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Our reference: JAC/MO

Date: 14th March 2025

AGENDA

TO: THE MEMBERS OF THE JOINT AUDIT COMMITTEE

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

A Meeting of the Joint Audit Committee will take place on **Wednesday 26th March 2025** **between Police HQ Penrith and Fire Headquarters**. The expected timings and locations are as follows:

Times	Activity	Location
09:00-10:00	Development Session – Treasury Management Update (MUFG Corporate Markets)	Conference Room 1, Police HQ Penrith
10:00-10:45	JAC Members private meeting	Conference Room 1, Police HQ Penrith
11:00-13:00	JAC Meeting – PFCC/Constabulary	Conference Room 1, Police HQ Penrith
13:00-13:30	Lunch Break	Conference Room 1, Police HQ Penrith
13:30-15:00	JAC Meeting – Fire	Community Room, Fire HQ Penrith
15:15-16:30	Development Session – Budget Briefing Police & Fire	Community Room, Fire HQ Penrith
16:30-17:00	JAC Discussion with CFOs re 360° Action Plan and use of electronic papers	Community Room, Fire HQ Penrith

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 megan.owens@cumbria.police.uk by 21st March 2025 for an invitation.

COMMITTEE MEMBERSHIP

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

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	Report Pack Page No	Agenda Item	Officer/Lead	Time (Est)
01		APOLOGIES FOR ABSENCE <ul style="list-style-type: none"> John Barradell DCC Darren Martland 	Chair	11:00
02		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. Items for Exclusion of Press and Public (PART 2) <ul style="list-style-type: none"> Item 05a (Action 14) – Cyber Security Approach 	Chair	11:00
03		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	11:05
04	7	MINUTES OF MEETING AND MATTERS ARISING To receive and approve the minutes of the committee meeting held on 4 th February 2025.	Chair	11:10
05	17 20	ACTION SHEET To receive the action sheet from previous meetings. <ul style="list-style-type: none"> a) PFCC / Constabulary b) Joint Audit Committee 	Chair	11:15

06	21 24 26	<p>CORPORATE UPDATE</p> <p>To receive a brief corporate update from each of the below.</p> <ul style="list-style-type: none"> a) Constabulary b) The OPFCC c) Finance 	DCC PFCC C Exec CC CFO	11:20
07	28	<p>INTERNAL AUDIT – SUMMARY INTERNAL CONTROL ASSURANCE (SICA): To receive a report from the Internal Auditors regarding the progress of the Internal Audit Plan.</p>	Director of Audit TIAA Ltd	11:35
08	35 47 57	<p>INTERNAL AUDIT REPORT(S)</p> <p>To receive reports from the Internal Auditors in respect of specific audits conducted since the last meeting of the committee.</p> <ul style="list-style-type: none"> a) Equality, Diversity & Inclusivity b) Business Continuity c) Security of Seized Cash <p>In relation to the following audits the audit reports are currently being finalised and a verbal update will be provided at the March meeting with the reports being presented in June.</p> <ul style="list-style-type: none"> d) Data Protection & GDPR deferred to June JAC e) ICT Disaster Recovery deferred to June JAC <p>In relation to the following audits the fieldwork is still underway and as such the audit reports will be presented to the June JAC meeting.</p> <ul style="list-style-type: none"> f) Workforce Planning deferred to June JAC g) Body Worn Video deferred to June JAC 	Director of Audit TIAA Ltd	11:40
09	N/A	<p>MONITORING OF AUDIT, INTERNAL AUDIT AND OTHER RECOMMENDATIONS AND ACTION PLANS</p> <p>To receive an updated summary of actions implemented in response to audit and inspection recommendations. A verbal update will be provided at the meeting.</p>	Director of Audit TIAA Ltd	12:00

10	67 80	<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.</p> <p>a) Internal Audit Plan 2025/26 b) Internal Audit Charter</p>	MIAA Ltd	12:05
11	N/A	<p>EXTERNAL AUDIT PLAN: To receive from the external auditors the Joint Annual External Audit Plan.</p> <p>Deferred to June 2025. Progress report to be presented instead.</p>	Engagement Lead Grant Thornton	12:10
12	80	<p>EXTERNAL AUDIT UPDATE REPORT: To receive from the external auditors an update report in respect of progress on the external audit plan.</p>	Engagement Lead Grant Thornton	12:15
13	108 116	<p>STRATEGIC RISK REGISTER: To consider the strategic risk registers as part of the Risk Management Strategy:</p> <p>a) OPFCC (CE or GM) b) Constabulary (DCC)</p>	OPFCC CE DCC	12:20
14	N/A N/A	<p>ANNUAL REVIEW OF GOVERNANCE: To review the PFCC and Constabulary arrangements for governance; cyclical review over three years. Some documents reported in November, some in March.</p> <p>a) OPFCC Scheme of Delegation/Consent b) Constabulary Scheme of Delegation</p> <p>Please note that it was agreed at the JAC meeting on 04/02/25 that core governance documents would move to a triennial review cycle. As these documents were last reviewed and presented to members in March 2024, the next review will be March 2027. The JAC work programme (item 16) has been updated to reflect this.</p>	OPFCC CE CC CFO	12:25
15	125	<p>VALUE FOR MONEY: To receive an annual report on Value for Money within the Constabulary.</p>	CC CFO	12:35
16	129	<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>	CC CFO	12:40

17	146 175	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. a) Treasury Management Strategy Statement b) Treasury Management Practices	CC CFO	12:45
18	211	TREASURY MANagements ACTIVITIES: To receive for information reports on Treasury Management Activity - Quarter 3.	CC CFO	12:50
19		POINTS FOR CONSIDERATION BY THE COMMISSIONER, CHIEF CONSTABLE AND/OR THE CHIEF FIRE OFFICER		12:55
21		AOB		13:00

Future JAC Meeting Dates (For Information)

25th June 2025 @ 11:00 – Police HQ Conference Room 1 and Fire HQ Penrith

24th September 2025 @ 11:00 – Police HQ Conference Room 1 and Fire HQ Penrith

26th November 2025 @ 11:00– Police HQ Conference Room 1 and Fire HQ Penrith

25th March 2026 @11:00 – Police HQ Conference Room 1 and Fire HQ Penrith

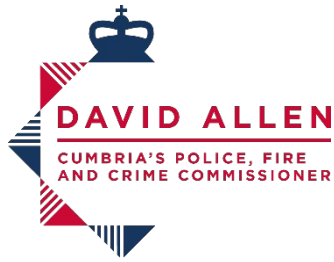
Future Police, Fire and Crime Panel Meeting Dates (For Information)

4th April 2025 - Conference Room A/B, Cumbria House, Carlisle

23rd July 2025 - TBC

13th October 2025 - TBC

30th January 2026 - TBC



Agenda Item 4 – Part 1

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

Minutes of a meeting of the Joint Audit Committee held on Tuesday 4th February 2025
Conference Room 2, Police HQ, Penrith, at 11.00am.

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

Police, Fire and Crime Commissioner (PFCC), (David Allen)
PFCC Chief Finance Officer/CFRS Chief Finance Officer (PFCC CFO), (Steven Tickner)

Cumbria Constabulary

Chief Constable (CC), Robert Carden
Deputy Chief Constable (DCC), (Darren Martland)
Constabulary Chief Finance Officer (CC CFO), (Michelle Bellis)
Financial Services Assistant (FSA), (Megan Owens)

Internal Audit

Director of Audit (DA), TIAA, (Martin Ritchie)

External Audit

Engagement Lead (EL), Grant Thornton LLP, (Michael Green)
Audit Manager (AM), Grant Thornton LLP, (Hannah Foster)
Engagement Lead (EL), Grant Thornton LLP, (Liz Luddington)

Guests

John Barradell (newly appointed member)
Susan Giles (newly appointed member)

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

The Chair called the meeting to order at 11:00hrs.

01. APOLOGIES FOR ABSENCE

Apologies were received from:

Chief Executive (CE), Office of the Police, Fire and Crime Commissioner (Gill Shearer)
Director of Performance and Change, (Louise Kane)
Group Accountant (Lorraine Holme)
Director - Local Government and Emergency Services, TIAA, (Fiona Roe)

02. URGENT BUSINESS AND EXCLUSION OF PRESS AND PUBLIC

Item 08j was a Part 2 item and was addressed as it arose in the meeting whilst no members of the public were present.

03. DISCLOSURE OF PERSONAL INTERESTS

There were no disclosures of interest.

04. MINUTES OF MEETING AND MATTERS ARISING

The minutes of the previous meeting held Wednesday 25th September 2024 were circulated to members. They were signed as a true record by the Chair.

There were no matters arising.

05. ACTION SHEET

- a) An Action Sheet for the PFCC and Constabulary showing any actions discussed in previous JAC meetings and the progress made was circulated to the members prior to the meeting.

A member queried whether “25 &36 (25/09/24) 360° Review – CC CFO to provide a report of the survey responses to the Committee” should be marked as complete as the review is complete but the follow-on actions are not yet complete.

CC CFO responded advising the action was to complete the review and provide members with a report which has been done. An Action Plan can be created from this if that is what members want.

- b) An Action Sheet for the Joint Audit Committee showing any actions discussed in previous JAC meetings and the progress made was circulated to the members prior to the meeting.

No comments were made at this time as it was agreed this would be covered in the discussion of Item 13 – “JAC Annual Report - 360° Review Findings”.

06. CORPORATE UPDATE

(a) Members had received and reviewed the Constabulary corporate update prior to the meeting.

DCC Martland provided further details and briefly highlighted certain aspects of the report.

A member questioned if retention was still an issue within the Constabulary. DCC Martland responded and there was further discussion.

A member asked how the vacancies in the budget for Staff and PCSO's are affecting the Constabulary operationally. DCC Martland responded and elaborated on this.

Additional points were raised and discussed about recent events that had occurred after the Constabulary corporate update report was produced.

(b) Members had received and reviewed the OPFCC corporate update prior to the meeting.

OPFCC CFO provided further details and briefly highlighted certain aspects of the report.

A member wanted to clarify if the Police, Fire and Crime plan was approved in January's panel meeting and that it was fully costed for with no additional expenditure expected to flow out.

PFCC CFO confirmed the Police, Fire and Crime plan matches against the MTFP and the budget.

(c) Members had received and reviewed the Finance corporate update prior to the meeting.

CC CFO provided further details and briefly highlighted certain aspects of the report.

The Chair asked about the transition between the two internal audit providers (TIAA and MIAA). CC CFO elaborated on the transition process which is progressing to plan.

A member expressed concerns regarding the transition based upon previous difficulties when the internal audit provider was last changed. CC CFO and TIAA provided reassurance on this.

A member asked if the Committee would receive an update on the Futures programme during budget development session in March.

CC CFO confirmed that an update would be provided. There was further discussion.

07. INTERNAL AUDIT – PROGRESS REPORT

Members had received and reviewed the Internal Audit Progress Report prior to the meeting.

TIAA provided a brief overview and further updates since the time the report was written.

There are two further audit reports that had been drafted and circulated to the Constabulary. A member asked if they would be presented during this meeting.

TIAA advised that they would be brought to the March meeting once they had been finalised.

The Chair queried if one of the reports has had responses provided since being issued on 21st January.

TIAA confirmed that responses and comments had been received and would be shown in the revised draft.

A member praised TIAA on behalf of the Committee for the work they had done to catch up on outstanding reports. They also asked if the remaining scheduled audits were fully resourced and if they would be finished before the end of their contract.

TIAA reassured the Committee of what was already in place to ensure the final reports go smoothly and that they were on track to be presented on time.

A member queried why in paragraph 8 they had not been advised of any frauds or irregularities. Looking at the work TIAA have undertaken it would be expected that there are some control checks that relate to fraud and if it could be considered to add a conclusion to what assurances they could provide around fraud risk as part of the summary.

TIAA responded that they would take this onboard. Usually this would be included in individual reports, but it was agreed that it would be beneficial to add it to the summary report.

08. INTERNAL AUDIT REPORT(S)

Members had received and reviewed the Internal Audit Reports prior to the meeting. TIAA provided a brief overview of each report and highlighted any recommendations made.

- a) **Contractor Vetting** – No comments were made.
- b) **Wanted People** – A member sought clarification on recommendation 2 regarding why it was recommended that a Wanted People risk assessment form was to be created when in the management response it is stated that one already exists.

TIAA confirmed that the form existed, but it was not being utilised.

A member questioned if recommendation 2 had been actioned as the date given was 1st November 2024.

DCC Martland confirmed that the use of the Wanted People risk assessment form has now been implemented. There was further discussion.

- c) **Stop & Search** – A member queried the timescale for the recommendations as they are all planned to be implemented 1st April 2025. It was noted that there was a lot of work to be done between now and the due date.

DCC Martland provided reassurance the deadline would be met. Some actions were dependent on Mark 43 which is due to be launched at the end of March 2025.

- d) **Payroll** – A member questioned if the Financial Regulations and Financial Rules were dated correctly as March 2021, because they have since been updated.

PFCC CFO, CC CFO and TIAA confirmed the time of the audit was within the March 2021 Financial Regulations and Financial Rules and the report was issued during the crossover period.

- e) **Fleet Fuel Usage** – A member suggested better language could be used in recommendation 1 when talking about the ‘acceptable use of fuel cards’, a word such as ‘appropriate’ or ‘approved’ would be more fitting.

It was also queried from recommendation 2 how it would work for staff to sign a terms of use declaration upon receipt of a fuel card when the fuel cards were issued to the vehicles themselves rather than the individual.

CC CFO confirmed that most fuel cards are issued to the vehicle, however there are some cards that are issued for use with hire cars which are signed up for.

There was further discussion.

A member suggested regarding recommendation 3 that if it was a recurring issue for officers to use premium fuel instead of standard then there might be a requirement to incorporate reminders in communications more regularly.

DCC Martland advised this would be picked up at the Driving Standards panel.

There was further discussion.

A member questioned if there was any audit assurance that the use of personal fuel cards wasn’t open to any potential abuse.

TIAA provided reassurance that, other than recommendation 5 regarding the threshold for escalating issues, audit are satisfied with the investigations being carried out and that the appropriate justification is being obtained for the use of personal fuel cards.

DCC Martland provided further reassurance on the process.

- f) **Use of Force Reporting** – A member queried on recommendation 1 why three of the five cases where there was no body camera footage had no explanation.

DCC Martland provided an explanation for this and there was additional discussion.

- g) **Risk Mitigation and Controls** – No comments were made.
- h) **Budgetary Controls** – A member asked if the JAC involvement on Budgetary Control would be covered in the Budget Briefing session in March 2025

CC CFO advised a high-level overview would be given.
- i) **Use of Social Media** – No comments were made.

MEETING PAUSED TO DISCUSS PART 2 ITEM AT 12:13hrs.

MEETING RESUMED AT 12:24hrs.

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

Members had received and reviewed the monitoring of audit, internal audit and other recommendations and action plans report prior to the meeting.

TIAA provided an overview and asked to note that this was originally carried out in August/September 2024 and further updates were provided in November 2024, therefore the position reflected in the report is the position that was held in November 2024.

The Chair asked if this report will be done by MIAA.

CC CFO confirmed MIAA will follow up on any previous recommendations in this report to make sure they have been implemented.

A member asked if the narrative for the 2 recommendations that had been considered but not implemented could be clearer.

TIAA agreed that they could build the narrative more however reassured members that if there was a need to challenge why the actions weren't being taken forward, they would.

There was further discussion.

10. EXTERNAL AUDIT UPDATES

Audit Manager for Grant Thornton LLP provided a verbal update on the **Audit Findings Report** that was presented as a draft to the Committee in the September 2024 meeting.

Engagement Lead for Grant Thornton praised the Constabulary's Finance Team for their performance and efficiency. It was acknowledged that if it wasn't for external factors, it was likely that Cumbria Constabulary would have been the first authority in the country to have their 2023/24 accounts signed off.

A member queried if the Committee could have dates or milestones of achievement with

regards to the recommendations in the Audit Findings Report.

CC CFO provided an update of the progress for any outstanding recommendations.

Members had received and reviewed the **Annual Audit Report** prior to the meeting.

Audit Manager for Grant Thornton provided a brief overview of the report.

A member agreed that it would be useful to have a recommended deadline so that the Committee can see more clearly what has been done and what has not.

Engagement Lead for Grant Thornton LLP responded that it would be difficult for Grant Thornton to recommend a deadline and that management should be encouraged to add when they expect to complete the recommendations by when they respond. There was further discussion.

ACTION: CC CFO to work with Grant Thornton to provide the Committee with timescales or deadlines for any outstanding recommendations.

11. ANNUAL REVIEW OF GOVERNANCE

Members had received and reviewed the documents prior to the meeting. The PFCC CFO and CC CFO updated the committee on the following items:

- a) No comments were made.
- b) No comments were made.
- c) No comments were made.

PFCC CFO and CC CFO proposed that these reports are reviewed on a triennial basis unless there are any significant changes in the structure of the organisation.

Members were happy with this; however, it was noted by a member that if there was an action plan to be created from the 360° Review there may need to be some adjustments to the JAC Terms of Reference and Role Profiles.

ACTION: CC CFO to update the Work Programme and move the review cycle for most governance documents to once every three years.

12. ANNUAL GOVERNANCE STATEMENT DEVELOPMENT AND IMPROVEMENT PLAN UPDATE

Members had received and reviewed the documents prior to the meeting.

- a) **OPFCC** – PFCC CFO provided a brief overview of the report.

A member commented on CPA/1 that the new Procurement Act goes live in February 2025 and asked if the implementation date on the plan is still correct.

PFCC CFO advised work has been ongoing regarding the Procurement Act and revisions of the OPFCC's procedures and policies. The 31st March implementation date is for when everything comes together.

b) **Constabulary** – CC CFO provided a brief overview of the report.

A member asked to what extent the Strategic Workforce Planning (CPD/1) considers the Constabulary and Fire jointly. The member asked for assurance that the benefits of sharing resources were being considered.

PFCC CFO answered that Police and Fire are two separate organisations and therefore have their own individual Workforce Plans. There is a Working Together Board which looks at areas for potential collaboration between the two services.

There was further discussion.

13. JAC ANNUAL REPORT - 360° REVIEW FINDINGS

Members had received and reviewed the report prior to the meeting.

CC CFO provided a brief overview of the report.

A member asked for the opportunity for members of the Committee to meet to discuss this report and ensure the Committee is working for everyone. It was also noted that help will be required in terms of equipment and facilities to access papers electronically.

There was further discussion.

ACTION: FSA to set up a Teams meeting for Committee members.

ACTION: CC CFO to add discussion of the 360° Review onto the end of the budget development session in March 2025.

14. ASSURANCE FRAMEWORK STATEMENT OF ACCOUNTS

Members had received and reviewed the Assurance Framework Statement of Accounts prior to the meeting.

PFCC CFO provided a brief overview of the report and highlighted the recommendations for the Committee.

No queries or issues were raised.

The Chair spoke on behalf of the Committee to say that they recommend the Commissioner and the Chief Constable sign the audited Statement of Accounts and authorise publication of the accounts and the accompanying governance statement.

All members were happy with this.

15. ANNUAL STATEMENT OF ACCOUNTS

- a) Members had received and reviewed the audited Statement of Accounts for the PFCC/Constabulary Group prior to the meeting.
- b) Members had received and reviewed the audited Statement of Accounts for the Constabulary prior to the meeting.

PFCC CFO acknowledged that all the audit adjustments that had been noted in the Audit Findings Report have been reflected in both Statements of Accounts and they are ready to be signed and published.

A member sought confirmation that the timescale would not be affected by any further delays of the IAS 19 (International Accounting Standard 19) assurances from the Pension Fund auditor.

CC CFO responded that the PFCC and CC must sign the letters of representation and the accounts on the same day that the auditors give their opinion. Which ensures everyone is on the same page at the same time.

16. TREASURY MANAGEMENT ACTIVITIES

Members had received and reviewed the Treasury Management Activities 2024/25 Quarter 2 prior to the meeting.

CC CFO provided a brief overview of the report.

Additional points were discussed; however, no comments were made.

17. POINTS FOR CONSIDERATION BY THE COMMISSIONER AND THE CHIEF CONSTABLE

No points were raised.

18. AOB

No other business was raised.

19. MEMBERS PORTAL DEMO

Governance Manager (OPFCC) Joanne Head joined the meeting to provide members with a demonstration of the new Members Portal. There were various discussions within the demonstration and it was agreed that for the March meeting, in addition to papers being provided on the members portal, papers would also be provided in paper format. From the June 2025 meeting all papers will be provided in digital format only.

Meeting ended at 12:50hrs.

Signature _____

Date _____

Future JAC Meeting Dates (For Information)

26th March 2025 @ 11:00 – Police HQ Conference Room 1 and Fire HQ Penrith

25th June 2025 @ 11:00 – Police HQ Conference Room 1 and Fire HQ Penrith

24th September 2025 @ 11:00 – Police HQ Conference Room 1 and Fire HQ Penrith

26th November 2025 @ 11:00 – Police HQ Conference Room 1 and Fire HQ Penrith

25th March 2026 @ 11:00 – Police HQ Conference Room 1 and Fire HQ Penrith

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

4th April 2025 - Conference Room A/B, Cumbria House, Carlisle

Joint Audit Committee – Action Update and Plan (PFCC/Constabulary)

Completed

Ongoing within Original Timescale

Ongoing with original timescale extended

Overdue

Minute Item and date	Action to be taken	Person Responsible	Target Date	Subsequent Updates	Status
15 (26/06/24)	Effectiveness of Audit - OPFCC CFO to create a self-assessment against Public Sector Internal Audit Standards requirements	OPFCC CFO	30/06/2025	August 2024 – The PFCC CFO has asked the Head of Internal Audit to Prepare the self-assessment document. March 2025 – Confirmation of the self-assessment was received by the CFOs in September 2024.	Completed
16(c)(ii) (26/06/24)	Annual Governance Statement - To include the Futures Programme in the Committee budget development session in March 2025.	CC CFO and PFCC CFO	March 2025	September 2024 - This has been added to the work programme and will be incorporated into the development session in March. February 2025 – This is included on the agenda for the March meeting	Ongoing within original timescale
26 (25/09/24)	Future Programme - DCC Martland to ensure the Committee are kept informed as the Futures Programme develops.	DCC	31/03/2025	December 2024 – A brief update in relation to the futures programme will be included as part of the Budget development session following the March meeting. February 2025 – This is included on the agenda for the March meeting	Ongoing within original timescale
28a (25/09/24)	Corporate Health & Safety Audit - DCC Martland will take to the next Health and Safety board and will action any non-compliance.	DCC Martland	31/12/2024 31/03/2025	January 2025 - This is to be discussed at H&S Board on 30/01/25 and compliance with audit recommendations is being monitored. March 2025 – This action will now be monitored through the Health & Safety Board which is chaired by the DCC.	Completed

Minute Item and date	Action to be taken	Person Responsible	Target Date	Subsequent Updates	Status
28b (25/09/24)	LGR & Partnerships Audit - TIAA to confirm to the committee that the Cumbria Partnership Strategy has been updated	TIAA Director of Audit OPFCC	31/12/2024 31/05/2025	January 2025 - The strategy is due for replacement from April 2025 so will be updated at that point in time.	Ongoing with Original Timescale Extended
10 (04/02/25)	CC CFO to work with Grant Thornton to provide the Committee with timescales or deadlines for any outstanding recommendations.	CC CFO GT	31/03/2025	February 2025 – Updated wording provide to Grant Thornton to include in next iteration of the report that is in the smart format, including timescales for implementation.	Completed
11 (04/02/25)	CC CFO to update the Work Programme and move the review cycle for most governance documents to once every three years.	CC CFO	31/03/2025	February 2025 – This has been included in the work programme that is included on the agenda for the meeting on 26/03/25.	Completed
13 (04/02/25)	FSA to set up a Teams meeting for Committee members.	FSA	05/02/2025	February 2025 – A MS Teams meeting was created for members on 10/02/25 at 4pm.	Completed
13 (04/02/25)	CC CFO to add discussion of the 360° Review onto the end of the budget development session in March 2025.	CC CFO	26/03/2025	February 2025 – This has been added at the end of the day for the 26 march meeting, following the budget development session.	Completed
14 (04/02/25) PART 2	DCC Martland to have a briefing paper written for members to summarise the Constabulary's cyber security arrangements.	DCC	31/03/2025	March 2025 – A briefing paper is included on the agenda in relation to the Constabulary's arrangements for cyber security as a part two update.	Completed

Minute Item and date	Action to be taken	Person Responsible	Target Date	Subsequent Updates	Status
15 (04/02/25)	<p>Members Portal Demo – Actions agreed:</p> <ul style="list-style-type: none"> • Papers both in hard copy format and on portal for March meeting (dual run) • Papers from June meeting will only be provided on the members portal. • Papers to be loaded to portal individually as PDF documents and also as a combined PDF. • Combined PDF to have page number added to allow ease of reference. • Additional column added to agenda to reflect the relevant page number on combined PDF. • At each meeting, printed copies of the agenda to be provided for members to make it easier to follow. 	CC CFO	31/03/2025	<p>Papers published on portal and in hard copy format for the 26 March 2025 meeting.</p> <p>June 2025 papers will be published on the portal.</p> <p>Loaded separately and as a combined PDF as requested.</p> <p>Page numbers added to combined PDF</p> <p>Additional column on combined PDF to indicate page number of each individual report</p> <p>Printed agendas available for the meeting.</p>	Completed

Joint Audit Committee – Review of Effectiveness Action Plan 2024/25

Completed

Ongoing within Original Timescale

Ongoing with original timescale extended

Overdue

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 2025	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 2025	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 2025	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 2025	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 2025	Ongoing within original timescale



Joint Audit Committee – 26 March 2025

Item 06a Corporate Update

Report of: Deputy Chief Constable Darren Martland

Executive Summary

This paper provides a brief corporate update and has been prepared by the Constabulary.

