurement regulations for Fire.

c) OPFCC Arrangements for Anti-fraud & Corruption/Whistleblowing

i. OPFCC Arrangements for Anti-Fraud and Corruption (Final - October 2023)

Updated to reflect governance changes and changes to job titles.

A member questioned if they need to formalise the authority of the Deputy PFCC.

ACTION: PFCC CFO to check the role of the Deputy PFCC and formalise the authority of the Deputy PFCC in the document and also ensure it is up to date with titles and dates.

ii. OPFCC Confidential Reporting (Whistleblowing) Policy (Final October 2023)

It was highlighted that the report refers back to 2016 and the role was not the same. This was noted by the PFCC CFO.

ACTION: PFCC CFO to elaborate on the 'Whistleblowing with Key Partners' section.

ACTION: PFCC CFO to amend page six to no longer have an audit commission.

d) Constabulary Arrangements for Anti-fraud & Corruption/Whistleblowing

The Constabulary is in the process of finalising the policy and procedure. Whilst working on the recommendations, they decided to do a review of best practice nationally. The updated policy will provide more in-depth information on what to expect if and individual does report something confidential to PSD. Also new information on protected disclosures. The policy will go to the Strategic Governance Board on 5th December 2023 to be signed off. In October 2023 a partnership conference was held with everyone who works with vulnerable people being invited. The Constabulary is also seeking to implement the new Crimestoppers confidential system being developed nationally.

A member asked who would make the decision around being vulnerable with regards to someone being under investigation but not yet charged? It was clarified there is a People Intelligence meeting to deal with this.

e) Fire Arrangements for Anti-fraud & Corruption/Whistleblowing

First strategy had been drafted and it has been tested on the template used for the Unitary Authority.

A member asked if the monitoring at the end will be complete. It was confirmed that it would be.

f) Financial Regulations & Financial Rules

Financial Regulation and Financial Rule have been deferred to the March 2024 meeting.

g) OPFCC Grant Regulations & Procedures

Updated to reflect governance changes and changes to job titles.

A member pointed out the definition of the PFCC and the need to reference the Deputy PFCC role, if necessary. Also, the reference to the Covid grants Scheme, finished in 2020, may need to be removed.

ACTION, PFCC CFO to remove the reference to the Covid element.

RESOLVED, that the report be noted.

845. 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)

Updated for current position.

ACTION: CC FSA to change the presentation paper appendices to be landscape.

- b) Constabulary (CC CFO). Constabulary had 12 recommendations in total. 5 have been completed. The other 7 are being progressed.

Fire (PFCC CFO) N/A for 2023/24.

RESOLVED, that the report be noted.

846. TREASURY MANAGEMENT ACTIVITIES

The Treasury Management Activity reports for Qtr2 to 30th September 2023 have been received and reviewed by committee.

- a) The Police, Fire and Crime Commissioner for Cumbria (PFCC/Constabulary Group)

Investment balance was just short of £20m. The forecast for investment interest was £750k against a £400k budget, which reflects the increase in interest rates. Treasury management indicators and prudential indicators have all been complied with.

A member noted interest rates provide a good source of income, but it might not continue.

b) Cumbria Commissioner Fire & Rescue Authority.

The Constabulary financial services team are also now contracted to provide treasury management services for Fire. The investment balance at the end of September was £13.5m. The current forecast of investment interest is £510k, again reflecting the increased interest rates. The prudential indicators and treasury indicators have all been complied with.

A member questioned why the average interest rates are 3.9% for fire but 5% for police. The CC CFO explained that in this first year of operation, the cashflow forecasts for fire are less clearly understood and as such investments are kept shorter in duration and have been mainly with the debt management office. The PFCC CFO also added that creditor invoices were currently being paid by a unitary authority and should then be reimbursed from the Fire account. To date CCFRA have not had the information from the unitary council despite escalation therefore, we are holding that cash balance in the short term.

RESOLVED, that the report be noted.

847. POINT FOR CONSIDERATION BY THE COMMISSIONER, THE CHIEF CONSTABLE, AND THE CHIEF FIRE OFFICER

The board expressed concern at being so far behind with the internal audit plan but accepted assurances. There is a lot to do in a short period of time. It impacts on the Constabulary and has a potential impact on operations.

ACTION: CC CFO to take concerns Chief Constable around internal audit.

ACTION: PFCC CFO to take concerns to the PFCC around Internal Audit.

ACTION: CC CFO to ensure the agenda Item 18 includes Chief Fire Officer.

848. AOB

Meeting ended at 13:00hrs.

Signature _____

Date _____

Future JAC Meeting Dates (For Information)

20th March 2024 @ 10.30 – Fire HQ Penrith
26th June 2024 @ 10.30 – Conference Room 1
25th September 2024 @ 10.30– Fire HQ Penrith
27th November 2024 @ 10.30 – Conference Room 1
26th March 2025 @ 10.30– Fire HQ Penrith

Future Police, Fire and Crime Panel Meeting Dates (For Information)

31st January 2024 – Conference Room A/B, Cumbria House, Carlisle.
22nd May 2024 – Barrow Town Hall, Drawing Room, Duke Street, Barrow LA14 2LD
25th July 2024 - Committee Room 1, County Hall, Kendal
14th October 2024 - Conference Room A/B, Cumbria House, Carlisle
31st January 2025 - Committee Room 1, County Hall, Kendal

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Joint Audit Committee – Action Update and Plan

Completed
Ongoing within Original Timescale
Ongoing with original timescale extended
Overdue

Minute Item and date	Action to be taken	Person Responsible	Target Date	Comments	Status
776 (22/03/23)	Corporate Update	Constabulary CFO	Nov 23	<p>September 2023 – Welcome Pack document for OPFCC/Constabulary will be issued before the November JAC meeting.</p> <p>November 2023 – the updated JAC Induction Pack and Handbook is currently being finalised and will be provided to members by the end of November.</p> <p>February 2024 – Handbook completed and will be provided to the committee at the meeting.</p>	Completed
783(b) (22/03/23)	Risk Management Strategy	Constabulary CFO	Sep 23 Nov 23 Jun 24	<p>The Constabulary CFO to look making clearer descriptions around the actual risk and then what mitigations have been put in place that will now reduce the risk.</p> <p>May 2023 – This will be incorporated into the next report in September.</p> <p>September 2023 – A meeting is to be held later in September between the Constabulary CFO and Ch Supt Bird with a view to aligning the terminology in the Constabulary Risk Register updates and the bi-annual risk management updates. The meeting has not yet taken place due to diary commitments.</p> <p>November 2023- The detailed discussions have still to take place but descriptions will be updated for the next reported SRR update to committee in March 2024.</p> <p>February 2024 – The Director of Performance and Change (Louise Kane) will provide an update at the meeting. A review is being undertaken to ensure that the SRR and Risk Management Strategy are aligned, particularly around the use of terminology.</p>	Ongoing with original timescale extended
824 (20/09/23)	Strategic Risk Registers	PFCC Chief Executive	Mar 2024	<p>For the CE to align the PFCC and Fire and Rescue strategic risk registers so that they are all shown in the same format as the Constabulary.</p> <p>February 2024 – The format of the PFCC and Fire Risk Registers have been updated</p>	Completed

Minute Item and date	Action to be taken	Person Responsible	Target Date	Comments	Status
832 (22/11/23)	Audit Findings Report	CC CFO	Mar 2024	CC CFO to look at land and buildings to be valued on an annual basis. Particularly, due to current high interest rates to challenge and scrutinise. A robust response regarding the valuation issue of floor area measurement is encouraged. This to be addressed because this is not the first time this has had an impact. February 2024 – The final accounts process in relation to the valuation of Land & Buildings has been strengthened, the new Joint Head of Estates (a shared post between the PFCC/Constabulary and Fire) is working with the Financial Services Team and external valuer to develop a more robust process and documented audit file for the 2023/24 Statement of Accounts.	Ongoing within original timescale
832 (22/11/23)	Annual Statement of Accounts	CC CFO	Mar 2024	CC CFO to arrange a special meeting to present the Annual Statement of Accounts be arranged with Grant Thornton to be in attendance. This may be a hybrid or remote meeting. February 2024 – The Committee met with the PFCC CFO and CC CFO via MS Teams on 25/01/24 to discuss the finalised Audit Finding Reports and the changes that had been made to the Statement of Accounts.	Completed
835 (22/11/23)	Corporate Updates (OPFCC)	PFCC	Mar 2024	PFCC to convey these positive results to the public. February 2024 – positive results conveyed to public through PAC meetings, budget consultation.	Completed
835 (22/11/23)	Corporate Updates (OPFCC)	PFCC CFO	Mar 2024	PFCC CFO to assess, review and change SLAs with Unitary Councils. February 2024 – Work is ongoing to review each SLA agreement and where possible look at options. Progress being made to share Procurement, Legal with Constabulary through SLA agreement. New Finance System to be implemented from 1 April that will cease provision from unitary council. Work to continue into 2024.	Ongoing within original timescale
836 (22/11/23)	Minutes of the Previous Meeting	Chair	Mar 2024	Chair to sign off Minutes of Previous Meeting: Part 1 in a special meeting. Date to T.B.C.	Ongoing within original timescale
836 (22/11/23)	Minutes of the Previous Meeting	CC CFO	Mid 2024	CC CFO to send a link to the HMICFRS Inspection report (once released) to the committee members to avoid having to keep checking. February 2024 – The final report is expected to be published May/June and a link will be emailed.	Ongoing within original timescale

Minute Item and date	Action to be taken	Person Responsible	Target Date	Comments	Status
838 (22/11/23)	Action Plan and Update	CC FSA	Mar 2024	CC FSA to change the dates for the JAC Audit Committee – Review of Effectiveness Action Plan 2022/23 to 2023/24 because they are being carried forward. February 2024 – The action plan dates have been updated, see later in this document.	Completed
839 (22/11/23)	Internal Audit – Summary Internal Controls Assurance Report	AM TIAA	Mar 2024	AM, TIAA Ltd to send the new timetable to the committee. February 2024 – This will be covered in the SICA report on the agenda (Item 08).	Completed
839 (22/11/23)	Internal Audit – Summary Internal Controls Assurance Report	AM TIAA	Mar 2024	AM, TIAA Ltd to change the heading to Priority 1 only. February 2024 – This has been updated	Completed
839 (22/11/23)	Internal Audit – Summary Internal Controls Assurance Report	AM TIAA	Mar 2024	AM, TIAA Ltd to pick up actions and dates from the previous follow-up report. February 2024 – TIAA have been unable to obtain copies of previous audit reports in respect of Fire.	Unable to complete
841 (22/11/23)	Internal Audit Report(s)	AM TIAA	Mar 2024	CC CFO to meet with AM TIAA Ltd and email the update to the committee. February 2024 – Monthly meetings to monitor progress against the internal audit plan are held and include the PFCC CFO and CC CFO. The agenda includes an update in the SICA report.	Completed
843 (22/11/23)	JAC Annual Report	CC CFO and PFCC CFO	Mar 2024	CC CFO and PFCC CFO to provide that 360 report to include fire next year. February 2024 – The JAC 360’ review will be conducted in 2024 and will incorporate Fire. The annual JAC work programme has been updated to reflect this.	Ongoing with original timescale extended
844 (22/11/23)	Annual Review of Governance – Role of the CFO	CC CFO and PFCC CFO	Nov 2024	PFCC CFO & CC CFO to provide three reports for the separate entities in future. PFCC CFO Fire will look to see if he can provide a separate report for Fire. February 2024 – There were two reports provided to the November meeting, one in relation to the role of the CFO within the Constabulary and the other covering the role of the PFCC / Fire CFO. In future, the split between the role for the PFCC and CFRS will be made clearer.	Ongoing within original timescale
844 (22/11/23)	Annual Review of Governance – Joint Procurement Regulations	PFCC CFO	Mar 2024	PFCC CFO to check templates are fully developed. February 2024 – Fire have their own Contract Standing Orders as part of the Corporate Governance Framework and also have developed their own Procurement Strategy. This will be reviewed once new arrangement with Constabulary for Procurement comes into effect in April 2024.	Completed

Minute Item and date	Action to be taken	Person Responsible	Target Date	Comments	Status
844 (22/11/23)	Annual Review of Governance – Joint Procurement Regulations	PFCC CFO	Mar 2024	PFCC CFO to ensure separate procurement regulations for Fire. February 2024 – Fire have their own Contract Standing Orders as part of the Corporate Governance Framework and also have developed their own Procurement Strategy. This will be reviewed once new arrangement with Constabulary for Procurement comes into effect in April 2024.	Completed
844 (22/11/23)	Annual Review of Governance – OPFCC Arrangements for Anti-Fraud & Corruption	PFCC CFO	Mar 2024	PFCC CFO to check the role of the Deputy PFCC and formalise the authority of the Deputy PFCC in the document and also ensure it is up to date with titles and dates. February 2024 – the DPFCC is a member of staff and as such would be covered where it mentions staff	Completed
844 (22/11/23)	Annual Review of Governance - OPFCC Confidential Reporting (Whistleblowing) Policy	PFCC CFO	Mar 2024	PFCC CFO to elaborate on the ‘Whistleblowing with Key Partners’ section. February 2024 – This has been reviewed and elaborated on.	Completed
844 (22/11/23)	Annual Review of Governance - OPFCC Confidential Reporting (Whistleblowing) Policy	PFCC CFO	Mar 2024	PFCC CFO to amend page six to no longer reference the Audit Commission. February 2024 – Updated.	Completed
844 (22/11/23)	Annual Review of Governance - OPFCC Confidential Reporting (Whistleblowing) Policy	PFCC CFO	Mar 2024	PFCC CFO to remove the reference to the Covid element. February 2024 – Updated	Completed
845 (22/11/23)	Annual Governance Statement Development and Improvement Plan Update	CC FSA	Mar 2024	CC FSA to change the presentation paper appendices to be landscape. February 2024 – This has been noted for future reference when printing JAC papers.	Complete

Minute Item and date	Action to be taken	Person Responsible	Target Date	Comments	Status
847 (22/11/23)	Point for Consideration by The Commissioner, The Chief Constable and The Chief Fire Officer	CC CFO	Mar 2024	The CC CFO and PFCC CFO to take concerns around internal audit progress against the 2023/24 audit plan to the CC and PFCC. February 2024 – Members concerns were passed on to the CC and PFCC by email on 01/12/23 and 04/12/23.	Completed
847 (22/11/23)	Point for Consideration by The Commissioner, The Chief Constable and The Chief Fire Officer	CC CFO	Mar 2024	CC CFO to ensure the agenda Item 18 includes Chief Fire Officer. February 2024 – The agenda has been updated	Completed

Joint Audit Committee – Review of Effectiveness Action Plan 2023/24

Ref	Improvement Area	Planned Action	Owner	Review Date	Status
JAC1	Support and monitor the OPFCC, Fire and Rescue and Cumbria Constabulary plans to address the ongoing funding environment and sustainability.	Members to maintain awareness of the national position in relation to the Funding Formula; to receive annual training on the budget and MTFP and consider as appropriate the arrangements flowing from significant changes in funding levels. JAC members to consider efficiency aspects of any recommendations or reports to Committee	JAC	March 2024	Ongoing within original timescale
JAC2	Support and challenge any new governance arrangements for example arising from restructuring and capacity reviews; Local Government Reorganisation and Fire; greater collaboration with other organisations; joint working on delivery of services.	JAC to seek assurance regarding the sufficiency of all new arrangements supported by appropriate documentation including Financial Regulations and ensure governance arrangements are considered as part of the risk assessment process. To receive briefings on Fire Governance arrangements.	JAC	March 2024	Ongoing within original timescale
JAC3	Achieve a greater understanding of the involvement of the PFCC and Constabulary in partnerships working arrangements	To include briefings on fire arrangements across the county.	JAC	March 2024	Ongoing within original timescale
JAC4	Achieve a greater understanding of the findings of HMICFRS reports; how these are reflected in the risk registers and evidence of benefit realisation following implementation.	Arrange briefings to develop the Committees understanding of the process to include reference in risk registers and development of learning and continuous improvement work.	JAC	March 2024	Ongoing within original timescale
JAC5	To improve engagement with the CC, CFO and PFCC (Committee Chair) and attend Police & Crime Panel Meetings and other governance committees as necessary/considered beneficial to enhance the work of JAC	Arrange meetings for the Committee Chair with Chief Constable; Chief Fire Officer; PFCC and CEO at least annually. Establish rota for attendance at the Police & Crime Panel Meetings	JAC	March 2024	Ongoing within original timescale

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Joint Audit Committee – Action Update and Plan – Part 2

Completed
Ongoing within Original Timescale
Ongoing with original timescale extended
Overdue

Minute Item and date	Action to be taken	Person Responsible	Target Date	Comments	Status
814 (20/09/23)	Statutory Accounts Audit – Enquiries of Management	DCC	Nov 2023	For the DCC to create a simplistic breakdown of the different routes in terms of legislation and governance so committee are sighted on authorised professional practice and changes to policies and procedures, this will give assurance to Committee that all relevant laws and regulations have been complied with. November 2023 – an update will be provided at the meeting. February 2024 – The DCC will provide an update at the meeting.	Ongoing within original timescale



Peter McCall
POLICE, FIRE & CRIME
COMMISSIONER

Joint Audit Committee Proposed Working Arrangements 2024/25

Joint Audit Committee: 20 March 2024

Originating Officer: Steven Tickner, OPFCC and CCFRA Chief Finance Officer

1. Introduction & Purpose of the Report

- 1.1. Following the transition of Fire to the Governance of the Police, Fire and Crime Commissioner on 1 April 2023, the Joint Audit Committee has undertaken a workplan during 2023/24 that covers both the OPFCC/Cumbria Constabulary Group (the PFCC Group) and Cumbria Commissioner Fire and Rescue Service (CCFRA).
- 1.2. This report proposes to change the working arrangements so that there are separate meetings covering the workplans for the PFCC Group activity and the activities of CCFRA.

2. Report

- 2.1 During 2023/24, there has been a limited workplan for JAC in relation to CCFRA due to it being the first year since transition out of the County Council. CCFRA have not had their own separate Audit Committee meetings in the past and the arrangement to have a joint meeting with the PFCC Group has been beneficial to understand the work programme and activity the Committee undertakes. However, it has also meant that meetings are increased in length and parts of the meetings are not relevant to the whole audience in attendance, making time use inefficient. For example, Constabulary colleagues sitting through Fire agenda items and vice-versa.
- 2.2 With an increased workplan for CCFRA anticipated in 2024/25, with internal audits now being progressed on a regular basis, the first set of CCFRA Statement of Accounts for 2023/24 to be considered, it is deemed appropriate to split the JAC meetings to consider each legal entity in isolation so that the issues can be given proper and focussed consideration. An informal discussion was held with the Chief Executive and JAC Chair on the benefits of having two separate meetings and this was their preferred option.
- 2.3 It is therefore proposed that two JAC meetings be held over a single day. A proposed outline timetable for these is provided in Appendix A. With the proposition being to hold two meetings, it will be imperative that the meeting timetable be adhered to and that the necessary business is concluded within the allotted timings.

2.4 Expectations of JAC

The Terms of Reference for the working of the Committee will remain the same and are due for review by the Commissioner, Chief Constable, and Chief Fire Officer in 2025. However, it is important to remind members of the panel of the purpose and expectations of the Committee.

- 2.5 The purpose of the Joint Audit Committee is to provide independent advice and recommendation to the Commissioner, Chief Constable and CCFRA on the adequacy of the governance and risk management frameworks, the internal control environment and financial reporting, thereby helping to ensure efficient and effective assurance arrangements are in place. To this end the committee is enabled and required to have oversight of, and to provide independent review of, the effectiveness of the Commissioner's, Chief Constable's and CCFRAs governance, risk management and control frameworks, its financial reporting and annual governance processes, and the arrangements for both internal audit and external audit.
- 2.6 It is therefore the purpose of the Committee to ensure oversight that governance and controls are in place, not to investigate the detail of transactional activity. For example, JAC needs to satisfy itself that there are controls to manage risks and that these are being followed and adhered to. It is not the purpose of JAC to look at individual risks, risk scores; this will be undertaken by the relevant Strategic Board.

2.7 Publication of Papers

The PFCC Group and Constabulary have significant savings to make over the next 5-year period. Therefore, the intention is to stop sending out paper copies of the papers for Committee's and Panels and move to electronic only publication. This is currently being investigated around the practicalities and will be notified to the Committee in due course what the timetable is to action this change.

3. Recommendations

3.1. Members are recommended to:

- Note the change to meeting processes to enable two meetings to be held to deal with the items for the PFCC Group and CCFRA separately.
- Note the clarification on the expectations of the Committee.
- Note the intended change to publish papers electronically.

Appendix A

Times	Wednesday 26 June 2024	Wednesday 25 September 2024	Wednesday 27 November 2024	Wednesday 26 March 2025
09:00-10:00	Private Meeting with Internal Audit (TIAA Ltd)	Private Meeting with External Audit (Grant Thornton)	<i>Potential Private Meeting with External Audit (Grant Thornton) If SOA sign off is delayed</i>	Development Session - Treasury Management Update (Link)
10:00-10:45	Private Members Meeting	Private Members Meeting	Private Members Meeting	Private Members Meeting
11:00-12:30	Fire JAC	PFCC/Police JAC	PFCC/Police JAC	PFCC/Police JAC
12:30-13:30	Lunch Break	Lunch Break	Lunch Break	Lunch Break
13:30-15:00	PFCC/Police JAC	Fire JAC	Fire JAC	Fire JAC
15:15-16:30	Development Session - Police Specific <i>(we will potentially do the same as we did for PFCP in Jan'24)</i>	Development Session - Fire Specific		Development Session - Budget Briefing

PFCC/Constabulary meetings will be held at Police HQ.

Fire meetings will be held at Fire HQ



Internal Audit

FINAL

Police, Fire and Crime Commissioner for Cumbria and Cumbria Constabulary

Summary Internal Controls Assurance (SICA) Report

2023/24

March 2024

Summary Internal Controls Assurance

Introduction

1. This summary controls assurance report provides the Joint Audit Committee with an update on the emerging Governance, Risk and Internal Control related issues and the progress of our work at the Police, Fire and Crime Commissioner for Cumbria and Cumbria Constabulary as at 11th March 2024.

Tackling and Managing Fraud Risks

2. The Challenge

Everyone is under increasing financial pressure from the escalating costs of goods and services and increasing inflation leading to the current cost-of-living crisis. The knock-on effects of the pandemic, and the increase in remote working practices, linked with the escalating cost of living has increased the risk of opportunistic fraud against organisations. All organisations are at risk and will be targeted where weaknesses are identified. It is at times such as these where organisations have unfilled vacancies, positions filled by temporary employees, or where existing employees may be struggling with financial or emotional wellbeing that all organisations need to be more aware of the risks and take steps to keep their money, people and data safe.

Recently reported data shows that how some organisations in the UK have been affected by fraud over the last year and how they perceive their fraud risk.

58% - think the risk of fraud is going to increase over the next 12 months. **55% - of reported frauds were perpetrated by staff or volunteers.**
40% - said hybrid working has increased the risk of fraud. **69% - experienced financial loss due to fraud.**

Recommended Actions: To ensure your organisation is addressing this risk and putting in place measures to combat fraud risk, TIAA recommend that several key steps are taken to assess your organisation's exposure, ensure controls are effective and to safeguard should the worst happen.

- **Assign Responsibility:** to a suitably trained employee/Board Member to act as your organisation's Fraud Champion.
- **Train:** Line Managers and Board Members, on fraud risk awareness and managing concerns and, all employees on emerging fraud risk awareness.
- **Govern the risk:** by ensuring your organisation had developed a clearly written Anti-Fraud Policy and Response Plan.
- **Raise Awareness:** with all employees and Members of their responsibilities to protect your organisation's assets.
- **Identify and Record:** the specific types of fraud that are perceived to be a risk to your organisation and what steps are required to manage these.
- **Compliance Test:** at regular intervals, how well your recorded fraud prevention controls are working.
- **Undertake Checks:** on any individual or organisation with whom you have a financial relationship.

TIAA's Proactive Fraud Risk Reviews

TIAA recognises that all sectors and all organisations are susceptible to fraud and is able to provide support in helping ensure your employees are aware of their responsibilities and specific risks facing your organisation. We have also developed a series of reviews that are designed to provide your organisation with external assistance in achieving compliance with our key recommended actions and to provide your Board with assurance over key fraud risk areas.

Audits completed since the last SICA report to the Joint Audit Committee

3. The table below sets out details of audits finalised since the previous meeting of the Joint Audit Committee.

Audits completed since previous SICA report

Review	Evaluation	Key Dates			Number of Recommendations			
		Draft issued	Responses Received	Final issued	1	2	3	OEM
Creditor Payments	Substantial	12/02/2024	21/02/2024	22/02/2024	0	0	0	0
General Ledger	Substantial	12/02/2024	21/02/2024	22/02/2024	0	0	0	0
Victim Support Services	Substantial	20/02/2024	26/02/2024	27/02/2024	0	0	0	0

4. There are no issues arising from these findings which would require the annual Head of Audit Opinion to be qualified.

Progress against the 2023/24 Annual Plan

5. Our progress against the Annual Plan for 2023/24 is set out in Appendix A.

Progress in actioning priority 1 & 2 recommendations

6. We have made no Priority 1 recommendations (i.e. fundamental control issue on which action should be taken immediately) since the previous SICA.

Frauds/Irregularities

7. We have not been advised of any frauds or irregularities in the period since the last SICA report was issued.

Briefing Notes, Digests and Publications

8. We have issued a number of briefing notes and fraud digests, shown in Appendix B, since the previous SICA report.

Audit Team

9. Following an internal review of TIAA’s service provision across all sectors and disciplines the Company has introduced a Sector Lead for Local Government and Emergency Services. Fiona Roe has been appointed into the role of Director – Local Government and Emergency Services and will take the role of Head of Internal Audit in relation to the contract with the PFCC and Constabulary. Fiona has extensive experience working with Emergency Services and will become Head of Internal Audit for all such TIAA clients.

Further changes have resulted from the internal review and Martin Ritchie, Director of Audit will take over from Andrew McCulloch, who has been promoted to a senior operational role within TIAA. A full handover will be provided over a period of time to ensure that both Fiona and Martin have a full understanding of the organisations.

The current audit team will remain in place with additional staff being brought in to deliver work in 2024/25, once vetted. Further information on the key members of the team is included in Appendix C.


Responsibility/Disclaimer


10. This report has been prepared solely for management's use and must not be recited or referred to in whole or in part to third parties without our prior written consent. The matters raised in this report not necessarily a comprehensive statement of all the weaknesses that exist or all the improvements that might be made. No responsibility to any third party is accepted as the report has not been prepared, and is not intended, for any other purpose. TIAA neither owes nor accepts any duty of care to any other party who may receive this report and specifically disclaims any liability for loss, damage or expense of whatsoever nature, which is caused by their reliance on our report.

Progress against Annual Plan


System	Planned Quarter	Current Status	Comments
Absence Management	1	Final report issued	
Vetting	1	Final report issued	
Fleet - Strategy and Management of Fleet	1	Final report issued	
Grievance Reporting and Management	2	Fieldwork completed	
Corporate Health and Safety	2	Date to be agreed	Vetting of new ICT Auditor needed
Use of Social Media	2	Date to be agreed	Vetting of new ICT Auditor needed
Risk - Insurance	3	Draft report issued	
Recruitment - Induction	3	Fieldwork completed	
ANPR Cameras	3	Field work commenced	
Accounts Payable (Creditors)	3	Final report issued	
Risk –Mitigating Controls (Deep Dive)	3	Fieldwork commenced	
Partnerships and LGR	4	To start 18 th March 2024	
Victim Support Services	4	Final report issued	
General Ledger	4	Final report issued	
Follow-up	1 – 4	To start 19 th March 2024	

KEY:

 To be commenced

 Site work commenced

 Draft report issued

 Final report issued


Briefings on developments in Governance, Risk and Control


TIAA produces regular briefing notes to summarise new developments in Governance, Risk, Control and Anti-Crime which may have an impact on our clients. These are shared with clients and made available through our Online Client Portal. A summary list of those CBNs and Anti-Crime Alerts issued in the last three months which may be of relevance to Police, Fire and Crime Commissioner for Cumbria and Cumbria Constabulary is given below. Copies of any CBNs are available on request from your local TIAA team.


Summary of recent publications

Date Issued	Sector	Briefing Type	Subject	Website Link	TIAA Comments
18 DECEMBER 2023	All	Data Protection Alert	Landmark Artificial Intelligence (AI) Deal Reached By EU	Landmark Artificial Intelligence (AI) deal reached by EU - TIAA	<p>European Union officials have reached a provisional deal on the world's first comprehensive laws to regulate the use of Artificial Intelligence (AI).</p> <p>Action Required: Not urgent</p> <ul style="list-style-type: none"> • Check whether your organisation already uses AI or when it plans to. • Ensure the AI use is compliant with ICO guidance.
01 DECEMBER 2023	All	Security Alert	Increase In People Sheltering In Waste Containers	Increase in People Sheltering in Waste Containers - TIAA	<p>This winter, organisations are reminded of the dangers of homeless people and seasonal revellers sleeping in commercial waste containers to avoid the cold weather.</p>
30 NOVEMBER 2023	All	Anti-Crime Alert	Salary Sacrifice Scheme Fraud	Salary Sacrifice Scheme Fraud - TIAA	<p>Action Required: Not urgent</p> <p>The NHS Counter Fraud Authority has uncovered a concerning new scam targeting salary sacrifice schemes. These schemes, offered by many NHS organisations, provide benefits like car leasing or cycle to work programs. Fraudsters are out there, looking to take advantage by using stolen credentials of NHS staff. Ensuring there is a robust policy in place to support the salary sacrifice scheme is key to prevention.</p>

TIAA Audit Team

<p>Fiona Roe - FCCA, ACCA</p> <p>Director – Local Government and Emergency Services</p>	
<p>Fiona joined TIAA in 2016 following a career which gives her nearly three decades of internal audit and management experience. In her previous role with TIAA, Fiona led a team delivering across a range of different public sector organisations including local government, further education and the police service.</p> <p>Fiona is a member of the Police Audit Group, which meets periodically, and has responsibility for our emergency services sector clients.</p>	

<p>Martin Ritchie - BA, CMIIA, PIIA</p> <p>Director of Audit</p>	
<p>Martin joined TIAA in 2016 as a Senior Auditor and demonstrated innovation and high levels of quality across the team, achieving a series of promotions to become a Director of Audit. Martin is dedicated and efficient with more than a decade of extensive experience across public and not-for-profit sectors.</p>	

<p>David Robinson - BSc, CMIIA, ACFS</p> <p>Audit Manager</p>	
<p>David has been one of TIAA's specialised Audit Managers since 2008. David is adaptable and efficient working with financial controls and assurance for more than two decades.</p> <p>David's role is to support the Director and Director of Audit in the delivery of the planned work and to provide oversight to the work undertaken by the team.</p>	



Internal Audit

FINAL

PFCC for Cumbria & Cumbria Constabulary

Assurance Review of General Ledger

2023/24

February 2024

Executive Summary

OVERALL ASSESSMENT



ASSURANCE OVER KEY STRATEGIC RISK / OBJECTIVE

F&R/4 - Fail to meet timescales.

SCOPE

The review considered the arrangements for providing an effective audit trail for data entered onto the financial ledgers and the appropriateness of the reports generated. The scope of the review did not extend to the budgetary control arrangements and bank reconciliations.

KEY STRATEGIC FINDINGS



Testing highlighted that there is an effective audit trail for data entered into the general ledger and that generated reports are appropriate to the processes.



Journals are approved in accordance with delegated authorities. Interfaces with feeder systems are accurate and run smoothly.



Control accounts are subject to regular review and sign off, with reconciliations completed and reviewed in a timely manner with a good audit trail.



The general ledger's chart of accounts is well-controlled, with amendments requiring an appropriate degree of approval.

GOOD PRACTICE IDENTIFIED



The Financial Regulations and Financial Rules are supported by relevant, clear and detailed procedures specific to daily tasks and close-down routines.



A comprehensive timetable of period-end routines, ownership and deadlines helps to mitigate the recognised risk of failure to meet timescales.

ACTION POINTS

Urgent	Important	Routine	Operational
0	0	0	0

Assurance - Key Findings and Management Action Plan (MAP)

Rec.	Risk Area	Finding	Recommendation	Priority	Management Comments	Implementation Timetable (dd/mm/yy)	Responsible Officer (Job Title)
No Recommendations were deemed necessary.							

PRIORITY GRADINGS

1 **URGENT** Fundamental control issue on which action should be taken immediately.

2 **IMPORTANT** Control issue on which action should be taken at the earliest opportunity.

3 **ROUTINE** Control issue on which action should be taken.

Operational - Effectiveness Matter (OEM) Action Plan

Ref	Risk Area	Finding	Suggested Action	Management Comments
No Operational Effectiveness Matters were identified.				

ADVISORY NOTE

Operational Effectiveness Matters need to be considered as part of management review of procedures.

Assignment Engagement Details

TIAA Auditors	Title	Contact Email	Telephone
Ian Goodwin	Principal Auditor	Ian.Goodwin@tiaa.co.uk	07867526292
Andrew McCulloch	Director of Audit	Andrew.McCulloch@tiaa.co.uk	07980787926

Constabulary Staff	Title
Keeley Hayton	Financial Services Manager

Exit Meeting Date	2 nd February 2024
Attendees	Keeley Hayton, Financial Services Manager

Director/Commander Comment	<p>I welcome this report and its findings as part of the overall assurance placed on financial matters within the OPFCC and Constabulary. It is reassuring to note that the audit of the General Ledger system provides substantial assurance and contains no recommendations for improvement.</p> <p>Michelle Bellis, Constabulary Chief Finance Officer</p>
Deputy Chief Constable's Comment	<p>I have read this report and the comments from Michelle, as outlined above.</p> <p>I am satisfied that the audit has provided the highest level of assurance “substantial” with no recommendations.</p> <p>The grading provides chief officers with confidence in the way that the main accounting system is controlled and operated.</p> <p>DCC Darren Martland</p>
Considered for Risk Escalation	No recommendations to be escalated.

Findings



Directed Risk:

Failure to properly direct the service to ensure compliance with the requirements of the organisation.

Ref	Expected Key Risk Mitigation	Effectiveness of arrangements	Cross Reference to MAP	Cross Reference to OEM
GF	Governance Framework There is a documented process instruction which accords with the relevant regulatory guidance, Financial Instructions and Scheme of Delegation.	In place	-	-
RM	Risk Mitigation The documented process aligns with the mitigating arrangements set out in the corporate risk register.	In place	-	-
C	Compliance Compliance with statutory, regulatory and policy requirements is demonstrated, with action taken in cases of identified non-compliance.	In place	-	-

Other Findings





The Financial Regulations, dated March 2021, note that the Joint Chief Finance Officer (Joint CFO) has a statutory responsibility to ensure that financial systems are sound and should therefore be notified of any proposed new developments or changes. It should be noted that the Financial Regulations and Rules are to be subject to an update in 2024 to reflect the change in responsibilities following the introduction of separate CFOs for the PFCC/Fire and the Constabulary from April 2023.





The Financial Rules, also dated March 2021, are the detailed supporting guidance and instructions that accompany the Regulations. They note that responsibilities of the Joint CFO, Deputy Chief Finance Officer, Head of Commercial Solutions and Head of Central Services include ensuring that all financial transactions are recorded electronically on the financial system and that all financial transactions entered onto the financial system are supported by appropriate input documentation, authorisation and validation checks. The input of feeder data to the financial system is controlled by the Deputy Chief Finance Officer and for the payroll system by the Head of Central Services.


Other Findings


- 

An Oracle ERP Cloud Period Close Procedures document, prepared externally, provides generic step-by-step guidance on period-end closure routines. Two spreadsheets of more bespoke guidance have been prepared by the Financial Services Manager, relating to accounts receivable and to general ledger.
- 

The Finance Risk Register was last updated on 2nd February 2024 and comprises five risks; one of which is F&R/4 - Fail to meet timescales. This is the risk that the Constabulary fails to meet statutory timescales for delivering major financial products e.g., the budget and final accounts. The latest score for the risk is 12 (Amber) and was reduced from the previous score of 16 (Red) to reflect that staffing levels in the team were improved and had stabilised. Having robust arrangements for providing an effective audit trail for data entered onto the financial ledgers and having appropriate reports generated are fundamental in successfully managing this risk.
- 

A spreadsheet was provided of all journals posted to the general ledger throughout Q2 and Q3. An analysis showed there to be eight distinct sources of journals. The three largest sources of journals by volume accounted for 87% of all journals posted and 44% by value. A sample was selected of 20 journals, with each of the eight journal sources being selected. Testing included detailed discussions with the Financial Services Manager, screen-sharing of the finance system and viewing appropriate approvals and source documentation, such as invoices. No exceptions were noted and a good audit trail was evident and easily navigable.
- 

A Chart of Accounts spreadsheet was provided, which included a tab of new codes added and of amendments to existing codes. An analysis showed there to have been 131 codes added and 23 code details amended throughout the current financial year-to-date. A further four codes were deactivated. Four new codes and one amendment were selected at random for testing, which included a review of New GL Code Change Request Forms and discussions with the Financial Services Manager. It was determined that controls over changes to the chart of accounts structure are operating effectively, including that changes are affected on a timely basis and that reports generated continue to be appropriate.
- 

The nine monthly reconciliations of the accounts receivable ledger with the trial balance for the financial year-to-date were tested. There were no reconciling items throughout the period. A proper audit trail was provided with each reconciliation; which was prepared using a standard template format laid out in accordance with best practice. Each reconciliation was signed and dated by the preparer and by the reviewer. An analysis showed that, on average, reconciliations were prepared 10 days after the month-end and reviewed 17 days after being prepared.
- 

The nine monthly reconciliations of the accounts payable ledger with the trial balance for the financial year-to-date were tested. One month showed three reconciling items, totalling less than 0.2% of the balance. There were no other reconciling amounts throughout the period. An audit trail was provided with each reconciliation; which was prepared using a standard template format laid out in accordance with best practice. Except for one month, each reconciliation was signed and dated by the preparer and by the reviewer. An analysis showed that, on average, reconciliations were prepared 14 days after the month-end and reviewed six days after being prepared.



Delivery Risk:

Failure to deliver the service in an effective manner which meets the requirements of the organisation.

Ref	Expected Key Risk Mitigation		Effectiveness of arrangements	Cross Reference to MAP	Cross Reference to OEM
PM	Performance Monitoring	There are agreed KPIs for the process which align with the business plan requirements and are independently monitored, with corrective action taken in a timely manner.	In place	-	-
S	Sustainability	The impact on the organisation's sustainability agenda has been considered.	In place	-	-
R	Resilience	Good practice to respond to business interruption events and to enhance the economic, effective and efficient delivery is adopted.	In place	-	-

Other Findings



A detailed and well-presented Financial Period-End Timetable 2023-24 spreadsheet was provided. This lists all close-down routines and provides for each month the date and time by which the routine should be completed, naming the team having responsibility for the routine. A review of a sample of reports generated from month-end close-down routines showed no exceptions having been reported.

Scope and Limitations of the Review

- The definition of the type of review, the limitations and the responsibilities of management in regard to this review are set out in the Annual Plan. As set out in the Audit Charter, substantive testing is only carried out where this has been agreed with management and unless explicitly shown in the scope no such work has been performed.

Disclaimer

- The matters raised in this report are only those that came to the attention of the auditor during the course of the review, and are not necessarily a comprehensive statement of all the weaknesses that exist or all the improvements that might be made. This report has been prepared solely for management's use and must not be recited or referred to in whole or in part to third parties without our prior written consent. No responsibility to any third party is accepted as the report has not been prepared, and is not intended, for any other purpose. TIAA neither owes nor accepts any duty of care to any other party who may receive this report and specifically disclaims any liability for loss, damage or expense of whatsoever nature, which is caused by their reliance on our report.

Effectiveness of arrangements

- The definitions of the effectiveness of arrangements are set out below. These are based solely upon the audit work performed, assume business as usual, and do not necessarily cover management override or exceptional circumstances.

In place	The control arrangements in place mitigate the risk from arising.
Partially in place	The control arrangements in place only partially mitigate the risk from arising.
Not in place	The control arrangements in place do not effectively mitigate the risk from arising.

Assurance Assessment

- The definitions of the assurance assessments are:

Substantial Assurance	There is a robust system of internal controls operating effectively to ensure that risks are managed and process objectives achieved.
Reasonable Assurance	The system of internal controls is generally adequate and operating effectively but some improvements are required to ensure that risks are managed and process objectives achieved.
Limited Assurance	The system of internal controls is generally inadequate or not operating effectively and significant improvements are required to ensure that risks are managed and process objectives achieved.
No Assurance	There is a fundamental breakdown or absence of core internal controls requiring immediate action.

Acknowledgement

- We would like to thank staff for their co-operation and assistance during the course of our work.

Release of Report

- The table below sets out the history of this report.

Stage	Issued	Response Received
Audit Planning Memorandum:	15 th January 2024	15 th January 2024
Draft Report:	12 th February 2024	
Revised Draft Report:	16 th February 2024	21 st February 2024
Final Report:	22 nd February 2024	

AUDIT PLANNING MEMORANDUM

Appendix B

Client:	PFCC for Cumbria & Cumbria Constabulary		
Review:	General Ledger		
Type of Review:	Assurance	Audit Lead:	Ian Goodwin

Outline scope (per Annual Plan):	The review considers the arrangements for providing an effective audit trail for data entered onto the financial ledgers and the appropriateness of the reports generated. The scope of the review does not extend to the budgetary control arrangements and bank reconciliations.		
Detailed scope will consider:	<p>The review will set out to provide assurance to Joint Audit Committee that the organisation has robust arrangements for maintaining the integrity of the financial ledgers.</p> <ul style="list-style-type: none"> The processes are directed by appropriate policy and procedures. Segregation of duties exists between preparing and authorising ledger entries. 	<ul style="list-style-type: none"> Journals are approved in accordance with delegated authorities. Month-end and daily reconciliations are performed in a timely manner with an audit trail to support completion and review. Control accounts are subject to regular review and sign off. 	
Requested additions to scope:	None		
Exclusions from scope:	None		

Planned Start Date:	29/01/2024	Exit Meeting Date:	02/02/2024	Exit Meeting to be held with:	Keeley Hayton
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SELF ASSESSMENT RESPONSE

Matters over the previous 12 months relating to activity to be reviewed	Y/N (if Y then please provide brief details separately)
Has there been any reduction in the effectiveness of the internal controls due to staff absences through sickness and/or vacancies etc?	N
Have there been any breakdowns in the internal controls resulting in disciplinary action or similar?	N
Have there been any significant changes to the process?	N
Are there any particular matters/periods of time you would like the review to consider?	N



Internal Audit

FINAL

PFCC Cumbria & Cumbria Constabulary

Assurance Review of Accounts Payable – Creditors

2023/24

February 2024

Executive Summary

OVERALL ASSESSMENT



ASSURANCE OVER KEY STRATEGIC RISK / OBJECTIVE

CSD09 - Departmental resourcing and service delivery.

SCOPE

The review considered the arrangements for reviewing and authorising and paying costs incurred by the organisation and the arrangement for control of the organisation's cheques and automated payments. The review considered the management of amendments to supplier standing data, including the verification of requests for change of bank details. The allocation and use of procurement cards was also considered including the month end reconciliation to statements.

KEY STRATEGIC FINDINGS



There is a strong suite of controls covering the reviewing, authorising and paying of costs, including additional checks for larger valued payments.



Suppliers' standing data is only updated following rigorous and systematic checks and appropriate approvals, using detailed and standardised templates.



Evidence is retained to support the ongoing scrutiny and the required approval of expenditure incurred on the corporate cards.



Supplier payments are being made on a timely basis, with evidence provided to support that ongoing performance is above target.

GOOD PRACTICE IDENTIFIED



The Financial Regulations, Financial Rules and the supporting procedures and instructions together provide for a proper segregation of duties.



Staff are sufficiently trained and experienced in a range of relevant and appropriate disciplines to help ensure a continuous and acceptable service level.

ACTION POINTS

Urgent	Important	Routine	Operational
0	0	0	0

Assurance - Key Findings and Management Action Plan (MAP)

Rec.	Risk Area	Finding	Recommendation	Priority	Management Comments	Implementation Timetable (dd/mm/yy)	Responsible Officer (Job Title)
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No Recommendations were deemed necessary.

PRIORITY GRADINGS

1 **URGENT** Fundamental control issue on which action should be taken immediately.

2 **IMPORTANT** Control issue on which action should be taken at the earliest opportunity.

3 **ROUTINE** Control issue on which action should be taken.

Operational - Effectiveness Matter (OEM) Action Plan

Ref	Risk Area	Finding	Suggested Action	Management Comments
No Operational Effectiveness Matters were identified.				

Assignment Engagement Details

TIAA Auditors	Title	Contact Email	Telephone
Ian Goodwin	Principal Auditor	Ian.Goodwin@tiaa.co.uk	07867526292
Andrew McCulloch	Director of Audit	Andrew.McCulloch@tiaa.co.uk	07980787926

Constabulary Staff	Title
Sarah Bradley	Central Services Team Leader
Ann Dobinson	Head of Central Services

Exit Meeting Date	18 th January 2024
Attendees	Sarah Bradley, Central Services Team Leader

<p>Director/Commander Comment</p>	<p>I am very pleased to observe that this Audit review of Accounts Payable – Creditors has achieved a substantial level of assurance with no recommendations being made. This recognises and highlights the excellent level of controls and governance in place which operates effectively across both the Accounts payable and Corporate Card management areas.</p> <p>The report also highlights the supplier payment performance exceeds the target of 80% of suppliers paid within their invoice terms, this shows the importance and recognition placed by the Constabulary to support businesses.</p> <p>The positive findings in this report are a credit to the Central Services & Financial Services departments who are committed to ensuring that the Accounts payable process continues to be managed effectively.</p> <p>Ann Dobinson Head of Central Services 13/02/2024</p>
<p>Deputy Chief Constable’s Comment</p>	<p>I have read the report and the comments from Ann above.</p> <p>I can confirm that I am satisfied that the audit has provided the highest level of assurance “substantial” with no recommendations.</p> <p>The grading provides chief officers with confidence in the way that the creditor payments system is controlled and operated.</p> <p>DCC Darren Martland</p>
<p>Considered for Risk Escalation</p>	<p>No recommendations to escalate</p>

Findings



Directed Risk:

Failure to properly direct the service to ensure compliance with the requirements of the organisation.

Ref	Expected Key Risk Mitigation	Effectiveness of arrangements	Cross Reference to MAP	Cross Reference to OEM
GF	Governance Framework There is a documented process instruction which accords with the relevant regulatory guidance, Financial Instructions and Scheme of Delegation.	In place	-	-
RM	Risk Mitigation The documented process aligns with the mitigating arrangements set out in the corporate risk register.	In place	-	-
C	Compliance Compliance with statutory, regulatory and policy requirements is demonstrated, with action taken in cases of identified non-compliance.	In place	-	-

Other Findings





The Financial Regulations, dated March 2021, set out the internal framework and procedures for financial administration and control within the Cumbria Office of the Police and Crime Commissioner (OPCC). They include a section headed Ordering and Paying for Work, Goods and Services, which details the responsibilities of the Joint Chief Finance Officer (Joint CFO) and of the Chief Officers. The Financial Rules, also dated March 2021, are the detailed supporting guidance and instructions that accompany the Regulations. The section headed Ordering and Paying for Work, Goods and Services lists the key controls and details the responsibilities of the Joint CFO, of the Head of Central Services, of the Head of Commercial Solutions and of all Officers and Staff. Taken together, the Regulations and the Rules provide for a proper segregation of duties.





The Financial Regulations are subject to a biennial review and update, as a minimum, from the date of approval. The Commissioner is responsible for approving or amending the Regulations. The PFCC CFO is responsible for maintaining and reviewing the Regulations and submitting any additions or amendments to the Commissioner after consulting with the Chief Executive. The Constabulary Chief Finance Officer advised that an update is to be presented to the Joint Audit Committee in 2024, with the delay being due to staffing capacity issues.


Other Findings


- 


A document entitled 'Fusion Payment Run Instructions' was evidenced. From an overall review, it was seen to be very detailed, comprising over 50 numbered steps supported by multiple screenshots and additional notes and comments. Three PFCC Corporate Card Procedures documents were evidenced, dated February 2023: Business Continuity Cards; Chief Officer Cards; and General Cards. Each was reviewed and seen to be laid out in a consistent manner and cover the expected areas.
- 


The Central Services Risk Register was last updated on 6th February 2024 and comprises five risks; one of which is CSD09 - Departmental Resourcing and Service Delivery. This is the risk that staff turnover and lack of resilience will impact on the ability of CSD to deliver support services in a timely way. The latest score for the risk is 4 (amber). The mitigation strategy is to accept this level of risk. The risk owner is the Head of Central Services. The response action or management approach if the risk occurs is stated to be that priority would be given to delivering key services, including supplier payments.
- 

There is a weekly BACS payment run. Five such runs were sampled at random from the current financial year-to-date. In each case, payment was properly authorised in line with the Financial Rules. Prior to payment, additional internal checks are carried out. These include specific checks on all payments over £10,000 and on a further sample of individual payments. Evidence was reviewed of these checks having been carried out on each of the five sampled payment runs.
- 

From each of the five sampled payment runs, four invoice payments were sampled at random. Testing was successful in that, for each of the 20 invoices, it was confirmed that a segregation of duties was observed between key stages. In particular, the relevant provisions of the Financial Rules had been followed.
- 

A spreadsheet was provided summarising 129 supplier additions or changes affected during the current financial year-to-date, from which ten were sampled at random for testing. In each case, it was confirmed that a standard template Supplier Details Form had been completed and signed by the supplier and that a standard template Supplier Approval Form had been properly completed and signed internally.
- 

A spreadsheet entitled 'Current Corporate Card Issue List' was provided, from which three cards were selected. For each card, statements were reviewed for each of the three most recent months. For all sampled statements it was confirmed that individual transactions were within authorised limits and that the overall balance on the card was within its authorised limit. In line with the requirements of the relevant PCC Corporate Card Procedures document testing was performed to determine whether: (i) the month's accounting journal for the card was in agreement with the transactions in the statement; (ii) a Payment Record had been properly completed and authorised; (iii) invoices had been provided to support the expenditure; and, (iv) expenditure was allowable per the provisions of the relevant Procedure document. All testing was successful.
- 

Corporate Card Procedures give examples of approved and excluded expenditure. For two of the sampled months, several potentially excluded expenses were noted. The expenditure had been approved in line with the Procedures. The Head of Central Services corroborated the approval by sufficiently clarifying the circumstances giving rise to their approval. Additional testing revealed that one further small item of expenditure had not been approved and was subsequently repaid by the card holder. Overall, this confirmed that sufficient internal scrutiny is being undertaken on corporate card expenditure.
- 

Payments are also made by direct debit, cheque and CHAPS. A spreadsheet was provided of all such payments made during the current financial year-to-date. This was reviewed and a sample of large and/or unusual payments was selected. Reasons for the expenditure were determined to be appropriate and the payment methods in line with business requirements.





Delivery Risk:


Failure to deliver the service in an effective manner which meets the requirements of the organisation.

Ref	Expected Key Risk Mitigation	Effectiveness of arrangements	Cross Reference to MAP	Cross Reference to OEM
PM	Performance Monitoring There are agreed KPIs for the process which align with the business plan requirements and are independently monitored, with corrective action taken in a timely manner.	In place	-	-
S	Sustainability The impact on the organisation's sustainability agenda has been considered.	In place	-	-
R	Resilience Good practice to respond to business interruption events and to enhance the economic, effective and efficient delivery is adopted.	In place	-	-

Other Findings

- 

A spreadsheet was provided listing all supplier payments during the current financial year-to-date. An analysis of this data showed that overall almost 81% of payments were made within the invoiced term. The target is set at 80%.
- 

The most recent Payables Invoice Aging Report was provided. This was reviewed and a sample of five large and/or unusual overdue balances was selected. In each case, satisfactory explanations were provided as to why the amounts remained showing in the report. Additional evidence was provided showing that reasonable efforts are made to clear these and other such balances in a timely manner.
- 

Meeting Notes from a recent finance team meeting were reviewed. It is evident that matters within the scope of this review are regularly discussed at these meetings, including appropriate training arrangements.

Scope and Limitations of the Review

- The definition of the type of review, the limitations and the responsibilities of management in regard to this review are set out in the Annual Plan. As set out in the Audit Charter, substantive testing is only carried out where this has been agreed with management and unless explicitly shown in the scope no such work has been performed.

Disclaimer

- The matters raised in this report are only those that came to the attention of the auditor during the course of the review, and are not necessarily a comprehensive statement of all the weaknesses that exist or all the improvements that might be made. This report has been prepared solely for management's use and must not be recited or referred to in whole or in part to third parties without our prior written consent. No responsibility to any third party is accepted as the report has not been prepared, and is not intended, for any other purpose. TIAA neither owes nor accepts any duty of care to any other party who may receive this report and specifically disclaims any liability for loss, damage or expense of whatsoever nature, which is caused by their reliance on our report.

Effectiveness of arrangements

- The definitions of the effectiveness of arrangements are set out below. These are based solely upon the audit work performed, assume business as usual, and do not necessarily cover management override or exceptional circumstances.

In place	The control arrangements in place mitigate the risk from arising.
Partially in place	The control arrangements in place only partially mitigate the risk from arising.
Not in place	The control arrangements in place do not effectively mitigate the risk from arising.

Assurance Assessment

- The definitions of the assurance assessments are:

Substantial Assurance	There is a robust system of internal controls operating effectively to ensure that risks are managed and process objectives achieved.
Reasonable Assurance	The system of internal controls is generally adequate and operating effectively but some improvements are required to ensure that risks are managed and process objectives achieved.
Limited Assurance	The system of internal controls is generally inadequate or not operating effectively and significant improvements are required to ensure that risks are managed and process objectives achieved.
No Assurance	There is a fundamental breakdown or absence of core internal controls requiring immediate action.

Acknowledgement

- We would like to thank staff for their co-operation and assistance during the course of our work.

Release of Report

- The table below sets out the history of this report.

