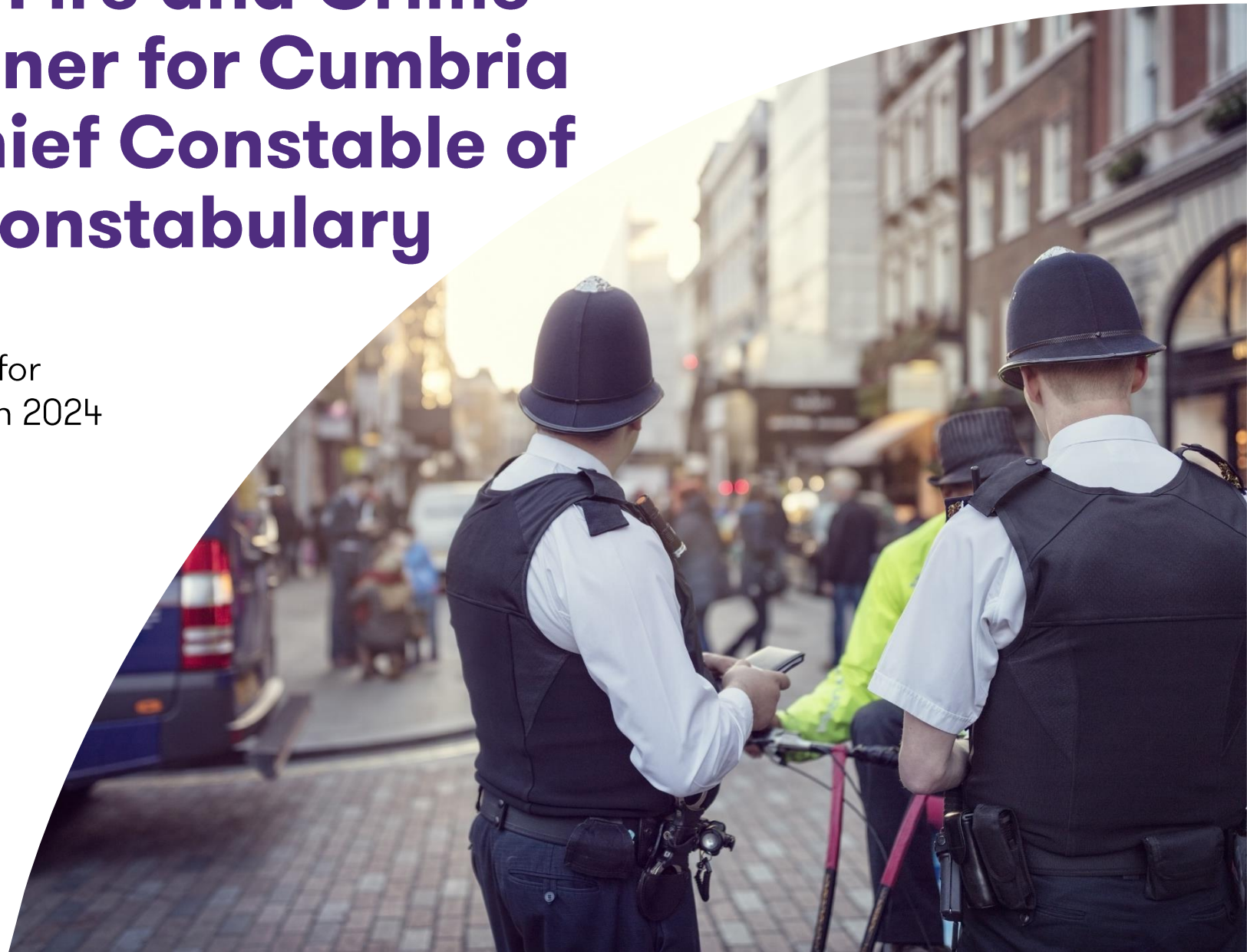


The Police, Fire and Crime Commissioner for Cumbria and The Chief Constable of Cumbria Constabulary

Auditor's Annual Report for
the year ended 31 March 2024

4 February 2025



Contents



We are required under Section 20(1)(c) of the Local Audit and Accountability Act 2014 to satisfy ourselves that The Police, Fire and Crime Commissioner and Chief Constable have made proper arrangements for securing economy, efficiency and effectiveness in its 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, Fire and Crime Commissioner and Chief Constable's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.



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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Introduction



Purpose of the Auditor's Annual Report

This report brings together a summary of all the work we have undertaken for the Police, Fire and Crime Commissioner for Cumbria (the PFCC) and The Chief Constable of Cumbria Constabulary (the CC) during 2023/24 as the appointed external auditor. The core element of the report is the commentary on the value for money (VfM) arrangements.

All PFCCs and CCs are responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in the use of 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 PFCC's and CC's responsibilities are set out in Appendix A.

PFCC's and CC's report on their arrangements, and the effectiveness of these arrangements as part of their annual governance statements.

Responsibilities of the appointed auditor

Opinion on the financial statements

Auditors provide an opinion on the financial statements which confirms whether they:

- give a true and fair view of the financial position of the PFCC and CC as at 31 March 2024 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 2023/24
- have been prepared in accordance with the requirements of the Local Audit and Accountability Act 2014

We also consider the Annual Governance Statement and undertake work relating to the Whole of Government Accounts consolidation exercise.

Value for money

We report our judgements on whether the PFCC and CC has proper arrangements in place regarding arrangements under the three specified criteria:

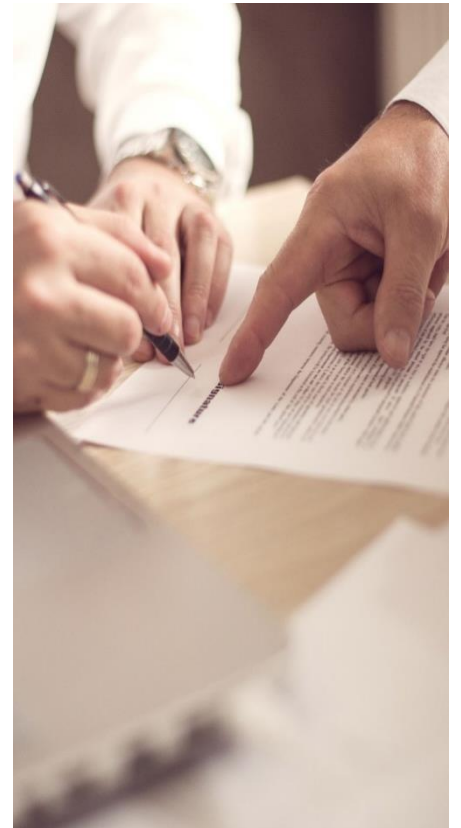
- financial sustainability
- governance
- Improving economy, efficiency and effectiveness

The Value for Money auditor responsibilities are set out in Appendix B.