Recommendation

Joint Audit Committee members are asked to note the contents of the update.

TITLE OF REPORT: Joint Audit Committee – Constabulary Corporate Update

DATE OF MEETING: Tuesday, 26th March 2025

ORIGINATING OFFICER: T/Assistant Chief Constable Mick Bird

Constabulary Performance Overview *(Year to date to include exceptions and comparisons (where available))*

For the Year to Date (01/04/2024 – 31/01/2025)

- 95.9% of 101 calls answered in less than 5 minutes
- 94.8% of 999 calls answered within 10 seconds
- 91.6% of G1 incidents attended in target
- 93.4% of G2 incidents attended in target

Performance Exceptions

- Reduced residential burglary by 20.5% (90 less homes being burgled), and have increased the positive outcome rate with 33 more offenders being brought to justice (outcome rate of 16.3%, up from 6.7% last year).
- 19.9% increase in drug possession offences being identified, resulting in 153 more individuals being brought to justice.
- 35.2% reduction in Personal Robbery offences (51 fewer victims).
- Shoplifting has increased by 8.4% (154 more offences), but the positive outcome rate has increased (39.2%, up from 35.6% against a national average of approx. 23%).
- 11.0% reduction in Other Theft (253 fewer victims)
- 12.0% reduction in vehicle offences (97 fewer victims)
- Outcome rate for Hate Crime has increased (25.9%, up from 21.7%), with 58 more offenders brought to justice
- ASB has continued to decrease, with a reduction of 21.3% for the Year to Date (827 less incidents)
- 11.4% reduction in

Corporate Updates *(HR and Inspection)*

HMICFRS Planned Thematic Inspections for 2024/25 to 2025/26:

- Leadership and culture
- Firearms licensing

Additional inspection activity:

- In February 2024, HMICFRS introduced a new child protection rolling inspection programme which is currently underway across forces. Currently Cumbria Constabulary have not been informed that they will be inspected in the near future.

HR / Resourcing

- As of 28th February 2025, the Constabulary establishment is as follows:
 - Officers: Budget = 1359, Actual = 1359.42
 - Staff: Budget = 699.64, Actual = 631.88
 - PCSOs: Budget = 60, Actual = 38.10
- Recruitment for Officers continues as part of the Uplift programme, with 16 new officers starting on 24th March 2025. Transferee recruitment also remains open with several individuals starting in March. Monitoring of the Uplift target is ongoing as it initially appears there will be a short fall against the headcount target.
- PCSO recruitment is due to be launched imminently.

Operations and Events *(Local / National Incidents and Events of Note)*

- Operation Vanguard – Cross border county lines drug supply operation between Cumbria and Merseyside 20 arrests.
- Storm Eowyn - Amber Weather warning - Co-ordinate Multi Agency response to power outages and disruption to Cumbria.

- High risk football match - Carlisle United FC v Barrow FC, Gold Silver Bronze Public Order Public Safety command structure, 4 arrested for minor public order offences.

Proactive weeks of action targetting:

- Op Merlin – targeting wanted people across Cumbria, warrants executed with 19 arrests, including GBH to Class A drug dealing and possession.
- Op Apache – Drugs warrants in Eden – over 150 stop searches, 10 warrants executed and 16 arrests to tackle drug dealing in penrith
- Op Enhance: Hotspot policing operation targeting ASB and Serious Violence,
 - Numerous releases detailing targeted activity
 - reduction of more than 36% in ASB across the hotspot areas
- National firearms amnesty 3-28 february
- County Lines Intensification week: Successful week of action, resulting in arrests and cash seizures.
- Op Mille – national operation targeting criminality and drug supply

Media Highlights *(Since the previous report and anticipated over the next reporting period).*

Media and Comms supported officers and staff across the Weeks of Action listed above ensuring widespread coverage both internally and externally.

Court cases:

- Christopher Lapping: 4 years 4months for drug supply
- Raymond Harrison: 14 years, 61 days for historic child sex offences against 2 schoolgirls between 1979-1982
- David Henderson: 7 years for causing death by dangerous driving
- Op Tributary : Retrial of 3 brothers who were accused of historic sex offences (1998-2008) involving the exploitation of underage girls in Barrow and Leeds. Found guilty of 63 offences, sentencing mid Feb 2025.
 - Shaha Joman Miah, 38, was given a life sentence (minimum term of 21 years and 232 days)
 - Shaha Amran Miah, 49, was given a life sentence (minimum term of 20 years and 338 days)
 - Shaha Alman Miah, 47, was sentenced to 10 years in prison and four years on extended license
 - Signifant national coverage on this and other potential victims, Sky news podcast on Fri 28th Feb
- Op Minos: Jacqueline Mounsey: 18 years for wounding with intent to cause GBH to partner and daughter
- Ian Affleck: 27 years
 - 17 non-recent offences incl attempted rape, multiple indecent assaults, indecency and cruelty with etc

March:

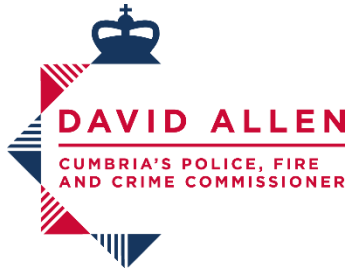
Op Enhance continues.

Chief Constable interviewed on BBC Radio Cumbria – 12th March.

Campaigns:

- Recruitment
- Cyber security / Fraud
- Sextortion

Darren Martland
Deputy Chief Constable



Joint Audit Committee – 26 March 2025

Item 06b Corporate Update – OPFCC

Executive Summary

This paper provides a brief corporate update in relation to the OPFCC and has been prepared by the OFCC Chief Executive.

Recommendation

Joint Audit Committee members are asked to note the contents of the update.

1.0 Devolution

1.1 Cumbria is to be one of six areas chosen to progress a devolution deal with an elected Mayor from May 2026. Initial conversations have been held with the two unitary authorities about how this will work and how it will impact on Policing and Fire. These discussions are at an early stage, but further information will be provided in due course.

2.0 External Funding

2.1 Cumbria has been awarded additional external funding of £1.686million towards enhancing neighbourhood policing activities. The Constabulary and PFCC submitted the return on how this is proposed to be delivered and are currently awaiting confirmation.

2.2 A further £1m in continuation of the Anti-Social Behaviour hot spot policing programme (Operation Enhance) was announced earlier in March. This will allow continuation of the work undertaken in 2024/25 to reduce anti-social behaviour activity.

Gill Shearer

OPFCC Chief Executive



Joint Audit Committee – 26 March 2025

Item 06c Corporate Update – Finance

Report of: Michelle Bellis, Constabulary CFO and Steven Tickner, PFCC/Fire CFO

Executive Summary

This paper provides a brief corporate update in relation to financial matters and has been prepared by the Constabulary and the OFCC Chief Finance Officers.

Recommendation

Joint Audit Committee members are asked to note the contents of the update.

Corporate Update – Financial Matters

2025/26 Budget Setting

The budget for 2025/26 and MTF to 2029/30 was approved by the Commissioner at a special meeting of the Public Accountability Conference on 13/02/2025. The PFCC/Constabulary have set a balanced budget for 2025/26 with an emerging budget gap increasing to £11m by 2029/30. Joint Audit Committee members will receive an overview of the budget as part of the development session following the committee meeting on 26/03/25.

Statutory Audit of Accounts

2023/24 - The external auditor (Michael Green, Grant Thornton) issued his 'unqualified' (clean) audit opinion on the 2023/24 statement of accounts on 26/02/2025. The accounts have now been published on the respective websites in accordance with regulations.

2024/25 – The auditors are currently undertaking interim audit work and planning in relation to the audit of the 2024/25 financial statements. The deadline for the publication of the draft statement of accounts for 2024/25 is 30/06/25, with the latest publication date for the audited statement of accounts being 27/02/26. It is our intention to have the draft statement of accounts substantially completed by 31/05/25 and for these to be issued to members for their meeting on 25/06/25. Grant Thornton are intending to start their main audit mid to late June 2025.

2024/25 Budget Monitoring

The quarter 3 revenue budget position as at 30th December for the PFCC/Constabulary Group reported a combined forecast underspend of £396k which represents 0.46% of the budget which is well within the target of +/- 1% of budget. Some underspends have arisen in year, largely as a result of the Futures Programme work and these have been earmarked to support the budget and the futures programme in future years.

Internal Audit Contract Tender

The process to transition to the new internal audit provider Mersey Internal Audit Agency (MIAA) is well underway. The agenda today contains the MIAA proposed internal audit plan for 2025/26.



PFCC Cumbria & Cumbria Constabulary

Summary Internal Controls Assurance (SICA) Report

March 2025

Final

Agenda Item 07

Agenda Item 07

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 PFCC Cumbria & Cumbria Constabulary as at 13th March 2025.

Investing in the Future of TIAA

2. TIAA welcomed our largest intake of talented and enthusiastic trainees in the summer across the UK. This initiative is a testament to our dedication to nurturing the next generation of professionals and ensuring that we continue to deliver the highest standards of service to you. This builds on past successes where staff who joined TIAA as trainees have obtained professional qualifications and progressed to audit management roles.

We believe that investing in their development is crucial not only for their personal growth but also for the continued success of TIAA. To this end, we are sponsoring their professional qualifications, providing them with the necessary resources and support to excel in the internal audit profession and any relevant specialism they may choose.

With each trainee mentored by an experienced Director of Audit, we have re-designed a comprehensive training programme that covers a wide range of skills and knowledge areas. All trainees have been guided by experienced audit staff and management, shadowing on audits to get to know our client base, following a high standard already set by our experienced team.

By investing in our trainees, we are investing in the future of our company. We are confident that this initiative will enhance our capabilities. Our commitment to the quality of our services remains unwavering, and we are excited about the positive impact our new trainees will have on our work with you.

Audits completed since the last SICA report to the Audit Committee

3. The table below sets out details of audits finalised since the previous meeting of the 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
Business Continuity	Reasonable	4/03/2025	11/03/2025	12/03/2025	-	1	-	-
Equality, Diversity and Inclusivity	Reasonable	30/01/2025	25/02/2025	28/02/2025	-	3	-	1
Security of Seized Cash	Substantial	12/03/2025	13/03/2025	13/03/2025	-	-	-	-

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

Progress against the 2024/2025 Annual Plan

5. Our progress against the Annual Plan for 2024/25 is set out in Appendix A.

Changes to the Annual Plan 2024/25

6. There have been no changes made to the Annual Plan 2024/25.

Progress in actioning priority 1 recommendations

7. 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

8. We have not been advised of any frauds or irregularities in the period since the last SICA report was issued. Our review of Security of Seized Cash included a review of controls to mitigate against fraud risk and identified no issues.

Other Matters

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

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.


Appendix A: Progress against Annual Plan

System	Planned Quarter (per Annual Plan)	Original Proposed Start Date (reported to JAC in Sept 24)	Current Status	Comments
Risk – Mitigating Controls	Carried forward from 23/24	N/A	Completed	Final report issued
Cyber Security Maturity Assessment	Carried forward from 23/24	N/A	Completed	Final report issued
Use of Social Media	Carried forward from 23/24	25/11/2024	Completed	Final report issued
Follow Up 2023/24	Carried forward from 23/24	N/A	Completed	Final report issued
Wanted People	2	29/08/2024	Completed	Final report issued
Fleet - Fuel Usage	2	3/09/2024	Completed	Final report issued
Data Protection and GDPR	1	16/09/2024	Draft	Revised Draft report issued 27/02/2025
Contractor Vetting	1	30/09/2024	Completed	Final report issued
Stop and Search	2	14/10/2024	Completed	Final report issued
Use of Force Reporting	2	23/10/2024	Completed	Final report issued
Budgetary Control	3	14/10/2024	Completed	Final report issued
Equality, Diversity and Inclusivity	1	6/11/2024	Completed	Final report issued
Business Continuity	3	6/11/2024	Completed	Final report issued
Payroll	3	25/11/2024	Completed	Final report issued
Workforce Planning	4	13/01/2025	Fieldwork ongoing	Fieldwork commenced 13/01/2025 and remains ongoing.
ICT – Disaster Recovery	3	7/10/2024	Fieldwork ongoing	Fieldwork completed 6/03/2025. Draft report pending.
Security of Seized Cash	4	3/02/2025	Completed	Final report issued

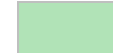
Body Worn Video	4	24/02/2025	Fieldwork ongoing	Fieldwork commenced 24/02/2025
Follow Up	4	6/02/2025	Fieldwork ongoing	Fieldwork commenced 6/02/2025

KEY:

 To be commenced

 Site work commenced

 Draft report issued

 Final report issued

Appendix B: Briefings on Developments in Governance, Risk and Control

TIAA produce regular briefing notes to summarise new developments in Governance, Risk, Control, Counter Fraud and Security Management 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 briefings issued in the last three months which may be of relevance to the PFCC Cumbria & Cumbria Constabulary is given below:

Summary of recent Client Briefings and Alerts

Date Issued	Sector	Briefing Type	Subject	Website Link	TIAA Comments
245 th February 2025	All	Social	Eco SMART	https://www.linkedin.com/feed/update/urn:li:activity:7299707157027958785	We're proud to be a B Corp, dedicated to balancing purpose and profit. Our new Eco SMART climate change maturity assessment tool is designed to help your business achieve Net Zero by identifying gaps and areas of improvement to meet goals in line with government expectations.
12 th February 2025	All	Social	Digital services at HFMA	https://www.linkedin.com/feed/update/urn:li:activity:7295397732175826944	Discover innovative solutions to digital challenges in the public sector and learn how to strengthen your organisation's assurance.
10 th February 2025	All	Service and Social	Eco SMART	https://www.linkedin.com/feed/update/urn:li:activity:7294718487967465472 Eco SMART - TIAA	Our Sustainability specialists will evaluate your Net Zero road map, identify gaps, and provide actionable steps to meet government expectations.
4 th February 2025	All	Newsletter	Security Focus	Security Focus Newsletter Edition 9 - TIAA	The 9th edition of TIAA's Security Focus Newsletter.

Date Issued	Sector	Briefing Type	Subject	Website Link	TIAA Comments
31 st JANUARY 2025	ALL	Anti-Crime Alert	Falsified Timesheets and Expenses	Falsified Timesheets and Expenses - TIAA	The NHS Counter Fraud Authority (NHS CFA) has reported an increased number of allegations relating to falsifying timesheets and expenses.



Cumbria Constabulary

Assurance Review of Equality, Diversity and Inclusivity

February 2025

Final

Agenda Item 08a

Agenda Item 08a

Executive Summary

OVERALL ASSESSMENT







ASSURANCE OVER KEY STRATEGIC RISK / OBJECTIVE

His Majesty's Inspectorate of Constabulary and Fire & Rescue Services states that equality and diversity should be at the core of how the police force engage and work with their communities ensuring that employees are recruited to be representative of the communities they serve.



SCOPE

The review considered 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 did not include providing assurance that the equal opportunities cover all the activities of the organisation or that the arrangements identified by the organisation are operating continuously and effectively.

KEY STRATEGIC FINDINGS

-  Diversity, Equality and Inclusion (DEI) arrangements within the Constabulary are directed by a DEI Strategy and a Positive Action Strategy.
-  It was confirmed through a sample of job adverts reviewed that the recruitment and career progression process within the Constabulary does not disadvantage certain groups or individuals.
-  The DEI data report to the Workforce Board does not reflect most gender groups and protected characteristics of the Equality Act 2010.
-  It was identified as at the time of this audit, that the number of Black Asian and Minority Ethnic (BAME) Officers recruited within the Constabulary is 3.9% against a target of 5% as recommended within the Police Race Action Plan (PRAP).

GOOD PRACTICE IDENTIFIED

-  A new Governance Group focusing on actions within the PRAP ensuring accountability for action owners has recently been established.
-  The Constabulary conducted a Black Workforce Survey targeted at all Black and Black Heritage Officers and staff to better understand their experiences so that action can be taken where necessary and changes made.

ACTION POINTS

Urgent	Important	Routine	Operational
0	3	0	1

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)
1	Directed	It was noted that the Constabulary does not have at present any risks relating to DEI on the Strategic, Operational/Departmental risk registers. His Majesty's Inspectorate of Constabulary and Fire & Rescue Services states that Equality, Diversity and Inclusion should be at the core of how the Police Force engage and work with their communities ensuring that employees are recruited to be representative of the communities they serve of which non-adherence can cause claims being brought against the Constabulary AND serious reputational damage.	To support the Police Race Action Plan (PRAP), risks relating to the non-compliance of the Equality Act 2010, be identified and recorded in the relevant risk register for monitoring and to ensure appropriate mitigating controls are in place.	2	<p>Risks relating to non-compliance of the EA would generally result in fines, ET and civil cases, as well as reputational damage. This is a generic risk and although the issue relating to the scrutiny of EIA could be identified as a risk, current measures are in hand to address it. It may be prudent to place it on the register to monitor progress in case of subsequent challenge.</p> <p>It may be considered by the SLT if they wish to include a specific risk register for the Confidence and Equality Board to capture this.</p>	31/03/25	Chief Superintendent Matt Kennerley

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.

Rec.	Risk Area	Finding	Recommendation	Priority	Management Comments	Implementation Timetable (dd/mm/yy)	Responsible Officer (Job Title)
2	Directed	10 policies of the Constabulary were reviewed during the audit. Testing showed that 3 of the 10 policies were new policies and were not presented to the Valuing Individuals Group (VIG) for the review of the Equality Impact Assessments (EIAs) before they were approved by the relevant Board. Management confirmed this was due to staff absence. In relation to the remaining seven, these were not new policies. Three of the seven policies were however recently updated in 2024. Management confirmed as no significant changes were made to the policies, their EIAs did not need to be reviewed by VIG.	All new policies including those where substantial changes have been made upon review, be presented to the Valuing Individuals Group (VIG) for review of the Equality Impact Assessments (EIA) to obtain comments and possible recommendations in order to ensure compliance with the Equality Act 2010, prior to this being approved by the relevant authority.	2	<i>This is in place. Although there are still some teething problems which we are working through to ensure all EIAs come through the correct channel. We are now seeing a steady stream of policies and EIA come to VIG and to SIAG for reviews.</i> <i>It was discussed during the audit that although some could not be evidenced as going through VIG (As is the process) the policies and EIA still had consultation on them as they went through the required senior leader boards members for consultation and approval.</i>	30/04/25	Chief Superintendent Matt Kennerley
3	Delivery	A closer review of the data report on DEI presented to the Workforce Board in November was undertaken. Whilst this reported on the different ethnicities and ranking of officers and staff of the Constabulary, this was only split into two main groups (Male and Female). It would be beneficial for the groups reported to reflect similar reporting by the Office of National Statistics (ONS) to provide data that could be used to compare with other industries. It was further identified that the report did not include data on protected characteristics of the Equality Act (2010) such as age, disability, religion or belief, and sexual orientation.	The Diversity, Equality and Inclusion data report to the Workforce Board be strengthened to include data on more gender groups and protected characteristics of the Equality Act 2010.	2	<i>This feedback is noted. The WFB template was created as previous meetings had no record of what was discussed. The template reflected what was predominantly discussed in WFB relating to PRAP, as opposed to DEI as a whole. This has been updated for the next meetings.</i> <i>The breakdown of male / female represents the force data provided and where there are groups which have a '0' representation, they were previously not included in the data we were sent. All data will now include '0' responses.</i>	31/03/25	Chief Superintendent Matt Kennerley

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
1	Directed	Management could not explicitly confirm that the DEI Strategy (2020-2025) was approved by the relevant authority, when it was originally written. There was a lack of supporting documentation to confirm approval.	Consideration be given to the relevant authority i.e. Operations Board to approve the DEI Strategy given its legal compliance requirements and this be appropriately documented to preserve the audit trail.	<p><i>Whilst I accept this feedback, the DEI Strategy has an introduction from the then CC Michelle Skeer and her preface on it which indicates approval.</i></p> <p><i>The strategy would have been approved in 2019 and since then there have been a number of staff changes (including the CC). Due to this no further record of approval could be located.</i></p>

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
Ade Kosoko	Principal Auditor	Ade.kosoko@tiaa.co.uk	07779031139
Martin Ritchie	Director of Audit	Martin.Ritchie@tiaa.co.uk	07717746714

CFRS Staff	Title
Liz Salkeld	DEI Inspector
Gillian Cherry	Chief Inspector

Exit Meeting Date	13/01/2024
Attendees	Liz Salkeld (DEI Inspector) and Gillian Cherry (Chief Inspector)

Director/Commander Comment	<p>I have considered and accept the recommendations.</p> <p>Ch. Superintendent Matt Kennerley 24/02/25</p>
Deputy Chief Constable's Comment	<p>The 'action points' from the Audit (3 x Important and 1 x operational) have been considered and accepted.</p> <p>The actions will be included in the Workforce Board (Monthly – Chaired by the DCC) and Confidence and Equality Board (1/4 chaired by the DCC).</p> <p>Whilst the Strategic Risk register does not make reference to DEI, it is carefully considered and reviewed at the Workforce Board, and can be escalated, if considered necessary and appropriate. Policy compliance with VIG review of policies and procedures, can be addressed by ensuring that policies are circulated, in advance of the SMB for consideration and review.</p> <p>Darren Martland (DCC) 25/02/2025.</p>
Considered for Risk Escalation	N/A

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	-	1
RM	Risk Mitigation The documented process aligns with the mitigating arrangements set out in the corporate risk register.	Partially in place	1	-
C	Compliance Compliance with statutory, regulatory and policy requirements is demonstrated, with action taken in cases of identified non-compliance.	Partially in place	2	-

Other Findings



A Diversity, Equality and Inclusion (DEI) Strategy for the period 2020-2025 is in place. The DEI Strategy sets out Cumbria Police's commitment to evolve and grow, ensuring that the workforce is adequately represented to legitimately serve the needs of all users within the county. It further details the mission, vision, principles, values, culture, behaviour and attitudes of the Force, which when put together makes Cumbria safe, values everyone and celebrates differences. The Strategy is underpinned by three elements "Our Communities, Our Partners and Our Organisation". Each element of the Strategy addresses DEI issues and details how the Force will address these issues. The Strategy details those responsible for delivering the Strategy, including providing a list of support groups/professional bodies that help to improve staff experiences and provide support with engagement. The DEI Strategy is supported by the Positive Action Strategy (2021-2025), approved in January 2022, that sets out how Cumbria Police will deliver a framework to attract, recruit, retain and progress more candidates from Black, Asian and Minority Ethnic (BAME) background to ensure that Cumbria Police/Constabulary is more representative of its communities. Other policies where DEI matters are significantly referenced supporting both the DEI Strategy and the Positive Action Strategy include Recruitment and Selection Policy and Procedure, Leave Policy, Transgender Policy and Procedure, Ethical Standards Policy, Menopause and related hormonal change Policy and Dignity and Respect Policy. There was however a lack of supporting documentation to confirm that the DEI Strategy was approved by the relevant authority when it was written. **(Operational Effectiveness Matter 1 (OEM) refers).**



Cumbria Police has a DEI inspector who leads on DEI matters across the workforce having recently commenced their role following a long period of absence of the former DEI Inspector in September 2024. The DEI inspector is supported by a Positive Action Sergeant and a Diversity Manager.