Stage	Issued	Response Received
Audit Planning Memorandum:	8 th January 2024	8 th January 2024
Draft Report:	12 th February 2024	
Revised Draft Report:	16 th February 2024	21 st February 2024
Final Report:	22 nd February 2024	

AUDIT PLANNING MEMORANDUM

Appendix B

Client:	PCC Cumbria & Cumbria Constabulary		
Review:	Accounts Payable - Creditors		
Type of Review:	Assurance	Audit Lead:	Ian Goodwin

Outline scope (per Annual Plan):	The review considers the arrangements for reviewing and authorising and paying costs incurred by the organisation and the arrangement for control of the organisation's cheques and automated payments. The review will consider the management of amendments to supplier standing data, including the verification of requests for change of bank details. The allocation and use of procurement cards will also be considered including the month end reconciliation to statements. The scope does not include providing an assurance that the expenditure was necessary or that value for money was achieved from the expenditure committed.		
Detailed scope will consider:	<p>Governance Framework:</p> <ul style="list-style-type: none"> Assessing whether policies and procedures are appropriate. <p>Risk Mitigation:</p> <ul style="list-style-type: none"> Assessing whether risks are properly identified, monitored and mitigated. <p>Compliance:</p> <ul style="list-style-type: none"> Assessing the extent of compliance with relevant policies and procedures, including sample testing. 	<p>Performance Monitoring:</p> <ul style="list-style-type: none"> Assessing whether performance monitoring is sufficient to enable key decisions to be made in a timely manner. <p>Sustainability:</p> <ul style="list-style-type: none"> Assessing the extent to which arrangements align with targets. <p>Resilience:</p> <ul style="list-style-type: none"> Assessing whether there are sufficient resources in place. 	
Requested additions to scope:	None		
Exclusions from scope:	None		

Planned Start Date:	08/01/2024	Exit Meeting Date:	18/01/2024	Exit Meeting to be held with:	Sarah Bradley
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SELF ASSESSMENT RESPONSE

Matters over the previous 12 months relating to activity to be reviewed	Y/N (if Y then please provide brief details separately)
Has there been any reduction in the effectiveness of the internal controls due to staff absences through sickness and/or vacancies etc?	N
Have there been any breakdowns in the internal controls resulting in disciplinary action or similar?	N
Have there been any significant changes to the process?	N
Are there any particular matters/periods of time you would like the review to consider?	N



Internal Audit

FINAL








PFCC Cumbria & Cumbria Constabulary

Assurance Review of Victim Support Services

2023/24

February 2024

Executive Summary

OVERALL ASSESSMENT	KEY STRATEGIC FINDINGS								
	<ul style="list-style-type: none">  The early commencement of the process allowed the OPFCC to consider different approaches and gather important feedback from users.  A robust procurement exercise with a detailed audit trail was confirmed as being in place.  Procurement approval timing allowed for sufficient time for mobilisation of the new contract.  Regular reporting highlighted progress as well as potential risks still to be mitigated. 								
ASSURANCE OVER KEY STRATEGIC RISK / OBJECTIVE	GOOD PRACTICE IDENTIFIED								
<p style="text-align: center;">Operational Risk 8: Partnerships and Collaboration.</p>	<ul style="list-style-type: none">  Engagement with the community as well as reviewing other Force area offerings provided alternative contract delivery for consideration.  Pre-market engagement with potential bidders allowed for a more tailored procurement approach. 								
SCOPE	ACTION POINTS								
<p>The review considered the commissioning and introduction of the new victim support service and the steps taken to identify and deliver the new service, including market engagement, use of consultants and implementation of the service.</p>	<table border="1" style="width: 100%; text-align: center;"> <thead> <tr> <th style="background-color: #003366; color: white;">Urgent</th> <th style="background-color: #003366; color: white;">Important</th> <th style="background-color: #003366; color: white;">Routine</th> <th style="background-color: #003366; color: white;">Operational</th> </tr> </thead> <tbody> <tr> <td>0</td> <td>0</td> <td>0</td> <td>0</td> </tr> </tbody> </table>	Urgent	Important	Routine	Operational	0	0	0	0
Urgent	Important	Routine	Operational						
0	0	0	0						

Assurance - Key Findings and Management Action Plan (MAP)

Rec.	Risk Area	Finding	Recommendation	Priority	Management Comments	Implementation Timetable (dd/mm/yy)	Responsible Officer (Job Title)
There were no recommendations raised.							

PRIORITY GRADINGS

1 **URGENT** Fundamental control issue on which action should be taken immediately.

2 **IMPORTANT** Control issue on which action should be taken at the earliest opportunity.

3 **ROUTINE** Control issue on which action should be taken.

Operational - Effectiveness Matter (OEM) Action Plan

Ref	Risk Area	Finding	Suggested Action	Management Comments
There were no Operational Effectiveness Matters identified.				

Assignment Engagement Details

TIAA Auditors	Title	Contact Email	Telephone
Andrew McCulloch	Director of Audit	Andrew.McCulloch@tiaa.co.uk	07980787926
OPFCC Staff	Title		
Nicola Broomfield	Partnership and Strategy Manager		
Elaine Allan	Interim – Head of Commercial		
Exit Meeting Date	12 th January 2024		
Attendees	Nicola Broomfield, Partnership and Strategy Manager		

Director/Commander Comment	I welcome the report and it reflects the hard work between the OPFCC and the Commercial Team to undertake a complex procurement exercise. I would like to thank the staff involved for their professionalism and determination to put in place a contract that will support victims for the next three years.
Deputy Chief Constable's Comment	Not applicable for this audit.
Considered for Risk Escalation	Not required.

Findings



Directed Risk:











Failure to properly direct the service to ensure compliance with the requirements of the organisation.

Ref	Expected Key Risk Mitigation	Effectiveness of arrangements	Cross Reference to MAP	Cross Reference to OEM
GF	Governance Framework There is a documented process instruction which accords with the relevant regulatory guidance, Financial Instructions and Scheme of Delegation.	In place	-	-
RM	Risk Mitigation The documented process aligns with the mitigating arrangements set out in the corporate risk register.	In place	-	-
C	Compliance Compliance with statutory, regulatory and policy requirements is demonstrated, with action taken in cases of identified non-compliance.	In place	-	-

Other Findings

- The existing Victims Services contract, which includes the general crime Independent Victims Advocacy services, plus the Independent Domestic Violence Advisor and Independent Sexual Violence Advisor teams, was identified by the OPFCC as coming to an end in March 2024. The OPFCC team took this opportunity to review the service and consider researching what was offered in other PCC areas and to engage with the community on the potential provision from April 2024.
- The team considered a number of models for the service, which included ones run entirely by the Police and ones where initial engagement was by the Force staff with an external provider providing on-going support.
- Engagement within the Cumbrian community highlighted the importance of the perception of independence of the victim services to victims / survivors and, along with the additional transition time to move to an internal model, it was felt that this was not the appropriate approach for the continuation of the service.

Other Findings

-  A report was taken to the Executive Team - Gold in early July 2023 setting out the proposed approach to procure the new service. Prior to this an engagement exercise had been undertaken and sufficient interest from a number of potential bidders confirmed that commissioning an external provider remained feasible.
-  The report highlighted that the integrated service which was moved to in 2019 had brought benefits of flexibility and resilience since introduction. The report also covered the potential additional funding requirements required and sought guidance on the approach to the new unitary authorities.
-  Evidence was seen to support the engagement to secure the required funding from both Councils to allow the process to continue to procurement stage.
-  Further reports were taken to each meeting of the Executive Team - Gold to provide ongoing updates on progress.
-  Having undertaken pre-procurement market engagement to ensure that all relevant elements had been captured, the procurement notice was issued in September 2023.
-  The Operational Risk Register for the OPFCC records the risk of " failure to secure from partners funding for the Bridgeway and victim services (domestic abuse) contracts for 2024-25 and beyond" within Risk number 8, under the heading of Partnerships and Collaboration.
-  The Operational Risk Register was regularly updated with progress against the new service procurement, which in September 2023 confirmed that funding had been secured from all partners.
-  A review of the procurement activity was undertaken. Electronic records were provided/seen to support the procurement exercise, in which no anomalies were noted.
-  A report was taken to the OFPCC in November 2023 to seek approval for the intention to award a contract and make budgetary provision for Victim Services for a period of three years effective from 1st April 2024, with options to extend the contract for three further periods of 12 months to 31st March 2030.
-  The report clearly set out the financial implications of the service, including the Council contributions and was supported by a Tender Evaluation Report and the confirmation of funding from the Councils. The risks of not approving or approving a shorter contract period were highlighted in the report.
-  The request was approved, which allowed the contract negotiations and pre-contract mobilisation to commence to ensure that the new service was in place for the start of April 2024.



Delivery Risk:

Failure to deliver the service in an effective manner which meets the requirements of the organisation.

Ref	Expected Key Risk Mitigation		Effectiveness of arrangements	Cross Reference to MAP	Cross Reference to OEM
PM	Performance Monitoring	There are agreed KPIs for the process which align with the business plan requirements and are independently monitored, with corrective action taken in a timely manner.	In place	-	-
S	Sustainability	The impact on the organisation's sustainability agenda has been considered.	Out of scope	-	-
R	Resilience	Good practice to respond to business interruption events and to enhance the economic, effective and efficient delivery is adopted.	Out of scope	-	-

Other Findings



A robust audit trail of documentation was seen for all stages of the renewal process. Regular reporting to relevant teams was evidenced along with outcomes of engagement with third parties.

Scope and Limitations of the Review

1. The definition of the type of review, the limitations and the responsibilities of management in regard to this review are set out in the Annual Plan. As set out in the Audit Charter, substantive testing is only carried out where this has been agreed with management and unless explicitly shown in the scope no such work has been performed.

Disclaimer

2. The matters raised in this report are only those that came to the attention of the auditor during the course of the review, and are not necessarily a comprehensive statement of all the weaknesses that exist or all the improvements that might be made. This report has been prepared solely for management's use and must not be recited or referred to in whole or in part to third parties without our prior written consent. No responsibility to any third party is accepted as the report has not been prepared, and is not intended, for any other purpose. TIAA neither owes nor accepts any duty of care to any other party who may receive this report and specifically disclaims any liability for loss, damage or expense of whatsoever nature, which is caused by their reliance on our report.

Effectiveness of arrangements

3. The definitions of the effectiveness of arrangements are set out below. These are based solely upon the audit work performed, assume business as usual, and do not necessarily cover management override or exceptional circumstances.

In place	The control arrangements in place mitigate the risk from arising.
Partially in place	The control arrangements in place only partially mitigate the risk from arising.
Not in place	The control arrangements in place do not effectively mitigate the risk from arising.

Assurance Assessment

4. The definitions of the assurance assessments are:

Substantial Assurance	There is a robust system of internal controls operating effectively to ensure that risks are managed and process objectives achieved.
Reasonable Assurance	The system of internal controls is generally adequate and operating effectively but some improvements are required to ensure that risks are managed and process objectives achieved.
Limited Assurance	The system of internal controls is generally inadequate or not operating effectively and significant improvements are required to ensure that risks are managed and process objectives achieved.
No Assurance	There is a fundamental breakdown or absence of core internal controls requiring immediate action.

Acknowledgement

5. We would like to thank staff for their co-operation and assistance during the course of our work.

Release of Report

6. The table below sets out the history of this report.

Stage	Issued	Response Received
Audit Planning Memorandum:	19 th December 2023	19 th December 2023
Draft Report:	20 th February 2024	26 th February 2024
Final Report:	27 th February 2024	

AUDIT PLANNING MEMORANDUM

Appendix B

Client:	PCC Cumbria & Cumbria Constabulary		
Review:	Victim Support Services		
Type of Review:	Assurance	Audit Lead:	Andrew McCulloch

Outline scope (per Annual Plan):	The review will review the commissioning and introduction of the new victim support service and will consider the steps taken to identify and deliver the new service, including market engagement, use of consultants and implementation of the service.		
Detailed scope will consider:	<p>Directed</p> <p>Governance Framework: There is a documented process instruction which accords with the relevant regulatory guidance, Financial Instructions and Scheme of Delegation.</p> <p>Risk Mitigation: The documented process aligns with the mitigating arrangements set out in the corporate risk register.</p> <p>Compliance: Compliance with statutory, regulatory and policy requirements is demonstrated, with action taken in cases of identified non-compliance.</p>	<p>Delivery</p> <p>Performance monitoring: There are agreed KPIs for the process which align with the business plan requirements and are independently monitored, with corrective action taken in a timely manner.</p> <p>Sustainability: The impact on the organisation's sustainability agenda has been considered.</p> <p>Resilience: Good practice to respond to business interruption events and to enhance the economic, effective and efficient delivery is adopted.</p>	
Requested additions to scope:	(if required then please provide brief detail)		
Exclusions from scope:			

Planned Start Date:	02/01/2024	Exit Meeting Date:	12/01/2024	Exit Meeting to be held with:	Nicola Broomfield
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SELF ASSESSMENT RESPONSE

Matters over the previous 12 months relating to activity to be reviewed	Y/N (if Y then please provide brief details separately)
Has there been any reduction in the effectiveness of the internal controls due to staff absences through sickness and/or vacancies etc?	N
Have there been any breakdowns in the internal controls resulting in disciplinary action or similar?	N
Have there been any significant changes to the process?	N
Are there any particular matters/periods of time you would like the review to consider?	N



Internal Audit

DRAFT

PFCC Cumbria & Cumbria Constabulary

Assurance Review of Risk - Insurance

2023/24

March 2024

Executive Summary

OVERALL ASSESSMENT

ASSURANCE OVER KEY STRATEGIC RISK / OBJECTIVE

F&R/12 - Revenue expenditure deviates

KEY STRATEGIC FINDINGS

- Testing confirmed that there are robust processes in operation for managing insurance activities and that controls are operating effectively.
- Policies were recently re-tendered and are under a long-term agreement with an option to extend up to two years. A new broker was also recently appointed.
- In accordance with the Financial Regulations, an annual Insurance Renewal Report is presented to the Chief Officer Group and to the PFCC Executive Team.

GOOD PRACTICE IDENTIFIED

- Both the Financial Regulations and the Financial Rues provide for robust arrangements for insurance, including appropriate Officer responsibilities.
- The Constabulary CFO is a member of the NPCC Strategic Insurance Group looking at insurance nationally within the police sector.

SCOPE

The review considered the insurance arrangements including the identification of need; sourcing; payment of premiums; procedures to ensure the organisation operates within the requirements of the policies; and the claims procedures. The scope of the review did not include consideration of the appropriateness of the levels of cover obtained or the levels of premiums payable.

ACTION POINTS

Urgent	Important	Routine	Operational
0	0	0	0

Assurance - Key Findings and Management Action Plan (MAP)

Rec.	Risk Area	Finding	Recommendation	Priority	Management Comments	Implementation Timetable (dd/mm/yy)	Responsible Officer (Job Title)
No Recommendations were deemed necessary.							

PRIORITY GRADINGS

1 **URGENT** Fundamental control issue on which action should be taken immediately.

2 **IMPORTANT** Control issue on which action should be taken at the earliest opportunity.

3 **ROUTINE** Control issue on which action should be taken.

Operational - Effectiveness Matter (OEM) Action Plan

Ref	Risk Area	Finding	Suggested Action	Management Comments
No Operational Effectiveness Matters were identified.				

ADVISORY NOTE

Operational Effectiveness Matters need to be considered as part of management review of procedures.

Assignment Engagement Details

TIAA Auditors	Title	Contact Email	Telephone
Ian Goodwin	Principal Auditor	lan.Goodwin@tiaa.co.uk	07867526292
Andrew McCulloch	Director of Audit	Andrew.McCulloch@tiaa.co.uk	07980787926

Constabulary Staff	Title
Sarah Walker	Financial Services Manager (Financial Accounting)

Exit Meeting Date	28 th February 2024
Attendees	Sarah Walker
Director/Commander Comment	<p><u>I welcome this report and its findings as part of the overall assurance placed on financial matters within the OPFCC and Constabulary.</u></p> <p><u>It is reassuring to note that the audit of the Insurance arrangements provides substantial assurance and contains no recommendations for improvement.</u></p> <p><u>Lorraine Holme, Group Accountant</u></p>
Deputy Chief Constable's Comment	<p><u>I have read this report and the comments from Lorraine, as outlined above.</u></p> <p><u>I am satisfied that the audit has provided the highest level of assurance "substantial" with no recommendations.</u></p> <p><u>The grading provides chief officers with confidence in the way that the Insurance arrangements are controlled and operated.</u></p> <p><u>DCC Darren Martland</u></p>
Considered for Risk Escalation	No recommendations to be escalated.

ADVISORY NOTE

Operational Effectiveness Matters need to be considered as part of management review of procedures.

Findings



Directed Risk:

Failure to properly direct the service to ensure compliance with the requirements of the organisation.

Ref	Expected Key Risk Mitigation	Effectiveness of arrangements	Cross Reference to MAP	Cross Reference to OEM
GF	Governance Framework There is a documented process instruction which accords with the relevant regulatory guidance, Financial Instructions and Scheme of Delegation.	In place	-	-
RM	Risk Mitigation The documented process aligns with the mitigating arrangements set out in the corporate risk register.	In place	-	-
C	Compliance Compliance with statutory, regulatory and policy requirements is demonstrated, with action taken in cases of identified non-compliance.	In place	-	-

Other Findings






The Financial Regulations state that, in relation to the Cumbria Office of the Police and Crime Commissioner (OPCC), the Joint Chief Finance Officer (Joint CFO) is responsible for advising, in consultation with the Chief Executive, on the safeguarding of assets, including insurance. The Joint CFO is also responsible for advising on the safeguarding of the Constabulary's assets, including insurance. Responsibilities of the Police and Crime Commissioner include receiving an annual report on the overall arrangements for insurance. Responsibilities of the Chief Executive and the Chief Constable include ensuring that inventories are maintained for insurance purposes. It is noted that the CFO roles have changed since the Regulations were last revised and that this will be amended in the next revision of the document. The current version does not distract from the defined roles.



The Financial Rules state that responsibilities of the Deputy CFO include the co-ordination of information for the annual insurance renewal and to support the Joint CFO in making appropriate arrangements for insurance including identification of new risks and determining the level of self-insurance. One of the key controls of Risk Management and Business Continuity is listed to be that, where cost effective, insurance arrangements are put in place to offset losses that might result from risks which cannot be eliminated. Responsibilities of the Director of Legal Services include to administer all self-insured insurance claims and to maintain a central register of all insurance claims.

Other Findings

-  A review of the Governance Arrangements for Cumbria Constabulary highlighted that there is a detailed section headed Claims against the Chief Constable. This specifies the financial limits within which the listed responsible body or Officer is responsible for each of five stated activities, such as: approving settlement figures for third party insurance claims in respect of motor vehicle accidents; and, approving settlement of all uninsured claims against the Chief Constable and/or individual police officers and police staff for which the Chief Constable is vicariously liable.
-  The Finance Risk Register dated 30th October 2023 comprises five risks; one of which is F&R/12 - Revenue expenditure deviates. This is the risk that the Constabulary's revenue expenditure deviates significantly from budget both under and over. The latest score for the risk is 12 (amber). The mitigation strategy is to reduce this level of risk. The risk owner is the Joint CFO. Having robust processes in operation for managing insurance activities helps mitigate the risk of unbudgeted expenditure arising from claims against which insufficient insurance is in place.
-  The Director of Legal Services provided a spreadsheet showing claims by insurance year, ended 31st October. The Fleet Management Information Officer provided several spreadsheets summarising accidents and incidents as relating to fleet. From a review of these details and from discussions with the relevant Officers, it is evident that sufficient detailed records are being maintained and updated on a regular basis to help ensure that the relevant controls and procedures detailed in the Financial Regulations and the Financial Rules are operating effectively.





Delivery Risk:


Failure to deliver the service in an effective manner which meets the requirements of the organisation.


Ref	Expected Key Risk Mitigation	Effectiveness of arrangements	Cross Reference to MAP	Cross Reference to OEM
PM	Performance Monitoring There are agreed KPIs for the process which align with the business plan requirements and are independently monitored, with corrective action taken in a timely manner.	In place	-	-
S	Sustainability The impact on the organisation's sustainability agenda has been considered.	In place	-	-
R	Resilience Good practice to respond to business interruption events and to enhance the economic, effective and efficient delivery is adopted.	In place	-	-

Other Findings

- 

In accordance with requirements of the Financial Regulations, the annual Insurance Renewal Report was presented to the Chief Officer Group on 10th November 2023 and to the PFCC Executive Team on 14th November 2023. The Executive Summary section notes that: policies were re-tendered in 2022 and are under a long-term agreement until 31st October 2025, with an option to extend to 31st October 2027; a new broker was appointed from 31st May 2023; the tender of the combined liability bundle of policies provided annual savings of 4% per annum; and, the total of externally placed premium for the year ending 31st October 2024 is an increase of 10% over the previous year, which is broadly in line with inflation. The Report then summarises 10 policies, noting the excess and providing a brief narrative summary of the cover on each policy.
- 

Notes from two recent quarterly meetings held at Police Headquarters of the Ethics and Integrity Panel were provided. At each meeting it was noted that the Head of Legal Services presented a report outlining active and closed Public Liability Claims, Employer Liability Claims and Employment Tribunal applications or proceedings. The Head of Legal Services advised at each meeting that no trends had been identified but that any learning or changes to work practices where identified had been implemented across the force.
- 

The most recent annual Insurance Renewal Report notes that the Constabulary CFO is a member of the National Police Coordination Centre (NPCC) Strategic Insurance Group which is working with BlueLight Commercial to look at insurance nationally within the police sector.
- 

A review of the chart of accounts showed there to be an extensive number of codes relating to insurance, thereby allowing for a comprehensive analysis of transactions within the scope of this review. Insurance premiums were seen to have been posted to the correct codes.

Scope and Limitations of the Review

1. The definition of the type of review, the limitations and the responsibilities of management in regard to this review are set out in the Annual Plan. As set out in the Audit Charter, substantive testing is only carried out where this has been agreed with management and unless explicitly shown in the scope no such work has been performed.

Disclaimer

2. The matters raised in this report are only those that came to the attention of the auditor during the course of the review, and are not necessarily a comprehensive statement of all the weaknesses that exist or all the improvements that might be made. This report has been prepared solely for management's use and must not be recited or referred to in whole or in part to third parties without our prior written consent. No responsibility to any third party is accepted as the report has not been prepared, and is not intended, for any other purpose. TIAA neither owes nor accepts any duty of care to any other party who may receive this report and specifically disclaims any liability for loss, damage or expense of whatsoever nature, which is caused by their reliance on our report.

Effectiveness of arrangements

3. The definitions of the effectiveness of arrangements are set out below. These are based solely upon the audit work performed, assume business as usual, and do not necessarily cover management override or exceptional circumstances.

In place	The control arrangements in place mitigate the risk from arising.
Partially in place	The control arrangements in place only partially mitigate the risk from arising.
Not in place	The control arrangements in place do not effectively mitigate the risk from arising.

Assurance Assessment

4. The definitions of the assurance assessments are:

Substantial Assurance	There is a robust system of internal controls operating effectively to ensure that risks are managed and process objectives achieved.
Reasonable Assurance	The system of internal controls is generally adequate and operating effectively but some improvements are required to ensure that risks are managed and process objectives achieved.
Limited Assurance	The system of internal controls is generally inadequate or not operating effectively and significant improvements are required to ensure that risks are managed and process objectives achieved.
No Assurance	There is a fundamental breakdown or absence of core internal controls requiring immediate action.

Acknowledgement

5. We would like to thank staff for their co-operation and assistance during the course of our work.

Release of Report

6. The table below sets out the history of this report.

Stage	Issued	Response Received
Audit Planning Memorandum:	29 th January 2024	29 th January 2024
Draft Report:	11 th March 2024	
Final Report:		

AUDIT PLANNING MEMORANDUM

Appendix B

Client:	PCC Cumbria & Cumbria Constabulary		
Review:	Risk - Insurance		
Type of Review:	Assurance	Audit Lead:	Ian Goodwin

Outline scope (per Annual Plan):	The review will also consider the insurance arrangements including the identification of need; sourcing; payment of premiums; procedures to ensure the organisation operates within the requirements of the policies; and the claims procedures. The scope of the review does not include consideration of the appropriateness of the levels of cover obtained or the levels of premiums payable.		
Detailed scope will consider:	<p>The review will set out to provide assurance to the Joint Audit Committee that the organisation has robust processes in operation for managing insurance activities:</p> <ul style="list-style-type: none"> Robust policies and procedures are in place for the areas reviewed. 	<ul style="list-style-type: none"> Appropriate controls are in place for the accuracy and completeness of insurance claims. All potential insurance claims are identified and processed in accordance with the requirements of the insurer. Appropriate reporting is in place to senior management and Board. 	
Requested additions to scope:	None		
Exclusions from scope:	None		

Planned Start Date:	05/02/2024	Exit Meeting Date:	28/02/2024	Exit Meeting to be held with:	Sarah Walker
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SELF ASSESSMENT RESPONSE

Matters over the previous 12 months relating to activity to be reviewed	Y/N (if Y then please provide brief details separately)
Has there been any reduction in the effectiveness of the internal controls due to staff absences through sickness and/or vacancies etc?	N
Have there been any breakdowns in the internal controls resulting in disciplinary action or similar?	N
Have there been any significant changes to the process?	N
Are there any particular matters/periods of time you would like the review to consider?	N



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

Indicative Audit Strategy 2024/27 and Annual Plan 2024/25

February 2024

Draft

Executive Summary

Introduction

The Audit Plan for 2024/25 has been informed by a risk assessment carried out across our clients in the sector and by an updated audit risk assessment to ensure that planned coverage for the year is focussed on the key audit risks. This coverage will enable a robust annual Head of Internal Audit Opinion to be provided.

Key Risk Considerations

We have identified a number of key areas which require consideration when planning internal audit coverage.

Police and Crime Commissioner Elections are due to be held in May 2024. The outcome of the elections will impact on the Police and Crime Plan and policing priorities for the Constabularies.

Vetting HMICFRS' inspection into police vetting in the wake of the Sara Everard case found that it was falling well below the standards required. It identified that cultural shortcomings were prevalent in all of the forces inspected and warning signs that were not acted upon. This continues to be an area of risk across forces.

Climate change and Sustainability Global warming can lead to physical, operational, financial and reputational risks arising. 'Loss and damage' - the phrase used to describe the destruction being wrought by the climate crisis - will remain high on the agenda. Financial challenges will impact on the ability to meet the climate change and sustainability expectations.

Workforce The changing nature of crime, skills required and utilisation of the workforce to tackle this, along with financial pressures drives how the workforce is shaped.

Audit Strategy Methodology

In producing this audit strategy and annual plan, we have sought to build on our understanding of Cumbria OPFCC and Cumbria Constabulary's operating environment and risk profile through a review of key documentation and discussions with key staff. We have taken into account:

- Cumbria OPFCC and Cumbria Constabulary's business strategy and corporate objectives
- The regulatory and legislative framework
- Cumbria OPFCC and Cumbria Constabulary's risk register
- External Audit recommendations
- Previous Internal Audit coverage

We take in to account any emerging or heightened risks that are facing the sector, to ensure that the work of internal audit remains appropriately prioritised and focused. Links to specific strategic risks are also contained in the Internal Audit Strategy.

Our approach complies with the International Standards for the Professional Practice of Internal Auditing which have been developed by the Institute of Internal Auditors (IIA) and the Public Sector Internal Audit Standards (PSIAS).

Internal Audit Strategy and Plan

The Audit Strategy at Appendix A incorporates the proposed annual plan for 2024/25 and the indicative coverage for the following two years.

The Annual Plan at Appendix B sets out the assignments that will be carried out in 2024/25, the planned times and the high-level scopes for each of these assignments.

The Annual Plan will be subject to ongoing review and could change as the risks change for the Cumbria OPFCC and Cumbria Constabulary; this will be formally reviewed with senior management and the Joint Audit Committee mid-way through the financial year or should a significant issue arise.

The overall agreed time for the delivery of each assignment within the Annual Plan includes research; preparation and issue of terms of reference; site work; production and review of working papers; and reporting.

The Annual Plan has been prepared on the assumption that the expected controls will be in place.

The total number of days required to deliver the Audit Plan is as agreed in the contract between TIAA and Cumbria OPFCC and Cumbria Constabulary. This number of days is fixed and it is TIAA's responsibility to deliver the Audit Plan for this number of days. Where Cumbria OPFCC and Cumbria Constabulary agrees additional work the required number of days and the aggregate day rate will be agreed in advance with the Chief Finance Officer/s and will be clearly set out in the terms of reference for the additional review(s).

Adequacy of the planned audit coverage

The reviews identified in the audit plan for 2024/25 support the Head of Internal Audit's annual opinion on the overall adequacy and effectiveness of Cumbria OPFCC and Cumbria Constabulary's framework of governance, risk management and control as required by TIAA's charter. The reviews have been identified from your assurance framework, risk registers and key emerging themes.

Disclaimer

This document has been prepared solely for management's use and must not be recited or referred to in whole or in part to third parties without our prior written consent.

No responsibility to any third party is accepted as the document has not been prepared, and is not intended, for any other purpose. TIAA neither owes nor accepts any duty of care to any other party who may receive this document and specifically disclaims any liability for loss, damage or expense of whatsoever nature, which is caused by their reliance on our document.

Release of Report

The table below sets out the history of this plan.

Draft Strategy and Plan:	22 nd February 2024
Final Strategy and Plan:	

Appendix A: Rolling Strategic Plan

Review Area	Entity	Type	2024/25	2025/26	2026/27
Governance					
Equality, Diversity and Inclusivity	CC	Assurance	✓		
Data Protection and GDPR	OPFCC/CC	Assurance	✓		
Commissioner’s Grants	OPFCC	Assurance		✓	
OPFCC Police and Crime Plan	OPFCC	Assurance		✓	
Performance & Insight	CC	Assurance		✓	
Strategic Governance	OPFCC/CC	Assurance			✓
Financial Sustainability – Business Planning	CC	Assurance			✓
Corporate Health and Safety	OPFCC/CC	Assurance			✓
Risk					
Business Continuity	CC	Assurance	✓		
Risk Management Framework	OPFCC/CC	Assurance		✓	
Risk - Insurance	OPFCC/CC	Assurance			✓
ICT					
ICT – Disaster Recovery	OPFCC/CC	Assurance	✓		
Cyber-Security	OPFCC/CC	Assurance		✓	
Management Controls	OPFCC/CC	Assurance			✓
Finance					
Budgetary Control	OPFCC/CC	Assurance	✓		
Payroll	OPFCC/CC	Assurance	✓		

Review Area	Entity	Type	2024/25	2025/26	2026/27
Procurement and Contract Management	OPFCC/CC	Assurance		✓	
Fixed Assets	OPFCC/CC	Assurance		✓	
Debtors	CC	Assurance		✓	
Treasury Management and Banking	CC	Assurance		✓	
Accounts Payable (Creditors)	OPFCC/CC	Assurance			✓
General Ledger	OPFCC/CC	Assurance			✓
Pensions	OPFCC/CC	Assurance			✓
Operational Performance and Infrastructure					
Stop / Search	CC	Assurance	✓		
Body Worn Video	CC	Assurance	✓		
Fleet - Fuel Usage and Fuel Cards	CC	Assurance	✓		
Contractor Vetting	CC	Assurance	✓		
Security of Seized Cash	CC	Assurance	✓		
Use of Force Reporting	CC	Assurance	✓		
Wanted People	CC	Assurance	✓		
Firearms Licensing	CC	Assurance		✓	
Estates – Buildings Health and Safety	OPFCC/CC	Assurance		✓	
Security of Seized Proceeds of Crime -Assets/Property	CC	Assurance		✓	
Fleet - Strategy and Management of Fleet	CC	Assurance			✓
Workforce					
Workforce Planning	CC	Assurance	✓		
Learning and Development	CC	Assurance		✓	
Vetting	CC	Assurance			✓

Review Area	Entity	Type	2024/25	2025/26	2026/27
Management of Overtime	CC	Assurance			✓
Grievance Reporting and Management	CC	Assurance			✓
Recruitment and Retention	CC	Assurance			✓
Follow Up					
Follow Up	OPFCC/CC	Follow Up	✓	✓	✓
Management and Planning					
Annual Planning		Management	✓	✓	✓
Annual Report		Management	✓	✓	✓
Audit Management including JAC Preparation and Attendance		Management	✓	✓	✓
Total Days			180	180	180

List of Advisory Reviews not included in the audit plan

Below is a list of reviews which are undertaken by our Specialists Staff and are available in addition to the plan.

Review	Indicative High Level Scope
Website Penetration Test	Web application penetration testing is the practice of simulating attacks on a system in an attempt to gain access to sensitive data, with the purpose of determining whether a system is secure. This is done in a safe and secure way with a report identifying weaknesses and remedial action.
Governance Effectiveness Reviews	The review will consider the Senior Managements effectiveness - including whether it has the structure, processes, people and performance to deliver. The review will also consider how they interact with stakeholders, and whether respective roles are clear.
Climate Change	Deep Dive into selected aspects of climate change using a qualified subject matter expert.

Appendix B: Annual Plan – 2024/25

Quarter	Review	Type	Days	High-level Scope
1	Equality, Diversity and Inclusivity	Assurance	10	The review considers the arrangements which the organisation has put into place arrangements which demonstrate that the organisation operates fairly and equally in its operations. The scope of the review does not include providing assurance that the equal opportunities covers all the activities of the organisation or that the arrangements identified by the organisation are operating continuously and effectively.
1	Contractor Vetting	Assurance	12	The review focusses on the systems and processes for vetting new contractors and the arrangements in place for re-vetting and monitoring of existing contractors.
1	Data Protection and GDPR	Assurance	10	The review considers compliance with the Data Protection Act 2018 incorporating the General Data Protection Requirement including the policies, procedures and systems in place.
2	Stop and Search	Assurance	12	The review assesses the Force's compliance with the Stop and Search Authorised Professional Practice (APP) and the evidence to support the process operating in a fair, legal, professional and transparent way.
2	Fleet - Fuel Usage (Fuel Card usage std/prem)	Assurance	8	The audit reviews the arrangements in place for ensuring there are appropriate controls in place in relation to fuel usage and security of fuel cards.
2	Use of Force Reporting	Assurance	10	The review considers the reporting arrangements for reporting Use of Force and the categories reported by Cumbria Police. The review will also consider the integrity of the data used to provide the performance reporting.
2	Wanted People	Assurance	12	The review assesses the arrangements in place for Wanted People. A full scope for the audit will be developed with the Force.
3	Budgetary Control	Assurance	8	The review considers the budget preparation process, the monitoring arrangements and reporting. The scope of the review does not include consideration of the assumptions used in preparing the budgets; depreciation policies; apportionment of central costs; or financial information included in tenders prepared by the organisation.

Quarter	Review	Type	Days	High-level Scope
3	ICT – Disaster Recovery	Assurance	10	The review considers the extent to which the organisation has put into place arrangements which provides reasonable but not absolute assurance that the impact on the organisation of any major incident will be minimised. The scope of the review does not include providing assurance that the actual testing of hardware/software etc has been carried out effectively.
3	Business Continuity	Assurance	10	The review considers the arrangements for business continuity planning including policy/strategy and procedures, organisational responsibility, plan details for various scenarios and testing. The scope of the review does not include providing assurance that the business continuity planning covers all the risks faced, or that the arrangements proposed operate continuously and effectively
3	Payroll	Assurance	10	The review considers the arrangements for: the creation, amendment and deletion of payroll records accurately and on a timely basis; payment of allowances and pay awards; collection of overpayments; and payment of salaries. The review will also consider the arrangements for reviewing the payroll prior to authorisation including the review of exception reports and pay variations. The scope of the review does not include determination of salary scales, the HR arrangements for appointment and removal of staff, severance payments or reimbursement of travel and subsistence expenses, or pension arrangements.
4	Workforce Planning	Assurance	12	The review considers the arrangements in place for workforce planning, including the Force’s strategy and the delivery and monitoring of the current plan.
4	Security of Seized Cash	Assurance	10	The review considers the administration and secure retention and release of cash seized under the Proceeds of Crime Act 2002 (POCA).
4	Body Worn Video	Assurance	12	The review considers the arrangements for providing an effective audit trail for the use of body worn video (BWV) cameras including requirements for compliance with legislation including data protection requirements.
1 – 4	Follow-up	Follow up	12	Follow-up of implementation of agreed priorities one and two actions from audit reports, ensuring the organisation is implementing recommendations, and providing reports to the Audit Committee.
1	Annual Planning	Management	2	Assessing the organisation’s annual audit needs.
4	Annual Report	Management	2	Reporting on the overall conclusions and opinion based on the year’s audits and other information and providing input to the Annual Governance Statement.
1 – 4	Audit Management	Management	18	This time includes: meeting client management, overseeing the audit plan, reporting and supporting the Audit Committee, liaising with External Audit and Client briefings (including fraud alerts, fraud digests and committee briefings).
Total days			180	

Internal Audit Charter

The Need for a Charter

The Audit Charter formally defines internal audit's purpose, authority and responsibility. It establishes internal audit's position within Cumbria OPFCC and Constabulary and defines the scope of internal audit activities. The establishment of the Audit Charter is a requirement of the Public Sector Internal Audit Standards (PSIAS) and approval of the charter is the responsibility of the Audit Committee.

The Role of Internal Audit

The main objective of the internal audit activity carried out by TIAA is to provide, in an economical, efficient and timely manner, an objective evaluation of, and opinion on, the overall adequacy and effectiveness of the framework of governance, risk management and control. TIAA is responsible for providing assurance to Cumbria OPFCC and Constabulary's governing body (being the body with overall responsibility for the Cumbria OPFCC and Constabulary) on the adequacy and effectiveness of the risk management, control and governance processes.

Standards and Approach

TIAA's work will be performed with due professional care, in accordance with the requirements of the PSIAS and the IIA standards which are articulated in the International Professional Practices Framework (IPPF).

Scope

All Cumbria OPFCC and Constabulary activities fall within the remit of TIAA. TIAA may consider the adequacy of controls necessary to secure propriety, economy, efficiency and effectiveness in all areas. It will seek to confirm that Cumbria OPFCC and Constabulary management has taken the necessary steps to achieve these objectives and manage the associated risks. It is not within the remit of TIAA to question the appropriateness of policy decisions; however, TIAA is required to examine the arrangements by which such decisions are made, monitored and reviewed.

TIAA may also conduct any special reviews requested by the board, Audit Committee or the nominated officer (being the post responsible for the day-to-day liaison with TIAA), provided such

reviews do not compromise the audit service's objectivity or independence, or the achievement of the approved audit plan.

Access

TIAA has unrestricted access to all documents, records, assets, personnel and premises of Cumbria OPFCC and Constabulary and is authorised to obtain such information and explanations as they consider necessary to form their opinion. The collection of data for this purpose will be carried out in a manner prescribed by TIAA's professional standards, Information Security and Information Governance policies.

Independence

TIAA has no executive role, nor does it have any responsibility for the development, implementation or operation of systems; however, it may provide independent and objective advice on risk management, control, governance processes and related matters, subject to resource constraints. For day-to-day administrative purposes only, TIAA reports to a nominated officer within Cumbria OPFCC and Constabulary and the reporting arrangements must take account of the nature of audit work undertaken. TIAA has a right of direct access to the chair of the board, the chair of the Audit Committee and the responsible accounting officer (being the post charged with financial responsibility).

To preserve the objectivity and impartiality of TIAA's professional judgement, responsibility for implementing audit recommendations rests with Cumbria OPFCC and Constabulary management.

Conflict of Interest

Consultancy activities are only undertaken with distinct regard for potential conflict of interest. In this role we will act in an advisory capacity and the nature and scope of the work will be agreed in advance and strictly adhered to.

We are not aware of any conflicts of interest and should any arise we will manage them in line with TIAA's audit charter and internal policies, the PSIAS/IIA standards and Cumbria OPFCC and Constabulary's requirements.

Irregularities, Including Fraud and Corruption

TIAA will without delay report to the appropriate regulator, serious weaknesses, significant fraud, major accounting and other breakdowns subject to the requirements of the Proceeds of Crime Act 2002.

TIAA will be informed when evidence of potential irregularity, including fraud, corruption or any impropriety, is discovered so that TIAA can consider the adequacy of the relevant controls, evaluate the implication of the fraud on the risk management, control and governance processes and consider making recommendations as appropriate. The role of TIAA is not to investigate the irregularity unless commissioned to do so.

Limitations and Responsibility

Substantive testing will only be carried out where a review assesses the internal controls to be providing 'limited' or 'no' assurance with the prior approval of Cumbria OPFCC and Constabulary and additional time will be required to carry out such testing. Cumbria OPFCC and Constabulary is responsible for taking appropriate action to establish whether any loss or impropriety has arisen as a result of the control weaknesses.

Internal controls can only provide reasonable and not absolute assurance against misstatement or loss. The limitations on assurance include the possibility of one or more of the following situations, control activities being circumvented by the collusion of two or more persons, human error, or the overriding of controls by management. Additionally, no assurance can be provided that the internal controls will continue to operate effectively in future periods or that the controls will be adequate to mitigate all significant risks that may arise in future.

The responsibility for a sound system of internal controls rests with management and work performed by internal audit should not be relied upon to identify all strengths and weaknesses that may exist. Neither should internal audit work be relied upon to identify all circumstances of fraud or irregularity, should there be any, although the audit procedures have been designed so that any material

irregularity has a reasonable probability of discovery. Even sound systems of internal control may not be proof against collusive fraud.

Reliance will be placed on management to provide internal audit with full access to staff and to accounting records and transactions and to ensure the authenticity of these documents.

The matters raised in the audit reports will be only those that come to the attention of the auditor during the course of the internal audit reviews and are not necessarily a comprehensive statement of all the weaknesses that exist or all the improvements that might be made. The audit reports are prepared solely for management's use and are not prepared for any other purpose.

Liaison with the External Auditor

We will liaise with Cumbria OPFCC and Constabulary's External Auditor. Any matters in the areas included in the Annual Plan that are identified by the external auditor in their audit management letters will be included in the scope of the appropriate review.

Reporting

Assignment Reports: A separate report will be prepared for each review carried out. Each report will be prepared in accordance with the arrangements contained in the Terms of Reference agreed with TIAA and which accord with the requirements of TIAA's audit charter and PSIAS/IIA standards.

Progress Reports: Progress reports will be prepared for each Audit Committee meeting. Each report will detail progress achieved to date against the agreed annual plan.

Follow-Up Reports: We will provide an independent assessment as to the extent that priority 1 and 2 recommendations have been implemented. Priority 3 recommendations are low-level/housekeeping in nature and it is expected that management will monitor and report on implementation as considered appropriate.

Annual Report: An Annual Report will be prepared for each year in accordance with the requirements set out in TIAA's audit charter and PSIAS/IIA standards. The Annual Report will include a summary opinion of the effectiveness of Cumbria OPFCC and Constabulary's governance, risk management and operational control processes based on the work completed during the year.

Other Briefings: During the year Client Briefing Notes, Benchmarking and lessons learned digests will be provided. These are designed to keep the Cumbria OPFCC and Constabulary abreast

of in-year developments which may impact on the governance, risk and control assurance framework.

Assurance Assessment Gradings

We use four levels of assurance assessments as set out below.

Substantial Assurance	There is a robust system of internal controls operating effectively to ensure that risks are managed and process objectives achieved.
Reasonable Assurance	The system of internal controls is generally adequate and operating effectively but some improvements are required to ensure that risks are managed and process objectives achieved.
Limited Assurance	The system of internal controls is generally inadequate or not operating effectively and significant improvements are required to ensure that risks are managed and process objectives achieved.
No Assurance	There is a fundamental breakdown or absence of core internal controls requiring immediate action.

Data Protection

TIAA has policies, procedures and processes in place to comply with all associated regulation and legislation on information security, which is underpinned by mandatory annual awareness training for all staff. To carry out our role effectively, we need to obtain information that is reliable, relevant and sufficient to support our findings and recommendations. The collection of data, particularly sensitive personal data, is minimised and is not shared with unauthorised persons unless there is a valid and legal requirement to do so. We have clear policies on the retention of data and its appropriate, controlled disposal. TIAA has a fully robust Information Security Management System that meets all the requirements of ISO27001:2013.

Quality Assurance

TIAA recognises the importance of Internal Audit being controlled at each stage to ensure that we deliver a consistent and efficient Internal Audit service that is fully compliant with professional standards and also the conditions of contract. We operate a comprehensive internal operational quality review process to ensure that all Internal Audit work is carried out in accordance with

these standards. These quarterly reviews are part of our quality management system which has ISO 9001:2015 accreditation.

Audit Committee Responsibility

It is the responsibility of the Cumbria OPFCC and Constabulary to determine that the number of audit days to be provided and the planned audit coverage are sufficient to meet the Committee's requirements and the areas selected for review are appropriate to provide assurance against the key risks within the Cumbria OPFCC and Constabulary.

By approving this document, the Audit Committee is also approving the Internal Audit Charter.

Disclaimer

The matters raised in this planning report, along with those raised in our audit and annual reports, are only those that came to the attention of the auditor during the course of our work and are not necessarily a comprehensive statement of all the weaknesses that exist or all the improvements that might be made. This report has been prepared solely for management's use and must not be recited or referred to in whole or in part to third parties without our prior written consent. No responsibility to any third party is accepted as the report has not been prepared, and is not intended, for any other purpose. TIAA neither owes nor accepts any duty of care to any other party who may receive this report and specifically disclaims any liability for loss, damage or expense of whatsoever nature, which is caused by their reliance on our report.

Performance Standards

The following Performance Targets will be used to measure the performance of internal audit in delivering the Annual Plan:

Performance Measure	Target
Completion of planned audits.	100%
Audits completed in time allocation.	100%
Draft report issued within 10 working days of exit meeting.	100%
Final report issued within 10 working days of receipt of responses.	100%
Compliance with TIAA's audit charter and PSIAS/IIA Standards.	100%



Cumbria Fire and Rescue Service

Annual Plan 2024/25

February 2024

Draft



Executive Summary

Introduction

The Audit Plan for 2024/25 has been informed by a risk assessment carried out across our clients in the sector and by an updated audit risk assessment to ensure that planned coverage for the year is focussed on the key audit risks. This coverage will enable a robust annual Head of Internal Audit Opinion to be provided.

Key Risk Considerations

We have identified a number of key areas which require consideration when planning internal audit coverage.

Bullying and harassment: The report produced by His Majesty's Inspectorate of Constabulary and Fire and Rescue Services in 2023 noted that staff reported allegations of bullying, harassment and discrimination in every fire and rescue service in England.

Increased fraud: As an ever-present risk, organisations must ensure that they have robust controls that operate effectively and continually, which are underpinned by organisational awareness and appropriate behaviours.

Macroeconomic and financial environment: The UK economy continues to be impacted by a sequence of significant events including fluctuating interest rates, higher than target inflation, post-pandemic recovery and the conflicts in Ukraine and the Middle East. Shortages in the labour market and continuing supply chain disruption lead to increased costs and a challenging financial situation for many.

Cyber security: This continues to be one of the highest ranked risks for most organisations and shows no sign of going away. More remote and hybrid working and increased online service delivery increases vulnerability to phishing, malware, and ransomware attacks, particularly where there has been a lack of investment in infrastructure.

Audit Strategy Methodology

In producing this annual plan, we have sought to build on our understanding of Cumbria Fire and Rescue Service's operating environment and risk profile through a review of key documentation and discussions with key staff. We have taken into account:

- Cumbria Fire and Rescue Service's business strategy and corporate objectives
- The regulatory and legislative framework
- Cumbria Fire and Rescue Service's risk register
- External Audit recommendations
- Previous Internal Audit coverage

We take in to account any emerging or heightened risks that are facing the sector, to ensure that the work of internal audit remains appropriately prioritised and focused. Links to specific strategic risks are also contained in the Internal Audit Strategy.

Our approach complies with the International Standards for the Professional Practice of Internal Auditing which have been developed by the Institute of Internal Auditors (IIA) and the Public Sector Internal Audit Standards (PSIAS).

Internal Audit Strategy and Plan

The Annual Plan at Appendix A sets out the assignments that will be carried out in 2024/25, the planned times and the high-level scopes for each of these assignments.

The Annual Plan will be subject to ongoing review and could change as the risks change for the Cumbria Fire and Rescue Service; this will be formally reviewed with senior management and the Audit Committee mid-way through the financial year or should a significant issue arise.

The overall agreed time for the delivery of each assignment within the Annual Plan includes research; preparation and issue of terms of reference; site work; production and review of working papers; and reporting.

The Annual Plan has been prepared on the assumption that the expected controls will be in place.

The total number of days required to deliver the Audit Plan is as agreed in the contract between TIAA and Cumbria Fire and Rescue Service. This number of days is fixed and it is TIAA's responsibility to deliver the Audit Plan for this number of days. Where Cumbria Fire and Rescue Service agrees additional work the required number of days and the aggregate day rate will be agreed in advance with the Chief Finance Officer and will be clearly set out in the terms of reference for the additional review(s).

Adequacy of the planned audit coverage

The reviews identified in the audit plan for 2024/25 support the Head of Internal Audit's annual opinion on the overall adequacy and effectiveness of Cumbria Fire and Rescue Service's framework of governance, risk management and control as required by TIAA's charter. The reviews have been identified from your assurance framework, risk registers and key emerging themes.

Disclaimer

This document has been prepared solely for management's use and must not be recited or referred to in whole or in part to third parties without our prior written consent.

No responsibility to any third party is accepted as the document has not been prepared, and is not intended, for any other purpose. TIAA neither owes nor accepts any duty of care to any other party who may receive this document and specifically disclaims any liability for loss, damage or expense of whatsoever nature, which is caused by their reliance on our document.

Release of Report

The table below sets out the history of this plan.

Draft Strategy and Plan:	22 nd February 2024
Final Strategy and Plan:	

Appendix A: Annual Plan – 2024/25

Quarter	Review	Type	Days	High-level Scope
1	HR – Recruitment and Retention	Assurance	7	<p><u>Scope</u></p> <p>The review considers the arrangements for the recruitment of staff including identification of need, approval of posts, shortlisting, interviews and offer of employment.</p> <p>The review also appraises the activities undertaken by the Service to retain staff.</p>
2	Performance Management	Assurance	6	<p><u>Scope</u></p> <p>The review considers the arrangements for providing assurance to the PFCC and senior management through the use of Key Performance Indicators and the systems that are used to track and manage the attainment of these targets. The scope of the review does not include consideration of the accuracy or completeness of all reports presented to the panels/groups or the appropriateness of all decisions taken.</p>
2	Bullying Harassment and Discrimination	Assurance	7	<p><u>Scope</u></p> <p>The review considers the action taken to minimise instances of bullying, harassment and discrimination, the reporting and investigation processes. The review also considers promotion of associated campaigns run by the Service.</p>
3	Learning and Development	Assurance	5	<p><u>Scope</u></p> <p>The review considers the arrangements in place to maintain the learning and development initiatives to support the workforce of the organisation. This includes the identification of need through to delivery and monitoring of learning and development.</p>
3	Prevention and Protection	Assurance	7	<p><u>Scope</u></p> <p>The review considers the process for the recording of data for prevention and protection activities undertaken by the Service to include: how and by whom the data is recorded, what initial quality assurance checks, monitoring and how data is updated and/or removed.</p>

Quarter	Review	Type	Days	High-level Scope
4	Key Financial Controls	Assurance	10	<p><u>Scope</u></p> <p>The review assesses the adequacy and effectiveness of the internal controls in place for managing the following key financial systems.</p> <ul style="list-style-type: none"> • Creditor Payments; • Payroll; • Debtors; and • General Ledger;
4	Follow Up	Follow Up	3	Follow-up of implementation of agreed actions from audit reports, ensuring the Fire Service are implementing recommendations.
1	Annual Planning	Management	2	Assessing the organisation's annual audit needs.
4	Annual Report	Management	1	Reporting on the overall conclusions and opinion based on the year's audits and other information and providing input to the Annual Governance Statement.
1 – 4	Audit Management	Management	7	This time includes: meeting client management, overseeing the audit plan, reporting and supporting the Governance, Audit and Scrutiny Committee, liaising with External Audit and Client briefings (including fraud alerts, fraud digests and committee briefings).
Total days			55	

Internal Audit Charter

The Need for a Charter

The Audit Charter formally defines internal audit's purpose, authority and responsibility. It establishes internal audit's position within Cumbria Fire and Rescue Service and defines the scope of internal audit activities. The establishment of the Audit Charter is a requirement of the Public Sector Internal Audit Standards (PSIAS) and approval of the charter is the responsibility of the Audit Committee.

The Role of Internal Audit

The main objective of the internal audit activity carried out by TIAA is to provide, in an economical, efficient and timely manner, an objective evaluation of, and opinion on, the overall adequacy and effectiveness of the framework of governance, risk management and control. TIAA is responsible for providing assurance to Cumbria Fire and Rescue Service's governing body (being the body with overall responsibility for the Cumbria Fire and Rescue Service) on the adequacy and effectiveness of the risk management, control and governance processes.

Standards and Approach

TIAA's work will be performed with due professional care, in accordance with the requirements of the PSIAS and the IIA standards which are articulated in the International Professional Practices Framework (IPPF).

Scope

All Cumbria Fire and Rescue Service activities fall within the remit of TIAA. TIAA may consider the adequacy of controls necessary to secure propriety, economy, efficiency and effectiveness in all areas. It will seek to confirm that Cumbria Fire and Rescue Service management has taken the necessary steps to achieve these objectives and manage the associated risks. It is not within the remit of TIAA to question the appropriateness of policy decisions; however, TIAA is required to examine the arrangements by which such decisions are made, monitored and reviewed.

TIAA may also conduct any special reviews requested by the board, Audit Committee or the nominated officer (being the post responsible for the day-to-day liaison with TIAA), provided such

reviews do not compromise the audit service's objectivity or independence, or the achievement of the approved audit plan.

Access

TIAA has unrestricted access to all documents, records, assets, personnel and premises of Cumbria Fire and Rescue Service and is authorised to obtain such information and explanations as they consider necessary to form their opinion. The collection of data for this purpose will be carried out in a manner prescribed by TIAA's professional standards, Information Security and Information Governance policies.

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To preserve the objectivity and impartiality of TIAA's professional judgement, responsibility for implementing audit recommendations rests with Cumbria Fire and Rescue Service management.

Conflict of Interest

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We are not aware of any conflicts of interest and should any arise we will manage them in line with TIAA's audit charter and internal policies, the PSIAS/IIA standards and Cumbria Fire and Rescue Service's requirements.

Irregularities, Including Fraud and Corruption

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TIAA will be informed when evidence of potential irregularity, including fraud, corruption or any impropriety, is discovered so that TIAA can consider the adequacy of the relevant controls, evaluate the implication of the fraud on the risk management, control and governance processes and consider making recommendations as appropriate. The role of TIAA is not to investigate the irregularity unless commissioned to do so.

Limitations and Responsibility

Substantive testing will only be carried out where a review assesses the internal controls to be providing 'limited' or 'no' assurance with the prior approval of Cumbria Fire and Rescue Service and additional time will be required to carry out such testing. Cumbria Fire and Rescue Service is responsible for taking appropriate action to establish whether any loss or impropriety has arisen as a result of the control weaknesses.