Auditor powers

Auditors of a local authority have a duty to consider whether there are any issues arising during their work that require the use of a range of auditor's powers.

These powers are set out on page 9 with a commentary on whether any of these powers have been used during this audit period.



Executive summary



Executive summary

Under the National Audit Office (NAO) Code of Audit Practice ('the Code'), we are required to consider whether the PFCC and the CC have put in place proper arrangements to secure economy, efficiency and effectiveness in their use of resources. The NAO has consulted and updated the Code to align it to accounts backstop legislation. The new Code requires auditors to share a draft Auditors Annual Report ("the Report") with those charged with governance by a nationally set deadline each year (30 November) and for the audited body to publish the Report thereafter. This new requirements will be introduced from November 2025. As a firm, we are committed to reporting the results of our local audit work on as timely a basis as possible and are bringing forward our 2024 reporting in advance of the Code change. Our summary findings are set out below. Our recommendations and management responses are summarised in the following pages.



Financial sustainability

The PFCC and CC have a good track record of sound financial management albeit delivering a slight overspend position of £0.093m in 2023/24. They have continued to keep reserves at an appropriate level to help manage the financial risks in future. The General Reserve has been maintained at £4m representing 3% of the force budget for 2024/25.

The Medium-term Financial Plan (MTFP) clearly articulates future financial plans, the challenges and risks associated with these, and the assumptions applied in its creation. The MTFP does show a challenging financial position into the future; the 2024/25 budget and MTFP forecasted a cumulative budget gap of £16m by 2028/29. This is, however, understood, and appropriate work is underway to manage the funding gap.

Based on our areas of focus and evidence considered, we have not identified any significant weaknesses in arrangements to ensure the PFCC and the CC manages risk to their financial sustainability. However, we have identified that a savings plan and sustainability strategy are still in development, so we have carried forward the two prior-year improvement recommendations.



Governance

The PFCC ensures effective and ethical policing by holding the Chief Constable accountable. This includes setting strategic priorities, monitoring performance, managing the budget, conducting audits, handling complaints, engaging with the public, and using independent reports to assess performance.

Cumbria Police maintains robust governance through arrangements such as regular updates to risk registers, internal audits, and a whistleblowing policy to prevent fraud. Financial planning is thorough, with a balanced budget for 2024/25 and a detailed Medium-Term Financial Plan (MTFP) extending to March 2029. Governance committees, such as the Joint Audit Committee (JAC), provide independent oversight, ensuring compliance with legislation and effective decision-making.

Based on our areas of focus and evidence considered, we found no evidence of significant weaknesses in the PFCC's and the CC's arrangements for ensuring informed decisions are made and risks properly managed.



Improving economy, efficiency and effectiveness

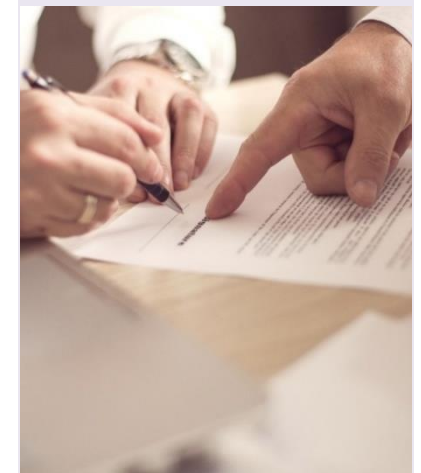
The PFCC and Constabulary have established effective measures to boost economy, efficiency, and effectiveness. Regular performance reports help the PFCC and CC manage the delivery of strategic priorities through transparent reporting and clear lines of accountability for officers.

The July 2024 PEEL report from the inspection by His Majesty's Inspectorate of Constabulary, Fire & Rescue Services (HMICFRS) congratulated the Constabulary for good performance; across nine areas of policing HMICFRS found that the constabulary was outstanding in one area, good in six areas and adequate in two areas.

Based on our areas of focus and evidence considered, we found no evidence of significant weaknesses in the PFCC's and the CC's arrangements for improving economy, efficiency and effectiveness.



We have completed our audit of your financial statements and anticipate issuing an unqualified audit opinion in February 2025, following the Joint Audit Committee meeting on 4 February 2025. Our findings are set out in further detail on page 8.



Executive summary (continued)



Overall summary of our Value for Money assessment of the Police, Fire and Crime Commissioner's and the Chief Constable's arrangements

Auditors are required to report their commentary on the PFCC's and the CC's arrangements under specified criteria and 2023/24 is the fourth year that these arrangements have been in place.

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. A summary of our judgements are set out in the table below.

Criteria	2022/23 Auditor judgement on arrangements		2023/24 Risk assessment	2023/24 Auditor judgement on arrangements		Direction of travel
Financial sustainability	A	No significant weaknesses in arrangements identified, but two improvement recommendations made.	No risks of significant weakness identified.	A	No significant weaknesses in arrangements identified, but the two prior-year improvement recommendations have been carried forward as they are currently in-progress.	↔
Governance	G	Our work did not identify any areas where we considered that key or improvement recommendations were required	No risks of significant weakness identified.	G	Our work did not identify any areas where we considered that key or improvement recommendations were required. More detail is provided in the detailed findings section of this report on page 19.	↔
Improving economy, efficiency and effectiveness	G	Our work did not identify any areas where we considered that key or improvement recommendations were required	No risks of significant weakness identified.	G	Our work did not identify any areas where we considered that key or improvement recommendations were required. More detail is provided in the detailed findings section of this report on page 23.	↔

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.

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



Opinion on the financial statements



Audit opinion on the financial statements

We anticipate issuing an unqualified opinion on the PFCC's and the CC's financial statements in February 2025 following the Joint Audit Committee on 4 February 2025.

The full opinions will be included in the PFCC's and the CC's audited accounts for 2023/24, which will be available from the PFCC's and Force/Constabulary websites.

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

- give a true and fair view of the financial position of the PFCC and the CC as at 31 March 2024 and of their expenditure and income for the year then ended, and
- have been properly prepared in accordance with the CIPFA/LASAAC Code of practice on local authority accounting in the United Kingdom 2023/24
- have been prepared in accordance with the requirements of the Local Audit and Accountability Act 2014.

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 PFCC and the CC in accordance with applicable ethical requirements, including the Financial Reporting Council's Ethical Standard.

Findings from the audit of the financial statements

The PFCC and the CC provided draft accounts in line with the national deadline.

Draft financial statements were of a high standard and supported by detailed working papers.

Our audit identified three significant risks:

- Management override of controls, which is a mandated risk under ISA240. Our testing of journals, which is 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 in relation to this significant risk.
- Valuation of the pension fund net liability as a significant estimate where small changes in assumptions could have a significant impact.

The only significant adjustment made to the financial statements submitted for audit was in relation to the Data Improvement grant accounting treatment, which was originally included in the draft accounts as a provision. This resulted in a £4.2m provision reversal, which subsequently increased the surplus of the CC and the group. An earmarked reserve was then created to reflect a commitment to fund relevant spend submitted from other forces.