Other Findings



The Equality Act (2010) and the Public Sector Equality Duty has been appropriately referenced in the DEI Strategy. They both detail the legal responsibility on the Force in addressing equality and diversity issues.



The recruitment and career progression process within the Constabulary was demonstrated not to disadvantage certain groups or individuals through a review of a sample of job adverts. For one advert seen the following was stated: "We are committed to addressing under representation in the department, ensuring it is a representative of our public, but also to improve its operational effectiveness within the communities' we police". The job adverts also included open day sessions for all, and open day sessions targeted at specific groups of people. In terms of career progression, it is understood that black and brown officers at lower management level are supported by enrolling them on the "future supers" programme which is run by the Police Superintendent's Association (PSA) and a fast track scheme is promoted to black and brown officers when the scheme is open for applications. Supporting with this is, the Positive Action Strategy which clearly details how the Constabulary will remove barrier and issues to recruitment, retention and progression to people from underrepresented groups. The Constabulary is dedicated to ensuring that a more diverse and inclusive workforce is developed, and the Positive Action Strategy is utilised to achieve this. A Police Race Action Plan (PRAP) is in place and was reviewed during the audit. Section 2.2 of the PRAP is to "improve recruitment, retention and progression for Black people informed by individual and communities lived experiences. Actions to be taken include working with relevant departments such as HR and Line Managers to increase the number of BAME Officers to 5% to be representative of the communities across the workforce; Offer Black candidates and recruits "Positive Action" at each stage of the onboarding process; Increase the representation of ethnic minority officers, staff and community members on interviews and moderation panels; Reviewing of all current "Positive Action" initiatives available to officers and staff that measurably improve recruitment and progression of Black officers and staff to identify strengths, weaknesses and development opportunities, ensuring that Black People and communities are properly represented within policing and creating a supportive and positive internal culture that promotes inclusivity and supports the development and progression of black minority ethnic officers. All actions are assigned an action owner and were evidenced to be constantly monitored by the DEI and Action Owners against actions and targets set through regular meetings. Management confirmed that the PRAP is monitored at a more senior level by the Chief Superintendent. The review of the PRAP further noted a wording issue with section 2.2.1, in relation to representation of those who identify as Black in the workforce, this was immediately rectified during the audit.



Discussions with the DEI Inspector confirmed that each policy is taken through an Equality Impact Assessment (EIA) /Equality Analysis (EA) complete upon being written/ drafted and before final approval by the Operations or Workforce Board that is chaired by the Assistant Chief Constable (ACC). There is a Valuing Individuals Group (VIG) that meets remotely to review the completed EIA/EA of the individual drafted policies and provides collective feedback for the Policy Owner to act where applicable. The EIA is circulated by the Positive Action Sergeant/ Diversity Manager to the VIG. This process was confirmed by the DEI Inspector to have started in January 2024 as prior to this all EIAs would be attached to the individual policies and circulated to the relevant Board for approval as part of the routine approval process for policies. It was further confirmed that due to the Diversity Manager being absent from late May 2024-November 2024, there have not been VIG approvals during this time. The process for completing EIA/EA is directed by the Equality Impact Assessment Policy and Guidance which confirms that all policies must include an EIA so that it clearly eliminates unlawful discrimination and considers protected characteristics. It further provides guidance on how one is completed using the template provided. Each policy template has an EIA attached with instructions on where to get EIA consultation.



Several training sessions are undertaken for the workforce in relation to DEI matters. They include unconscious bias training and policing in the black community amongst others. These trainings are understood to be split into three different modules. Module one was undertaken during a face-to-face session for Front Line Officers in April 2024, with a total of 254 staff confirmed to be in attendance, with module two (Upstander training) currently live as at the time of the audit with 1,154 employees having completed this on the e-learning College Learn. Module three is expected to be rolled out in April 2025 and will include topics such as Stop and Search, Use of Force and will be linked into the Force's Code of Ethics. It was noted that further training sessions in relation to DEI are held every other Thursday across the Constabulary and that employees who are unable to partake in these sessions including those who did not take place in the module one training are sign posted to College Learn online to participate and complete training as training relating to DEI is mandatory for all employees regardless of role. A sample of training materials used to deliver DEI training were seen during the audit.

Other Findings



Staff within Cumbria Police are updated on matters relating to DEI via the Inclusion Hub on the staff intranet. The Inclusion Hub covers topics such as Domestic Abuse, LGBTQ+, Family Support, Carers, Mental Wellbeing, Neurodivergent conditions (Autism/ADHD), Dyslexia, Stammering. Key contacts relating to the different topic areas are also included. It was confirmed all staff can access the Inclusion Hub and the information within and are able to contact any of the key contact should further information be required. In addition, relevant posters relating to DEI are shared with the workforce providing information on DEI matters.



Discussions with the DEI inspector confirmed that the current process operating at the Constabulary started in January 2024 for new EIA to be submitted to the Diversity Manager for circulation to the VIG and SIAG for consultation. It was noted that the EIA is only reviewed where the policy being drafted is new or where a substantial change has been made following a review.



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.	Partially in place	3	-
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.	In place	-	-

Other Findings



Data on DEI was confirmed by management to be shared with the Workforce Board chaired by the Deputy Chief Constable at monthly meeting of the Workforce Board. The data is understood to be initially collated by the Workforce Data Officer and passed on to the DEI Inspector for review, comments and/or amendments. It was further confirmed that the data shows performance in line with targets set for a few of the indicators as detailed within the PRAP. It was noted that, as at the time of this audit, the number of BAME officers recruited within the Constabulary was 3.9%; this increased from 0.9% against a target of 5% as recommended within the PRAP. It was further noted that whilst the Workforce Board meets every month, they did not receive data on DEI between July 2024 and October 2024 due to staff absences. In November 2024, following a new template being developed, it was confirmed that the Workforce Board received a report on DEI matters from the DEI Inspector. This showed a breakdown of Police Officers and Police Staff by ethnicity and gender as a percentage of all employees. Within this report, an update on Positive Action activities was further provided. This included a section on recruitment.



The Constabulary has established a Valuing Individuals Group (VIG)/ Strategic Independent Advisory Group (SIAG) and a Positive Action Steering Group. Both groups have responsibilities in ensuring that the Constabulary achieves all its strategic aims in line with the Equality Act 2010 and can meet/meets its equality objectives under the Public Sector Equality Duty (PSED) Strategy whilst reporting to the relevant authority such as the Workforce Board. A sample of meeting notes and agenda in relation to the Positive Action Steering Group were seen during the audit. It was confirmed that the Valuing Individuals Group was formerly referred to as the DEI Steering Group.



It was noted that the national target for BAME officers within the Police Force is 14% with the current settlement figure that Cumbria Constabulary aspires to reach set at 5%.

Other Findings



The DEI inspector is reviewing the overall workforce to identify those who are yet to undertake training relating to DEI matters.

In order to ensure that the Constabulary complies with mandatory requirements from HMICFRS , it was agreed at the meeting of the Ops Board in November 2024 that all policy and procedure documents not currently on the Standard Policy Template within the Policy Library be transferred over by the 31st March 2025 as the template contains an Equality Analysis Form ensuring that the Constabulary can evidence compliance.



A proposal on having Positive Action Ambassadors (PAA's) within the Force was made to the Organisation Board chaired by the Assistant Chief Constable on 7th November 2024. The proposal submitted to the Organisational Board detailed the role of PAA's especially in relation to recruitment, retention and progression alongside the benefit to the overall workforce and the Constabulary as a whole and recommended that colleagues within the Force be appointed internally as PAA's, with their names displayed internally and externally and that training be undertaken for them. This recommendation has since been approved and is to be evaluated in three months' time.



The Force conducted a Black Workforce Survey targeted at all Black and Black Heritage Officers and staff to better understand their experiences so that action can be taken where necessary and changes made.



Cumbria Police have Inclusion Allies who act as an information resource, provide guidance and have open discussions about diversity in the workplace including arranging events that help celebrate diversity. They also help the Constabulary to identify areas in which it can become inclusive to ensure everyone is comfortable at work.



As part of building trust within the communities served by Cumbria Constabulary, a framework to attract, recruit, retain and progress more candidates from black and minority ethnic groups is being developed to ensure that the Constabulary is more representative of its settled communities.



Equality and diversity is referenced within the Police Staff Council Handbook encouraging staff to act with fairness and impartiality so that there is no unfair or unlawful discrimination.



A new Governance Group focusing on actions within the PRAP ensuring accountability for action owners has recently been established.

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:	25 th October 2024	1 st November 2024
Draft Report:	30 th January 2025	25 th February 2025
Final Report:	28 th February 2025	



PFCC Cumbria & Cumbria Constabulary

Assurance Review of Business Continuity

March 2025


Final

Agenda Item 08b

Agenda Item 08b

Executive Summary

OVERALL ASSESSMENT






ASSURANCE OVER KEY STRATEGIC RISK / OBJECTIVE

Business Continuity arrangements help protect the Constabulary from disruption, loss of revenue, assets and reputational damage.


SCOPE

The review considered 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 did not include providing assurance that the business continuity planning covers all the risks faced, or that the arrangements proposed operate continuously and effectively.

KEY STRATEGIC FINDINGS

-  Business Continuity arrangements were found to be appropriately directed through the Business Continuity Plans and Business Impact Assessments.
-  Testing of the Business Continuity Plan through planned scenario/desktop exercises for four main areas of the Constabulary was undertaken last in 2021. It was however identified, testing exercises have been undertaken Force wide where different areas of business and teams have participated.
-  Testing found the Business Continuity Plans for two business areas were out of date. Business Impact Assessments for three business areas were also found to be out of date. It was further identified; the Business Impact Assessments do not detail the timeframe for resuming disrupted activities at a specified minimum acceptable capacity.

GOOD PRACTICE IDENTIFIED

-  Following incidents, debriefs where necessary are completed and learnings are identified from these.

ACTION POINTS

Urgent	Important	Routine	Operational
0	1	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)
1	Directed	<p>Testing was undertaken for 5 of the 12 business areas namely, Marketing and Communications, Enabling Services (Central Services Department), Crime and Intel Command (Public Protection), Operations Command (Communications centre), and Chief Officer Group to check that they each had a Business Continuity Plan (BCP) detailing contingency plans in the event of any incident. Two BCPs were overdue for review having last been reviewed in 2020. Furthermore, whilst management confirmed a third BCP had been recently reviewed in November 2024, this was not stated on the version control page of the BCP.</p> <p>Only two Business Impact Assessments (BIA) were recently reviewed. The remaining three were seen to be last reviewed between 2009 and 2020.</p> <p>With the exception of one area (Operations Command (Communications centre)), all other areas selected for testing had not fully tested their plans by business area since 2021. It was however identified that these areas have had some elements of the plans tested through testing exercises/arrangements that have taken place throughout the Constabulary. Management confirmed previous focus was on BIAs relating to Covid-19 and these were regularly reviewed and tested until 2022. This has then caused a gap in the review of the original BCPs and BIAs for business continuity events arising from normal operations.</p>	Business Continuity Plans and Business Impact Assessments and all related appendices be appropriately reviewed and brought up to date in line with relevant requirements and standards.	2	<p>To address the recommendation a review will be undertaken of Business Continuity Plans consisting of Force Operations undertaking the following:</p> <ol style="list-style-type: none"> 1. A review of all Business Continuity Plans with a view to placing them in a prioritisation list April 2025. 2. Training for relevant officers / staff across Commands / Directorates across the force May 2025. 3. Business Continuity Plans to be reviewed and refreshed if needed October 2025. 	<p>30/04/2025</p> <p>31/05/2025</p> <p>31/10/2025</p>	Chief Superintendent Operations- Carl Patrick

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
Ade Kosoko	Principal Auditor	Ade.Kosoko@tiaa.co.uk	07779031139
Martin Ritchie	Director of Audit	Martin.Ritchie@tiaa.co.uk	07717746714

OPFCC/Constabulary Staff	Title
Laura Milburn	Civil Contingencies Sgt (Force Operations)
Kim Brown	Inspector (Force Operations)
Carl Patrick	Chief Superintendent (Operations Command)

Exit Meeting Date	02/12/2024
Attendees	Laura Milburn (Civil Contingencies Sgt (Force Operations))

Director/Commander Comment	<p>I have reviewed the above report and have put in place a series of actions to address the recommendations.</p> <p>Ch Supt Carl Patrick 10/03/2025</p>
Deputy Chief Constable's Comment	<p>I have reviewed the audit report and am pleased to note that the audit of business continuity arrangements within the constabulary provides 'reasonable' assurance with just one recommendation (Action point), which has been considered and accepted.</p> <p>The action will be monitored through the ACCs monthly Organisational Board to ensure that the various stages of the agreed action are completed in a timely manner.</p> <p>Darren Martland</p> <p>Deputy Chief Constable 10/03/2025</p>
Considered for Risk Escalation	N/A

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.	Partially in place	1	-

Other Findings



A Critical Incident Management Policy and Procedure approved by the Operations Board in 2022 and reviewed in July 2024 is in place. The Policy details how the Constabulary will effectively and appropriately respond to all critical incidents ensuring that the disruption to service is minimised including preventing incidents from becoming critical by taking appropriate intervention measures early. It further lists out the three different stages within the critical incident process which are: Identifying, Calling and declaring a Critical Incident, Critical Incident Management and Post Incident. The Critical Incident Management Policy is supported by the Major Incident Initial Police Response Framework written in January 2024 and approved by Operations Board that also establishes how the Constabulary will respond to a likely or declared major incident in the initial stages and Weather Police Response Framework written in September 2024, and approved by the Operations Board which details the Constabulary's approach to ensure an effective and co-ordinated response to severe weather incidents in Cumbria.



The Force Operation Department, (Inspector Force Operations and Sergeant Force Operations), a part of the Operational Command, leads on Business Continuity (BC) arrangements within Cumbria Constabulary. The Department maintains documents for business continuity which include Business Continuity Plans (BCP) and Action Cards (AC), ensuring they are reviewed and up to date including delivering appropriate training. Reporting directly to the Chief Inspector Operational Command, they are supported by relevant members of staff and other departments within the Constabulary.



The Strategic Risk Register for the Constabulary including the Operations Command Risk Register was reviewed. Whilst this contained both key strategic and operational risks specific to the Constabulary, it did not contain any relevant risk on business continuity i.e. as a result of a cyber-attack. Discussions with management confirmed this was previously an item on the Operations Command Risk Register and has since been treated, reduced to an acceptable level and archived. Management confirmed this is not an area of concern as there are full functioning alternatives should there be a need to invoke the BCP. Evidence of the business continuity risk being an item on the previous version of the Operations Command Risk Register was seen during the audit.

Other Findings



Cumbria Police has established a Business Continuity Working Group (BCWG) which is a part of Cumbria Local Resilience Forum (LRF) that regularly meets to discuss key risks relevant to the Cumbria Police, highlighting the highest risks that could disrupt core services with the aim of putting an action plan in place to manage incidents when they occur. The Cumbria Local Resilience Forum acts as a multi-agency group that brings together external agencies/groups to help protect and prepare Cumbria Police in the event of a critical incident and where business continuity arrangements are needed. Part of the role of the BCWG is to draw up specific site plans and carry out exercises to test the plans. One of such was evidenced during the audit. This evidence relates to the exercise undertaken on the 9th October 2024 for Sellafield Ltd, aimed at determining the effectiveness of the alternate Strategic Coordination Centre (SCC) at the Civic Centre in Carlisle in hosting a Strategic Coordinating Group (SCG) and the establishment of the appropriate multi-agency sub-groups/cells based on an Off-Site Nuclear Emergency (OSNE) declaration. The exercise was understood to be conducted in response to a scenario prepared by Sellafield Ltd, supported by the Oscar 14 Exercise Management Team. This was based on the requirement of the Radiation (Emergency Preparedness and Public Information) Regulations (REPPiR) 19 that the Sellafield off-site emergency plan is exercised once every three years to demonstrate the effectiveness of the off-site arrangements. These exercises are scrutinised by the Office for Nuclear Regulation (ONR) and are classified at Level 2 (local off-site exercise) or Level 3 (national off-site exercise). It was confirmed that a debrief from this exercise is scheduled to take place in November 2024.



Testing was undertaken for five of the 12 business areas namely, Marketing and Communications, Enabling Services (Central Services Department), Crime and Intel Command (Public Protection), Operations Command (Communications centre), and Chief Officer Group to check that they each had a BCP detailing contingency plans in the event of any incident. The following was identified:

- 1) All five areas had a BCP in place written in a similar template. The BCPs for two areas were however seen to be last reviewed in 2020. Furthermore, whilst management confirmed a third BCP had been recently reviewed in November 2024, this was not stated on the version control page of the BCP.
- 2) All five areas had a written Business Impact Assessment (BIA), however only two were recently reviewed. The remaining three were seen to be last reviewed between 2009 and 2020. Whilst it was evidenced that the BIA details the impact of the interruption and considers resources required for recovery, it did not contain information on a specified recovery timeframe in line with ISO 22301:2019 Security and Resilience-Business continuity management systems
- 3) The BCP and BIA documents key personnels to be contacted in event of an incident including contact numbers. These are duly referenced within the "key responsibilities and contacts document". In three cases however, the contact list/document was updated last in 2009,2020 and 2022 respectively.
- 4) With the exception of one area (Operations Command (Communications centre)), all other areas selected for testing had not fully tested their plans by business area since 2021. It was however identified that these areas have had some elements of the plans tested through testing exercises/arrangements that have taken place throughout the Constabulary where members of different areas have been brought together with some volunteering to participate in testing exercises.



Four interruption events where elements of BCPs were invoked during the current year were reviewed during the audit. Of the four reviewed, only one was declared a critical incident. Testing was undertaken to ascertain that appropriate responses were activated once the BCP was invoked including communication to staff and relevant partners and that appropriate meetings were held. It was confirmed that the Gold Group meeting was held for the critical incident. This was confirmed to not be applicable for all other events. One case was a planned event, and another related to a national issue where resolution for Cumbria was immediate. Evidence of communication to relevant staff on the nature of the event confirming actions to be taken was seen in three of the four cases. In the fourth case, it was confirmed this was not required. Management confirmed that for minor incidents the Constabulary would not necessarily undertake internal/external/stakeholder communications. It was further confirmed at the relevant meetings held during a disruption event, a member of the Constabulary's Marketing and Communications Department is always in attendance and would make appropriate consideration relating to internal and external communications. A decision/action log was seen to be completed in the case of the critical incident but not in all other three cases as this was confirmed by management as not required for two of the three cases due to the nature. An incident log was however completed in the third case. These detailed actions taken and those to be taken including communications and decisions made during the incident. It is not clear why there was no incident log for the critical incident.

Other Findings



Within the Constabulary, there are currently 113 Action Cards (AC) maintained by the Force Operation Department. Testing confirmed that these ACs were recently reviewed by the relevant staff to ensure they contained updated and relevant information on what staff need to do when a critical incident is declared. Whilst the majority of the AC's have been reviewed, 17 currently remain outstanding. Management confirmed that these 17 outstanding ACs will be fully reviewed by the end of the financial year. 20 ACs were reviewed in more detail during the audit to review its overall content. Testing confirmed all ACs had been recently reviewed in 2023 and 2024 by the designated Officer and they contained detailed steps to be taken when issues arise with contact numbers including out of hours/ emergency contact numbers detailed. It was however noted that some of the ACs are updated based on information received from other external agencies. These happen mostly with terrorism related issues/ incidents. The documents received from the relevant agencies i.e. (Counter Terrorism Police Northwest) are added to the Constabulary's Action Card. The ACs were confirmed to be written jointly with the relevant PC in conjunction with a Subject Matter Expert (SME). The AC lists the owner, and this is usually the person who wrote the document.



Discussions with management confirmed that following the "Operation Equate" project, which was recently put on hold in September 2024, 14 Business Impact Assessments (BIAs) specific to this project/operation were written across key areas of the business where it was identified that this project may have an impact on their key services and directly affect the daily and critical operations of the department. Five samples were reviewed during the audit. This showed the BIAs detailing how the operation will directly affect their departments, impact of disruption, including actions and mitigations. Management confirmed the BIAs were presented to the Constabulary's Gold Commander for the operation and the Chief Officer Group. The BIAs are yet to be fully reviewed as the project has been put on hold.



A review of the BCP and BIA documents identified an action log form appended to these documents that is rarely used. Other methods of noting/recording actions following incidents were seen during the audit. These demonstrated effective action/ decision logging within Force Operations, used appropriately for business continuity responses. There is intentional flexibility in the form of logging actions/decisions and staff have been trained to enable that level of judgement with routes of escalation.



Information provided during the audit confirmed that there are 12 areas of business within the Constabulary. Nine of these areas currently have a BCP with three areas not having one. The areas not having BCPs are the Cumbria Police Federation, Unison and Policing and Crime Commissioner. Management confirmed these are external departments. Arrangements including Service Level Agreements with key suppliers/ partner agencies were confirmed by management to be embedded within the Local Resilience Forum where there may be a need to use i.e. an external site.

Management confirmed whilst there has not been specific training in relation to BCP, major Incident training has taken place during this year with Commanders, Inspectors and Sergeants with more training scheduled for 2025 focusing on how to write BCPs to ensure consistency across all key areas. Evidence of a sample of training delivered for major incidents - weather response including presentations were seen during the audit. It was further confirmed that there is currently a plan in place to ensure appropriate training is delivered to relevant members of staff in relation to BCP. This has been budgeted for 2025/2026.



Evidence provided during the audit confirmed that the Constabulary has testing arrangements in place and several testing exercises were completed within Cumbria Constabulary amongst different areas of the business in 2024 with some scheduled for 2025. They range from internal testing exercises to exercises involving other external agencies/multi agency working. Lessons identified/ learned were detailed within some of the exercises reviewed. Some of the testing evidenced during the audit were Tabletop Exercise – Event West Coal Mine on the 3rd July 2024; Casualty Bureau-Exercise Mechanism, 1st to 3rd October 2024; Tabletop Exercise – Cyber-attack, 17th October 2024; Network Rail, Exercise Salthouse- 12th September 2024 and CBRN Exercise Scorpion on 27th September 2024. Future testing exercises scheduled for 2025 include Counter Terrorism Live Play Exercise, Multi Agency – February and May 2025; LRF - Exercise Watershed, Multi Agency Flood Testing, March 2025 and Site Specific – BAE Exercise Indigo slated for September 2025.

Management confirmed that following incidents, debriefs are completed and learnings are identified. These debriefs range from internal cold debriefs and sometimes multi agency debriefs. For the internal debrief, an action tracker is in use that holds all actions to be taken, and this tracker is reported to the Public Order Public Order Public Safety Board during its bi-monthly meetings under the direction of the Chief Superintendent. Evidence of this tracker was seen during the audit. It was further confirmed that not every critical incident is classed as a business continuity event and in relation to capturing of BCP events, this is recorded on the critical incident folder maintained by the Constabulary. The critical incidents folder is accessible by relevant members of Constabulary staff and where relevant, depending on the nature of the critical incident a debrief is held and reported to the Operations Board.



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.	In place	-	-

Other Findings



Once a critical or major incident has been declared, it is understood that critical incident meetings are usually undertaken throughout the duration of the incident/disruption to co-ordinate police response to the critical incidents or to situations that threaten the Constabulary or safety of Cumbria. These meetings range from Gold Group meetings, Strategic Coordinating Group (SCG) meetings where information is communicated to relevant internal and external parties chaired by the Gold Commander. It was noted that in the case of major incidents the SCG convenes. The Inspector in command of the Critical Incident liaises with the Gold Group on the seriousness of the incident. Actions and decisions taken are recorded on a spreadsheet with meetings recorded. Evidence of this was seen during the audit.



Management confirmed that some of the Constabulary's Action Cards are updated based on information received from other external agencies. These happens mostly with terrorism related issues/incidents. The documents received from the relevant agencies i.e. (Counter Terrorism Police Northwest) are added to the Constabulary's Action Card.

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.

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Assurance Assessment

4. The definitions of the assurance assessments are:

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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:	23 rd October 2024	30 th October 2024
Draft Report:	18 th December 2024	
Revised Draft Report:	20 th January 2024	
Second Revised Draft Report:	4 th March 2025	11 th March 2025
Final Report:	12 th March 2025	



PFCC Cumbria & Cumbria Constabulary

Assurance Review of Security of Seized Cash

March 2025

Final

Agenda Item 08c

Agenda Item 08c

Executive Summary

OVERALL ASSESSMENT







ASSURANCE OVER KEY STRATEGIC RISK / OBJECTIVE

Seized cash is not held securely and details are not properly recorded.



