

AUDIT COMMITTEE

Wednesday 25th January 2023 at 14.00 hrs
Microsoft Teams and Barsby Conference Room

A G E N D A

Note for Members of the Public:

Please contact the OPCCN (details below) prior to the meeting if you wish to attend the Committee for the public part of the agenda.

Part 1 – Public Agenda

1. Welcome and Apologies
2. Declarations of Personal and/or Prejudicial Interests
3. To approve the minutes of the meeting held on 11 October **2022** Page 4
4. Review and update the Action Log Page 9
5. Internal Audit 2022/23 Summary of Internal Control - Report from Head of Internal Audit Page 14
6. Treasury Management Reports -2021/22 Half Year Update and 2022/23 Strategy (draft) – Report from CFO Page 44
7. Report on Annual Governance Statement – Report from CFO Page 71
8. Forward Work Plan – Report from CFO Page 88

Part 2 – Private Agenda

- 9. Fraud update – Report from CFO's
- 10. Audit Follow up report- Report from Internal Audit
- 11. Strategic Risk Register Update – Report from Chief Exec and CC
- 12. AOB – PSAA procurement and fee variations

Date of Next Meeting

Tuesday 14th March 2023 at 14.00hrs – Teams and In Person Meeting

Enquiries to:
OPCCN

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如果您希望把这份资料翻译为国语，请致电 01953 424455 或发电子邮件至：
opccn@norfolk.police.uk 联系诺福克警察和犯罪事务专员办公室。

Если вы хотите получить данный документ на русском языке, пожалуйста, обратитесь в Управление полиции и комиссии по рассмотрению правонарушений в графстве Норфолк по тел. 01953 424455 или по электронной почте: opccn@norfolk.police.uk

Se desejar obter uma cópia deste documento em português, por favor contacte o Gabinete do Comissário da Polícia e Crimes através do 01953 424455 ou pelo e-mail: opccn@norfolk.police.uk

Jei šio dokumento kopiją norėtumėte gauti lietuvių kalba, prašome susisiekti su Policijos ir nusikalstamumo komisarų tarnyba Norfolk grafystėje (Office of the Police and Crime Commissioner for Norfolk) telefonu 01953 424455 arba elektroninio pašto adresu opccn@norfolk.police.uk

Jeśli chcieliby Państwo otrzymać kopię niniejszego dokumentu w języku polskim, prosimy skontaktować się z władzami policji hrabstwa Norfolk (Office of the Police and Crime Commissioner for Norfolk) pod numerem 01953 424455 lub pisać na: opccn@norfolk.police.uk



NORFOLK
CONSTABULARY
Our Priority is You

Audit Committee Meeting

Tuesday 11 October 2022

14:00 hours

Via Microsoft Teams

MINUTES

Members in attendance:

Mr R Bennett (Chair)
Ms A Bennett
Ms J Hills
Mr A Matthews
Mr P Hargrave

Also, in attendance:

| | |
|--------------------|--|
| Mr G Orpen-Smellie | Police and Crime Commissioner, OPCC |
| Ms J Penn | Chief Finance Officer, (PCC CFO), OPCC |
| Mr P Jasper | Assistant Chief Officer (ACO), Norfolk Constabulary |
| Mr W Drummond | HMIC and PCC Liaison Inspector, Norfolk Constabulary |
| Ms C Lavery | Audit Manager, TIAA |
| Mr M Hodgson | Associate Partner, Ernst & Young LLB |
| Mrs J Curson | Transcribing the minutes from the Teams Recording |

Part 1 – Public Agenda

1.0 Welcome and Apologies

1.1 Apologies were received from Mark Stokes, Chief Executive OPCC, Simon Megicks Deputy Chief Constable and Fiona Roe TIAA.

1.2 The chair advised that the meeting was quorate given the attendance.

1.3 There were no questions received from the general public.

2.0 Declarations of Personal and/or Prejudicial Interest

2.1 None were recorded.

- 2.2 The Chair asked for all committee members to email the CFO direct if there are any changes from the last updated version to enable this to be kept up to date on the website.

3.0 Minutes of the last meeting

- 3.1 The minutes of the last meeting were duly agreed by the Audit Committee members as an accurate account and the Chair will now sign these as an accurate record of the meeting.

4.0 Action Log

- 4.1 The action log was reviewed in detail and the log will be updated to reflect the discussion.

5.0 Internal Audit Progress Report

- 5.1 C Lavery advised that this report includes two finalised audits for Workplace Health and Complaints and both of these have been assigned a reasonable assurance opinion.

- 5.2 Appendix B outlines TIAA's current performance and C Lavery advised that management have asked for a couple of audits to be postponed until quarter 4 due to operational pressures and summer leave. TIAA are happy to accommodate these requests and have recruited extra staff to be able to complete the plan by the due date.

- 5.3 Appendix C outlines the overdue recommendations.

5.4 Fire Safety recommendations

C Lavery advised that since the last report a detailed update has been received and fire safety compliance continues to improve. The senior leadership team now undertake enhanced monitoring to ensure better compliance with fire safety regulations. C Lavery also advised that work is still underway to recruit a Fire Safety Officer.

5.5 Vetting recommendations

C Lavery advised that since this report was presented to the Audit Committee an additional member of staff has been appointed and this has assisted with the continued reduction in relation to the backlogs in the number of vetting requests. TIAA will continue to monitor and if good progress is maintained then consideration will be given to closing the outstanding recommendation at the next Committee meeting.

- 5.6 **Action 83:** A Bennett raised the issue of the outstanding actions for fire safety as on reviewing these they have been taken off, so there is no audit trail in relation to any updates. This relates to Action 73 and Action 74 from the action log of the last Committee meeting. C Lavery proposed that going forward all recommendations will show actions taken together with the recommendation to the Audit Committee that the action is closed. C Lavery to also include a list of those recommendations that have met their due date and have been closed.
- 5.7 J Hills raised issue of the Vetting report which shows a request for a further revised date, as this report had already previously had a revised date. The ACO advised that the situation has improved considerably and that we have now reached the point where the outstanding recommendations could be closed.
- 5.8 **Action 84:** The Chair advised that there is an error in the Complaints report, C Lavery will arrange for this to be amended and will forward to the CFO for circulation to the Committee.
- 5.9 The Chair asked if there is a timescale for responding to complaints. The CFO confirmed that there are timescales in place for both Complaints to the constabulary and the PCC.
- 5.10 The Chair asked about the Safeguarding report as this is showing on the report as a Q1 status and asked if this report has been delayed. C Lavery confirmed that was completed at the end of Q1, is currently at draft stage and has now been issued. However, the lead contact has just changed roles so just need to make sure that the appropriate person signs off the report.
- 5.11 C Lavery confirmed that there are no other reports that have been delayed, and the HR reports are now being finalised with the new Director of HR. A Bennett asked about the HR reports as they were at draft stage in July at the last committee meeting and three months later, they have still not been finalised, which seems a long delay. C Lavery advised that we need to ensure that these recommendations are accountable at the correct management level and apologised for the delay which TIAA will ensure does not occur in the future. The Chair asked TIAA to include details of any delays with reports within the summary introduction of their report.
- 5.12 A Matthews advised that in the final workplace health report most of the implementation dates have either already passed or just about to pass and felt that there are some timing issues with this which should be addressed. C Lavery responded that due to the Committee only meeting every quarter that occasionally this may cause issues with timing.
- 5.13 **Action 85:** A Matthews asked regarding the Complaints report if there would be any data protection issues in relation to the use of spreadsheets mentioned at point 2. C Lavery to check this as this audit was completed by another auditor. Both the ACO and CFO advised that they felt there were no issues but C Lavery is to check this and send an email update to the Audit Committee outside of the meeting.