Internal controls can only provide reasonable and not absolute assurance against misstatement or loss. The limitations on assurance include the possibility of one or more of the following situations, control activities being circumvented by the collusion of two or more persons, human error, or the overriding of controls by management. Additionally, no assurance can be provided that the internal controls will continue to operate effectively in future periods or that the controls will be adequate to mitigate all significant risks that may arise in future.

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irregularity has a reasonable probability of discovery. Even sound systems of internal control may not be proof against collusive fraud.

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We will liaise with Cumbria Fire and Rescue Service's External Auditor. Any matters in the areas included in the Annual Plan that are identified by the external auditor in their audit management letters will be included in the scope of the appropriate review.

Reporting

Assignment Reports: A separate report will be prepared for each review carried out. Each report will be prepared in accordance with the arrangements contained in the Terms of Reference agreed with TIAA and which accord with the requirements of TIAA's audit charter and PSIAS/IIA standards.

Progress Reports: Progress reports will be prepared for each Audit Committee meeting. Each report will detail progress achieved to date against the agreed annual plan.

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Assurance Assessment Gradings

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Performance Standards

The following Performance Targets will be used to measure the performance of internal audit in delivering the Annual Plan:

Performance Measure	Target
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Compliance with TIAA's audit charter and PSIAS/IIA Standards.	100%

Auditor's Annual Report The Police and Crime Commissioner for Cumbria and The Chief Constable of Cumbria Constabulary

2022/23

2 February 2024



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

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



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

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Executive summary



Value for money arrangements and key recommendation(s)

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

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

Following local government reorganisation in Cumbria from 1st April 2023, the PCC officially became Cumbria's Police, Fire and Crime Commissioner (PFCC), taking on the governance responsibility for Cumbria Fire and Rescue Service (CFRS). Within the report, which looks at arrangements in place for 2022/23, we refer to the PCC, however, for any future recommendations we refer to the PFCC.

Criteria	2022/23 Risk assessment	2022/23 Auditor judgement on arrangements	2021/22 Auditor judgement on arrangements	Direction of travel
Financial sustainability	No risks of significant weakness identified.	A No significant weaknesses in arrangements identified, but two improvement recommendations made.	A No significant weaknesses in arrangements identified, but improvement recommendations made.	↔
Governance	No risks of significant weakness identified.	G Our work did not identify any areas where we considered that key or improvement recommendations were required	G No significant weaknesses in arrangements identified.	↔
Improving economy, efficiency and effectiveness	No risks of significant weakness identified.	G Our work did not identify any areas where we considered that key or improvement recommendations were required	G No significant weaknesses in arrangements identified.	↔

- G** No significant weaknesses in arrangements identified or improvement recommendation made.
- A** No significant weaknesses in arrangements identified, but improvement recommendations made.
- R** Significant weaknesses in arrangements identified and key recommendations made.

Executive summary (continued)



Financial sustainability

The Police and Crime Commissioner and the Chief Constable ('the Force') continue to operate in a financially and operationally challenging environment. Their financial planning both in the short and medium term is on a sound footing with prudent assumptions being built into both. A forecasted cumulative budget gap of £16m by 2028/29 means that the Force need to prioritise the development of a comprehensive change programme that identifies additional recurrent savings, to be financially sustainable over the medium term.

Our work has not identified evidence of significant weaknesses within the arrangements in place. However, we have identified two areas where arrangements could be improved and, as such, have raised improvement recommendations which have been accepted by Management. See pages 10 and 11 for more detail



Governance

The governance arrangements of the Force are strong with effective scrutiny of finances, performance and key decisions, carried out regularly in a structured and transparent way.

Our work has not identified any evidence which leads us to conclude that there are weaknesses present which require recommendations to be raised.



Improving economy, efficiency and effectiveness

Overall, the Force has effective arrangements in place in relation to delivering economy, efficiency and effectiveness in its services to local residents. Arrangements in relation to performance monitoring, procurement and partnership working are adequate.

Our work has not identified any evidence which leads us to conclude that there are weaknesses present which require recommendations to be raised.



Financial Statements opinion

We have completed our audit of your financial statements and issued an unqualified audit opinion on 17 January 2024. Our findings are set out in further detail on page 20.



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

We bring the following matters to your attention:

Opinion on the financial statements

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

We have completed our audit of your financial statements and issued an unqualified audit opinion on 17 January 2024. Our findings are set out in further detail on page 20.

Statutory recommendations

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

We did not issue any statutory recommendation

Public Interest Report

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

We did not issue a public interest report

Application to the Court

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

We did not apply to the court on any matters

Advisory notice

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

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

We did not issue any advisory notices

Judicial review

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

We did not apply for judicial review on any matters

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

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

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

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

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



Financial Sustainability

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



Governance

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



Improving economy, efficiency and effectiveness

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



Our commentary on the PCC and CC's arrangements in each of these three areas, is set out on pages 7 to 17. Further detail on how we approached our work is included in Appendix B.

Financial sustainability



We considered how the Force:

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

2022/23 Revenue Outturn

It has continued to be an extraordinary year for Public Sector finances, with the impact of ongoing inflationary pressures being felt throughout the year. Despite these challenges, the Force has managed to deliver a net revenue underspend of £0.836m (0.7%) against a revised net group budget of £118.294m.

The Force's revenue underspend was driven by the Constabulary reporting a revenue underspend of £0.810m due to savings in staff and non-staff costs, supplies and services and additional income received. The Police and Crime Commissioner ('PCC') reported the remaining underspend of £0.026m, which was driven by additional income from investments and grants, offset by additional expenditure in various areas.

Overall, the Force has continued to show good in year financial management throughout 2022/23.

2023/24 budget and medium-term financial forecast

2023/24 revenue budget

The 2023/24 revenue budget was agreed alongside the medium-term financial forecast (MTFF) for 2024/25 to 2027/28 in February 2023. There was good internal and external engagement throughout the budget setting process with various scenarios and options considered to develop a balanced budget. We have discussed the annual budget setting process further on page 13.

The key assumptions that underpin the Force's 2023/24 financial strategy include:

- Council tax precept assumed £15 increase for 2023/24 and then £10 p.a. thereafter;

- Pay Award assumed at 3% in 2023/24, then 2% for the remaining years until 2027/28; and
- General inflation is included at 5% in 2023/24, 3% in 2024/25 and 2% for the remaining years until 2027/28;

Staffing numbers are assumed to be constant over the medium-term forecast, in line with the Forces workforce plan, and turnover/vacancies have been assumed on a role basis.

While these assumptions were prudent at the time the MTFF was drafted, several of them are now outdated and as such need to be updated in the latest refresh of the MTFF.

2023/24 forecasted outturn

Consequently, the change from these assumptions during 2023/24 has put additional strain on the Forces in year financial position. Many contracts have experienced high levels of RPI/CPI increases during 2023/24. This coupled with additional overtime budgets due to vacancies and specific operations, means that 2023/24 continues to be a challenging financial year.

Despite these challenges the Force is currently only forecasting a group revenue overspend of £0.113m (0.09%) as at quarter 3 2023/24. However, it should be noted that this is after the drawdown of additional reserves. Whilst these reserves are part of the contingencies in place to support in year financial balance (reserves are discussed further on page 8), given the challenging financial position the Force faces over the medium term they shouldn't rely on the additional use of reserves to support in year financial balance moving forward.

Financial sustainability

Medium term financial forecast

The 2023/24 MTFF forecasted a cumulative budget gap of £15.960m by 2027/28. The latest draft of the 2024/25 budget and MTFF has the cumulative budget gap forecasted at £16.011m (9.9% of forecasted net budget requirement) by 2028/29.

It should be noted that, per the latest draft 2024/25 budget and MTFF, this gap is following the planned use of £14.721m revenue reserves to support the budget. As such the forecasted reserves position as at 2028/29, will not be enough to support the currently forecasted budget gap in 2028/29.

Furthermore, given the current in-year financial pressures felt in 2023/24 and future factors that may impact the Force (political, operational and economical) it is possible this position will worsen.

Given the amount of time the Force has to develop a savings plan to bridge the forecasted gap, we have not raised a significant weakness in arrangements but we have carried forward the following recommendation from our prior year Annual Audit Report.

Improvement recommendation

As a priority, the Police, Fire and Crime Commissioner/Constabulary should seek to develop a robust change programme that identifies additional recurrent savings given the likelihood that the budget gap will increase further given the current economic climate and inflationary pressures.

Identifying achievable savings

As discussed earlier, the Force needs to drive a total savings balance of £16.011m over the medium term to cover the forecasted cumulative gap.

MTFF Year	2025/26	2026/27	2027/28	2028/29
Savings required	£2.172m	£5.368m	£5.775m	£2.696m
Percentage of Net Budget Requirement	1.57%	3.66%	3.71%	1.67%

Source: Precept Proposal and Medium Term Budget 2024/25 to 2028/29 – January 2024

The Force does have a good history of the delivery and development of savings. There are also good processes in place for the monitoring progress against saving targets.

There were a number of cashable savings identified as part of the Forces 2021/22 Productivity & Efficiency Plan. The 2021/22 Productivity & Efficiency Plan focused on a range of VFM comparators to establish where Cumbria ranked in the upper quartile, suggesting areas of high spend, with potential for efficiencies. The Force has delivered on the identified savings for 2021/22 (£1.021m) and 2022/23 (£1.419m).

Whilst these savings do alleviate some of the financial pressures, there remains outstanding work if the additional savings are to be developed, which further supports our improvement recommendation on page 10. The Force is undertaking this work, which is being headed up by Deputy Chief Constable (DCC) and the recently appointed Head of Strategic Performance and Change (HSPC). There is a monthly Savings and Efficiencies Programme Board and monthly Change Board that discuss the various ideas to be progressed. The DCC and HSPC, through these boards, are working on a more detailed phased plan to be delivered from 2024/25 to provide the savings required from 2025/26 onwards.

Managing Financial Resilience

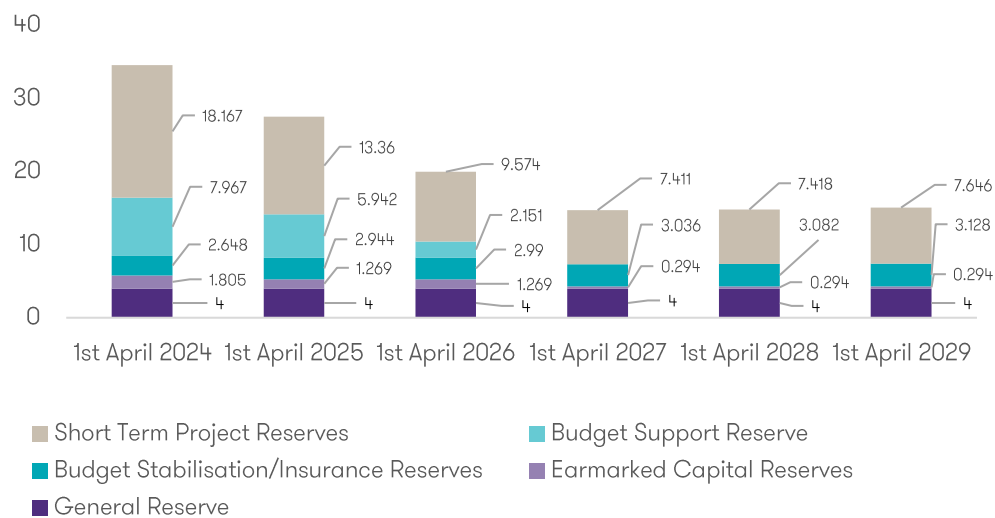
During 2022/23, the Force's Usable Reserves increased by £1.103m, from £30.297m to £31.400m, which maintains the level of usable reserves higher than the level they were back in 2016/17 (£30.6m). Given the financial challenges over the 5 year period this is a significant achievement.

The majority of reserves are earmarked for specific purposes but a significant proportion can be used to support the short-term budget, this includes specific contingencies for both the PCC and Constabulary in the event that expenditure exceeds the budget. This includes the General Reserve (£4m as at 01/04/2023) and Budget Stabilisation/Insurance Reserves (£2.562m as at 01/04/2023).

However, as shown in the graph on the following page, the reserves balance is forecasted to drop by £15.555m over the life of the MTFF.

Financial sustainability

Forecasted use of reserves (£m's) from 2024/25 to 2028/29



Source: Precept Proposal and Medium Term Budget 2024/25 to 2028/29 – January 2024

Strategic Priorities

The Force's Medium Term Financial Strategy (MTFF) reflects a comprehensive integration of key strategies and plans, emphasising their financial implications. This includes the Workforce Plan, Capital Strategy and Treasury Management Strategy.

One notable exception is the lack of narrative or detail around the financial implications of climate change on the Force's financial position over the medium term. The Constabulary has appointed the Energy Saving Trust to assist with measuring their carbon footprint and developing a sustainability strategy with a detailed action plan, but this work is still ongoing at the time of drafting this report.

The financial implications of the Force meeting climate change targets will be wide spread and impact key areas such as estate management, fleet transition and procurement of goods and services. As such it is important that these financial implications are built into the Force's financial plans.

Improvement recommendation

The Police, Fire and Crime Commissioner and Constabulary should publish their sustainability strategy and detailed action plan. The financial implications of this action plan should be built into the MTFF.

Conclusion

Overall, we found no evidence of any significant weaknesses in the PCC's and Constabulary's arrangements for planning and managing its resources to ensure it can continue to deliver its services. We have made two improvement recommendations as discussed further on pages 10 and 11.

Improvement recommendations

Financial Sustainability

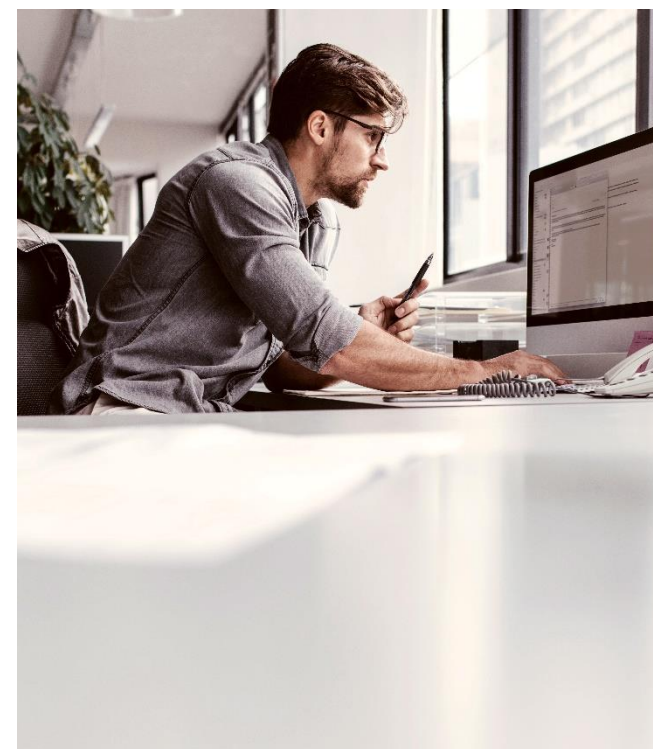
1 Recommendation As a priority, the Police, Fire and Crime Commissioner/Constabulary should seek to develop a robust change programme that identifies additional recurrent savings given the likelihood that the budget gap will increase further given the current economic climate and inflationary pressures.

Why/impact It is important that the PFCC and Constabulary identifies and delivers efficiency savings for it to achieve a balanced budget position on an annual basis.

Auditor judgement Forecast budget gaps are likely to be understated given the current economic climate and inflationary pressures.

Summary findings The PFCC and Constabulary continues to pursue an active change programme seeking to delivery efficiencies with the focus on the delivery of recurrent savings, however progress is still outstanding.

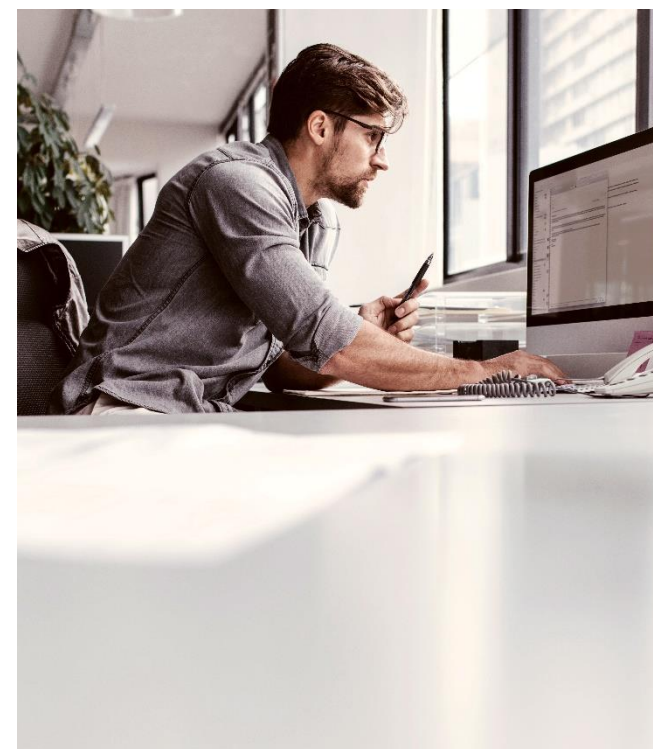
Management comment The Deputy Chief Constable is leading on a programme of work to identify budget savings to address the budget gap from 2025/26 onwards. The programme of work is formalised through the Savings and Efficiencies Programme Board and the Change Board. Identified areas for development are currently being planned into phases of work over the coming year and future years.



Improvement recommendations

Financial Sustainability

2 Recommendation	The Police, Fire and Crime Commissioner and Constabulary should publish their sustainability strategy and detailed action plan. The financial implications of this action plan should be built into the MTFF.
Why/impact	It is important that the PFCC and Constabulary have a strategy in place on how they will meet environmental targets and that the financial impact of these targets are built into financial plans to protect against reputational and financial risks.
Auditor judgement	Financial plans are likely to be understated without the inclusion of factors that impact the medium term position
Summary findings	The Constabulary has appointed the Energy Saving Trust to assist with measuring their carbon footprint and developing a sustainability strategy with a detailed action plan, but this work is still ongoing at the time of drafting this report.
Management comment	The Energy Savings Trust have provided their initial report and this needs to be developed into an action plan. Once this action plan is finalised, the implications for both the revenue budget/MTFF and capital programme will be incorporated.



Governance



We considered how the Force:

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

Monitoring and assessing risk and gaining assurance over internal control

Risk Strategy

The PCC and Constabulary have established appropriate arrangements to identify, report, understand, and monitor risks at both operational and strategic levels. High level operational risks are escalated to the strategic risk register after review by the Senior Leadership Team. The Strategic Risk Register (SRR) identifies a risk owner and action owner, as well as a list of actions to be taken and what date they should be completed by to help mitigate the identified risk. The SRR is reported to and scrutinised by the Joint Audit Committee on a triannual basis. There is also an annual report assessing the effectiveness of Risk Management within the organisation.

The arrangements for Risk Management within the Force are set out in the PCC Risk Management Strategy and the Constabulary Risk Management Policy. These documents are reviewed on a triennial basis by the Joint Audit Committee as part of the cyclical review of governance documents. Attendance at Joint Audit Committee meetings demonstrated that risks are monitored and debated in sufficient detail with appropriate challenge where necessary.

Internal Audit

The Force also receives assurance on internal control and risk management processes from Internal Audit. In 2022/23 the internal audit service was provided by a separate internal audit provider TIAA.

For both the PCC and the Constabulary, the Head of Internal Audit concluded that, for the areas reviewed during the year, both organisations have reasonable effective risk management, control and governance processes in place.

During the year, TIAA carried out 12 reviews and reported the following Assurance Assessments:

Assurance Assessments	Number of Reviews
Substantial Assurance	3
Reasonable Assurance	9
Limited Assurance	0
No Assurance	0

Audit Committee

The Joint Audit Committee (JAC) for the Force is an independent committee responsible for providing assurance in respect of the arrangements for governance. The JAC provides independent assurance to the Chief Constable and the Police and Crime Commissioner that the Force's governance, risk management, and control processes are effective and operating as intended. This includes assurance on financial and non-financial performance where there is an implication for exposure to risk or where there may be a weakening of the internal control environment. The Committee is responsible for assurance on the overall adequacy of risk management arrangements and will oversee the financial reporting process.

The members of the Committee have a wide range of experience and invites are often extended to an appropriate range of senior leaders from the Constabulary and PCC, with the PCC and Chief Constable attending when the statement of accounts are approved.

Governance

Annual budget setting process

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

The process involves a thorough analysis of the force's financial position, including its revenue and expenditure, an identification of spending pressures it faces, as well as an assessment of its strategic objectives and priorities. The Force considers a range of factors, including demographic changes, demand for services, and emerging risks and opportunities, to determine its funding requirements for the upcoming financial year. From this analysis various proposals and scenarios are presented. These proposals range from the micro to the strategic and are prioritised and either included in the budget or discounted at various stages of the budget development.

There is good internal and external engagement during the process, with key stakeholders consulted throughout. This enables the Commissioner to approve a set of clear and concise budget setting documents in February each year.

Budget monitoring

The Force continues to have effective budget monitoring processes. Each budget holder is assigned a dedicated Finance Service Officer (FSO) who provides monthly budget reports to the budget holder and their senior leadership teams. The FSOs maintain regular dialogue with the budget holders to ensure that variances are identified and understood at an early stage, and appropriate mitigating actions are taken if necessary.

Additionally, regular budget monitoring and reporting takes place throughout the year through the Public Accountability Conferences. Quarterly budget reports, known as 'Financial Summary' reports, provide comprehensive financial information on the revenue and capital financial position, revenue and capital covid spend, updates on Operation Uplift, and Treasury management information. The reports also include a summary of the key income and expenditure variances for both the PCC and the Constabulary.

Monitoring and ensuring appropriate standards

Effective processes were in place in 2022/23 for maintaining standards. The Constabulary continues to take a proactive approach to communicating and promoting the highest standards of integrity in all elements of its business.

All officers and staff are subject to policies and procedures covering discipline, grievance and whistleblowing. The Constabulary has a counter corruption strategy, which defines how it will manage alleged corruption issues within the force. There are processes for registering business interests and an electronic recording system for gifts and hospitality. The Constabulary's Professional Standards Department is central to the maintenance of high standards of conduct and behaviours across the Constabulary.

Within the PCC, the Section 151 Officer and Monitoring Officer have specific responsibility for ensuring legality, for investigating any suspected instances of failure to comply with legal requirements, and for reporting any such instances to the Commissioner and Joint Audit Committee or Police and Crime Panel if necessary.

Appropriate Standards are also supported and promoted by the Ethics and Integrity Panel. The Ethics and Integrity Panel challenge, encourage, support and promote and influence high standards of professional work and ethics throughout the PCC and CC. The Panel's role is to ensure that both the Constabulary and the Police and Crime Commissioner have embedded within their organisations the Code of Ethics and Code of Conduct respectively. The Panel meets privately on a quarterly basis to enable open and frank discussions. They have an annual work programme and publish an annual report setting out work completed in the year.

There has been no history of serious breaches of legislation or regulatory standards in recent years. In relation to financial governance there is no history of significant noncompliance with legislation.

Governance

Making informed decisions

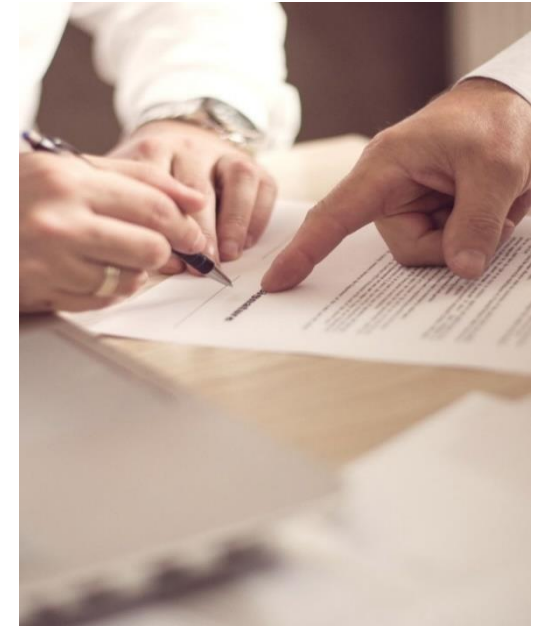
The Force continues to have an effective government structure, that promotes transparency and scrutiny. Strategic decisions are made by the PCC Executive Team Gold and the Constabulary Chief Officer Groups, with key decisions made at joint meetings for occasions such as budget setting. Decision logs are maintained for both groups, which are then shared with relevant stakeholders to ensure transparency.

Strategic decisions are supported by papers and business cases, which are consulted on with specialist departments to ensure that all implications such as ICT, procurement, financial, legal, HR, and risk management are considered as part of the decision-making process. Functional specialists, including the Director of Legal Services and the Chief Finance Officer, are consulted to ensure decisions are legal. Risks are also evaluated to ensure that factors such as reputational risk are taken into account.

Public consultations inform the Police and Crime Plan and underpin decision-making. The public is also consulted annually on the budget proposals, which includes major service developments. The Constabulary and PCC undertake a variety of engagement activities with the public and other stakeholders.

Conclusion

Overall, we found no evidence of any significant weaknesses in the PCC's and Constabulary's arrangements for making appropriate decisions in the right way. This includes arrangements for budget setting and management, risk management, and ensuring the PCC and CC make decisions based on appropriate information.



Improving economy, efficiency and effectiveness



We considered how the Force:

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

Use of financial and performance information

Performance

There is a cohesive link between the areas the Force monitors and the objectives and strategic direction set out within the Commissioners Police and Crime Plan 2021 – 2025, the Chief Constables 'Plan on a Page' and the Constabulary's Vision 25 Strategy.

Throughout 2022/23 performance monitoring has continued to be strong. Key performance areas, which are in line with national outcomes, are provided monthly to a strategic management meeting for review. In addition, a monthly Management Board meets to discuss key areas of performance in depth, with independent data provided by the Performance and Insight Command. Other relevant performance data is provided to supporting boards such as the workforce, digital transformation, operations boards and can be escalated if appropriate.

Performance against the Police, Fire and Crime Plan from 01/04/23 is scrutinised by the Police and Crime Panel on a quarterly basis. The Chief Constable is held accountable for delivery of policing objectives through the six monthly Public Accountability Conferences (PACs).

Finance

The Force provides financial information on a timely basis to support decision making, scrutiny and transparency. Throughout 2022/23 monthly, quarterly and annual monitoring was undertaken.

Trend analysis and benchmarking is undertaken by the force to support the analyses of performance in key areas and inform future decisions. Examples of benchmarking undertaken in 2022/23 include the Fleet Demand Review, which benchmarked the Constabulary's fleet against National benchmarking data.

The Constabulary also continued to undertake its analysis of the HMICFRS Value for Money Profiles. The Value for Money Profiles to help identify areas where there may be potential to identify savings. Particular focus is placed on areas where the Constabulary is a cost outlier. Some specialist functions also undertake benchmarking in their areas of responsibility.

Overall, we are satisfied with the processes around the Force's performance and financial data.

Evaluating services and identifying areas for improvement

The Force continues to have partnerships with other forces to support in identifying organisational improvement. The Constabulary liaises with lead forces on specific service areas on an ad hoc basis, which promotes learning and improvement, and the PCC works closely with other North-West PCCs to compare services with to also drive improvement throughout the organisation.

The Force also receives feedback on their performance through internal and external reviews such as the Internal Audit function and His Majesty's Inspectorate of Constabulary and Fire and Rescue Services (HMICFRS).

HMICFRS perform a Police Effectiveness, Efficiency and Legitimacy (PEEL) inspection. The PEEL Inspections judge the efficiency, effectiveness and legitimacy of the Constabulary in keeping people safe and reducing crime.

Improving economy, efficiency and effectiveness

A new PEEL inspection has been underway throughout 2022/23 and the results of this are expected to be published in the near future. The last published PEEL inspection was completed in 2021/22, with the HMICFRS making the following graded judgements:

Outstanding	Good	Adequate	Requires improvement	Inadequate
Managing offenders	Investigating crime	Preventing crime	Tackling workforce corruption	
	Developing a positive workplace	Treatment of the public	Disrupting serious organised crime	
	Protecting vulnerable people	Responding to the public		
		Good use of resources		

All recommendations from regulatory bodies such as the HMICFRS are logged in a document known as the Cumbria Constabulary Improvement Plan. These recommendations for service improvement are followed up by the Performance and Insight Function to reality check that proposed responses to recommendations are carried out. Similarly internal audit recommendations are logged and followed up at Joint Audit Committee meetings.

We are satisfied that the Force continues to evaluate services for improvement and actions recommendations made as part of external and internal reviews.

Partnership working

The Constabulary continues to participate in a number of partnership arrangements including large strategic arrangements as well as micro level informal partnerships at a local level. Examples in the year include:

- Working with Cumbria Constabulary, Cumbria County Council and Carlisle City Council to deliver the Safer Streets Fund Round 4 (Carlisle) Project and working with Cumbria County Council and Barrow Borough Council to deliver the Safer Streets Fund Round 4 (Barrow) Project;
- Working with partners to deliver a Safer Driving Campaign, in response to what local residents said is one of their main local concerns; and
- Worked with the County Council and Constabulary to pilot a new approach to delivering the Step Up Restore Families programme.

The delivery of the Constabulary's key partnerships is monitored through Boards with escalation to the Chief Officer Group or PCC Executive Team by exception when issues arise. For partnerships which are being developed specific task and finish group are often established to monitor progress and delivery. PCC collaborations tend to include a performance framework which enables partners to be held accountable for performance.

The Constabulary's Joint Financial Regulations and Rules ensure that for significant partnerships and joint working relationships there is appropriate governance including, a legal power to engage, appropriate approval by the Chief Constable and Commissioner, clear objectives, documentation of financial and other resource commitments and risk assessment.

Improving economy, efficiency and effectiveness

Commissioning and procurement

The PCC and Constabulary have a collaborative approach to procurement, which includes the establishment of Joint Procurement Regulations and a Joint Procurement Guidance/Handbook. These guidelines provide clear advice on commissioning and procurement. The Joint Procurement Regulations are reviewed annually by the Head of Commercial, with a focus on business code of conduct. The regulations establish key criteria that must be adhered to when conducting business and address contracting policy and procedures, including procurement and contracting rules and processes, as well as the level of authorisation, delegations, and responsibilities that must be in place.

The PCC has developed a Commissioning Strategy that outlines the principles and framework for commissioning services that will achieve the objectives of the Police & Crime Plan. The Strategy adopts the National Audit Office's 'The Eight Principles of Good Commissioning' to provide better public outcomes for individuals and communities. The Commissioning Strategy is reviewed on a triennial basis, with the next revision due in November 2026.

Conclusion

Our work has not identified any risks of significant weakness in the arrangements with regards to improving economy, efficiency and effectiveness.

Follow-up of previous recommendations

Recommendation	Type of recommendation	Date raised	Progress to date	Addressed?	Further action?
1 Introduce a formal and more frequent review (at least mid-year) and sensitivity analysis and scenario planning on key assumptions and estimates. This will provide transparency on the sector wide uncertainties the PCC and CC is subject to and the potential impact of these on its financial sustainability.	Improvement	September 2022	A formal midyear update was prepared for 2023	Yes	No
2 The PCC/CC should seek to develop a robust change programme that identifies additional recurrent savings given the likelihood that the budget gap will increase further given the current economic climate and inflationary pressures.	Improvement	September 2022	The PFCC and Constabulary continues to pursue an active change programme seeking to delivery efficiencies with the focus on the delivery of recurrent savings, however progress is still outstanding.	Yes	We have re-raised a recommendation to ensure that the Force is focused on delivering improvements. See improvement recommendation No. 1

Opinion on the financial statements



Grant Thornton provides an independent opinion on whether the PCC and CC's financial statements:

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

We conducted our audit in accordance with:

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

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

Audit opinion on the financial statements

We issued an unqualified opinion on the PCC and CC's financial statements on 17 January 2024.

The full opinion is included in the PCC and CC's Financial Statements for 2022/23, which can be obtained from the PCC and CC's website.

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



Opinion on the financial statements



Timescale for the audit of the financial statements

- Our Audit Plan was presented to the Joint Audit Committee in May 2023.
- Our audit work was completed remotely during July – October 2023.
- Draft financial statements were provided for audit in line with the national timetable.
- We identified IFRIC 14 and the recognition of a pension asset as a new risk during the course of our audit.
- We issued our unqualified opinion on the financial statements on 17 January 2024. This was after the national timetable of 30 September 2023.

Findings from the audit of the financial statements

Our audit identified three significant risks:

- Management override of controls, which is a mandated risk under ISA240. Our testing of journals based on application of specified criteria and targeted risk assessment did not identify any evidence of inappropriate management override of controls.
- Valuation of land and buildings as a significant estimate. Our audit testing identified no significant matters.
- Valuation of the pension fund net liability as a significant estimate where small changes in assumptions could have a significant impact. Our work identified an adjustment of £21.38m in respect of part-year inflation application and an adjustment of £20.7m in respect of the impact of IFRIC 14 on the financial statements.

More detailed findings are set out in our Audit Findings Report, which was presented to the Joint Audit Committee on 22 November 2023. Requests for this Audit Findings Report should be directed to the PCC and CC.



Appendices

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

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

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

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

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

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

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



Appendix B – Risks of significant weaknesses, our procedures and findings

As part of our planning and assessment work, we considered whether there were any risks of significant weakness in the PCC and CC’s arrangements for securing economy, efficiency and effectiveness in their use of resources that we needed to perform further procedures on. The risks we identified are detailed in the table below, along with the further procedures we performed, our findings and the final outcome of our work:

Risk of significant weakness	Procedures undertaken	Findings	Outcome
No significant weaknesses were identified as part of our planning work	N/A	N/A	N/A

Appendix C – An explanatory note on recommendations

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

Type of recommendation	Background	Raised within this report	Page reference
Statutory	Written recommendations to the PCC and CC under Section 24 (Schedule 7) of the Local Audit and Accountability Act 2014.	No	N/A
Key	The NAO Code of Audit Practice requires that where auditors identify significant weaknesses as part of their arrangements to secure value for money they should make recommendations setting out the actions that should be taken by the PCC and CC. We have defined these recommendations as 'key recommendations'.	No	N/A
Improvement	These recommendations, if implemented should improve the arrangements in place at the PCC and CC, but are not a result of identifying significant weaknesses in the PCC and CC's arrangements.	Yes	10 and 11



Joint Audit Committee



Peter McCall
POLICE, FIRE & CRIME
COMMISSIONER

Title: OPFCC Risk Management Monitoring

Date: March 2023

Agenda Item No: 13a

Originating Officer: Joanne Head, OPFCC Governance Manager

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.
- 1.3 In accordance with the Office of the Police, Fire and Crime Commissioner's (OPFCC) Risk Management Strategy, the Strategic Risk Register (SRR) was presented to the OPFCC Executive Team on 28 February 2024 for consideration. They were provided with assurance that this function was being carried out with appropriate monitoring and reaction to current and emerging risks.

- 1.4 As part of this process, quarterly quality assurance checks of the strategic and operational risk register was completed, to ensure that risk is effectively managed across the organisation. Both registers were reviewed by the OPFCC Executive Team on 28 February 2024 at which they agreed the changes detailed within the report.
- 1.5 At the Committee's November meeting the members asked for the OPFCC to present their risk monitoring in the same format as Cumbria Constabulary. The change to the format of the OPFCC's reporting is in response to that request.

2. Issues for Consideration

- 2.1 The OPFCC has reviewed its operational and strategic risk registers rationalising them to reflect the types of risks it faces. 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 three strategic risks.
- 2.4 The strategic risks identified by the OPFCC are concerned with:
1. Strategic Finance
 2. CCFRA – Hosted Service Arrangements
 3. Estate Resource
 4. Fire Pensions Remediation
- 2.5 The table below outlines the OPFCC's three 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 rationale for that decision.
- 2.6 As part of the OPFCC's oversight of Cumbria Constabulary's strategic risks, the OPFCC Chief Executive met with the Constabulary's Lead for Risk Management on 5 March 2024
- 2.7 Discussions took place in relation to the two separate risk registers, the risks identified therein and any risks that may impact upon the other organisation which may need to be recorded within the relevant strategic risk register if it does not already appear. Both the OPFCC and Constabulary's strategic risk registers retained risks in relation to Strategic Finance with appropriate scoring. The Constabulary will report further on their strategic risk register at the meeting.
- 2.8 Oversight of Cumbria Fire and Rescue Services' strategic risks is carried out at the OPFCC/CCFRA Strategic Finance and Governance Board meetings. Cumbria Fire and Rescue Service will report further on their strategic risk register at the meeting.

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.
- 4.3 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	Chief Executive / Chief Finance Officer	<p>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 be impacted as a result of the announcement that the Home Office intends to undertake a review of the Police Funding Formula for implementation in 2023/24, but as the make-up of the formula are unknown at this stage the risk score has not been amended.</p> <p>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.</p>	4	4	16	3	4	12	All	<p>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.</p> <p>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</p>

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		
R2	Chief Finance Officer / CFRS Programme Lead	A number of core support services are delivered through the unitary authorities. At present the final costs for delivering services in 2023/2024 and 2024/2025 have not been agreed. This will result in growing and uncertain financial pressure on the CFRS revenue budget, potentially leading to savings having to be identified from other areas of the business.	4	5	20	4	4	16	All	<p>The Chief Finance Officer and the CFRS Programme Lead for Transition are working with the unitaries to finalise costs for 2024/2025, and discussions are ongoing. The PFCC has written to the Chief Executives/Leaders of the unitary authorities to resolve this as a matter of urgency.</p> <p>Progress has been made during 2023 to bring services in-house where performance of the SLA has been poor and there has been no financial impact. The 2024-2025 budget includes provision for inflation uplifts on the remaining SLAs.</p> <p>The Service needs to progress future service requirements and how these can best be delivered. This will continue to be monitored closely through monthly Strategic Finance & Governance Board meetings.</p>
R3	Chief Fire Officer	There is insufficient estate resource in place to support the new combined PFCC service delivery model and comply with statutory and best practice requirements. This could result in a failure in compliance as the condition of the fire estate further deteriorates, putting the health and safety of staff, and stakeholders using the buildings, at risk. It also results in a failure to drive out estate efficiencies.	4	4	16	4	4	16	All	Funding is available to fund two handy person roles plus one estate coordinator post; recruitment is underway. This will be monitored through the Estates Governance Board, chaired by the PFCC. Ongoing review of the resource needed to secure an efficient and effective Fire Estate. A business case setting out future options is to be developed.

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		
R4	Head of People & Talent (CFRS) 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	5	5	25		Business case produced for four additional posts – two posts approved and recruited. Recruitment to replace CFRS Senior Pensions Advisor 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. Ongoing discussions with Northumberland regarding shared role. Looking at further opportunities for AI to support data processing.

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.

OPFCC Risk Scoring Matrix

RISK MATRIX: IMPACT						
IMPACT SCORE		IMPACT ON SERVICE OBJECTIVES	FINANCIAL IMPACT	IMPACT ON PEOPLE	DURATION OF IMPACT	IMPACT ON REPUTATION
4	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 OPCC 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
3	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
2	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
1	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

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Joint Audit Committee

TITLE OF REPORT: Constabulary Risk Management Update

DATE OF MEETING: 20th March 2024

ORIGINATING OFFICER: Claire Griggs, Standards, Insight and Performance Command

PART 1 or PART 2 PAPER: PART 1 (OPEN) Item 13b

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 6th March 2024.

At this meeting the Board agreed the following changes to the Constabulary's Strategic Risk Register:

Risk	Decision
Risk 48 (ESMCP & ESN)	Close this risk and replace with a new one around Airwave.
Risk 53 (Deployable AFO Resilience)	Reduce likelihood score from 4 to 2
Risk 54 (Firearms Licensing)	Reduce the impact score from 3 to 2, and de-escalate the risk to the Standards, Insight and performance Command risk register
Risk 57 (Operation Equate)	New Risk
Risk 58 (ISO Accreditation)	New Risk

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.

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. Best practice indicates that the number should be between 5 and 10. Currently the Constabulary has 8 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. Serious Crime within the Constabulary will not be investigated by trained and accredited PIP 2 detectives.
3. Lack of deployable AFO resilience – wellbeing of officers.
4. The Constabulary is occasionally operating outside the National Negotiator Deployment Model
5. The operational Intelligence Analytical capacity within Crime Command is insufficient to service current and future demand
6. Additional demand relating to the West Cumbria Coal Mine development (Operation Equate) - NEW
7. ISO Accreditation - the organisation does not achieve accreditation in line with the Forensic Science Regulator statutory code – NEW
8. Airwave – NEW (replaces ESMCP risk)

The table on page three outlines the Constabulary's seven open strategic risks (the new strategic risk around Airwave is yet to be formulated) and provides the RAG rating (Red, Amber, and Green) for each risk (**RAG risk rating = impact x likelihood**).

The table also includes detail of the 2 risks which have been closed / transferred since the last Joint Audit Committee Meeting, and the rationale for that decision. These risks are shaded in grey.

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	<p>There may be a detrimental and significant impact on the available budget and a requirement for substantially increased savings, as a result of:</p> <ul style="list-style-type: none"> a combination of the inflationary pressures on police budgets particularly pay the lack of provision for inflation in Government grant allocation proposed changes to police pension contributions the impact of national projects and initiatives such as ESN and PEQF, and potential changes to the police funding formula (including the removal of damping funding) <p>This would result in a compromise to public safety, significant loss of public confidence and serious damage to the Constabulary's reputation.</p>	5	5	25	4	5	20	All	<p>The budget setting process for 2024/25 and MTFP to 2028/29 is nearing completion. The precept proposal was endorsed by the Police, Fire & Crime Panel on 31/01/24 and papers are currently being finalised for the PAC Budget Setting Meeting on 15/02/24. A balanced budget has been set for 2024/25 as is required with a savings requirement emerging of £2m in 2025/26 rising to £16m by 2028/29. The overall savings target of £16m represents a significant challenge for the OPFCC/Constabulary.</p> <p>Budget pressures are still being experienced, and the Constabulary is forecasting an overspend in 2023/24 at the end of quarter 3 (Dec '23) of £0.3m (0.22%). A savings and efficiencies group under the leadership of the DCC, are actively looking at areas where budget savings can be identified and the financial services team and change team are working together to progress ideas. To date there has been no further information in relation to the review of the police funding formula. No change proposed to the score at this stage.</p>
46	Det Supt Crime	<p>Serious Crime within the Constabulary might not be investigated by trained and accredited PIP 2 detectives, caused by an insufficient number, which may result in a poor service to victims, staff welfare concerns, and reputational damage.</p>	4	3	12	3	3	9	All	<p>CID recruitment has improved but this has mainly been in the Cumberland areas with a huge reduction in officers wanting to leave CID. However, a more accurate picture in terms of WAF CID needs to be established as retention in this area is still poor.</p> <p>With the onset of the new CID shift pattern, it is a crucial time for investigator roles and the retention of officers is of increased importance and there needs to be real and significant scrutiny on the release of front-line investigators to other roles and ensuring that this is only completed when the area CID can afford the loss so the new shift pattern can function as intended.</p>

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		
									<p>These are issues that need to be discussed in depth at Silver staffing meetings until we see how things embed.</p> <p>At this stage the register score to remain the same.</p>	
48	ESMCP Programme Executive	<p>ESMCP and ESN have the potential to breach the Constabulary's risk capacity, caused by unknowns around the device security, device availability, H&S concerns, and the availability of in-building coverage.</p> <p>RISK CLOSED</p>	3	3	9	1	1	1	All	<p>There are still significant delays with the national programme in producing the updated business case as well as the awarding and signing off the contracts continuing to slip. Clear communication has always been a challenge for this nationwide, complex, and critical system. Current thinking is that although we may re-commence work in Forces sometime in 2025 at the earliest on preparatory work for transition, Airwave will remain in service until 2030 and potentially beyond. The most significant risk does not come from ESMCP / ESN, but the continued highly available provision of Airwave Mission Critical Voice services and ensuring that we maximise and leverage the benefits, functionality, and features of Airwave in the most effective, efficient, and economical manner. This should encompass all the elements from the officer's knowledge and usage of the device and systems, the security and support of the system and associated elements to the technical skills that are needed to maintain services within Cumbria. It is vital that we budget for the continued deployment and support of Airwave, our devices and usage for the foreseeable future.</p> <p>The Strategic Management Board agreed the recommendation to reduce both the impact and likelihood score from 2 to 1 of this risk, due to very little impact on the force over the next 24 – 60 months, and a very low chance of any impact being felt by the force in the next 24 months, and then close this risk, and create a new one around the continued use of Airwave.</p>
53	Supt Operations	There is a risk of a detrimental effect on officer wellbeing, caused by regular variations on shift patterns to ensure the Constabulary has consistent and robust resources to maintain	4	4	16	3	2	6	All	We have undertaken courses and increased AFO number and we have another course in February. Likelihood score reduced from 4 to 2.

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		
		adequate Armed Response Vehicle provision in line with STRA.			20			4		
54	T/Ch Supt Standards, Insight & Performance	<p>That lawfully held firearms are not sufficiently tracked and traced as per FAL APP and other national guidelines.</p> <p>Caused by legacy staffing shortages in the department which is exacerbated by records currently being held on a paper-based system and compounded by the Covid pandemic. This has led to insufficient resource at present to remedy demand.</p> <p>RISK TRANSFERRED</p>	4	5	20	2	2	4	All	<p>Single On-line-Home was delivered in March this year, the Cyc-Firearms case management system was delivered in July. The last release was successfully completed in December 23 and a report will be submitted to the Digital Transformation Board in March 24 for closure. All paper-based records have been scanned and are accessible on the new system (enabling mobility) and all are now destroyed.</p> <p>A peer review being conducted remotely by Warwickshire Constabulary has been completed and led to changes in the way we manage our processes, in particular around the issuance of temporary permits.</p> <p>Additional resourcing was agreed by the Executive and all posts have now been recruited into as of Jan 24. This includes x2 scale 2 admin clerks, x2 scale 6 decision makers posts, and uplift allocation has been used to create a new intelligence officer post. All staff have undergone or are undergoing training and will take time to become fully effective.</p> <p>As of January 24, the number of outstanding temporary permits issued had reduced from 1787 (from January 23) to 299. The force is still sending progress updates to the policing minister monthly, via the OPFCC.</p> <p>Work progresses to reduce backlogs, and it is expected to progress well over the next few months now that the digitalisation is complete, and the staffing issues are resolved.</p> <p>The Strategic Management Board agreed the recommendation to reduce the impact score from 3 to 2. In addition, now that digitalisation is complete and the staff are in post, there is nothing more required than performance managing the department to ensure the service improves to desired levels. The management of</p>

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		
									the risk should therefore now be dealt with at Command level and has been transferred to the Standards Insight and Performance Command Risk Register.	
55	Supt (Westmorland & Furness)	There is a risk that the Constabulary is occasionally operating outside the national negotiator deployment model. Caused by a series of retirement / resignations of experienced negotiators, and inexperienced new cadre base and the availability of national courses.	3	3	9	3	3	9	All	Rota coverage is currently being maintained to national standard in the majority of occasions. It is forecast that there may be a further increase of one negotiator co-ordinator returning to the rota during Spring 2024. However partly due to pressures from other call rotas on existing experienced negotiators and partly due to lack of suitable co-ordinator candidates (temp whilst experience is gained), there remains resilience risks that need to be managed. Scores remain.
56	Det Chief Supt	There is a risk that the operational Intelligence Analytical capacity within Crime Command is insufficient to service current and future demand. This is caused by insufficient Intelligence analytical and research capacity to service current and future demand. National and regional reporting requirements are increasing and currently outstrips available resource.	4	5	20	4	4	16	All	Business change review has been completed and an options paper is being compiled by the Change Team to present to Chief Officers in due course. Currently with Louise Kane. No change to risk score.
57	ACC Operations	There is a risk that additional demand relating to the West Cumbria Coal Mine development, will overtake our current capacity. This is caused by potential protest activity which may occur on both a national and potentially international scale.	5	4	20	5	4	20	All	New Risk Command structure for planning has been established and one officer committed to the planning. Planning for preparedness actions complete: Intelligence collection and dissemination plan established. Information Sharing Agreement (ISA) with West Cumbria Coal Mine (WCCM) and Security company submitted. Stakeholder mapping and engagement plans established. Internal organisational impact assessments progressing. Governance internally established. Learning via National Police Co-ordination Centre (NPoCC) and region obtained. Security Co-ordinator (SecCo) (protest) assessment progressing. 7 "Speakers Corner" events to date.

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		
					16				<p>Mass prisoner plan – has been established for the county but needs expanding to neighbouring forces. This is being progressed, we are likely to adopt what Lancs did throughout the fracking, informed by quality intelligence, assess and map priority (“red”) days – which will act initially as a regional ongoing briefing, and assess capacity on an ongoing basis.</p> <p>Landowner statements are all, but a couple now obtained, a 2-week deadline for this is being issued.</p> <p>The mutual aid host policy is being reviewed to develop details around briefing; vehicle; welfare; and accommodation implications (currently a work in progress being advised by NPOCC).</p> <p>A forecasting timescale has been established to inform impact assessments – this will be disseminated as the aforementioned briefing is written.</p> <p>A silver tac plan has been established to provide a baseline for responding to spontaneous incidents – which pending a notification of intended activity; or a supreme court decision, is the likely occurrence faced as we speak.</p>	
58	ACC Operations	There is a risk that the organisation does not achieve accreditation in line with the Forensic Science Regulator statutory code. This is caused by a lack of capacity and expertise within the Forensic Science Activities.	4	4	16			All	<p>New Risk</p> <p>All 3 areas (Forensic Collision Investigation; Crime Scene Investigation; and Digital Forensics) are currently listed on the Crime & Intel Risk Register (since October 2019).</p> <p>There has been increased capacity within each of these departments. Individuals have been identified to take on technical manager roles. A corporate ISO budget is currently being considered by Chief Officers.</p> <p>CSI are working to established procedures, have carried out initial validation of processes, are maintaining training and competence records for all staff, and participate in annual proficiency testing.</p>	

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		
									<p>The requirement for Collision Investigation is not currently part of the Statutory Code however Vehicle Systems Examination, e.g. Berla and Speed Estimation using CCTV are included under Digital Analysis.</p> <p>Digital Forensics has achieved accreditation in Capture and Preservation of Computers and Capture, Preservation and Processing of Mobile Devices. Accreditation is still required in Processing and Analysis of Computers, Analysis of Mobile Devices. Screening of devices for Triage. Full time Technical Manager appointed.</p> <p>All areas are declaring non-compliance in the relevant areas and are referencing the mitigations in place, i.e. documented procedures, training and competence, validation and participation in proficiency testing.</p>	

Risk Tolerance Levels

<p><u>Risk Score 1-4</u> Acceptable. No action is required but continue monitoring.</p>	<p><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.</p>	<p><u>Risk Score 15-25</u> Unacceptable. Urgent attention is required. Investigate and take steps to mitigate or avoid within a specified short term.</p>
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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 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 25years. 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

Date of meeting: 20th March 2024

Title of Report: Cumbria Fire and Rescue Service – Strategic Risks

Report by: Brian Steadman – Deputy Chief Fire Officer

1. What is the Report About? (Executive Summary)

- 1.1 The purpose of the report is to provide the Joint Audit Committee with an update on the strategic risks within Cumbria Fire and Rescue Service.
- 1.2 At the request of the Committee the format of the report has been changed to reflect that presented by the Constabulary.
- 1.3 All risks are considered on a regular basis through the Service Leadership Meeting, and monthly updates on Strategic and Emerging risks are provided to the Finance and Governance Board.
- 1.4 The following changes have been made to the Service risks since the last JAC update.

Risk 30	Fire Investigation	Recommend to close
Risk 32	Driver Training	Recommend to close
Risk 8	Budget Management	Risk reduced from 15 to 8
Risk 21	Degradation Plan	Recommend to close
Risk 23	Equipment testing	Risk reduced from 10 to 8

- 1.5 Two operational risks have been added to the risk register.

Risk 24_03	Use of PPE	Initially rated as 10
Risk 24_04	Delivery of HFSV	Initially rated as 15

- 1.6 This report provides detail on the two strategic risks on our register.

Risk 24_02	Pension Remedy	Initially rated as 25
Risk 24_01	NWFC CAD System	Initially rated as 20

2. Recommendation of the Deputy Chief Fire Officer

2.1 The Joint Audit Committee is asked to note the current strategic risks and raise any queries they may have.

3. Background to the Proposals

3.1 Risk management in fire and rescue services is a critical component of ensuring the safety of firefighters and the public during emergency situations. The primary goal of risk management in this context is to identify, assess, and mitigate potential risks to minimize injuries, property damage, and loss of life.

3.2 Key components of the risk management process include

- Risk Assessment
- Risk Mitigation
- Planning and Preparedness
- Safety Measures
- Legal and Regulatory Compliance

3.3 Effective risk management in fire and rescue services is an ongoing process that requires collaboration, training, and a commitment to continuous improvement. By identifying and addressing potential risks proactively, fire and rescue services can enhance their ability to protect the communities they serve.

3.4 Risk Management is considered at different levels within CFRS.

3.5 Operational Risk is considered on a daily basis through a number of different processes including

- National Operational Guidance
- Business Continuity Planning
- Training Risk Profiles
- Health and Safety

3.6 At the other end of the spectrum, emerging risks over a longer period (usually years) are considered through the Community Risk Management Process.

3.7 Within that spectrum, strategic risks are considered at the Strategic Leadership Team meeting and raised at the Strategic Finance and Governance Board. Strategic risks are those affecting the medium to long term objectives of the Service and are the high level critical risks the Service faces.

3.8 The strategic risks identified by CFRS are concerned with:

1. Pensions Remedy
2. Introduction of a new system at North West Fire Control

3.9 Details of these two risks are shown in Appendix A

4. Risk Tolerance Levels

4.1 Whilst each risk obtains a score of 1- 25, the following table highlights the Service tolerance levels.

Risk Score	
1 - 4	Acceptable – No action required but continue monitoring
5 – 12	Tolerable risk 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
15 – 25	Unacceptable. Urgent action is required. Investigate and take steps to mitigate or avoid within a specified short term.

4.2 The scoring matrix we used is shown at appendix B

5. Financial – What Resources will be needed and how will it be funded?

5.1 Finance is a key consideration within any risk calculation. The Service has put in place a series of regular meetings and process controls with the S151 officer should resource need to be targeted at any particular risk. Risk appetite against Finance is shown below

6. Legal Aspects – What needs to be considered?

6.1 There are a number of key pieces of legislation that place statutory requirements on CFRS. The two most important are

- Fire and Rescue Services Act 2004
- Civil Contingencies Act 2004

6.2 The first sets out the four primary responsibilities of CFRS to

- extinguishing fires in their area
- protecting life and property in the event of fires in their area
- rescuing and protecting people in the event of a road traffic collision, and
- rescuing and protecting people in the event of other emergencies

The second sets out how CFRS should respond to emergencies as a CAT 1 responder.