SCOPE

The review considered the administration and secure retention, and release of cash seized under the Proceeds of Crime Act 2002 and the Police and Criminal Evidence Act 1984.

KEY STRATEGIC FINDINGS

-  Testing throughout this review supported that seized cash is held securely and details are properly recorded.
-  Procedures and record-keeping were seen to be consistent across each of the five sites visited during the review.
-  Insurance limits are appropriate for the level of cash being held in safes across each site visited.
-  A new, cloud-native system for property management (Mark43) is to go live in the coming months, supporting and changing the way new cash seizures are managed.

GOOD PRACTICE IDENTIFIED

-  The Financial Regulations, Rules, Policy and Procedure are sufficient to properly direct the arrangements relating to seized cash.
-  Staff were seen to be diligent, attentive and very security-conscious when handling and recording seized cash.

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)
There are no Recommendations arising from this review.							

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@tiao.co.uk	07867526292
Martin Ritchie	Director of Audit	martin.ritchie@tiao.co.uk	07717746714

OPFCC/Constabulary Staff	Title
Ann Dobinson	Head of Central Services
Michelle Bellis	Constabulary Chief Finance Officer
Sarah Bradley	Central Services Team Leader
Jennie Boyd	Business Services Administration Officer
Inge Redpath	Financial Services Officer
Angela Humes	Administration Officer for Cumberland BCU
Kelsay Atkinson	Administration Assistant for Kendal Police Station
Pam Kavanagh	Administration Assistant for Westmorland and Furness BCU

Exit Meeting Date	25 th February 2025
Attendees	Ann Dobinson - Head of Central Services, Sarah Bradley - Central Services Team Leader

Director/Commander Comment	<p>I have read the audit report and am pleased to note that the audit of seized cash provides the highest level of assurance 'substantial' and that there are no improvement recommendations/action points.</p> <p>Within any organisation security of cash is of utmost importance, over recent years the Constabulary have vastly increased the volume of cash seizures, and it is reassuring to know that this area of business is well managed. I am thankful to the work of the central services team and admin staff out in areas for the procedures and controls that are in place.</p> <p>Michelle Bellis, Constabulary CFO 13/03/2025</p>
Deputy Chief Constable's Comment	<p><i>I have read the report and note that 'substantial' assurance is provided in relation to the procedures for handling of seized cash and that there are no improvement recommendation/action points.</i></p> <p><i>I am assured that the procedures are in place to ensure the security of seized cash.</i></p> <p><i>DCC Darren Martland 13/03/2025</i></p>
Considered for Risk Escalation	N/A

/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 are dated November 2024, effective from 1st January 2025, and apply to all employees of the Cumbria Police, Fire and Crime Commissioner as well as to all employees and police officers of Cumbria Constabulary. Section C covers the Management of Risks and Resources. Within this, section C11 deals with Evidential and Non-Evidential Property, listing responsibilities of the Chief Constable and the Constabulary Chief Finance Officer and of all Officers and Staff.
- 

The Financial Rules, dated March 2021, are the detailed supporting guidance and instructions accompanying the Regulations. Within section C12 are listed responsibilities of all Commanders, Directors, Heads of Service and Senior Managers and of the Deputy Chief Finance Officer and Head of Central Services. The responsibilities listed in section C12 were confirmed to have been fulfilled by virtue of the processes and procedures observed to be in operation across each of the sites visited during this review.
- 

The Property Policy and Procedure for the Seizure, Management, Retention and Disposal of Personal Property was approved by the Senior Management Board in July 2024. Its stated review date is July 2027. It is stated to be compliant with relevant provisions of various pieces of legislation and best practice, including the Proceeds of Crime Act 2002 and the Police and Criminal Evidence Act 1984. It lists responsibilities for key officers involved in the processes, including the Seizing Officer, the Officer in the Case (OIC), the OIC Supervisor, Officers at Basic Command Unit (BCU) Admin and at Central Services Department (CSD).

Other Findings



Five sites were visited during this review: Headquarters, Kendal, Barrow, Workington and Carlisle. The cash held at each site was sampled. Testing included taking samples from the safes and agreeing details to the supporting records, as well as taking samples from the supporting records and agreeing details back to the cash in the safes. 85 items were sampled in this manner. The supporting records included a completed Form 51 and sealed evidence bags, regional spreadsheets and the force-wide online property register. Data for each item sampled was able to be traced successfully between sources. From the testing performed, it can be concluded that accurate records are maintained to record cash seized and an audit trail is maintained including any movement of seized cash held.



From the testing performed at each site, including discussions with Officers, review of procedure documents and checking samples of records held, sufficient evidence was provided to support that there are proper procedures for transferring cash to interest-bearing accounts and that cash is returned promptly and records updated in a timely manner following approved release of cash when no longer required. Discussions with Officers at each site revealed that regular reconciliations of seized cash held against records are undertaken.



At each site, general security arrangements were observed as well as discussed with relevant Officers. It was evident that for every site visited seized cash is stored in a secure and appropriate manner with relevant access restrictions and physical security measures, where applicable.



Cash held in safes at a non-24-hour occupied station is insured up to a certain limit. Cash held in safes at either Divisional Headquarters or a 24-hour occupied station is insured for up to five times that limit. Cash held in safes at force headquarters is insured for up to 12 times the higher limit. For each site visited, the value of cash held in the safes was seen to be well within the insured limit.



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.	In place	-	-

Other Findings

- Section C12 of the Financial Rules, Evidential and Non-Evidential Property, lists three key controls, one of which is stated to be that Officers and staff are held accountable for the handling of private property under their control through the performance management process.
- From discussions with key Officers at each site, together with an observation of the protocols and procedures being adopted throughout each visit, it is apparent that the training and general awareness of staff directly involved in or overseeing the seizure process are geared toward an attentive, accurate and security-conscious performance of their duties.
- Cumbria Constabulary has recently partnered with Mark43, a cloud-native public safety software company. When it goes live in the coming months, Mark43 will become the main system for property management within the Constabulary, supporting and changing the way new cash seizures are managed. Legacy property records will remain on SharePoint for update regarding retention, movement, return or disposal of the items. Some initial training has been delivered on the new system and the recently implemented Property Policy and Procedure for the Seizure, Management, Retention and Disposal of Personal Property references Mark43 throughout.

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:	24 th January 2025	27 th January 2025
Draft Report:	12 th March 2025	13 th March 2025
Final Report:	13 th March 2025	



PFCC Cumbria & Cumbria Constabulary

Follow Up Review

March 2025

Final



Executive Summary

Introduction

1. This follow up review by TIAA established the management action that has been taken in respect of the recommendations arising from the internal audit reviews listed below at PFCC Cumbria and Cumbria Constabulary. The review was carried out in March 2025.

Review	Year
Firearms Licensing	2022/23
Resource Planning	2022/23
Fleet- Strategy and Management of Fleet	2023/24
Partnerships and LGR	2023/24
Use of Force Reporting	2024/25
Stop and Search	2024/25
Wanted People	2024/25
Fleet-Fuel Usage	2024/25

Key Findings & Action Points

2. The follow up review considered whether the management action taken addresses the control issues that gave rise to the recommendations. The implementation of these recommendations can only provide reasonable and not absolute assurance against misstatement or loss. From the work carried out the following evaluations of the progress of the management actions taken to date have been identified.

Evaluation	Number of Recommendations
Implemented	3
Outstanding	10
Considered but not Implemented	0
Not Implemented	0

3. 10 recommendations are currently outstanding. Of the 10, four are not yet due and work is underway to ensure implementation by the due date in two of the four cases. In relation to the remaining two, whilst it was noted that the recommendations are still within timescales originally set, management have extended the deadlines to allow for full completion. Six of the 10 recommendations remain outstanding due to several reasons, one of which is as a result of external factors. Extensions to deadlines have been obtained with work ongoing and comments obtained for each of the six current outstanding recommendations that have passed their original deadline.

Scope and Limitations of the Review

4. The review considered the progress made in implementing the recommendations made in the previous internal audit reports and established the extent to which management has taken the necessary actions to address the control issues that gave rise to the internal audit recommendations.
5. 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.
6. For the purposes of this review reliance was 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.

Disclaimer

7. The matters raised in this report 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.

Release of Report

8. The table below sets out the history of this report:

Date draft report issued:	19 th March 2025
Date management responses rec'd:	21 st March 2025
Date final report issued:	21 st March 2025

Findings

Follow Up

9. Management representations were obtained on the action taken to address the recommendations and limited testing has been carried out to confirm these management representations. The following matters were identified in considering the recommendations that have not been fully implemented:

10. Firearms Licensing

Audit title	Firearms Licensing	Audit year	2022/2023	Priority	2
Recommendation	A Firearms Licensing Policy be agreed, documented and introduced.				
Initial management response	<p>Specific: A Force Policy is in the process of being produced, and once completed will be taken to the ACC's Operational Board for review and consultation. If supported, it will then be remitted to the Strategic Management Board for Chief Officer approval.</p> <p>Measurable: The policy will be produced and once approved, will be stored within the force policy library to ensure its continually reviewed and updated.</p> <p>Achievable: The work to create the policy is already in progress.</p> <p>Realistic: As above, work is already underway and will be delivered by the timescales indicated.</p> <p>Timely: This will be achieved by 30th April 2023.</p>				
Responsible Officer/s	Ch/Supt Bird	Original implementation date	30/04/2023	Revised implementation date(s)	N/A
Latest Update	<p>Management confirmed that the Constabulary has a documented Service Level Agreement (SLA) in place for non-complex firearms/shotgun grants and renewals of 12 weeks and 8 weeks respectively. It has 100% compliance with this metric and is monitored via Organisational Board with headline application volumes provided weekly, directly to Chief Officer Group.</p> <p>In assessing applications, the Constabulary follows the statutory guidance for Chief Officers of Police on firearms licensing (revised February 2023). This provides that Chief Officers have decision making processes in place that are appropriate to the level of decision being made. The Constabulary's current approach to decision making is established in the Scheme of Delegation which affords authority for the different types of decision in respect of firearms licensing to identified roles within the Constabulary. This was noted to be last revised in Summer 2024 and will be further revised on completion of the current structural review (likely end of May 2025). The current operating model allows 'routine' decisions to be made by first line department supervisors with the highest risk decisions being made by Assistant Chief Constable with responsibility for Firearms Licensing matters. This is currently being collated into an additional decision-making hierarchy in line with the current review implementation. The Constabulary also looks to APP for continuous improvement and has an ongoing departmental action plan which is being progressed.</p> <p>The DCC has approved an extension to this deadline to 30/06/2025, to align with APP requirements.</p>				
New implementation date	30/06/2025	Status	Outstanding	Implementation is in progress, but the original target date has not been met.	

11. Fleet - Strategy and Management of Fleet

Audit title	Fleet- Strategy and Management of Fleet	Audit year	2023/2024	Priority	2
Recommendation	Policies be documented for the areas that fall under the Fleet team to provide clear direction and to support the delivery of the Fleet Strategy.				
Initial management response	<p>Specific - Fleet governance, policy and procedures are to be created. Setting guidelines and standard operating procedures for the fleet team for all core functions of fleet services.</p> <p>Measurable - Once established an internal audit plan is to be implemented to regularly test and revise.</p> <p>Achievable – Yes, these documents will contain all current working practices and procedures.</p> <p>Relevant – The fleet team requires guiding documents in policy and procedure. This will aid business continuity and allow best practice development with revisions and audits.</p> <p>Time-bound – Complete by Jun 24 with audit plan to commence Aug 24.</p>				
Responsible Officer/s	Head of fleet	Original implementation date	Development Sept 23 – Apr 24 Implementation Apr 24 – Jun 24 Internal audit Aug annually	Revised implementation date(s)	30/09/2025
Latest Update	Management confirmed that this action has been superseded by developments in National Policy, specifically the introduction of the NPCC Fleet Maintenance Standards. This is a new national document which provides for a roadmap towards achieving a consistent set of national standards across fleet management covering all aspects of the business from acquisition, conversion, maintenance and disposal. It was confirmed that this mandates training requirements for fleet teams and has been developed by industry experts from TRL a former division of the Department for Transport. It is presently being assessed for delivery and benchmarked against Constabulary practices with a view to implementation / adoption in full which will likely negate or mitigate the need for force specific policies / procedures. The document is presently a first edition and will likely be subject to change following release to the national community and as such this action has been delayed due to external changes. In addition, management confirmed that Fleet Team are presently working on two projects: 1. Tranman replacement which aims to digitise and modernise workflows in the workshop as well and 2. a key management solution to drive compliance and governance across vehicle allocation and use.				
New implementation date	30/09/2025	Status	Outstanding	Implementation is in progress, but the original target date has not been met.	

Audit title	Fleet- Strategy and Management of Fleet	Audit year	2023/2024	Priority	2
Recommendation	Procedures be documented for the activities undertaken across the Fleet team.				
Initial management response	<p>Specific – Fleet activities to be identified and procedure documents created to reflect along side rec 1.</p> <p>Measurable – Will regularly been seen in the application of activities carried out by the fleet team. Alongside the audit plan they will be refined into best practice.</p> <p>Achievable – Yes, these documents will consolidate all working practices.</p> <p>Relevant – This will give the fleet team procedures to follow increasing resilience and preventing single point of failure.</p> <p>Time-bound – along side rec 1, Complete by Jun 24 with audit plan to commence Aug 24.</p>				
Responsible Officer/s	Head of Fleet	Original implementation date	Development Sept 23 – Apr 24 Implementation Apr 24 – Jun 24 Internal audit Aug annually	Revised implementation date(s)	N/A
Latest Update	<p>Management confirmed that this action has been superseded by developments in National Policy, specifically the introduction of the NPCC Fleet Maintenance Standards. This is a new national document which provides for a roadmap towards achieving a consistent set of national standards across fleet management covering all aspects of the business from acquisition, conversion, maintenance and disposal. It was confirmed that this mandates training requirements for fleet teams and has been developed by industry experts from TRL a former division of the Department for Transport. It is presently being assessed for delivery and benchmarked against Constabulary practices with a view to implementation / adoption in full which will likely negate or mitigate the need for force specific policies / procedures. The document is presently a first edition and will likely be subject to change following release to the national community and as such this action has been delayed due to external changes. In addition, management confirmed that Fleet Team are presently working on two projects: 1. Tranman replacement which aims to digitise and modernise workflows in the workshop as well and 2. a key management solution to drive compliance and governance across vehicle allocation and use.</p>				
New implementation date	30/09/2025	Status	Outstanding	Implementation is in progress, but the original target date has not been met.	

12. Partnerships and LG Reorganisation

Audit title	Partnerships and LG Reorganisation	Audit year	2023/2024	Priority	2
Recommendation	The Safer Cumbria Partnership Strategy be updated to reflect key changes as a result of the newly formed unitary authorities including structural and functional changes				
Initial management response	The changes to the Local Authority Landscape have been recognised through the work of the Safer Cumbria Partnership and named individuals from both Local Authorities are in attendance at both the main board and across the associated subgroups, with all terms of reference updated to reflect the changes. The changes to the strategy need to be made out with of the office due to the design packages required. This work is scheduled in with the Force Marketing and Media Department.				
Responsible Officer/s	Safer Cumbria Business Manager	Original implementation date	31/07/2024	Revised implementation date(s)	N/A
Latest Update	It was noted that the Safer Cumbria Partnership undertook a structure review from Autumn 2024 which is to be ratified at the Safer Cumbria Board week commencing 10 th March 2025. It was further confirmed that as a result of the changes the Strategy will need to be fully replaced. The Strategy will be compiled following a consultation process with the partners. It was further noted that there is a potential for Devolution which may further impact on the membership and the direction the partnership takes.				
New implementation date	TBC	Status	Outstanding	Implementation is in progress, but the original target date has not been met.	

14. Fleet- Fuel Usage

Audit title	Fleet Fuel Usage	Audit year	2024/2025	Priority	1
Recommendation	A Fuel Usage Policy be created that defines expectations in relation to acceptable use of fuel cards and supporting arrangements including responsibilities, arrangements for the issue and control of fuel cards, security of fuel cards, arrangements to ensure value for money, and monitoring arrangements. Supporting documented procedures must also be documented to provide detail of processes.				
Initial management response	<p>Specific – Fleet governance, policies and procedures are to be created to align to the recently created national Police Maintenance Standards. Setting out standard operating procedures for the fleet team and all core activities, Fuel usage and management being one of those areas.</p> <p>Measurable – Once established a robust internal audit plan is to be implemented to revise and refine policies and process.</p> <p>Achievable – Yes, Superintendent O’Hara will oversee core business and underpin all fleet activities.</p> <p>Relevant - Fleet team need to implement policy and guidelines to aid business continuity, drive best practice and be compliant to national standards.</p> <p>Time Bound – To be progressed by 31st March 2025.</p>				
Responsible Officer/s	Superintendent Enabling Services / Corporate Support Paddy O’Hara.	Original implementation date	31 March 2025	Revised implementation date(s)	N/A
Latest Update	Management confirmed that this is being worked into a wider driver policy which is hoped to be brought to workforce Board in March 2025. It was further confirmed that the progress towards and completion of this action will be monitored through the Workforce Board which is chaired by the DCC.				
New implementation date	N/A	Status	Outstanding	Implementation is in progress but is not yet due.	

Audit title	Fleet Fuel Usage	Audit year	2024/2025	Priority	2
Recommendation	Staff to sign a terms of use declaration upon receipt of a fuel card.				
Initial management response	<p>Specific – In conjunction with Rec 1, memorandum to be updated to include a declaration. Recognising this will only cover a very limited number of staff (322 vehicles to circa 2000 constabulary employees = 16.1% at best captured in this method), a secondary measure to capture all employees to be sought.</p> <p>Measurable – Once implemented records can be studied to seek capture rate.</p> <p>Achievable – Yes, however very resource dependant.</p> <p>Relevant – Terms of use need to be understood within the area of business.</p> <p>Time Bound – In line with Rec 1.</p>				
Responsible Officer/s	Superintendent Enabling Services / Corporate Support Paddy O’Hara.	Original implementation date	31 March 2025	Revised implementation date(s)	N/A
Latest Update	Management confirmed that this is being worked into a wider driver policy which is hoped to be brought to workforce Board in March 2025. It was further confirmed that the progress towards and completion of this action will be monitored through the Workforce Board which is chaired by the DCC.				
New implementation date	N/A	Status	Outstanding	Implementation is in progress but is not yet due.	

15. **Wanted People**

Audit title	Wanted People	Audit year	2024/2025	Priority	2
Recommendation	A wanted people risk assessment form be created for use to ensure consistency across the Constabulary.				
Initial management response	<p>Specific – Wanted person risk assessment already exists, and this will be enhanced to incorporate measures to protect officers. This ‘form’ will be a direct entry on to the associated crime.</p> <p>Measurable – The use and effectiveness of the risk assessment will be measured via the monthly wanted persons tactical meeting and BIU audits supported by BCU ‘wanted’ SPOCs.</p> <p>Achievable – The use of this risk assessment is mandatory and is achievable by all officers following the guidance.</p> <p>Relevant – This will be relevant to all crimes with an outstanding named suspect.</p> <p>Time Bound – Requires immediate implementation and monitoring on a monthly basis.</p>				
Responsible Officer/s	DCI Yallop	Original implementation date	01/11/2024	Revised implementation date(s)	N/A
Latest Update	<p>Discussions with management confirmed that this recommendation is to be fully adopted and will be added to the wanted persons Policy and Procedures. It was noted that, this along with some additional amendments will be taken to Ops and Scrutiny Board for sign off in the next couple of months.</p> <p>The DCC has approved an extension to this deadline to 30/06/2025. The progress and completion of this recommendation will be monitored through the Operations and Scrutiny Board which is chaired by ACC Stalker.</p>				
New implementation date	30/06/2025	Status	Outstanding	Implementation is in progress, but the original target date has not been met.	

Stop and Search

Audit title	Stop and Search	Audit year	2024/2025	Priority	2
Recommendation	The plan to overhaul the receipt process and include a QR code to encourage feedback and trigger form completion be pursued.				
Initial management response	<p>Specific – The Constabulary are currently re-writing the receipt booklet for those subject to stop and search.</p> <p>Measurable – Measurable on completion of rollout and on compliance checks using BWV.</p> <p>Achievable – Achievable via tactical lead making amends to current document.</p> <p>Relevant – Realistic given the PACE requirement.</p> <p>Time Bound – Timescale is predicated on feedback survey implementation via media into Single Online Home. This is the main barrier to immediate progression.</p>				
Responsible Officer/s	Chief Superintendent Matt Kennerley – Portfolio Lead	Original implementation date	01/04/25	Revised implementation date(s)	N/A
Latest Update	<p>There is a detailed plan in place to revise the receipting process for any person subject to stop and search. The QR code has been tested, and a template is now complete for printing. The action is on track for delivery in April 2024 but it was noted that it has some interdependency with use of the new RMS platform (Mark 43).</p> <p>The DCC has approved an extension to this deadline to 30/06/2025. The progress and completion of this recommendation will be monitored through the Operations and Scrutiny Board which is chaired by Temp ACC Bird.</p>				
New implementation date	30/06/2025	Status	Outstanding	Implementation is in progress but is not yet due.	

Audit title	Stop and Search	Audit year	2024/2025	Priority	2
Recommendation	Review the feasibility of linking case numbers that relate to the same individuals searched and ensure there is a clear record to support justification of stop and search.				
Initial management response	<p>Specific – Review feasibility only.</p> <p>Measurable – Task can be conducted only after go-live of Mk43 Community Safety Platform but will be measurable on feasibility product being produced.</p> <p>Achievable – Feasibility review only upon implementation of new system.</p> <p>Relevant – Once Mk43 in place.</p> <p>Time Bound – Interdependency with Mk43 go live (still TBC).</p>				
Responsible Officer/s	Chief Superintendent Matt Kennerley – Portfolio Lead	Original implementation date	01/04/25	Revised implementation date(s)	N/A
Latest Update	<p>Management confirmed that through the review of the feasibility of linking case numbers, there is an indication that this recommendation is currently not possible to be implemented. It was noted that it may be possible to reconsider once the new RMS system (Mark 43) is live and embedded and will be retained for review once this is implemented.</p> <p>Management further confirmed that the DCC has approved an extension to this deadline to 30/06/2025. The progress and completion of this recommendation will be monitored through the Operations and Scrutiny Board which is chaired by Temp ACC Bird.</p>				
New implementation date	30/06/2025	Status	Outstanding	Implementation is in progress and the original target date has not passed.	

Use of Force

Audit title	Use of Force Reporting	Audit year	2024/2025	Priority	2
Recommendation	A review into making actual usage of the taser be a mandatory field on usage of force forms to ensure completed data is submitted.				
Initial management response	<p>Specific – This is specific in terms of a review of the IT solution for Use of Force.</p> <p>Measurable – It is measurable in the delivery of a technical meeting with DDAT resources and if not can be worked into discussions with future supplier.</p> <p>Achievable – Achievable in short time as it is a meeting to consider system capability.</p> <p>Relevant – Realistic in terms of delivery by meeting with DDAT and their review of a system.</p> <p>Time Bound – Deliverable by end of Feb 2025.</p>				
Responsible Officer/s	Chief Superintendent Matt Kennerley	Original implementation date	28/02/25	Revised implementation date(s)	N/A
Latest Update	<p>Management confirmed that a review has taken place in terms of the current recording form and that due to the basic nature of the platform, it is not possible to mandate the field on the current system. However, alternative suppliers and platforms are now being considered, and this will be carried over as a requirement of the new form.</p> <p>It was further confirmed that the DCC has approved an extension to this deadline to 30/06/2025. The progress and completion of this recommendation will be monitored through the Operations and Scrutiny Board which is chaired by Temp ACC Bird.</p>				
New implementation date	30/06/2025	Status	Outstanding	Implementation is in progress, but the original target date has not been met.	