- 5.14 **Action 86:** P Hargrave asked whether the management report mentioned on page 26 of the Complaints audit is being developed. The ACO will investigate this and provide an update to the Committee.

6.0 External Audit Plan

- 6.1 M Hodgson advised that it has been a very stable year in terms of the audit risks that have been highlighted, so there hasn't been any increase in any risk designation and there are no new risks identified. With the exception of the two standard fraud risks which are on all public sector audits there are no significant risks highlighted.
- 6.2 M Hodgson advised that there had been no changes to either the methodology for calculating materiality or the thresholds that E&Y have applied and the values are set out in their report.
- 6.3 The Chair asked about the audit timetable and M Hodgson confirmed that there no current risks for not meeting the timetable.
- 6.4 The committee noted the issues covered in the plan.

7.0 Committee Skills Review

- 7.1 The CFO thanked the committee for completing their skills return and it is very evident that the skills and the experience of the Committee are very high. The only concern is the fact that two of the Committee members will be standing down next year due to completing their terms. The recruitment process will commence in January 2023 and the CFO will arrange for the OPCCN website to include a recruitment process for new members of the Committee and will be discussing the process with the new Director of HR.
- 7.2 The CFO has ordered the latest edition of guidance for Local Authorities and Police for Audit Committees and this will be shared with the Committee to discuss any pertinent changes or issues. However, the CFO advised that currently most of the recommendations are already covered so there shouldn't been any significant issues with implementation.

Action 87: J Hills will be one of the members who will be leaving next year, and a discussion will be required in relation to her replacement on the Corporate Governance Group. J Hills to email the other members of the Committee to give an outline of what this entails.

8.0 Forward Work Plan

- 8.1 The Chair asked if there were any issues or questions with the forward plan that had been circulated and the Committee confirmed that they were happy with the plan. The plan is now confirmed up until July 2023. The CFO advised that the date held in the diaries for 29 November 2022 can now be cancelled as the accounts will now be considered at the meeting on 14 March 2023.

- 8.2 The briefing on workplace health will be rescheduled and will be re-aligned with the follow up from the audit report.

Action 88: As there are several briefings that need to be listed for the quarterly briefing sessions, the CFO will circulate a list of these to the Committee members to enable them to prioritise the topics and consider these in line with the audit plan.

- 8.3 **Action 89:** The CFO asked if the Committee members would like the briefing sessions and the Audit Committee meeting to be on the same day face to face. The Chair to canvass the other committee members to ascertain their view on this and confirm back to the CFO their views.

- 8.4 There will be a private meeting the Audit Committee members, internal audit and external audit on 25 January 2023 at 0900 hours.

Meeting closed

Audit Committee
Public – Part 1

Action Log

| Action Number | Meeting Date | Actions and update | Owner | Status |
|-----------------------------------|--------------|--|-------|--------|
| New Actions: 12 April 2022 | | | | |
| 071 | 12.4.22 | <p>Seized Monies Action: C Lavery to supply to the Audit Committee data in relation to seized monies volumes and length of time being held. Update 5.7.22 C Lavery asked for more clarity on what was required, and A Bennett advised that she would like information about the overall amount of money and how well it is controlled and managed. C Lavery to circulate data after the meeting showing a summary of monies seized and held. P Jasper also advised that there are delays currently with cases going to court due to issues within the criminal justice system and this is in turn is causing delays with seized monies.</p> | TIAA | Live |

| | | | | |
|----------------------------|---------|--|-------------------------|------------------------|
| | | Update 11.10.22 There has been a reduction in the number of items and the length of time taken to bank these items. C Lavery advised that although this recommendation has been closed, TIAA will continue to monitor. C Lavery will send a formal email to confirm more exact details about the number of items and the dates they were seized. | | |
| 073 | 12.4.22 | <p>Fire Safety Action: The ACO to discuss fire safety with the DCC outside of the meeting as the Health and Safety is part of the DCC's portfolio and TIAA to give an update at the next meeting.</p> <p>Update 5.7.22 P Jasper has discussed with both the DCC and the Health and Safety team. Joint Health and Safety meetings take place quarterly and these are chaired by the Head of People. Progress has been good overall and any outstanding issues have been raised at the Joint Chief Officer Team meeting. Training and upskilling of those responsible persons on site will continue. The appointment of a new Fire Safety officer is now in progress and this will continue to improve fire safety on all sites. Further update at next meeting.</p> <p>Update 11.10.22 P Jasper advised that the DCC chairs the joint Health and Safety meeting and Tom Wright the Health and Safety Manager reports to that board. There has been some proactive work by Tom Wright to ensure that fire safety checks are reinstated following a pause during Covid19. There will be a presentation on Fire safety at the Audit Committee's briefing session in January 2023. Action closed</p> | P Jasper/TIAA | Action closed 11.10.22 |
| New Actions: 5 July | | | | |
| 074 | 5.7.22 | <p>Fire Safety Action: Following on from the update at action 073, the Chair asked for the CFO to arrange for a brief from the Health and Safety manager at the next available briefing session and there will also be an update from TIAA in the follow up report.</p> <p>Update 11.10.22 The follow up report from TIAA is on the agenda and will be discussed by the Committee when this is presented later in the meeting.</p> | J Penn/TIAA | Live |
| 075 | 5.7.22 | Internal Audit | P Jasper/J Penn/TIAA | Action closed 11.10.22 |

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|-----|--------|--|-----------------|------------------------|
| | | <p>The ACO confirmed that following a robust process that TIAA have been awarded the contract.</p> <p>The Chair offered congratulations to F Dodimead and C Lavery.</p> <p>Action: The ACO and CFO to meet with F Dodimead and C Lavery to discuss any opportunities to change processes for the better. TIAA will also be looking at the numbers of days across Norfolk and Suffolk to keep within the budget.</p> <p>11.10.22 Meeting with the ACOs and TIAA has now taken place. This was a constructive meeting and further meetings will take place on a regular basis.</p> <p>Action closed.</p> | | |
| 076 | 5.7.22 | <p>Internal Audit – Progress Report</p> <p>Action: TIAA to arrange for a recommendation to be included within the Key Financials report with a management view on the risks of dealing with invoices in the AR team to enable the Committee to consider and comment.</p> <p>Update 11.10.22 P Jasper and C Lavery to discuss this further outside of the meeting.</p> | P Jasper / TIAA | Live |
| 077 | 5.7.22 | <p>Succession Planning Recommendation</p> <p>Action: The ACO and TIAA to discuss outside of the meeting the clarity of this recommendation.</p> <p>Update 11.10.22 P Jasper and C Lavery to discuss this further outside of the meeting.</p> | P Jasper / TIAA | Live |
| 078 | 5.7.22 | <p>Annual Head of Internal Audit Opinion</p> <p>Action: C Lavery to amend the wording on page 32 to give more clarity in relation to the limited assurances reports that were included from last year.</p> <p>Update 11.10.22 The report has been amended and C Lavery will arrange for this to be circulated to members following the meeting.</p> <p>Action closed</p> | TIAA | Action closed 11.10.22 |
| 079 | 5.7.22 | <p>Draft Accounts</p> <p>Action: The Chair asked for the Committee to direct any questions/comments in relation to the accounts to the ACO and the CFO.</p> <p>Update 11.10.22 Action closed</p> | All | Action closed 11.10.22 |