6.3 Each of these statutory requirements is part of the day to day business of the service and considered when looking at specific risks

7. Health & Safety Implications

7.1 Health and Safety is managed within two pieces of legislation. Those are

- The Health and Safety at Work etc. Act 1974
- Management of Health and Safety at Work Regulations 1999

7.2 The Health and Safety of firefighters is treated with the upmost importance within CFRS. An extensive framework overseen by a dedicated Health and Safety professional exists to ensure it is considered as part of any risk mitigation activity.

8. Fire Authority Priorities

8.1 The priorities of both the Fire Authority (PFCC) and CFRS are driven by the Fire Plan and the Community Risk Management Plan (CRMP). The Fire Plan has been agreed and the CRMP is currently out for consultation. When action to address risk is taken, it is in the context of the CRMP and in future the fire plan.

9. What is the Impact of the Decision on Health Inequalities and Equality and Diversity Issues?

9.1 Any impact of an action to address risk, where appropriate would be subject to the internal Equality Impact Assessment Process

Report Author

Mark Clement Head of Safety and Assurance

Risk Ref	Risk Owner	Risk Description	Initial Score			Current Score			Direction of travel	Target Score	Mitigation already taken place	Mitigations planned (with timeframes)
			Impact	Likelihood	Risk Score	Impact	Likelihood	Risk Score				
24_01	ACFO Massie	<p>There is a risk that NWFC, do not source a replacement to the CAD and ICCS system in a timely manner, leaving an unsupported system which affects the service ability to meet statutory duties.</p> <ul style="list-style-type: none"> Delays in implementation <p>Which may impact on</p> <ul style="list-style-type: none"> Unable to provide a safe service Financial impact Safety of Firefighters and public Reputation of Service and Fire Authority <p>There is a risk that the ICT SLA doesn't allow the flexibility and agility to respond in line with the other 3 Services at a speed to ensure that the project remains on track</p>	5	4	20	5	4	20		9	<p>North West Strategic Group now attended by DCFO</p> <p>CFRS Team meets the Project Team on a weekly basis</p> <p>Funding agreed</p> <p>The Service must recognise the significant risk involved in this major ICT project and ensure sufficient resources are allocated to ensure milestone are met</p>	<p>Additional AM position agreed to lead on NWFC</p> <p>Resourcing of CAD/ICCS will need to be reviewed.</p>
24_02	Head of People and Talent, Kristine Ward	<p>There is a risk that CCFRA does not meet its legal requirements in terms of pension matters and related judgements caused by a lack of capacity and expertise. This is compounded by insufficient budget to fund required remedies of associated project work costs.</p> <p>Any legal breaches would be reportable to the Pensions Ombudsman leading to reputational damage with scheme members.</p> <p>Some of the work is supported through wider SLA arrangements and there is a risk that the disaggregation of these hosted functions will result in the withdrawal of support to CFRS without sufficient funding or resource to replace this. This will create a significant impact in terms of capacity challenges in CFRS and key gaps in expertise, skills and knowledge.</p>	5	5	25	5	5	25	New		<p>Faculty AI to support with processing of data and Sergeant McCloud project</p> <p>Ongoing management of SLAs</p> <p>Business case produced for 4 additional posts – 2 posts approved and recruited</p> <p>Attempted recruitment to replace Senior Pensions Advisor</p>	<p>Ongoing discussions with Northumberland regarding shared role</p> <p>Looking at further opportunities for AI to support data processing</p>

Appendix B – Current Scoring Matrix

Impact Score	Organisational/ Service	Operational/ Performance	Finance	Reputational	Legal	Health & Safety	ED&I
5 = Major	Major impact/disruption to critical services. Inability to deliver a number of organisational objectives.	Significant organisational or performance impact. Not achieving more than one of the organisation's performance targets	Fire – over £250k	Sustained national media coverage. External Enquiry. Removal of a command team member.	Prosecution. Major claims/fines against both organisations	Multiple fatalities or multiple permanent injuries	Unjustified impact or interference.
4 = Serious	Serious impact/disruption on critical services with a noticeable impact on local communities.	Large impact on performance resulting in not achieving one of the organisation's performance targets	Fire - over £100k	Sustained adverse media coverage	Serious claims/fines against both organisations	Single fatality or severe injuries	Serious unjustified impacts or interference.
3 = Moderate	Noticeable impact on non-critical services or short-term disruption.	Impact on performance resulting in difficulty achieving performance targets but where corrective action can still be taken	Fire – over £50k	Some local adverse publicity	Significant litigation/claims. Within insurance cover.	Major injury	Some limited unjustified impact or interference.
2 = Low	Minor disruption to Service Delivery	Small impact on performance targets but can still be managed.	Fire – over £25K	Short-term customer dissatisfaction	Minor claims/complaints within the insurance cover	Minor or slight injury	Impact of interference manageable with existing resources
1 = Negligible	No noticeable disruption to service.	Minimal/short-term impact on performance, not to the extent where key targets are impacted.	Fire – below £5K	Manageable customer dissatisfaction	Unlikely to lead to litigation or a claim.	Unlikely to have any safety impact.	No impact on diversity/human rights

Cumbria Fire & Rescue Service

Joint Audit Committee Briefing

Chief Fire Officer Rick Ogden

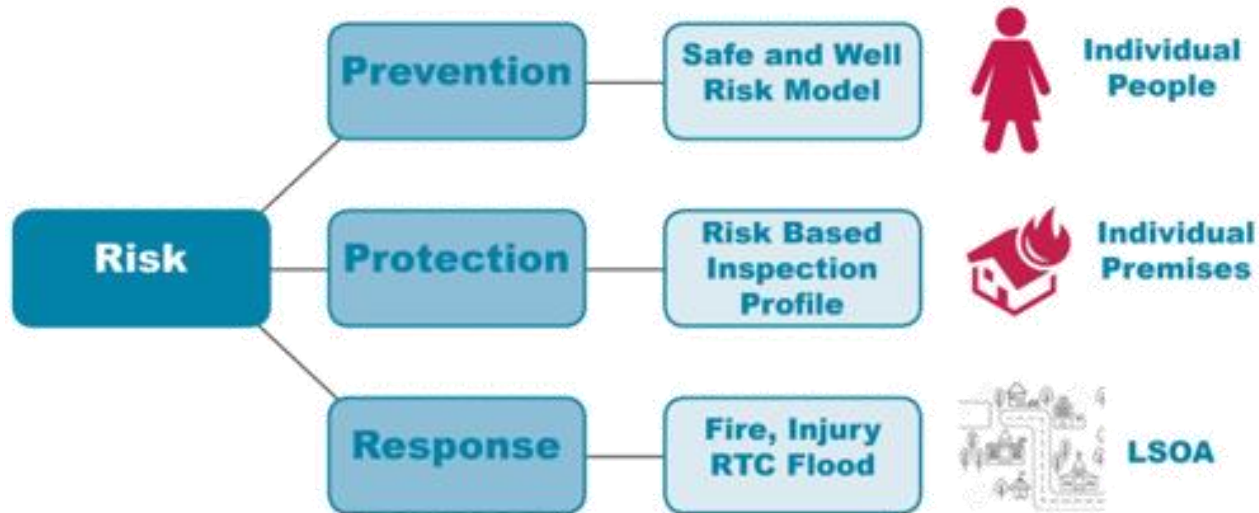


Introduction

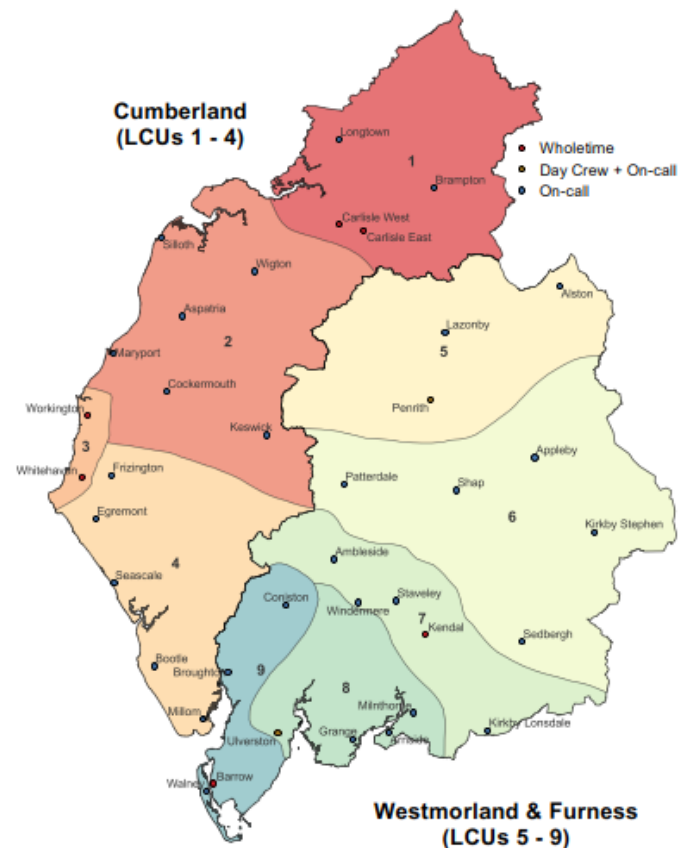
- Raise Awareness & Understanding of the FRS
- Context in which we operate
- Future Challenges / Opportunities



Resourcing to risk



Cumbria Fire & Rescue Service



Cumbria Fire & Rescue Service



Context

- Local Government Reorganisation in Cumbria
- 2022 Report from His Majesties Inspector of Constabulary Fire & Rescue Services (HMICFRS)
- Spotlight Report
- HM Government White Paper



Short to Medium Term Priorities

- Fire Service transformation programme as a result of governance changes
- Development of new Community Risk Management Plan (CRMP)
- Resolution of SLAs currently in place
- Opportunities for further collaboration (Blue Light)



Prevention

- Develop a new Prevention Strategy that ensures we continue to support the most vulnerable in our communities.
- Work with Partner agencies and the community to ensure the CFRS Youth offering is fit for purpose
- Develop a bespoke road safety training package, using innovative technology to target ASB driving activity



Protection

- Develop a new Protection Strategy that reflects new legislation and demands placed on CFRS.
- Introduce new software to inform our risk-based inspection programme
- Use tablet devices to record data from Fire Safety visits
- Adopt new guidance for fire safety interventions.



Response

- Review our response time performance measures to ensure they accurately reflect the level at which we operate and allow the PFCC and Public to hold us to account.
- Review the training needs and support given to On-call staff to ensure it is delivered in the most effective manner
- Work with North West Fire Control to procure and implement a new Computer Aided Dispatch system



Our Fleet

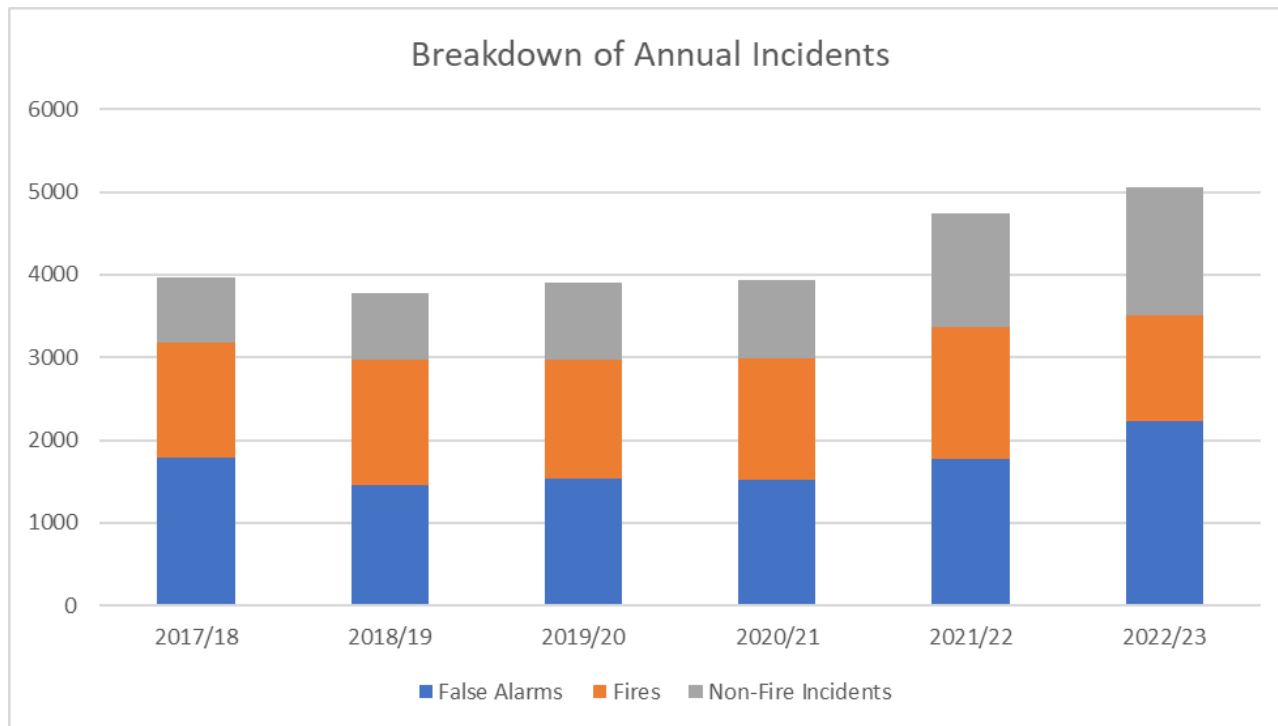


Our People

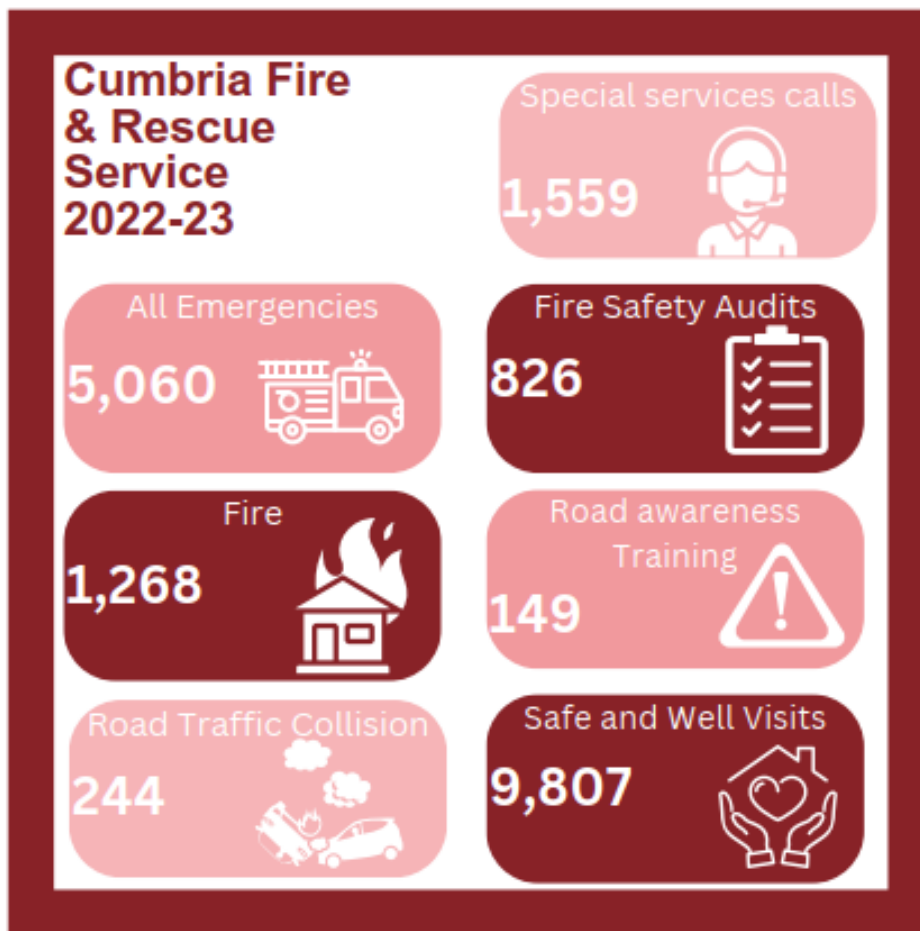
- Embed the cultural values and behaviours that makes CFRS a great place to work
- Ensure the service is an inclusive organisation where all employees and potential employees have fair and equal access to opportunity
- Ensures leaders and managers are equipped with the right skills, tools and guidance to promote compassion, accountability, support and trust



Annual Incidents



About us



The Future

- Transition and transformation programme
- Pension remedy
- White Paper proposals
- Embedding Fire Standards within Service
- Delivery against Spotlight report recommendations
- Implications of General Elections
- Dealing with long term implications of cost of living
- Changing demographic profile of employees





Joint Audit Committee



Peter McCall

POLICE, FIRE & CRIME
COMMISSIONER

Title: OPFCC Scheme of Delegation

Date: 05 March 2024

Agenda Item No: 15a(i)

Originating Officer: Joanne Head, OPFCC Governance Manager

CC:

1. Introduction & Background

1.1 Governance refers to the overall framework of controls, policies and systems and processes that we have in place to protect against fraud, legal challenge, provide standards of conduct, and that the organisation is well governed.

2. Issues for Consideration

2.1 The documents which support good governance are provided to the Committee for annual review. The documents included for review are:

2.2 The **Scheme of Delegation** sets out the key roles of the Commissioner, Chief Executive, Chief Finance Officer (CFO), Chief Constable and Chief Fire Officer. It also sets out delegations from the Commissioner to the Chief Executive, CFO and the Commissioner's staff. (nb the legislation does not allow delegation to a Constable or staff of a Constable.) The document is based on a national model adapted to local circumstances. This is a significant document and there are a number of choices that can be made in respect of how the scheme works.

2.3 The documents are subject to a fundamental review every 3 years to avoid all documents undergoing fundamental review in a single year. Any changes or amendments to the documents are planned to be presented to the Joint Audit Committee.

Recommendation:

That the committee notes the changes regarding the OPFCC's Scheme of Delegation as detailed within the documents.

1. Human Resources Functions				
Ref	Nature of Authority/Decision	Chief Executive Delegation To:	Functional Allocation Within OPCC	Comments
1.1	Approval of appointments <ul style="list-style-type: none"> All levels of staff Independent Custody Visitors Legally Qualified Chairs and Independent Panel Members; Committee and Panel Members 	Retained by Chief Executive Governance Manager Retained by Chief Executive	In consultation with line managers and senior line managers In consultation with ICV Administrator In consultation with PFCC and Governance Manager	
1.2	Termination – <ul style="list-style-type: none"> All levels of staff Independent Custody Visitors 	Retained by Chief Executive Retained by Governance Manager	In consultation with line managers In consultation with ICV Administrator	Appeals to a Member of Executive Team Appeals to Chief Executive
1.3	Disciplinary Action resulting in dismissal:- <ul style="list-style-type: none"> All levels of staff Independent Custody Visitors 	Retained by Chief Executive Retained by Governance Manager	In consultation with line managers and senior line manager In consultation with ICV Administrator	Appeals to a Member of Executive Team Appeals to Chief Executive

1.4	To approve the early retirement all levels of staff for: <ul style="list-style-type: none"> • Early retirement • On the grounds of ill-health 	Retained by Chief Executive		Appeals to Member of Executive Team
1.5	Changes to Establishment or Re-grading /evaluation of all levels of staff:	Retained by Chief Executive	If post needs to be re-graded or evaluated this will be done via a Hay Panel	Appeals to Member of Executive Team
1.6	Financial assistance for professional training	Retained by Chief Executive		
1.7	Time off to participate in staff associations, trade union duties/activities and for other public duties for part time staff association/trade union representatives.	Retained by Chief Executive		
1.8	Time Off in Lieu (TOIL) – The agreed ceiling* for hours accumulated should not be exceeded – if TOIL does exceed the agreed ceiling, individual must report this	Retained by Chief Executive	Recommendations by Line Managers	*Ceiling limit as per Section 1.9 of Staff Ts&Cs is 74 hours, equivalent to 2 weeks of their contracted hours (pro-rata for part time)
1.9	Carry-over of more than 5 days annual leave	Retained by Chief Executive	Recommendations by Line Managers	
1.10	Granting requests for unpaid leave	Retained by Chief Executive	Recommendations by Line Managers and approval by Executive Team	Appeals to Member of Executive Team
1.11	Granting requests for Compassionate /special leave in excess of 5 days	Retained by Chief Executive	Recommendations by Line Managers and approval by Executive Team	Appeals to Member of Executive Team

1.12	Granting of annual leave	Line Manager	Senior Line Manager if Line Manager absent	
1.13	Granting of flexi leave	Line Manager	Senior Line Manager if Line Manager absent	
1.14	Granting of TOIL within agreed limit (otherwise see 1.8)	Line Manager	Senior Line Manager if Line Manager absent	
1.15	Return to work interview following sick absence	Line Manager	Senior Line Manager if Line Manager absent	

2. Payroll Functions.				
Ref	Nature of Authority/Decision	Chief Executive Delegation To:	Functional Allocation Within OPCC	Comments
2.1	Responsibility for making all necessary arrangements for ensuring the accurate and reliable payment of wages, pensions and salaries.	Chief Finance Officer	Recommendations by Executive Team	Recommendations by Head of CSD (shared support services)
2.2	Temporary Acting Up	Retained by Chief Executive	Recommendations by Executive Team	See section 1.2 Police Staff Terms and Conditions Handbook
2.3	Agreeing starting salary within the scale	Retained by Chief Executive	Recommendations by Executive Team	See section 1.3f Police Staff Terms and Conditions Handbook
2.4	Agreeing accelerated pay increments	Retained by Chief Executive	Recommendations by Executive Team	
2.5	Delayed progression through the pay scales due to poor performance	Retained by Chief Executive	Recommendations by Line Managers &	

			Executive Team	
2.6	Approval of extension of Half Pay and No Pay Sickness Scheme.	Retained by Chief Executive	Recommendations by Executive Team	As per PNB Circular 03/2 and 05/1 See Annex 2 Police Staff Terms and Conditions Handbook

3. Finance Functions				
Ref	Nature of Authority/Decision	Chief Executive Delegation To:	Functional Allocation Within OPCC	Comments
3.1	To raise purchase orders up to value of £10,000	All budget lines: Governance Manager Training Budget: Chief Executive		The level of approval changed when the OPFCC moved to the new Oracle system. The authorising limit is the same for all cost centre managers across the organisation and is a feature of the new system.
3.2	To raise purchase orders above value of £10,000	Chief Executive, Chief Finance Officer		
3.3	To approve invoices for payment up to value of £10,000	All budget lines: Governance Manager Training Budget: Chief Executive		
3.4	To approve invoices for payment over the value of £5000	Chief Executive, Chief Finance Officer		
3.5	To authorise expenses claims for all staff	Retained by Chief	IT system automatically	

		Executive	assigns claims to line managers to sign off	
3.6	To authorise expenses claims for Independent Custody Visitors, Ethics Panel Members, Misconduct Panel members and Police Appeals Tribunal members	Governance Manager		

4. Procurement functions				
Ref	Nature of Authority/Decision	Chief Executive Delegation To:	Functional Allocation Within OPCC	Comments
4.1	Acting as an officer authorised to undertake procurement in accordance with the Procurement Regulations	Chief Executive Chief Finance Officer Victims Quality Champion Partnership and Strategy Manager Governance Manager Media & Comms Officer Communities Engagement Officer		In line with Procurement Regulations
4.2	Commissioning of services	Partnerships & Commissioning Manager		In line with Procurement Regulations

5. Gifts and Sponsorship to the Constabulary, Officers and Staff				
Ref	Nature of Authority/Decision	Chief Executive Delegation To:	Functional Allocation Within OPCC	Comments
5.1	Acceptance of Gifts, Hospitality and Gratuities by staff	Individual decision subject to consultation with Line Manager	Governance Manager	Anti-Fraud and Corruption Policy and Procedures
5.2	Reporting of Gifts Hospitality and Gratuities by staff. (this does not relate to corporate mementoes etc)	Individual Officer or Staff	Governance Manager	Anti-Fraud & Corruption Policy and Procedures
5.3	Acceptance of Sponsorship and Loans for the benefit of the OPFCC	Retained by Chief Executive	Executive Team	
5.4	Reporting of Sponsorship and Loans for the benefit of the OPFCC	Retained by Chief Executive	Executive Team	

6. Complaints / Professional Standards				
Ref	Nature of Authority/Decision	Chief Executive Delegation To:	Functional Allocation Within OPCC	Comments
6.1	Complaints from the public against: - Police and Crime Commissioner	Police and Crime Panel	Via Chief Executive and Governance Manager	Monitoring Officer for Police, Fire & Crime Panel

				to deal with the complaint with an escalation process if necessary.
6.2	Complaints from the public against: - Chief Constable (conduct)	Chief Executive	In liaison with the Police & Crime Commissioner and Governance Manager	
6.3	Complaints from the public against: - Officers below the rank of Chief Constable (conduct)	PSD	In liaison with Governance Officer	
6.4	Issues raised by member of the public which do not constitute a complaint but are dealt with under Quality of Service & Policing Issues (QSPI)	Governance Officer	In liaison with the Police, Fire & Crime Commissioner	Appeal to Governance Manager
6.5	Complaint review requests from members of the public	Chief Executive	In liaison with Governance Manager & PSD	



Cumbria Office of the Police, Fire and Crime Commissioner

Scheme of Delegation & Consent
2022-2025

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- 3.** Introduction
- 4.** Notes
- 5.** Key Roles of the Police, Fire and Crime Commissioner
- 8.** General principles of delegation
- 10.** Delegations to the Deputy Police, Fire and Crime Commissioner
- 11.** Functions delegated to the OPFCC Chief Executive
- 15.** Functions delegated to the OPFCC Chief Finance Officer
- 17.** Chief Executive Delegations to other Officers and Executive Team
- 19.** Police, Fire and Crime Commissioner’s Executive Team & Executive Team Gold
- 19.** Urgent matters
- 20.** Scheme of Consent between the Police, Fire and Crime Commissioner and the Chief Constable
- 22.** Corporate Governance Framework for Cumbria Commissioner Fire and Rescue Authority

Appendix 1. Scheme of Delegation

Introduction

The Scheme of Delegation details the key roles of the Police, Fire and Crime Commissioner (Commissioner) and those functions which he/she delegates to other officers. These are delegations to the Deputy Police, Fire and Crime Commissioner (Deputy PCC), the Chief Executive and the Chief Finance Officer of his/her office. It also sets out delegations by the Chief Executive to other officers who are given authority to carry out functions under the delegations within this scheme.

The Scheme of Delegation provides a framework which makes sure the business is carried out efficiently, ensuring that decisions are not unnecessarily delayed. It forms part of the overall Scheme of Governance and should be read along with other documents such as Procurement Regulations and Financial Regulations.

Procurement Regulations and Financial Regulations also specify powers given to the Chief Executive and the Chief Finance Officer. This Scheme of Delegation aims to clarify those powers. The Commissioner may limit these powers and/or remove delegation. This scheme, Procurement Regulations and Financial Regulations also set out the reporting arrangements in respect of any decisions or actions taken under authorised powers.

The delegations within this scheme are made under the powers given to the Commissioner by laws, orders, rules or regulations and national conditions of employment. Legislation defines some functions that the Commissioner may not delegate and these are also clearly stated within this scheme.

All delegated functions should be exercised in line with this scheme of delegation, the law, standing orders and financial regulations. Internal policies, procedures, plans, strategies and budgets must also be complied with. This Scheme of Delegation does not identify all the statutory duties which are contained in specific laws and regulations. It is the responsibility of senior officers to ensure all business is fully compliant with all laws, regulations and codes of practice.

Notes:

- I. Within this document there are references to significant financial implications. These are items of spending of £100,000 or more which have not been budgeted for.
- II. This document also refers to sensitive issues. These are unusual or exceptional circumstances which have arisen as a result of a risk assessment based on the PESTELO (Political, Economic, Social, Technological, Environmental, Legal, Organisational) method.
- III. The Police Reform and Social Responsibility Act 2011 prohibits delegation to, amongst others, a constable and a member of staff of a constable. A separate scheme of consent sets out those areas where the Chief Constable requires the authorisation of the Commissioner.
- IV. The main body of this document sets out the key functions delegated to Senior Officers employed by the Commissioner.

Key Roles of the Police, Fire and Crime Commissioner

Introduction

The Police Reform and Social Responsibility Act 2011 established Police and Crime Commissioners as elected officials with statutory functions and responsibilities for Policing and Crime within their area. This Scheme sets out how the Commissioner will delegate to his own staff; and how he will hold the Chief Constable to account for the provision of policing services. The key roles of the Commissioner are:

Holding the Chief Constable to Account

The Commissioner must ensure that the Chief Constable is held to account for the exercise of his/her functions and the functions of the police officers and staff under their direction and control. In summary the Commissioner must ensure that:

- Good value for money is obtained in exercising policing functions in line with the funding agreement.
- The Chief Constable has due regard to the Police, Fire and Crime Plan and Strategic Policing Requirement when providing policing services.
- The Chief Constable in exercising duties has regard to Codes of Practice issued by the Secretary of State
- The Chief Constable's arrangements for co-operation and for engagement with local people are efficient and effective
- The Chief Constable exercises duties as required by statute, including health and safety, funding and equality and diversity.

The Police, Fire and Crime Plan

The Commissioner will set the strategic direction and objectives of the Police Service in Cumbria through the Police, Fire and Crime Plan, monitoring the performance of the Force against the agreed priorities. On an annual basis the Commissioner will issue a report that sets out the performance actually achieved against the objectives and priorities.

Holding the Chief Fire Officer to Account

The Commissioner must ensure that the Chief Fire Officer is held to account for the exercise of his/her functions and the functions of fire fighters and staff under their direction and control. In summary the Commissioner must ensure that:

- Good value for money is obtained in exercising policing functions in line with the funding agreement.
- The Chief Fire Officer has due regard to the Fire and Rescue Plan and legislative requirements when providing fire services.

- The Chief Fire Officer in exercising duties has regard to Codes of Practice issued by the Secretary of State
- The Chief Fire Officer's arrangements for co-operation and for engagement with local people are efficient and effective
- The Chief Fire Officer exercises duties as required by statute, including health and safety, funding and equality and diversity.

The Fire and Rescue Plan

The Commissioner will set the strategic direction and objectives of the Fire Service in Cumbria through the Fire and Rescue Plan, monitoring the performance of the Force against the agreed priorities. On an annual basis the Commissioner will issue a report that sets out the performance actually achieved against the objectives and priorities.

Funding

The Commissioner has responsibility for securing the maintenance of the Police Force and the Fire Service. They will set the budget, and the precept (charges to be paid by the district councils in the Cumbria area) and allocate funds and assets to the Chief Constable and Chief Fire Officer respectively.

The Commissioner will receive funding, including government grants and precept, and other sources of income related to policing and crime reduction; and fire prevention. Funding for Police and Fire will come via the Commissioner. Funding from the Commissioner is agreed in consultation with the Chief Constable and Chief Fire Officer respectively who must comply with any terms of that funding.

The Commissioner can also make crime and disorder reduction grants. These are grants to fund initiatives that contribute to reducing crime and disorder.

The Commissioner has overall responsibility for maintenance of the Police Fund including borrowing and investment decisions; they are also responsible for holding the Chief Constable to account for the arrangements for financial administration within the Constabulary. The Commissioner must appoint a Chief Finance Officer with statutory responsibility for the proper administration of financial affairs. A Chief Finance Officer is also required to be appointed for Fire.

Community Engagement

The Commissioner provides a local link between the police, fire and communities, working to translate the legitimate desires and aspirations of the public into action. In doing this, the Commissioner must seek the views of the community and the views of the victims of crime on policing. The views of people in the police area must be sought on the Commissioner's proposals for expenditure ahead of the issuing of the police precept.

Complaints and Conduct

The Commissioner will be responsible for handling complaints and conduct matters in relation to the Chief Constable and the Chief Fire Officer, monitoring complaints against officers, fire fighters and

staff; and complying with the requirements of the Independent Office of Police Conduct. They will also appoint and if necessary, dismiss the Chief Constable or Chief Fire Officer.

Custody Visiting Scheme

The Commissioner must maintain an effective 'independent custody visiting scheme'. The Custody Visiting Scheme enables independent members of the local community to visit police stations unannounced and check on the welfare of people in police custody.

Wider Responsibilities

The Commissioner has a wider responsibility than those solely relating to the police force and fire service, namely:

- the delivery of community safety and crime reduction
- liaising with the Community Safety Partnerships to ensure a joint approach to community safety across Cumbria
- a duty to ensure that all collaboration agreements with other local policing bodies, fire services and police forces deliver better value for money and enhance the effectiveness of policing and fire capabilities and resilience
- the enhancement of the delivery of criminal justice in their area
- prevention activity to reduce crime, anti-social behaviour and fires

Accountability

The Commissioner in exercising these functions must have regard to statutory responsibilities i.e. Freedom of Information Act 2000, and all human rights and equality laws.

The Commissioner is the legal contracting body who owns all the assets and liabilities. He/she must appoint a Chief Executive to undertake the statutory role of Monitoring Officer.

The Commissioner must not restrict the operational independence of the police force and the Chief Constable who leads it.

The Commissioner is held to account by the Police, Fire and Crime Panel, who will scrutinise his/her decisions and the exercise of these functions.

Police, Fire and Crime Panel

The Panel performs a regular check and balance role on the performance of the Commissioner, rather than the Chief Constable or Chief Fire Officer.

Audit Provision

The Commissioner is required under the Home Office “Financial Management Code of Practice for the Police Service of England and Wales” to appoint an independent audit committee. It is recommended that the Committee is a joint committee for the Commissioner, Chief Constable and Chief Fire Officer.

General Principles of Delegation

The following General Principles of Delegation apply to all specific delegations provided for within this scheme.

1. The Police, Fire and Crime Commissioner may ask that a specific matter is referred to him/her for a decision and not dealt with under powers of delegation.
2. The scheme does not attempt to list all matters that form part of everyday management responsibilities.
3. Giving delegation to officers under this scheme does not prevent an officer from referring the matter to the Commissioner for a decision if the officer thinks this is appropriate (for example, because of sensitive issues or any matter which may have a significant financial implication).
4. When a statutory officer is considering a matter that is within another statutory officer's area of responsibility, they should consult the other statutory officer before authorising the action.
5. All decisions statutory officers make under powers given to them by the Commissioner must be recorded and be available for inspection as required.
6. The Commissioner may want to be involved in any projects/areas of work which may have a significant impact on the people of Cumbria. He/she will want to be involved in the scope, tendering process and evaluation of any material business case.
7. In this document reference made to the statutory officers include officers authorised by them to act on their behalf.
8. The statutory officers are responsible for making sure that members of staff they supervise know about the provisions and obligations of this Scheme of Delegation.
9. The person appointed as the Chief Executive (who will also be the Monitoring Officer) and the Chief Finance Officer (section 151 officer) have statutory powers and duties relating to their positions, and therefore do not rely on matters being delegated to them to carry these out.
10. The Scheme of Delegation provides an officer with the legal power to carry out duties of the Commissioner. In carrying out these duties the officer must comply with all other statutory and regulatory requirements and relevant professional guidance including:
 - The Police and Social Responsibility Act 2011 and other relevant legislation issued under this Act
 - Financial Regulations
 - Home Office Financial Management Code of Practice
 - CIPFA Statement on the role of the Chief Finance Officer of the Police, Fire and Crime Commissioner
 - Contract Regulations
 - The Commissioner's governance framework
 - Employment law, policies and procedures
 - The Data Protection Act 1998 and the Freedom of Information Act 2000
 - Health and safety at work legislation and codes
11. When carrying out any duties, the Commissioner and staff must have regard to the following:
 - The views of the people in Cumbria.
 - Any report or recommendation made by the Police, Fire and Crime Panel on the annual report for the previous financial year.
 - The Police, Fire and Crime Plan and any guidance issued by the Secretary of State.
 - This list is a summary and is not exhaustive.

12. The Commissioner may appoint any officer to carry out any function, with the exception of those listed below:
 - Issuing the Police, Fire and Crime Plan
 - Determining objectives in the Police, Fire and Crime Plan
 - Calculation of budget requirements
 - Making recommendations to the Police, Fire and Crime Panel in relation to the appointment of the Chief Constable
 - Making representations in relation to the appointment of Chief Officer posts
 - Being consulted in relation to the appointment or removal of Chief Officer posts
 - Suspension of the Chief Constable, or asking him or her to resign or retire
 - Attendance at the Police, Fire and Crime Panel for specified duties
 - Preparing the annual report
13. The Commissioner may give additional delegation to his/her officers under Section 18 of the Police Reform and Social Responsibility Act 2011 (the Act).
14. This Scheme is a record of the formal delegations that are in effect at the time of its publication and will be reviewed bi-annually. With the exception of those matters listed in paragraph 12, the scheme allows any person, with appropriate authority, to delegate that power further.

Delegations to the Deputy Police, Fire and Crime Commissioner

To be used only where a Deputy Police, Fire and Crime Commissioner has been appointed.

The Commissioner may delegate functions to the Deputy Police, Fire and Crime Commissioner other than those that are statutorily prohibited. The following functions may not be delegated to the Deputy Police, Fire and Crime Commissioner under the Police Reform and Social Responsibility Act 2011:

- Issuing a Police, Fire and Crime Plan
- Appointing the Chief Constable or Chief Fire Officer, suspending or calling upon either to retire or resign
- Calculating a budget requirement

The Police, Fire and Crime Commissioner for Cumbria has determined not to appoint a person as the Deputy Police, Fire and Crime Commissioner.

Functions delegated to the OPFCC Chief Executive

Introduction

The Chief Executive is the Head of the Police, Fire and Crime Commissioner's office and staff, and the Monitoring Officer for the Commissioner. The Police Reform and Social Responsibility Act 2011 specifies three roles for the Chief Executive –

- Head of the paid service;
- Ensuring an efficient and effective OPFCC; and
- Fulfilling the role of Monitoring Officer.

The formal delegations, listed below, are those given to the Chief Executive, which are in effect at the time of the publication of the scheme.

General

- As 'Head of Paid Service' under Section 4 of the Local Government and Housing Act 1989, take such day to day action as is required for the efficient and effective administration of the Commissioner's Office and; except as provided in this Scheme, the discharge of the Commissioner's functions and to give effect to the decisions and directions of the Commissioner.
- To undertake decisions in the absence of the Commissioner and any appointed Deputy Commissioner (defined as leave or illness or other exceptional circumstances); whereby contact with either is not possible and a decision of an urgent nature is required to protect the interest of the organisation, with the exception of those powers which cannot be delegated (as listed in point 12). The Chief Executive will consult with the Commissioner's section 151 officer where practicable. Upon the Commissioner's return, any decisions made by the Chief Executive will be reported to them for information /at the Public Accountability Conference.
- Represent the Commissioner to exercise such operational powers as they may be required on behalf of the Commissioner.
- To discharge the day-to-day functions of Data Controller under the provision of data protection legislation.
- Prepare an Annual Report for submission to the Commissioner.
- To make sure, in consultation with the Chief Constable and Chief Fire Officer, appropriate arrangements are made to gather the community's views on the policing of Cumbria and preventing crime.
- To carry out an annual council tax consultation with the communities of Cumbria to ascertain their views on the proposed level of policing and fire precept.
- Prepare the Police, Fire and Crime Plan and in consultation with Cumbria Constabulary and Cumbria Fire and Rescue Service for submission to the Commissioner.
- Provide information to the Police, Fire and Crime Panel, as reasonably required to enable the Panel to carry out its functions.
- To respond to consultations on proposals affecting the Commissioner.

Finance, Procurement & Governance

The detailed financial management responsibilities of the Chief Executive are set out in the Financial Regulations. Specifically, the Chief Executive will:

- Manage the budget, in compliance with Financial Regulations and Procurement Regulations, and in consultation with the Chief Finance Officer.
- Prepare and manage the OPFCC's Commissioned Services Budget.
- Effective management of procurement; including securing the provision of procurement support and advice to the Chief Executive and those undertaking procurement including on the approval of contract exemptions and arrangements for the maintenance and recording of contracts and records
- Ensure that arrangements are in place for the management and security of assets in accordance with the requirements of Financial Regulations.
- To consider whether or not, in consultation with the Chief Finance Officer, to provide indemnity and/or insurance to the Police, Fire and Crime Commissioner, individual staff of the Commissioner, Legally Qualified Chairs, Independent Panel Members and Independent Custody Visitors. This is in accordance with the Local Authorities (Indemnities for Members and Officers) Order 2004; and to deal with or make provision to deal with other matters arising from any proceedings relating to them.
- To prepare and review a scheme of expenses for approval by the Chief Executive.

Human Resources

As Head of the Paid Service for the OPFCC the Chief Executive has delegated authority -

- To appoint and dismiss staff.
- To make recommendations to the Commissioner with regard to staff terms and conditions of service, in consultation with the Chief Finance Officer.
- To make arrangements for the management of staffing resources for all staff employed by the Commissioner. This to include specific working agreements and the application of all personnel policies and procedures and other policies and procedures with staffing implications.
- To approve all payroll arrangements including salary advances for no more than one month, travel and subsistence claims in accordance with policy, changes to conditions of service, honoraria, starting salary within the scale, extension of half pay and no pay sickness scheme, implementation of national pay awards
- The transfer of accumulated local government pensions into the local government pension scheme after the expiry of 12 months after joining the authority.
- To settle appeals in relation to the Local Government Pension Scheme, in line with the Occupational Pension Schemes (Internal Dispute Resolution Procedures) Regulations 1996.
- To appoint Independent Custody Visitors, members of the Independent Joint Audit Committee and members of the Ethics and Integrity Panel. In addition, there is a requirement to appoint legally qualified chairs and independent panel members to carry out work in relation to, Police

Misconduct Hearings, Police Appeal Tribunals and any other appointed members and terminate appointments if necessary.

- To approve arrangements for the attendance of staff, members and volunteers at seminars and training events and any other expenditure outside the scheme of expenses.
- To exercise the statutory powers of the Commissioner for professional standards, as delegated to them on a temporary or permanent basis and such delegations to be documented with this Scheme.

Legal & Contracts

The delegations set out below cover legal and contractual matters. Further detail on procedure in respect of contracts can be found in the Procurement Regulations.

- To authorise people to make, defend, withdraw or settle any claims or legal proceedings on the Commissioner's behalf, having taken legal advice and in consultation with the Chief Finance Officer if there are significant financial implications.
- To approve settlement of any non-significant claim for damages against any individual police officer or special constable out of the police fund under section 88(4) of the Police Act 1996.
- To make arrangements to institute, defend or participate in any legal proceedings in any case where such action is necessary.
- To get legal or other expert advice and to appoint legal professionals whenever this is considered to be in the Commissioner's best interests and for his/her benefit.
- To approve financial assistance, in non-significant cases, to police officers involved in civil and criminal proceedings in line with Home Office Circular 010/2017.
- To approve the entering into and administration of all contracts for works, goods and services in accordance with the delegated financial limits set out in the Financial Regulations and in accordance with the Procurement Regulations
- To sign all contracts on behalf of the Commissioner in accordance with any decisions either has made. To approve the early termination of contracts in accordance with Procurement Regulations.
- To affix the common seal of the Commissioner or to approve the entering into framework agreements for contracts, agreements or transactions in accordance with procurement regulations.

Complaints

- To consider, with the Commissioner, any complaint made against the Chief Constable or Chief Fire Officer.
- To make arrangements for dealing with complaints against the Chief Constable, including referral to the Independent Office of Police Conduct (IOPC) Director General; and/or appointment of an investigating officer to investigate a recordable complaint in accordance with the appropriate regulations. Where an investigation has been undertaken, to ensure a suitable report is presented to the Commissioner to enable a decision to be made on the action to be taken.
- To make arrangements for dealing with complaints against the Chief Fire Officer, including the appointment of an independent investigating officer accordance with the appropriate legislation.

Where an investigation has been undertaken, to ensure a suitable report is presented to the Commissioner to enable a decision to be made on the action to be taken.

- To review complaints of maladministration against the Commissioner and to approve the provision of any remedy, financial or otherwise.
- To be the Appropriate Authority when public complaint reviews are received, providing the determination and outcome.

Other Delegations

- In relation to a grievance against the Chief Constable or Chief Fire Officer, to take the appropriate action to investigate the grievance, applying as appropriate the grievance procedure, and reporting the outcome to the Commissioner to enable appropriate action to be taken to resolve the grievance.
- To discharge functions and responsibilities in respect of Police Appeal Tribunals, on behalf of the Commissioner, including the appointment of members of the Tribunals.
- Acquiring and granting freeholds, leaseholds, leases, licences and wayleaves and make applications for planning permission in accordance with the agreed asset management plan, capital programme and revenue budgets.
- In relation to the Commissioner's land and property, to serve notices to quit and notices to terminate its use or occupation, and to institute court proceedings to recover arrears of rent and other payments or to recover possession from occupiers and users.
- To arrange for the provision of professional services as required by the Commissioner.
- In the absence of the Chief Executive, the OPFCC Deputy Chief Executive, excluding any matter that requires Monitoring Officer approval or decision, can also undertake delegations. The Governance Manager is the designated Deputy Monitoring Officer will carry out this function in the Chief Executive's absence.

Statutory Functions

The Chief Executive/Monitoring Officer has statutory duty in respect of the lawfulness of decision making. In the absence of the Chief Executive, the Deputy Monitoring Officer can only undertake this duty.

Functions delegated to the OPFCC Chief Finance Officer

Introduction

The Chief Finance Officer is the financial adviser to the Police, Fire and Crime Commissioner and has statutory responsibility to manage his/her financial affairs as set out in sections 112 and 114 of the Local Government Finance Act 1988, and the Accounts and Audit Regulations 2015 (as amended). Section 113 of LGFA 1988 requires the responsible officer to be a member of a specified accountancy body.

The Chief Finance Officer must ensure that the financial affairs of the Commissioner, and the Force are properly administered having regard to their probity, legality and appropriate standards.

The formal delegations, listed below, are those given to the Chief Finance Officer, which are in effect at the time of the publication of this scheme. In the absence of the Chief Finance Officer, the Constabulary Chief Finance Officer may undertake those functions that are authorised by the Chief Finance Officer within the shared services agreement between the Constabulary, CFRA and the Commissioner.

Delegations

- To ensure that the financial affairs of the Office of the Police, Fire and Crime Commissioner are properly administered having regard to probity, legality, and appropriate standards.
- To assist the Commissioner in planning their budget and determining the level of funding and funding conditions to be provided for the Constabulary and CFRA budgets and those of other partners.
- To approve the commencement of capital schemes and the virement of resources between budgets and reserves in accordance with the financial regulations and funding conditions applying to partner budgets.
- To approve the arrangements for the treasury management function, including the day-to-day management, the production of the treasury management strategy, prudential limits and supporting policies and procedures.
- Authority to bring forward capital funding for future years from planned schemes where these have been approved and there is a requirement or capacity to commence the schemes at an earlier date.
- To approve the arrangements for securing and preparing the Commissioner's accounts and seek assurances that there are appropriate arrangements in place for the preparation of the Chief Constable's accounts.
- To ensure that there are appropriate arrangements in place within the Constabulary for its financial management.
- To make arrangements on behalf of the Chief Executive for insurance and to seek assurance that appropriate arrangements are made for insurance with the Constabulary.

- To approve settlement figures for insurance claims on motor vehicles recommended by the Commissioner's insurers subject to the insurer's subrogated rights.
- To be responsible for all banking arrangements, together with creating, closing or authorising all bank accounts and being signatory to cheques and other mandates for payments on PFCC accounts.
- To authorise payments, without having to get approval and regardless of whether or not provision has been made in the revenue budget in relation to:
 - (i) payments that have to be made by law;
 - (ii) payments ordered by the court;
 - (iii) payments due under any agreement entered into by the Commissioner.
- To prepare and annually review draft financial and procurement regulations, in consultation with the Chief Executive, for approval by the Commissioner. To approve designated exceptions to the regulations.
- To determine when goods are surplus to requirements or obsolete and arrange for disposal in line with financial regulations.
- To write off debt subject to the limits within the financial regulations.
- Provide for an adequate and effective internal audit service and make arrangements for the commissioning of external audit.

Statutory Functions

- To report to the Commissioner and the external auditor any unlawful or potentially unlawful spending by his/her officers. In the absence of the Chief Finance Officer, the Constabulary Chief Finance Officer will undertake this function.

Chief Executive Delegations to Other Officers and Executive Team

Introduction

This section of the scheme of delegation sets out those functions delegated from the Chief Executive to other officers within the office of the Commissioner. Those officers may discharge these functions directly or secure their discharge through the arrangements for shared support services between the Commissioner and the Chief Constable. Where functions are discharged through the provision for shared support services, required authorisations are set out within the shared services agreement.

Delegations to the Deputy Chief Executive

In the absence of the Chief Executive, the designated Deputy Chief Executive can undertake all functions of the Chief Executive, with the exception of the function of Monitoring Officer. The Governance Manager undertakes the function role of Deputy Monitoring Officer.

Delegations to the Chief Finance Officer

Securing the arrangements for the management and security of the Commissioner's assets; this to include:

- The day-to-day management of the property function subject to the provision of financial regulations.
- The maintenance of a register of all property owned or leased by the Commissioner. The register to include a range of property data (value, condition, maintenance etc.)
- Ensuring all property owned or leased by the Commissioner is fully compliant with all legislation, regulations and best practice codes applicable to the purpose of the asset.
- The development on an annual basis of a planned maintenance programme and providing advice on the appropriate amount to be budgeted for planned and reactive maintenance.
- Arranging for the survey and inspection of all property in compliance with legislation, regulations and best practice.
- Reporting the findings of surveys and inspections and making arrangements for necessary works where these can be met within the approved budget
- Providing draft medium term asset management strategies and plans for the Commissioner's property estate and assets acquired for use by the Constabulary.
- Providing an annual schedule for approval to be submitted to the Commissioner at the beginning of each financial year for all property to be developed, acquired and disposed of.
- Disposing of all assets previously approved by the Commissioner, in accordance with approved methods of disposal, in accordance with the financial limits within the scheme of delegation.
- Providing regular reports to the Commissioner on the implementation of the agreed capital programme.

- Securing appropriate arrangements for the safeguarding of the Commissioner's assets including those used by the Constabulary in the delivery of policing in accordance with the requirements of Financial Regulations.
- Securing arrangements for the accurate and reliable payment of wages, pensions and salaries ensuring transactions are submitted accurately and to deadlines.

Delegations to the Governance Manager

The Chief Executive/Monitoring Officer has a statutory duty in respect of the lawfulness of decision-making.

The Governance Manager is designated as Deputy Monitoring Officer and in the absence of the Chief Executive; the Deputy Monitoring Officer can only undertake this duty.

Police, Fire and Crime Commissioner's Executive Team & Executive Team Gold

The Police, Fire and Crime Commissioner has established an Executive Team composed of his Chief Executive, Chief Finance Officer and Deputy Commissioner. Other OPFCC officers may occasionally be required to attend. The Executive Team does not have any decision-making powers delegated to it as a group. However, discussions at meetings of the Executive Team will inform the decisions made by the members of the Executive Team when using their delegated powers.

The Commissioner meets with all the Members of the Executive Team on a regular basis at Executive Team Gold meetings. These meetings do have decision making powers delegated to it and is the forum in which the Commissioner or members of the Executive Team will discuss matters. Using their individual delegated powers, make any significant decisions that are not undertaken in a public forum. This arrangement is set out in the Commissioner's Decision-Making Policy.

Significant OPFCC policy or operational decisions will be raised and discussed at Executive Team before the Commissioner or the Chief Executive takes the final decision. This is irrespective of the individual delegation and formal decision.

Urgent matters

If any matter that would normally be referred to the Police, Fire and Crime Commissioner for a decision arises and cannot be delayed, the matter may be decided by the appropriate chief officer. The appropriate chief officers authorised to decide urgent matters are:

- the Chief Executive (all issues other than operational matters);
- the Chief Finance Officer (financial and related issues);

Urgent decisions taken must be reported to the Police, Fire and Crime Commissioner as soon as practicable after they are made.

Scheme of Consent between the Police, Fire & Crime Commissioner and the Chief Constable

Introduction

As a corporation sole, the Police Reform and Social Responsibility Act 2011 allows the Chief Constable of Cumbria to operate independently in specific areas; specific legal responsibility for maintaining the Queen's Peace; and direction and control over police officers and staff.

The Chief Constable is accountable to the law for the exercise of police powers and to the Police, Fire and Crime Commissioner for the delivery of efficient and effective policing in Cumbria, management of resources and expenditure by the Constabulary. At all times their police officers and staff remain operationally independent in the service of the communities that they serve.

The Chief Constable is responsible to the public and accountable to the Commissioner for:

- Leading the force in a way that is consistent with the attestation made by all constables on appointment and ensuring that it acts with impartiality.
- Appointing the Constabulary's officers and staff (after consultation with the Commissioner, in the case of officers above the rank of Chief Superintendent and police staff equivalents).
- Supporting the Commissioner in the delivery of the strategy and objectives set out in the Police, Fire and Crime Plan.
- Assisting the Commissioner in planning the Constabulary's budget.
- Providing the Commissioner with access to information, officers and staff as required.
- Having regard to the Strategic Policing Requirement when exercising and planning his policing functions in respect of the Constabulary's national and international policing responsibilities.
- Notifying and briefing the Commissioner of any matter or investigation on which the Commissioner may need to provide public assurance either alone or in company with them.
- Being the operational voice of policing in the Cumbria police area and regularly explaining to the public the operational actions of officers and staff under their command.
- Entering into collaboration agreements with other Chief Constables, other policing bodies and partners that improve the efficiency or effectiveness of policing, and with agreement of the Commissioner.
- Remain politically independent of the Commissioner.
- Manage all complaints against the Constabulary, its officers and staff, except in relation to themselves and chief officers. Ensuring that the Commissioner is kept informed in such a way as to enable the Commissioner to discharge their statutory obligations in relation to complaints in a regular, meaningful and timely fashion. Serious complaints and conduct matters must be passed to the Independent Office of Police Conduct (IOPC) in line with legislation.
- Exercising the power of direction and control in such a way as is reasonable to enable the Commissioner to have access to all necessary information and staff within the force.
- Having day to day responsibility for financial management of the Constabulary within the framework of the Funding Agreement, revenue budget allocation and approved capital programme and levels of authorisation issued by the Commissioner.