Audit Findings Report

We report the detailed findings from our audit in our Audit Findings Report. A final version of our report will be issued to management in February 2025. Requests for this Audit Findings Report should be directed to the PFCC.

Use of auditor's powers

We bring the following matters to your attention:

	2023/24
<p>Statutory recommendations</p> <p>Under Schedule 7 of the Local Audit and Accountability Act 2014, auditors can make recommendations to the audited body which need to be considered by the body and responded to publicly.</p>	<p>We did not make any written recommendations under Schedule 7 of the Local Audit and Accountability Act 2014.</p>
<p>Public Interest Report</p> <p>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.</p>	<p>We did not issue a public interest report.</p>
<p>Application to the Court</p> <p>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.</p>	<p>We did not make an application to the Court.</p>
<p>Advisory notice</p> <p>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:</p> <ul style="list-style-type: none"> • 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. 	<p>We did not issue any advisory notices.</p>
<p>Judicial review</p> <p>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.</p>	<p>We did not make an application for judicial review.</p>

Value for Money Commentary on arrangements



The current policing landscape

It is within this context that we set out our commentary on the PFCC's and the CC's value for money arrangements in 2023/24 and make recommendations where any significant weaknesses or improvement opportunities in arrangements have been identified.



National context

The police service faces an array of challenges. Levels of public trust are at historically low levels – a consequence of recent scandals and repeated failures to address these; alongside a general and widespread belief that the police cannot adequately deal with crime. Police resources have been stretched by the combination of increasing crime complexity and growing non-crime demands. Whilst overall levels of reported crime have declined over the last 10 years, charge rates had also declined, although this decline is being addressed. The absolute number of charges increased in 2022/23 for the first time since 2013/24. Forces are increasing their focus on sexual assaults and addressing violence against women and girls, while aiming to reduce the amount of time spent on non-crime demands such as responding to mental health incidents.

Police spending has increased significantly in recent years, largely to support the successful recruitment of an additional 20,000 police officers in England and Wales financed by ring-fenced Police Uplift Programme (PUP) Funding. Forces are under financial strain to maintain increased officer numbers, whilst the rapid recruitment to meet the conditions pertinent to receipt of PUP Funding has resulted in concerns over the adequacy of vetting arrangements and the burden placed on supervising officers whose capacity is stretched. It will take time to assess whether changes in officer numbers can result in sustained increases in the number of charges, and improvements in public trust. Aligned to these challenges, the police allocation formula used to allocate funding to forces has not changed since 2013. No revision has been made to the formula to reflect changes in population or local policing need. Police bodies and His Majesty's Inspectorate of Constabulary and Fire & Rescue Services continue to lobby for the formula to be reviewed at the earliest opportunity.

Policing is under an increasing spotlight in terms of how the sector responds to the financial challenge it faces and delivers efficiencies. When presenting the Provisional Police Grant Report (England and Wales) 2024/25 in Parliament on 14 December 2023, the incumbent Minister of State for Crime, Policing and Fire referenced the Policing Productivity Review ("the Review"). The Review was published in November 2023 following the Home Office commissioning of the National Police Chiefs' Council in 2022 to review police productivity and provide recommendations to improve efficiency and effectiveness in policing. The Government's formal response to the review was due to be published during 2024. Pending this the Minister's statement to the House confirmed the Government's expectation that policing should continue to deliver on opportunities presented by new technology and innovation to deliver productivity improvements and drive forward efficiencies in order to maximise officer time and service to the public.

Given the outcome of the general election that occurred on 4 July 2024 any changes to government policy relating to the sector, including review of the police allocation formula and response to the Policing Productivity Review are at present uncertain.

The current policing landscape

It is within this context that we set out our commentary on the PFCC's and the CC's value for money arrangements in 2023/24 and make recommendations where any significant weaknesses or improvement opportunities in arrangements have been identified.



Local context

On 1 April 2023, Cumbria's Police and Crime Commissioner became the Police, Fire and Crime Commissioner (PFCC), assuming governance responsibility for the Cumbria Fire and Rescue Service (CFRS). This transition followed the Government's announcement that Cumbria would be divided into two unitary authorities as of April 2023, replacing the six district councils and the overarching County Council. Consequently, the governance responsibility of CFRS had to change since it was previously under Cumbria County Council, which ceased to exist on 1 April 2023.

Cumbria has now been divided into two unitary authorities: Westmorland and Furness Council and Cumberland Council. Cumbria is the fifth county to introduce a PFCC, following Essex, Northamptonshire, Staffordshire, and North Yorkshire. The PFCC will be responsible for CFRS's governance, encompassing legal elements, employees, budgets, estates and ethics and integrity.

It is important to note that the core functions and services provided by CFRS remain unchanged. This change pertains solely to the governance structure of the Service. The arrangements for the governance of CFRS, who are now known as Cumbria Commissioner Fire and Rescue Authority, will be reported separately.

The PFCC and the CC are separate legal entities. The PFCC is elected by the public every four years with a responsibility to secure the maintenance of an efficient and effective police force and to hold the CC to account for the exercise of operational policing duties under the Police Act 1996. The CC has a statutory responsibility for the control, direction and delivery of operational policing services in Cumbria. The PFCC for Cumbria during 2023/24 was Peter McCall but following elections in May, David Allen has not taken up this role. The CC for Cumbria during 2023/24 was Robert Carden who took up his post in August 2023.

The PFCC's Police, Fire and Crime plan (PFCP) was presented to the Police, Fire and Crime Panel in October 2024. This covers the period 2025 to 2029. The PFCP is set around five key themes: Putting People First, Providing Visible and Accessible Services, Protecting Vulnerable People and Communities, Focusing on Prevention to Protect Cumbria and Making Best Use of Resources.

The PFCC is scrutinised by Cumbria Police, Fire and Crime Panel. The two Unitary Local authorities making up the Cumbria Police, Fire and Crime Panel are Westmorland and Furness Council and Cumberland Council. Westmorland and Furness Council is the host local authority for the Panel and provides administrative and other support to the panel and its members.

Home Office guidelines state that Panels must be made up of at least one elected representative from each local authority (unitary, county and district) within the force area plus two independent co-optees. There must also be at least 10 elected representatives on the Panel, with membership also reflecting the geographical and political balance of the area. For Cumbria, the Terms of Reference state that the Panel shall comprise 10 councillors and 2 independent, co-opted members with each authority appointing 5 Councillors.