16. The following recommendations have been implemented:

Audit Title	Recommendation	Priority	Responsible Officer	Due Date
Fleet - Fuel Usage	A reminder be communicated to the Constabulary highlighting the required use of standard fuel over premium and this position be clearly established in the new policy to be created.	2	Interim Head of Fleet	31/10/2024
Use of Force	Officers be reminded that recording reasons explaining why there is no body camera footage for use of force is mandatory.	2	Ch Supt M Kennerley	28/02/2025
Resource Planning	The Resource Co-ordination Principles document be completed and approved, to ensure a common understanding throughout the force of how these processes are to be managed. This document, as it evolves, can be used to underpin the continuing efforts to embed all aspects of resource coordination across the organisation and within its culture.	2	Inspector Bradbury	31/03/2023



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

Draft Internal Audit Plan 2025/2026

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3. Supporting you through Adding Value
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7. Operational Internal Audit Plan 2025/26

Appendix A: Strategic Three Year Internal Audit Plan

Appendix B: Internal Audit Key Performance Indicators

Your Internal Audit Team



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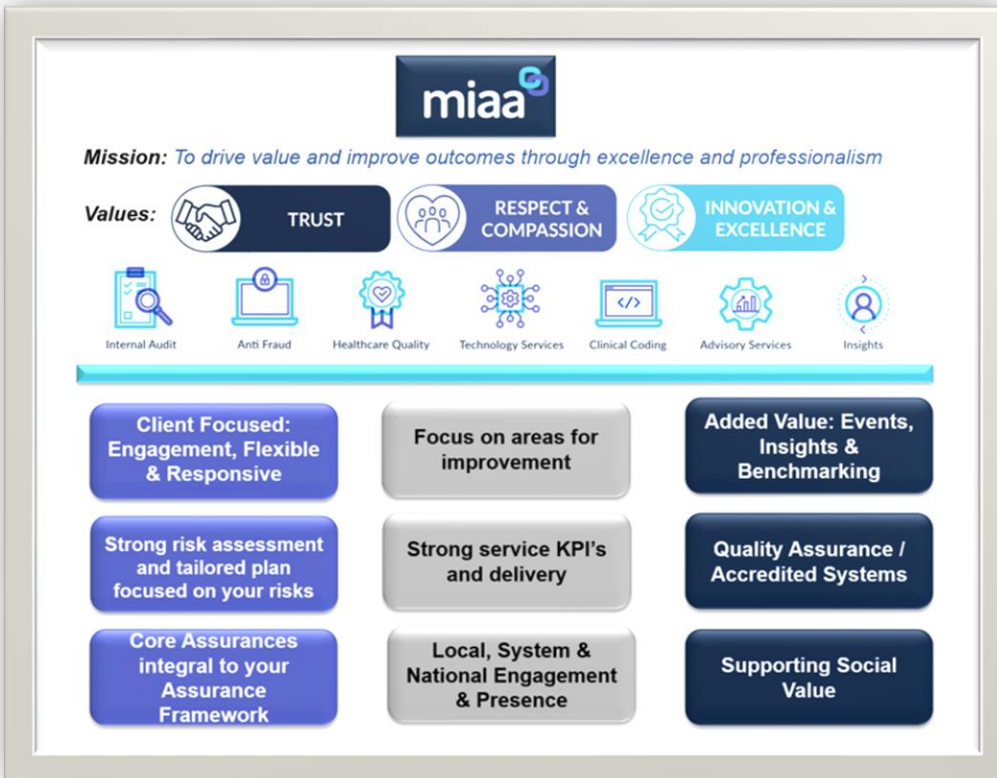


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1 Executive Summary

1.1 Working in partnership with you

MIAA Assurance, providing cost effective assurance, insight and foresight. These services are delivered in partnership with you to ensure they are personal and responsive, ensuring the best possible customer experience.



miaa

Mission: To drive value and improve outcomes through excellence and professionalism

Values: TRUST, RESPECT & COMPASSION, INNOVATION & EXCELLENCE

Internal Audit, Anti Fraud, Healthcare Quality, Technology Services, Clinical Coding, Advisory Services, Insights

Client Focused: Engagement, Flexible & Responsive	Focus on areas for improvement	Added Value: Events, Insights & Benchmarking
Strong risk assessment and tailored plan focused on your risks	Strong service KPI's and delivery	Quality Assurance / Accredited Systems
Core Assurances integral to your Assurance Framework	Local, System & National Engagement & Presence	Supporting Social Value

1.2 Your Risk Assessment

A strong risk assessment underpins the Internal Audit Plan. This has focused upon your Police, Fire and Crime Plan, Medium Term Financial Plan, Strategic Risk Register previous audit plan coverage and analysis of risk. These are summarised in Appendix A. We have clearly set out the risks which have been prioritised within the audit plan and those which are not.

1.3 Your Internal Audit Plan

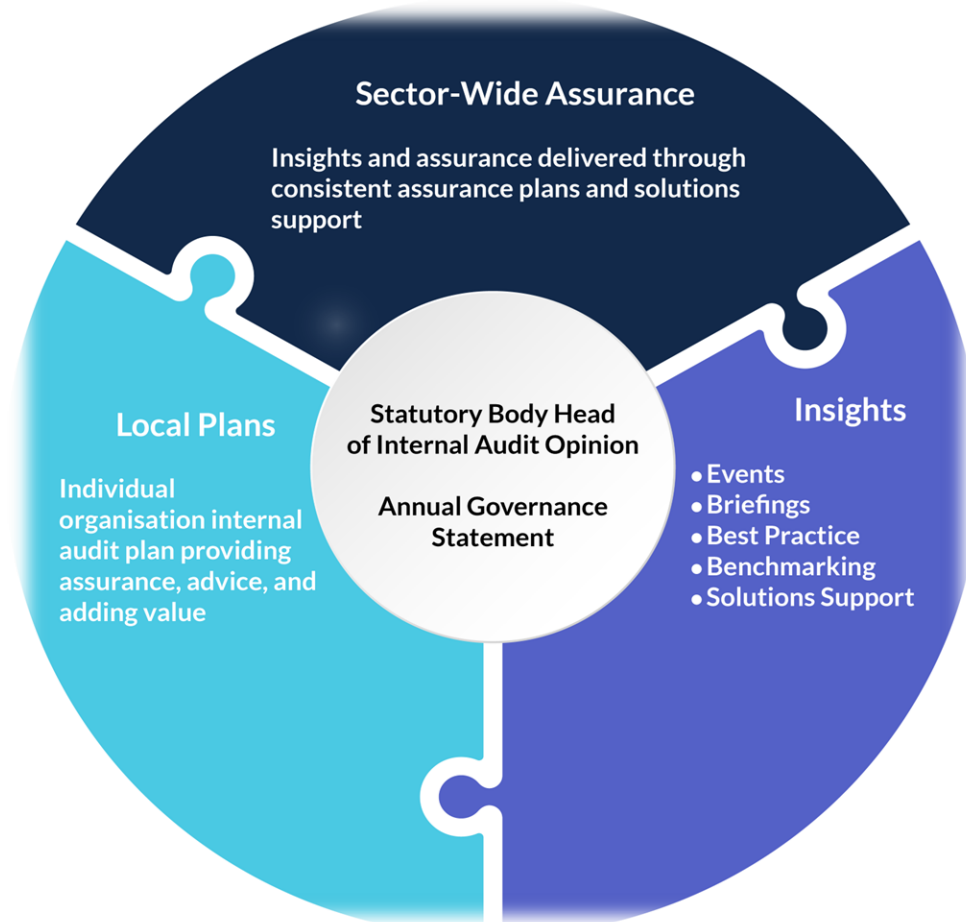
Your Internal Audit service includes core assurances, national and regional risk areas and strategic risks from your assurance framework. The draft plan is based on an initial risk assessment and provides indicative coverage for the organisation. The plan will remain flexible to allow for responses to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

Your operational annual plan in Section 5 forms part of the organisation's three-year Strategic Plan (shown in Appendix A). This will be reviewed as part of our ongoing risk assessment process to ensure that it remains focused on the organisation's key risks and challenges and adds value.

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

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

2 Your Assurance, Anti-Fraud and Solutions Services



Internal Audit, Assurance and Solution Plans

The public sector landscape in England continues to change, and the impact of COVID-19, international and economic challenges are likely to be felt for many years to come.

Our vision is for MIAA to continue to be a Trusted Advisor through the retention of personalised, local focus and relationships with the added benefits provided by an at scale provider.

This is about MIAA continuing to build on its shared services capability to create a comprehensive offering, which provides insight, adds value and supports transformational change whilst operating efficiently.

MIAA continue to review and adapt our audit service and the way we provide assurance to meet your needs in the changing landscape.

This is about risk assessment at every level and regrouping audit plans and advisory commissions to support organisations and the wider system.

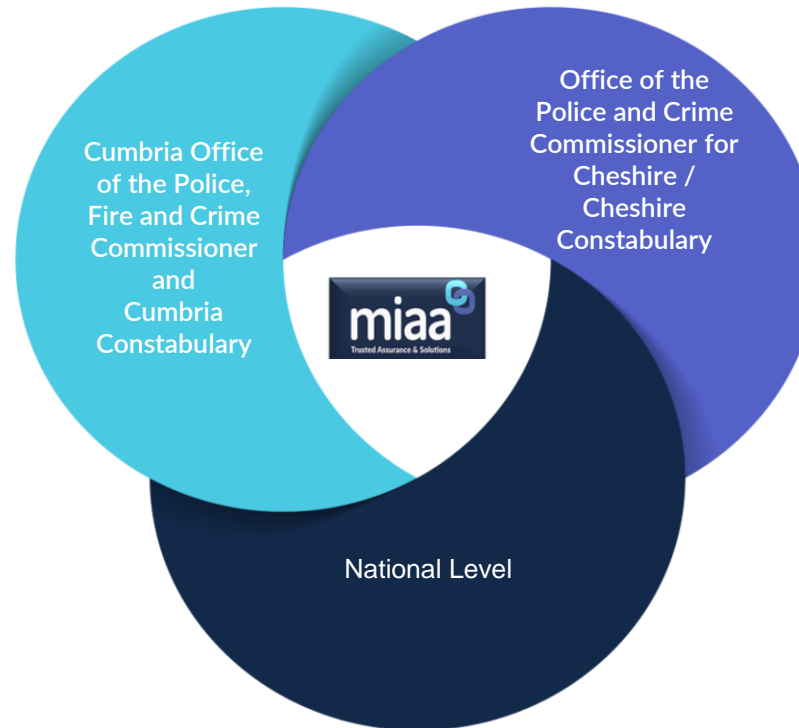
3 Supporting you through Adding Value

Insights & Benchmarking

- Topical Briefings
- Assurance Checklists
- Through the Audit Committee Lens
- Benchmarking, shared learning & best practice

Events, Groups & Networks

- TIAN: The Internal Audit Network
- GARNET: Governance, Assurance Risk Network
- System Audit Chairs Forums
- Collaborative Masterclasses
- Representation at local, regional and national level across range of networks & professional bodies



Specialist Services

- Included within the Core IA Plan:
 - ✓ Digital
 - ✓ Capital & Estates
 - ✓ Business Intelligence & Data Analytics
- Highly experienced, professional and qualified teams
- Extensive Solutions Consultancy service

Accreditations



4 Understanding Your Vision, Objectives & Risks

Understanding Your Vision, Objectives and Risks

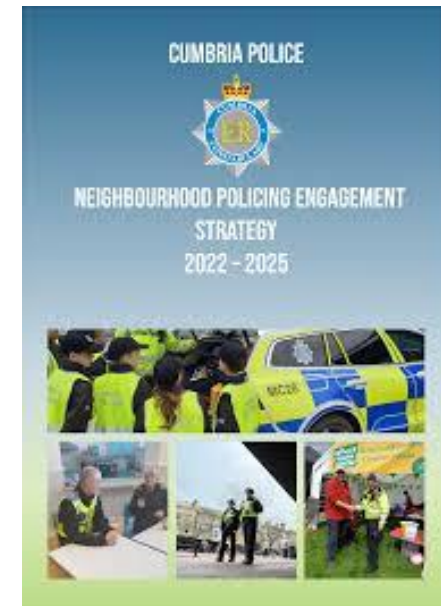
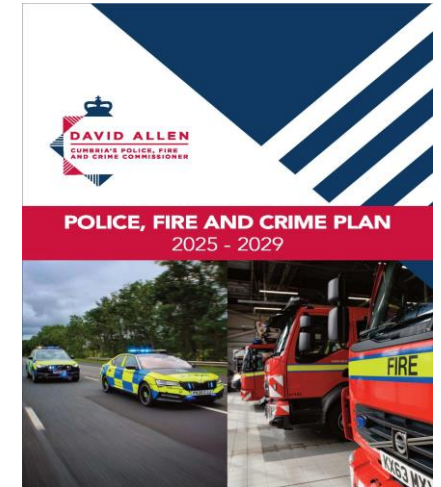
A key focus of our strategic risk assessment is understanding your vision and ensuring that the internal audit plan contributes to your objectives. This in turn ensures that the assurances provided are built around your risks.



Assurance Built Around Your Risks

- *Cyber and IT resilience*
- *Delivery of the Community Risk Management Plan*
- *Collaboration and partnership*
- *Workforce*
- *Financial sustainability*
- *Environmental Sustainability and social value*

We map your strategic objectives and strategic risks to the 3 Year Strategic Internal Audit Plan (Appendix A). This is reviewed as part of the risk assessment process to ensure that the plan remains focused on the organisation's key risks and challenges and adds value.



5 Internal Audit Risk Assessment

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

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

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

- **Organisation intelligence** – including review of the Police, Fire and Crime Plan, Medium Term Financial Plan, and Strategic Risk Register.
- **Benchmarking and national Police Audit Group (PAG) mapping** – MIAA are part of the PAG where we gain insight and share learning across audit providers working within the police sector.
- **Assurance mapping** – utilisation of the 3 lines of assurance model and professional standards to ensure focused coverage.
- **Mandated assurance** – including core systems assurances, and Public Sector Internal Audit Standards requirements.
- **Previous Internal Audit coverage** – we have reviewed your previous Internal Audit coverage to ensure the proposed plan does not duplicate coverage.
- **Follow Up** – Internal Audit coverage will also include follow up of outstanding internal audit actions.



4 Internal Audit Plan on a Page

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

Planning Approach

- Risk Assessment of the external environment, system and organisation (including your Strategic Risk Register and Police, Fire and Crime Plan).
- Engagement of Audit Committee, Executive Directors and management.
- Coverage of Critical Business Systems to support organisation's objectives through the strategic internal audit plan.
- Provision of sufficient resources and expertise.
- Compliance with Public Sector Internal Audit Standards (PSIAS).

Your Plan

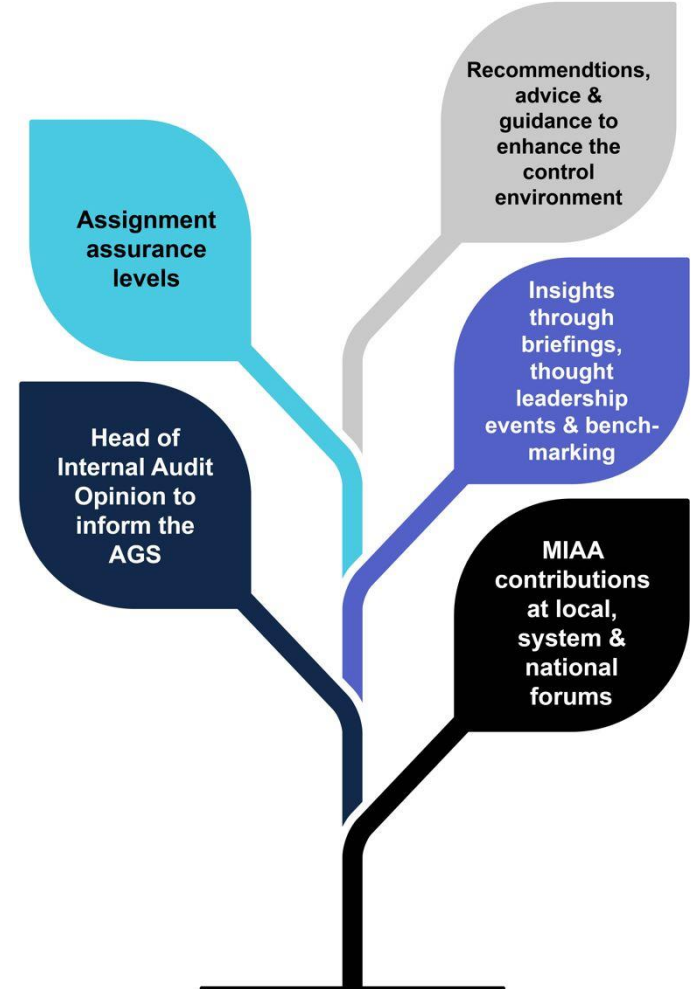
The outcome of your risk assessment is summarised below:

Organisational Reviews
Provision of assurances across core and risk based reviews

- Risk Management
- Commissioner Grants
- Financial Systems- Treasury Management
- Cost Improvement / Efficiencies
- Pensions
- Child Protection
- Local Policing
- Management of Sexual Offenders
- Attendance Management Policy
- IT Asset Management / Critical Apps

Follow Up and Contingency

Outcomes



Added Value

7 Operational Internal Audit Plan 25/26

Review & Scope	BAF Risk / Rationale	Planned Delivery	Executive Lead
Governance & Risk			
Risk Management – Core Controls: To provide assurance that core risk management controls have established and maintained.	HOIA Opinion Requirement/ PSIAS requirement	Q4	OPFCC Chief Executive / Chief Finance Officer / Deputy Chief Constable
Commissioner Grants: To provide assurance in respect of the effectiveness of systems and processes in place for the management of Commissioner grants within the Office of the Police, Fire and Crime Commissioner.	Core Assurance /Strategic Risk Registers	Q2	OPFCC Chief Executive / Chief Finance Officer / Deputy Chief Constable
Finance , Performance & Sustainability			
Key Financial systems: To provide assurance that the most significant key financial controls are appropriately designed and operating effectively in practice.	Core Assurance /Strategic Risk Registers	Q3	OPFCC Chief Executive / Chief Finance Officer / Deputy Chief Constable
Cost Improvement / Efficiencies: To provide assurance on the systems and processes in place for the management and monitoring cost improvement plans and efficiencies.	Strategic Risk Registers	Q1	OPFCC Chief Executive / Chief Finance Officer / Deputy Chief Constable
Pensions: To evaluate the robustness and effectiveness of controls that support the pension benefits system to ensure validity, accuracy, and timeliness of payments from and to employees.	Core Assurance	Q2	OPFCC Chief Executive / Chief Finance Officer / Deputy Chief Constable
Child Protection: To review the arrangements in place to ensure the appropriate exercise of the duties in relation to safeguarding children contained within the Children Act 2004.	Core Assurance	Q3	OPFCC Chief Executive / Chief Finance Officer / Deputy Chief Constable
Local Policing: A rolling programme of reviews across the local policing units to assess performance management against business plan objectives and compliance with the key corporate procedures. Specific areas to be agreed.	Risk Assessment	Q2	OPFCC Chief Executive / Chief Finance Officer / Deputy Chief Constable
Compliance			
Management of Sexual Offenders: To ensure that sexual offenders are managed in line with relevant national guidance.	Risk Assessment	Q1	OPFCC Chief Executive / Chief Finance Officer / Deputy Chief Constable

Review & Scope	Rationale	Planned Delivery	Executive Lead
People			
Attendance Management Policy/ Retention: To ensure that attendance at work is managed in line with local Force and national guidance to support both health and wellbeing together with maximising attendance rates for operational duties.	Risk Assessment	Q3	OPFCC Chief Executive / Chief Finance Officer / Deputy Chief Constable
Information Governance			
IT Asset Management / Critical Apps: To provide assurance over the effectiveness of controls to manage IT assets and their deployment / movement.	Risk Assessment	Q4	OPFCC Chief Executive / Chief Finance Officer / Deputy Chief Constable
Follow up and Contingency (to include the National Fraud Initiative if appropriate)	GIAS requirement	Q1 – Q4	OPFCC Chief Executive / Chief Finance Officer / Deputy Chief Constable
Planning & Reporting			
Planning, Management, Reporting & Meetings	GIAS requirement	Q1 – Q4	OPFCC Chief Executive / Chief Finance Officer / Deputy Chief Constable

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

Appendix A – 3 Year Strategic Internal Audit Plan

We have reviewed your plans and strategic risks to develop an indicative 3 Year Strategic Internal Audit Plan. This will be reviewed as part of the risk assessment process to ensure that it remains focused on the organisation’s key risks and challenges and adds value.

Thematic Areas
Governance & Risk
Finance, Performance and Sustainability
Compliance
People
Information Technology

		Risk Management – Core Controls	
	Risk Management – Core Controls	Complaints	Risk Management – Core Controls
	Commissioner Grants	Vetting	Fleet
	Cost Improvement / Efficiencies	Local Policing	Local Policing
	Local Policing	Climate Change/ Sustainability	Payroll and Expenses
	Pensions	Financial Systems Debtors & AR	Financial Systems- Creditors & AP
	Financial Systems- Treasury Management	Digital Investigations	POCA
	Child Protection	Crime Recording	Evidence Management
	Management of Sexual Offenders	Freedom of Information Requests	Victim Support
	Attendance Management	Health & Wellbeing	Workforce Planning
	Asset Management / Critical Apps	User and Identity Management	3 rd Party Supplier Management
	25/26	26/27	27/28

Reviews by Thematic Area

Appendix B – Internal Audit Key Performance Indicators

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

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

Public Sector Internal Audit Standards

Our work was completed in accordance with Public Sector Internal Audit Standards and conforms with the International Standards for the Professional Practice of Internal Auditing.

Limitations

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

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

Internal Audit Charter

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

Contents

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

1 Introduction

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

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

2 Purpose, Mandate and Responsibility

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

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

‘Internal Audit

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

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

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

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

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

as are considered necessary by those conducting the internal audit.

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

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

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

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

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

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

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

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

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

3 Independence and Objectivity

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

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

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

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

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

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

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

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

4 Proficiency and Due Professional Care

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

The Director of Internal Audit is a CCAB qualified Accountant and is responsible for ensuring access to the full range of knowledge, skills, qualifications and experience to meet the requirements of the internal audit standards. MIAA internal auditors will ensure Continuing Professional Development and compliance with professional standards.

Internal auditors will apply the care and skill expected of a reasonably prudent and competent internal auditor. Due professional care does not imply infallibility.

5 Quality Assurance and Improvement Programme

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

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

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

6 Managing the Internal Audit Activity

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

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

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

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

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

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

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

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

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

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

7 Nature of Work

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

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

The Director of Internal Audit will also liaise with the organisation's external auditors and other review bodies to facilitate the effective co-ordination of audit resources and assurances.

8 Engagement Planning

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

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

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

9 Performing the Engagement

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

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

10 Communicating Results

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

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

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

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

The annual report will incorporate;

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

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

11 Monitoring Progress

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

12 Communicating the Acceptance of Risks

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

Code of Ethics

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

13 Definitions

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

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Cumbria Police Audit Progress Report and Sector Update

Year ending 31 March 2025

26 March 2025



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Introduction



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This paper provides the Joint Audit Committee with a report on progress in delivering our responsibilities as your external auditors.

The paper also includes a summary of emerging national issues and developments that may be relevant to you.

Members of the Joint Audit Committee can find further useful material on our website where we have a section dedicated to our work in the public sector. Here you can download copies of our publications.

If you would like further information on any items in this briefing or would like to register with Grant Thornton to receive regular email updates on issues that are of interest to you, please contact either your Engagement Lead or Engagement Manager.

We continue to bring specialists to our update conversations where appropriate to share any learning from our position as a leading audit supplier to the police sector.

You will also have access to our annual Chief Accountant Workshops and any other networking opportunities we create for the various stakeholders.

Progress at March 2025

Key areas

Financial Statements Audit

Our audit of your financial statements for 2023/24 is now complete, and we issued an unqualified opinion on 26 February 2025.

In March 2025 we will commence our detail audit risk assessment for 2024/25. We will issue a detailed audit plan, setting out our proposed approach to the audit of the 2024/25 financial statements to the Joint Audit Committee in June 2025.

We will receive the draft financial statements in June 2025 with our audit work commencing mid June/start July.

We will report our work in the Audit Findings Report and aim to give our opinion on the Statement of Accounts by 31 December 2025 (however, this will be dependent on receipt of IAS 19 assurances from the Pension Fund auditor).

Value for Money

We aim to complete all 2024/25 value for money audit reviews by 31 December 2025.

From current trends around cost pressures and service demand, we anticipate that risks around financial sustainability and reserves will require consideration across most value for money reviews for 2024/25. Arrangements for governance and improving economy, efficiency and effectiveness will also be reviewed. The current estimated financial trajectory of the sector is shown within the sector update in this report.

Where there are lessons to be learnt from the findings for our 2023/24 value for money reviews, we will seek to share them on a timely basis, to inform future practice.