General Principles of Consent

The elements of the Commissioner's consent to the Chief Constable to exercise powers to enter into contracts, acquire or dispose of property on the Commissioner's behalf are detailed within the Funding Agreement. This agreement sets out the terms and conditions under which the Commissioner will provide funding to the Chief Constable throughout the duration of the agreement

For services provided jointly to both the Commissioner and the Chief Constable, a Memorandum of Understanding will be in place setting out the agreed arrangements for service delivery. In addition to those terms and conditions identified within the Funding Agreement:

- The Commissioner must not restrict the operational independence of the Constabulary and the Chief Constable who leads it.
- The Commissioner may limit the powers, which are consent/delegated and/or remove consent/delegation at any time or in relation to Funding, utilise the Dispute Resolution process as appropriate.
- Subject to this Scheme and the Funding Agreement, the Commissioner may at any time, require that a specific matter is referred to him for a decision and not dealt with under powers of consent/delegation.
- Notwithstanding any specific requirements in this Scheme or Funding Agreement, the Commissioner shall be consulted in relation to any projects/areas of work that may have a significant impact on the community of Cumbria. The Commissioner shall be consulted at both outline business case and full business case stages including any evaluation of such business case.

Corporate Governance Framework for Cumbria Commissioner Fire and Rescue Authority

On the 1st of April 2023, the governance of Cumbria Fire and Rescue Service transferred to the Commissioner following the dissolve of Cumbria County Council. The Police, Fire and Crime Commissioner now operates as two distinct legal entities (corporation soles): The Police, Fire and Crime Commissioner for Cumbria and the Cumbria Commissioner Fire & Rescue Authority. The Cumbria Commissioner Fire and Rescue Authority is created by The Police, Fire & Crime Commissioner for Cumbria (Fire and Rescue Authority) Order 2022, which was laid in Parliament on 28th November 2022. Within the Order, it sets out that the person who is the Police & Crime Commissioner for Cumbria, is also the Cumbria Commissioner Fire & Rescue Authority. They will be known as the Police, Fire and Crime Commissioner (“PFCC” or “the Commissioner”) for Cumbria. The Commissioner shall maintain a Fire and Rescue Service for the area, which is known as the Cumbria Fire & Rescue Service (CFRS).

The Commissioner is the recipient of all funding, including the government grant and precept and other sources of income related to the statutory functions of the Fire and Rescue Service. The Commissioner owns all the property, rights, and liabilities of the Fire and Rescue Service, and is also the employer of all fire and rescue staff.

The Commissioner has developed a Corporate Governance Framework for the Fire and Rescue Authority. The framework sets out how the Authority and the Service will be governed, making sure the business is carried out in the right way, for the right reason, at the right time. It also sets out the delegation of responsibility from the Commissioner to his staff and the Chief Fire Officer.

This is the first governance framework for the new arrangement and there continues to be changes and additions as day-to-day practical arrangements are worked through. All organisations and officers are expected to follow the spirit of the framework and apply the fundamental principles and expectations as set out within it.



Governance Arrangements for Cumbria Constabulary

Version 4.0 February 2024



Introduction

Objectives and goals drive what work is done; *benefits and principles* drive *how* it is delivered. As change is a constant in policing, we need to be agile to deliver. However, we also need to balance control and accountability so our governance arrangements must adhere to the following:

- Ensure that direction is provided
- Some element of control is exercised by the Executive
- Decision making is transparent through effective governance
- Full accountability is achieved through effective performance management

This document has been prepared to outline the defined levels of authority delegated throughout the Constabulary and is based on the following principles:

1. Having the right level of collaborative and inclusive governance to ensure decisions are not made in silo and that strategic objectives are aligned throughout the governance structure
2. That conflicted and non-complimentary decision making across different pieces of work is avoided
3. Decisions should be able to take place at a speed that doesn't frustrate the organisation's mission, a governance timetable has been setup to ensure the appropriate escalation for decision making can be granted in quick succession
4. Demonstrating that our internal controls are effective. In particular, there **must** be adequate control on both finance and headcount, as these are areas where the culmination of individual delegated decisions can have a particularly significant cumulative effect
5. Accountability for decisions must be clear
6. Requiring individuals to exercise personal responsibility and work with integrity
7. That the organisation becomes significantly more disciplined to achieve its objectives.

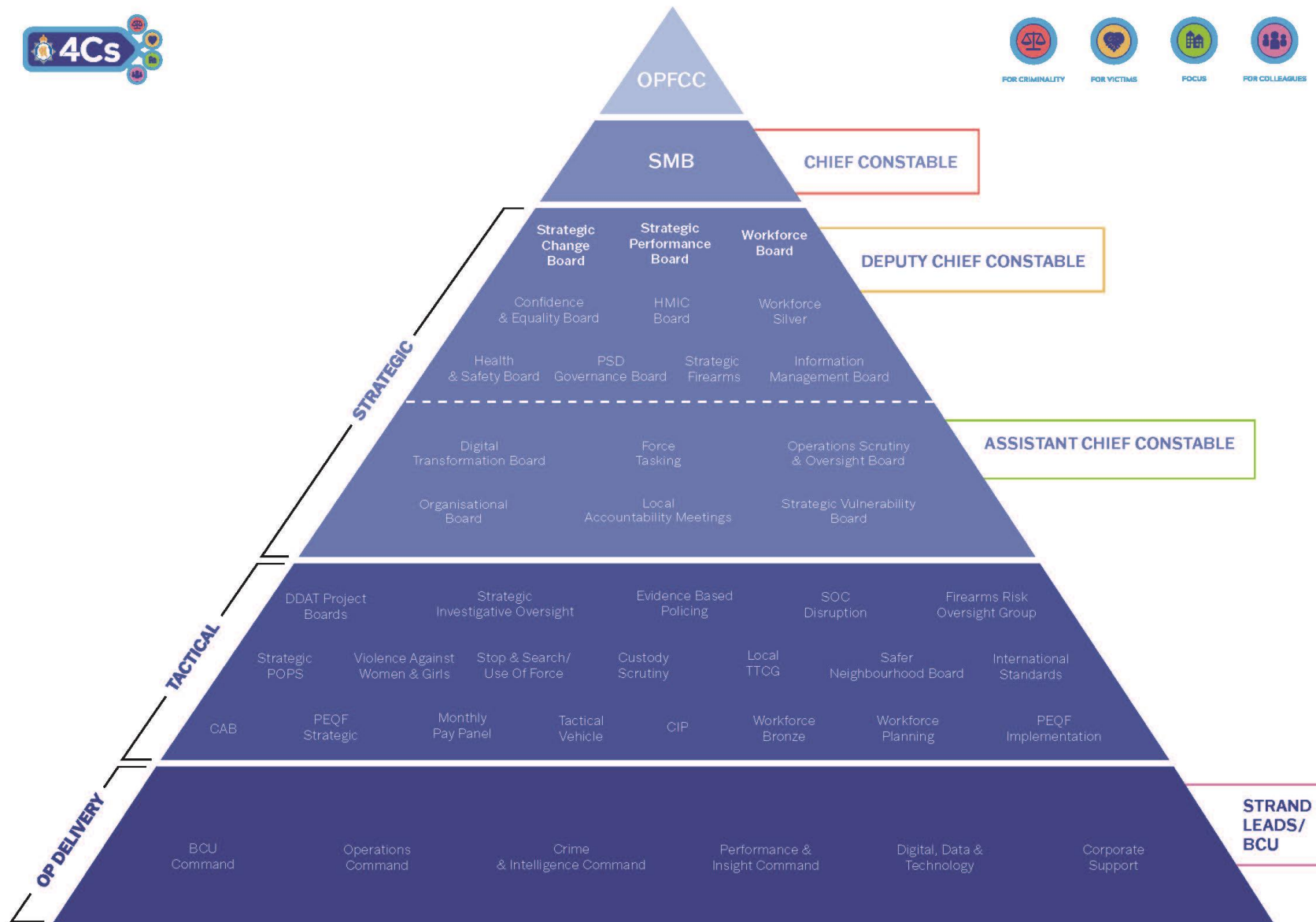
This document is part of a wider governance framework, which includes Financial Rules and Regulations, Budget Protocols, the Scheme of Delegation, Joint Procurement Regulations and a significant policy framework.

The approach outlined in this document must be consistent with the overall governance arrangements. In addition, governance and decision-making arrangements are affected by the OPFCC Funding Agreement, which may also need to be negotiated and changed

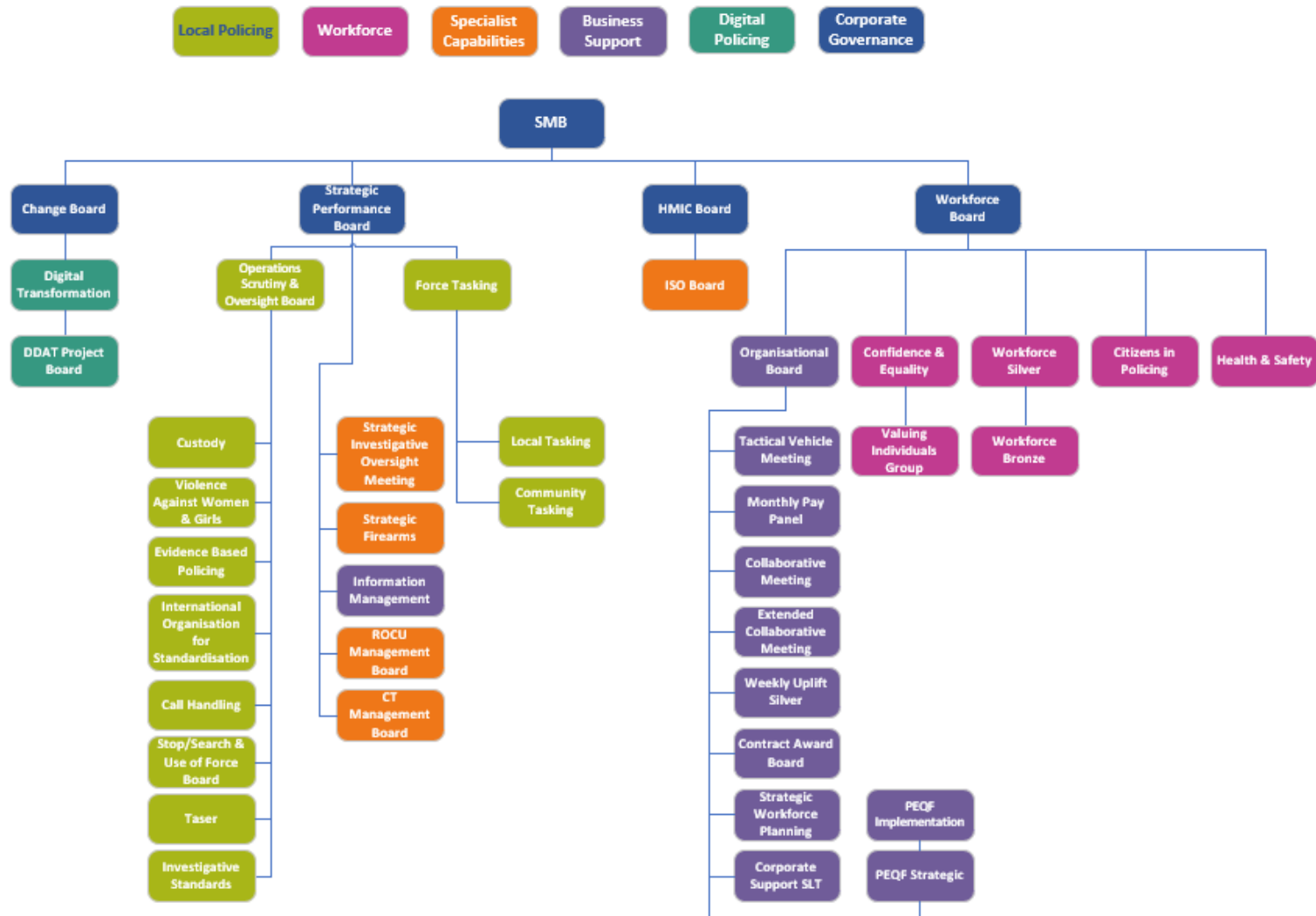
This document needs to be reviewed annually

- | | |
|------------|--|
| Section 1 | Cumbria Constabulary Governance Model, 2023/24 |
| Section 2: | Detailed Cumbria Constabulary Governance Map |
| Section 3: | Terms of Reference for Major organisational governance boards |
| Section 4: | Tables of decision-making permissions organised by areas of business incorporating boards and roles. |

Section 1: Cumbria Constabulary Governance Model



Section 2: Cumbria Constabulary Governance Map



Section 3: Terms of Reference for Major Organisational Boards



COG – Terms of Reference

Chair	Chief Constable	Vice Chair	DCC/ACCs
Frequency	Twice Weekly	Duration	30 Mins - 1 Hour

Purpose: *Cumbria Constabulary's senior organisational board. Sets organisational vision and strategic intent. Considers decisions that have major consequences for the overall organisation*

Objectives

- Determine Constabulary's overall vision and strategy
- Receives regular operational overview to ensure situational awareness and for purposes of consequence management
- Strategic Media Management
- Final approval Board for capital schemes, major business and technological change and major revenue developments
- Provides financial oversight, approving annual revenue and capital budgets. This includes proposals for financial growth or reduction in establishment as set out in Scheme of Delegation
- Chief Constable's oversight of Governance Boards, Decision making, Highlight and Exception reporting dashboards
- Delegate authority to Management Board to resolve issues and take actions and manage resources

Members

- Chief Constable
- Deputy Chief Constable
- Assistant Chief Constable(s)
- Duty Gold
- Constabulary Chief Finance Officer
- Head of Legal Services
- Head of Marketing & Comms

Invited key members of staff to report on specific business areas as and when required.

Audit and Link to Documentation

Governance:		Chief Constable's PA		
To be noted/actioned/distributed by:				
Face to Face	No	Team Site	Yes	COG Teams Site
Teams Meeting	Yes	OneNote	Yes	GRP CC COG Notebook (Web view)
Meeting Recorded	No	Actions/Planner	Yes	GRP CC COG
Minutes Recorded	No	Decisions	Choose an item.	GRP CC COG
		Risk Register	No	N/A

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Section 3: Terms of Reference for Major Organisational Boards

Strategic Management Board – Terms of Reference



Chair	Chief Constable	Vice Chair	Deputy Chief Constable
Frequency	Monthly	Duration	More Than 1 Hour

Purpose - Cumbria Constabulary's senior organisational board. Sets organisational vision and strategic intent. Considers decisions that have major consequences for the overall organisation

Objectives

- Determine Constabulary's overall vision and strategy
- Receives regular operational overview to ensure situational awareness and for purposes of consequence management
- Strategic Media Management
- Final approval Board for capital schemes, major business and technological change and major revenue developments
- Provides financial oversight, approving annual revenue and capital budgets. This includes proposals for financial growth or reduction in establishment as set out in Scheme of Delegation
- Chief Constable's oversight of Governance Boards, Decision making, Highlight and Exception reporting dashboards
- Delegate authority to Management Board to resolve issues and take actions and manage resources
- Set & maintain force vision (Vision 25)
- Agree annual capital & revenue budgets
- Agree MTFF
- Ensure effective governance framework
- Monitors critical aspects of performance including receiving updates on critical incidents
- Consideration of public consultation findings and consequence management
- Approve scheme of delegation
- Production of Annual Force Management Statement

Members

- Deputy Chief Constable
- Assistant Chief Constable(s)
- Constabulary Chief Finance Officer
- Det. Chief Superintendent, Crime & Intel Command
- Chief Superintendent, Westmorland & Furness BCU
- Chief Superintendent, Cumberland BCU
- Chief Superintendent, Operations
- Director of Performance and Change
- Head of Legal Services
- Head of Marketing & Comms
- Head of Digital Data & Technology

Invited key members of staff to report on business areas as required.

Audit and Link to Documentation

Governance: To be noted/actioned/distributed by:				
Face to Face	Choose an item.	Team Site	Choose an item.	Insert link to document here
Teams Meeting	Choose an item.	OneNote	Choose an item.	Insert link to document here
Meeting Recorded	Choose an item.	Actions/Planner	Choose an item.	Insert link to document here
Minutes Recorded	Choose an item.	Decisions	Choose an item.	Insert link to document here
		Risk Register	Choose an item.	Insert link to document here

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Section 3: Terms of Reference for Major Organisational Boards



Strategic Performance Board – Terms of Reference

Chair	DCC Martland	Vice Chair	ACC Blackwell
Frequency	Monthly	Duration	Full Day

Purpose

Drive organisational performance and delivery of outcomes and benefits

Objectives

- To ensure the delivery of strategic intent
- To drive organisational improvement
- To understand thematic performance
- To challenge business and operational consistency, effectiveness, and implementation of best practice
- To seek assurance and updates from Senior Responsible Officers on key issues, exceptions, and progress
- To problem solve escalated issues, reallocating resources and raising actions where required

Members

- Assistant Chief Constable(s)
- Director of Performance and Change
- Det. Chief Superintendent. Crime
- Chief Superintendent, W & F
- Chief Superintendent, Cumberland
- Constabulary Chief Finance Officer
- Head of DDaT
- Head of Legal Services
- Superintendents
- Det. Superintendents
- Head of Communications
- Staff Associations

Key enabling roles as and when business requires

Audit and Link to Documentation

Governance: To be noted/actioned/distributed by: Supt Performance and Insight			
Face to Face	Yes	Team Site	Choose an item. SPB Teams
Teams Meeting	No	OneNote	Choose an item. SPB OneNote
Meeting Recorded	No	Actions/Planner	Choose an item. SPB Actions
Minutes Recorded	Yes	Decisions	Choose an item. SPB Decisions
		Risk Register	No

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Section 3: Terms of Reference for Major Organisational Boards



Strategic Workforce Board – Terms of Reference

Chair	Deputy Chief Constable	Vice Chair	Assistant Chief Constable
Frequency	Monthly	Duration	More Than 1 Hour

Purpose :

Maximising the capability of our workforce and ensuring Cumbria Constabulary has effective skills for operational & organisational delivery

Objectives

- Ensure the development and enhancement of the Workforce
- Ensure that skill capability or capacity gaps identified at Force T&CG are fed into workforce planning
- Lead organisational appraisal, talent management & leadership development
- Has authority to resolve issues within the Workforce portfolio
- Deliver the force training plan, monitoring training delivery & compliance by staff and managers
- Delegates authority to individuals or working groups where appropriate
- Takes projections and prioritises training requirements as highlighted as appropriate from the other governance boards
- Delivers effective workforce policies and strategies
- Identify projected pathways to manage and implement staffing decisions (*i.e. transition of staff across commands*)
- Manage risks, exceptions and inconsistencies and escalate or devolve as appropriate
- Direct organisational diversity, inclusion and equality activity
- Monitor organisational absence, working time, recruitment & welfare

Members

- Assistant Chief Constable
- Det. Chief Superintendent, Crime & Intel
- Ch. Superintendent, Westmorland & Furness BCU
- Ch. Superintendent, Cumberland BCU
- Ch. Superintendent, Force Operations
- Constabulary Chief Finance Officer
- Director of Performance and Change
- HR Managers
- Head of L&D
- Head of Marketing & Comms
- Head of CSD
- Staff Associations Representatives
- OPFCC Representation

Key enabling roles as and when business requires.

Audit and Link to Documentation

Governance: To be noted/actioned/distributed by:			Deputy Chief Constable's PA	
Face to Face	Yes	Team Site	Yes	WFB Teams Site
Teams Meeting	No	OneNote	Yes	WFB OneNote
Meeting Recorded	No	Actions/Planner	Yes	WFB Actions/Decisions
Minutes Recorded	Yes	Decisions	Yes	WFB Decisions
		Risk Register	No	

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Section 3: Terms of Reference for Major Organisational Boards

Strategic Change Board – Terms of Reference



Chair	Deputy Chief Constable	Vice Chair	Assistant Chief Constable
Frequency	Monthly	Duration	More Than 1 Hour

Purpose - Holistic oversight and intrusive governance of key organisation change programmes for the Force by acting as the senior decision-making body to set medium and long-term change plans for the Constabulary, whilst ensuring current programmes / projects are delivering in line with the Force requirements to achieve Plan on a Page, Police and Crime Plan and Force Management Statement strategic priorities. The board will set the priorities for the programmes and projects and will retain governance and oversight of the Constabulary's Saving and Efficiency Plan.

Objectives

- To scrutinise proposals – Business Cases and/or Term of Reference
- To scrutinise any Income Generation Proposals
- To seek updates on existing items or proposals from Tactical Boards
 - Operational Scrutiny & Oversight Board
 - Workforce Board
 - Digital Board
 - Organisational Board
- To track and map progress of projects and programmes
- To offer remedy for projects or programmes that enter exception
- To prioritise work items and resolve any contradicting priorities.
- To provide direction on Resourcing, Financing and Timescales
- Agreement for detailed Benefit Realisation proposals to be tracked and monitored
- To ensure Senior Responsible Officers are held responsible for their projects
- To provide updates from national projects and programmes and relevant updates from National Police Chiefs Council

Members

- Assistant Chief Constable
- Ch. Superintendent, Westmorland & Furness BCU
- Ch. Superintendent, Cumberland BCU
- Ch. Superintendent, Operations
- Director of Performance and Change
- Constabulary Chief Finance Officer
- Director Legal Services
- Chief Executive (OPFCC)
- Head of DDAT
- Head of Business Development
- HR Manager
- Unison Representation
- Police Federation Representation

Invited Key members of staff as and when business requires.

Audit and Link to Documentation

Governance: To be noted/actioned/distributed by:			Deputy Chief Constable's PA	
Face to Face	No	Team Site	Yes	Strategic Change Board Team Site
Teams Meeting	Yes	OneNote	Yes	Strategic Change Board Meeting OneNote
Meeting Recorded	Choose an item.	Actions/Planner	Yes	Link to actions
Minutes Recorded	Choose an item.	Decisions	Choose an item.	Insert link to document here
		Risk Register	Choose an item.	Insert link to document here

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Section 4: Tables of Decision Making Permissions (organised by areas of business)

Part A: Decision Making Permissions People Matters

Activity	Authorising Body / Officer	Alternative	Comment
Establishment			
Approve annual overall establishment	COG		Agreement required with PFCC
Approve resource allocation of overall establishment	COG		
Approve 5 year Workforce Plan	COG		
Monitor Workforce Plan & escalate changes to COG	Workforce Board / DCC FRM		FRM – Force Resourcing Meeting
Deliver Workforce Plan	Workforce Board /FRM		
Growth in force establishment for officers, PCSOs or staff posts	COG/SMB/Change		Evidence based business case required; growth is defined as above overall Constabulary establishment by employee type (officer, Staff, PCSO). May require PFCC agreement, where major policy change or involves shared functions. Finance to be consulted re costing and HR notified.
Reduction in force establishment for officers, PCSOs or staff posts	COG/SMB/Change		Change management policy must be followed. May require PFCC approval under the funding arrangement, where major policy change or involves shared functions.
Agree corporate wide shift patterns based on demand for all operational police officers, police staff and PCSOs- within the framework of COG approved resource allocation.	Operations Board / SMB		COG agreed Resource Allocation Model to be used; H&S impact assessment must be carried out. HR representation required when discussed.
Authorise that a Police Officer post can be filled (existing budgeted post)			
Organisational need to recruit police officers and specials	Workforce Board / FRM		Intakes specified in the recruitment plan directed by the overall workforce plan.
Promotion			
Determine promotion process & subsequent posting Chief Inspector to Chief Superintendent rank	Uniformed Chief Officers		Joint Uniformed Chief Officer decision.
Determine promotion process & subsequent posting PC to Inspector rank	DCC FRM		
Appointment of officers at DCC and ACC rank.	Chief Constable	After consultation with PFCC	S39 &40 2011 Act
Appointment of officers at Chief Inspector to Chief Superintendent rank.	Uniformed Chief Officers		Deputy Chief Constable has the notional responsibility, but normally this is in consultation with the Chief and Assistant Chief Constables i.e. a joint Uniformed COG decision.
Appointment of officers at Sergeant to Inspector rank	DCC FRM		Appointment following Promotion Boards
Organisational need to consider transferees into the Constabulary	Workforce Board & DCC FRM		Workforce Board to determine the overall strategy. Individual applications processed through Workforce Silver with finance consultation.
External transfer process including posting Chief Inspector to Chief Superintendent rank	Uniformed Chief Officers		Group decision- Chief Constable is final arbiter
External transfer process including posting Constable to Inspector Rank	DCC Force Resourcing unit		

Section 4: Tables of Decision Making Permissions (organised by areas of business)

Part A: Decision Making Permissions People Matters

Activity	Authorising Body / Officer	Alternative	Comment
Internal Transfers			
Internal transfer Organisational need to post officers within the same rank Chief Inspector to Chief Superintendent.	Uniformed Chief Officers		Group decision- Chief is final arbiter
Movement of officers within the same rank. Constable to Inspector rank between Commands / Directorates	Workforce Silver		Unable to change total police officer FTE establishment in relevant area(s). No financial growth within totality of relevant areas. Must comply with Police Regulations Must ensure adequate cover to deliver key functions as determined by BCM Plans
Movement of officers within the same rank Constable to Sergeant- within own BCU, Command Area or Service	Superintendents through Workforce Bronze.		Must comply with Police Regulations Must ensure adequate cover to deliver key functions as determined by BCM Plans
Specials			
Appointment /recruitment of Special Constables	Chief Superintendents through Workforce Board		
Secondments			
Secondment of DCC/ACC in or out of Constabulary	Chief Constable		
Secondment of police officers and/or police staff in or out of Constabulary	Workforce silver / DCC FRM		HR Managers & Constabulary CFO must be consulted to ensure T&Cs and funding arrangements in place
Authorise that a Police Staff post can be filled (existing or budgeted post only) within organisational structure			
Organisational need to recruit police staff and PCSOs	DCC FRM		COG to be consulted on any plan to Initiate a recruitment freeze – wholesale or specific areas of organisation
Appointment and recruitment at director level and above	Chief Constable and Deputy Chief Constable.		Requires PFCC approval per the Funding Arrangement
Appointment and recruitment for all staff reporting directly to director or commander e.g. Heads of Service?	DCC FRM		OPFCC Funding Arrangement- for shared services posts there must be consultation with OPFCC
Appointment and recruitment for all staff NOT reporting directly to director or commander e.g. Heads of Service?	DCC FRM		
Authorise that PCSO posts can be filled within approved establishment	DCC FRM		OPFCC Funding Arrangement requires consultation with PFCC
Authorise agency appointments for police staff posts where budget is available	DCC FRM		This could be external funding, virement of existing budget from current staff shortfall or approval of business case via COG/SMB

Section 4: Tables of Decision Making Permissions (organised by areas of business)

Part A: Decision Making Permissions People Matters

Activity	Authorising Body / Officer	Alternative	Comment
Authorise agency appointments for police staff posts where budget is not available	DCC FRM		HR holds agency budget. Business case required
Authorise appointment of consultants where budget is available	DCC FRM		This could be external funding, existing budget or approval of business case via COG/SMB Need to check IR 35 compliance
Authorise Growth			
Authorise permanent or temporary growth in establishments of Officers, PCSOs and Police Staff for which no funding is identified.	Chief Officer Group		
Authorise change to existing /budgeted posts (e.g. use existing posts that is vacant or other agreed budgets to fund new posts) with no overall financial growth. An example might be a mini re-structure of a department.	Workforce Silver/ DCC FRM		Establishments / budgets are managed at command/directorate level HR and Finance to be consulted. No permanent changes to Officer rank establishment are permitted without COG approval.
Authorise agency appointments for police staff posts where budget is not available	DCC FRM		HR holds agency budget. Business case required
Authorise appointment of consultants where budget is not available HR not usually IR 35 come back.	DCC FRM		Business case required Need to check IR 35 compliance
Leavers (excluding dismissals covered by misconduct panels)			
Authorise redundancies for police officers and staff	Deputy Chief Constable		Subject to business case & Management of Change Policy. Shared service posts subject to OPFCC Funding arrangement
Authorise early retirement for police staff	Deputy Chief Constable		
Approve retirement of police staff on grounds of ill health	Deputy Chief Constable		Subject to assessment and certification by external medical advisor
Retirement of police officers on grounds of ill health and payment of pensions and gratuities; appeals	Chief Constable / DCC		Police Regs 1987, 2006 and 2015 Subject to assessment and certification by external medical advisor In line with police pensions scheme discretions document.
Decision to refer to selected medical practitioner pursuant Reg A20 of Police Pensions Regulations	Chief Constable		On recommendation of the Deputy Chief Constable
Authorise retirement/resignation of police officers while on suspension - DCC & ACC	Chief Constable		
Authorise retirement/resignation of police officers up to rank of ACC and all police staff while on suspension	Deputy Chief Constable		

Section 4: Tables of Decision Making Permissions (organised by areas of business)

Part A: Decision Making Permissions People Matters

Activity	Authorising Body / Officer	Alternative	Comment
Accept resignations /authorise normal retirements police staff posts reporting direct to director and all officers up to and including rank of superintendent	DCC FRM		COG to be sighted
Accept resignations /authorise normal retirements all police staff up to posts reporting to directors and all officers up to and including rank of chief inspector	Superintendents / HO Service through Workforce Bronze		Superintendent sight Chief Superintendents
Authorise Settlement Agreements for all police officers and staff	Deputy Chief Constable		
Use of both Unsatisfactory Performance Procedures (UPP) and Unsatisfactory Attendance Procedures (UAP)			
Decision to implement unsatisfactory performance procedures (UPP) and Unsatisfactory Attendance Procedures (UAP) for all police officers of rank chief superintendent and below	Stage 1 - Immediate Line Manager Stage 2 2 nd Line Manager Stage 3 – Chief Officer or Chief Superintendent		Policy & Regs to be followed HR support mandatory
Decision to implement and manage Performance and Capability procedures for police staff	Stage 1 - Immediate Line Manager Stage 2 2 nd Line Manager Stage 3 Chief Officer		Policy & Regs to be followed HR support mandatory Stage 3 involves a formal hearing.
Regrading of Police Staff posts			
Authorise regrading of police staff subject to evaluation by Hay Panel	DCC FRM		Appeals to be heard by the HR Managers (subject to training)
Adoption, amendment or termination of specific working agreements within the flexibility of national agreements			
All police officers at DCC and ACC ranks	Chief Constable		Must ensure adequate cover to deliver key functions as determined by BCM Plans. Must consider shift pattern and business need – as per policy
All police officers at Chief Superintendent rank	ACC through Strategic Change Board		Must ensure adequate cover to deliver key functions as determined by BCM Plans. Must consider shift pattern and business need – as per policy
All police officers at superintendent rank	Chief Superintendent through Strategic Change Board		Must ensure adequate cover to deliver key functions as determined by BCM Plans. Must consider shift pattern and business need – as per policy

Section 4: Tables of Decision Making Permissions (organised by areas of business)

Part A: Decision Making Permissions People Matters

Activity	Authorising Body / Officer	Alternative	Comment
All police officers at chief inspector rank and below	Superintendent through Strategic Change Board		Must ensure adequate cover to deliver key functions as determined by BCM Plans. Must consider shift pattern and business need – as per policy
All police staff at director level and above	Deputy Chief Constable		Must ensure adequate cover to deliver key functions as determined by BCM Plans. Must consider shift pattern and business need – as per policy
All police staff below director level	Chief Superintendent / Director / Head of Service through Strategic Change Board		Must ensure adequate cover to deliver key functions as determined by BCM Plans. Must consider shift pattern and business need – as per policy
Authorising a secondary business interest			
Authorising secondary business interest for DCC and ACC	Chief Constable		<i>Regulations 7, 8,9 & 9A Police Regulations 2003</i>
Authorising secondary business interest for all police officers below rank of ACC and all police staff	Head of PSD		As per current policy. Requires line manager input. Head of People will hear appeals.
Pay and Rations			
Authorise financial assistance for professional training for all police officers and staff	Chief Superintendent / Director through Workforce Board		Initial approval through Workforce Silver, final approval Workforce Board As per training plan.
Reimbursement of professional fees for police staff	Chief Superintendent / Director		As per T&C Section 1.13- only to roles where membership is legal requirement for undertaking of duties or can be funded from Departmental training budget.
Approve advances on gross salary in respect of police officers and police staff providing the figure is no more than one month's salary	Constabulary Chief Finance Officer	Head of Central Services	Limit of one month net salary per officer or member of police staff
Approve Emergency Salary Advance Scheme Payments in line with the approved scheme	Assistant Chief Constable		Maximum limit of one month net pay, repayable within 12 months.
Granting honoraria for police officers at DCC and ACC ranks	Chief Constable		
Granting honoraria for police officers Chief Superintendent	Deputy Chief Constable		
Granting honoraria for police officers below rank of Chief Superintendent	DCC FRM		
Granting honoraria for police staff at director level	DCC FRM		As per T&C section 1.2
Granting honoraria for police staff below director level	DCC FRM		
Agreeing starting salary within the scale for police officers at DCC and ACC ranks	Chief Constable		National T&C Police Regs
Agreeing starting salary within the scale for police officers below rank of ACC	Deputy Chief Constable		National T&C Police Regs

Section 4: Tables of Decision Making Permissions (organised by areas of business)

Part A: Decision Making Permissions People Matters

Activity	Authorising Body / Officer	Alternative	Comment
Agreeing starting salary within the scale for police staff directors	Deputy Chief Constable		As per T&C section 1.2
Agreeing starting salary within the scale for police staff below director level	DCC FRM		As per T&C section 1.3 WF Silver sign off for consistency as per honorarium? Ch Supt / Dir attends. Requires guidelines and reporting
Agreeing accelerated pay increments for police staff directors	Deputy Chief Constable		As per T&C section 1.3e
Agreeing accelerated pay increments for police staff below director level	DCC FRM		As per T&C section 1.3e WF Silver sign off for consistency as per honorarium? Ch Supt / Dir attends Requires guidelines and reporting
Delay progression of police staff directors through pay scales due to poor performance	Deputy Chief Constable		As per T&C section 1.3f
Delay progression of police staff below director level through pay scales due to poor performance	DCC FRM		As per T&C section 1.3f WF Silver sign off for consistency as per honorarium? Ch Supt / Dir attends Requires guidelines and reporting
Approval of extension of half pay and no pay sickness scheme for police officers and police staff	Chief Constable through the Pay Panel		Reg 28 2003 and PNB Circular 03/2 &05/1 Annex 3 of Police Staff T&C
Authorise overtime and expenses	Line Manager for expenses Supt & above for overtime via FRM		Line managers' responsibility via Crown Duties and i-Trent automated system
Authorise annual leave for police officers	Inspector / Manager		For most officers system automatically grants/rejects leave based on RSLs Inspectors can authorise additional leave at their discretion subject to ensuring delivery of operational services for their area of responsibility
Authorise annual leave for police staff	Manager		Line Manager authorises through Crown Duties.
Authorise CTO exceeding the agreed ceiling for police staff	DCC FRM		
Carryover that is more than permitted days annual leave for all police officers and staff	DCC FRM	Previously C Supt / Directors	As per T&C section 1.9
Granting requests for unpaid leave for police officers and police staff	Inspector / Manager	Previously C Supt / Directors	As per T&C section 2.2d
Granting requests for compassionate leave or special leave in excess of 5 days for police officers and police staff	DCC FRM	Previously C Supt / Directors	On recommendation of line manager and with input from HRMs Police Staff as per T&C section 2.9.
Police Pensions			
Police Pension Scheme Manager	Chief Constable		This is a statutory responsibility.
Employer Representative at the Police Pension Board	Head of Central Services	Constabulary Chief Finance Officer	
Approval of injury awards to Police Officers	Deputy Chief Constable		Deputy Chief Constable authorised to approve payment of injury awards to Police Officers subject to report by SMP and certification of degree of disability by SMP
Review of degree of disability of Police Officers	Deputy Chief Constable		Deputy Chief Constable authorised to review the degree of disability of Police Officers subject to recertification of degree of disability by SMP

Section 4: Tables of Decision Making Permissions (organised by areas of business)

Part A: Decision Making Permissions People Matters

Activity	Authorising Body / Officer	Alternative	Comment
Police Pension Scheme 1987 – pension payable to dependents in full time education, changes affecting spouses and widows, changes affecting dependant relatives pension.	Deputy Chief Constable		Link to full Police Pensions Discretions document.
Officers working beyond retirement age limit	Chief Constable		
Restoration of a widows/widowers pension payable under the 1987 Police Pension Scheme which had ceased to be payable on remarriage after she/he has again become a widow/widower or the marriage has been dissolved	Deputy Chief Constable		In accordance with the Police Pension Regulations 1987.
Police Pension internal resolution procedures	Stage 1 of the Police Pensions Internal Resolution Scheme undertaken by CFO.		
	Stage 2 of the Police Pensions Resolution Scheme undertaken by Chief Constable.		
	Stage 3 of the Internal Resolution Scheme is with the Pension Ombudsman		
Local Government Pensions Scheme (LGPS)			
Transfer of accumulated Local Government Pensions into the Local Government Pension Scheme after the expiry of 12 months after joining the Constabulary	ACC Operational Support	Constabulary CFO	
Police Staff or Retired Police Staff (prospective LGPS Pensioners) request for early release of pension	ACC Operational Support	Constabulary CFO	
Admission to membership of Local Government Pension Scheme after the age of 60	ACC Operational Support	Constabulary CFO	
Treatment of pension claims where payable to Dependents in full time education	ACC Operational Support	Constabulary CFO	
Treatment of pension claims where changes affecting spouses, widows	ACC Operational Support	Constabulary CFO	
Treatment of pensions claims where Dependant's relatives special pension	ACC Operational Support	Constabulary CFO	

Section 4: Tables of Decision Making Permissions (organised by areas of business)

Part A: Decision Making Permissions People Matters

Activity	Authorising Body / Officer	Alternative	Comment
Treatment of pension claims where working beyond retirement age limit	ACC Operational Support	Constabulary CFO	
Police Staff (LGPS) pension internal resolution procedures	Stage 1 of LGPS Internal Resolution Scheme undertaken by Constabulary CFO		
	Stage 2 of LGPS Internal Resolution Scheme undertaken by WAF Council.		
	Stage 3 of the LGPS Internal Resolution Scheme undertaken by the Pension Ombudsman		

Section 4: Tables of Decision Making Permissions (organised by areas of business)

Part B: Finance – Although changes to financial management arrangements to allow greater delegation of budgets and empowerment of managers are in place, these generally impact at a more detailed level than the delegations outlined below.

Activity	Authorising Body / Officer	Alternative	Comment
Overall Budget Management			
Ensuring that the financial affairs of the Constabulary are properly administered and that the joint OPFCC Constabulary Financial Regulations are adhered to.	Constabulary Chief Finance Officer	Group Accountant	This is a statutory responsibility.
Budget Approval			
Approval of the Constabulary revenue budget, proposal and medium term financial forecast including the overall allocation of resources	Chief Officer Group	Constabulary Chief Finance Officer to prepare reports as basis for decision making	The revenue budget proposal is submitted to the Commissioner for agreement.
Approval of the Constabulary capital budget and programme	Chief Officer Group	Constabulary Chief Finance Officer to prepare reports as basis for decision making.	The capital programme is submitted to the Commissioner for agreement.
Approval of the Chief Constable's Annual Statement of Accounts.	Chief Constable and Constabulary Chief Finance Officer		The Statement of Accounts must be signed by the Chief Constable and Constabulary CFO
Approval of Constabulary Annual Governance Statement.	Agreed by Chief Officer Group, Chief Constable and Constabulary Chief Finance Officer		The Annual Governance Statement is agreed by COG but must be signed by the Chief Constable and Constabulary Chief Finance Officer.
Approval of the Internal Audit Plan	Strategic Business Board and Chief Constable		The Internal Audit Plan is agreed by Strategic Business Board but must be formally agreed by the Commissioner and Chief Constable
Revenue Budget Management			
Management of revenue budgets – Constabulary budget (including authorisation of orders for goods and services)	Designated budget-holders, generally Chief Superintendents and Heads of Service and their nominated sub-delegates.		Designated budget-holders have responsibility for managing specific budgets. Specific budgets and responsibilities are set out in detail in the Financial Regulations, Financial Rules, Budget Protocols and the Statement of Budget-holder responsibilities. The revenue budget position is reported to the Chief Officer Group.

Section 4: Tables of Decision Making Permissions (organised by areas of business)

Part B: Finance – Although changes to financial management arrangements to allow greater delegation of budgets and empowerment of managers are in place, these generally impact at a more detailed level than the delegations outlined below.

Activity	Authorising Body / Officer	Alternative	Comment
Capital Budget Management			
Management of approval capital schemes (including authorisation of orders for goods and services)	Designated capital budget-holders are identified for each scheme.		Designated budget-holders have responsibility for managing specific capital schemes. Specific budgets and responsibilities are set out in detail in the Financial Regulations, Financial Rules, Budget Protocols and the Statement of Budget-holder responsibilities. The capital budget is reported to the Chief Officer Group.
Assets			
Management, safeguarding and recording assets	Heads of Estates, Fleet and Data, Digital and Technology.		Strategic responsibility sits with specialist functions. However, all officers and staff have responsibilities which are set out in the Financial Regulations, Financial Rules and Budget Protocols.
Development of business strategies	Director of Performance & Change/ Heads of Estates, Fleet and Data, Digital and Technology		Business strategies to be developed in accordance with the Commissioner's Funding Arrangement, this will include the main asset classes, i.e. Estates, Digital Data & Technology, Fleet, Commercial and People
Virements			
Moving funding between budget lines	Group Accountant		The rules regarding virement are complex, as there are restrictions in the Commissioner's Funding Arrangement. The Group Accountant will work with budget-holders to approve virements.
Use of Chief Constables Contingency Reserve and Chief Constables Priority Fund Budget			
To be able to draw down on reserves	Chief Constable		Draw down of reserves must be in accordance with the Chief Constable's policy on reserves and in accordance with the Commissioner's Funding Arrangement

Section 4: Tables of Decision Making Permissions (organised by areas of business)

Part C: Procurement, Purchasing, Contracts and Payments of Accounts

Budget Managers are responsible for all purchases of goods and services within their devolved budget. Goods and services may only be procured and paid for in relation to official Constabulary or Commissioner business which has been properly authorised in accordance with the Constabulary's Scheme of Budget Management and procurement methods must be in accordance with the 'Cumbria Office of the Police, Fire and Crime Commissioner and Cumbria Constabulary Joint Procurement Regulations'.

Unless the Commissioner has consented to the Chief Constable to enter into a specific contract, all contracts must be in the name of 'The Police, Fire and Crime Commissioner for Cumbria'.

The procurement routes delegations, authorising limits and authorising officers are set out in the Constabulary's Scheme of Budget Management and Joint Procurement Regulations' and these should be adhered to at all times when dealing with procurements, purchasing and contracts.

Section 4: Tables of Decision Making Permissions (organised by areas of business)

Part D: Claims against the Chief Constable / Legal Matters

Activity	Limitation	Authorising Body / Officer	Alternative	Comment
SETTLEMENT OF CLAIMS AGAINST THE CHIEF CONSTABLE				
To approve settlement of any public liability or employer liability claim including costs made against and in the name of the Chief Constable under Section 88 of the Police Act 1996.	Under £25,000	Director of Legal Services	Senior Legal Advisor	Subject to the Insurers subrogated rights, rules of professional conduct and financial regulations, there is to be consultation with the PFCC's Chief Executive for claims settling above £10,000. The consultation process may differ from case to case.
	£25,000 and above	Chief Executive	Director of Legal Services	Subject to the Insurers subrogated rights, rules of professional conduct and financial regulations, there is to be consultation with the PFCC's Chief Executive prior to settlement, this consultation process may differ from case to case. Before claims in excess of £100,000 are settled there is to be consultation with both the PFCC's Chief Executive and the Constabulary's Insurers.
To accept responsibility in connection with any public liability or employer liability claim for damages against any individual police officer or special constable and settlement of such claims out of the police fund under Section 88 (4) of the Police Act 1996.	Under £25,000	Director of Legal Services	Senior Legal Advisor	Subject to the Insurers subrogated rights, rules of professional conduct and financial regulations, there is to be consultation with the PFCC's Chief Executive for claims settling above £10,000. The consultation process may differ from case to case.
	£25,000 and above	Chief Executive	Director of Legal Services	Subject to the Insurers subrogated rights, rules of professional conduct and financial regulations, there is to be consultation with the PFCC's Chief Executive prior to settlement, this consultation process may differ from case to case. Before claims in excess of £100,000 are settled there is to be consultation with both the PFCC's Chief Executive and the Constabulary's Insurers.
To approve settlement of minor civil claims by way of <i>ex-gratia</i> which are uninsured risks such as deliberate damage (these claims are by definition uninsured and dealt with by CSD)	Up to £5,000	Deputy Chief Constable		This relates to all uninsured minor claims which are administered by CSD. The DCC will make the final decisions with the support of the Constabulary Chief Finance Officers and Director of Legal Services.
	Over £5,000	Commissioner		
To authorise <i>ex-gratia</i> compensation payments in respect of police officers or police staff for damage or loss of property or for minor personal injury in the execution of duty.	Up to £5,000	Deputy Chief Constable		See Section 1.13 of Police Staff Terms & Conditions Handbook.
	Over £5,000	Commissioner		The DCC will make the final decisions with the support of the Constabulary Chief Finance Officers and Director of Legal Services.
To approve settlement figures for third party insurance claims in respect of motor vehicle accidents, as recommended by the Constabulary's insurers.	Under £25,000	These claims are handled by the Constabulary's claims handlers who settle claims on behalf of the Chief Constable in accordance with the insurance arrangements.		The claims handlers/external solicitors will consult with the Director of Legal Services if court proceedings have been issued prior to settlement.
	£25,000 and over.	These claims are handled by the Constabulary's claims handlers who settle claims on behalf of the Chief Constable in accordance with the insurance arrangements.		Subject to the Insurer's subrogated rights, rules of professional conduct and financial regulations there will be consultation with the Director of Legal Services who will also consult with the PFCC's Chief Executive if court proceedings have been issued prior to settlement.

Section 4: Tables of Decision Making Permissions (organised by areas of business)

Part D: Claims against the Chief Constable / Legal Matters

Activity	Limitation	Authorising Body / Officer	Alternative	Comment
To conduct and approve settlement of all uninsured claims (which are not dealt with as <i>ex gratia</i> payments above) made against the Chief Constable and/or individual police officers and police staff for which the Chief Constable is vicariously liable, such claims to include employment tribunal proceedings, judicial reviews and any other miscellaneous tribunal.	Up to £25,000	Director of Legal Services	Senior Legal Advisor	The PFCC's Chief Executive must be made aware of claims settling above £10,000.
	Between £25,000 and £100,000	Director of Legal Services	Senior Legal Advisor	There is to be consultation with the PFCC's Chief Executive prior to settlement. This consultation process may differ from case to case.
	Over £100,000	Deputy Chief Constable	Director of Legal Services	There is to be consultation with the PFCC's Chief Executive prior to settlement. This consultation process may differ from case to case.
Instruction of External Legal Advisors				
To instruct and retain Counsel or external solicitors on behalf of the Chief Constable		Director of Legal Services	Senior Legal Advisor	If it is the view of Legal Services that the costs to be incurred are disproportionate then the matter should be referred to the Deputy Chief Constable for a decision.
Rights of Audience to appear in the Courts/Tribunals				
<i>To authorise a police officer or member of police staff without professional rights of audience to appear on behalf of the Chief Constable in the Magistrates Courts, County Courts and other Tribunals</i>		<i>Retained by Chief Constable</i>		

Police Complaints and Misconduct

Activity	Authorising Body / Officer	Alternative	Comment
Police (Conduct) Regulations 2020			
Appropriate Authority - <i>Assistant Chief Constable and Deputy Chief Constable</i>	Chief Constable		
Appropriate Authority – <i>All Officers up to the rank of Assistant Chief Constable</i>	Deputy Chief Constable	Chief Inspector PSD or by exception other appropriately qualified officers see right	Deputy Chief Constable to carry out powers as Appropriate Authority for all ranks up to Assistant Chief Constable. Under normal circumstances C/I in PSD to carry out powers as Appropriate Authority for the following functions for all ranks up to Assistant Chief Constable (however to be in consultation with the Deputy Chief Constable for all matters relating to (1) rank of Inspector and above, and (2) involving a matter of significant public interest or concern), including all cases including but not limited to allegations of discrimination and/or corruption:- 1.Regulation 6: the performance of the harm test. 2.Regulation 10 (2) (3) & (4) : consideration of prejudice in criminal proceedings and consultation with the prosecutor. 3.Regulation 11: Suspension. 4.Regulation 14: Severity assessment. 5.Regulation 15: Appointment of investigator. 6.Regulation 21: receipt of written report from the investigator (1), or any documents submitted by the investigator pursuant to (3) or (4) and any further severity assessment required by this Regulation. 7.Regulation 23: determination of case to answer on receipt of investigator's written report and other associated decisions under this Regulation. 8. Regulation 26: delegation of functions 9.Regulation 27: withdrawal of misconduct proceedings. 10.Regulation 28: Persons conducting misconduct proceedings 11.Regulation 49: referral of a case to accelerated misconduct hearing. By exception other qualified officers such as the ACC, C Supt BCU may undertake the role of Appropriate Authority on the direction of the DCC.
Appointment of Investigators <i>Assistant Chief Constable and Deputy Chief Constable</i>	Chief Constable		
Appointment of Investigators <i>All Officers up to the rank of Assistant Chief Constable</i>	Deputy Chief Constable		Appoint investigators and exercise the Chief Constable's powers under those sections in relation to handling of complaints and conduct matters (Schedule 3, part 3, Police Reform Act 2002).

Section 4: Tables of Decision Making Permissions (organised by areas of business)

Part D: Claims against the Chief Constable / Legal Matters

Activity	Authorising Body / Officer	Alternative	Comment
Police (Complaints & Misconduct) Regulations 2020			
Appropriate Authority - <i>Assistant Chief Constable and Deputy Chief Constable</i>	Chief Constable		
	Deputy Chief Constable	Chief Inspector PSD or other appropriately qualified senior officer. See right	To carry out powers as Appropriate Authority for all ranks up to Assistant Chief Constable. To carry out powers as Appropriate Authority for all ranks up to Assistant Chief Constable. The Chief Inspector Professional Standards is authorised to carry out powers as Appropriate Authority for all ranks up to Assistant Chief Constable (however to be in consultation with the DCC for all matters relating to Chief Inspectors and above) for the following functions: 1. Regulation 3: recording of complaints 2. Regulation 4: referral of complaints to the Director General 3.Regulation 6: disapplication of requirements of Schedule 3 4.Regulation 12: appointment of persons to carry out investigations 5.Regulation 13: duty to provide information 6.Regulation 14: combining and splitting investigations 7.Regulation 25: accelerated procedure: investigations by the appropriate authority on its own behalf 8.Regulation 27: report on investigation 9. Regulation 38: withdrawn complaints 10. Regulation 40: suspension of investigation or other procedures 11.Regulation 41: Resumption of investigation of complaint after criminal proceedings By exception the DCC may appoint another suitably qualified officer such as the ACC, C Supt BCU to act as the appropriate authority under these regulations.
Appropriate Authority - <i>Assistant Chief Constable and Deputy Chief Constable</i>	Chief Constable		
Appointment of Investigators <i>Assistant Chief Constable and Deputy Chief Constable</i>	Chief Constable		
Appointment of Investigators <i>All Officers up to the rank of Assistant Chief Constable</i>	Deputy Chief Constable		Appoint investigators and exercise the Chief Constable's powers under those sections in relation to handling of complaints and conduct matters (Schedule 3, part 3, Police Reform Act 2002).
Appropriate Authority - <i>Assistant Chief Constable and Deputy Chief Constable</i>	Chief Constable		
Appropriate Authority – <i>All Officers up to the rank of Assistant Chief Constable</i>	Deputy Chief Constable	Chief Inspector PSD or other appropriately qualified senior officer. See right	To carry out powers as Appropriate Authority for all ranks up to Assistant Chief Constable. To carry out powers as Appropriate Authority for all ranks up to Assistant Chief Constable. The Chief Inspector Professional Standards is authorised to carry out powers as Appropriate Authority for all ranks up to Assistant Chief Constable (however to be in consultation with the DCC for all matters relating to Chief Inspectors and above) for the following functions: 1. Regulation 3: recording of complaints 2. Regulation 4: referral of complaints to the Director General 3.Regulation 6: disapplication of requirements of Schedule 3 4.Regulation 12: appointment of persons to carry out investigations 5.Regulation 13: duty to provide information 6.Regulation 14: combining and splitting investigations 7.Regulation 25: accelerated procedure: investigations by the appropriate authority on its own behalf 8.Regulation 27: report on investigation 9. Regulation 38: withdrawn complaints 10. Regulation 40: suspension of investigation or other procedures 11.Regulation 41: Resumption of investigation of complaint after criminal proceedings By exception the DCC may appoint another suitably qualified officer such as the ACC, C Supt BCU or to act as the appropriate authority under these regulations.

Section 4: Tables of Decision Making Permissions (organised by areas of business)

Part D: Claims against the Chief Constable / Legal Matters

Activity	Authorising Body / Officer	Alternative	Comment
Dealing with Regulation 11 Appeals <i>All Officers up to the rank of Assistant Chief Constable</i>	Chief Inspector PSD and Complaints and Misconduct Manager		
Police (Performance) Regulations 2020			
All officers up to the rank of Assistant Chief Constable	Deputy Chief Constable		
Certification that Practice Requires Improvement has been completed.	Detective Inspector PSD		

Gifts, Sponsorship & Hospitality

Activity	Authorising Body / Officer	Alternative	Comment
Gifts and Hospitality			
Acceptance of gifts, hospitality and gratuities by Officers and Staff.	Individual decision subject to consultation with Line Manager.		The process and reporting of such gifts etc. is managed through the Professional Standards Dept. Also see Anti-Fraud and Corruption Policy and Procedures.
Reporting of gifts, hospitality and gratuities by Officers and Staff, (this does not relate to corporate memento's etc.)	Individual Officer or Staff Member		The process of reporting is managed by the Director of Professional Standards. Also see Anti-Fraud and Corruption Policy and Procedures.
All Sponsorship			
Acceptance of sponsorship and loans for the benefit of the Constabulary	Assistant Chief Constable	Commanders and Directors but this must be reported to the Assistant Chief Constable for decision making	The policy is set out the Financial Rules. All gifts, loans and sponsorship must be recorded with Financial Services.
Reporting of sponsorship and loans for the benefit of the Constabulary	Assistant Chief Constable reporting to Chief Officer Group	Commanders and Directors must report to the Assistant Chief Constable.	The policy is set out in the Financial Rules. All gifts, loans and sponsorship must be recorded with Financial Services.