The Panel's powers include holding the elected Commissioner accountable and supporting their functions within Cumbria. The panel reviews and makes reports or recommendations on various plans and senior appointments proposed by the Commissioner, such as the Police Fire and Crime Plan. It holds public confirmation hearings for senior appointments, reviews proposed appointments of the Chief Constable and Chief Fire Officer and makes recommendations on the retirement or resignation of these officers. Additionally, the panel reviews the proposed precept for both Police and Fire and Rescue services, scrutinizes the Commissioner's decisions, handles complaints about the Commissioner, and can appoint an Acting Commissioner if necessary. The panel also has the authority to suspend the Commissioner under certain circumstances and can delegate work to sub-committees or working groups.

Financial sustainability



We considered how the audited bodies:

Commentary on arrangements

Assessment

ensures that they identify all the significant financial pressures that are relevant to their short and medium-term plans and builds these into them;

The PFCC and CC have a good track record of sound financial management albeit delivering a slight overspend position of £0.093m in 2023/24 (£0.836m underspend in 2022/23). This equated to 0.7% of the total budget of £125m. The variance represented an overspend of £491k in relation to funding provided to the Constabulary and an underspend of £399k on budgets managed by the PFCC.

The Constabulary’s financial position was impacted by higher costs in Police officer pay (£1.1m), Transport (£350k), Supplies and services (£244k), and Other employee budgets (£81k). These were partially offset by underspends on Third-party expenses (£87k), Police community support officers (£394k), Police staff pay (£401k), and increased income (£421k), mainly from Operation Safeguard (£342k).

Total capital expenditure for the year amounted to £4m, in comparison to a budget of £9m, leading to a decrease of £5m (56%) from the approved 2023/24 budget. This difference includes £5m of deferred spending to future years and other budget adjustments of £207k.

Cumbria Police present the budget and Medium-Term Financial Plan (MTFP) in February each year, with a mid-year review and updated MTFP presented in September. A balanced budget has been set for the 2024/25 financial year, including an updated MTFP. The MTFP outlines the reserves, detailing their purpose, types, and projections through to March 2029. It provides forecasts of revenue, reserves, and overall financial planning, as well as anticipated future grant funding. It includes considerations for inflationary pressures on non-pay expenses, attrition and recruitment according to the workforce plan, and pay award provisions for 2024 with an assumed pay inflation of 2.5% in 2024/25 and 2% per annum thereafter. These elements are consistent with our expectations.

The budget plan allocates an estimated funding of £178m for the fiscal year 2024/25 to support a corresponding level of expenditure. However, a budget deficit of £2m is anticipated in 2025/26, which is projected to increase to £16m by 2028/29. This shortfall results from the net impact of inflation and other expenditure pressures as compared to the forecasted growth in funding from Government Grants and increases in Council Tax Income.

Continued on following page...

A

- 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.

Financial sustainability

We considered how the audited bodies:	Commentary on arrangements	Assessment
<p>ensures that they identify all the significant financial pressures that are relevant to their short and medium-term plans and builds these into them;</p>	<p><i>Continued from previous page...</i></p> <p>As required by the Financial Management Code of Practice for Police Forces (2018) the PFCC publishes a Reserves scheme, and this explains the purpose and intended usage of each reserve. The budget & MTFP discusses the reserves including why reserves are held, the type of reserves and a forward projection of reserves to March 2029. This corresponds to the Reserves Strategy. The general reserve is maintained at £4m in 2024/25, which is approximately 3% of the net recurrent budget (excluding specific grants & fees and charges). It is considered standard practice in policing to maintain a minimum of 2% of net revenue budgets for the general fund, so the reserve level aligns with this guideline. Overall reserves are projected to decrease to £12m by the end of the MTFF period, representing a 57% reduction from the current level of £27m.</p> <p>There is a dedicated webpage for Treasury Management (TM). This platform includes the Treasury Management Strategy Statement (TMSS) and monitoring reports throughout the year. The Treasury Management Strategy Statement (TMSS) for 2024/25, along with the Prudential Indicators for 2024/25 to 2027/28, was approved by the Commissioner during the Public Accountability Conference on 15 February 2024. The TMSS is underpinned by a set of Treasury Management Practices (TMPs) that delineate how all treasury management activities will be conducted. Treasury activities are monitored on a quarterly basis. The quarterly reports detail how the investments have been managed. Additionally, a cashflow forecast is produced for a rolling period of two years. These TM processes ensure that financial pressures are identified and built into planning.</p> <p><u>Improvement recommendation raised in 2022/23 and carried forward to 2023/24:</u></p> <p><i>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.</i></p> <p>The OFPCC plans to address the police and fire estate sustainability report in 2025. A 2024 condition review now guides the estates strategy and capital program, focusing on sustainability initiatives like LED lighting, motion-sensing systems, rainwater harvesting, high-efficiency boilers, window replacements, and Hot & Cold Water Filter Taps installation. ACC Blackwell will oversee other sustainability efforts in the Constabulary through the Organisational Board in 2025. Projects include vehicle telematics for fleet optimization, a hybrid and electric vehicle fleet review, updated pool car, hire car, and mileage policies, plus promoting online learning and local training. The sustainability plan also features a Cycle to Work scheme and a salary sacrifice car scheme starting in early 2025.</p> <p>Sustainability measures have been identified in 2024/25 but have yet to be implemented, measured and reflected in the budget and MTFP. Therefore, this recommendation will be carried forward to 2024/25.</p>	<p>A</p>

Improvement recommendation 2: Sustainability measures have been identified but have yet to be implemented, measured and reflected in the budget and MTFP. Therefore, this recommendation will be carried forward to 2024/25.

Financial sustainability

We considered how the audited bodies:	Commentary on arrangements	Assessment
<p>plans to bridge funding gaps and identify achievable savings</p>	<p>The budgets for 2023/24 and 2024/25 have been balanced, however savings will be required from 2025/26 onwards. The 2024/25 budget and MTFP forecasted a cumulative budget gap of £16m by 2028/29.</p> <p>The Deputy Chief Constable is leading on a 'Futures 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. Areas for development are currently being planned into phases of work over the coming year and future years.</p> <p>Savings are generally monitored as part of the financial updates presented to the Chief Officer Group, Executive Board and other Boards. As well as being monitored by the monthly Savings and Efficiencies Programme Board and monthly Change Board.</p> <p>Cumbria Police present the budget and Medium-Term Financial Plan (MTFP) each February, with a mid-year review and updated MTFP presented to the Chief Officer Group and Police Executive Board in September. This review considers revenue funding, the revenue budget, savings plans, the capital programme, reserves, and risks. The budgets for 2023/24 and 2024/25 have been balanced; however, savings will be required from 2025/26 onwards. The MTFP indicates a forecast funding gap of £2.2 million in 2025/26, which is expected to cumulatively grow to £16 million by 2028/29.</p> <p>Over the period of the financial forecast, total group reserves are projected to decrease from £27 million at the start of 2024/25 to £12 million by the end of March 2029. This reduction is largely due to the provision of funding to support the revenue budget over the next three years. Of the remaining £12 million, the general reserve of £4 million is held for managing financial risks and unforeseen events. Budget support, stabilisation, and insurance reserves/contingencies amount to £3 million, providing additional resilience. A small number of other reserves are earmarked for specific purposes, including pooled/partnership funds (£2 million), while the Commissioner holds reserves of £3 million to cover the longer-term implications of commissioning commitments.</p> <p>The 2024/25 MTFP mid-year review in September 2024 assesses the current levels of reserves as being 4% of the net budget requirement. This aligns with CIPFA's recommendation that unallocated revenue reserves should be between 2% and 4% of revenue expenditure.</p> <p>We do not consider the medium-term budget gap to be a significant weakness at this stage, as there are significant reserves available, however, this is not sustainable, and it is important that the savings plan is developed and delivered.</p> <p><i>Continued on following page...</i></p>	<p>A</p>