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|--------------------------------------|----------|--|--------|------------------------|
| 080 | 5.7.22 | <p>Draft Annual Governance Statement</p> <p>Action: A Matthews raised an issue with the inconsistent numbering within the report and the CFO to arrange for the numbering to be amended.</p> <p>11.10.22 The CFO advised that the AGS has been amended and the revised version will be presented to the Audit Committee at the meeting in January 2023.</p> <p>Action closed</p> | J Penn | Action closed 11.10.22 |
| 081 | 5.7.22 | <p>Draft Annual Governance Statement</p> <p>Action: It was agreed that the section 'Significant Governance Issues', could include the fact that there were no limited assurance reports for 2021/22 but that the Corporate Governance Working Group was making sure that any limited assurance reports received in 2020/21 were resolved. The CFO to arrange for the AGS to be amended to include these details.</p> <p>11.0.22 The CFO advised that the AGS has been amended and the revised version will be presented to the Audit Committee at the meeting in January 2023.</p> <p>Action closed</p> | J Penn | Action closed 11.10.22 |
| 082 | 5.7.22 | <p>Audit Plan</p> <p>Action: The CFO to update the forward plan to include the audit plan on the October meeting.</p> <p>11.10.22 This will be discussed on the agenda action closed.</p> | J Penn | Action closed 11.10.22 |
| New actions: Tuesday 11 October 2022 | | | | |
| 083 | 11.10.22 | <p>Recommendations</p> <p>Action: A Bennett raised the issue of the outstanding actions for fire safety as on reviewing these they have been taken off, so there is no audit trail in relation to any updates. This relates to Action 73 and Action 74 from the action log of the last Committee meeting. C Lavery proposed that going forward all recommendations will show actions taken together with the recommendation to the Audit Committee that the action is closed. C Lavery to also include a list of those recommendations that have met their due date and have been closed.</p> | TIAA | Live |
| 084 | 11.10.22 | <p>Complaints Report</p> <p>Action: The Chair advised that there is an error in the Complaints report, C Lavery will arrange for this to be amended and will forward to the CFO for circulation to the Committee.</p> | TIAA | Live |

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|-----|----------|--|-----------|------------------------|
| 085 | 11.10.22 | <p>Complaints Report</p> <p>Action: A Matthews asked regarding the Complaints report if there would be any data protection issues in relation to the use of spreadsheets mentioned at point 2. C Lavery to check this as this audit was completed by another auditor. Both the ACO and CFO advised that they felt there were no issues but C Lavery to check this and send an email update to the Audit Committee outside of the meeting.</p> | TIAA | Live |
| 086 | 11.10.22 | <p>Complaints Report</p> <p>Action: P Hargrave asked whether the management report mentioned on page 26 of the Complaints audit is being developed. The ACO will investigate this and provide an update to the Committee.</p> | P Jasper | Live |
| 087 | 11.10.22 | <p>Attendance of the Corporate Governance Group</p> <p>Action: J Hills will be one of the members who will be leaving next year, and a discussion will be required in relation to her replacement on the Corporate Governance Group. J Hills to email the other members of the Committee to give an outline of what this entails.</p> | J Hills | Live |
| 088 | 11.10.22 | <p>Briefing Sessions</p> <p>Action: As there are several briefings that need to be listed for the quarterly briefing sessions, the CFO will circulate a list of these to the Committee members to enable them to prioritise the topics and consider these in line with the audit plan.</p> | J Penn | Live |
| 089 | 11.10.22 | <p>Action: The CFO asked if the Committee members would like the briefing sessions and the Audit Committee meeting to be on the same day face to face. The Chair to canvass the other committee members to ascertain their view on this and confirm back to the CFO their views.</p> <p>Update: 18 November</p> <p>The Chair has now emailed the CFO to advise that the Committee would like to revert to having the briefings on the same day as the committee meeting.</p> | R Bennett | Action closed 18.11.22 |



Internal Audit

FINAL

Police and Crime Commissioner for Norfolk and Chief Constable of Norfolk Constabulary

Summary Internal Controls Assurance (SICA) Report

2022/23

January 2023

Summary Internal Controls Assurance

Introduction

1. This summary controls assurance report provides the Audit Committee with an update on the emerging Governance, Risk and Internal Control related issues and the progress of our work at Police and Crime Commissioner for Norfolk and Chief Constable of Norfolk Constabulary as at the 16th January 2023.

Emerging Governance, Risk and Internal Control Related Issues

2. Corporate social responsibility (CSR) refers to the self-imposed responsibility of businesses to society in areas such as the environment, the economy, employee well-being, and competition ethics. Many businesses use internal CSR regulation as a form of moral compass to positively influence the ethical development of their business.

Traditionally, CSR was viewed as something only large businesses practiced. In the past, simply having a CSR intention in place was already enough for a business to be recognised as socially responsible, even if the idea of social responsibility did not influence the business model or the production processes. In today’s market however, businesses of all sizes are increasingly held responsible for their social and environmental impact by their customers. And because every business is part of a value/supply chain consisting of other businesses, when they advocate for sustainability, ethical practices, and generosity, this creates a positive ripple effect on all stakeholders.



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 | Number of Recommendations | | | |
|---|------------|---------------------------|---|---|-----|
| | | 1 | 2 | 3 | OEM |
| PEQF | Reasonable | - | 1 | 1 | - |
| Safeguarding – Child Protection | Reasonable | - | - | 5 | 1 |
| Absence Management including Limited Duties | Reasonable | - | 7 | - | - |

4. The Executive Summaries and the Management Action Plans for each of the finalised reviews are included at Appendix A. There are no issues arising from these findings which would require the annual Head of Audit Opinion to be qualified.

Progress against the 2021/22 and the 2022/23 Annual Plan

5. Our progress of work to date is set out in Appendix B.

Changes to the Annual Plan 2022/23

6. There have been no changes made to the 2022/23 internal audit plan.

Progress in actioning priority 1 & 2 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.. More information on overdue recommendations is provided in Appendix C.

Frauds/Irregularities

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

Other Matters

9. We have issued a number of briefing notes and fraud digests, shown in Appendix D, 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.