We anticipate issuing our Auditor's Annual Report by December 2025.

Progress at March 2025

Other areas

Meetings

We met with Finance Officers in December 2024 as part of our quarterly liaison meetings and continue to be in discussions with finance staff regarding emerging developments and to ensure the audit process is smooth and effective. We also met with your Police, Fire and Crime Commissioner (PFCC)/Chief Constable in December/January to discuss strategic priorities and plans.

Events

We provide a range of workshops, along with network events for members and publications to support the Police, Fire and Crime Commissioner and Chief Constable. Your officers attended our Accounts Workshop in March 2025, where we highlighted financial reporting requirements for the 2024/25 accounts and gave insight into elements of the audit approach.

Further details of the publications that may be of interest to the PFCC, Chief Constable and JAC members are set out in our Sector Update section of this report.

Audit Fees

PSAA have published their scale fees for 2024/25: [2024/25 auditor appointments and audit fee scale – PSAA](#).

These fees are £96,546 for the PFCC and £54,929 for the Chief Constable. These fees are derived from the procurement exercise carried out by PSAA in 2022. They reflect both the increased work auditors must now undertake as well as the scarcity of audit firms willing to do this work.

2024/25 deliverables

2024/25 Deliverables	Planned Date	Status
<p>Accounts Joint Audit Plan</p> <p>We are required to issue a detailed accounts joint audit plan to the Joint Audit Committee setting out our proposed approach in order to give our opinions on the 2023/24 financial statements.</p>	June 2025	Not due yet
<p>Interim Audit Findings</p> <p>We will report to you the findings from our interim audit within our Progress Report.</p>	September 2025	Not due yet
<p>Joint Audit Findings (ISA260) Report</p> <p>We intend to report the Joint Audit Findings Report to the November Joint Audit Committee.</p>	November 2025	Not due yet
<p>Auditors Reports</p> <p>These are the opinions on your financial statements and annual governance statements. We intend to issue our opinions by 31 December 2025, however this is dependent on receipt of IAS 19 assurances from the Pension Fund auditor.</p>	December 2025	Not due yet
<p>Auditor's Annual Report</p> <p>The key output from local audit work on arrangements to secure VFM is an annual commentary on arrangements, which will be published as part of the Auditor's Annual Report (AAR). A draft of the AAR will be taken to the September Joint Audit Committee.</p>	November 2025	Not due yet

Policing Sector Update

Policing services are rapidly changing. Increased demand from the public and more complex crimes require a continuing drive to achieve greater efficiency in the delivery of police services. Public expectations of the service continue to rise in the wake of recent high-profile incidents, and there is an increased drive for greater collaboration between Forces and wider blue-light services.

Our sector update provides you with an up-to-date summary of emerging national issues and developments to support you. We cover areas which may have an impact on your organisation, the wider Police service and the public sector as a whole. Links are provided to the detailed report/briefing to allow you to delve further and find out more.

Our public sector team at Grant Thornton also undertake research on service and technical issues. We will bring you the latest research publications in this update. We also include areas of potential interest to start conversations within the organisation and with audit committee members, as well as any accounting and regulatory updates.

More information can be found on our dedicated public sector and police sections on the Grant Thornton website by clicking on the logo below:



Grant Thornton Publications
Insights from sector specialists
Accounting and regulatory updates



Home Office

Home Office

Police Funding Settlement 2025-26

Within the Police Funding Settlement, overall funding for policing will total up to £19.6 billion in 2025-26, an increase of up to £1.1 billion when compared to the 2024-25 settlement.

Of this amount, funding available to Police and Crime Commissioners (PCCs) for their local police force will be up to £17.5 billion an increase of up to an additional £1.1 billion in 2025-26, a 6.6% cash increase and 4.1% real terms increase.

This includes an additional £100 million for Neighbourhood Policing above that announced at the provisional police funding settlement. This assumes PCCs make use of the full precept flexibility of £14 for English forces.

The full statement can be found [here](#).

HMICFRS

2024/25 Value for Money profiles



HMICFRS' value for money dashboards provide comparative data on a wide range of policing activities from 2011 up to the most recent data release (January 2025).

They allow detailed analysis of:

- how much forces spend on different policing activities;
- how crime levels compare across forces, as well as what outcomes forces achieve; and
- workforce costs, broken down by role, rank and gender.

The dashboard can be found [here](#).



Home Office

Home Office

Home Secretary announces major policing reforms

In her first major speech at the annual conference hosted by the National Police Chiefs' Council and Association of Police and Crime Commissioners, the Home Secretary set out her plans to deliver major policing reforms, including:

- a new Police Performance Unit to track national data on local performance and drive up standards
- a Neighbourhood Policing Guarantee to get policing back to basics and rebuild trust between local forces and the communities they serve
- a new National Centre of Policing to harness new technology and forensics, making sure policing is better equipped to meet the changing nature of crime

The Home Secretary also announced more than half a billion pounds of additional central government funding for policing next year to support the government's Safer Streets Mission, including an increase in the core grant for police forces, and extra resources for neighbourhood policing, the NCA and counter-terrorism. A full breakdown of the funding will be published as part of the police settlement in December.

The full article can be found [here](#).

Wider sector updates

A briefing for audit committees on the wider sector updates across Public Sector Audit, Financial Reporting and the responsibilities of Audit Committee members

Local audit reform

For government in England to really access the potential benefits that devolution may bring, there needs to be certainty that accountability and transparency can be maintained at local level. This looks likely to mean a complete overhaul of the current local audit system.

In December 2024, the Ministry of Housing, Communities and Local Government (MHCLG) published a green paper around local audit reform. In the consultation, the government recognised that just 1% of accounts for 2022/23 were published on time, and that whilst there have been calls since 2018 for a separate, dedicated, specialist local audit body to be established, there has been no such body in place since the Audit Commission was disbanded in 2015.

The consultation has now closed, and primary legislation is likely to be introduced in May 2025. The ambition is to establish a new Local Audit Office in the Autumn of 2026 and for the Local Audit Office to begin contract management and other elements of a new oversight role by 2028.

MHCLG statement on the backlog:

1 % audited accounts published on time 2022/23

Source: MHCLG green paper, December 2024

The government has committed that when it arrives, the new Local Audit Office (“LAO”) will:

- Be statutory and independent, with a remit to streamline and simplify the system;
- Assume the functions of appointing and contracting auditors for local authorities (meaning that authorities would no longer have the power to appoint their own auditor);
- Adopt ownership of the Code of Audit Practice from the NAO and deliver relevant training;
- Hold responsibility for quality oversight of local audit, including overseeing an inspection programme, enforcement and some elements of supervision;
- Publish national insight reports on local audit health, which could include emerging trends, quality, market sustainability, VFM arrangements and statutory recommendations and public interest reports; and
- Oversee professional bodies with regard to their remit for the qualification, registration and conduct of local auditors.

MHCLG describes the current system as “complex and dysfunctional” and “broken” but states that it is “determined to get the house in order”. To a large degree, the future of local audit will depend on the extent to which the new body is given appropriate scope, powers and responsibilities. We are contributing actively to stakeholder groups and will work constructively with the new body as it comes into existence.

For a full copy of MHCLG’s intentions, see [Statement of intent and consultation](#) .

The future of financial reporting

The government's consultation on local audit reform also included consultation on the future of local government financial reporting and accounts. The government's December 2024 statement of intent and consultation committed to:

- Review the content and format of accounts;
- Determine an appropriate approach to consistency across the UK;
- Consider primary legislation to separate pension fund accounts from administering authority accounts;
- Guarantee a freely available Accounting Code; and
- Consider the introduction of standardised statements in the longer term.

Work is intended to include ensuring that the accounting code does not require more disclosures than are necessary and to consider the purposes and users of local authority accounts. The statement of intent highlighted that timeliness, comprehension (understandability) and professional capability (capacity) have all been issues in the past, culminating in just 1% of audited accounts being published on time for 2022/23.

Grant Thornton's track record is strong (84% of unqualified opinions for 2022/23 signed by the 13th December 2024 backstop date), but we welcome the government's new commitments. Better timeliness and more comprehensible reporting across the sector will strengthen accountability and transparency and lead to a firmer platform for decision-making and devolved delivery.

13th December 2024 backstop performance – Grant Thornton compared to sector pre-backstop performance

Sector: % audited accounts published on time (pre-backstop dates being set)	1
Grant Thornton: % 2022/23 opinions signed by the 13th December 2024 backstop date	84
Grant Thornton: % 2022/23 VFM Auditor Annual Reports published by the 13th December 2024 backstop date	99

In the meantime, with the 28th February 2025 backstop date now passed for 2023/24 statements of accounts, many will now be turning their attention to getting ready for 2024/25 financial reporting. Unaudited accounts for 2024/25 need to be published by 30th June this year. The backstop publication date for the audited 2024/25 accounts is 27th February 2026 . Early consideration of resourcing and timetabling will help.

For a full copy of the statement of intent and consultation, see [Statement of intent and consultation](#)

For the Accounts and Audit Regulations 2024, see [The Accounts and Audit \(Amendment\) Regulations 2024](#)

Value for money webinar for Audit Committee members

We plan to hold the second in a series of Value for Money (VFM) webinars for members of Audit Committees on 4th June 2025 from 4:00pm until 5.30pm. Invitations will be available on the Grant Thornton website shortly. Alternatively, please speak to your audit Engagement Lead or Engagement Manager.

Delivered by Grant Thornton specialists and drawing on experience from across the sector, the webinar will cover:

How to prepare for devolution and reorganisation:

- Shared experience from other reorganisations, with a focus on:
- Setting up new strategic authorities;
- Preparing successful final November 2025 proposals;
- Programme management;
- Organisational enablement;
- Robust evidence for costs and benefits analysis;
- Setting out your vision; and
- Successful engagement with people and culture.

Lessons learnt from 2023/24 and how to get ready for 2024/25:

- Review of findings from more than 100 Auditor Annual Reports to identify common findings and what those tell us about areas where more scrutiny is needed;
- Year on year trends across the sector; and
- How to prepare for VFM audit 2024/25.

We look forward to welcoming you.



Audit Committee resources

The Audit Committee and organisational effectiveness in local authorities (CIPFA):

<https://www.cipfa.org/services/support-for-audit-committees/local-authority-audit-committees>

LGA Regional Audit Forums for Audit Committee Chairs

These are convened at least three times a year and are supported by the LGA. The forums provide an opportunity to share good practice, discuss common issues and offer training on key topics. Forums are organised by a lead authority in each region. Please email ami.beeton@local.gov.uk LGA Senior Adviser, for more information.

Public Sector Internal Audit Standards

<https://www.gov.uk/government/publications/public-sector-internal-audit-standards>

Code of Audit Practice for local auditors (NAO):

<https://www.nao.org.uk/code-audit-practice/>

Governance risk and resilience framework: material for those with a leadership responsibility on good governance (CfGS):

<https://www.cfgs.org.uk/material-for-those-with-a-leadership-responsibility-on-good-governance/>

The Three Lines of Defence Model (IAA)

<https://www.theiia.org/globalassets/documents/resources/the-iias-three-lines-model-an-update-of-the-three-lines-of-defense-july-2020/three-lines-model-updated-english.pdf>

Risk Management Guidance / The Orange Book (UK Government):

<https://www.gov.uk/government/publications/orange-book>

CIPFA Guidance and Codes

The following all have a charge, so do make enquiries to determine if copies are available within your organisation.

Audit Committees: Practical Guidance For Local Authorities And Police

<https://www.cipfa.org/policy-and-guidance/publications/a/audit-committees-practical-guidance-for-local-authorities-and-police-2022-edition>

Delivering Good Governance in Local Government

<https://www.cipfa.org/policy-and-guidance/publications/d/delivering-good-governance-in-local-government-framework-2016-edition>

Financial Management Code

<https://www.cipfa.org/fmcode>

Prudential Code

<https://www.cipfa.org/policy-and-guidance/publications/t/the-prudential-code-for-capital-finance-in-local-authorities-2021-edition>

Treasury Management Code

<https://www.cipfa.org/policy-and-guidance/publications/t/treasury-management-in-the-public-services-code-of-practice-and-crosssectoral-guidance-notes-2021-edition>

Accounting Update – IFRS 16

A briefing for audit committees on the implementation of IFRS16

IFRS 16 - Leases

Lessee accounting up to 31 March 2024

Until April 2024, when the police body gained the use of an asset under a lease agreement, it had to determine whether it was a finance lease or an operating lease. The distinction was based on which entity had substantially all the risks and rewards of ownership. It was important because finance leased assets were deemed capital and accounted for on the authority's balance sheet, whereas operating lease costs were charged to expenditure over the life of the lease.

Lessee accounting from 1 April 2024

From the adoption of IFRS 16 leases on 1 April 2024, the distinction between operating and finance leases for lessees has been removed. Now all leases, apart from those that are deemed low value or short term, are accounted for on balance sheet by lessees.

Asset and liability recognised

Under IFRS 16, lessees recognise their right to use an asset and also a liability for the present value of the total amount they expect to pay over the period of the agreement. Initially, the right of use asset and the liability are usually recognised at the same value, unless there have been any relevant payments before the start of the lease.

After initial recognition, the right of use asset is valued the same way as owned assets of a similar type and the liability is increased for interest due or changes in expected payments due to the application of a rate or index such as RPI, and decreased for amounts paid.

Public sector adaptation

In the public sector, the definition of a lease has been extended to include the use of assets for which little or no consideration is paid, often called "peppercorn" rentals. This is one instance where the right of use asset and associated liability are not initially recognised at the same value. For peppercorn rentals, the right of use assets are initially recognised at market value and any difference between that and the present value of expected payments is accounted for as income, similar to the treatment of donated assets.

IFRS 16 - Leases

Judgements required

Most of the information needed to determine the appropriate figures for the accounts will come from the lease agreement. However, sometimes judgements may need to be made by management. Such judgements may include:

- determining what is deemed to be a low value lease. This is based on the value of the underlying asset when new and is likely to be the same as the authority's threshold for capitalising owned assets.
- determining whether an option to terminate or extend the lease will be exercised. This is important as it affects the lease term and subsequently the calculation of the lease liability based on the expected payments over the lease term
- the valuation of the right of use asset after recognition. An expert valuer may be required to support management in this.

Lessor accounting

IFRS 16 has preserved the distinction between finance and operating lease accounting for lessors. The key things that lessors need to be aware of are:

- assets leased out for a peppercorn rental should be treated as finance leases if they have, in substance, been donated to the operator
- if the asset is sub-let, the consideration of whether the sub-lease is a finance lease or an operating lease takes account of the value and duration of the head lease rather than the value and life of the underlying asset

IFRS 16 - Leases

Questions to consider

Questions for policing bodies to ask themselves include:

- How have you gained assurance on completeness, that you have identified all your leases including those for a peppercorn rent?
- Have you set your threshold for low value leases?
- How have you identified all options to terminate or extend existing leases and assessed the lease term on the basis of the likelihood you will exercise them?
- Have you reconciled your operating lease commitments as disclosed in your 31 March 2023 accounts under IAS 17 to your lease liability under IFRS 16 on 1 April 2024?
- How have you gained assurance that right of use assets are carried at the appropriate value at the balance sheet date?
- If you are an intermediate lessor, have you reassessed whether the leases out are finance or operating leases with reference to the terms of the head lease?
- Have you updated your systems to ensure that the budgetary and accounting impact of all leases is identified in a timely and effective manner.



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Joint Audit Committee 26 March 2025: **Agenda Item 15**

HMICFRS Value for Money Profiles 2024/25

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

Executive Summary

His Majesty's Inspectorate of Constabulary and Fire and Rescue Services (HMICFRS) produce a summary of value for money arrangements within Constabulary's on an annual basis. The underlying data is gathered from a variety of sources including the annual data return in relation to HR statistics and the Police Objective Analysis exercise in relation to budget figures. The most recent publication is based on the budget for 2024/25 as approved in February 2024. The data is presented in a more summarised format than in previous years. The latest data is presented in a power BI presentation and can be found on the HMICFRS website at <https://hmicfrs.justiceinspectorates.gov.uk/our-work/article/value-for-money-inspections/value-for-money-dashboards/>

Recommendation

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

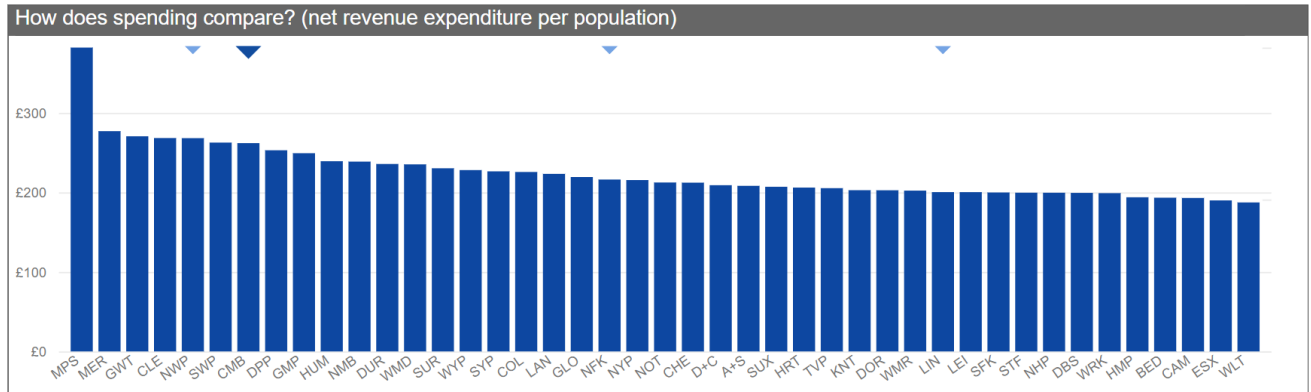
1. Introduction and Background

1.1. The VFM profiles compare Cumbria against all 43 forces and with Cumbria's Most Similar Group (MSG) which includes Lincolnshire, Norfolk and North Wales. The aim of the profiles is to compare performance and the costs of achieving that performance. The Profiles highlight where Cumbria is seen as an outlier. An outlier is defined as being in the top or bottom 10% and where the effect of the difference is greater than £1 per head of population, which equates to a cost differential of £0.5m.

1.2. Important general points about the VFM profiles:

- Cumbria is a demographic outlier when comparing it to its MSG and this will continue to be the case, regardless of any VFM comparators. Cumbria's geography, topography and socioeconomic environment are unique and there are fixed costs associated with this regardless of other comparisons.
- Population is the main determinant used in the profiles for assessing value for money – that is, cost per head of population. This significantly disadvantages Cumbria, which has the lowest population of 42 forces (excluding City of London), is the third largest county in England by area covering 2,613 square miles, is sparsely populated, is classified as 98% rural, and is geographically isolated. The additional cost of delivering services in this physical geography is not considered within the profiles.
- The sparsity of the population, the rural nature of the county and the isolated geographic location of the county in England, results in higher costs to deliver police services compared to other forces and limits opportunities for cost effective collaborations with other forces for specialist operational services or private companies to provide services. As a result, Cumbria Constabulary requires more people and more equipment to deliver a police service to a small population distributed over a large area.
- As a result, all of these factors combine to incur additional fixed costs in policing the county, irrespective of how and by whom police services are provided, and regardless of policy or strategy decisions made by senior management.

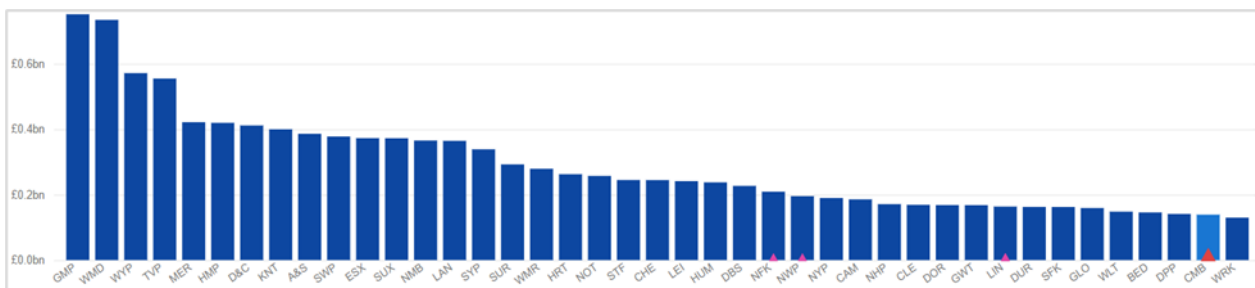
1.3. Overall, total spending per head of population shows Cumbria as the 7th highest of all forces, which is important context as this will influence relative spend across most areas. It will also reflect relative performance, as reported by the latest Force PEEL inspection.



2. Cumbria Value for Money Profile Outliers

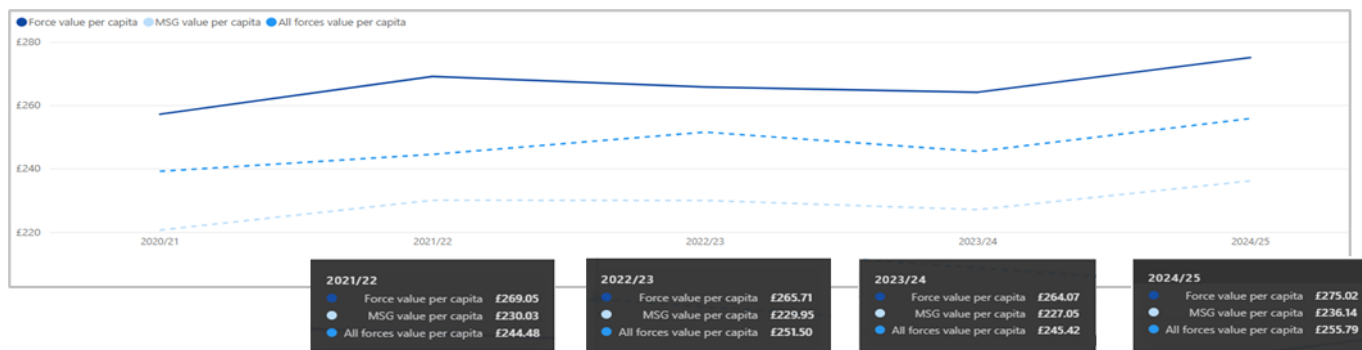
2.1. Cumbria’s value for money data has been considered and informs the ongoing futures work of the organisation and provides a form of benchmarking with other forces. Due to the scale of both the MPS and City of London police, they have been excluded from Cumbria’s analysis due to skewing comparisons. Chart 1 below presents forces total net revenue expenditure (NRE) for the most recent financial year (the NRE figure is excluding any additional funding from national policing and PCC’s). This profile reports Cumbria to have a total NRE of £138.9m for the year ending March 2025, which is the second lowest across all 41 forces compared with only Warwickshire with fewer funds at £129.7m.

Chart 1: Force comparison of total net revenue expenditure in the financial year ending March 2025.



2.2. Chart 2 below presents the changes in spending per capita over recent years. As with the previous data sets, Cumbria presents as higher than its MSG, (which will be influenced by its significantly smaller population size) but follows the overall trend of increasing for 2024/25 which likely reflects the increases in financial pressures such as the increase in the police pay award facing all forces.

Chart 2: Force comparison of changes in NRE spending per capita since 2020/21.



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

2.4. The areas where Cumbria appears to be out of step with its MSG is for spending per capita are on support functions, public protection, investigations and operational support. When looking at specific investigative functions, Cumbria is 3rd highest for NRE on Cybercrime and on the higher end for SOC expenditure. However, Cumbria’s NRE is significantly lower around the categories of; economic crime, local investigations and is the second lowest force for major investigations. Cumbria is reported to spend slightly more on its operational support per capita than its MSG and is the second highest across all forces compared. The driver of the greater costs appears to be driven by the firearms unit. Drilling through the categories further highlights that police officer costs are the predominant cause for the enhanced cost, which as aforementioned will be caused by the comparison being ‘per capita’ and Cumbria’s population size being significantly smaller to comparative forces.

2.5. Cumbria is shown to have the greatest expenditure per capita for 2024/25 within the ‘Support Function’ category. The highest difference comes from Information Communication Technology and when drilling down further, the driving cost is ‘Other staff costs’, which likely aligns to the scale of work around the implementation of the Mark 43 system and the necessity for project management and enhanced resource to embed a force wide information management system.



Joint Audit Committee Proposed Annual Work Programme 2025/26

Joint Audit Committee: 26 March 2025

Agenda Item 16

Originating Officer: Michelle Bellis, Constabulary Chief Finance Officer

Executive Summary

This paper provides the proposed work programme for the 2025/26 financial year. The format of the report has been designed to demonstrate how the work programme supports the committee in delivering against its terms of reference.