Financial sustainability

We considered how the audited bodies:	Commentary on arrangements	Assessment
plans to bridge funding gaps and identify achievable savings	<p>Continued from previous page...</p> <p><u>In the prior year, we raised the following recommendation:</u></p> <p><i>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 due to the current economic climate and inflationary pressures.</i></p> <p>The Futures Programme was initiated to address the budget gap identified in the budget/MTFF documents. Led by DCC and Director of Performance & Change, the programme began in 2023/24 and continued into 2024/25. Progress is managed through monthly Futures Board meetings and strategic decisions are made at the monthly Strategic Management Board (SMB) chaired by the CC. The programme includes a phased change initiative to bridge the budget gap, with several projects presented at a Chief Officer Away Day in September 2024. Some projects were approved to progress to the business case stage and will be implemented in 2025, while others require further analysis. Operational commands were also tasked with delivering 5% budget savings from their non-staff budgets during 2024/25, resulting in savings of around £0.4m from 2025/26.</p> <p>Additionally, the DCC holds a weekly Force Resourcing Meeting (FRM) to manage resourcing matters and vacancies, providing in-year efficiency savings. A detailed review of budget assumptions related to pay modelling, Home Office (HO) funding, and council tax income has led to significant budget reductions incorporated into the refreshed MTFF. The HO funding settlement in December 2024 was as expected, with government support for the September 2024 pay award and NI changes to be implemented in April 2025. Efforts to improve income through treasury management have also yielded approximately £233k per annum in forecasted investment income receipts.</p> <p>The Futures Programme has successfully initiated several projects to bridge the budget gap, with some projects already approved for implementation in 2025 and others requiring further analysis.</p> <p>Operational commands have achieved significant budget savings, contributing to the overall financial stability of the organisation. The weekly Force Resourcing Meeting (FRM) has been effective in managing vacancies and providing in-year efficiency savings. A detailed review of budget assumptions has led to significant budget reductions, and efforts to improve income through treasury management have yielded positive results.</p> <p>It is concluded that a robust change programme has been developed but a detailed savings plan is still in development, as reflected in the 2024/25 budget and MTFF. We recommend that the PFCC and CC continue to develop a detailed savings plan in support of the budget and MTFF and to enable internal monitoring of progress against them.</p>	A

Improvement recommendation 1: Following the initiation of the ‘Futures Programme’, we recommend that the PFCC and CC continue to develop a detailed savings plan in support of the budget and MTFF and to enable internal monitoring of progress against them.

Financial sustainability

We considered how the audited bodies:	Commentary on arrangements	Assessment
plan finances to support the sustainable delivery of services in accordance with strategic and statutory priorities	<p>The PFCC and CC have arrangements in place ensure they plan their finances to support the sustainable delivery of services in accordance with strategic and statutory priorities within the Police Fire and Crime Plan (PFCP). These priorities are monitored through the Performance Reports presented to the Public Accountability Conferences and feed into the budgeting process and MTFP on an annual basis.</p> <p>The latest PFCP was presented to the Police, Fire and Crime Panel in October 2024; this covers the period 2025 to 2029. The PFCP is set around five key themes: Putting People First, Providing Visible and Accessible Services, Protecting Vulnerable People and Communities, Focusing on Prevention to Protect Cumbria, and Making Best Use of Resources.</p>	G
ensure their 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	<p>The PFCP includes sections on resources and spending, incorporating workforce, revenue, capital and investment planning which feed into the budget setting and MTFP process on an annual basis. There are up-to-date workforce plans, a procurement strategy, a reserves strategy and treasury management policy in place to support the PFCP.</p> <p>The capital plan sets out the capital plans for the 5-year period. These are reported on via the Financial performance reports and slippage/delays are explained there where appropriate. There has not been any evidence of major capital investment being postponed or cancelled without rationale.</p>	G

Financial sustainability

We considered how the audited bodies:	Commentary on arrangements	Assessment
Identify and manage risks to financial resilience, e.g. unplanned changes in demand, including challenge of the assumptions underly their plans	<p>We considered how Cumbria Police identify and manage risks to financial resilience, e.g. unplanned changes in demand, including challenge of the assumptions underlying its plans.</p> <p>The MTFP and budget include considerable detail about the finances and associated risks to the PFCC and Constabulary. It also includes specific sections which deal with risks, scenario planning and the assumptions made in the financial planning exercise. The level of reserves are considered reasonable to manage financial resilience.</p> <p>Regular Revenue and Capital monitoring reports are presented to the 'Executive and other Boards' and cover the budget variances and year-end forecast.</p>	<div data-bbox="2011 683 2045 711">G</div>

- 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.

Governance



We considered how the Audited Bodies:	Commentary on arrangements	Assessment
monitor and assess risk and gain assurance over the effective operation of internal controls, including arrangements to prevent and detect fraud	<p>The PFCC and Constabulary maintain separate risk registers that are updated regularly and reported to the Joint Audit Committee (JAC). Risks have unique reference numbers, associated owners, have details regarding impacts and mitigations and are scored. Risk is RAG rated and assessed by considering the causes of the risk and the consequences if that risk were to happen.</p> <p>A Whistleblowing policy and Gifts & Hospitality procedures are in place in respect of the prevention and detection of fraud.</p> <p>The Internal Audit opinion for 2023-24 was reasonable assurance for both the PFCC and Constabulary. 12 audits were completed for the final report. Of these 12 reports, 6 audits provided the highest level of assurance (Substantial) and 6 offered the second highest level (Reasonable).</p>	G

- 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.