Executive Summaries and Management Action Plans

The following Executive Summaries and Management Action Plans are included in this Appendix. Full copies of the reports are available to the Audit Committee on request. Where a review has a 'Limited' or 'No' Assurance assessment the full report has been presented to the Audit Committee and therefore is not included in this Appendix.

| Review | Evaluation |
|---|------------|
| PEQF | Reasonable |
| Safeguarding – Child Protection | Reasonable |
| Absence Management including Limited Duties | Reasonable |

Executive Summary – PEQF

OVERALL ASSESSMENT



ASSURANCE OVER KEY STRATEGIC RISK / OBJECTIVE

PEQF is not delivered and the

SCOPE

Reviewed the systems and controls in place for ensuring appropriateness and readiness of the constabularies for PEQF.

KEY STRATEGIC FINDINGS

- Both Norfolk and Suffolk met their target for going live with the policing education qualifications framework (PEQF) in April 2022.
- Both Norfolk and Suffolk had full cohorts of Degree Holder Entry Programme (DHEP) students when PEQF went live.
- KPIs need to be agreed with Anglia Ruskin University (ARU) to help enable effective monitoring of the ARU contract.
- An end of project report for PEQF needs to be produced.

GOOD PRACTICE IDENTIFIED

- Arrangements are in place to support PEQF being business as usual.
- A Positive Action team has been established, this helps support Norfolk and Suffolk being able to adopt a more targeted approach to recruitment.

ACTION POINTS

| Urgent | Important | Routine | Operational |
|--------|-----------|---------|-------------|
| 0 | 1 | 1 | 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) |
|------|-----------|--|--|----------|---|-------------------------------------|---------------------------------|
| 2 | Directed | <p>Plans are in place to monitor the performance of the contract with ARU, but these could be strengthened.</p> <p>A monthly performance meeting is held with ARU, and KPIs are in the process of being developed.</p> <p>Appropriate KPIs need to be developed to ensure that there is a means to monitor the performance of ARU.</p> | KPIs to be agreed with ARU and performance against these to be formally monitored. | 2 | <i>Agreed, draft KPIs have been drawn up and these are in the process of being developed and formally agreed with ARU. Once these have been agreed monitoring against the KPIs will commence.</i> | 31/01/23 | PEQF Project Lead |
| 1 | Directed | <p>An end of project report has not been produced, although it has been identified that there is a need to produce this.</p> <p>The report is needed, as it is used by project managers to evaluate how successful a project was and to identify any potential lessons to be learnt going forward.</p> | An end of project report to be produced. | 3 | <i>Agreed, this will be produced.</i> | 31/01/23 | PEQF Project Lead |

Executive Summary – Safeguarding – Child Protection

OVERALL ASSESSMENT

ASSURANCE OVER KEY STRATEGIC RISK / OBJECTIVE

Failure to support victims and reduce vulnerability.

SCOPE

The objective of the audit was to determine if there are effective controls in place to meet statutory obligations in relation to Child Protection.

KEY STRATEGIC FINDINGS

- There is an up-to-date Child Protection Policy in place. The Policy is in need of review to ensure that the training section reflects current practice.
- Risks, resources and delivery of safeguarding the public are routinely monitored and reported to the Senior Management Team. A recommendation has been made to include progress on actions against the Constabulary's Section 11 self-assessment as part of its reporting process.
- Developments are in place to enable better prioritisation of referrals to the MASH team. The feasibility of including screening (timescale) targets should also be considered.
- Testing of Multi Agency Safeguarding Unit referrals found that the Child Protection Policy had been complied with. Two minor issues were identified in respect of the records maintained.

GOOD PRACTICE IDENTIFIED

- Potential Child Protection risks are reported routinely through the Athena system and screened by the MASH team.

ACTION POINTS

| Urgent | Important | Routine | Operational |
|--------|-----------|---------|-------------|
| 0 | 0 | 5 | 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 | The Child Protection Policy includes the following wording at paragraph 3.6: <i>'All police officers and police staff who interact with the public, in whatever format, must undertake appropriate elements of the College of Policing (CoP) Public Protection Learning programme. Such training will give officers and staff an understanding of safeguarding issues and signs to be aware of, which may indicate a child is suffering, or is at risk of suffering, harm. This training is mandatory and compliance will be monitored by the Learning and Development Department'</i> . Discussion with the Head of Safeguarding confirmed that the wording needs to be reviewed to ensure that it reflects current working practices. | The Child Protection Policy be reviewed to ensure that the training and monitoring requirements reflect current practice. | 3 | <i>Appropriate wording to be agreed with L&D in order to reflect current practice and policy document then to be updated.</i> | 31/12/22 | Safeguarding D/Supt |

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.

| | | | | | | | |
|---|----------|--|--|---|---|---------------------|---------------------|
| 2 | Directed | <p>The Police are required under Section 11 of the Children Act 2004 to work in partnership with the Local Authority and other agencies. Within Norfolk, there is a local plan for Multi Agency Safeguarding Arrangements, this is signed by all partners within the Norfolk Safeguarding Children Partnership (NSCP).</p> <p>As part of the NSCP governance arrangements, the Constabulary is required to complete a Section 11 assessment of how it discharges its responsibilities in relation to the NSCP's priorities for safeguarding children. Evidence of this was provided, which shows that the Constabulary marked itself as achieving 54 out of 70 (77%) of the improvements needed, and has an action plan to address the improvements needed.</p> <p>The self-assessment is used as a development tool based on officers/staff's views of how they are progressing against the priorities set by the NSCP. The process is made more robust through a scrutiny panel before the assessment is finalised.</p> <p>Whilst updates are provided to the NSCP, progress against the action plan is not routinely monitored and reported within the Safeguarding and Investigations Command Unit itself.</p> | <p>Updates on the Section 11 self-assessment action plan be either reported periodically to the Senior Management Team (SMT), or updates be included as part of the standard SMT agenda.</p> | 3 | <p><i>The Section 11 Action Plan is now a standing agenda item for the S&I SMT Meeting.</i></p> | 31/10/22 (complete) | Safeguarding D/Supt |
|---|----------|--|--|---|---|---------------------|---------------------|

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) |
|------|-----------|--|--|----------|--|-------------------------------------|---------------------------------|
| 3 | Directed | <p>The Child Protection Policy states: '<i>A child is anyone under 18 years, and can remain in police protection for a maximum of 72 hours. Children's Services must be contacted when a child is taken into police protection.</i></p> <p><i>The Children Act 1989 states that the Designated Officer must be at least of the rank of Inspector'.</i></p> <p>It was found from sample testing within the Multi-Agency Safeguarding Hub (MASH) unit, that in all cases reviewed that an Inspector is informed, but in one instance there was no record of the time he was informed on the Computer Aided Dispatch (CAD) system or the Protection Record on Athena.</p> | Officers be reminded of the need to record when the inspector was informed. | 3 | <i>Rather than a completely standalone message to remind officers about this very specific requirement it will be woven into a wider piece of work that is now underway around missing children.</i> | 28/02/23 | Safeguarding DCI |
| 4 | Directed | During sample testing of five protection orders within the MASH unit, it was found that in one instance no Child Protection Record or file could be found (case reference numbers: 53875/22 & 53971/22). | To investigate where the Protection Record is for the individual case identified within the audit. | 3 | <i>Tasked to the MASH DI for further research to be carried out.</i> | 31/12/22 | MASH DI |