Section 4: Tables of Decision Making Permissions (organised by areas of business)

Part D: Claims against the Chief Constable / Legal Matters

Operational Policing - Disclosure

Activity	Authorising Body / Officer	Alternative	Comment
Enhanced Disclosure			
The release of enhanced disclosure material to the Disclosure and Baring Services for persons seeking occupation with the vulnerable and/or children	Deputy Chief Constable		Part V of the Police Act 1997 and Section 5 Safeguarding Vulnerable Groups Act 2006
Repeat vetting applications received within 12 months of a previous one, where there is no change to the relevant information located, the workforce is identical or similar in nature and the previous decision was made by the DCC or Disclosure Unit Manager	Disclosure Unit Manager		
Applications where the decision to disclose relates solely to the provision to the employer of details of the <i>modus operandi</i> for conviction recorded against the applicant on the police national computer	Disclosure Unit Manager	Senior Decision Maker	
Applications where the only relevant information to be disclosed is that there is an impending prosecution i.e. where a person has been arrested or charged or summonsed or due to appear before the Court, where the alleged offence is relevant to the workforce applied for.	Disclosure Unit Manager	Senior Decision Maker	
To disclose non conviction information about an applicant	Deputy Chief Constable		
The disclosure of information on third parties to the application.	Deputy Chief Constable		
Disputes – appeal against the release of enhanced disclosure material to the Disclosure and Baring Service for persons seeking occupation with vulnerable and/or children	Chief Constable	Deputy Chief Constable	Part V of the Police Act 1997 and Section 5 Safeguarding Vulnerable Groups Act 2006 Chief Constable if the original decision was made by the Deputy Chief Constable. Deputy Chief Constable if the original decision to disclose was made by the Disclosure Unit Manager.

Section 4: Tables of Decision Making Permissions (organised by areas of business)

Part D: Claims against the Chief Constable / Legal Matters

Operational Policing – Civil Applications

Activity	Authorising Body / Officer	Alternative	Comment
IPNA's (Civil Anti-Social Behaviour Injunction)			
Authority to make applications	Inspectors		Part 1 (ss. 1 -21); Anti-social Behaviour Crime and Policing Act 2014
Sexual Harm Prevention Order			
Authority to make applications	Chief Superintendent Crime	Superintendent PPU	Section 103A Sexual Offences Act 2003
Sexual Risk Orders			
Authority to make applications	Chief Superintendent Crime	Superintendent PPU	Section 122A Sexual Offences Act 2003
Notification Orders			
Authority to make applications	Chief Superintendent Crime	Superintendent PPU	Section 97 Sexual Offences Act 2003
Closure Orders			
Authority to make applications	Chief Superintendent BCU	Superintendent Operations	
Football Banning Orders			
Authority to make applications	Chief Superintendent BCU	Superintendent Operations	
Dangerous Dogs			
Authority to make applications	Chief Superintendent BCU	Superintendent Operations	
Domestic Violence Prevention Orders			
Authority to make applications	Superintendents		
Proceeds of Crime Applications			
Authority to make applications	Chief Superintendents	Superintendents	
Stalking Protection Orders			
Authority to make applications	Superintendents		

Section 4: Tables of Decision Making Permissions (organised by areas of business)

Part D: Claims against the Chief Constable / Legal Matters

Operational Policing – Licensing

Activity	Authorising Body / Officer	Alternative	Comment
Firearms Licensing			
Revocation and Refusal of Shotgun/Firearms Certificate	Assistant Chief Constable		
Emergency Revocation of Shotgun/Firearms Certificate	Assistant Chief Constable		
Signing of Shotgun, Firearms, Club Certificates and associated permits	Assistant Chief Constable		
Explosives			
Revocation and Refusal of Explosives Licence	Assistant Chief Constable		
Emergency Revocation of Explosives Licences	Assistant Chief Constable		
Signing of Explosive Licences and Registrations	Assistant Chief Constable		
Liquor Licensing			
In accordance with policies and procedures exercise all powers vested in the Chief Officer of Police under the Licensing Act 2003. Such delegation to include the power to delegate specific tasks to police support staff, licencing officers.	Chief Superintendent BCU	Chief Inspector - Operations	Licensing Act 2003 CI Ops may deputise in the absence of the absence of the Chief Supt BCU
To make representations, applications and objections in consultation with the local neighbourhood policing unit Insp or in their absence Sgt, who are brief on licencing objectives by the Supt Territorial Policing.	Chief Superintendent BCU	Chief Inspector - Operations	Licensing Act 2003 CI Ops may deputise in the absence of the absence of the Chief Supt BCU
Licensing – Gambling Act 2005			
To make representations, applications and objections in consultation with the local neighbourhood policing unit Insp or in their absence Sgt, who are brief on licencing objectives by the Supt Territorial Policing	Chief Superintendent BCU	Chief Inspector - Operations	Gambling Act 2005 CI Ops may deputise in the absence of the absence of the Chief Supt BCU
Licensing – Sexual Entertainment Venues			
In accordance with policing and procedures exercise all powers vested in the Chief Officers of Police under the relevant act. Such delegation to include the power to delegate specific tasks to the police support staff licencing officers.	Chief Superintendent BCU	Superintendent - Operations	Local Government (Miscellaneous Provisions) Act 1982 in relation to Sexual Entertainment Venues. Supt Ops may deputise for the Chief Supt BCU.
To make representations, applications and objections in consultation with the local neighbourhood policing unit Insp, or in their absence Sgt, who are briefed on licencing objectives by the Supt Territorial Policing	Chief Superintendent BCU	Chief Inspector - Operations	CI Ops may deputise in the absence of the absence on the Chief Supt BCU

Section 4: Tables of Decision Making Permissions (organised by areas of business)

Part D: Claims against the Chief Constable / Legal Matters

Activity	Authorising Body / Officer	Alternative	Comment
Licensing – Scrap Metal Dealers Act 2013			
In accordance with policies and procedures exercise all powers vested in the Chief Officer of Police under the Act. Such delegation to include the power to delegate specific tasks to the police support staff licencing officers.	Chief Superintendent BCU	Superintendent - Operations	Sup Ops may deputise in the absence of the absence on the Chief Supt BCU
To make representations, applications and objections in consultation with the local neighbour policing unit Insp, or in their absence Sgt, who are briefed on licencing objectives by the Supt Territorial Policing	Chief Superintendent BCU	Chief Inspector - Operations	CI Ops may deputise in the absence of the absence on the Chief Supt BCU

Operational Policing – Miscellaneous

Activity	Authorising Body / Officer	Alternative	Comment
Peddlers			
Granting of certificates	Chief Superintendent BCU	Superintendent – Operations	Sections 5 and 22 Peddlers Act 1871.
Removal & Accommodation of Children by Police in case of an Emergency			
To undertake the role as delegated officer under the Children Act 1989 in relation to Children who have been removed and accommodated by Police in cases of emergency	Chief Superintendents	Superintendents	

Joint Audit Committee

Date of meeting: 20th March 2024

Title of Report: Cumbria Fire and Rescue Service – Scheme of Delegation

Report by: Brian Steadman – Deputy Chief Fire Officer

1. What is the Report About? (Executive Summary)

1.1 The purpose of the report is to provide the Joint Audit Committee with the Services Scheme of Delegation.

1.2 The Sscheme of Delelegation is due for renewal and the Joint Audit Committee are invited to comment on the Scheme.

2. Recommendation of the Deputy Chief Fire Officer

2.1 The Joint Audit Committee is asked to note the current Scheme of Delegation and if they so wish provide suggestions for inclusion in future iterations.

3. Background to the Proposals

3.1 In April 2024 Cumbria Fire and Rescue Service changed governance from a county model to a PFCC model.

3.2 This change necessitated the creation of a Corporate Governance Framework, of which one key element is the Scheme of Delegation attached at appendix A.

3.3 Governance documents are presented to JAC on a regular basis for their input and comment.

3.4 The Scheme of Delegation sets out the key functions of the Cumbria Commissioner, and highlights delegations made to

- Deputy Police Fire and Crime Commissioner
- Chief Executive of the Office of the Police Fire and Crime Commissioner
- Chief Fire Officer
- Deputy Chief Fire Officer
- Chief Finance Officer (S151)

And a range of other delegations within the Service.

3.5 The Scheme of Delegation is reviewed on a regular basis and agreed by the Strategic Finance and Governance group.

4. Financial – What Resources will be needed and how will it be funded?

4.1 Finance is a key consideration within the Scheme of Delegation and the S151 Officer is essential in ensuring financial delegations and the processes around them are robust.

5. Legal Aspects – What needs to be considered?

5.1 The Scheme of delegation takes into account all the legislative aspects that need to be considered. For example there are some functions set out in statute that the PFCC cannot delegate and these are highlighted in the current Scheme.

6. Health & Safety Implications

6.1 There are no health and safety implications

7. Fire Authority Priorities

7.1 An effective Scheme of Delegation ensures that decisions are made at the right level with the correct level of scrutiny. This facilitates decision making and ensures that the Service operates in an effective and efficient manner delivering against the priorities set out in the Fire plan.

8. What is the Impact of the Decision on Health Inequalities and Equality and Diversity Issues?

8.1 No impact on Equality and Diversity Issues

9. Appendices

9.1 Included at appendix A is the Current Scheme of Delegation.

Report Author

Mark Clement Head of Safety and Assurance

Appendix A – Current Scheme of Delegation

3. Scheme of Delegations

3.1 Introduction

This Scheme of Delegation details the key roles of the PFCC and the Chief Fire Officer and sets out the activities over which the Chief Fire Officer (who will also undertake the role of Head of Paid Services for the Fire & Rescue Service) has delegated authority. It also sets out the delegations by the PFCC to the Deputy PFCC, the Chief Executive (who undertakes responsibilities of Monitoring Officer), and the shared Chief Finance Officer (statutory officers).

The Code of Corporate Governance describes the strategies, arrangements, instruments, and controls adopted to ensure good governance in the organisations. This Scheme of Delegations provides a framework which ensures the business is carried out efficiently, ensuring that decisions are not unnecessarily delayed. It forms part of the overall corporate governance framework of the organisations and should be read in the context of the Statement and Code.

The powers given to officers and staff should be exercised in line with these delegations, the law, financial regulations, and also policies, procedures, plans, strategies and budgets. Individuals are responsible for ensuring that members of staff they supervise are aware of and understand provisions and obligations of this Scheme.

The PFCC has the discretion to limit and/or withdraw the powers consented or delegated by them at any time, provided that the reasons for doing so are documented in writing. This does not refer to the discharging of statutory powers provided by legislation to that position.

The PFCC may impose reporting arrangements on any authorised powers.

This Scheme of Delegation does not identify all the statutory duties which are contained in specific laws and regulations.

3.2 Key Role of the Cumbria Commissioner Fire & Rescue Authority.

The PFCC has all the responsibilities provided to them by section 4A, of the Fire and Rescue Services Act 2004 and The Police, Fire & Crime Commissioner for Cumbria (Fire & Rescue Authority) Order 2022. The PFCC must put in place arrangements to deliver an efficient and effective fire and rescue service and perform the following key functions:

- Promote fire safety (section 6 of the FRS Act 2004).
- Provision for the purpose of extinguishing fires and protecting life and property in the event of fires (section 7 of the FRS Act 2004).
- Rescue people and protect people from serious harm in the event of road traffic accidents (section 8 of the FRS Act 2004).
- Duty to assess plan and advise on civil emergencies (section 2 of the Civil Contingencies Act 2004).
- Enforce the Regulatory Reform (Fire Safety) Order 2005.

The PFCC is the legal contracting body who owns all the assets and liabilities and has responsibility for the financial administration of their office and the Fire and Rescue Fund, including all borrowing.

The PFCC will receive all funding, including the government grant, and other sources of income related to fire and rescue services.

The PFCC will set the precept in consultation with the Chief Fire Officer (also Head of Paid Service), and in accordance with any relevant legislation.

The PFCC is responsible for delivering the strategic vision and holding the Chief Fire Officer (Head of Paid Service) to account in delivering that vision.

The PFCC will be responsible for handling complaints and conduct matters in relation to the Chief Fire Officer and Head of Paid Service and monitoring complaints against the fire and rescue service.

The Police, Fire and Crime Panel provide checks and balances on the PFCC across fire & rescue and policing, by reviewing or scrutinising their decisions.

3.3 General Principles of Delegation

This document details the key responsibilities of the PFCC and those functions which are designated.

The powers set out in the Scheme of Delegation should be exercised in accordance with the PFCC's consent, the law, standing orders and financial regulations, and also relevant policies, procedures, plans, strategies and budgets. It does not identify all the statutory duties which are contained in specific legislation and regulation.

In summary the Scheme of Delegation will:

- a) Define the role of the PFCC, Chief Fire Officer and Head of Paid Service, Chief Executive, and other Chief Officers.
- b) Set out the functions that the PFCC cannot delegate.
- c) Set out the powers and activities delegated by the PFCC to others to undertake in their name.

The PFCC expects anyone proposing to exercise a delegation or an authorisation under this Scheme to draw to the attention of the PFCC any issue which is likely to be regarded by them as unique, exceptional, contentious, repercussive, financially impactful, or likely to be politically sensitive before exercising such powers. In assessing whether any issue is likely to fall within those descriptions, the public facing impact of such issues should be taken into account.

In addition, the PFCC is ultimately accountable for the Fire and Rescue Fund. Before any financial or legal liability affecting the Fund that the PFCC might reasonably regard as novel, contentious, repercussive or politically sensitive is incurred, prior written approval must be obtained from the PFCC.

The PFCC may require, at any time, that a specific matter is referred to them for a decision and not dealt with under powers of delegation.

Delegations may only be exercised subject to:

- a) Compliance with the corporate governance framework.
- b) Provision for any relevant expenditure being included in the approved budget.

These arrangements delegate powers and duties within broad functional descriptions. They include powers and duties under all legislation present and future within those descriptions, and all powers and

duties incidental to that legislation. The scheme does not attempt to list all matters which form part of everyday management responsibilities.

Giving delegation under this scheme does not prevent an officer or member of staff from referring the matter to the PFCC, for a decision or guidance, if the member of staff thinks this is appropriate (for example, because of sensitive issues or any matter which may have a significant financial implication). When a statutory officer is considering a matter that also falls within another statutory officer's area of responsibility, they should consult the other statutory officer before authorising the action.

All material decisions statutory officers make under powers given to them by the PFCC must be recorded on a standard decision-making template and be available for inspection.

In this document, references made to the statutory officers include officers authorised by them to act on their behalf. The statutory officers are responsible for making sure that members of staff they supervise know about the provisions and obligations of this Scheme of Governance.

This scheme allows any person with appropriate authority to delegate that power further (subject to any statutory limitations) but before doing so they must inform the PFCC and comply with any limitation conditions or prohibition issued by the PFCC. Notification of any sub-delegation shall be given to the Chief Executive. These arrangements do not delegate any matter which by law cannot be delegated to a member of staff. Any such sub-delegation does not relieve the person who has sub-delegated a power from due responsibility for any decision taken by a person they have authorised to act on their behalf.

The persons appointed as the Chief Executive, Chief Fire Officer, Head of Paid Service, Monitoring Officer and Chief Finance Officer have statutory powers and duties relating to their positions, and therefore do not rely on matters being delegated to them to carry these out these statutory powers.

The Scheme of Delegation provides a member of staff with the legal power to carry out functions of the PFCC. In carrying out these functions the member of staff must comply with all other statutory and regulatory requirements and relevant professional guidance including:

- Fire and Rescue Services Act 2004 and connected legislation under that Act.
- Police Reform and Social Responsibility Act 2011 and other legislation under that Act.
- Fire and Rescue National Framework.
- The Police, Fire and Crime Commissioner for Cumbria (Fire and Rescue Authority) Order 2022.
- Contract Regulations.
- Financial Regulations.
- Financial Management Code of Practice.
- CIPFA Statement on the role of the Chief Finance Officer in public service organisations.
- APACE Statement on the role of the Chief Executive.
- The PFCC's Corporate Governance Framework.
- The PFCC's and Fire and Rescue Services' employment policies and procedures.
- Data Protection and Freedom of Information legislation.
- Health and safety at work legislation and codes.

This list is not exhaustive.

When carrying out any functions, the PFCC and their staff must have regard to the following. Again, this list is not exhaustive:

- The views of the people in their area.
- Any report or recommendation made by the Police, Fire and Crime Panel on the annual report for the previous financial year.
- The Fire and Rescue Plan and any connected guidance issued by the Secretary of State.

The PFCC may ask that a specific matter is referred to them for a decision and not dealt with under powers of delegation.

The PFCC must be advised of any Fire & Rescue Service matter which may have a significant impact, as defined within the decision-making framework, on the people of Cumbria. The Scheme does not prevent an individual from referring a matter to the PFCC for a decision if the individual thinks this is appropriate. For example, these may be due to their novel, contentious nature or may be potentially repercussive or creating a financial liability. The PFCC expects anyone exercising consented or delegated powers under this Scheme to draw their attention to any such issue.

The powers given to officers and staff should be exercised in line with these delegations, the law, financial regulations, and also policies, procedures, plans, strategies and budgets. Individuals are responsible for ensuring that members of staff they supervise are aware of and understand provisions and obligations of this Scheme.

3.4 Functions of the Police, Fire & Crime Commissioner (PFCC)

The following functions are assigned as the responsibility of the PFCC (Cumbria Commissioner Fire and Rescue Authority) by the Police, Fire and Crime Commissioner for Cumbria (Fire and Rescue Authority) Order 2022 and **cannot be delegated**:

- a) Calculating a council tax requirement.
- b) Approving the Fire and Rescue Plan and the Fire and Rescue Statement (within the meaning of Schedule A2 of the FRS Act 2004).
- c) Approving the Community Risk Management Plan.
- d) Appointing, suspending, or dismissing the Chief Fire Officer and Head of Paid Service.
- e) Holding the Chief Fire Officer to account for functions which are delegated to them or functions of persons under the direction and control of the chief officer.
- f) Approving a pay policy prepared for the purposes of section 38 of the Localism Act 2011.
- g) Approving arrangements to enter into a reinforcement scheme under section 13 of the FRS Act 2004.
- h) Approving arrangements with other employers of fire fighters under section 15 of the FRS Act 2004.
- i) Approving arrangements under section 16 of the FRS Act 2004.
- j) Approving plans, modifications to plans and additions to plans for the purpose of ensuring that:
 - i. So far as is reasonably practicable, the PFCC is able to perform its fire and rescue functions if an emergency occurs; and

ii. The PFCC is able to perform its functions so far as necessary or desirable for the purpose of preventing an emergency, or reducing, controlling or mitigating the effects of an emergency, or taking other action in connection with it.

k) The function of approving any arrangements for the co-operation of the PFCC in relation to its fire and rescue functions and other general Category 1 responders and general Category 2 responders in respect of:

i. The performance of the PFCC's duty as a fire and rescue authority under section 2 of the Civil Contingencies Act 2004(d); and

ii. Any duties under regulations made in exercise of powers under that Act.

The following functions are assigned as the responsibility of the PFCC (Cumbria Commissioner Fire and Rescue Authority) by the Police, Fire and Crime Commissioner for Cumbria (Fire and Rescue Authority) Order 2022 and **can only be delegated to a Deputy Police Fire & Rescue Commissioner** (if one has been appointed). These functions have not been delegated at present and therefore remain the responsibility of the PFCC:

- Determining the Authority's priorities and objectives for the purposes of the Fire and Rescue Plan and the Fire and Rescue Statement.
- Attendance at a meeting of the relevant Police, Fire and Crime Panel in compliance with a requirement by the Panel to do so (see section 29 of the Police Reform and Social Responsibility Act 2011 as applied with modifications by paragraph 9 of Schedule A2 to the FRS Act 2004).
- Appointing a local auditor under section 7 of the Local Audit and Accountability Act 2014 (appointment of local auditor).
- The function of deciding whether to enter into a liability limitation agreement under section 14 of the Local Audit and Accountability Act 2014 (limitation of local auditor's liability).

3.5 Functions Delegated to a Deputy Police Fire & Rescue Commissioner

The PFCC has the right to appoint a Deputy Police Fire & Rescue Commissioner who can act in their absence or in accordance with their direction in the exercise of all functions, except for those responsibility that cannot be delegated (as outlined above). The PFCC has exercised this right and appointed a Deputy to allow for delegations if required and permitted.

In the event of a significant conflict of interest arising which would preclude the PFCC from exercising a function, the Commissioner delegates to the Deputy Police, Fire and Crime Commissioner the exercise of any functions, except those prohibited by law.

3.6 Functions Delegated to a Chief Executive of Cumbria Commissioner Fire & Rescue Authority

The Office of the Police, Fire & Crime Commissioner (OPFCC) provides support to the Police, Fire and Crime Commissioner when carrying out their role for both policing and fire service provision. The Chief Executive (CEO) is the most senior officer of the OPFCC and also has responsibility of Head of Paid Services.

For the purposes of section 5 (1) of the Local Government and Housing Act 1989 (as amended by the Reform and Social Responsibility Act 2011) the OPFCC CEO will have responsibility of the duties to the Fire & Rescue Authority and they will act as the body's Monitoring Officer, ensuring the legality of the actions of the Fire & Rescue Service and its staff. Further details of the responsibilities assigned to the Monitoring Officer are described at section 3.10.

The formal delegations listed below, are those given to the OPFCC CEO in respect of the duties as the **Chief Executive, Fire & Rescue Authority**.

3.6.1 General Delegations:

1. To prepare the Fire and Rescue Plan for submission to the PFCC.
2. Prepare an Annual Report for submission to the PFCC, to fulfil his statutory duty to report annually on progress against the Fire & Rescue Plan to the Police, Fire and Crime Panel.
3. To provide information to the Police, Fire and Crime Panel, as reasonably required to enable the panel to carry out its functions.
4. To sign contracts on behalf of the PFCC in accordance with the financial regulations and contract standing orders, including contracts which are required to be executed under the common seal of the PFCC.
5. To consider whether, in consultation with the Chief Fire Officer (and Head of Paid Service), to provide indemnity to the PFCC and to deal with or make provision to deal with other matters arising from any proceedings relating to them.
6. To consider and approve, in consultation with the Chief Finance Officer, provision of indemnity and/or insurance to individual staff of the PFCC.
7. To respond to consultations on proposals affecting the PFCC.
8. To consider, with the PFCC, any complaint made against the Chief Fire Officer (and Head of Paid Service), and where appropriate, to make arrangements for appointing someone to investigate the complaint.
9. To oversee the way that complaints against officers and staff within the Fire & Rescue Service are managed so this is efficient and effective and to advise the PFCC on this basis.
10. To deal with strategic matters in respect of land or buildings and structures thereon, including purchase, sale, redesign, and major reconfiguration in conjunction with the Chief Fire Officer (and Head of Paid Service) and the Chief Finance Officer.
11. To ensure that appropriate arrangements are in place to gather community views on fire and rescue services in Cumbria.
12. To make arrangements for the support to the PFCC in holding the Chief Fire Officer (and Head of Paid Service) to account.

3.6.2 Financial Delegations:

The financial management responsibilities of the Chief Executive are set out in the financial regulations and contract standing orders.

3.6.3 Legal Delegations:

1. To affix or authorise the affixing of the common seal of the PFCC to:
 - All contracts, agreements, or transactions in respect of which there is no consideration,
 - All deeds which grant or convey an interest in land,
 - All documents where it is determined by the PFCC there is a particular need for the seal to be attached.
2. To consider all requests for financial assistance to staff related or connected to the Fire and Rescue Service involved in legal proceedings or inquests in conjunction with the Chief Fire Officer (and Head of Paid Service).

3. To authorise, after consultation with the Chief Fire Officer (and Head of Paid Service), the institution, defence, withdrawal or settlement of any claims or legal proceedings on the PFCC's behalf, including the completion of necessary documentation in pursuance of court orders, directions and or procedural rules, in consultation with the legal adviser (and Chief Finance Officer if there are significant financial implications).
4. To arrange for the provision of all legal or other expert advice and/or representation required for and on behalf of the PFCC.

3.7 Functions Delegated to the Chief Fire Officer and Head of Paid Services

The Chief Fire Officer will also undertake the role as Head of Paid Services for the Fire & Rescue Service.

The formal delegations listed below are those given to the Chief Fire Officer and Head of Paid Services.

1. The Chief Fire Officer must, in exercising functions, which are delegated to them, have regard to the Fire and Rescue Plan.
2. Will lead and direct the strategic management of the Fire and Rescue Service (taking into account the Core Code of Ethics for Fire & Rescue Services).
3. Will exercise all matters of day-to-day administration of the Fire and Rescue Service (including Emergency Planning and Civil Contingencies).
4. Will respond to requests made to the Fire and Rescue Service from the Home Office in relation to developing or hosting new capabilities under national resilience.

3.7.1 Staff Delegations (those employed or engaged within the Fire & Rescue Service):

To manage within the agreed budget and establishment allocated to the service.

To appoint and dismiss staff employed in the Fire and Rescue Service, in consultation with the PFCC if required.

To make recommendations to the PFCC with regard to Fire and Rescue Service staff terms and conditions of service, in consultation with the Chief Finance Officer and other appropriate officers.

To undertake the management of Fire and Rescue Service staff, including disciplinary matters, in line with agreed policies and procedures.

To authorise, in line with staff conditions of service, the suspension of any member of Fire and Rescue Service staff.

To prepare a pay policy statement and gender pay gap report for the purposes of section 38 of the Localism Act 2011 for submission to the PFCC.

To bring national agreements on salaries, wages and conditions for Fire and Rescue Service staff into effect, providing that any issues which are sensitive or have major financial implications will be referred to the PFCC for a decision.

To approve payments under any payment schemes in line with Service Policy for Fire and Rescue Service staff approved by the PFCC, such as honoraria payments made for taking on extra duties and responsibilities, or similar special payments.

To negotiate with, and reach agreements with, recognised representative bodies on any matters that can be decided locally. All agreements reached must be reported to the PFCC.

To grant essential or casual car-user allowances for Fire and Rescue Service staff.

To approve visits abroad by officers on official business and the expenses thereof, in consultation with the PFCC and Chief Finance Officer.

To provide the function of Scheme Manager for the Fire Pensions Scheme.

To exercise the various Firefighters' Pension Scheme Discretions except in relation to the Chief Fire Officer and Head of Paid Service, Deputy Chief Fire Officer, Assistant Chief Fire Officer and Chief Finance Officer.

To approve the retirement of Fire and Rescue Service staff on the grounds of ill health, and the payment of ordinary and ill-health pensions and other payments, as appropriate, following advice from the Independent Qualified Medical Practitioner (IQMP). All ill-health retirements must be recommended to the PFCC before implementation.

In consultation with the Chief Executive of the Fire Authority, to issue exemption certificates to staff whose posts would otherwise be politically restricted under the Local Government and Housing Act 1989.

The Chief Fire Officer and Head of Paid Service is responsible for ensuring that the staff of the Fire and Rescue Service are aware of the Corporate Governance Framework and provisions and obligations of the scheme of delegations.

3.7.2 Financial Delegations:

The financial management responsibilities of the Chief Fire Officer and Head of Paid Service are set out in the financial regulations and the Home Office Financial Management Code of Practice 2018.

To undertake the day-to-day management of procurement in accordance with all legislation, best practice and with the financial and contract regulations.

To manage within the agreed budget of the Fire and Rescue Service, in consultation with the Chief Finance Officer.

3.7.3 Operational Fire and Rescue Services

To prepare the Community Risk Management Plan for submission to the PFCC in accordance with the requirements of the Fire and Rescue National Framework.

To prepare the Fire and Rescue Statement of Assurance for submission to the PFCC.

To undertake the day-to-day management of physical assets, including buildings, subject to the provision of financial regulations.

To exercise the functions of the PFCC under the Regulatory Reform (Fire Safety) Order 2005, together with any future enactment conferring power upon the Fire and Rescue Service to commence criminal proceedings in any Court of competent jurisdiction, to issue, amend and withdraw prohibition notices on behalf of the PFCC under that legislation.

To designate persons as Inspectors under article 26, and to authorise members of staff to exercise statutory powers under article 27 of the Fire Safety Order.

To prepare agreements with neighbouring Fire and Rescue Services under Sections 13, 16 and 17 Fire and Rescue Services Act 2004 for submission to the PFCC.

To authorise the exercise of powers of entry, inspection, and survey and the carrying out of emergency works by staff of the Service or contractors acting on behalf of the Fire and Rescue Service upon land or buildings.

To prepare plans for performing fire and rescue functions in relation to emergencies and arrangements for cooperation with other agencies under the Civil Contingency Act 2004.

To submit comments on any town and country planning matter, building regulations, safety of sports grounds and other applications or licences.

In consultation with the Chief Finance Officer, to enter into any primary authority partnership arrangements with businesses in relation to fire safety legislation.

3.7.4 General Delegations:

Chief Fire Officers and Head of Paid Services will provide regular reports to the PFCC in order to demonstrate compliance and good governance.

3.8 Functions delegated to the Deputy Chief Fire Officer and Deputy Head of Paid Service

In the absence of or if it is not possible or practical for the Chief Fire Officer and Head of Paid Service to exercise their functions then the responsibilities delegated to them may be exercised by the Deputy Chief Fire Officer and Deputy Head of Paid Service.

To be the Senior Information Risk Owner for the Fire and Rescue Service.

To agree with the PFCC a policy for staffing requests for 'outside employment' and take decisions in relation to staffing requests to undertake 'outside employment' or take up additional appointments in accordance with that Policy.

To consider staffing appeals in line with the Fire and Rescue Service Policy in relation to employment matters (with the exception of Director Positions within the Fire and Rescue Service).

3.9 Functions delegated to the Shared Chief Finance Officer of the OPFCC and Cumbria Fire & Rescue Service

The Code of Corporate Governance identifies the role of the Chief Finance Officer.

The detailed financial management responsibilities of the Chief Finance Officer are set out in the financial regulations.

The Chief Finance Officer, as the financial adviser to the PFCC, has a statutory responsibility to manage the PFCC's financial affairs as set out in sections 112 and 114 of the Local Government Finance Act 1988, and the Accounts and Audit Regulations 2003 (as amended).

To sign contracts on behalf of the PFCC, irrespective of value, once they have been approved in accordance with this Corporate Governance Framework, except those which are required to be executed under the common seal of the PFCC. In such cases the Chief Executive is authorised to sign and affix the seal.

3.10 Monitoring Officer (responsibility assigned to the Chief Executive)

To act as the PFCC Monitoring Officer under the Local Government and Housing Act 1989 and the Local Government Act 2000 and Proper Officer under the Local Government Act 1972.

To ensure that the PFCC carries out their functions lawfully, ensuring lawfulness and fairness within decision-making.

To report on matters they believe are, or may be, illegal or amount to maladministration.

To be responsible for providing advice and guidance on the conduct of the PFCC and the Deputy PFCC.

To be responsible for the operation, review and updating of the Governance Framework, in consultation with the Chief Fire Officer.

3.11 Statutory Officers

No disciplinary action in respect of the Chief Fire Officer and Head of Paid Service, except suspension of the officer for the purpose of investigating the alleged misconduct occasioning the action, may be taken by the PFCC without having due regard to a recommendation in a report made by an independent person. Any such suspension must be on full pay. Efforts must be made to expedite any investigation and any suspension would not normally be expected, unless in exceptional circumstances, to last any longer than the expiry of two months beginning on the day on which the suspension takes effect.

"Disciplinary action" means any action occasioned by alleged misconduct which, if proved, would, according to the usual practice of the PFCC, be recorded on the member of staff's personal file, and includes any proposal for dismissal of a member of staff for any reason other than redundancy, permanent ill-health or infirmity of mind or body, but does not include failure to renew a contract of employment for a fixed term unless the authority has undertaken to renew such a contract; and "designated independent person" must be such person as may be agreed between the PFCC and the relevant officer.

3.12 Urgent Matters

If any matter which would normally be referred to the PFCC for a decision arises where it is impractical to obtain the decision of the PFCC and the matter is urgent, the matter may be decided by the appropriate Chief Officer.

Appropriate Chief Officers authorised to decide urgent matters in consultation with the appropriate professional advice are:

- The Deputy PFCC in consultation with the Chief Executive (all issues other than operational matters).
- The Chief Fire Officer and Head of Paid Service (all operational matters).
- The Chief Finance Officer (financial and related issues relating to their respective organisations)

This applies to periods of leave and short periods of absence, in longer term absence, the Police, Fire & Crime Panel will seek to appoint a temporary PFCC. Until that appointment, the Deputy PFCC will continue to exercise the functions of the PFCC, following approval by the Police, Fire & Crime Panel.

Urgent decisions taken must be reported to the PFCC as soon as practicable and published.

As this is the first Scheme of Delegations for the new arrangements, they will be monitored and adapted as the day-to-day practicalities are worked through.



Joint Audit Committee Proposed Annual Work Programme 2024/25

Joint Audit Committee: 20 March 2024

Originating Officer: Michelle Bellis, Constabulary Chief Finance Officer

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),

A separate report is provided on the agenda covering the work required on behalf of the Cumbria Commissioner Fire and Rescue Authority (Cumbria Fire & Rescue Service).

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 statement for 2023/24, the deadlines for publication of draft and audited statement of accounts are 31st May and 30th September respectively. Although the JAC meeting has been scheduled for 26th June, the draft statement of accounts for 2023/24 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 2024/25 there will be four meetings as follows:

- The meetings in June, September, November and March will each receive, cyclical monitoring reports and the strategic risk registers (September & March only). Audit reports will be issued to members at the point they have been finalised and will be listed on the meeting agenda. Members may request the full report to be tabled at any of the above meetings.
- 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 Ethics and Integrity Panel setting out the work of the panel and assurances regarding arrangements for ethics and integrity. The agenda includes the annual opinion of the Director of Audit (TIAA Ltd) 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 May/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 hard 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 (TIAA Ltd).

- 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, the scheme of delegation, the risk management

and treasury management strategies. 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 change 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.

3. Recommendations

3.1. 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 subject to any proposed changes.

Joint Audit Committee: Annual Work Programme Assurance Format

Terms of Reference	Meeting	Work Programme Assurance Activity
Terms of Reference: Governance, Risk and Control		
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 2024/25.	June (Ethics and Integrity Annual Report)	ETHICS AND INTEGRITY GOVERNANCE: To receive an annual report from the Chair of the Ethics and Integrity 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 ethics and integrity.
	November: (All governance reviews excluding ethics and integrity) March: Risk Management Strategies, Scheme of Delegation/Consent	ANNUAL REVIEW OF GOVERNANCE: To review the COPFCC and Constabulary arrangements for governance; cyclical review over a three years covering: <ul style="list-style-type: none"> ▪ <u>Role of the Chief Finance Officer: annual review (November 2024)</u> ▪ Financial Regulations & Financial Rules: biennial review (November 2026) ▪ PFCC Grant Regulations: tri-annual review (November 2026) ▪ <u>Scheme of Delegation/Consent PFCC and Constabulary: annual review (March 2025)</u> ▪ Joint Procurement Regulations: biennial review (November 2025) ▪ Risk Management Strategy: tri-ennial review PFCC/Police (March 2026) ▪ <u>Joint Audit Committee Terms of Reference & Role Profiles: tri-ennial review (November 2024)</u> ▪ Arrangements for Anti-Fraud and Corruption /whistleblowing PFCC and Constabulary: biennial review (November 2025)
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 <ul style="list-style-type: none"> ▪ 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 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.
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	March	RISK MANAGEMENT STRATEGY: To provide the cyclical (3yr) review of the PFCC and Constabulary Risk Management Strategies. (NB. Next due in March 2026)
	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.
2.6) Consider reports on the effectiveness of internal controls and monitor the implementation of agreed actions	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.
		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 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	ARRANGEMENTS FOR ANTI-FRAUD AND CORRUPTION: To receive the PFCC and Constabulary strategy, policy and fraud response plan.
	June	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	March	QUALITY ASSURANCE AND IMPROVEMENT PROGRAMME: To receive from the Internal Auditors a report setting out the arrangements for quality assurance and improvement.
	June	EFFECTIVENESS OF INTERNAL AUDIT: To receive a report from the Constabulary Chief Finance Officer in respect of the effectiveness of internal audit.
	Every meeting	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 Head 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	INTERNAL AUDIT –ANNUAL REPORT: To receive the Head of Internal Audit's Annual Report including the Annual Audit Opinion and details of compliance with PSIAS and LGAN.
	Every meeting	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 Assurance Format

Terms of Reference	Meeting	Work Programme Assurance Activity
Terms of Reference: Internal Audit (Continued)		
3.5) To consider the Head 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 Head 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 Head 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 Head 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 Head of Internal Audit.

Joint Audit Committee: Annual Work Programme Assurance Format

Terms of Reference	Meeting	Work Programme Assurance Activity
Terms of Reference: External Audit/External Inspection		
4.1) Support the independence of external audit through consideration of the external auditor's annual assessment of it's 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 Assurance Format

Terms of Reference	Meeting	Work Programme Assurance Activity
Terms of Reference: Financial Reporting		
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 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, objectives and compliance with CIPFA best practice on the role of the Audit Committee. Report the results of this review to the Commissioner and the Chief Constable by means of an Annual Report including where appropriate an action plan detailing future planned improvements.	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)
	September	JAC Annual Report: To receive the annual report of the committee (following the review of effectiveness undertaken in June).
6.4) Publish an annual report on the work of the committee.	September	JAC Annual Report: To publish the annual report of the committee (following approval at the September meeting.).
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 Proposed Annual Work Programme 2024/25

Area	Wednesday 26 June 2024	Wednesday 25 September 2024	Wednesday 27 November 2024	Wednesday 26 March 2025
Private Meetings & Development Sessions	<p>PRIVATE INTERNAL AUDIT MEETING: Confidential meeting of Committee members only and the Internal Auditors. (TIAA Ltd)</p> <p>PRIVATE MEETING - JAC Review of Effectiveness (360' Review) - even years only</p>	<p>PRIVATE EXTERNAL AUDIT MEETING: Confidential meeting of Committee members only and the external auditors. (GT)</p>	<p>PRIVATE DEVELOPMENT SESSION:</p> <p>1) TBC</p>	<p>PRIVATE DEVELOPMENT SESSIONS:</p> <p>February 2025</p> <p>1) Discussion with Internal Auditors on Draft Internal Audit Plan (PFCC CFO, CC CFO & TIAA)</p> <p>2) Medium Term Financial Forecast, capital strategy, capital programme, change programme & value for money (PFCC CFO & CC CFO)</p> <p>March 2025</p> <p>1) Treasury Advisor, to provide an update on Treasury Management developments (CC CFO). (Before JAC)</p>
Regular Reports				
Corporate Update	<p>CORPORATE UPDATE: To receive a briefing on matters relevant to the remit of the Committee (DCC, CE and PFCC CFO & CC CFO)</p>	<p>CORPORATE UPDATE: To receive a briefing on matters relevant to the remit of the Committee (DCC, CE and PFCC CFO & CC CFO)</p>	<p>CORPORATE UPDATE: To receive a briefing on matters relevant to the remit of the Committee (DCC, CE and PFCC CFO & CC CFO)</p>	<p>CORPORATE UPDATE: To receive a briefing on matters relevant to the remit of the Committee (DCC, CE and PFCC CFO & CC CFO)</p>
Internal Audit	<p>INTERNAL AUDIT – PROGRESS REPORT: To receive a report from the Internal Auditors regarding the progress of the Internal Audit Plan (TIAA):</p> <p>a) PFCC/Constabulary</p>	<p>INTERNAL AUDIT – PROGRESS REPORT: To receive a report from the Internal Auditors regarding the progress of the Internal Audit Plan (TIAA):</p> <p>a) PFCC/Constabulary</p>	<p>INTERNAL AUDIT – PROGRESS REPORT: To receive a report from the Internal Auditors regarding the progress of the Internal Audit Plan (TIAA):</p> <p>a) PFCC/Constabulary</p>	<p>INTERNAL AUDIT – PROGRESS REPORT: To receive a report from the Internal Auditors regarding the progress of the Internal Audit Plan (TIAA):</p> <p>a) PFCC/Constabulary</p>
Internal Audit	<p>INTERNAL AUDIT REPORT(S): To receive reports from the Internal Auditors in respect of specific audits conducted since the last meeting of the Committee (TIAA):</p> <p>a) PFCC/Constabulary</p>	<p>INTERNAL AUDIT REPORT(S): To receive reports from the Internal Auditors in respect of specific audits conducted since the last meeting of the Committee (TIAA):</p> <p>a) PFCC/Constabulary</p>	<p>INTERNAL AUDIT REPORT(S): To receive reports from the Internal Auditors in respect of specific audits conducted since the last meeting of the Committee (TIAA):</p> <p>a) PFCC/Constabulary</p>	<p>INTERNAL AUDIT REPORT(S): To receive reports from the Internal Auditors in respect of specific audits conducted since the last meeting of the Committee (TIAA):</p> <p>a) PFCC/Constabulary</p>
Internal Audit	<p>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 (TIAA):</p> <p>a) PFCC/Constabulary</p>	<p>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 (TIAA):</p> <p>a) PFCC/Constabulary</p>	<p>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 (TIAA):</p> <p>a) PFCC/Constabulary</p>	<p>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 (TIAA):</p> <p>a) PFCC/Constabulary</p>
Internal Audit	<p>INTERNAL AUDIT – ANNUAL REPORT: To receive the Head of Internal Audit's Annual Report including the Annual Audit Opinion (TIAA):</p> <p>a) PFCC/Constabulary</p>			<p>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. (TIAA):</p> <p>a) PFCC/Constabulary</p>
External Audit	<p>EXTERNAL AUDIT FEES: To receive a verbal update around the proposed PSAA scale charge for external audit fees. (GT/Finance)</p> <p>a) PFCC/Constabulary</p>	<p>AUDIT FINDINGS REPORT: To receive from the external auditors the Audit Findings Report in respect of the annual audit of the financial statements. (GT)</p> <p>a) PFCC/Constabulary</p>	<p>ANNUAL AUDIT REPORT: To receive from the External Auditors the Annual Audit Report incorporating the External Auditor's Value for Money Conclusion. (GT)</p> <p>a) PFCC/Constabulary</p>	<p>EXTERNAL AUDIT PLAN: To receive from the external auditors the Joint Annual External Audit Plan. (GT)</p> <p>a) PFCC/Constabulary</p>
External Audit				<p>EXTERNAL AUDIT UPDATE REPORT: To receive from the external auditors an update report in respect of progress on the external audit plan. (GT)</p> <p>a) PFCC/Constabulary</p>

Joint Audit Committee Proposed Annual Work Programme 2024/25

Area	Wednesday 26 June 2024	Wednesday 25 September 2024	Wednesday 27 November 2024	Wednesday 26 March 2025
Regular Reports (continued)				
Risk Management		STRATEGIC RISK REGISTER: To consider the strategic risk registers as part of the Risk Management Strategy: a) OPFCC (CE or GM) b) Constabulary (DCC)		STRATEGIC RISK REGISTER: To consider the strategic risk registers as part of the Risk Management Strategy: a) OPFCC (CE 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. (CE or GM)			RISK MANAGEMENT STRATEGY: To provide the triennial review of the Risk Management Strategies: a) PFCC (CE/GM) (next due 2026) b) Constabulary (DCC) (next due 2026)
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) a) PCC/Constabulary
TM Activities	TREASURY MANAGEMENT ACTIVITIES: To receive for information reports on Treasury Management Activity - Quarter 4/Annual Report (Constabulary CFO) a) PFCC/Constabulary	TREASURY MANAGEMENT ACTIVITIES: To receive for information reports on Treasury Management Activity - Quarter 1 (Constabulary CFO) a) PFCC/Constabulary	TREASURY MANAGEMENT ACTIVITIES: To receive for information reports on Treasury Management Activity - Quarter 2 (Constabulary CFO) a) PFCC/Constabulary	TREASURY MANAGEMENT ACTIVITIES: To receive for information reports on Treasury Management Activity - Quarter 3 (Constabulary CFO) a) PFCC/Constabulary
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. (CE/GM)		ANNUAL REVIEW OF GOVERNANCE: To review the PFCC and Constabulary arrangements for governance; cyclical review over a 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 a three years. Some documents reported in November, some in March (see Appendix C). (Relevant Chief Officers).
Governance	ETHICS AND INTEGRITY GOVERNANCE: To receive an annual report from the chair of the Ethics and Integrity Panel (CE).	PFCC ANNUAL REPORT To receive a copy of the PCCs annual report. (CE)		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) - Odd Years To conduct a 360' review of committee effectiveness) private meeting between members, DCC, CE & PFCC CFO & CC CFO) - Even 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)

Joint Audit Committee Proposed Annual Work Programme 2024/25

	Wednesday 26 June 2024	Wednesday 25 September 2024	Wednesday 27 November 2024	Wednesday 26 March 2025
Cyclical/Annual Reports (continued)				
Annual Governance Statement	<p>ANNUAL GOVERNANCE STATEMENT</p> <ul style="list-style-type: none"> ▪ 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. <ul style="list-style-type: none"> 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: <ul style="list-style-type: none"> a) PFCC (PFCC CFO) b) Constabulary (CC CFO) 		<p>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:</p> <ul style="list-style-type: none"> a) PFCC (PFCC CFO) b) Constabulary (CC CFO) 	
Statement of Accounts	<p>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:</p> <ul style="list-style-type: none"> a) PFCC/Constabulary Group (PFCC CFO) b) Constabulary (CC CFO) 	<p>ANNUAL STATEMENT OF ACCOUNTS: To receive the audited Statement of Accounts and consider a copy of a summarised non-statutory version of the accounts:</p> <ul style="list-style-type: none"> a) PFCC/Constabulary Group (PFCC CFO) b) Constabulary (CC CFO) 		
Statement of Accounts	<p>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)</p>	<p>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)</p>		
Ad Hoc Reports				
Other Ad-hoc	<p>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</p>	<p>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</p>	<p>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</p>	<p>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</p>

Governance Documents Cyclical Review Schedule

Documents	Review Cycle	Lead Officer	March 2023	March 2024	March 2025	March 2026	March 2027
OPFCC Risk Management Strategy	triennial (from 2017 onwards)	Governance Manager Joanne Head	✓	✗	✗	✓	✗
OPFCC Scheme of Delegation/Consent	annual	Chief Executive, Gill Shearer and/or Governance Manager, Joanne Head	✓	✓	✓	✓	✓
Constabulary Risk Management Strategy	triennial (from 2017 onwards)	Constabulary Chief Finance Officer Michelle Bellis	✓	✗	✗	✓	✗
Constabulary Scheme of Delegation	annual	Constabulary Chief Finance Officer Michelle Bellis and/or Director of Legal Services - Andrew Dobson	✓	✓	✓	✓	✓
			November 2023	November 2024	November 2025	November 2026	November 2027
OPFCC Role of the Chief Finance Officer	annual	PFCC / Fire CFO Steven Tickner	✓	✓	✓	✓	✓
Joint Procurement Regulations	biennial	PFCC / Fire CFO Steven Tickner	✓	✗	✓	✗	✓
OPFCC Arrangements for Anti-fraud & Corruption/Whistleblowing	biennial	Chief Executive, Gill Shearer and/or Governance Manager, Joanne Head	✓	✗	✓	✗	✓
Financial Regulations	biennial	PFCC CFO Steven Tickner	✓	✓	✗	✓	✗
OPFCC Grant Regulations & Procedures	triennial	Chief Executive, Gill Shearer	✓	✗	✗	✓	✗
Constabulary Role of the Chief Finance Officer	annual	Constabulary CFO Michelle Bellis	✓	✓	✓	✓	✓
Constabulary Arrangements for Anti-fraud & Corruption/Whistleblowing	biennial	Head of Professional Standards Hayley Wilkinson	✓	✗	✓	✗	✓
Financial Rules	biennial	Constabulary CFO Michelle Bellis	✓	✓	✗	✓	✗
Joint Audit Committee Terms of Reference and Role Profiles	triennial	Constabulary CFO Michelle Bellis	✗	✓	✗	✗	✓

Corporate Support / Financial Services / MB



Peter McCall

**POLICE, FIRE & CRIME
COMMISSIONER**



Public Accountability Conference
15 February 2024
Agenda Item No 08c

Joint Audit Committee
20 March 2024
Agenda Item No 18a

Office of the Police, Fire and Crime Commissioner Report

**Title: Borrowing, Treasury Management, Investment and MRP
Strategies 2024/25 (including Prudential Indicators)**

Report of the PFCCs Chief Finance Officer

**Originating Officers: Lorraine Holme, Group Accountant;
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 PCCs) 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 Department for Levelling Up,

Housing & Communities (DLUHC) (Previously Ministry of Housing, Communities and Local Government's) Investment Guidance 2018.

This report proposes a strategy for the financial year 2024/25.

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 2024/25 as set out on pages 8-9.
2. Approve the Investment Strategy for 2024/25 as set out on pages 10-13.
3. Approve the Treasury Management Prudential Indicators as set out on pages 15-17.
4. Approve the other Prudential Indicators set out on pages 17 to 21.
5. Approve the Minimum Revenue Provision Policy Statement for 2024/25 as set out on page 22.
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.



Peter McCall

POLICE, FIRE & CRIME
COMMISSIONER



**Borrowing, Treasury Management, Investment, and MRP Strategies 2024/25
(Including Prudential Indicators)**

Treasury Management Strategy Statement 2024/25

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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 Department for Levelling Up, Housing & Communities 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 Link Asset 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 2024/25 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 Department for Levelling Up, Housing & Communities (DLUHC) 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 Asset 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 DLUHC 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 DLUHC 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, it is anticipated they will start to fall by the end of 2024. Further rate cuts are expected through 2025. However, many factors can impact that forecast.

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

Treasury Management Cash Flow Forecast (Continued)

The estimated treasury position at 31st March 2024 and for the following financial years are summarised below:

Estimated Treasury Position	Estimate 2024/25 £m	Estimate 2025/26 £m	Estimate 2026/27 £m	Estimate 2027/28 £m
External Borrowing	0.00	0.00	0.00	0.00
Interest Payments	0.00	0.00	0.00	0.00
Investments (average)	8.791	13.008	13.333	13.333
Interest Receipts	0.400	0.400	0.400	0.400

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 2024/25 is £400k (latest forecast for 2023/24 is £950k). Interest receipts are higher this year due to slippage of the capital programme. The timing of future external borrowing is currently not known and decisions regarding the end 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 £20.82m at the start of the 2024/25 financial year. This includes £3.70m 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 08b) 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.

Key Messages

CPI inflation is expected to have peaked. The Bank of England is forecasting inflation to fall to just above 2% by the end of 2024.

The Bank Rate is forecast to reduce in later in 2024, with further reductions expected during 2025.

Treasury Management Interest Rate Forecast

- GDP in November rose by 0.3% month on month, probably meaning the economy escaped a recession in 2023 which is better than originally forecast. GDP growth is expected to pick up gradually during 2024.
- Twelve-month CPI inflation fell to 4.0% in December 2023 and current indications are that CPI has fallen again in January. This is broad-based, reflecting lower fuel, core goods and services price inflation. Although still elevated, wage growth has eased across a number of measures and is projected to decline further in coming quarters.
- The MPC are forecasting that inflation will fall to the 2% target in Q2 2024 (*compared to Q4 2023 previously*) and that the upside risks from domestic drivers have disappeared, however it expects inflation to rebound in Q3 2024 and to be slightly above the 2% target at the end of the year. CPI inflation is projected to be 2.3% in two years' time and 1.9% in three years.

The Monetary Policy Committee (MPC) has increased the Bank Rate 125bps over the past twelve months, taking rates to a 15 year high of 5.25%. At the February meeting a 6-3 majority saw it remain at 5.25% for the fourth meeting in a row, with two members preferring to increase the rate by 0.25%. The MPC stated they would keep under review for how long Bank Rate should be maintained at its current level, they remain prepared to adjust monetary policy as warranted by economic data to return inflation to the 2% target sustainably. The 2% inflation target is expected to be met in 2024 Qtr2 and the bank rate is expected to start falling later in the year.

Base Rate Estimates	2024/25	2025/26	2026/27	2027/28
Quarter 1	5.25%	3.25%	3.00%	3.00%
Quarter 2	5.25%	3.00%	3.00%	3.00%
Quarter 3	4.75%	3.00%	3.00%	3.00%
Quarter 4	3.75%	3.00%	3.00%	3.00%

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, but in order 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 2024/25 and beyond.

Capital Financing	2022/23 Actual £m	2023/24 Forecast £m	2024/25 Estimate £m	2025/26 Estimate £m	2026/27 Estimate £m
Balance B/fwd	22.11	21.47	20.82	23.84	25.34
Plus Capital Expenditure financed from borrowing	0.01	0.03	3.73	2.95	5.04
Less MRP for Debt Redemption	-0.65	-0.68	-0.71	-1.46	-1.85
Balance C/Fwd	21.47	20.82	23.84	25.34	28.53

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 08b).

Key Messages

Diversification of investments continues to provide a level of liquid cash that is suitable for 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 2024/25. Given that the CFR is forecast to be £23.84m by the end of 2024/25, this effectively means that the Commissioner will be funding over £20.44m of capital spend from internal resources (CFR £23.84m less £3.40m in relation to the PFI).

Bank Rate rises over the recent period have pushed up the cost of long term finance to over 5%. Borrowing rates are expected to start falling during 2024 and to continue over the medium term. 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 2024/25 remains broadly the same as in previous years as there has been little change in the markets or counterparties.

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

The appropriate balance between risk and return is sought.

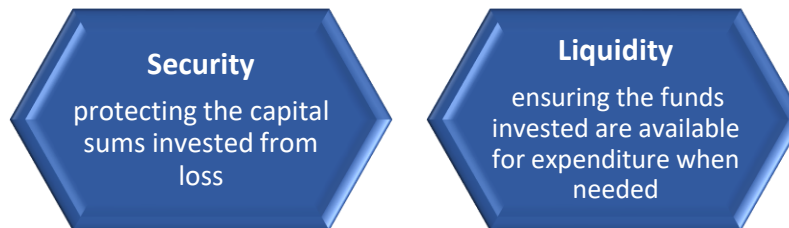
Investment Strategy

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 DLUHC 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.

Key Messages

In accordance with guidance from the DLUHC 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 2023/24, the Commissioner's investment balance has ranged between £5.39m and £34.13m. The larger sum was due to the receipt in July 2023 of £16.08m pension top up grant from the Home Office, which is drawn down steadily over the remainder of the year. Balances in 2024/25 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 £24m.

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 2024/25 remains the same. The decision to enter into an approved class of investment is delegated to the PFCC Chief Finance Officer. The strategy allows for investments in pooled funds such as money market funds or property funds. The use of property funds would further diversify the Commissioners' portfolio, provide a longer-term investment and increase yield whilst maintaining security. However, given current economic volatility arising from high inflation it is unlikely that they will be pursued.

A full explanation of each class of asset is provided in **Appendix A** together with a schedule of the limits that will be applied.

Key Messages

The PFCC Chief Finance Officer (subject with 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)

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 PCC'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 2024/25. 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 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 DLUHC defines as a long-term investment.