Governance



We considered how the Audited Bodies:	Commentary on arrangements	Assessment
approach and carry out the annual budget setting process	<p>Our review confirmed that the Medium-Term Financial Plan (MTFP) forms the foundation of the annual budget and involves the Police, Fire and Crime Commissioner (PFCC), Chief Constable (CC), and other key stakeholders. The latest MTFP (2024/25) outlines key assumptions including funding, inflationary adjustments, and the maintenance of the uplift headcount. It also identifies major expenditure pressures and potential savings.</p> <p>Cumbria Police presents its budget and MTFP in February each year, with a mid-year review and an updated MTFP presented to the Chief Officer Group and Police Executive Board in September 2024. This review considered revenue funding, revenue budget, savings plans, capital program, reserves, and risk assessments.</p> <p>The budgets for 2023/24 and 2024/25 have been balanced; however, savings will be necessary from 2025/26 onwards. In anticipation of this, various financial scenarios have been modelled through the MTFP process, conducted jointly by the Office of the Police, Fire and Crime Commissioner (OPFCC) and the Constabulary. The MTFP currently forecasts a funding gap of £2.2 million in 2025/26, increasing cumulatively to £16 million by 2028/29.</p> <p>Savings are regularly monitored as part of the financial updates presented to the Executive Board and other relevant Boards. Additionally, monitoring is carried out by the monthly Futures Programme Board and the monthly Change Board.</p> <p>The 2024/25 budget was presented to the Public Accountability Conference in February 2024. We find the assumptions within the MTFP to be prudent and reasonable.</p>	G

Governance

We considered how the Audited Bodies:

Commentary on arrangements

Assessment

Ensure effective processes and systems are in place to ensure budgetary control; to communicate relevant, accurate and timely management information; supports statutory financial reporting; and ensure corrective action is taken where needed, including in relation to significant partnerships

There is an established financial monitoring process conducted on a monthly basis, results of which are presented to the Chief Officer Group. Quarterly reports based on this monitoring are subsequently submitted to the Executive Board. Furthermore, a summarized version of the report concerning the revenue budget is provided quarterly to the Police, Fire and Crime Panel. These reports furnish updates on both the PFCC and CC as well as forecast outturns. They are comprehensive, detailing the projected revenue outturn and capital budget performance, including explanations for any variances. Additionally, a high-level summary is included to provide context and enable decision-makers to concentrate on key areas of potential concern.

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Ensure they make properly informed decisions, supported by appropriate evidence and allowing for challenge and transparency, including from audit committee

Our review of papers submitted to the Executive Board, JAC and Police Fire and Crime Panel indicates that a good standard of documentation is presented to those committees. Reports are clear, well structured and give the committee members the information they require to make informed decisions.

We conclude that the governance committees fulfil their roles effectively, with appropriate 'tone from the top'.

The purpose of the JAC is to provide an independent and high-level focus on the adequacy of governance, risk and control arrangements to the PFCC and CC. The Committee's role in ensuring that there is sufficient assurance over governance, risk and control gives greater confidence to those charged with governance that those arrangements are effective.

The JAC comprises five independent members and met four times in 2023/24. From our attendance at the JAC and also via our review of the minutes and papers we are satisfied that the committee is fulfilling its duties adequately and continues to be effective in its role.

G

Governance

We considered how the Audited Bodies:	Commentary on arrangements	Assessment
<p>monitor and ensure appropriate standards, such as meeting legislative/regulatory requirements and standards in terms of staff and board member behaviour and where it procures and commissions services.</p>	<p>Within the Constabulary, responsibilities are delineated at various levels. Chief Officers hold ultimate accountability for delivering policing services within the operational environment, while senior officers possess functional responsibilities for specific aspects of policing. Individual officers must ensure adherence to regulatory standards. Similarly, senior support staff managers are tasked with ensuring compliance with specific legislation pertinent to their respective business areas. For instance, the Chief Finance Officer, Director of Legal, and heads of departments such as People, ICT, Estates, Procurement, and Fleet carry significant compliance responsibilities.</p> <p>Monitoring mechanisms include the review of KPIs by the Chief Officers Group and Boards, dedicated compliance units within operational policing, the efforts of the Joint Audit Committee (JAC) and Ethics and Integrity Panel, and mandatory consultation with specialist functions during report preparation. Additionally, these frameworks are reinforced through legal training, the Professional Standards Department’s activities, and communications via the force intranet. This structure is comprehensively documented in the Annual Governance Statements (AGS) of both the PFCC and Constabulary, which are included within their respective Statements of Accounts.</p> <p>The Commissioner allocates funding to the Constabulary’s Legal Services Department, enabling them to provide legal support to the OPFCC on relevant matters. Should the need arise, external legal advice can be sought from other legal entities.</p> <p>Throughout the year, formal reviews have been conducted concerning the roles of the Commissioner’s Chief Finance Officer, the Head of Internal Audit, and the JAC, in relation to the respective CIPFA statements, concluding full compliance. Compliance with the CIPFA Statement on the Role of the Chief Financial Officer in Local Government is reported through the AGS accompanying the annual statement of accounts. OPFCC officers receive legislative updates through their professional bodies, including APACCE, PACTS, CIPFA, the APCC, and governmental sources.</p> <p>Legal considerations are integrated into all reports. The Chief Executive fulfils the role of Monitoring Officer, ensuring that both the Commissioner and OPFCC operate in accordance with legislative requirements. The Anti-Fraud & Corruption arrangements were reviewed in 2023 and presented to the JAC, which deemed them effective. Annually, the OPFCC reports to the committee on the effectiveness of these arrangements. Training sessions covering Anti-Fraud & Corruption and Confidential Reporting are regularly provided to officers and the JAC. Internal Audit conducts reviews of anti-fraud measures against best practices.</p> <p>The Joint Financial Regulations provide guidance on gifts, hospitality, and declarations of interests, which are included in the annual accounts related parties note. A set of joint procurement regulations ensures compliance with legislative and regulatory standards.</p> <p>The procurement function encompasses the entire procurement process and includes detailed post-contract monitoring. The AGS outlines the systems and processes that govern procurement arrangements, including procedural rules, policies, and internal management processes. A contracts register is maintained and regularly updated.</p>	<p>G</p>

Improving economy, efficiency and effectiveness – commentary on arrangements



We considered how the audited bodies:

Commentary on arrangements

Assessment

use financial and performance information to assess performance to identify areas for improvement

Good governance arrangements are in place and there is a section of the OPFCC website which presents performance data on a dashboard.

Performance is reported weekly to the Chief Officer Group. These reports detail individual KPIs and highlight areas where additional focus is required by exception. The Constabulary utilises various performance indicators, such as 999 and 101 service levels, the number of crimes reported, and response times to incidents, to evaluate its performance against established targets. Data derived from these indicators assists the Force in identifying areas needing improvement.

The HMICFRS conducts an annual analysis of Police Objective Analysis Data to prepare the HMICFRS VFM Profiles, which are accessible on the VFM Dashboard on the HMICFRS website. This dashboard provides a detailed analysis of force expenditures compared to all forces against a variety of subjective and objective criteria. Cumbria utilises this data and also produces an annual summary for the Chief Officers and Joint Audit Committee, focusing on areas where Cumbria is an outlier.

In addition to using financial data to assess budgetary performance, this data is used to evaluate operational efficiency and ensure resources are allocated appropriately to achieve maximum value for money.