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) |
|------|-----------|---|---|----------|---|-------------------------------------|---------------------------------|
| 5 | Delivery | <p>It was noted when comparing information provided in the May 2022 Performance Pack to the Tactical Assessment report that there is a slight difference in the data. For example, the total number of MACE referrals is 171 at the end of April, when the tactical report states 180.</p> <p>There is also some comparison's in the tactical report with 2021 figures which again does not agree. For instance, the Tactical Assessment Report states on slide 10 that Child Exploitation screen stats were 44 for April 2022 and 56 for April 2021. The Presentation Pack data report shows that the respective totals are 47 and 64.</p> | The differences between the tactical information reported and SMT's performance data be investigated and a check be put in place to ensure there are no errors, or unexplained differences in future. | 3 | Tasked to MACE DI to double check data recording processes. | 31/12/22 | MACE DI |

PRIORITY GRADINGS

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








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

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|----------|----------------|--|
| 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 | High risk referrals are dealt with on the same day, however there are no specific targets for screening medium or standard risk referrals. From discussion with the Detective Inspector, work is being done with IT to assist in prioritising those that are risk assessed as medium or standard. There is however no plan to include arbitrary target dates for these. | Management to consider the inclusion of turnaround targets for screening medium and standard risk rated CPI referrals to the MASH team. | <i>All CPIs will be reviewed as soon as possible but, due to the high volume of CPIs there will always be some in the workload. It is not felt that the addition of arbitrary turnaround times will add anything to the management of CPIs, which are already subject to daily scrutiny via the Daily Management Meeting.</i> |

Executive Summary – Absence Management including Limited Duties

| <p>OVERALL ASSESSMENT</p>  <p>The diagram shows a central yellow circle labeled 'REASONABLE ASSURANCE' surrounded by a blue ring with the text 'Adequate & effective governance, risk and control processes'. To the right is a legend with four colored circles: green for 'SUBSTANTIAL ASSURANCE', yellow for 'REASONABLE ASSURANCE', orange for 'LIMITED ASSURANCE', and red for 'NO ASSURANCE'.</p> | <p>KEY STRATEGIC FINDINGS</p> <ul style="list-style-type: none">  A formalised process to be developed which requires individuals to obtain approval to continue with any secondary employment whilst on sickness absence.  Attendance support meetings are not consistently being taking place at the appropriate intervals  Annual adjusted review meetings are not consistently being undertaken at the appropriate interval  Recuperative duties review meetings are not consistently being undertaken at the appropriate interval | | | | | | | | |
|--|---|---------|-------------|---------|-------------|---|---|---|---|
| <p>ASSURANCE OVER KEY STRATEGIC RISK / OBJECTIVE</p> <p>The Suffolk Constabulary Strategic Risk Register under strategic risk number four, 'failure to deliver a good and safe service to the public and / or victims', refers to inadequate staffing levels'. And whilst the risk register refers to inadequate staffing levels, it does not make reference to staff sickness. The Norfolk Constabulary Strategic Risk Register incorporates staff sickness within strategic risk number one, 'Failure to sustain Norfolk Constabulary'.</p> | <p>GOOD PRACTICE IDENTIFIED</p> <ul style="list-style-type: none">  A standard sickness pack has been developed, this supports managers in monitoring and identifying of potential trends in sickness absence.  Reporting of officers on limited duties has been enhanced so that line managers are better informed of their staff on limited duties. | | | | | | | | |
| <p>SCOPE</p> <p>The objective of the review was to assess the adequacy, effectiveness and efficiency of the systems and controls in place for managing absence. The audit also reviewed the progress that is being made to strengthen the controls in place for managing of individuals on limited duties</p> | <p>ACTION POINTS</p> <table border="1"> <thead> <tr> <th>Urgent</th> <th>Important</th> <th>Routine</th> <th>Operational</th> </tr> </thead> <tbody> <tr> <td>0</td> <td>7</td> <td>0</td> <td>0</td> </tr> </tbody> </table> | Urgent | Important | Routine | Operational | 0 | 7 | 0 | 0 |
| Urgent | Important | Routine | Operational | | | | | | |
| 0 | 7 | 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 | There is a Joint Sickness Management Policy in place, this covers both police officers and police staff. The Joint Sickness Management Policy is still an interim policy, as whilst it was approved by JNCC in March 2020 it is still awaiting sign off by legal, this is a concern as was approved over two years ago and is due to be reviewed March 2023. The Joint Sickness Management Policy is accessible to staff via the intranet. | Confirmation to be obtained from legal services as to when the Joint Sickness Management Policy will be reviewed by legal services. | 2 | <i>Agreed, this will be addressed and confirmation will be obtained from legal as to when this will be formally approved. The finalised policy will also be published.</i> | 31/03/23 | HR Policy Manager |
| 2 | Directed | There is a Joint Limited Duties Policy, this is currently being reviewed in accordance with the review cycle for policies. The policy has been designed to provide officers and their line managers guidance in dealing with situations where an officer has an injury, accident, illness, medical incident or condition which means that they cannot take on their full substantive role. | The limited duties policy to be finalised and made accessible to all. | 2 | <i>Agreed, this will be addressed. The policy is out for consultation. Once reviewed the policy will be made accessible.</i> | 30/06/23 | HR Policy Manager |
| 3 | Directed | There isn't any formalised guidance which requires individuals on sick leave to obtain approval to carry on secondary employment whilst on sick leave. | A formalised process to be developed which requires individuals to obtain approval to continue with any secondary employment, and the absence management policy to be updated accordingly to reflect this. | 2 | <i>Agreed, this will be addressed. Guidance will be developed and this will be communicated so that a consistent approach is adopted.</i> | 31/03/23 | HR Policy Manager |

| Rec. | Risk Area | Finding | Recommendation | Priority | Management Comments | Implementation Timetable (dd/mm/yy) | Responsible Officer (Job Title) |
|------|-----------|--|---|----------|--|-------------------------------------|---------------------------------|
| 4 | Directed | <p>A sample of 20 sickness cases were reviewed to establish if the attendance support meetings were taking place at the appropriate interval.</p> <p>For the 20 cases selected to test it was found that there were five cases where the individuals had not had their attendance support meeting at the appropriate interval. For two of these five individuals, they were leaving and thus the attendance support meetings were not necessary.</p> | Managers to be reminded of the need to undertake attendance support meetings at the appropriate interval. | 2 | <i>Agreed, this will be addressed. Reminders will be issued to managers on the appropriate process to be followed.</i> | 30/04/23 | HR Improvement Manager |
| 5 | Directed | Line managers are responsible for ensuring that attendance support meetings take place. Reports are not produced to identify attendance support meetings that are not taking place at the appropriate intervals. | Reports to be produced of attendance support meetings that are not taking place at the appropriate intervals so that these can be flagged to line managers. | 2 | <i>Agreed, a report will be developed to flag when attendance support meetings are not taking place at the appropriate intervals, and this will be distributed at set intervals so that line managers not undertaking these can be identified.</i> | 30/04/23 | HR Improvement Manager |
| 6 | Directed | A sample of 30 officers on limited duties were selected for testing, ten of these were on adjusted duties and 20 of these were on restrictive duties. It was found that of the ten officers that were on adjusted duties, six of these had not had their annual limited duties meeting. | The annual adjusted duties review meetings to take place at the required intervals. | 2 | <i>Agreed, a new process has been put in place and enhanced reporting has been developed which will flag officers that have not had their limited duties meeting. This process was not in place at the time of audit.</i> | 31/01/23 | HR Improvement Manager |
| 7 | Directed | Where an individual is on recuperative duties, standard recuperative meetings are expected to take place at designated intervals. The first recuperative duties meetings are expected to be undertaken 28 days after the individual goes on to recuperative duties, and then a second recuperative duties meeting after | Recuperative duties meetings to take place at the appropriate interval. | 2 | <i>Agreed, a new process has been put in place and enhanced reporting has been developed which will flag when recuperative duties meetings have not taken place at the appropriate intervals.</i> | 31/01/23 | HR Improvement Manager |