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)

The Financial Services team uses 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 2024/25 amounts to £400k (£950k 2023/24) 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 for 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 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

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	100.00	0
12 months and within 24 months	100.00	0
24 months and within 5 years	100.00	0
5 years and within 10 years	100.00	0
10 years and above	100.00	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.

Treasury Management Prudential Indicators (Continued)

2. Principal sums invested for periods longer than a year

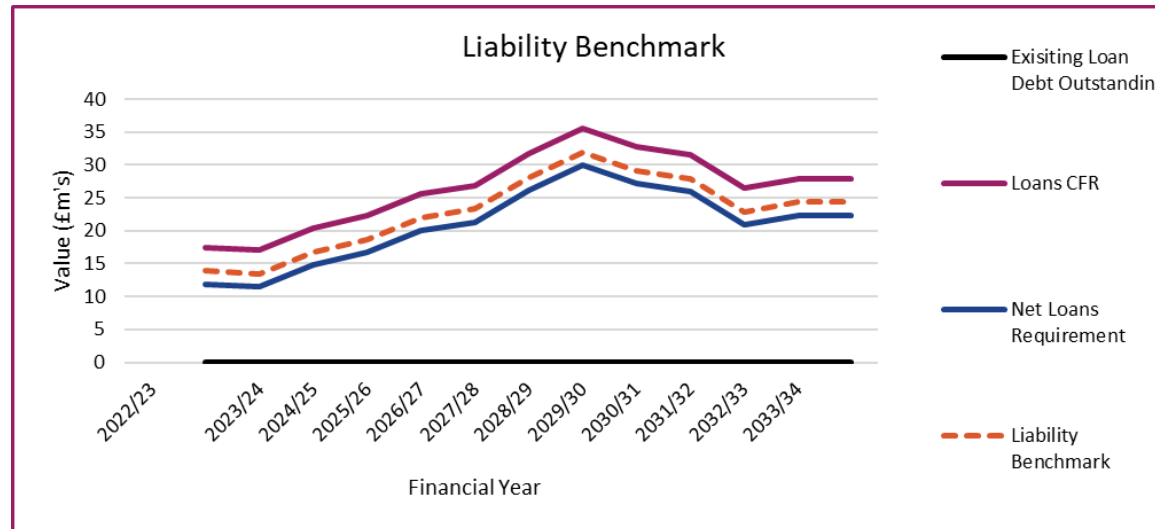
The purpose of this indicator is to contain the Commissioner’s exposure to the possibility of loss that might arise as a result of having to borrow short term at higher rates or losses by seeking early repayment of its investments.

Price Risk Indicator	2022/23	2023/24	2024/25	2025/26	2026/27
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 PCC’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 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.

Key Messages

* 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.

Setting, Revising, Monitoring and Reporting

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 2024/25

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	2022/23 Actual £m	2023/24 Forecast £m	2024/25 Estimate £m	2025/26 Estimate £m	2026/27 Estimate £m
Capital Expenditure	4.09	5.89	6.55	3.48	6.52

Capital Financing	2022/23 Actual £m	2023/24 Forecast £m	2024/25 Estimate £m	2025/26 Estimate £m	2026/27 Estimate £m
Capital Receipts	0.43	1.68	0.68	0.00	0.00
Government Grants	3.15	1.73	0.00	0.00	0.00
Revenue Contributions	0.50	2.45	2.14	0.53	1.48
Total Financing	4.08	5.86	2.81	0.53	1.48
Borrowing*	0.01	0.03	3.73	2.95	5.04
Total Funding	0.01	0.03	3.73	2.95	5.04
Total Financing and Funding	4.09	5.89	6.55	3.48	6.52

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 2024/25 (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	2022/23 Actual £m	2023/24 Forecast £m	2024/25 Estimate £m	2025/26 Estimate £m	2026/27 Estimate £m
Balance B/fwd	22.11	21.47	20.82	23.84	25.34
Plus Capital Expenditure financed from borrowing	0.01	0.03	3.73	2.95	5.04
Less MRP for Debt Redemption	-0.65	-0.68	-0.71	-1.46	-1.85
Balance C/Fwd	21.47	20.82	23.84	25.34	28.53

Authorised Limit

The 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	2022/23 £m	2023/24 £m	2024/25 £m	2025/26 £m	2026/27 £m
External Borrowing	24.00	23.62	26.94	28.77	32.12
Other Long Term Liabilities	3.96	3.70	3.40	3.06	2.91
Total Authorised Limit	27.97	27.32	30.34	31.84	35.03

Key Messages

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

Currently the Commissioner has no external borrowing.

Other Prudential Indicators 2024/25 (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	2022/23 £m	2023/24 £m	2024/25 £m	2025/26 £m	2026/27 £m
External Borrowing	22.50	22.12	25.44	27.27	30.62
Other Long Term Liabilities	3.96	3.70	3.40	3.06	2.91
Total Operational Boundary	26.47	25.82	28.84	30.34	33.53

Actual External Debt

The Commissioner's actual external debt as at 31 March 2024 will be £3.70m, comprising only of other long-term liabilities of £3.70m 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.

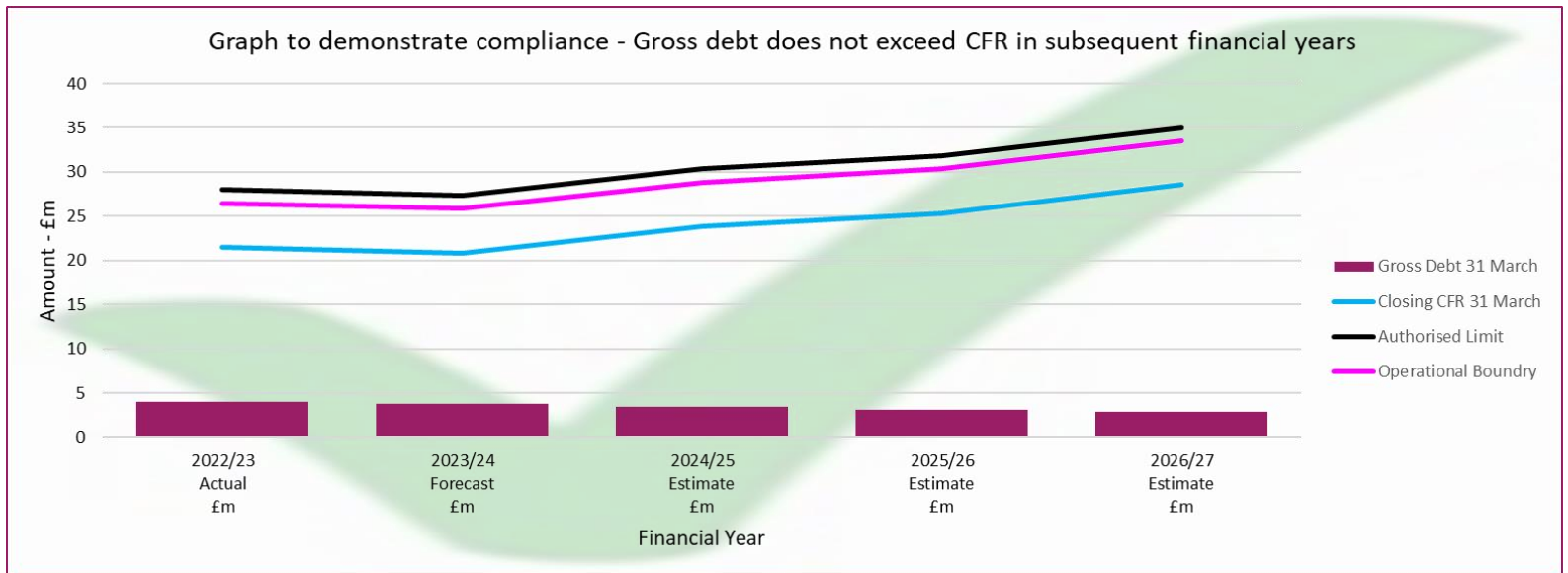
Other Prudential Indicators 2024/25 (Continued)

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	2022/23 Actual £m	2023/24 Forecast £m	2024/25 Estimate £m	2025/26 Estimate £m	2026/27 Estimate £m
Closing CFR 31 March	21.47	20.82	23.84	25.34	28.53
Gross Debt 31 March	3.96	3.70	3.40	3.06	2.91

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 2024/25 (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 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	2022/23 Actual £m	2023/24 Forecast £m	2024/25 Estimate £m	2025/26 Estimate £m	2026/27 Estimate £m
Investment income	0.44	0.40	0.40	0.40	0.40
MRP	0.65	0.68	0.71	1.46	1.85
Financing Costs	0.22	0.28	0.31	1.06	1.45
Net Revenue Stream	129.62	136.75	145.38	145.38	145.49
Ratio	0.17%	0.21%	0.22%	0.73%	1.00%

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.

In relation to the Commissioner this would be over 50 years as borrowing is only used to finance Land and Building schemes.

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 2024/25

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 (Now DLUHC) 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 Department for Levelling Up, Housing & Communities 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 2024/25 is unchanged from that of 2023/24 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 2024/25.

Counterparty Selection Criteria and Approved Counterparties

The lending criteria set out below are 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 2024/25 compared to those in operation for 2023/24.

Counterparty Selection Criteria

The agreed changes to the selection criteria for investment counterparties for 2015/16 included changes to the investment categories, a reduction in the maximum amount and duration lengths for investments. This was to encourage diversification and to increase the security of those funds invested. These principles apply to the 2024/25 strategy. The investment limits and duration are linked to the credit rating and type of counterparty at the time the investment is made.

The credit worthiness of counterparties is monitored on an ongoing basis in conjunction with the Commissioner's treasury management advisors, Link Asset Services Ltd, who provide timely updates and advice on the standing of counterparties. 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.

The approved investment counterparties for the 2024/25 investment strategy are summarised as follows:

Category	Description	Comments
Category 1	Banks Unsecured	Includes building societies
Category 2	Banks Secured	Includes building societies
Category 3	Government	Includes other Local Authorities
Category 4	Registered Providers	Includes providers of social housing e.g. Housing Associations
Category 5	Pooled Funds	Includes Money Market Funds and property funds

A more detailed explanation of each of these counter party groupings is provided in Schedule B (page 26).

Key Messages

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.

Changes to accounting rules mean that certain financial instruments need to be valued at year end and paper gains / losses at the balance sheet date charged to the Statement of Comprehensive Income and Expenditure Account. Such instruments are not currently key to this strategy.

Counterparty Groupings / Limits

The criteria for approving investment counterparties have been devised, grouped, graded and investment limits attached as detailed in Schedule A (page 25). The limits are based on a percentage of the potential maximum sums available for investment during the year of up to £40m. The counterparty limits for 2024/25 are the same as the limits for 2023/24. 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 Asset Services Ltd suggest that these funds are used for longer term investments and the ordinary money market funds to manage cash flow.

Description of Credit Ratings

As outlined above the credit worthiness of counterparties is monitored on an ongoing basis in conjunction with the Commissioner's treasury management advisors, Link Asset Services Ltd.

The UK Government is considered the safest place to invest as it has never defaulted and therefore minimum credit ratings do not apply.

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 investments are Sterling. Therefore, the Commissioner is not exposed to any foreign exchange / currency risk.

Schedule A – Counterparty Groupings and Associated Limits

Investment Limits						
Credit Rating	Maximum	1	2	3	4	5
		Banks Unsecured	Banks Secured	Government	Registered Providers	Pooled Funds
<u>Category Limit 2020/21</u>	<i>Amount Duration</i>	£20m	£20m	Unlimited	£10m	£20m
<u>Individual Institution/Group Limits</u>						
UK Government	<i>Amount Duration</i>	N/A	N/A	£ unlimited 50 Years	N/A	N/A
AAA	<i>Amount Duration</i>	£2m 5 years	£4m 20 years	£4m 50 years	£2m 20 years	£4m per fund (Pooled funds are generally not rated but the diversification of funds equate to AAA credit rating)
AA+	<i>Amount Duration</i>	£2m 5 years	£4m 10 years	£4m 25 years	£2m 10 years	
AA	<i>Amount Duration</i>	£2m 4 years	£4m 5 years	£4m 15 years	£2m 10 years	
AA-	<i>Amount Duration</i>	£2m 3 years	£4m 4 years	£4m 10 years	£2m 10 years	
A+	<i>Amount Duration</i>	£2m 2 years	£4m 3 years	£2m 5 years	£2m 5 years	
A	<i>Amount Duration</i>	£2m 13 months	£4m 2 years	£2m 5 Years	£2m 5 years	
A-	<i>Amount Duration</i>	£2m 6 months	£4m 13 months	£2m 5 years	£2m 5 years	
None	<i>Amount Duration</i>	N/A	N/A	£2m 25 years	£2m 5 years	

Note, individual, group and category limits for 2024/25 are based on the potential maximum available for investment during the year of up to £40m. It should also be noted that as outlined on page 23 above, counterparty credit rating is not the only factor taken into consideration at the time of placing investments. The maximum of all investments with outstanding maturities greater than one year will be £2m.

Schedule B – Explanation of Counterparty Groupings

The Commissioners priority for investments will **always** be ranked in the order of



Class of Investment

Category 1 - Banks Unsecured: Accounts, deposits, certificates of deposit and senior unsecured bonds with banks and building societies, other than multilateral development banks. These investments are subject to the risk of credit loss via a bail-in should the regulator determine that the bank is failing or likely to fail. See below for arrangements relating to operational bank accounts.

Category 2 - Banks Secured: Covered bonds, reverse repurchase agreements and other collateralised arrangements with banks and building societies. These investments are secured on the bank’s assets, which limits the potential losses in the unlikely event of insolvency, and means that they are exempt from bail-in. Where there is no investment specific credit rating, but the collateral upon which the investment is secured has a credit rating, the higher of the collateral credit rating and the counterparty credit rating will be used to determine cash and time limits. The combined secured and unsecured investments in any one bank will not exceed the cash limit for secured investments.

Category 3 - Government: Loans, bonds and bills issued or guaranteed by national governments, regional and local authorities and multilateral development banks. These investments are not subject to bail-in, and there is generally a lower risk of insolvency, although they are not zero risk. Investments with the UK Central Government may be made in unlimited amounts for up to 50 years.

Category 4 - Registered Providers: Loans and bonds issued by, guaranteed by or secured on the assets of registered providers of social housing and registered social landlords, formerly known as housing associations. These bodies are tightly regulated by the Regulator of Social Housing (in England), the Scottish Housing Regulator, the Welsh Government and the Department for Communities (in Northern Ireland). As providers of public services, they retain the likelihood of receiving government support if needed.

Category 5 - Pooled Funds: Shares or units in diversified investment vehicles consisting of the any of the above investment types, plus equity shares and property. These funds have the advantage of providing wide diversification of investment risks, coupled with the services of a professional fund manager in return for a fee. Short-term Money Market Funds that offer same-day liquidity and very low or no volatility will be used as an alternative to instant access bank accounts, while pooled funds whose value changes with market prices and/or have a notice period will be used for longer investment periods.

Bond, equity and property funds offer enhanced returns over the longer term but are more volatile in the short term. These allow the Authority to diversify into asset classes other than cash without the need to own and manage the underlying investments. Because these funds have no defined maturity date, but are available for withdrawal after a notice period, their performance and continued suitability in meeting the Authority’s investment objectives will be monitored regularly.



Cumbria Office of the Police, Fire and Crime
Commissioner

Peter McCall

POLICE, FIRE & CRIME
COMMISSIONER

Borrowing, Treasury Management, Investment and MRP Strategies 2024/25 (including Prudential Indicators)

Report of the CCFRA Chief Finance Officer

Originating Officer: Lorraine Holme, Group Accountant

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 PCCs) to determine the Treasury Management Strategy Statement (TMSS) on an annual basis.

The TMSS presented here complies with the latest code and accompanying guidance notes. The TMSS also incorporates the Investment Strategy.

This report proposes a strategy for the financial year 2024/25. The Cumbria Commissioner Fire and Rescue Authority (CCFRA) was established formally on the 1 April 2023 when it separated from Cumbria County Council. As a result of this strategy includes the forecasted position for 2023/34 but there is no information available for the 2022/23 financial year.

Treasury Management in Local Government continues to be a highly important activity. The Cumbria Commissioner Fire and Rescue Authority (CCFRA) 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 Cumbria Commissioner Fire and Rescue Authority is (noting the uncertainties and the need to review this strategy as more information becomes available) asked to:

1. Approve the Borrowing Strategy for 2024/25 as set out on pages 9-10.
2. Approve the Investment Strategy for 2024/25 as set out on pages 11-14.
3. Approve the Treasury Management Prudential Indicators as set out on pages 15-18.
4. Approve the other Prudential Indicators set out on pages 18-22.
5. Approve the Minimum Revenue Provision Policy Statement for 2024/25 as set out on page 23.
6. Note that the detailed Treasury Management Practices (TMPs) have been reviewed and updated as required by the Code of Practice and will be published alongside the TMSS on the Commissioner's website.
7. Delegate to CCFRA's Chief Finance Officer any non-material amendments arising from scrutiny of the strategy by the Joint Audit Committee.

The Joint Audit Committee will be 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 CCFRA.



Peter McCall

POLICE, FIRE & CRIME
COMMISSIONER

Cumbria Office of the
Police, Fire and Crime
Commissioner



Borrowing, Treasury Management, Investment, and MRP Strategies 2024/25 (Including Prudential Indicators)

Treasury Management Strategy Statement 2024/25

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Key Messages

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

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

General Principles

The Cumbria Commissioner Fire and Rescue Authority (CCFRA) 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 Department for Levelling Up, Housing and Communities (DLUHC) Investment Guidance 2018 (previously MHCLG). Together, these cover the financing and investment strategy for the forthcoming financial year. The Cumbria Commissioner Fire and Rescue Authority (CCFRA) was established formally on the 1 April 2023 when it decoupled from Cumbria County Council, comparative figures for 2022/23 are therefore not available.

The Treasury Management Strategy has been prepared in line with the model guidance produced by Link Asset Services Ltd, who provide specialist treasury management advice to the CCFRA. However, it should be noted that all treasury management decisions and activity are the responsibility of the CCFRA 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 CCFRA 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 CCFRA'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 CCFRA's priority for investments will always be ranked in the order of:



General Principles (Continued)

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

The CCFRA 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 CCFRA 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 CCFRA's revenue budget. Forecasts of cash balances, interest receipts and financing costs are regularly re-modelled. The revenue budget for 2024/25 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 DLUHC Investment Guidance, to produce an investment strategy as part of the wider Treasury Strategy. This is set out below, starting at page 11. Finally, the CCFRA's current treasury advisors, Link Asset 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 CCFRA 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 CCFRA'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 CCFRA 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 DLUHC Guidance on investments states that publication of strategies is now formally recommended, this document will be published on the CCFRA's website once approved.

The CCFRA 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 DLUHC 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 CCFRA'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 9 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 CCFRA'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 CCFRA's strategy in determining exact borrowing and lending activity.

Key Messages

Investment returns and borrowing rates are likely to peak by mid-2023 and start to fall by the end of 2023. Further rate cuts are expected through 2024 and 2025. However, many factors can impact that forecast.

The CCFRA will need to borrow to fund the capital programme.

Treasury Management Cash Flow Forecast (continued)

The estimated treasury position at 31st March 2024 and for the following financial years are summarised below:

Estimated Treasury Position	2023/24 Forecast £m	2024/25 Estimate £m	2025/26 Estimate £m	2026/27 Estimate £m	2027/28 Estimate £m
External Borrowing	7.500	9.948	11.699	13.618	14.958
Interest Payments	0.194	0.252	0.342	0.411	0.470
Investments (average)	11.500	6.000	6.000	6.000	6.000
Interest Receipts	-0.513	-0.278	-0.210	-0.180	-0.165

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 2024/25 is £278k (latest forecast for 2023/24 is £513k). Interest receipts are higher this year due to higher than anticipated average cash balances and higher interest rates for investments than forecast when the 2023/24 budget was set. The timing of future external borrowing is currently not known.

The CCFRA inherited a capital financing requirement in relation to historic assets bought by Cumbria County Council which reflects the underlying need to borrow. The Capital Financing Requirement (CFR) is estimated to be £23.488m at the start of the 2024/25 financial year. This includes £13.014m 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 indicates that the CCFRA will need to borrow to deliver the agreed capital programme.

Upon transfer from Cumbria County Council, on the 01 April 2024, the outstanding debt in relation to that capital financing requirement was a PWLB loan of £7.50m. That loan has an interest rate of 2.6% and will mature on the 22 October 2032.

Treasury Management Cash Flow Forecast (continued)

Cumbria County Council was part of the Northwest PFI project, which replaced sixteen fire stations across Merseyside, Lancashire and Cumbria. Cumbria got 5 new fire stations including its HQ at Penrith. The new CCFRA inherited the “debt” relating to those assets. The building programme started in April 2011, with the first station opening in 2012 and the last station opening in 2013.

The contract for building and running the new stations is with Balfour Beatty Fire and Rescue NW Limited. The contract runs for 25 years from completion and hand over of the last station and includes both the service and maintenance of the stations. The stations will be recognised on the Authority’s Balance Sheet from the initial handover date. The stations and any plant or equipment installed on them will be transferred to the Authority for nil consideration at the end of the contract.

Advice will continue to be sought from our treasury advisors as to the most opportune time and interest rate to undertake external borrowing.

Key Messages

CPI inflation is expected to have peaked. The Bank of England is forecasting inflation to fall to just above 2% by the end of 2024.

The Bank Rate is forecast to reduce in later in 2024, with further reductions expected during 2025.

Treasury Management Interest Rate Forecast

- GDP in November rose by 0.3% month on month, probably meaning the economy escaped a recession in 2023 which is better than originally forecast. GDP growth is expected to pick up gradually during 2024.
- Twelve-month CPI inflation fell to 4.0% in December 2023 and current indications are that CPI has fallen again in January. This is broad-based, reflecting lower fuel, core goods and services price inflation. Although still elevated, wage growth has eased across a number of measures and is projected to decline further in coming quarters.
- The MPC are forecasting that inflation will fall to the 2% target in Q2 2024 (*compared to Q4 2025 previously*) and that the upside risks from domestic drivers have disappeared, however it expects inflation to rebound in Q3 2024 and to be slightly above the 2% target at the end of the year. CPI inflation is projected to be 2.3% in two years' time and 1.9% in three years.

The Monetary Policy Committee (MPC) has increased the Bank Rate 125bps over the past twelve months, taking rates to a 15 year high of 5.25%. At the February meeting a 6-3 majority saw it remain at 5.25% for the fourth meeting in a row, with two members preferring to increase the rate by 0.25% and one member preferring to lower the rate by 0.25%. The MPC stated they would keep under review for how long Bank Rate should be maintained at its current level, they remain prepared to adjust monetary policy as warranted by economic data to return inflation to the 2% target sustainably. The 2% inflation target is expected to be met in 2024 Qtr2 and the bank rate is expected to start falling later in the year.

Base Rate Estimates	2024/25	2025/26	2026/27	2027/28
Quarter 1	5.25%	3.25%	3.00%	3.00%
Quarter 2	5.25%	3.00%	3.00%	3.00%
Quarter 3	4.75%	3.00%	3.00%	3.00%
Quarter 4	3.75%	3.00%	3.00%	3.00%

Key Messages

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

Borrowing Strategy

Long Term Borrowing

The CCFRA'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 CCFRA 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 CCFRA's Treasury Management activities.

Actual borrowing may be greater or less than the CFR, but in order to comply with the Prudential Code, the CCFRA must ensure that in the medium term, net debt will only be for capital purposes. Therefore, the CCFRA 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 CCFRA does not currently intend to borrow in advance of spending need.

The table below shows the CCFRA's projected capital financing requirement for 2024/25 and beyond.

Capital Financing	2023/24 Forecast £m	2024/25 Estimate £m	2025/26 Estimate £m	2026/27 Estimate £m	2027/28 Estimate £m
Balance B/fwd	24.433	23.488	25.444	26.661	28.002
Plus Capital Expenditure financed from borrowing	0.222	3.145	2.683	3.146	2.928
Less MRP for Debt Redemption	-1.167	-1.189	-1.466	-1.805	-2.214
Balance C/Fwd	23.488	25.444	26.661	28.002	28.716

Details of the capital programme can be found within the CCFRA's budget papers, more specifically the Capital Investment Strategy.

Key Messages

Diversification of investments continues to provide a level of liquid cash that is suitable for the CCFRA's expenditure profile whilst total investment balances remain relatively modest. 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 CCFRA inherited external borrowing of £7.5m from the former Cumbria County Council on 01/04/2023. Given that the opening CFR is forecast to be £10.966m excluding the PFI this effectively means that the CCFRA has historically had its assets funded by £3.466m of capital spend from internal resources. Moving forward it is assumed currently that all capital expenditure will be funded by prudential borrowing. The scope for supporting capital expenditure through internal resources will be limited as the Authority begins life with a relatively low level of reserves/cash balances.

The Bank Rate rises over recent months have pushed up the cost of long-term finance to over 5%. Borrowing rates are expected to start falling during 2024 and to continue over the medium term. Consequently, undertaking long term borrowing at this time is likely to fix higher costs into the revenue account and commit the CCFRA 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 there is an exposure to interest rate risk at the point that actual borrowing is undertaken. Accordingly, the CCFRA, in conjunction with its treasury advisor, will continue to monitor market conditions and interest rate prospects on an ongoing basis, in the context of the CCFRA's capital expenditure plans, with a view to minimising borrowing costs over the medium to long term.

The CCFRA's is inheriting long-term borrowing from the PWLB (Public Works Loans Board) but other sources of finance are now available and will be 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 updated investment guidance emphasises “Security, Liquidity, Yield in order of importance at all times”.

The appropriate balance between risk and return is sought but with returns relatively low there is little to be gained from exposing the CCFRA to extra risk.

Investment Strategy

Local Authorities (which include the CCFRA) 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 CCFRA to approve an investment strategy which must also meets the requirement in the statutory investment guidance issued by the DLUHC in January 2018. The CCFRA 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 CCFRA’s treasury advisors.

Key Messages

In accordance with guidance from the DLUHC and CIPFA, and in order to minimise the risk to investments, the CCFRA 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 CCFRA will hold balances of invested funds, representing income received in advance of expenditure plus balances and reserves held. In this first year of operation, the exact details of the likely cash balances throughout the year can only be estimated. It is anticipated that investment balances will peak in July due to the receipt of the pension top up grant from the Home Office, which is drawn down steadily over the remainder of the year. It is anticipated that these will average £6.0m across the year and may peak, when the pensions grant is received in July, at around £10m.

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 CCFRA 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 decision to enter into an approved class of investment is delegated to the CCFRA Chief Finance Officer. The strategy allows for investments in pooled funds such as money market funds, ultra-short dated bond funds, short dated bond funds or property funds. The use of bond funds/property funds would further diversify the CCFRA's portfolio, provide a longer-term investment and potentially increase yield. However, given current economic volatility it is unlikely that they will be pursued.

A full explanation of each class of asset is provided in **Appendix A** together with a schedule of the limits that will be applied.

Key Messages

The PCC Chief Finance Officer (subject with consultation with the CCFRA) 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)

The Treasury Management Strategy is designed to be a dynamic framework which is responsive to prevailing conditions with the aim of safeguarding the CCFRA's resources. Accordingly, the CCFRA and its 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 that the CCFRA Chief Finance Officer, subject to consultation with the CCFRA, 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 CCFRA'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 CCFRA) 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 CCFRA has no plans to use derivatives during 2024/25. Should this position change, the CCFRA 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 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 DLUHC's defines as a long-term investment.

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)

The CCFRA Chief Finance Officer will maintain a cash flow forecast 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 CCFRA being forced to borrow on unfavourable terms to meet its financial commitments. For the CCFRA, the total of investments over one year in duration are limited to £1m 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. Investment performance will be reported regularly to the CCFRA 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 for each year, scrutinised by the Joint Audit Committee and published on the CCFRA's website alongside this strategy.

Treasury Risk and Treasury Management Practices

The CCFRA'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 CCFRA 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 CCFRA inherited £7.5m of external debt from the former County Council.

Treasury Management Prudential Indicators

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 CCFRA 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	50%	0%
12 months and within 24 months	50%	0%
24 months and within 5 years	50%	0%
5 years and within 10years	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. The CCFRA inherited £7.5m of external PWLB debt on 01/04/23 with less than 10 years to maturity and as such has a requirement to apply limits to the maturity profile of existing debt. The maturity date of this loan is October 2032.

Key Messages

Compliance with the indicators will be presented to the CCFRA and the Joint Audit Committee in the quarterly Treasury Activities report.

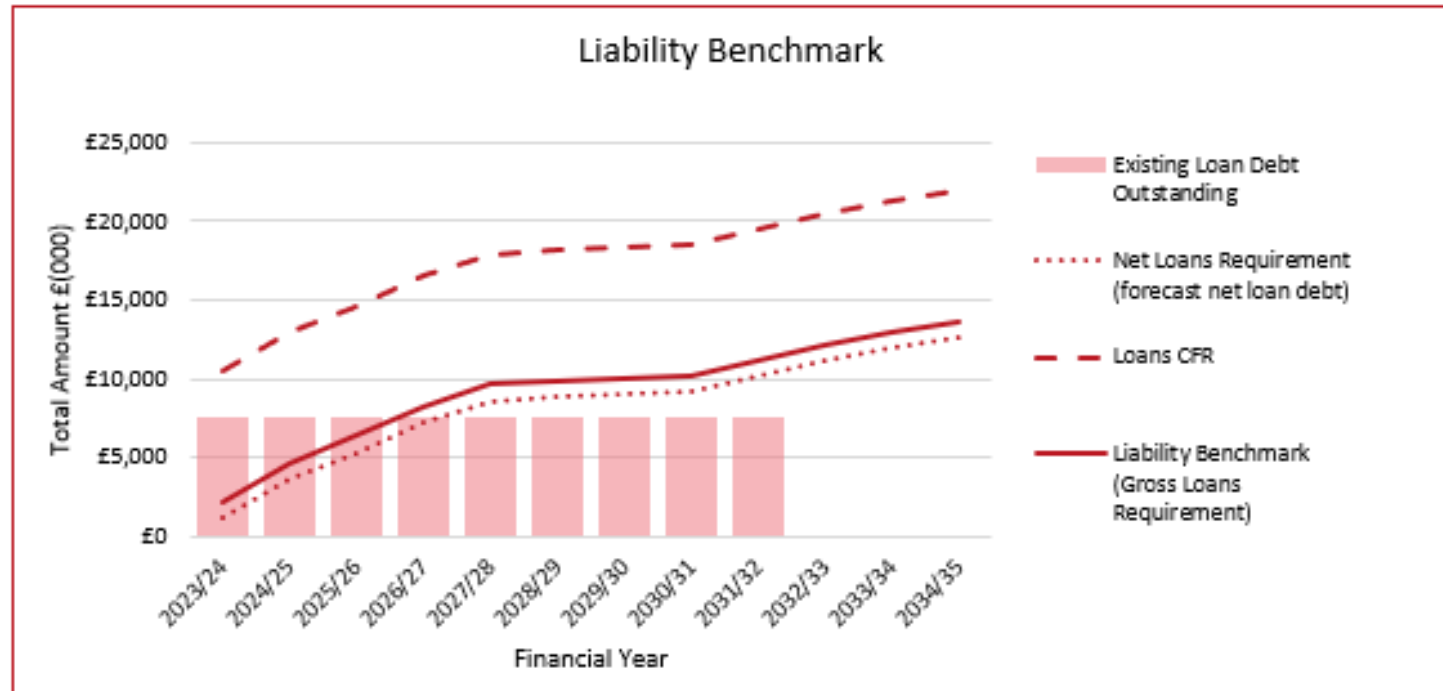
2. Principal sums invested for periods longer than a year

The purpose of this indicator is to contain the CCFRA'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
Limit on principal invested beyond one year	£1m	£1m	£1m	£1m

3. Liability Benchmark

The 2021 code requires Authorities to define their own 'Liability Benchmark' which looks at the net management of the CCFRA'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.



Setting, Revising, Monitoring and Reporting

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 CCFRA 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 in the role of CCFRA.

Other Prudential Indicators 2024/25

As per the 2021 CIPFA Prudential Code for Capital Finance and the accompanying guidance notes the CCFRA 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. For this first Treasury management statement all assumptions have been made at the prudent upper level and with all new borrowing assumed at the earliest possible date. This will be refined as Treasury management information matures.

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.

	2023/24 Forecast £m	2024/25 Estimate £m	2025/26 Estimate £m	2026/27 Estimate £m	2027/28 Estimate £m
Capital Expenditure	2.337	3.145	2.683	3.146	2.928

Capital Financing					
Capital Receipts	0.015	0.000	0.000	0.000	0.000
Government Grants	2.000	0.000	0.000	0.000	0.000
Revenue Contributions	0.100	0.000	0.000	0.000	0.000
Total Financing	2.115	0.000	0.000	0.000	0.000
Borrowing	0.222	3.145	2.683	3.146	2.928
Total Funding	0.222	3.145	2.683	3.146	2.928
Total Financing and Funding	2.337	3.145	2.683	3.146	2.928

Key Messages

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

Minimum Revenue Provision – ‘Annual Mortgage repayments (excluding interest)’.

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

Other Prudential Indicators 2024/25 (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	2023/24 Forecast £m	2024/25 Estimate £m	2025/26 Estimate £m	2026/27 Estimate £m	2027/28 Estimate £m
Balance B/fwd	24.433	23.488	25.444	26.661	28.002
Less PFI	-13.467	-13.014	-12.522	-11.988	-11.410
Opening CFR Excluding PFI	10.966	10.474	12.922	14.673	16.592
Plus Capital Expenditure financed from borrowing	0.222	3.145	2.683	3.146	2.928
Less MRP for Debt Redemption	-0.714	-0.697	-0.932	-1.227	-1.588
Closing CFR Excluding PFI	10.474	12.922	14.673	16.592	17.932

Authorised Limit

The 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	2023/24 £m	2024/25 £m	2025/26 £m	2026/27 £m	2027/28 £m
External Borrowing	10.000	11.000	13.000	15.000	16.000
Other Long Term Liabilities	12.030	12.522	11.988	11.410	10.784
Total Authorised Limit	22.030	23.522	24.988	26.410	26.784

Key Messages

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

The CCFRA inherited £7.5m of external PWLB borrowing from the former Cumbria County Council on 01/04/23.

Other Prudential Indicators 2024/25 (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 CCFRA and the Joint Audit Committee meeting following the change.

Operational Boundary for External Debt	2023/24 £m	2024/25 £m	2025/26 £m	2026/27 £m	2027/28 £m
External Borrowing	9.000	10.000	12.000	14.000	15.000
Other Long Term Liabilities	12.030	12.522	11.988	11.410	10.784
Total Operational Boundary	21.030	22.522	23.988	25.410	25.784

Actual External Debt

The CCFRA's actual external debt as at 31 March 2024 will be £7.5m along with other long-term liabilities of £13.014m in relation to the PFI. In constructing this strategy, a prudent approach has been taken. In practice it is likely that some internal resources will be available to support a strategic approach to the timings and interest rate structure of future borrowing.

	2023/24 Forecast £m	2024/25 Estimate £m	2025/26 Estimate £m	2026/27 Estimate £m	2027/28 Estimate £m
Gross Debt 31 March	7.500	9.948	11.699	13.618	14.958

Other Prudential Indicators 2024/25 (Continued)

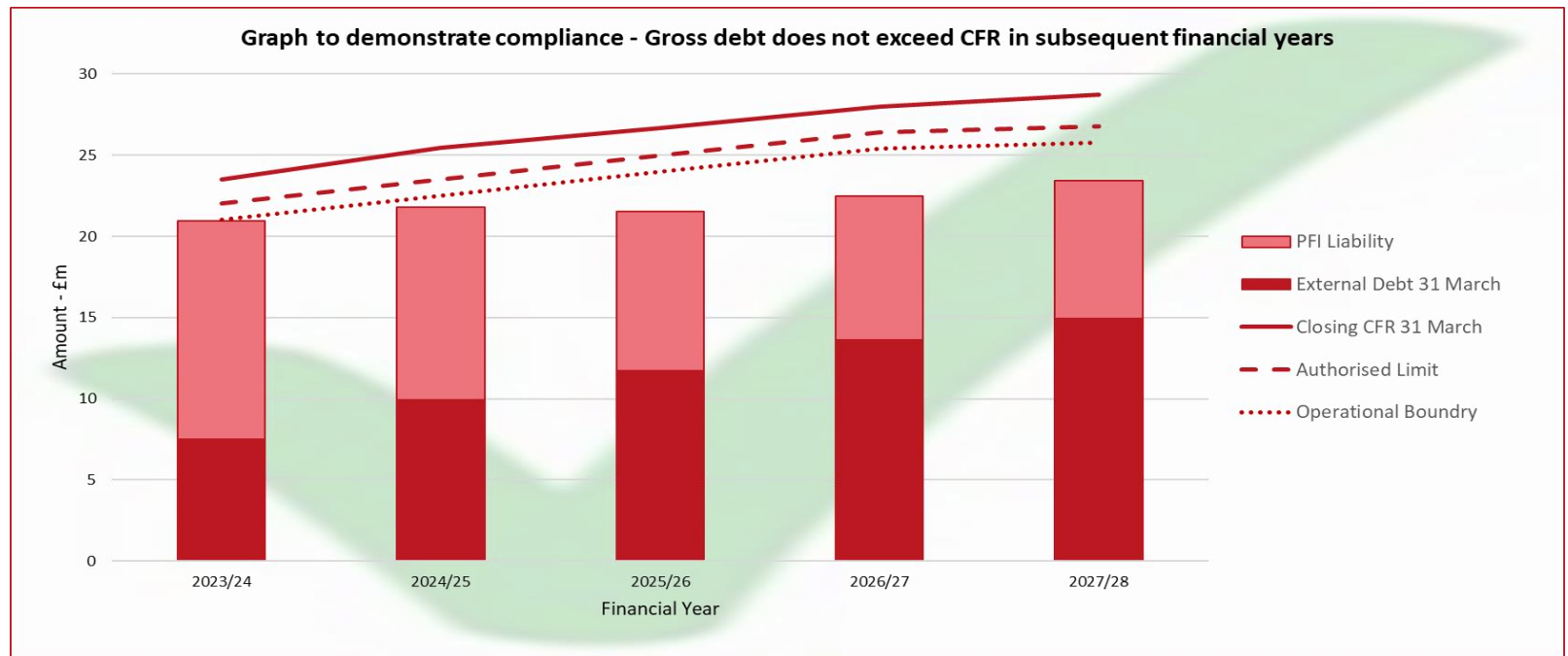
Gross Debt and the Capital Financing Requirement

The CCFRA 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.

	2023/24 Forecast £m	2024/25 Estimate £m	2025/26 Estimate £m	2026/27 Estimate £m	2027/28 Estimate £m
Closing CFR 31 March	23.488	25.444	26.661	28.002	28.716
Gross Debt 31 March	7.500	9.948	11.699	13.618	14.958

For the purposes of this strategy, it has been assumed that the CCFRA will borrow to the capital financing requirement. In practice the Authority may have some reserves and internal resources available to support the approach to capital funding.

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 2024/25 (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 CCFRA is required to set aside to repay debt, less interest and investments income. The CCFRA'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 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 (Non PFI)	2023/24 Forecast £m	2024/25 Estimate £m	2025/26 Estimate £m	2026/27 Estimate £m	2027/28 Estimate £m
MRP	0.714	0.697	0.932	1.227	1.588
Interest	0.194	0.252	0.342	0.411	0.470
Financing Costs	0.908	0.949	1.274	1.638	2.058
Net Revenue Stream	25.442	27.824	28.800	29.730	30.692
Ratio	4%	3%	4%	6%	7%

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.

In relation to the CCFRA this would normally be over 60 years for buildings, 15 years for vehicles and an appropriate life for other assets.

Calculation will be based on option 3.

The CCFRA 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 2024/25

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’s Guidance recommends that before the start of the financial year, the CCFRA 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.

The calculations in this initial statement have assumed that CCFRA’s MRP policy utilises option 3. The Authority will have no pre 2008/09 borrowing. 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. The PFCC will seek detailed technical advice to support the detailed calculation of MRP for the Authority’s first set of annual accounts. 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 CCFRA’s revenue budget as this is part of the capital repayment element of the PFI unitary charge. Although it is permitted to make overpayments of MRP no such overpayments are planned for 2024/25.

Counterparty Selection Criteria and Approved Counterparties

The lending criteria set out below are 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.

Counterparty Selection Criteria

The counterparty selection criteria and category limits are set to encourage diversification and to increase the security of those funds invested. The investment limits and duration are linked to the credit rating and type of counterparty at the time the investment is made.

The credit worthiness of counterparties is monitored on an ongoing basis in conjunction with the CCFRA's treasury management advisors, Link Asset Services Ltd, who provide timely updates and advice on the standing of counterparties. 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 CCFRA and the Joint Audit Committee will be advised through the quarterly activities report.

The approved investment counterparties for the 2024/25 investment strategy are summarised as follows:

Category	Description	Comments
Category 1	Banks Unsecured	Includes building societies
Category 2	Banks Secured	Includes building societies
Category 3	Government	Includes other Local Authorities
Category 4	Registered Providers	Includes providers of social housing e.g. Housing Associations
Category 5	Pooled Funds	Includes Money Market Funds and property funds

A more detailed explanation of each of these counter party groupings is provided in Schedule B (page 27).

Key Messages

Whilst these limits also apply to the CCFRA'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 £0.5m will apply in such circumstances.

Changes to accounting rules mean that certain financial instruments need to be valued at year end and paper gains / losses at the balance sheet date charged to the Statement of Comprehensive Income and Expenditure Account. Such instruments are not currently key to this strategy.

Counterparty Groupings / Limits

The criteria for approving investment counterparties have been devised, grouped, graded and investment limits attached as detailed in Schedule A (page 26). The limits are based on a percentage of the potential maximum sums available for investment during the year of up to £10m. 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 Asset Services Ltd suggest that these funds are used for longer term investments and the ordinary money market funds to manage cash flow.

Description of Credit Ratings

As outlined above the credit worthiness of counterparties is monitored on an ongoing basis in conjunction with the CCFRA's treasury management advisors, Link Asset Services Ltd.

The UK Government is considered the safest place to invest as it has never defaulted and therefore minimum credit ratings do not apply.

The CCFRA has determined that it will only use approved counterparties from the UK and from countries with a minimum sovereign credit rating of AA.

All investments are Sterling. Therefore, the CCFRA is not exposed to any foreign exchange / currency risk.

Schedule A – Counterparty Groupings and Associated Limits

Credit Rating	Maximum	1	2	3	4	5
		Banks Unsecured	Banks Secured	Government	Registered Providers	Pooled Funds
<u>Category Limit 2024/25</u>	<i>Amount</i>	£5m	£5m	Unlimited	£2m	£5m
	<i>Duration</i>					
<u>Individual Institution/Group Limits</u>						
UK Government	Amount	N/A	N/A	£ unlimited	N/A	N/A
	Duration			50 Years		
AAA	Amount	£0.5m	£1m	£1m	£0.5m	£1m per fund (Pooled funds are generally not rated but the diversification of funds equate to AAA credit rating)
	Duration	5 years	20 years	50 years	20 years	
AA+	Amount	£0.5m	£1m	£1m	£0.5m	
	Duration	5 years	10 years	25 years	10 years	
AA	Amount	£0.5m	£1m	£1m	£0.5m	
	Duration	4 years	5 years	15 years	10 years	
AA-	Amount	£0.5m	£1m	£1m	£0.5m	
	Duration	3 years	4 years	10 years	10 years	
A+	Amount	£0.5m	£1m	£0.5m	£0.5m	
	Duration	2 years	3 years	5 years	5 years	
A	Amount	£0.5m	£1m	£0.5m	£0.5m	
	Duration	13 months	2 years	5 Years	5 years	
A-	Amount	£0.5m	£1m	£0.5m	£0.5m	
	Duration	6 months	13 months	5 years	5 years	
None	Amount	N/A	N/A	£0.5m	£0.5m	
	Duration			25 years	5 years	

Note, individual, group and category limits for 2024/25 are based on the potential maximum available for investment during the year of up to £10m. It should also be noted that as outlined on page 24 above, counterparty credit rating is not the only factor taken into consideration at the time of placing investments. The maximum of all investments with outstanding maturities greater than one year will be £1m.

The CCFRA priority for investments will always be ranked in the order of



Schedule B – Explanation of Counterparty Groupings

Class of Investment

Category 1 - Banks Unsecured: Accounts, deposits, certificates of deposit and senior unsecured bonds with banks and building societies, other than multilateral development banks. These investments are subject to the risk of credit loss via a bail-in should the regulator determine that the bank is failing or likely to fail. See below for arrangements relating to operational bank accounts.

Category 2 - Banks Secured: Covered bonds, reverse repurchase agreements and other collateralised arrangements with banks and building societies. These investments are secured on the bank’s assets, which limits the potential losses in the unlikely event of insolvency, and means that they are exempt from bail-in. Where there is no investment specific credit rating, but the collateral upon which the investment is secured has a credit rating, the higher of the collateral credit rating and the counterparty credit rating will be used to determine cash and time limits. The combined secured and unsecured investments in any one bank will not exceed the cash limit for secured investments.

Category 3 - Government: Loans, bonds and bills issued or guaranteed by national governments, regional and local authorities and multilateral development banks. These investments are not subject to bail-in, and there is generally a lower risk of insolvency, although they are not zero risk. Investments with the UK Central Government may be made in unlimited amounts for up to 50 years.

Category 4 - Registered Providers: Loans and bonds issued by, guaranteed by or secured on the assets of registered providers of social housing and registered social landlords, formerly known as housing associations. These bodies are tightly regulated by the Regulator of Social Housing (in England), the Scottish Housing Regulator, the Welsh Government and the Department for Communities (in Northern Ireland). As providers of public services, they retain the likelihood of receiving government support if needed.

Category 5 - Pooled Funds: Shares or units in diversified investment vehicles consisting of the any of the above investment types, plus equity shares and property. These funds have the advantage of providing wide diversification of investment risks, coupled with the services of a professional fund manager in return for a fee. Short-term Money Market Funds that offer same-day liquidity and very low or no volatility will be used as an alternative to instant access bank accounts, while pooled funds whose value changes with market prices and/or have a notice period will be used for longer investment periods.

Bond, equity and property funds offer enhanced returns over the longer term but are more volatile in the short term. These allow the Authority to diversify into asset classes other than cash without the need to own and manage the underlying investments. Because these funds have no defined maturity date, but are available for withdrawal after a notice period, their performance and continued suitability in meeting the Authority’s investment objectives will be monitored regularly.

Joint Audit Committee
20 March 2024
Agenda Item 18c



Peter McCall
POLICE, FIRE & CRIME
COMMISSIONER



Joint Treasury Management Practices 2024/25

The Commissioner and Members are asked to note that any changes in wording from the previous document have been highlighted using tracked changes.

On 1 April 2023, the Police, Fire and Crime Commissioner took responsibility for Fire ~~and will become which became~~ the **Cumbria Commissioner Fire and Rescue Authority**. The Police, Fire and Crime Commissioner for Cumbria and Cumbria Commissioner Fire & Rescue Authority are separate legal entities with no group accounting relationship and as such treasury management activities will be kept separate. However, the decision ~~has been was~~ taken for the PFCC/Constabulary shared Financial Services Team to carry out treasury management activities on behalf of both organisations. On an annual basis a separate treasury management strategy statement (TMSS) will be produced for both organisations. The TMSS and all treasury management activity is covered by a set of overarching principles contained within this document of Treasury Management Practices. This Treasury Management Practices document is a Joint document covering both organisations. Throughout this document, reference will be made to 'The Commissioner', for the purposes of this document, this is intended to refer to responsibilities in relation to the separate responsibilities of **The Police, Fire and Crime Commissioner for Cumbria** (PFCC) and **Cumbria Commissioner Fire and Rescue Authority** (CCFRA).

~~From 01 April 2023 the Joint Chief Finance Officer will be replaced with Separate Chief Finance Officers for the PFCC/Fire (PFCC CFO) and the Constabulary (CC CFO).~~

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).

Service investments and Commercial investments are classed as non- treasury investments.

The Commissioner does not currently have, and does not intend to invest in, non-treasury investments so the detailed Treasury Management Practices below relate to Treasury Investments only.

Treasury Management Practices – Treasury Investments

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The Financial Services Team have authority to undertake transactions on instruction from the PFCC/[Fires](#) Chief Finance Officer as part of the arrangements for shared financial services.

Schedule 1

Summary Identifying Risks of Treasury Management

The “**Treasury Management in the Public Services: Code of Practice and cross sectoral guidance notes**” (the Code) identifies twelve areas where statements of Treasury Management practices (TMPs) should be developed to implement the full requirements of the Code.

TMP 1 Risk Management

The PFCC/[Fires](#) Chief Finance Officer will design, implement and monitor all arrangements for the identification, management and control of treasury management risk. They will report at least annually on the adequacy / suitability thereof, and will report, as a matter of urgency, the circumstances of any actual or likely difficulty in achieving the organisation’s objectives in this respect, all in accordance with the procedures set out in TMP6 ‘Reporting requirements and management information arrangements’. In respect of each of the following risks, the arrangements which seek to ensure compliance with these objectives are set out in the schedule 2.

1. Credit and Counterparty Risk Management

The risk of failure by a counterparty to meet its contractual obligations to the organisation under an investment, borrowing, capital, project or partnership financing, particularly as a result of the counterparty’s diminished creditworthiness, and the resulting detrimental effect on the organisation’s capital or current (revenue) resources.

The Commissioner regards a key objective of its treasury management activities to be the security of the principal sums it invests. Accordingly, it will ensure that its counterparty lists and limits reflect a prudent attitude towards organisations with whom funds may be deposited, and will limit its investment activities to the instruments, methods and techniques referred to in TMP4 ‘Approved instruments, methods and techniques’ and listed in schedule 2 of this document. It also recognises the need to have, and will therefore maintain, a formal counterparty policy in respect of those organisations from which it may borrow, or with whom it may enter into other financial or derivative arrangements.

To ensure this it will maintain a defined list of authorised counterparties and the group deposit limits. In conjunction with The Commissioner’s treasury advisors (Link Treasury Services Limited) the creditworthiness of counterparties is reviewed on an ongoing basis. Where such monitoring results in significant changes to the approved counterparty list, this will be reported to the Commissioner and the Joint Audit Committee through

the quarterly treasury management activities report. The treasury advisory service provided by Link Treasury Services Limited gives daily updates on credit worthiness which allows immediate action where necessary. Any amendments are subsequently put to the Commissioner for ratification. A weekly statement will be presented to the [CCConstabulary](#) Chief Finance Officer for approval detailing all the week's investment activity and a summary of all amounts deposited at any one time by counterparty and category together with details of any borrowings undertaken or repaid in the week and the total outstanding at close of business for the week. Copies of this information are also provided to the ~~PFCC/[Fires](#) Chief Finance Officer, and the Director of Corporate Support~~. Where exceptional circumstances make it necessary to deviate from the approved lending list limits this will be approved by the ~~PFCC/[Fires](#) Chief Finance Officer~~ (or in his/her absence by the [CCConstabulary](#) Chief Finance Officer) in advance of the transaction being undertaken and will be reported to the Commissioner at the earliest opportunity.

Policy on environmental, social and governance (ESG) considerations

The CIPFA TM Code 2021 requires ESG considerations to be incorporated into TMP1 from 1st April 2023. The Commissioner is supportive of the Principles for Responsible Investment (www.unpri.org) and will seek to bring ESG (environmental, social and governance) factors into the decision-making process for investments.

Within this, the Commissioner is also appreciative of the Statement on ESG in Credit Risk and Ratings which commits signatories to incorporating ESG into credit ratings and analysis in a systemic and transparent way. The Commissioner uses ratings from Fitch, Moody's and Standard & Poor's to support its assessment of suitable counterparties. Each of these rating agencies is a signatory to the ESG in credit risk and ratings statement, which is as follows:

"We, the undersigned, recognise that environmental, social and governance (ESG) factors can affect borrowers' cash flows and the likelihood that they will default on their debt obligations. ESG factors are therefore important elements in assessing the creditworthiness of borrowers. For corporates, concerns such as stranded assets linked to climate change, labour relations challenges or lack of transparency around accounting practices can cause unexpected losses, expenditure, inefficiencies, litigation, regulatory pressure and reputational impacts.

At a sovereign level, risks related to, inter alia, natural resource management, public health standards and corruption can all affect tax revenues, trade balance and foreign investment. The same is true for local governments and special purpose vehicles issuing project boards. Such events can result in bond price volatility and increase the risk of defaults.

In order to more fully address major market and idiosyncratic risk in debt capital markets, underwriters, credit rating agencies and investors should consider the potential financial materiality of ESG factors in a strategic and systemic way. Transparency on which ESG factors are considered, how these are integrated, and the extent to which they are deemed material in credit assessments will enable better alignment of key stakeholders.

In doing this the stakeholders should recognise that credit ratings reflect exclusively an assessment of an issuer's creditworthiness. Credit rating agencies must be allowed to maintain full independence in determining which criteria may be material to their ratings. While issuer ESG analysis may be considered an important part of a credit rating, the two assessments should not be confused or seen as interchangeable.

*With this in mind, we share a common vision **to enhance systematic and transparent consideration of ESG factors in the assessment of creditworthiness.***

2. Liquidity Risk Management

The risk that cash will not be available when it is needed, that ineffective management of liquidity creates additional unbudgeted costs, and that the organisation's business / service objectives will be thereby compromised.

The Commissioner considers that the prospect of ongoing liquidity problems is remote due to the nature and timing of its main income sources and the substance of major items of expenditure. However, it will ensure that the PFCC/Constabulary and CCFRA have adequate, though not excessive cash resources, borrowing arrangements, overdraft or standby facilities to enable it at all times to have the level of funds available to it which are necessary for the achievement of its business / service objectives. This will be achieved through the use of a proven cash flow forecasting model. This is updated annually to include all known major income streams (e.g. Home Office Grant, precepts, pension grant etc.) and all major payments (e.g. payroll, HMRC, weekly payment run estimates, etc.).

The Commissioner will only borrow in advance of need where there is a clear business case for doing so and will only do so for the current capital programme or to finance future debt maturities. There are currently no plans to borrow in advance of need.

3. Interest Rate Risk Management

The risk that fluctuations in the level of interest rates create an unexpected or unbudgeted burden on the organisation's finances, against which the organisation has failed to protect itself adequately.

The Commissioner will manage its exposure to fluctuations in interest rates with a view to containing its interest costs, or securing its interest revenues, in accordance with the amounts provided in its budgetary arrangements as amended in accordance with TMP6 'Reporting requirements and management information arrangements'.

The Commissioner will achieve this by the prudent use of approved financing and investment instruments, methods and techniques, primarily to create stability and certainty of costs and revenues, but at the same time retaining a sufficient degree of flexibility to take advantage of unexpected, potentially advantageous changes in the level or structure of interest rates. This should be the subject to consideration and, if required, approval of any policy or budgetary implications.