The review of the performance reports indicates that the quality of the reports is sufficient for Management to understand the activities undertaken to meet the priorities, the associated risks, and how the Constabulary is managing those risks.

The Annual Governance Statement outlines how data is managed in Cumbria, ensuring effective arrangements for safe data collection, storage, use, and sharing. A Data Protection policy guides staff on handling data appropriately. Every six months, the OPFCC Governance Manager provides refresher training at an Extended Team meeting. The OPFCC shares a Data Protection Officer (DPO) with the Constabulary, and any data breaches are reported to the Joint DPO for assessment and action. Effective data-sharing arrangements exist with other organisations, supported by information sharing agreements. Suppliers have Data Processing Contracts, Confidentiality Agreements, and Data Protection Impact Assessments. Ethics and Integrity Panel members and volunteers sign confidentiality agreements covering any information they encounter in their roles.

Cumbria Police collaborate with other forces to identify organisational improvements, as reflected in the Group accounts. The Constabulary engages with lead forces on specific service areas as needed, promoting learning and improvement. The PFCC cooperates closely with other North-West PCCs to compare services and drive organisational improvement.

G

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.

Improving economy, efficiency and effectiveness – commentary on arrangements



We considered how the audited bodies:

Commentary on arrangements

Assessment

evaluate the services they provide to assess performance and identify areas for improvement

We considered how the Police evaluates the services it provides to assess performance and identify areas for improvement.

HMICFRS congratulated Cumbria Constabulary on its performance in keeping people safe, reducing crime and giving victims an effective service in its latest inspection report 2023-25, which was issued in July 2024. See page 27 for more details.

HMICFRS reported that Cumbria Constabulary has made significant strides in improving its governance and performance. The constabulary now has effective governance in place with clear strategic plans supported by accurate information and a detailed performance framework. There have been notable improvements in the management and scrutiny of criminal investigations, with a focus on thorough and well-supervised investigations. The constabulary uses bail effectively to protect vulnerable victims and reduce further crime, although there is still room for better outcomes for victims.

The support provided to the workforce, especially student officers, has been outstanding, with supervisors, senior leaders, and the occupational health unit playing a crucial role. The constabulary values its officers and staff, understanding that their well-being directly affects their performance and the service they provide to the public. Additionally, the constabulary focuses on preventing crime and antisocial behaviour, working well with partner organisations, charities, and communities to solve local problems and keep people safe.

Cumbria Constabulary is innovative in its use of technology and has a strong evidence-based policing ethos. The leadership has continued to improve services, with a new strategic plan developed by the new Chief Constable being embraced by the workforce. The communicative and highly visible approach of the new leadership has been well received, and the constabulary is committed to making further improvements based on this report. The improvements seen during the inspection provide a solid foundation for future progress.

Strategic priorities are set out in the PFCC's Police, Fire and Crime Plan (2025-29) and the Constabulary's strategic priorities. Plans are amended at an operational level dynamically through the briefing and tasking process aligned to emerging strategic issues.

G

Improving economy, efficiency and effectiveness – commentary on arrangements

We considered how the audited bodies:

Commentary on arrangements

Assessment

ensure they deliver their role within significant partnerships and engages with stakeholders they have identified, in order to assess whether they are meeting their objectives

The Constabulary is actively involved in various partnership arrangements, ranging from large strategic collaborations like the Fire and Rescue Service, to local informal partnerships. Notable examples from the year include the North-West Probation Service's funding and development of Women's Outreach Services for female victims and offenders in Kendal, Carlisle, and surrounding areas. Additionally, the Constabulary works with partners to raise awareness about anti-social driving, focusing on the Fatal Four: no seatbelts, speeding, distracted driving, and drug/drink driving, as well as other trends like pedestrian and motorbike/cyclist safety.

The Commissioner has launched a rural crime campaign in collaboration with the National Farmers Union (NFU) and other partners to promote rural safety and prevent rural crime. Another significant partnership is with the Cumbria Unitary Council's to deliver the Step Up Restore Families programme. These partnerships are integral to the strategies outlined in the Police and Crime Plan 2021-2025 and the new Police, Fire and Crime Plan 2025-29.

The Police maintain a dedicated section on their website detailing examples of collaboration with other forces and organizations to provide services. They also have a 'Public engagement' section explaining the Commissioner's statutory obligation to engage with communities under the Police Reform and Social Responsibility Act 2011 and to consider the welfare of victims. The recent 2023-2025 PEEL inspection highlighted that Cumbria works well with partner organizations, charities, and communities to solve local problems and keep people safe.

Overall, these partnerships and initiatives demonstrate the Constabulary's commitment to working collaboratively to address local concerns and enhance community safety. By engaging with various stakeholders and leveraging their collective expertise, the Constabulary aims to create a safer and more supportive environment for all residents.

The PFCC and Constabulary conduct annual public consultations on service priorities and budgeting. Both have Engagement Strategies detailing stakeholder communication, summarised in their Annual Governance Statements.

The PFCC and Constabulary conduct formal annual consultations with the public to establish service priorities and budget considerations. Both entities have Engagement Strategies that detail their communication methods with stakeholders. These arrangements are outlined in the respective Annual Governance Statements of both bodies.

G

Improving economy, efficiency and effectiveness – commentary on arrangements

We considered how the audited bodies:	Commentary on arrangements	Assessment
Commission or procure services, assessing whether they are realising the expected benefits	<p>The OPFCC has a Procurement and Commissioning Strategy that aims to achieve best value, in compliance with financial regulations and contract standing orders, while meeting obligations to stakeholders by outlining clear social, economic, and environmental responsibilities.</p> <p>The medium-term financial strategy provides a framework for making ongoing decisions on significant delivery issues and responding to changes in the external environment that may occur during the budgetary period, with the goal of achieving desired outcomes and optimizing resource usage.</p> <p>Joint procurement regulations and procedures are established, and there is a commercial and procurement team responsible for contract management.</p> <p>Readiness for Procurement Bill: Cumbria Police are reviewing procurement processes to comply with the new bill. The department is also investing in new technology and tools and aligning its training programmes with the requirements of the new legislation, using Blue Light Commercial's resources.</p> <p>Grant regulations, the Commissioning Strategy and the Communication & Engagement Strategy are being updated to ensure compliance with the new Procurement Act regulations.</p>	G

Improving economy, efficiency and effectiveness



HMICFRS

His Majesty's Inspectorate of Constabulary and Fire and Rescue Services (HMICFRS) independently assesses the effectiveness and efficiency of police forces and fire and rescue services in the public interest.

They:

- Inspect and monitor the 43 territorial police forces in England and Wales reporting on their effectiveness, efficiency and legitimacy via PEEL assessments
- Work with other inspectorates within criminal justice and more broadly to address problems involving more than one agency. For example, the programme of police custody inspections with the Care Quality Commission (CQC)
- Assess and report on the efficiency, effectiveness and people of the 44 fire and rescue services in England.