| Rec. | Risk Area | Finding | Recommendation | Priority | Management Comments | Implementation Timetable (dd/mm/yy) | Responsible Officer (Job Title) |
|------|-----------|--|----------------|----------|---|-------------------------------------|---------------------------------|
| | | <p>three months, a third recuperative duties meeting after six months, and a fourth recuperative duties meeting after nine months and then an annual review meeting. For the 20 individuals on recuperative duties sampled, it was found that in all but four cases recuperative duties meetings had been held. Whilst for the other 16 cases, recuperative duties meetings had been held, but for 13 of these the recuperative duties meetings had not been held at the appropriate interval.</p> | | | <p><i>This process was not in place at the time of audit.</i></p> | | |

Progress against Annual Plan

2021/22 Plan

| System | Planned Quarter | Current Status | Comments |
|---|-----------------|--------------------|--|
| Overtime | 1 | Final Report | |
| Transport Management - Maintenance, Repair, Disposal, Transport Stock | 1 | Final Report | |
| Dog Handling | 1 | Final Report | |
| Business Continuity | 1 | Final Report | |
| Joint Justice Services | 1 | Final Report | |
| Capital Programme | 3 | Final Report | |
| Shared Service Transaction Centre | 1 | Final Report | |
| Pension Administration | 3 | Final Report | |
| Risk Maturity and Development | 4 | Final Report | |
| Corporate and HR Policies | 4 | Final Report | |
| Procurement Strategy and Policy | 4 | Final Report | |
| Key Financials | 4 | Final Report | |
| Seized Monies Follow-up | 4 | Final Report | The days originally for the Transformation and Strategic Planning / Change audit were used to undertake the seized monies work |
| PEQF | 4 | Final Report | |
| Absence Management, with limited duties | 4 | Final Report | |
| Establishment, Capacity, Recruitment and Retention | 4 | Draft report stage | It was requested by management that the audit was moved until 2022/23. |

2022/23 Plan

| System | Planned Quarter | Current Status | Comments |
|--|-----------------|---------------------------|--|
| Complaints | 1 | Final Report | |
| Workplace Health | 1 | Final Report | |
| Safeguarding | 1 | Final Report | |
| Whistleblowing | 2 | Draft Report | |
| Use of Social Media | 2 | Draft Report | |
| Cyber Security | 2 | Draft Report | |
| Performance Management | 3 | Draft Report | |
| Overtime and Additional Allowances | 2 | Planned start date agreed | Moved to Q4 at the request of management |
| Local procurement compliance including waivers | 2 | Planned start date agreed | Moved to Q4 at the request of management |
| Vetting | 3 | Planned start date agreed | |
| Firearms Licensing | 3 | Planned start date agreed | |
| Resource Management Unit | 3 | Planned start date agreed | |
| Data Protection / Freedom of Information | 3 | Planned start date agreed | |
| Agile Working | 3 | Planned start date agreed | |
| Security of Seized Proceeds of Crime (Cash and Assets) | 3 | Planned start date agreed | |
| Change Management Programme | 3 | Planned start date agreed | |
| Succession Planning | 4 | Planned start date agreed | |
| Data Quality | 4 | Planned start date agreed | Audit carried forward from the 2021/22 audit plan at the request of management. Planned start date agreed for audit. |

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|---|---|---------------------------|--|
| Commissioners Grants | 4 | Planned start date agreed | |
| Risk Management | 4 | Planned start date agreed | |
| Key Financials | 4 | Planned start date agreed | |
| ICT Strategy | 3 | Start date being arranged | |
| ICT Project Management – Support for New Projects | 4 | Start date being arranged | |
| Systems– ERP / Enact / DMS / Chronicle interfaces | 4 | Start date being arranged | Audit carried forward from the 2021/22 audit plan at the request of management. Planned start date agreed for audit. |

KEY:

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|-----------------|---------------------|---------------------|---------------------|
| To be commenced | Site work commenced | Draft report issued | Final report issued |
|-----------------|---------------------|---------------------|---------------------|

Internal Audit Recommendations - Progress update

Recommendations implemented since the last audit committee

| Audit | Recommendation | Priority | Management Comments | Original Due Date | Responsible Officer | Comments |
|------------------|--|----------|--|-------------------|---------------------|---|
| Vetting | MV clearances be reviewed on an annual basis, in accordance with the requirements of the APP. | 2 | <i>The draft APP July 2020 has now been circulated to all forces in anticipation of implementation December 2020/January 2021. The new APP states: "8.48.3 In addition to making disclosures after vetting clearance has been granted, individuals holding MV clearance should be subjected to review at least twice during the validity of the clearance. Any MV conducted in conjunction with SC or DV clearance must be subject of annual review alongside the review of the SC or DV i.e. it is not necessary to complete two reviews per year for MV/SC or MV/DV clearances. The remaining MV clearances will be reviewed and appropriate review dates set in future.</i> | 01/04/21 | Head of Vetting | <i>Additional resources have been recruited and the team are now at full establishment. Plans are in place to ensure that MV clearance is undertaken at the appropriate intervals.</i> |
| Workplace Health | Weekly checks on leavers from the HR system, and OPAS-G2 user access be made to ensure that all leavers' access to OPAS-G2 is removed. | 2 | <i>This was a process that was originally thought to be part of the data import from OPAS. We are now working with HR Management Information team to obtain leaver information so this can be updated and form part of our leaver process. We will also work with Civica to explore if this is an automated process in the future.</i> | 01/10/22 | Head of WHSW | <i>This has been completed. A new process has been adopted and in place to incorporate checking OPAS when individuals leave to ensure any access is removed. It has been confirmed that previous leavers checked and OPAS access has been removed.</i> |
| Workplace Health | A plan to populate the OPAS – G2 system with surveillance programme be put in place and completed. For the | 2 | <i>Agreed</i> | 01/10/22 | Head of WHSW | <i>This has been implemented a plan has been agreed, these checks are now part of the process.</i> |