Recommendation

Members are recommended to:

- Consider the proposed annual work programme and development sessions as a basis for fulfilling the terms of reference and assurance responsibilities of the committee.
- Approve the work programme for 2025/26.

1. Introduction & Purpose of the Report

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

2. Report

- 2.1. This report presents to members an annual work programme. The programme is presented in two formats:
 - The first format sets out each of the terms of reference and the reports/activity that it is proposed the committee would undertake to fulfil the terms (**Appendix A**). It therefore aims to present an assurance framework in line with CIPFA guidance that identifies the key documents and information that the committee requires to fulfil its purpose.
 - The second format aligns the work programme against each committee meeting (**Appendix B**). The alignment is managed to ensure wherever possible that meetings are balanced in terms of volume of work and that governance themes are aligned.
- 2.2. In relation to the statutory reporting deadlines for the financial statement for 2024/25, the deadlines for publication of draft and audited statement of accounts are 30th June 2025 and 27th February 2026

respectively. Although the JAC meeting has been scheduled for 25th June, the draft statement of accounts for 2024/25 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 2025/26 there will be four meetings as follows:

- The meetings in June, September, November and March will each receive, cyclical monitoring reports, completed internal audit reports and the strategic risk registers (September & March only).
- The meeting in June will focus on annual reports that review the governance arrangements for the previous financial year. This will include the biennial review of effectiveness for the Committee, the review of the effectiveness of internal audit and reviews of the effectiveness of arrangements for anti-fraud and corruption and risk management. The committee will also receive the annual report of the Community Scrutiny Panel setting out the work of the panel and assurances regarding arrangements for community scrutiny. The agenda includes the annual opinion of the Director of Audit (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 June, members will receive a copy of the Draft Statement of Accounts (subject to audit). It should be noted that, due to the tight timescales for the production of the statements, and the timing of the meeting, it may not be possible to issue copies of the accounts with the meeting papers in advance of the meeting. The meeting will provide an opportunity for members to meet privately with the internal auditors (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. Following a discussion at the February 2025 meeting (replacement for November 2024), it was agreed A schedule outlining the review schedule for governance documents is included at **Appendix C**.
- The meeting in March will consider relevant annual strategies and plans for the following financial year. This includes the proposed internal audit plan, charter and an update on the quality assurance programme; the external audit plan and the cyclical review of governance documents in line with the plan (Appendix C). The external auditors will provide their annual report. Members will also receive an annual report on value for money within the Constabulary including HMICFRS VFM profile data benchmarking costs with most similar group (msg). The meeting includes an annual development session on treasury management, the medium term financial strategy and futures programme for both OPFCC/Policing and Fire. This aims to inform the committee of the financial climate going forward and any resulting operational change and risks in advance of the year.
- Ad-hoc HMICFRS/Inspection and other reports appropriate to the committee's terms will be circulated to members as they are published and listed on the agenda to provide the opportunity for questions and discussion.

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

2.4. **Appendix D** provides a proposed timeline for the various meetings and development sessions during 2025/26.

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 2025/26	June (Community Scrutiny Panel Annual Report)	COMMUNITY SCRUTINY GOVERNANCE: To receive an annual report from the Chair of the Community Scrutiny Panel, advising the Committee of the work of the Panel over the previous year and matters pertaining to governance in respect of the arrangements for community scrutiny.
	November: (All governance reviews excluding community scrutiny) March: Risk Management Strategies, Scheme of Delegation/Consent	<p>ANNUAL REVIEW OF GOVERNANCE: To review the OPFCC and Constabulary arrangements for governance; cyclical review over a three years covering:</p> <ul style="list-style-type: none"> ▪ Role of the Chief Finance Officer: triennial review (November 2027) ▪ Financial Regulations & Financial Rules: triennial review (November 2027) ▪ PFCC Grant Regulations: triennial review (November 2026) ▪ Scheme of Delegation/Consent PFCC and Constabulary: biennial review (March 2027) ▪ <u>Joint Procurement Regulations: triennial review (November 2025)</u> ▪ <u>Risk Management Strategy: triennial review PFCC/Police (March 2026)</u> ▪ Joint Audit Committee Terms of Reference & Role Profiles: triennial review (November 2027) ▪ <u>Arrangements for Anti-Fraud and Corruption /whistleblowing PFCC and Constabulary: biennial review (November 2025)</u>
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	<p>ANNUAL GOVERNANCE STATEMENT</p> <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 in relation to the separate legal entities of the OPFCC, Constabulary and CCFRA.	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 Director of Internal audit's annual report and opinion, and a regular summary of the progress of internal audit activity against the audit plan, and the level of assurance it can give over corporate governance arrangements	June	INTERNAL AUDIT –ANNUAL REPORT: To receive the Director of Internal Audit's Annual Report including the Annual Audit Opinion and details of compliance with PSIAS and LGAN.
	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 Director of Internal Audit's statement of the level of conformance with the Public Sector Audit Standards (PSIAS) and Local Government Application Note (LGAN) and the result of the Quality Assurance and Improvement Programme (QAIP) that support that statement - these will indicate the reliability of the conclusions of internal audit.	March	QUALITY ASSURANCE AND IMPROVEMENT PROGRAMME: To receive from the Internal Auditors a report setting out the arrangements for quality assurance and improvement.
	June	INTERNAL AUDIT –ANNUAL REPORT: To receive the Director of Internal Audit's Annual Report including the Annual Audit Opinion and details of compliance with PSIAS and LGAN.
3.6) Consider summaries of internal audit reports and such detailed reports as the Committee may request from the Police, Fire and Crime Commissioner and the Chief Constable, including issues raised or recommendations made by the internal audit service, management response and progress with agreed actions	Every meeting	INTERNAL AUDIT REPORTS: To receive reports from the Internal Auditors in respect of specific audits conducted since the last meeting of the Committee.
3.7) Consider a report on the effectiveness of internal audit to support the Annual Governance Statement	June	EFFECTIVENESS OF INTERNAL AUDIT: To consider a report of the Constabulary Chief Finance Officer reviewing the effectiveness of Internal Audit.
3.8) To consider any impairments to independence or objectivity arising from additional roles or responsibilities outside of internal auditing of the Director of Internal Audit. To make recommendations on safeguards to limit such impairments and periodically review their operation.	June	INTERNAL AUDIT –ANNUAL REPORT: To receive the Director of Internal Audit's Annual Report including relevant disclosures regarding impairments to independence or objectivity arising from additional roles or responsibilities outside internal auditing of the Director of Internal Audit.

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

Joint Audit Committee: Annual Work Programme 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 FRAMWORK: 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 and objectives on an annual basis and report the results of this review to the Commissioner, the Chief Constable and CCFRA.	June	JAC Review of Effectiveness (biennial activity cycle): - To receive a report reviewing the effectiveness of the committee against the CIPFA framework as a contribution to the overall effectiveness of arrangements for governance (Odd years) -To conduct a 360' review of committee effectiveness (private meeting between members, DCC, CE & PFCC CFO and CC CFO) (Even Years)
	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 2025/26

Area	Wednesday 25 June 2025	Wednesday 24 September 2025	Wednesday 26 November 2025	Wednesday 25 March 2026
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>DEVELOPMENT SESSION: Police Specific</p>	<p>PRIVATE EXTERNAL AUDIT MEETING: Confidential meeting of Committee members only and the external auditors. (GT)</p> <p>DEVELOPMENT SESSION: Fire Specific</p>	<p>PRIVATE DEVELOPMENT SESSION: 1) TBC</p>	<p>PRIVATE DEVELOPMENT SESSIONS: FEBRUARY 2026 1) Discussion with Internal Auditors on Draft Internal Audit Plan (PFCC CFO, CC CFO & MIAA) MARCH 2026 1) Treasury Advisor, to provide an update on Treasury Management developments (CC CFO). (Before JAC Meeting) 2) Medium Term Financial Forecast, capital strategy, capital programme, futures programme & value for money (PFCC CFO & CC CFO)</p>
Regular Reports				
Corporate Update	CORPORATE UPDATE: To receive a briefing on matters relevant to the remit of the Committee (DCC, CE and PFCC CFO & CC CFO)	CORPORATE UPDATE: To receive a briefing on matters relevant to the remit of the Committee (DCC, CE and PFCC CFO & CC CFO)	CORPORATE UPDATE: To receive a briefing on matters relevant to the remit of the Committee (DCC, CE and PFCC CFO & CC CFO)	CORPORATE UPDATE: To receive a briefing on matters relevant to the remit of the Committee (DCC, CE and PFCC CFO & CC CFO)
Internal Audit	INTERNAL AUDIT – PROGRESS REPORT: To receive a report from the Internal Auditors regarding the progress of the Internal Audit Plan (TIAA):	INTERNAL AUDIT – PROGRESS REPORT: To receive a report from the Internal Auditors regarding the progress of the Internal Audit Plan (MIAA):	INTERNAL AUDIT – PROGRESS REPORT: To receive a report from the Internal Auditors regarding the progress of the Internal Audit Plan (MIAA):	INTERNAL AUDIT – PROGRESS REPORT: To receive a report from the Internal Auditors regarding the progress of the Internal Audit Plan (MIAA):
Internal Audit	INTERNAL AUDIT REPORT(S): To receive reports from the Internal Auditors in respect of specific audits conducted since the last meeting of the Committee (TIAA):	INTERNAL AUDIT REPORT(S): To receive reports from the Internal Auditors in respect of specific audits conducted since the last meeting of the Committee (MIAA):	INTERNAL AUDIT REPORT(S): To receive reports from the Internal Auditors in respect of specific audits conducted since the last meeting of the Committee (MIAA):	INTERNAL AUDIT REPORT(S): To receive reports from the Internal Auditors in respect of specific audits conducted since the last meeting of the Committee (MIAA):
Internal Audit	MONITORING OF AUDIT, INTERNAL AUDIT AND OTHER RECOMMENDATIONS AND ACTION PLANS: To receive an updated summary of actions implemented in response to audit and inspection recommendations (TIAA):	MONITORING OF AUDIT, INTERNAL AUDIT AND OTHER RECOMMENDATIONS AND ACTION PLANS: To receive an updated summary of actions implemented in response to audit and inspection recommendations (MIAA):	MONITORING OF AUDIT, INTERNAL AUDIT AND OTHER RECOMMENDATIONS AND ACTION PLANS: To receive an updated summary of actions implemented in response to audit and inspection recommendations (MIAA):	MONITORING OF AUDIT, INTERNAL AUDIT AND OTHER RECOMMENDATIONS AND ACTION PLANS: To receive an updated summary of actions implemented in response to audit and inspection recommendations (MIAA):
Internal Audit	INTERNAL AUDIT – ANNUAL REPORT: To receive the Head of Internal Audit's Annual Report including the Annual Audit Opinion (TIAA):			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):
External Audit	EXTERNAL AUDIT FEES: To receive a verbal update around the proposed PSAA scale charge for external audit fees. (GT/Finance)	AUDIT FINDINGS REPORT: To receive from the external auditors the Audit Findings Report in respect of the annual audit of the financial statements. (GT)	ANNUAL AUDIT REPORT: To receive from the External Auditors the Annual Audit Report incorporating the External Auditor's Value for Money Conclusion. (GT).	EXTERNAL AUDIT PLAN: To receive from the external auditors the Joint Annual External Audit Plan. (GT)
External Audit				EXTERNAL AUDIT UPDATE REPORT: To receive from the external auditors an update report in respect of progress on the external audit plan. (GT)

Joint Audit Committee Proposed Annual Work Programme 2025/26

Area	Wednesday 25 June 2025	Wednesday 24 September 2025	Wednesday 26 November 2025	Wednesday 25 March 2026
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)
TM Activities	TREASURY MANAGEMENT ACTIVITIES: To receive for information reports on Treasury Management Activity - Quarter 4/Annual Report (Constabulary CFO)	TREASURY MANAGEMENT ACTIVITIES: To receive for information reports on Treasury Management Activity - Quarter 1 (Constabulary CFO)	TREASURY MANAGEMENT ACTIVITIES: To receive for information reports on Treasury Management Activity - Quarter 2 (Constabulary CFO)	TREASURY MANAGEMENT ACTIVITIES: To receive for information reports on Treasury Management Activity - Quarter 3 (Constabulary CFO)
Governance	ANTI-FRAUD AND CORRUPTION ACTIVITIES: To receive an annual report from the Chief Executive on activity in line with the arrangements for anti-fraud and corruption. (CE/GM)		ANNUAL REVIEW OF GOVERNANCE: To review the PFCC and Constabulary arrangements for governance; cyclical review over three years. Some documents reported in November, some in March (see Appendix C). (Relevant Chief Officers).	ANNUAL REVIEW OF GOVERNANCE: To review the PFCC and Constabulary arrangements for governance; cyclical review over three years. Some documents reported in November, some in March (see Appendix C). (Relevant Chief Officers).
Governance	COMMUNITY SCRUTINY GOVERNANCE: To receive an annual report from the chair of the Community Scrutiny Panel (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 2025/26

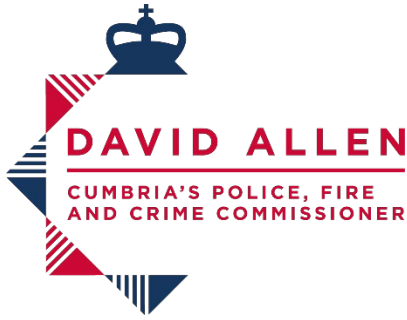
	Wednesday 25 June 2025	Wednesday 24 September 2025	Wednesday 26 November 2025	Wednesday 25 March 2026
Cyclical/Annual Reports (continued)				
Annual Governance Statement	<p>ANNUAL GOVERNANCE STATEMENT</p> <ul style="list-style-type: none"> ▪ Effectiveness of Governance Arrangements: To receive a report 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	November 2024	November 2025	November 2026	November 2027	November 2028
OPFCC Role of the Chief Finance Officer	triennial	PFCC / Fire CFO Steven Tickner	✓	✗	✗	✓	✗
Joint Procurement Regulations	triennial	PFCC / Fire CFO Steven Tickner	✗	✓	✗	✗	✓
OPFCC Arrangements for Anti-fraud & Corruption/Whistleblowing	triennial	Chief Executive, Gill Shearer and/or Governance Manager, Joanne Head	✗	✓	✗	✗	✓
Financial Regulations	triennial	PFCC CFO Steven Tickner	✓	✗	✗	✓	✗
OPFCC Grant Regulations & Procedures	triennial	Chief Executive, Gill Shearer	✗	✗	✓	✗	✗
Constabulary Role of the Chief Finance Officer	triennial	Constabulary CFO Michelle Bellis	✓	✗	✗	✓	✗
Constabulary Arrangements for Anti-fraud & Corruption/Whistleblowing	triennial	Head of Professional Standards Hayley Wilkinson	✗	✓	✗	✗	✓
Financial Rules	triennial	Constabulary CFO Michelle Bellis	✓	✗	✗	✓	✗
Joint Audit Committee Terms of Reference and Role Profiles	triennial	Constabulary CFO Michelle Bellis	✓	✗	✗	✓	✗
Documents	Review Cycle	Lead Officer	March 2025	March 2026	March 2027	March 2028	March 2029
OPFCC Risk Management Strategy	triennial	Governance Manager Joanne Head	✗	✓	✗	✗	✓
OPFCC Scheme of Delegation/Consent	triennial	Chief Executive, Gill Shearer and/or Governance Manager, Joanne Head	✗	✗	✓	✗	✗
Constabulary Risk Management Strategy	triennial	Constabulary Chief Finance Officer Michelle Bellis	✗	✓	✗	✗	✓
Constabulary Scheme of Delegation	triennial	Constabulary Chief Finance Officer Michelle Bellis and/or Director of Legal Services - Andrew Dobson	✗	✗	✓	✗	✗

Proposed Meeting Timings

Times	Wednesday 25 June 2025	Wednesday 24 September 2025	Wednesday 26 November 2025	Wednesday 25 March 2026
09:00-09:45	Private Members Meeting (Police HQ)	Private Members Meeting (Police HQ)	Private Members Meeting (Police HQ)	Private Members Meeting (Police HQ)
09:45-10:45	Private Meeting with Internal Audit (TIAA Ltd) (Police HQ)	Private Meeting with External Audit (Grant Thornton) (Police HQ)		Development Session - Treasury Management (Link) (Police HQ)
11:00-12:30	PFCC/Police JAC (Police HQ)	PFCC/Police JAC (Police HQ)	PFCC/Police JAC (Police HQ)	PFCC/Police JAC (Police HQ)
12:30-13:30	Lunch Break and move to Fire HQ (Police HQ → Fire HQ)	Lunch Break and move to Fire HQ (Police HQ → Fire HQ)	Lunch Break and move to Fire HQ (Police HQ → Fire HQ)	Lunch Break and move to Fire HQ (Police HQ → Fire HQ)
13:30-15:00	Fire JAC (Fire HQ)	Fire JAC (Fire HQ)	Fire JAC (Fire HQ)	Fire JAC (Fire HQ)
15:15-16:30	Development Session - Police Specific (Police HQ)	Development Session - Fire Specific (Fire HQ)		Development Session - Budget Briefing Session (Fire HQ)



Public Accountability Conference
13 February 2025
Agenda Item No 08c

Joint Audit Committee
26 March 2025
Agenda Item No 17a

Office of the Police, Fire and Crime Commissioner Report

**Title: Borrowing, Treasury Management, Investment and MRP Strategies
2025/26 (including Prudential Indicators)**

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

**Originating Officers: Sarah Walker, Financial Services Manager;
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 the PFCC) to determine the Treasury Management Strategy Statement (TMSS) on an annual basis.

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

This report proposes a strategy for the financial year 2025/26.

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

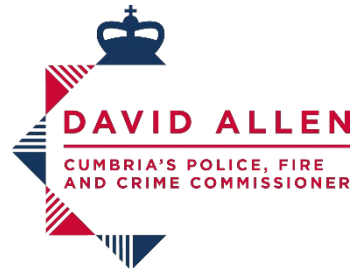
‘The management of the organisation’s investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks.’

Recommendations

The Commissioner is asked to:

1. Approve the Borrowing Strategy for 2025/26 as set out on pages 8-9.
2. Approve the Investment Strategy for 2025/26 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 2025/26 as set out on pages 22-23.
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.



Borrowing, Treasury Management, Investment, and MRP Strategies 2025/26 (Including Prudential Indicators)

Treasury Management Strategy Statement 2025/26

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Key Messages

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

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

General Principles

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

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

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

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

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

Key Messages

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



General Principles (Continued)

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

The strategy also takes into account the impact of treasury management activities on the Commissioner's and Constabulary's revenue budget. Forecasts of cash balances, interest receipts and financing costs are regularly re-modelled. The revenue budget for 2025/26 and forecasts for future years have been updated in light of the latest available information as part of the financial planning process.

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

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

Key Messages

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

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

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

General Principles (Continued)

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

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

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

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

Treasury Management Cash Flow Forecast

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

Key Messages

Investment returns and borrowing rates have most likely peaked, they started to fall in 2024 and further rate cuts are expected through 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 2025 and for the following financial years are summarised below:

Estimated Treasury Position	Forecast	Estimate	Estimate	Estimate	Estimate
	2024/25	2025/26	2026/27	2027/28	2028/29
	£m	£m	£m	£m	£m
External Borrowing	0.000	0.000	0.000	0.000	0.000
Interest Payments	0.000	0.000	0.000	0.000	0.000
Investments (<u>Average</u>)	22.711	22.039	17.898	18.286	18.286
Interest Receipts	1.144	1.015	0.660	0.640	0.640

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 2025/26 is £1.015m (latest forecast for 2024/25 is £1.144m). Interest receipts are higher this year due to slippage of the capital programme and higher interest rates. The timing of future external borrowing is currently not known and negotiations regarding the exit of the PFI contract are still to be made.

The Commissioner's underlying need to borrow, as measured by the Capital Financing Requirement (CFR), is estimated to be £21.089m at the start of the 2025/26 financial year. This includes £3.402m 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

Core CPI inflation has risen to 3.5% during 2024 and is above the 2% target. The Bank of England forecast inflation will not fall to 2% until the end of 2025.

The Bank Rate is forecast to steadily reduce in 2025, with further reductions expected during 2026.

Treasury Management Interest Rate Forecast

- GDP fell by 0.1% m/m in October with a 0.1% month on month rebound in November, the economy has a bit less momentum than most economists previously thought and therefore a real risk remains to the economy contracting in Quarter 4 as a whole.
- UK CPI fell from 2.6% in November to 2.5% for December. Both services and core inflation are currently at rates clearly above those with the 2.0% target and are moving in the wrong direction, there isn't much downward momentum. The Bank of England forecasts CPI to be 2.7% y/y (Q4 2025) and 2.2% (Q4 2026) before dropping back in 2027 to 1.8% y/y.
- The latest forecast, updated on 11th November, sets out a view that both short and long-dated interest rates will start to fall once it is evident that the Bank of England has been successful in squeezing excess inflation out of the economy, despite a backdrop of stubborn inflationary factors and a tight labour market.

The Monetary Policy Committee (MPC) has reduced the Bank Rate by 50bps over the past twelve months, taking rates to 4.75%. At the December meeting a 6-3 majority saw it remain at 4.75%, with two members preferring to reduce the rate by 0.25%. The Committee continues to consider a range of cases for how the past global shocks that drove up inflation may unwind, and therefore how persistent domestic inflationary pressures may be. The MPC is also monitoring the impact on growth and inflationary pressures from the measures announced in the Autumn Budget, and from geopolitical tensions and trade policy uncertainty. These developments have generated additional uncertainties around the economic outlook.

Base Rate Estimates	2024/25	2025/26	2026/27	2027/28
Quarter 1	5.25%	4.50%	3.75%	3.50%
Quarter 2	5.25%	4.25%	3.75%	3.50%
Quarter 3	4.75%	4.00%	3.75%	3.50%
Quarter 4	4.75%	4.00%	3.50%	3.50%

Key Messages

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

Borrowing Strategy

Long Term Borrowing

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

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

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

Capital Financing Requirement	2023/24 Actual £m	2024/25 Forecast £m	2025/26 Estimate £m	2026/27 Estimate £m	2027/28 Estimate £m
Balance B/fwd	21.468	20.799	21.090	24.278	28.346
Plus Capital Expenditure financed from borrowing	0.012	1.027	4.086	5.447	4.615
Less MRP for Debt Redemption	(0.681)	(0.737)	(0.899)	(1.380)	(2.050)
Balance C/Fwd	20.799	21.089	24.277	28.345	30.911

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 to cover the Commissioner's expenditure profile whilst total investment balances remain high. This will continue to be monitored as levels of investments fall and if necessary, a minimum level of liquid cash to be maintained will be set.

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

Borrowing Strategy (Continued)

The Commissioner is not expected to have any external borrowing at the start of 2025/26. Given that the CFR is forecast to be £24.277m by the end of 2025/26, this effectively means that the Commissioner will be funding over £21.213m of capital spend from internal resources (CFR £24.277m less £3.064m in relation to the PFI).

Bank Rate rises over the recent period have continued to push up the cost of long-term finance to over 5%. Borrowing rates are expected to start falling during 2025 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 2025/26 remains broadly the same as in previous years as there has been little change in the markets or counterparties but is presented in line with the Link Treasury Services (treasury advisors) methodology.

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

The appropriate balance between risk and return is sought.

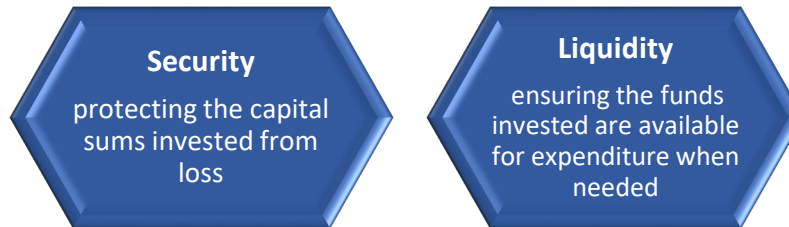
Investment Strategy

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 MHCLG in January 2018. The Commissioner does not currently have, and does not intend to invest in, service investments or commercial investments so the detail below focuses on a Treasury Management Investment Strategy.