The Commissioner will ensure that any hedging tools such as derivatives are only used for the management of risk and the prudent management of financial affairs and that the policy for the use of derivatives is clearly detailed in the annual strategy. There are currently no plans to utilise such instruments.

Revised interest forecasts for both the current and forward years are incorporated within the Commissioner's and Cumbria Commissioner Fire and Rescue Authority budget and medium term financial forecasts on a regular basis. An appropriate limit will also be defined in the annual strategy setting out the maximum amount of variable rate debt to be incurred. However, security of principal will always take precedence over interest returns in decisions over investment of our cash.

4. Exchange Rate Risk Management

The risk that fluctuations in foreign exchange rates create an unexpected or unbudgeted burden on the organisation's finances, against which the organisation has failed to protect itself adequately.

The Commissioner will manage its exposure to fluctuations in exchange rates so as to minimise any detrimental impact on its budgeted income / expenditure levels. However, this is not considered to be an issue for the Commissioner at the moment, as all treasury transactions are currently undertaken in pounds sterling.

5. Inflation Risk Management

The risk that inflation will erode the future value of and / or yield from an investment.

The Commissioner will keep under review the sensitivity of its treasury assets and liabilities to inflation and will seek to manage the risk accordingly in the context of the whole organisation's inflation exposures.

6. Refinancing Risk Management

The risk that maturing borrowings, capital, projects or partnership financings cannot be refinanced on terms that reflect the provisions made by the organisation for refinancing, both capital and current (revenue), and / or that the terms are inconsistent with prevailing market conditions at the time.

The Commissioner will ensure that its borrowing, private financing and partnership arrangements are negotiated, structured, documented and the maturity profile of the monies raised are managed, with a view to obtaining offer terms for renewal or refinancing, if required, which are competitive and as favourable to the Commissioner as can be reasonably achieved in the light of market conditions prevailing at the time.

It will actively manage its relationships with its counterparties in these transactions in such a manner as to secure this objective, and will avoid overreliance on any one source of funding if this might jeopardise achievement of the above.

7. Legal and Regulatory Risk Management

The risk that the organisation itself, or an organisation with which it is dealing in its treasury management activities, fails to act in accordance with its legal powers or regulatory requirements and that the organisation suffers losses accordingly.

The Commissioner will ensure that all of its treasury management activities comply with its statutory powers and regulatory requirements. It will demonstrate such compliance, if required to do so, to all parties with whom it deals in such activities. In framing its credit and counterparty policy under TMP1(1) 'Credit and counterparty risk management', it will ensure that there is evidence of counterparties' powers, authority and compliance in respect of the transactions they may effect with the organisation, particularly with regard to duty of care and fees charged.

An Investment Strategy, as required in Section 15 of the Local Government Act 2003 will be put to the Commissioner annually for ratification as part of the treasury management strategy statement.

The Commissioner recognises that future legislative or regulatory changes may impact on its treasury management activities and, so far as it is reasonably able to do so, will seek to minimise the risk of these impacting adversely on the organisation.

Regular scanning of the internal and external regulatory framework will be undertaken by the [PFCC/Fire and C&C Constabulary](#)-Chief Finance Officers to aid the above.

8. Fraud, Error and Corruption and Contingency Management

The risk that the organisation fails to identify the circumstances in which it may be exposed to the risk of loss through fraud, error, corruption or other eventualities in its treasury management dealings, and fails to employ suitable systems and procedures and maintain effective contingency management arrangements to these ends. It includes the area of risk commonly referred to as operational risk.

The Commissioner will ensure that it has identified the circumstances which may expose it to the risk of loss through fraud, error, corruption or other eventualities in its treasury management dealings. Accordingly, it will employ suitable systems and procedures, and will maintain effective contingency management arrangements, to these ends.

9. Market Risk Management

The risk that, through adverse market fluctuations in the value of the principal sums an organisation borrows and invests, its stated treasury management policies and objectives are compromised, against which effects it has failed to protect itself adequately.

The Commissioner will seek to ensure that its stated treasury management policies and objectives will not be compromised by adverse market fluctuations in the principal sums it invests, and will accordingly seek to protect itself from the effects of such fluctuations.

Only very secure instruments and institutions are chosen with strict limits placed on the value of deposit that can be made with each institution (including group limits) thus limiting its exposure.

TMP 2 Performance Measurement

The Commissioner is committed to the pursuit of value for money in its treasury management activities, and to the use of performance methodology in support of that aim, within the framework set out in its treasury management policy statement.

Accordingly, the treasury management function will be the subject of ongoing analysis of the value it adds in support of the organisation's stated business or service objectives. It will be the subject of regular examination of alternative methods of service delivery, of the availability of fiscal or other grant or subsidy incentives, and of the scope for other potential improvements. The performance of the treasury management function will be measured using the criteria set out in schedule 2.

TMP 3 Decision Making and Analysis

The Commissioner will maintain full records of its treasury management decisions, and of the processes and practices applied in reaching those decisions, both for the purposes of learning from the past, and for demonstrating that reasonable steps were taken to ensure that all issues relevant to those decisions were taken into account at the time. The issues to be addressed and the processes and practices to be pursued in reaching decisions are detailed in Schedule 2.

TMP 4 Approved Instruments, Methods and Techniques

The Commissioner will undertake its treasury management activities by employing only those instruments, methods and techniques detailed in Schedule 2 and within the limits and parameters defined in TMP1 Risk Management.

Where the Commissioner intends to use derivative instruments for the management of risks, these will be limited to those set out in its annual treasury strategy. The Commissioner will seek proper advice and will consider that advice when entering into arrangements to use such products to ensure that it fully understands those products. There are currently no plans to utilise such instruments.

TMP 5 Organisation, Clarity, Segregation of Responsibilities and Dealing Arrangements

The Commissioner considers it essential, for the purposes of the effective control and monitoring of its treasury management activities, for the reduction of the risk of fraud or error, and for the pursuit of optimum performance, that these activities are structured and managed in a fully integrated manner, and that there is at all times clarity of treasury management responsibilities. A separate statement of responsibilities exists to facilitate this and is set out in Schedule 2.

The principle on which this will be based is a clear distinction, as far as is feasible between those charged with setting treasury management policies and those charged with implementing and controlling these policies, particularly with regard to the execution and transmission of funds, the recording and administering of treasury management decisions and the audit and review of the treasury management function.

The PFCC/[Fires](#) Chief Financial Officer has overall responsibility for the treasury management activities but delegates day-to-day management of the function to the [Constabulary](#) Chief Finance Officer.

If and when the Commissioner intends, as a result of lack of resources or other circumstances, to depart from these principles, the PFCC/[Fires](#) Chief Finance Officer will ensure that the reasons are properly reported in accordance with TMP6 'Reporting requirements and management information arrangements', and the implications properly considered and evaluated.

On behalf of the PFCC/[Fires](#) Chief Finance Officer, the [Constabulary](#) Chief Finance Officer will ensure that:

- there are clear written statements of the responsibilities for each post engaged in treasury management.
- there are appropriate arrangements for absence cover.
- that at all times, those engaged in treasury management will follow the policies and procedures set out.
- there is proper documentation for all deals and transactions.
- that procedures exist for the effective transmission of funds.

The present arrangements are detailed in schedule 2.

The delegations to the [Constabulary](#) Chief Finance Officer in respect of treasury management are set out within schedule 2 of this document. The [Constabulary](#) Chief Finance Officer will fulfil all such responsibilities in accordance with the organisation's policy statement and TMPs and, if a CIPFA member, the "Standard of Professional Practice on Treasury Management".

TMP 6 Reporting Requirements and Management Information Arrangements

The Commissioner will ensure that regular reports are prepared and considered on the implementation of treasury management policies; on the effects of decisions taken and transactions executed in pursuit of those policies; on the implications of changes, particularly budgetary, resulting from regulatory, economic, market or other factors affecting its treasury management activities; and on the performance of the treasury management function.

As a minimum the Commissioner, will receive:

- an annual report on the strategy and plan to be pursued in the coming year (before 31 March).
- A rolling three year statement of treasury Indicators, combining those required by the prudential code and by the treasury management code.
- A mid-year review.
- A quarterly summary of treasury management activity.
- An annual report on the performance of the treasury management function, on the effects of the decisions taken and the transactions executed in the past year, and on any circumstances of non-compliance with the Commissioner's treasury management policy statement and TMPs. (Reported to both the Commissioner's Public Accountability Conference and the Joint Audit Committee).

Corporate Support / Financial Services / SW

In addition to the above, the **Joint Audit Committee** will receive:

- regular (no less than quarterly) monitoring reports on treasury management activities and risks. In addition, where ongoing monitoring of the credit worthiness of approved counterparties has revealed a significant change, this will also be reported to the Joint Audit Committee.
- an annual report on the performance of the treasury management function, on the effects of the decisions taken and the transactions executed in the past year, and on any circumstances of non-compliance with the Constabulary's treasury management policy statement and TMPs. (Reported to both the Commissioner's Public Accountability Conference and the Joint Audit Committee).

The Joint Audit Committee will have responsibility for the scrutiny of treasury management strategy, policies and practices.

The present arrangements and the form of these reports are detailed in schedule 2.

TMP 7 Budgeting, Accounting and Audit Arrangements

The PFCC/[Fires](#) Chief Finance Officer will recommend and the Commissioner will approve and if necessary, from time to time will amend an annual budget for treasury management, which will bring together all of the costs involved in running the treasury management function, together with associated income. The matters to be included in the budget will at minimum be those required by statute or regulation, together with such information as will demonstrate compliance with TMP1 'Risk management', TMP2 'Performance measurement' and TMP4 'Approved instruments, methods and techniques'. The PFCC/[Fires](#) Chief Finance Officer will ensure the effective exercise of controls over this budget, and will report upon and recommend any changes required in accordance with TMP6 'Reporting requirements and management information arrangements'.

The Commissioner will account for its treasury management activities, for decisions made and transactions executed, in accordance with appropriate accounting practices and standards, and with statutory and regulatory requirements in force at that time.

The Commissioner will ensure that its auditors and those charged with regulatory review, have access to all information and papers supporting the activities of the treasury management function as are necessary for the proper fulfilment of their roles. The Commissioner will also ensure that such information and papers demonstrate compliance with external and internal policies and approved practices.

TMP 8 Cash and Cash Flow Management

Unless statutory or regulatory requirements demand otherwise, all monies in the hands of the Commissioner will be under the control of the PFCC/[Fires](#) Chief Finance Officer and will be aggregated for cash flow and investment management purposes. Cash flow projections will be prepared on a regular and timely basis, and the PFCC/[Fires](#) Chief Finance Officer will ensure that these are adequate for the purposes of monitoring compliance with TMP1(2) 'liquidity risk management'. The present arrangements for preparing cash flow projections, and their form, are set out in Schedule 2.

TMP 9 Money Laundering

The Commissioner is alert to the possibility that it may become the subject of an attempt to involve it in a transaction involving the laundering of money. Accordingly, it will maintain procedures for verifying and recording the identity of counterparties and for reporting suspicions, and will ensure that staff involved in this are properly trained. The present arrangements, including the name of the officer to whom reports should be made, are detailed in schedule 2.

TMP 10 Training and Qualifications

The Commissioner recognises the importance of ensuring that all staff involved in the treasury management function are fully equipped to undertake the duties and responsibilities allocated to them. The Commissioner will therefore seek to appoint individuals who are both capable and experienced and will also provide training to enable them to acquire and maintain an appropriate level of expertise, knowledge and skills. The [CCConstabulary](#) Chief Finance Officer will on behalf of the PFCC/[Fires](#) Chief Financial Officer recommend and implement the necessary arrangements.

The PFCC/[Fires](#) Chief Finance Officer will ensure that Joint Audit Committee members tasked with treasury management responsibilities, including those responsible for scrutiny, have access to training relevant to their needs and those responsibilities.

Those charged with governance recognise their individual responsibility to ensure they have the necessary skills to complete their role effectively.

The present arrangements are detailed in schedule 2.

TMP 11 Use of External Service Providers

The Commissioner recognises that responsibility for treasury management decisions remains with the organisation at all times. It recognises that there may be potential value of employing external providers of treasury management services, in order to acquire access to specialist skills and resources. When it employs such service providers, it will ensure it does so for reasons which have been submitted to a full evaluation of the costs and benefits. It will also ensure that the terms of their appointment and methods by which their value will be assessed are properly agreed and documented, and subjected to regular review. And it will ensure, where feasible and necessary, that a spread of service providers is used, to avoid overreliance on one or a small number of companies. Where services are subject to formal tender or re-tender arrangements, legislative requirements will always be observed as consistent with the Joint Procurement Regulations. The monitoring of such arrangements rests with the PFCC/[Fires](#) Chief Finance Officer, and details of the current arrangements are set out in schedule 2.

The Commissioner has a formal contract with Link Treasury Services Limited, to provide a range of technical advice and information covering the treasury business.

TMP 12 Corporate Governance

The Commissioner is committed to the pursuit of proper corporate governance throughout its businesses and services, and to establishing the principles and practices by which this can be achieved. Accordingly, the treasury management function and its activities will be undertaken with openness and transparency, honesty, integrity and accountability.

The Commissioner has adopted and implemented the key principles of the CIPFA Code of Practice on Treasury Management. This, together with the other arrangements detailed in Schedule 2, are considered vital to the achievement of proper corporate governance in treasury management, and the PFCC/[Fires](#) Chief Finance Officer will monitor, and if and when necessary, report upon effectiveness of these arrangements.

Treasury Management Practices

TMP 1 Risk Management

Liquidity Risk

In its day to day operations the Commissioner experiences wide fluctuations in its receipts and payments, although, the majority of its cash streams are known at least three days in advance. The policy will be to maintain the minimum cash balance hence make best use of potential income streams.

A minimum investment balance of £250k should be held to cover unforeseen expenditure; this should be placed on treasury deposit overnight, within the liquidity select/business reserve account or within instantly accessible money market funds.

Standby Facilities

- The [Constabulary](#) Chief Finance Officer will ensure that the daily investment function has adequate cover. On a day to day basis treasury management tasks are performed on rotation by two Financial Services Officers, under the guidance of the Financial Services Manager (~~Technical~~ [Financial Accounting](#)) in the event of their absence, there is a clear order of personnel designated for cover and that order is communicated to all involved (see below).

1) [Financial Services Manager](#) (~~Technical~~ [Financial Accounting](#))

4)2) [Group Accountant](#)

2) ~~CC Chief Finance Officer~~

- All programs and systems are held within the main body of the Commissioner's IT systems and are therefore backed up daily. A weekly record of the daily transactions will be kept at least until External Audit has reviewed the statutory accounts.
- In the event that the Bankline system is not operational balances and transaction details can be obtained from the Nat West Corporate Office.
- Temporary borrowings / overdrafts will only be used in exceptional cases to manage day to day movements in cash balances.

Interest Rate Risk

Details of approved interest rate exposure limits / Minimum / Maximum proportions of variable rate debt / interest.

The Commissioner is required to approve a series of Prudential Indicators, which includes recommended setting of limits for upper limits on exposure to fixed and variable interest rates. The 2021 code requires Authorities to define their own 'Liability Benchmark' which will provide a basis for developing a strategy for managing interest rate risk.

Policies concerning the use of financial derivatives and other instruments for interest rate management.

Forward Dealing – forward dealing will not normally form part of the day to day activities other than arranging deposits to cover periods when signatory cover is limited and will be subject to approval by the [Constabulary](#) Chief Finance Officer on behalf of the PFCC/[Fires](#) Chief Finance Officer.

Forward Borrowing – would be considered as part of the long-term debt authorisation process and in each case will be looked at on its own merits. The Commissioner will only progress when prudent to do so.

It should be noted that the current strategy does not approve the use of such derivatives.

Inflation Risk

The Commissioner's treasury advisors, Link Treasury Services Limited provide regular updates on the financial markets and the wider UK economy to inform the treasury management team. The PFCC/[Fires](#) Chief Finance Officer and [Constabulary](#) Chief Finance Officer will consider inflationary pressures when reviewing the performance of the treasury function.

Exchange Rate Risk

This is currently not a concern to the Commissioner as all receipts are presently in sterling.

Credit and Counterparty Risk

Criteria to be used for creating / managing approved Counterparty lists / limits – the PFCC/[Fires](#) Chief Finance Officer and the [Constabulary](#) Chief Finance Officer will formulate suitable criteria for assessing and monitoring investment counterparties and shall construct a lending list comprising time, type, and specific Counterparty limits. An Investment strategy will be submitted to the Commissioner detailing selection procedures. Compliance with these limits and any significant changes to the approved counterparty list as a result of the ongoing review of the creditworthiness of counterparties will be included in the regular monitoring reports provided to the Commissioner and the Joint Audit Committee.

Environmental, social and governance issues: for short term investments with counterparties, the Commissioner utilises the ratings provided by Fitch, Moody's and Standard & Poor's to assess creditworthiness, which do include analysis of ESG factors when assigning ratings. The Commissioner will continue to evaluate additional ESG-related metrics and assessment processes that it could incorporate into its investment processes and will update accordingly.

Refinancing Risk; Debt / Other Capital Financing Maturity Profiling, Policies and Practices.

The Prudential Code requires that:

"In order to ensure that over the medium term net borrowing will only be for a capital purpose, the Commissioner should ensure that net external borrowing does not, except in the short term, exceed the total of the capital financing requirement in the preceding year plus the estimates of any additional capital financing requirement for the current and next three financial years".

To that end the Commissioner will set annual prudential indicators and then proceed to operate within those boundaries, thus showing that all decisions taken adhere to the above.

Fraud, Error, Corruption and Contingency Management

Policy on Delegated Powers – members of staff undertaking day to day management of cash are identified in TMP 5. There will always be complete segregation of duties between staff involved in carrying out transactions in the Money Market and those authorised to transfer cash (any amendments to these policies will be reviewed by Management / Internal Audit prior to implementation).

Policy on the use of Internet Systems – The Bankline system operated by NatWest for obtaining balances and making payments is an internet based system. In addition to this counterparties are increasingly providing services via the internet from checking rates to viewing details of investments. Prior to using such facilities, an assessment will be made of the security of such arrangements and, when satisfied, approval will be obtained from the PFCC/[Fires](#) Chief Finance Officer.

Emergency and Business Continuity Arrangements – the following standby facilities will be maintained.

- All staff involved in the treasury management function will have designated absence cover (see Policy).
- All local programmes and systems will be backed up on a daily basis and also printed weekly records are maintained.
- Bank balances can be manually obtained from the bank in the event of a Bankline Systems failure.
- Evidence of any error or discrepancy will be notified to the [PFCC/Fires](#) Chief Finance Officer and the [ConstabularyCC](#) Chief Finance Officer as soon as identified.

- Computer Systems are backed up on a daily basis by the IT department.
- Business Continuity Planning is actively managed, and includes all areas of finance and treasury.
- All staff involved in Treasury Management have mobile tablets which allow access to the treasury management records from another location if they are unable to operate from HQ (provided HQ systems are in operation).
- The Bankline system is internet based and as such bank account information can be accessed by appropriate staff from any location with internet access.

Treasury management is recognised as high priority for Financial Services and as such arrangements in the event of a business continuity event are detailed in the Financial Services Business Continuity Plan.

Insurance Cover Details – Fidelity Guarantee insurance is held for staff involved in treasury management processes at a suitable level and is reviewed annually.

Market Value of Investments

The investment strategy, whilst principally centred around investments with a fixed value such as cash fixed term deposits and AAA rated Money Market Funds has been extended to include AAA rated Money Market Funds with a variable net asset value (VNAV). The use of VNAV funds will be limited to longer term investments to minimise the risk of incurring a loss in value as a result of adverse market conditions funds and will be subject to advice and closely monitoring in conjunction with the Commissioner’s treasury advisors, Link Treasury Services Limited.

TMP 2 Performance Measurement

Frequency and Processes for Tendering

Banking Services - Arrangements for banking services will be reviewed every 5 years to ensure that the level of prices and service delivery reflect efficiency savings achieved by the supplier and current pricing trends.

Money Broking Services - In the main, the Commissioner deals directly with financial institutions although, from time to time investments are placed with institutions facilitated by a broker. Usage of Brokers is monitored to ensure that investments placed through brokers are proportional and that overreliance on any one broker is avoided. There are currently two brokers approved for use by the Commissioner:

- RP Martin, Edinburgh
- King and Shaxson, London
- The Commissioner has also appointed the current advisor Link Treasury Services Limited to act as a broker and facilitate the placement of term cash, wef 20th February 2024.

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Consultants/Advisors - The Commissioner has appointed Link Treasury Services Limited as its treasury advisors for the financial year 01 April 2024~~3~~ to 31 March 2025~~4~~.

Methods to be Employed for Measuring the Performance of the Commissioner's treasury management activities -

Benchmarks will be used to assess the performance of the Treasury Management function in the following areas:

- Investments – the yield on investments for over three months in duration will be measured against the average Bank of England base interest rate over the period of the investment.
- Annual investment performance against budget.
- Long term borrowing against budget.
- Temporary borrowing against budget.
- Borrowing against the liability benchmark

- Statistics will be reported to the Commissioner and the Joint Audit Committee on an appropriate basis.

Benchmarking and Calculating Methodology - The Commissioner will continue to search for appropriate benchmarks which effectively compare investment performance.

TMP 3 Decision Making and Analysis

Funding, Borrowing, Lending and New Instruments & Techniques

In respect of every decision made the Commissioner will:

- Above all, be clear about the nature and extent of the risks to which it may be exposed.
- Be certain about the legality of the decision reached and the nature of the transaction, and that all authorities to proceed have been obtained.
- Be content that the documentation is adequate both to deliver its objectives and protect its interests, and to deliver good housekeeping.
- Ensure that counterparties are judged satisfactory in the context of the organisation's credit worthiness policies, and that limits have not been exceeded.
- Be content that the terms of any transactions have been benchmarked against the market, and have been found to be competitive.

In respect of borrowing and other funding decisions, the Commissioner, in consultation with the PFCCs Chief Finance Officer, will:

- Consider the ongoing revenue liabilities created, and the implications for the Commissioner's future plans and indicative budgets.

- Evaluate the economic and market factors that might influence the manner and timing of any decisions to fund.
- Consider the merits and demerits of alternative forms of funding, including funding from revenue, leasing, and private partnerships.
- Consider the alternative interest rate bases available, the most appropriate periods to fund and repayment profiles to use and, if relevant, the opportunities for foreign currency funding.

In respect of investment decisions, the Commissioner will:

- Consider the optimum period, in light of cash flow availability and prevailing market conditions.
- Consider alternative investment products and techniques available, especially the implications of using any which may expose the Commissioner to changes in the value of its capital.
- Ensure that asset security is always considered paramount in any investment.

TMP 4 Approved Instruments, Methods and Techniques

Approved Activities of the Treasury Management Function

- Borrowing.
- Lending.
- Debt repayment and rescheduling.
- Consideration, approval and use of new financial instruments and treasury management techniques.
- Managing the underlying risk associated with the capital financing and surplus funds.
- Managing cashflow.
- Banking activities.
- Leasing.
- Forecasting interest receipts and payments arising as a result of treasury activities.

Approved Instruments for Investment

- Deposits with banks and building societies or local authorities up to 365 days.
- Non-specified deposits with banks and building societies or local authorities up to 5 years.
- Pooled Funds (including Triple A rated Money Market Funds both with a constant and variable net asset value).
- Registered Providers (including providers of social housing).
- Deposits with Government (including HM Treasury, Debt Management Office and Local Authorities).

Investment in any new instrument can only be undertaken following consultation with and approval by the PFCCs Chief Finance Officer.

Approved Methods and Sources of Raising Capital Finance

Borrowing will only be undertaken in keeping with the contents of the Prudential Code and within the limits determined through the approved Prudential Indicators and Treasury Management Strategy and, in respect of any long term borrowings, following consultation with the-PFCCs Chief Finance Officer.

TMP 5 Organisation, Clarity, Segregation of Responsibilities and Dealing Arrangements.

Policy on Delegation, Review and Reporting Arrangements

The Commissioner will receive and review reports on its treasury management strategy, policies and practices, including as a minimum, an annual strategy and plan in advance of the year and an annual report after its close. They will also:

- Approve amendments to the treasury management policy statement and treasury management practices.
- Approve the division of responsibilities and delegation within the treasury management function.
- Endorse relevant Codes of Practice on treasury business.
- Receive a quarterly summary of treasury management activities.

Assurance with regards to monitoring of treasury management policies and practices is a function of the Joint Audit Committee. The Commissioner delegates overall arrangements for the treasury management function including determining appropriate strategy and procedures to the PFCC/[Fires](#) Chief Finance Officer. The PFCC/[Fires](#) Chief Finance Officer delegates to the [Constabulary](#) Chief Finance Officer the undertaking of day to day treasury management activities in accordance with the strategies and procedures. All officers undertaking treasury management activity will act in accordance with the organisation's policy statement and TMPs and, if he/she is a CIPFA member, CIPFA's Standard of Professional Practice on Treasury Management.

The Commissioner nominates the Joint Audit Committee to be responsible for assurance in respect of effective scrutiny of the treasury management strategy and policies.

The **Joint Audit Committee** will:

- Receive and review regular monitoring reports in relation to treasury management activities which will include any significant changes to the approved counterparty list as a result of the ongoing review of the creditworthiness of counterparties.
- Review the treasury management policy and procedures and make recommendations to the Commissioner.
- Receive and review external and internal audit reports in relation to treasury management.

The **PFCC/Fires Chief Finance Officer** will:

- Review the policy statement and annual strategy statement and present to the Commissioner.
- Review periodic treasury management reports and present to the Commissioner.
- Review the annual treasury management report and present to the Commissioner.
- Review compliance with relevant treasury Codes of Practice.
- Ensure that there is a written statement of responsibilities covering the complete treasury management function.
- Delegate the operation of the treasury management function to the **Constabulary** Chief Finance Officer.
- Ensure the adequacy of internal audit, and liaising with external audit.
- Approve any long or short term borrowings.

The **Constabulary** Chief Finance Officer will:

- Ensure arrangements are in place for the preparation of periodic treasury management policy statements and an annual strategy statement.
- Hold the Financial Services Manager (~~Technical~~ **Financial Accounting**) to account for the day to day management of the treasury function.
- Review the periodic reports on treasury management activities.
- Review the annual report on treasury management as soon as possible after the end of a financial year.
- Review compliance with relevant treasury codes of practice.
- Ensure that all staff who deal in treasury matters understand and have access to the Non Investments Product Code and the CIPFA Code of Practice.
- Ensure the adequacy of treasury management resources and skills, and the effective division of responsibilities within the treasury management function.
- Oversee and approve investments made for periods greater than three months.
- Review the performance of the treasury function at least twice each financial year.
- Ensure adequate separation of duties.
- Institute a range of performance measures for treasury management.
- Recommend the appointment of external service providers.
- Prepare an annual report on Treasury Management as soon as possible after the end of a financial year.

- Ensure compliance with relevant Treasury Codes of Practice.
- Document and maintain 'Treasury Management Practices' as set out in the Code of Practice.
- Review alternative methods of investment.
- Provide advice to the PFCC/[Fires](#) Chief Finance Officer in respect of any borrowings.

The **Financial Services Manager** (~~financial Accounting~~**Technical**) will:

- Have overall responsibility for the daily treasury management activities.
- Prepare periodic reports on treasury management activities.
- Review treasury systems documentation.
- Prepare and keep up to date cash flow projections for a 12 month rolling period.
- Liaise with the [Constabulary](#) Chief Finance Officer for any investment over three months.
- Deal with counterparties and make a record of such.
- Comply with the Non Investments Product Code and the CIPFA Code of Treasury Management.
- Ensure creditworthiness and maintain lending list.
- Ensure the training of those listed for absence cover is kept up to date.
- Monitor performance of brokers and ensure a spread of brokers are used.
- Supply the [Constabulary](#) Chief Finance Officer with a weekly report on treasury activities for authorisation and supply an electronic copy to the PFCC/[Fires](#) Chief Finance Officer ~~and the Director of Corporate Support~~ Formatted: Strikethrough

Absence Cover for Daily Dealing Arrangements

In the absence of the two designated Financial Services Officers the absence cover is to cascade thus:

- 1) ~~Financial Services Manager~~ (~~Technical~~[Financial Accounting](#))
- 1) [Group Accountant](#)
- 2) ~~CC Chief Finance Officer~~

Each treasury deal transacted via the Bankline system requires a second individual to authorise the deal. The following posts will have responsibility for authorising Bankline deals:

- 1) Financial Services Officer – (5.6 FTE used subject to availability)

Before any planned absence all staff will be notified of their required responsibilities.

The **Financial Services Trainee/Apprentice** will:

- Reconcile treasury deals in the Commissioner cash book.
- Receive and verify confirmation of treasury deals.
- Reconcile general ledger entries in relation to treasury activity.

- Produce management information for reporting treasury activities.

Internal/Management Audit will:

- Complete periodic checks on the treasury management function and make recommendations where appropriate.
- Review compliance with agreed policies, procedures and Codes of Practice and make recommendations for improvement where appropriate.

Principles and Practices Concerning Segregation of Duties

The activities of the Treasury function will be carried out in accordance with the duties and responsibilities detailed above. In particular, day to day duties will be split to ensure that no one person can both initiate and then authorise payment.

Other than in the event of a technical failure all deposits will be initiated through the Bankline software – complete segregation of duties. It will be a disciplinary offence for individuals to release their personal operator cards or passwords. If a card is lost or stolen then the system administrator (Financial Services Manager (Systems) or Financial Services Assistant) must be immediately informed - who will then immediately change all relevant computer access codes.

Dealing Limits

Approved dealers have the delegated power to enact transactions on a day to day basis within the constraints of the treasury management practice schedules and the procedure manual. They can, in particular operate within the limits laid down within the Counterparty Selection Criteria and Approved Counterparty List.

Policy on Broker's Services

In the main, the Commissioner deals directly with financial institutions, from time to time investments are placed with institutions facilitated by a broker. Usage of Brokers is monitored to ensure that investments placed through brokers are proportional and that overreliance on any one broker is avoided. There are currently two brokers approved for use by the Commissioner:

- RP Martin, Edinburgh
- [King and Shaxson, London](#)
- [The Commissioner has also appointed the current advisor 'Link Treasury Services Limited' to act as a broker and facilitate the placement of term cash, wef 20th February 2024.](#)

Policy on Taping of Conversations

The Commissioner does not tape conversations with brokers.

Direct Dealing Practices

Direct deals will if appropriate be undertaken with anyone on the agreed counterparty list. Approved dealers have the delegated power to enact transactions and all transactions require independent authorisation by an approver before funds are transferred via Bankline.

Settlement Transmission Procedures

Once a deal has been agreed, either with a broker or direct with a third party, funds will be transferred in accordance with Bankline procedures.

Documentation Requirements

All transactions will be recorded on a daily basis on the Investments spreadsheet.

Arrangements Concerning the Management of Counterparty Funds

The Commissioner will not undertake transactions on behalf of other organisations.

TMP 6 Reporting Requirements and Management Information Arrangements

Annual Treasury Management Strategy Statement

The treasury management strategy will set out the broad parameters of the treasury function for the forthcoming financial year. The strategy will be submitted to the Commissioner for approval, alongside the budget, capital strategy, capital programme and prudential indicators before commencement of each financial year.

The treasury management strategy will cover the following elements:

- The prospects for interest rates, long and short term.
- An investment strategy as set out in the Local Government Act 2003.
- The expectations for debt rescheduling.
- The treasury approach to risk management.
- Any extraordinary treasury issue.
- Any borrowing requirement under the Prudential Code.

- Annual statement on MRP.

Policy on Interest Rate Exposure

The PFCC/[Fires](#) Chief Finance Officer is responsible for incorporating the authorised borrowing limit determined as part of the Commissioner's Prudential Indicators into the annual treasury management strategy, and for ensuring compliance with the limit. Should it prove necessary to amend this limit, a report will be submitted for approval to the Commissioner.

Annual Report on Treasury Management Activities

An annual report will be presented to both the Commissioner and the Joint Audit Committee at the earliest practicable meeting after the end of the financial year. This report will include the following:

- A comprehensive picture for the financial year of all treasury policies, plans, activities and results.
- Transactions executed and their revenue (current) effects.
- Monitoring of compliance with approved policy, practices and statutory / regulatory requirements.
- Monitoring of compliance with delegated powers.
- Indication of performance especially for returns against budget, and performance against other like Authorities.
- Comment on CIPFA Code requirements.

In addition, a mid-year review will be presented to the Commissioner and regular updates on Treasury Management activities will be presented to the Joint Audit Committee throughout the year.

Management Information Reports

Management information reports will be prepared weekly by the Financial Services Manager ([Financial Accounting Technical](#)), and will be presented to the [Constabulary](#) Chief Finance Officer ~~and~~ [PFCC/fires](#) Chief Finance Officer ~~and the Director of Corporate Support~~.

These reports will contain the following:

- An analysis of all investment decisions made during the week and by whom these decisions were made.
- An analysis of all investments currently placed by category.
- The current month's earned interest report, this will also show year to date and forecast budget.
- The current quarter's cashflow analysis.
- Any new borrowings or repayments in the week.
- The amount of outstanding borrowings.

Control reconciliation reports will be prepared monthly by the Financial Services Trainee/Apprentice, which will be presented to the Financial Services Manager (~~Technical~~[Financial Accounting](#)).

These reports will contain:

- Balance per the financial systems – this will be obtained after the monthly reconciliation of the bank
- Balance per the investment analysis as above.
- Explanation of any variance.

If for any reason any member of the treasury management team has reason to suspect any type of fraud or misappropriation he or she will this report directly to the PFCC/[Fires](#) Chief Finance Officer or in his/her absence to the [Constabulary](#) Chief Finance Officer or the Internal Auditor.

TMP 7 Budgeting, Accounting and Audit Arrangements

Accounts

The cost of the treasury management function amounts, in the main, to the salaries of those involved. If any external costs are to be incurred these will be reported separately during the budget monitoring process.

External Auditors

All records will be made available to both internal and external audit as and when required. As a minimum annual check external audit will gain third party confirmation of all year end balances on deposit.

TMP 8 Cash and Cash Flow Management

Cashflow Statements

A cashflow statement will be prepared before the beginning of each financial year to include all known elements of income from the revenue budget. The cash flow forecasts during the year will be maintained for a rolling 12 month period. Spending profiles will also be set out based on payroll projections and estimates of other payments. The cashflow statement will also be updated during the year on a daily basis to include major variations as or when they become known. The weekly activity report will also show the current quarter's cashflow projections.

A debt liability benchmark will be created and monitored on a quarterly basis to inform a long term view of liquidity requirements.

TMP 9 Money Laundering

Policy for Establishing Identity/Authenticity of Lenders

Any borrowing will properly recognise the potential for money laundering and will only be undertaken from lending instructions of the highest repute.

Methodology for Identifying Sources of Deposit

The Commissioner only lends to organisations that appear on the Prudential Regulation Authority's list of authorised banks and financial institutions, other local authorities and the Governments through treasury bills or the Debt Management Office (DMO).

The Commissioner's Financial Regulations require the PFCC/[Fires](#) Chief Finance Officer to be responsible for ensuring compliance with the Money Laundering Regulations 2007.

The PFCC/[Fires](#) Chief Finance Officer will:

- Implement internal reporting procedures.
- Ensure relevant staff receive appropriate training in the subject.
- Establish internal procedures with respect to money laundering.
- Obtain, verify and maintain evidence and records of the identity of new clients and transactions undertaken.
- Report their suspicions.

TMP 10 Training and Qualifications

Statement of Professional Practice (SOPP)

The PFCC/[Fires](#) Chief Finance Officer is a member of CIPFA, and has a professional responsibility through both personal compliance and by ensuring that relevant staff are appropriately trained.

The [Constabulary](#) Chief Finance Officer is also a member of CIPFA and as such has the same duty of care in the provision of any financial information. Other staff employed in the treasury management function will be qualified to the level that is appropriate to their post (as per the job description). All staff are required to undertake basic training prior to undertaking day to day treasury business and will, in addition, be expected to undertake continuous training as appropriate to enable them to keep up to date with all aspects of treasury management within their responsibility.

All CIPFA members are required to abide by CIPFA's Ethics Standard on Professional Practice (SOPP) which includes a section in relation to treasury management.

Training courses run by CIPFA and other training providers will form the major basis of ongoing staff training. Records will be kept of all courses and seminars attended by staff in their personal training records file.

The PFCC/[Fires](#) Chief Finance Officer will ensure that members charged with governance in relation to treasury management will receive appropriate training and that records of such training received will be maintained. Training may be provided internally or externally.

TMP 11 Use of External Service Providers

The Commissioner recognises that responsibility for treasury management decisions remains with the organisation at all times.

The use of any external service providers will, at all times, be subject to the Procurement Regulations / Financial Regulations of the Commissioner. The use of external services is currently restricted to banking services and treasury advice (investments and borrowing).

Advisers - The Commissioner has a formal contract with Link Treasury Services Limited, to provide a range of technical advice and information covering the treasury business. The contract is awarded following consultation with the PFCC/[Fires](#) Chief Finance Officer.

Banking – Banking services will be reviewed every 5 years to ensure that the level of prices and service delivery reflect efficiency savings achieved by the supplier and current pricing trends.

Brokers - In the main, the Constabulary deals directly with financial institutions, from time to time investments are placed with institutions facilitated by a broker. Usage of Brokers is monitored to ensure that investments placed through brokers are proportional and that overreliance on any one broker is avoided. There are currently two brokers approved for use by the Commissioner:

- RP Martin, Edinburgh
- King and Shaxson, London

- The Commissioner has also appointed the current advisor Link Treasury Services Limited to act as a broker and facilitate the placement of term cash, wef 20th February 2024.

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TMP 12 Corporate Governance

The Commissioner is fully committed to the CIPFA Code of Practice in Treasury Management and believes he has secured a framework for demonstrating openness and transparency of his treasury management function.

Free access to all information on our treasury management function will be given to all relevant interested parties.

Clear policies have been devised which outline the separation of roles in the treasury management function and the proper management of relationships both within and outside the Office of the Police, Fire and Crime Commissioner. All staff are fully appraised of their individual role and where the segregation of duty lies. Clear reporting lines also exist to report any breaches in procedure. This is further supported by well-defined treasury management responsibilities and job specifications.

The Commissioner seeks to ensure a fair distribution of business between brokers. The PFCC/Fires Chief Finance Officer receives a weekly report to evidence this.

On an annual basis, a treasury strategy is approved prior to the year, by the Commissioner and a year-end summary of treasury activities is reported to the Joint Audit Committee.

Regular treasury management activity updates are submitted to the Commissioner and the Joint Audit Committee during the year.

The Annual Governance Statements which are published each year and accompany the Statutory Statement of Accounts outlines details of the Commissioner's and Constabulary's governance and risk management processes which are applicable to treasury management activities.

The Police, Fire and Crime Commissioner for Cumbria

Treasury Management Activities 2023/24 for the period 01 October 2023 to 31 December 2023

Public Accountability Conference 15 February 2024 and Joint Audit Committee 20 March 2024



Cash flow Balances

Quarter 3 average daily balance - £20.873m

Investment balance @ 31/12/23 £12.043m



Investment Interest Forecast

Base Budget - £400,000

Revised Budget - £400,000

Current Estimate - £950,000



Borrowing Strategy

The borrowing strategy was originally based on assumed borrowing of £3m in 2022/23 and a further £3m in 2023/24. As a result of the 2022/23 outturn, the planned borrowing was instead predicted to take place in 2023/24. The latest Qtr 3 update estimates borrowing is not now required until 2024/25 and is reflected in the longer-term strategy.

Investment Strategy

Category	Category Limit	Investments at 31 Dec	Compliance with Limit
	(£m)	(£m)	
1 - Banks Unsecured	20	3.922	Yes
2 - Banks Secured	20	0.000	Yes
3 - Government (inc LA)	10	5.901	Yes
4 - Registered Providers	10	0.000	Yes
5 - Pooled Funds	15	2.220	Yes
Total		12.043	

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

Performance Indicators

	Number of Days	Average Balance	Largest Balance
Quarter 3		£	£
Days In Credit	92	64,061	366,747
Days Overdrawn	0	0	0

Average interest rate earned – 5.32%

Average bank base rate – 5.25%

(Current bank base rate – 5.25%)

Treasury and Prudential Indicators

During the period 01 October 2023 and 30 December 2023, 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 3.

Economic Outlook and Treasury position for the quarter ended 31 December 2023

GDP grew by 0.3% in November this will probably mean the economy escaped a recession in 2023. Services output rose by 0.4% and was the main contributor to the growth in GDP. Capital Economics estimate that it would take a fall of 0.2% more in December for the economy to have contracted in Q4. The turnaround from last quarter is that 2024 GDP growth forecasts have upside potential.

The downward progress previously made by CPI inflation stalled in December, with the unexpected rise in CPI from 3.9% in November to 4.0% in December. Looking forward, indications suggest that CPI inflation will fall in January and further favourable base effects will push down inflation in February, March and April projecting inflation to be below the 2% target by April.

On 1st February the MPC maintained the Bank Rate at 5.25% for the fourth time. The vote was 6-3 with two members in favour of an increase to 5.50%. The MPC repeated its view that rates may have to rise if there was evidence of more persistent inflationary pressures. There is anticipation of a decline in interest rates in 2024.

Base Rate Estimates	2023/24	2024/25	2025/26
Quarter 1	5.00	5.25	3.50
Quarter 2	5.25	5.00	3.00
Quarter 3	5.25	4.50	2.75
Quarter 4	5.25	4.00	2.75

Investments in place on 31 December 2023

Category/Institution	Credit Rating	Investment Date	Investment Matures	Days to Maturity	Rate (%)	Amount (£)	Counterparty Total (£)
Category 1 - Banks Unsecured (Includes Banks & Building Societies)							
Lloyds Bank	A+	11/10/2023	On Demand	N/A	5.14%	1,812,986	1,812,986
Nationwide Building Society	A+	07/07/2023	08/01/2024	8	5.55%	2,000,000	2,000,000
Svenska (Deposit Acc)	AA	Various	On Demand	N/A	1.70%	98,834	98,834
NatWest (Liquidity Select Acc)	A+	31/12/2023	On Demand	O/N	1.45%	10,000	10,000
						3,921,820	3,921,820
Category 2 - Banks Secured (Includes Banks & Building Societies)							
None						0	0
Category 3 - Government (Includes HM Treasury and Other Local Authorities)							
Treasury Bills	Gov	09/10/2023	08/01/2024	8	5.320%	1,973,820	1,973,820
Treasury Bills	Gov	17/07/2023	15/01/2024	15	5.710%	1,944,633	1,944,633
Treasury Bills	Gov	24/07/2023	22/01/2024	22	5.690%	1,982,745	1,982,745
						5,901,198	5,901,198
Category 5 - Pooled Funds (Includes AAA rated Money Market Funds)							
Invesco	AAA	Various	On demand	O/N	5.340%	700,000	700,000
BlackRock	AAA	Various	On demand	O/N	5.270%	580,000	580,000
Aberdeen Standard	AAA	Various	On demand	O/N	5.300%	940,000	940,000
						2,220,000	2,220,000
Total						12,043,018	12,043,018

At the end of December funds invested were £12.043m. The breakdown is: 18% held in money markets funds, 49% in Treasury Bills, 17% in bank deposits and 16% in call accounts. Quarter 3 sees the start of the decline in investments, due to the timing of the Home Office Police Pension Grant, this is paid largely in advance and drawn down as police pensions are paid throughout the year. As the funds held decline liquidity is monitored to ensure funds are available when needed.

The 2023/24 pension grant of £16.08m was received on 3rd July 2023 and when the Home Office grant for July was received investments reached their highest level of £34.13m.

Borrowing position for the quarter ended 31 December 2023

At 31st December 2023 there were no loans outstanding.

Treasury and Prudential Indicators 2023/24 at 31 December 2023

Treasury Management Indicators		Result	RAG	Prudential indicators		Result	RAG
<p>The Authorised Limit</p> <p>The authorised limit represents an upper limit of external borrowing that could be afforded in the short term but may not be sustainable. It is the expected maximum borrowing need with some headroom for unexpected movements. This is a statutory limit under section 3(1) of the Local Government Act 2003.</p>	TEST - Is current external borrowing within the approved limit	YES	●	<p>Ratio of Financing Costs to Net Revenue Stream</p> <p>This is an indicator of affordability and highlights the revenue implications of existing and proposed capital expenditure by identifying the proportion of revenue budget required to meet financing costs.</p>	TEST - Is the ratio of capital expenditure funded by revenue within planned limits	YES	●
<p>The Operational Boundary</p> <p>The operational boundary represents and estimate of the most likely but not worst case scenario it is only a guide and may be breached temporarily due to variations in cash flow.</p>	TEST - Is current external borrowing within the approved limit	YES	●	<p>Net Borrowing and the Capital Financing Requirement</p> <p>This indicator is to ensure that net borrowing will only be for capital purposes. The Commissioner should ensure that the net external borrowing does not exceed the total CFR requirement from the preceding year plus any additional borrowing for the next 2 years.</p>	TEST - Is net debt less than the capital financing requirement	YES	●
<p>Actual External Debt</p> <p>It is unlikely that the Commissioner will actually exercise external borrowing until there is a change in the present structure of investment rates compared to the costs of borrowing.</p>	TEST - Is the external debt within the Authorised limit and operational boundary	YES	●	<p>Capital Expenditure and Capital financing</p> <p>The original and current forecasts of capital expenditure and the amount of capital expenditure to be funded by prudential borrowing for 2023/24.</p>	TEST - Is the current capital outturn within planned limits	YES	●
<p>Gross and Net Debt</p> <p>The purpose of this indicator is to highlight a situation where the Commissioner is planning to borrow in advance of need.</p>	TEST - Is the PCC planning to borrow in advance of need	NO	●	<p>Capital Financing Requirement</p> <p>The CFR is a measure of the extent to which the Commissioner needs to borrow to support capital expenditure only. It should be noted that at present all borrowing has been met internally.</p>	TEST - Is the capital financing requirement within planned limits	YES	●
<p>Maturity Structure of Borrowing</p> <p>The indicator is designed to exercise control over the Commissioner having large concentrations of fixed rate debt needing to be repaid at any one time.</p>	TEST - Does the PCC have large amounts of fixed rate debt requiring repayment at any one time	NO	●	This area is intentionally left blank for future indicators.			
<p>Upper Limit for total principal sums invested for over 365 Days</p> <p>The purpose of this indicator is to ensure that the Commissioner has protected himself against the risk of loss arising from the need to seek early redemption of principal sums invested.</p>	TEST - Is the value of long term investments within the approved limit	YES	●				

The CIPFA (Chartered Institute of Public Finance and Accountancy) Code of Practice for Treasury Management recommends that regular reports are presented with regards to treasury management activities. This quarterly report ensures the Police, Fire and Crime Commissioner is implementing best practice in accordance with the Code.

Cumbria Commissioner Fire and Rescue Authority

Treasury Management Activities 2023/24 for the period 01 October 2023 to 31 December 2023

PFCC Executive Team 15 February 2024 and Joint Audit Committee 20 March 2024



Cash flow Balances

Quarter 3 average daily balance - £14.582m
 Investment balance @ 31/12/23 £14.433m
 (Up 7% from £13.530m at 30/09/23)



Investment Interest Forecast

Revised Budget - £250k
 Earned to 31/12/23 - £409k
 Current Forecast for year - £570k



Borrowing Strategy

The capital programme in 2023/24 does not include an expectation of borrowing requirement

Investment Strategy

Category	Category Limit (£m)	Investments at 31 Dec (£m)	Compliance with Limit
1 - Banks Unsecured	5	0.883	Yes
2 - Banks Secured	5	0.000	Yes
3 - Government (inc LA)	no limit	13.550	Yes
4 - Registered Providers	2	0.000	Yes
5 - Pooled Funds	5	0.000	Yes
Total		14.433	

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

Performance Indicators

	Number of Days	Average Balance (£)	Largest Balance (£)
Quarter 3			
Days In Credit	91	69,617	569,602
Days Overdrawn	1	(1,848)	(1,848)

Average interest rate earned – 5.05%
 Average bank base rate – 5.25%
 (Bank base rate at quarter end – 5.25%)

Treasury and Prudential Indicators

During the period 01 October 2023 and 31 December 2023, 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 3.

Economic Outlook and Treasury position for the quarter ended 31 December 2023

GDP grew by 0.3% in November this will probably mean the economy escaped a recession in 2023. Services output rose by 0.4% and was the main contributor to the growth in GDP. Capital Economics estimate that it would take a fall of 0.2% more in December for the economy to have contracted in Q4. The turnaround from last quarter is that 2024 GDP growth forecasts have upside potential.

The downward progress previously made by CPI inflation stalled in December, with the unexpected rise in CPI from 3.9% in November to 4.0% in December. Looking forward, indications suggest that CPI inflation will fall in January and further favourable base effects will push down inflation in February, March and April projecting inflation to be below the 2% target by April.

On 1st February the MPC maintained the Bank Rate at 5.25% for the fourth time. The vote was 6-3 with two members in favour of an increase to 5.50% and one preferred a reduction to 5%. The MPC repeated its view that rates may have to rise if there was evidence of more persistent inflationary pressures. There is anticipation of a decline in interest rates in 2024.

Base Rate Estimates	2023/24	2024/25	2025/26
	%	%	%
Quarter 1	5.00	5.25	3.50
Quarter 2	5.25	5.00	3.00
Quarter 3	5.25	4.50	2.75
Quarter 4	5.25	4.00	2.75

Investments in place on 31 December 2023

Category/Institution	Credit Rating	Investment Date	Investment Matures	Days to Maturity	Rate (%)	Amount (£)	Counterparty Total (£)
Category 1 - Banks Unsecured (Includes Banks & Building Societies)							
NatWest (Liquidity Select Acc)	A+	31/12/2023	02/01/2024	0/N	1.45%	883,217	883,217
						883,217	883,217
Category 2 - Banks Secured (Includes Banks & Building Societies)							
None						0	0
Category 3 - Government (Includes HM Treasury and Other Local Authorities)							
Debt management Office	Gov	03/11/2023	31/01/2024	215	5.1800%	1,800,000	1,800,000
Debt management Office	Gov	24/11/2023	31/01/2024	215	5.1900%	1,100,000	1,100,000
Debt management Office	Gov	29/11/2023	22/01/2024	206	5.1900%	1,000,000	1,000,000
Debt management Office	Gov	30/11/2023	12/01/2024	196	5.1800%	3,600,000	3,600,000
Debt management Office	Gov	11/12/2023	11/03/2024	255	5.2100%	4,150,000	4,150,000
Debt management Office	Gov	22/12/2023	26/01/2024	210	5.1900%	1,000,000	1,000,000
Debt management Office	Gov	22/12/2023	28/02/2024	243	5.1900%	900,000	900,000
						13,550,000	13,550,000
Category 4 - Registered Providers (Includes Providers of Social Housing)							
None						0	0
						0	0
Category 5 - Pooled Funds (Includes AAA rated Money Market Funds)							
None						0	0
						0	0
Total						14,433,217	14,433,217

Following disaggregation from the County Council some processes remained with the new unitary authorities and as such the investment balances contain some funds that need to be transferred to reimburse them for these services, for example, invoice payments. This has had the effect of temporarily increasing the amount available to invest and increasing the interest income for 2023/24.

Borrowing position for the quarter ended 31 December 2023

At 31st December 2023 there is one loan that was transferred from Cumbria County Council with the Public Works Loan Board. The loan is on an interest only basis for £7.5m with an interest rate of 2.6%. This equates to twice yearly interest payments of £97.5k- latest instalment paid in October 2023.

Treasury and Prudential Indicators 2023/24 at 31 December 2023

Treasury Management Indicators		Result	RAG	Prudential indicators		Result	RAG
The Authorised Limit <i>The authorised limit represents an upper limit of external borrowing that could be afforded in the short term but may not be sustainable. It is the expected maximum borrowing need with some headroom for unexpected movements. This is a statutory limit under section3(1) of the Local Government Act 2003.</i>	TEST - Is current external borrowing within the approved limit	YES	●	Ratio of Financing Costs to Net Revenue Stream <i>This is an indicator of affordability and highlights the revenue implications of existing and proposed capital expenditure by identifying the proportion of revenue budget required to meet financing costs.</i>	TEST - Is the ratio of capital expenditure funded by revenue within planned limits	YES	●
The Operational Boundary <i>The operational boundary represents and estimate of the most likely but not worst case scenario it is only a guide and may be breached temporarily due to variations in cash flow.</i>	TEST - Is current external borrowing within the approved limit	YES	●	Net Borrowing and the Capital Financing Requirement <i>This indicator is to ensure that net borrowing will only be for capital purposes. The Police, Fire Crime Commissioner should ensure that the net external borrowing does not exceed the total CFR requirement from the preceding year plus any additional borrowing for the next 2 years.</i>	TEST - Is net debt less than the capital financing requirement	YES	●
Actual External Debt <i>The Police, Fire Crime Commissioner will seek advice from the advisors before undertaking any new borrowing. New external borrowing will be required to finance the capital expenditure programme.</i>	TEST - Is the external debt within the Authorised limit and operational boundary	YES	●	Capital Expenditure and Capital financing <i>The original and current forecasts of capital expenditure and the amount of capital expenditure to be funded by prudential borrowing for 2023/24.</i>	TEST - Is the current capital outturn within planned limits	YES	●
Gross and Net Debt <i>The purpose of this indicator is to highlight a situation where the Police, Fire Crime Commissioner is planning to borrow in advance of need.</i>	TEST - Is the Chief Fire Officer planning to borrow in advance of need	NO	●	Capital Financing Requirement <i>The CFR is a measure of the extent to which the Police, Fire Crime Commissioner needs to borrow to support capital expenditure only. It should be noted that at present all borrowing has been met internally.</i>	TEST - Is the capital financing requirement within planned limits	YES	●
Maturity Structure of Borrowing <i>The indicator is designed to exercise control over the Police, Fire Crime Commissioner having large concentrations of fixed rate debt needing to be repaid at any one time.</i>	TEST - Does the PCC have large amounts of fixed rate debt requiring repayment at any one time	NO	●				
Upper Limit for total principal sums invested for over 365 Days <i>The purpose of this indicator is to ensure that the Police, Fire Crime Commissioner has protected himself against the risk of loss arising from the need to seek early redemption of principal sums invested.</i>	TEST - Is the value of long term investments within the approved limit	YES	●				

The CIPFA (Chartered Institute of Public Finance and Accountancy) Code of Practice for Treasury Management recommends that regular reports are presented with regards to treasury management activities. This quarterly report ensures the Police, Fire and Crime Commissioner is implementing best practice in accordance with the Code.