| Audit | Recommendation | Priority | Management Comments | Original Due Date | Responsible Officer | Comments |
|------------------|---|----------|--|-------------------|---|--|
| | <p>Authorised Firearm Officers, a check should be made against the Firearm Training Unit's system 'Chronicle' to ensure the department has the most up to date list of firearm officers.</p> | | | | | |
| Workplace Health | <p>Key Performance Indicators be introduced to the department for monitoring and reporting adverse variances and trends to the People Board, along with reasons and actions to address shortfalls in performance.</p> | 2 | Agreed | 01/10/22 | Head of WHSW | <p>This has been implemented. KPIs have been agreed, and reporting against the KPIs is now in place.</p> |
| Workplace Health | <p>The action plan for the department be updated, with renewed target dates for each action.</p> | 2 | Agreed | 19/09/22 | Head of WHSW | <p>This has been completed. It has been confirmed that the action plan has been updated.</p> |
| Complaints | <p>A reminder be sent to all relevant area staff to ensure that complaint forms are sent to PSD without delay.</p> | 2 | <p>Accepted, reminder will be included in Learning Times for timely submission of PSD1 to CMU/PSD.</p> | 31/12/22 | Sgt— Service Improvement Team (SIT) | <p>This has been completed, it has been confirmed that a reminder has been sent to all.</p> |
| Complaints | <p>A reminder be input to the Centurion system so that all appeal recommendations are addressed and signed off within the 29 day timescale.</p> | 2 | <p>Accepted, delays in appeals authorisation were due to unavailability of Appropriate Authority (AA). Lack of AA will be raised with SMT so that this can be addressed.</p> | 31/12/22 | Senior Complaints, Appeals & Policy Manager | <p>This has been completed, a reminder has been issued of the need to ensure that reminders are input into Centurion timely and additional resilience has been factored into AA.</p> |

| Audit | Recommendation | Priority | Management Comments | Original Due Date | Responsible Officer | Comments |
|------------------|--|----------|--|-------------------|---------------------|---|
| Complaints | The developers of the Centurion system be requested to include an audit trail for outcome decisions which have been changed. | 2 | <i>Accepted, the CMU Supervisor believes that this information can be transferred to a progress entry. Enquiries to be undertaken with FIS to identify how this information can be retrieved.</i> | 31/12/22 | CMU Supervisor | |
| Workplace Health | All long standing 'Awaiting Consultation' records be reviewed and closed as necessary. In addition, where relevant, the department should consider surveying managers and staff to find out why either no further information or consent was provided, and why workplace health advice was no longer needed. | 3 | <i>Backlog of awaiting consultation records are being reviewed and will be completed. Moving forward, new processes should eliminate this issue as cases will be automatically closed. We will build in an automated email to the closing process so that we gather feedback as to why the case is no longer required.</i> | 01/10/22 | Head of WHSW | <i>This has been completed. It has been confirmed that all old cases have been cleared, and a new process has been adopted to prevent future re-occurrence.</i> |
| Workplace Health | The risks associated with the Workplace Health, Safety and Well-being be updated to reflect improvements made in respect of manual files. | 3 | <i>Agreed.</i> | 01/10/22 | Head of WHSW | <i>This has been implemented, the risk has not been added.</i> |
| Workplace Health | The developers of the OPAS-G2 system be contacted to understand why records have a status of 'Pending' and 'Awaiting Review' status records and action taken to either update or close the records as appropriate. | 3 | <i>Developers have been contacted in relation to this and we are awaiting an update at our regular meetings.</i> | 06/09/22 | Head of WHSW | <i>This has been completed, the developers have been contacted and they are working on a solution to address the concern raised.</i> |

| Audit | Recommendation | Priority | Management Comments | Original Due Date | Responsible Officer | Comments |
|------------------|---|----------|--|-------------------|---|---|
| Workplace Health | The TRiM spreadsheet be updated to ascertain if risk assessment meetings took place, or to understand reasons why, if not. | 3 | <i>Two additional staff now in post who will be working through this as part of their weekly tasks.</i> | 05/09/22 | Head of WHSW | <i>This has been completed, with the additional resources in post it has enabled the TRiM spreadsheet to be updated.</i> |
| Workplace Health | The draft Workplace Health Strategy be amended as necessary, and presented to the People Board for approval. | 3 | <i>Completed.</i> | 01/09/22 | Head of WHSW | <i>This has been completed, it has been confirmed that the workplace health strategy has been finalised.</i> |
| Complaints | The assessment sheet be independently reviewed periodically and staff be reminded to complete all details. | 3 | <i>Accepted, a regular audits will be undertaken of data held on spreadsheet. Also, a reminder will be issued to staff about importance of data quality</i> | 31/12/22 | CMU Supervisor | <i>This has been addressed, the regular audits have commenced.</i> |
| Complaints | Access to the Centurion system be amended so that all members of PSD have access and the PSD structure chart be updated to ensure that it includes all PSD members. | 3 | <i>Accepted, the PSD structure chart to be assigned to the Service Improvement Unit to maintain. Going forward the PSD staff Access list for centurion to be subject to regular review and will be maintained by CMU Supervisor.</i> | 31/12/22 | Sgt — Service Improvement Team and CMU Supervisor | <i>This has been addressed, access has been granted to the additional members of the PSD so that all have access and there is resilience within the team.</i> |

The following table lists the recommendations that are overdue;

| Audit | Recommendation | Priority | Management Comments | Original Due Date | Revised Due Date (s) | Responsible Officer | Current status and latest update |
|---------------------------------|--|----------|--|-------------------|----------------------|--|---|
| Workplace Health | The written procedures for Cancer Guide for Managers and the Drug and Alcohol Protocol be reviewed, updated as necessary and approved. A system also be put in place to ensure the timely review and approval of procedures within the department. | 3 | <i>The Cancer Guide was replaced by the Macmillan Cancer and Work guides that are sent out to managers and colleagues as required. The department does have a review process for policies and procedures; due to staffing issues this hasn't been kept up to date, however this can now be rectified as staffing has improved. The Drug and Alcohol policy should be under the ownership of Professional Standards with an input on process from Workplace Health. Following discussions with PSD, they are still waiting for national guidance to be released before the local policy can be written.</i> | 01/11/22 | 30/04/23 | Head of WHSW | <p>Update 21st November 23</p> <p><i>Still awaiting national guidance to be able to review and update the procedures.</i></p> <p><i>A revised due date has been requested for this recommendation.</i></p> |
| Procurement Strategy and Policy | A review be undertaken of the process for approving orders less than £50,000 where local signatories are unavailable. | 3 | <i>Agreed, a review will be undertaken, in the interim the Head of Commercial Support will continue to authorise so that orders are appropriately authorised. The Head of Shared Services Transaction Centre will consult with appropriate personnel to ensure that the expenditure is appropriate prior to authorising.</i> | 30/09/22 | 31/02/23 | Head of Shared Services Transaction Centre | <p>Update 3rd January</p> <p><i>A revised due date has been requested for this recommendation. This is a bigger job than first anticipated, and will be competed as part of the review of PO hierarchy that is planned.</i></p> <p><i>A revised due date of the 31st December has been requested</i></p> |
| Recruitment | A recruiting of police officer policy be produced and made accessible. | 2 | <i>The production of this policy remains a key priority, but the key dependencies (the introduction of PEQF and the OLEEO E-Recruitment System) remain</i> | 30/06/22 | 30/04/23 | Head of Resourcing | <p>Update 3rd January</p> <p><i>The policy is being reviewed to take into account changes that are being brought in following the implementation of OLEEO. The Constabularies are implementing a</i></p> |