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



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

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

Key Messages

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

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

Investment Strategy (Continued)

The Commissioner holds significant balances of invested funds, representing income received in advance of expenditure plus balances and reserves held. During 2024/25, the Commissioner's investment balance has ranged between £5.126m and £36.859m. The larger sum was due to the receipt in July 2024 of £16.520m pension top up grant from the Home Office, which is drawn down steadily over the remainder of the year. Balances in 2025/26 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 £29.000m.

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 2025/26 remains principally the same, however, the methodology used in applying the matrix for the placement of investments will be fully aligned with the Link Treasury Services methodology. A full explanation of each class of asset and the creditworthiness policy is provided in **Appendix A** together with a schedule of the limits that will be applied.

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

Key Messages

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

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

Investment Strategy (Continued)

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

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

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

The use of Financial Instruments for the Management of Risks

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

In the absence of any explicit legal power to do so, the Commissioner has no plans to use derivatives during 2025/26. Should this position change, the Commissioner may seek to develop a detailed and robust risk management framework governing the use of derivatives, but this change in strategy will require explicit approval. A derivative is a financial security with a value that is reliant upon or derived from, an

Key Messages

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

Investment Strategy (Continued)

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

Liquidity of investments

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

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

Under current market conditions there is still little opportunity to generate significant additional investment income by investing in longer time periods over one year. However, as always, investment plans should be flexible enough to respond to changing market conditions during the year. The estimate of investment income for 2025/26 amounts to £1.015m (£1.144m 2024/25) and actual investment performance will be reported regularly to the Commissioner and will be provided to members of the Joint Audit Committee as background information to provide guidance and support when undertaking scrutiny of Treasury Management procedures.

Key Messages

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

Treasury Risk and Treasury Management Practices

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

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

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

The 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%	0.00
12 months and within 24 months	100%	0.00
24 months and within 5 years	100%	0.00
5 years and within 10 years	100%	0.00
10 years and above	100%	0.00

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

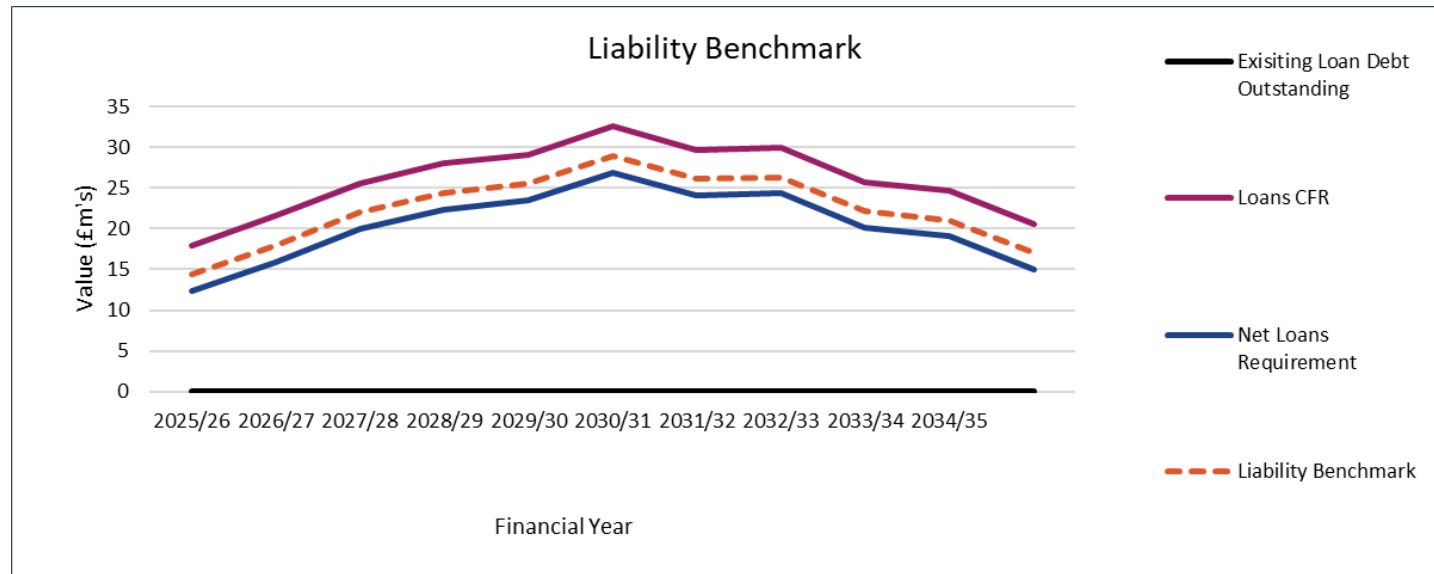
The purpose of this indicator is to contain the Commissioner’s exposure to the possibility of loss that might arise as a result of having to borrow short term at higher rates or losses by seeking early repayment of its investments.

Price Risk Indicator	2023/24	2024/25	2025/26	2026/27	2027/28
Limit on principal invested beyond one year	£2.000m	£2.000m	£2.000m	£2.000m	£2.000m

3. Liability Benchmark

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

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



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

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 2025/26

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	2023/24 Actual £m	2024/25 Forecast £m	2025/26 Estimate £m	2026/27 Estimate £m	2027/28 Estimate £m
Capital Expenditure	4.061	6.175	4.885	5.972	5.102

Capital Financing	2023/24 Actual £m	2024/25 Forecast £m	2025/26 Estimate £m	2026/27 Estimate £m	2027/28 Estimate £m
Capital Receipts	0.128	2.231	0.000	0.000	0.000
Government Grants	1.728	0.000	0.000	0.000	0.000
Revenue Contributions	2.193	2.917	0.799	0.525	0.487
Total Financing	4.049	5.148	0.799	0.525	0.487
Borrowing*	0.012	1.027	4.086	5.447	4.615
Total Funding	0.012	1.027	4.086	5.447	4.615
Total Financing and Funding	4.061	6.175	4.885	5.972	5.102

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 2025/26 (Continued)

Capital Financing Requirement

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

Capital Financing Requirement	2023/24 Actual £m	2024/25 Forecast £m	2025/26 Estimate £m	2026/27 Estimate £m	2027/28 Estimate £m
Balance B/fwd	21.468	20.799	21.090	24.278	28.346
Plus Capital Expenditure financed from borrowing	0.012	1.027	4.086	5.447	4.615
Less MRP for Debt Redemption	(0.681)	(0.737)	(0.899)	(1.380)	(2.050)
Balance C/Fwd	20.799	21.089	24.277	28.345	30.911

Authorised Limit

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

Authorised Limit for External Debt	2023/24 £m	2024/25 £m	2025/26 £m	2026/27 £m	2027/28 £m
Borrowing	23.598	24.187	27.714	31.935	34.500
Other Long Term Liabilities	3.701	3.402	3.064	2.911	2.911
Total Authorised Limit	27.299	27.589	30.778	34.846	37.411

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 2025/26 (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	2023/24 £m	2024/25 £m	2025/26 £m	2026/27 £m	2027/28 £m
Borrowing	22.098	22.687	26.214	30.435	33.000
Other Long Term Liabilities	3.701	3.402	3.064	2.911	2.911
Total Operational Boundary	25.799	26.089	29.278	33.346	35.911

Actual External Debt

The Commissioner's actual external debt as at 31 March 2025 will be £3.402m, comprising only of other long-term liabilities of £3.402m 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.

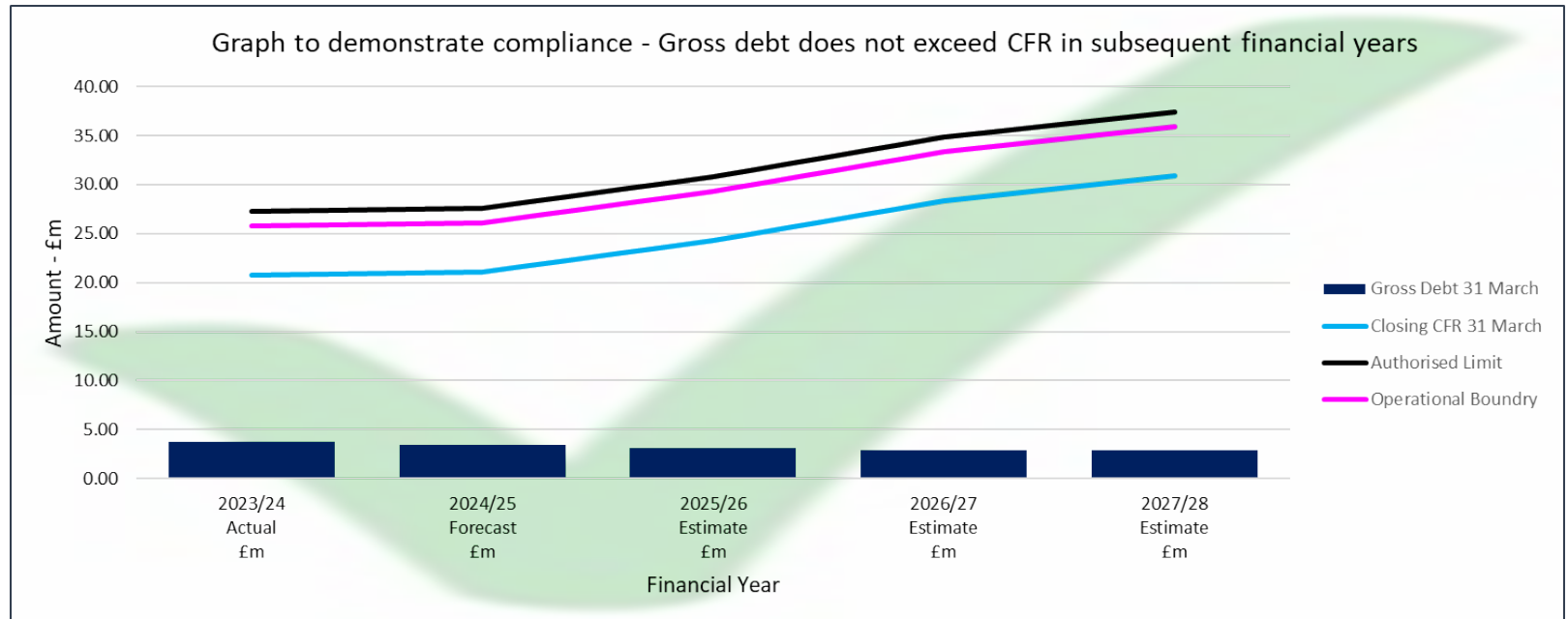
Other Prudential Indicators 2025/26 (Continued)

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	2023/24 Actual £m	2024/25 Forecast £m	2025/26 Estimate £m	2026/27 Estimate £m	2027/28 Estimate £m
Closing CFR 31 March	20.799	21.089	24.277	28.345	30.911
Gross Debt 31 March	3.701	3.402	3.064	2.911	2.911

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 2025/26 (Continued)

Ratio of financing costs

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

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

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

Ratio of Financing Costs to Net Revenue Stream	2023/24 Actual £m	2024/25 Forecast £m	2025/26 Estimate £m	2026/27 Estimate £m	2027/28 Estimate £m
Investment income	1.009	1.144	1.015	0.660	0.640
MRP	0.681	0.737	0.899	1.380	2.050
Financing Costs	-0.328	-0.407	-0.116	0.720	1.410
Net Revenue Stream	130.475	138.306	147.275	149.703	153.053
Ratio	-0.251%	-0.294%	-0.079%	0.481%	0.921%

Key Messages

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

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

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

Annual MRP Statement for 2025/26

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

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

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

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

It is proposed that The Commissioner’s MRP policy for 2025/26 is unchanged from that of 2024/25 and that the Commissioner utilises option 1 for all borrowing incurred prior to the 1st April 2008 and option 3 for all borrowing undertaken from 2008/09 onwards, irrespective of whether this is against supported or unsupported expenditure. This policy establishes a link between the period over which the MRP is charged and the life of the asset for which borrowing has been undertaken. It is proposed that a fixed instalment method is used to align to the Commissioner’s straight-line depreciation policy. MRP in respect of PFI and leases brought on to the balance sheet under the 2009 accounting requirements will match the annual principal repayment for the associated deferred liability. This will not result in an additional charge to the Commissioner’s revenue budget as this is part of the capital repayment element of the PFI unitary charge. There have been some additional voluntary contributions of MRP made in previous years that are available to reduce the revenue charges in later years. No such overpayments or withdrawals are planned for 2025/26.

Key Messages

Changes to the 2025/26 TMSS prudential indicators and MRP will be required once the detailed impact of IFRS16 is known at the 2024/25 financial year end.

A new International Financial Reporting Standard 16 (IFRS16) has been implemented in the 2024/25 financial year, introducing a single lessee accounting model that requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months unless the underlying asset is low value. This will require an adjustment to the Capital Financing Requirement, external debt (other long-term liabilities), the Authorised Limit and the Operational Boundary, to allow for those leases which were previously off-balance sheet, being brought onto the balance sheet.

The related assets and liabilities are brought onto the balance sheet increasing long-term liabilities, and as a result this will increase the debt liability. Generally accepted accounting practice requires these changes to be accounted for retrospectively, with the result that an element of the rental or service charge payable in previous years (and previously charged to revenue accounts) will be taken to the balance sheet to reduce the liability. On its own, this change in the accounting arrangements would result in a one-off increase to the CFR and an equal increase in revenue account balances. This is not seen as a prudent course of action and the code guidance aims to ensure local authorities are in the same position as if the change had not occurred. This is done by recommending the inclusion in the annual MRP charge of an amount equal to the amount that has been taken to the balance sheet to reduce the liability, including the retrospective element in the first year.

Currently, it is not possible to detail the adjustment figures until detailed data gathering has been completed at the end of the 2024/25 financial year. Following this It will be necessary to amend the MRP, Authorised Limit and Operational Boundary limits, this will be amended mid-year once the detailed impact is known.

Creditworthiness Policy

The lending criteria set is designed to ensure that, in accordance with The Code of Practice, the security of the funds invested is more important than maximising the return on investments. Following consultation with the Commissioner's treasury advisors there are no amendments to the criteria used in determining approved investment counterparties for 2025/26 compared to those in operation for 2024/25. However there has been a change in the methodology to applying the matrix for placing investments.

The criteria for approving investment counterparties have been devised, grouped, graded and investment limits attached as detailed in Schedule A below. The individual, group and category limits are based on a percentage of the potential maximum sums available for investment during the year of up to £40m. The counterparty limits for 2025/26 are essentially the same as the limits for 2024/25, however, the methodology used in applying the matrix for the placement of investments has been fully aligned with Link Treasury Services methodology. This service employs a sophisticated modelling approach utilising credit ratings from the three main credit rating agencies - Fitch, Moody's and Standard & Poor's. The credit ratings of counterparties are supplemented with the following overlays: -

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

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

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

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

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

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

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

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

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

Schedule A – Counterparty Groupings and Associated Limits

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

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

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

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

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

Creditworthiness.

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

Credit Default Swap (CDS) prices

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

Limits

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

- a. Non-specified treasury management investment limit. The Commissioner has determined that it will limit the maximum total exposure of treasury management investments to non-specified treasury management investments as being 10% (£2m) of the total treasury management investment portfolio.
- b. Country limit. The Commissioner has determined that it will only use approved counterparties from the UK and from countries with a minimum sovereign credit rating of AA from Fitch.
- c. No more than £6 Million (15% at full capacity) will be placed with any non-UK country at any time;
- d. Sector limits will be monitored regularly for appropriateness.
- e. Whilst these limits also apply to the Commissioner's own bankers in the ordinary course of business if that bank's lowest rating falls below 'A-' balances will be maintained for operational purposes only and minimised on a daily basis. A non-investment limit of £1m will apply in such circumstances.

All Changes are highlighted in green

Please note - The appointed treasury Advisors, Link Treasury Services Limited have changed name to MUFG Corporate Markets.



Joint Treasury Management Practices 2025/26

The Commissioner and Members are asked to note that any changes in wording from the previous document have been highlighted in green.

On 1 April 2023, the Police, Fire and Crime Commissioner took responsibility for Fire 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 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).

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/Fire 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/Fire 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~~ ~~MUFG Corporate Markets~~) 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~~ ~~MUFG Corporate Markets~~ 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 Constabulary 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/Fire Chief Finance Officer. Where exceptional circumstances make it necessary to deviate from the approved lending list limits this will be approved by the PFCC/Fire Chief Finance Officer (or in his/her absence by the Constabulary 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 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 Corporate Support / Financial Services

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/Fire 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/Fire 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/Fire 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).

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/Fire 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/Fire

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/Fire 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/Fire 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 Constabulary Chief Finance Officer will on behalf of the PFCC/Fire Chief Financial Officer recommend and implement the necessary arrangements.

The PFCC/Fire 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 arrangement's rests with the PFCC/Fire 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-MUFG Corporate Markets**, 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/Fire 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 by two Financial Services Officers, under the guidance of the Financial Services Manager (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 (Financial Accounting)
 - 2) Group Accountant
- 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/Fire 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~~ MUFG Corporate Markets provide regular updates on the financial markets and the wider UK economy to inform the treasury management team. The PFCC/Fire 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/Fire 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/Fire 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/Fire Chief Finance Officer and the Constabulary 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~~ MUFG Corporate Markets.

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 to act as broker and facilitate the placement of term cash, wef 20th February 2024~~
- MUFG Corporate Markets Limited

~~In addition to this ICD (Institutional Cash Distributors) provide an online portal to the Commissioner to facilitate direct dealing with financial institutions.~~

Consultants/Advisors - The Commissioner has appointed ~~Link Treasury Services Limited~~ MUFG Corporate Markets as its treasury advisors for the financial year 01 April 2024 to 31 March 2027.

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/Fire Chief Finance Officer. The PFCC/Fire 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/Fire 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 (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/Fire Chief Finance Officer in respect of any borrowings.

The **Financial Services Manager (financial Accounting)** 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/Fire Chief Finance Officer and the Director of Corporate Support.

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 (Financial Accounting)
- 2) Group Accountant

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.

The **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 to act as broker and facilitate the placement of term cash, wef 20th February 2024~~
- ~~MUFG Corporate Markets Limited~~

~~In addition to this ICD (Institutional Cash Distributors) provide an online portal to the Commissioner to facilitate direct dealing with financial institutions.~~

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/Fire 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 Officer (Financial Accounting), and will be presented to the Constabulary Chief Finance Officer and PFCC/fire Chief Finance Officer.

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**-Officer (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/Fire 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/Fire Chief Finance Officer to be responsible for ensuring compliance with the Money Laundering Regulations 2007.

The PFCC/Fire 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/Fire 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/Fire 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~~ MUFG Corporate Markets, to provide a range of technical advice and information covering the treasury business. The contract is awarded following consultation with the PFCC/Fire 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 to act as broker and facilitate the placement of term cash, wef 20th February 2024~~
- MUFG Corporate Markets Limited

~~In addition to this ICD (Institutional Cash Distributors) provide an online portal to the Commissioner to facilitate direct dealing with financial institutions.~~

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/Fire 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 2024/25 for the period
 01 October 2024 to 31 December 2024



Executive Board - Police 11/02/2025, Public Accountability Conference 13/02/2025
 and Joint Audit Committee 26/03/2025



Cash flow Balances

Quarter 3 average daily balance -
 £26.56m
 Investment balance @ 31/12/24
 £16.117m

Investment Strategy

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

Category	Category Limit (£m)	Investments at 31 Dec (£m)	Compliance with Limit
1 - Banks Unsecured	20	9.917	Yes
2 - Banks Secured	20	0.000	Yes
3 - Government (inc LA)	10	3.000	Yes
4 - Registered Providers	10	0.000	Yes
5 - Pooled Funds	15	3.200	Yes
Total		16.117	



Borrowing Strategy

As a result of inflationary pressures on the budget, the decision was taken to reduce revenue contributions to capital by £3m p.a. and to replace this with borrowing as a means of balancing the revenue budget. However, it is anticipated that in 2024/25 borrowing will not become necessary.



Investment Interest Forecast

Base Budget - £0.400m
 Revised Budget - £1.076m
 Current Estimate - £1.144m

Performance Indicators

Quarter 3	Number of Days	Average Balance (£)	Largest Balance (£)
Days In Credit	92	141,035	6,504,482
Days Overdrawn	0	0	0

Average interest rate earned – 5.05%
 Average bank base rate – 5.03%
 (Current bank base rate – 4.75%)

Treasury and Prudential Indicators

During the period 01 October 2024 to 31 December 2024, 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 indicators are shown on page 3.

Economic Outlook and Treasury position for the quarter ended 31 December 2024

Base Rate Estimates	2024/25	2025/26	2026/27
Quarter 1	5.25%	4.50%	3.75%
Quarter 2	5.25%	4.25%	3.75%
Quarter 3	4.75%	4.00%	3.75%
Quarter 4	4.75%	4.00%	3.50%

Quarter 3 of 2024 saw GDP fall by 0.1% month on month in October with a 0.1% month on month rebound in November, the economy has a bit less momentum than most economists previously thought and therefore a real risk remains to the economy contracting in Quarter 4 as a whole. UK CPI fell from 2.6% in November to 2.5% for December, both services and core inflation are currently at rates above those with the 2.0% target and are generally moving in the wrong direction. Capital Economics are forecasting that CPI inflation will rebound in January, perhaps to almost 3.0% and that inflation will remain higher for the first half of 2025.

The latest forecast sets out a view that both short and long-dated interest rates will start to fall once it is evident that the Bank of England has been successful in squeezing excess inflation out of the economy, despite a backdrop of stubborn inflationary factors and a tight labour market. The Bank of England cut interest rates from 5.0% to 4.75% in November and held them steady in December, with two members preferring to reduce the rate by 0.25%. The Committee continues to consider a range of cases for how the past global shocks that drove up inflation may unwind, and therefore how persistent domestic inflationary pressures may be.

Borrowing position for the quarter ended 31 December 2024

At 31st December 2024 there were no loans outstanding.

Investments in place on 31 December 2024

Category/Institution	Credit Rating	Investment Date	Investment Matures	Rate (%)	Counterparty Total (£)
Category 1 - Banks Unsecured (Includes Banks & Building Societies)					
Lloyds Bank	A+	01/04/2024	On Demand	4.62%	1,906,830
Link Treasury - SMBC Bank	A+	03/07/2024	03/01/2025	5.160%	2,000,000
Link Treasury - National Bank of Kuwait	A+	03/07/2024	04/04/2025	5.260%	2,000,000
Link Treasury - Goldman Sachs	A+	03/07/2024	28/02/2025	5.130%	2,000,000
Nationwide	A+	03/07/2024	21/03/2025	4.880%	2,000,000
NatWest (Liquidity Select Acc)	A+	01/04/2024	On Demand	1.356%	10,000
					9,916,830
Category 2 - Banks Secured (Includes Banks & Building Societies)					
None					
					0
Category 3 - Government (Includes HM Treasury and Other LA's)					
DMO		06/12/2024	13/01/2024	4.700%	3,000,000
					3,000,000
Category 4 - Registered Providers (Includes Providers of Social Housing)					
None					
					0
Category 5 - Pooled Funds (Includes AAA rated Money Market Funds)					
Invesco	AAA	Various	On demand	4.750%	916,500
BlackRock	AAA	Various	On demand	4.680%	94,500
Fidelity	AAA	Various	On demand	4.760%	907,000
Goldman Sachs	AAA	Various	On demand	4.650%	251,750
Aberdeen Standard	AAA	Various	On demand	4.770%	1,030,000
					3,199,750
Total					16,116,580

At the end of December funds invested were £16.117m. The breakdown is: 19% held in money markets funds, 50% in bank deposits, 19% in government accounts and 12% 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 monthly throughout the year. As the funds held decline liquidity is monitored to ensure funds are available when needed.

The pension grant for 2024/25 of £16.520m was received on 3rd July 2024 and when the Home Office grant for July was received investments reached their highest level of £35.037m.

During June the treasury department commenced using Link Treasury Services (LTS), a branch of our current treasury advisors, to expand the available options for investments. LTS invest term cash, which is held within the LTS Pooled Trust Account, the funds are clearly and separately identified by LTS records. This has enabled the first sustainable deposit to be placed with Standard Chartered Bank, whereby there is an underlying commitment to support activities that provide sustainable & environmentally friendly services & products.

Treasury and Prudential Indicators 2024/25 at 31 December 2024

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 section 3(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 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>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.</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 2024/25.</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 Commissioner is planning to borrow in advance of need.</i>	TEST - Is the PFCC planning to borrow in advance of need	NO		Capital Financing Requirement <i>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.</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 Commissioner having large concentrations of fixed rate debt needing to be repaid at any one time.</i>	TEST - Does the PFCC 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 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.