External Auditors consider the outcome of PEEL assessments when performing our VFM work. Particularly in assessing Police Bodies' arrangements to assess performance and identify areas for improvement in outcomes.

Responding to His Majesty's Inspectorate of Constabulary and Fire & Rescue Services (HMICFRS) PEEL Report

In July 2024 HMICFRS published their PEEL report from their inspection of Cumbria Constabulary. Cumbria were congratulated for their good performance.

His Majesty's Inspectorate of Constabulary and Fire & Rescue Services (HMICFRS) evaluated Cumbria Constabulary's performance across nine areas of policing. The results indicated that the constabulary was rated as outstanding in one area, good in six areas, and adequate in two areas.

According to HMICFRS, the Constabulary excelled in building, supporting, and protecting its workforce. Inspectors noted that it prioritises the well-being of officers and staff and cultivates a supportive environment that aids in the development and retention of new recruits.

The inspectorate also highlighted that Cumbria Constabulary collaborates effectively with partner organisations to mitigate violence against women and girls and ensure the safety of vulnerable individuals. An example cited is a partnership project designed to provide support and safeguarding for those at risk of county lines exploitation.

Moreover, inspectors observed improvements in the management and oversight of criminal investigations. However, they suggested that the Constabulary should take further steps to achieve better outcomes for victims and enhance the external review of its use of force and stop and search powers.

Outstanding	Good	Adequate	Requires improvement	Inadequate
Developing a positive workplace	Preventing crime	Recording data about crime		
	Investigating crime	Police powers and public treatment		
	Responding to the public			
	Protecting vulnerable people			
	Managing offenders			
	Leadership and force management			

**Value for Money
Recommendations raised in
2023/24**



Recommendations raised in 2023/24

Recommendation	Type of recommendation *	Criteria impacted	Evidence	Impact or possible future impact	Actions agreed by Management
IR1 Following the initiation of the 'Futures Programme', we recommend that the PFCC and CC continue to develop a detailed savings plan in support of the budget and MTFF and to enable internal monitoring of progress against them.	Improvement	Financial Sustainability	See page 16	A savings plan is still in development, as reflected in the 2024/25 budget and MTFP. For details see page 16.	The detailed savings plan will continue to be developed during 2025/26 as part of the Futures Programme and in support of the overall budget and MTFF. Progress will be monitored by Chief Officers through the Futures Board and Strategic Management Board and by the OPFCC through periodic updates to Executive Board Police. Michelle Bellis – Constabulary CFO 22/01/25
IR2 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 MTFS.	Improvement	Financial Sustainability	See page 14	Sustainability measures have been identified in 2024/25 but have yet to be implemented, measured and reflected in the budget and MTFP. Therefore, this recommendation will be carried forward to 2024/25. For further details see page 14.	The estates aspects of the sustainability report will be picked up by the OFPCC during 2025. The remaining aspects of Constabulary sustainability will be picked up by ACC Blackwell through the Organisational board in 2025. The sustainability plan developed will reference and build upon the recommendation of the Energy Savings Trust Report. Michelle Bellis – Constabulary CFO 22/01/25

* Explanations of the different types of recommendations which can be made are summarised in Appendix B.

Appendices

Appendix A: Responsibilities of The Police, Fire and Crime Commissioner (PFCC) and the Chief Constable (CC)

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 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 PFCC's and the 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 PFCC and CC will no longer be provided.

The PFCC and the 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:

Value for Money Auditor responsibilities




Value for Money arrangements work

All Police, Fire and Crime Commissioners (PFCCs) and Chief Constables (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 audited body’s responsibilities are set out in Appendix A.


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

Under Section 20(1)(c) of the Local Audit and Accountability Act 2014 we are required to satisfy ourselves that the PFCC and the CC have made proper arrangements for securing economy, efficiency and effectiveness in their use of resources. The National Audit Office (NAO) Code of Audit Practice (‘the Code’), requires us to assess arrangements under three areas:




Financial Sustainability

Arrangements for ensuring the PFCC/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 PFCC/CC makes appropriate decisions in the right way. This includes arrangements for budget setting and management, risk management, and ensuring the PFCC/CC makes decisions based on appropriate information.



Improving economy, efficiency and effectiveness

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

2023/24 is the fourth year of the Code, and we undertake and report the work in three phases as set out in the Code.

Phase 1 – Planning and initial risk assessment

As part of our planning we assess our knowledge of the PFCC’s and CC’s arrangements and whether we consider there are any indications of risks of significant weakness. This is done against each of the reporting criteria and continues throughout the reporting period.

Information which informs our risk assessment	
Cumulative knowledge and experience of the audited body	Annual Governance Statement and the Head of Internal Audit annual opinion
Interviews and discussions with key stakeholders	The work of inspectorates and other regulatory bodies
Progress with implementing recommendations	Key documents provided by the audited body
Findings from our opinion audit	Our knowledge of the sector as a whole

Phase 2 – Additional risk-based procedures and evaluation

Where we identify risks of significant weakness in arrangements we will undertake further work to understand whether there are significant weaknesses. We use auditor’s professional judgement in assessing whether there is a significant weakness in arrangements and ensure that we consider any further guidance issued by the NAO.

Phase 3 – Reporting our commentary and recommendations

The Code requires us to provide a commentary on your arrangements which is detailed within this report. Where we identify weaknesses in arrangements we raise recommendations. A range of different recommendations can be raised by the PFCC’s and CC’s auditors as follows:

- **Statutory recommendations** – actions which should be taken where significant weaknesses are identified with arrangements. These are made under Section 24 (Schedule 7) of the Local Audit and Accountability Act 2014 and require discussion at a public meeting and a public response.
- **Key recommendations** – actions which should be taken by the PFCC and CC where significant weaknesses are identified within arrangements.
- **Improvement recommendations** – actions which should improve arrangements in place but are not a result of identifying significant weaknesses in the PFCC’s and CC’s arrangements.

Appendix C:

Follow-up of previous recommendations

Recommendation	Type of recommendation *	Date raised	Progress to date	Addressed?	Further action?
1 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.	Improvement	2023	The Futures Programme was initiated to address the budget gap identified in the budget/MTFF documents. For further details see page 16.	Yes	We have re-raised a recommendation to ensure that the PFCC/CC are focused on continuing to develop a detailed savings plan. See improvement recommendation No. 1 on page 16.
2 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 MTFS.	Improvement	2023	Sustainability measures have been identified in 2024/25 but have yet to be implemented, measured and reflected in the budget and MTFP. Therefore, this recommendation will be carried forward to 2024/25. For further details see page 14.	No	We have re-raised a recommendation to ensure that the PFCC/CC are focused on delivering improvements. See improvement recommendation No. 2 on page 29.

*Explanations of the different types of recommendations which can be made are summarised in Appendix B.