| Audit | Recommendation | Priority | Management Comments | Original Due Date | Revised Due Date (s) | Responsible Officer | Current status and latest update |
|---------------|--|----------|--|-------------------|----------------------|--------------------------------------|---|
| | | | <p><i>outstanding. The Implementation Date therefore takes these into account.</i></p> | | | | <p><i>new recruitment system. The OLEEO project has only just commenced so currently in the process of defining what everything will look like when launched. The policy will need to go out for consultation and is scheduled to go to the March JNCC meeting for sign off.</i></p> <p><i>A revised due date was approved at the last audit committee, and work is progressing to get addressed by revised due date.</i></p> |
| Recruitment | <p>The recruiting of police staff policy be reviewed to ensure that it reflects current legislation.</p> | 2 | <p><i>As stated within the finding, this has been delayed by the expected implementation of the new e-recruitment system. The review will take place as soon as implementation allows.</i></p> | 30/06/22 | 30/04/23 | Head of Resourcing | <p>Update 3rd January</p> <p><i>The policy is being reviewed to take into account changes that are being brought in following the implementation of OLEEO. The Constabularies are implementing a new recruitment system. The OLEEO project has only just commenced so currently in the process of defining what everything will look like when launched. The policy will need to go out for consultation and is scheduled to go to the March JNCC meeting for sign off.</i></p> <p><i>revised due date was approved at the last audit committee, and work is progressing to get addressed by revised due date</i></p> |
| Seized Monies | <p>Additional resilience be factored into the seized monies process after the monies have been banked.</p> | 2 | <p><i>This post forms part of the Shared Service Transaction Centre (SSTC). The SSTC Governance Board has commenced Phase 3 of the SSTC business case to review the AP/AR/Supplies Teams (which includes</i></p> | 30/09/22 | 30/04/23 | Head of Shared Transactions Services | <p><i>Work has commenced to address this recommendation. A recruitment process has commenced to recruit an additional staff member, but this was not successful, but in the interim an additional staff</i></p> |

| Audit | Recommendation | Priority | Management Comments | Original Due Date | Revised Due Date (s) | Responsible Officer | Current status and latest update |
|-------|----------------|----------|--|-------------------|----------------------|---------------------|---|
| | | | <i>seized monies) and this will be considered as part of this. This will be implemented as recommended by the 30th September 2022.</i> | | | | <i>member in the finance team has been trained up. A revised due date for the recommendation has been requested.</i> |

The following table lists the recommendation that we are proposing to close as not able to implement

| Audit | Recommendation | Priority | Management Comments | Original Due Date | Responsible Officer | Comments |
|--------------|--|----------|---|-------------------|---------------------|---|
| Data Quality | Work needs to continue to get the automated match and merge function switched on in Athena to help address the potential number of duplicates in the system. | 2 | <i>Work is ongoing to develop the rules to enable automated match and merges to be undertaken, but with this being a national system it takes time for this to be addressed. Work is already ongoing to address this through the Athena Regional Group. It is hoped that the first stage of this will be delivered within the next 6 months. Delivery of this relies on the support of Northgate who are the external provider of Athena.</i> | 31/03/22 | Records Manager | <i>This is out of the control of Norfolk and Suffolk, as they are relying on an external provider to do this and required agreement from the other Athena Regional Group forces. There are no plans currently for the automated match and merge function to be switched on, as this is likely to increase data errors. Whilst the automated match and merge is not going to be switched on, the Norfolk and Suffolk inhouse data quality team for Athena will be undertaking manual data quality checks of potential duplicates.</i> |

KEY:

Priority Gradings (1, 2 & 3)


| | | |
|---|----------------|--|
| 1 | URGENT | Fundamental control issue on which action should be taken immediately. |
| 3 | ROUTINE | Control issue on which action should be taken. |

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

Briefings on developments in Governance, Risk and Control

TIAA produces regular briefing notes to summarise new developments in Governance, Risk, and Control 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 Police and Crime Commissioner for Suffolk and Chief Constable of Suffolk Constabulary is given below. Copies of briefing notes are available on request from your local TIAA team.

Summary of recent Client Briefing Notes (CBNs)

| CBN Ref | Subject | Status | TIAA Comments |
|-----------|--|--|--|
| CBN-22031 | Five-year local authority audit procurement results announced. |  | <p>Action Required: For Information Only</p> <p>Audit Committees and Boards / Governing Bodies are advised to familiarise themselves with the new guidance.</p> |

**The Office of the Police and Crime Commissioner for Norfolk
Annual Investment and Treasury Management Strategy Statement 2023/24**

1. Background

1.1 The PCC is required to operate a balanced budget, which broadly means that cash raised during the year will meet cash expenditure. Part of the treasury management operation is to ensure that this cash flow is adequately planned, with cash being available when it is needed. Surplus monies are invested in low risk counterparties or instruments commensurate with the PCC's low risk appetite, providing adequate liquidity initially before considering investment return.

1.2 The second main function of the treasury management service is the funding of the PCC's capital plans. These capital plans provide a guide to the borrowing need of the PCC, essentially the longer-term cash flow planning, to ensure that the PCC can meet his capital spending obligations. This management of longer-term cash may involve arranging long or short-term loans, or using longer-term cash flow surpluses. On occasion, when it is prudent and economic, any debt previously drawn may be restructured to meet PCC risk or cost objectives.

1.3 The contribution the treasury management function makes to the PCC is critical, as the balance of debt and investment operations ensure liquidity or the ability to meet spending commitments as they fall due, either on day-to-day revenue or for larger capital projects. The treasury operations will see a balance of the interest costs of debt and the investment income arising from cash deposits affecting the available budget. Since cash balances generally result from reserves and balances, it is paramount to ensure adequate security of the sums invested, as a loss of principal will in effect result in a loss to the General Fund Balance.

1.4 CIPFA defines treasury management as:

"The management of the local authority's borrowing, 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."

1.5 The CIPFA Prudential Code for Capital Finance in Local Authorities (the Prudential Code) underpins the system of capital finance. The new edition of the Prudential Code, published in December 2021, makes important changes that reflect developments since the Prudential Code was last updated in 2017.

The 2021 publication of the Prudential Code applied with immediate effect, except that authorities may defer introducing the revised reporting requirements until the 2023/24 financial year if they wish. The revised reporting requirements included changes to the capital strategy, prudential indicators and investment reporting. The general ongoing principles of the revised Prudential Code, including the requirement in paragraph 51 that an authority must not borrow to invest primarily for financial return, apply with immediate effect.

The main objective of the 2021 Codes was to respond to the major expansion of local authority investment activity over the past few years into the purchase of non-financial investments, particularly property. The Codes require an authority to ensure that: -

- it defines its risk appetite and its governance processes for managing risk.
- it sets out, at a high level, its investment policy in relation to environmental, social and governance aspects.
- it adopts a new liability benchmark treasury indicator to support the financing risk management of the capital financing requirement; this is to be shown in chart form for a minimum of ten years, with material differences between the liability benchmark and actual loans to be explained.
- it does not borrow to finance capital expenditure to invest primarily for commercial return.
- increases in the CFR and borrowing are undertaken solely for purposes directly and primarily related to the functions of the authority. Where any financial returns are related to the financial viability of the project in question, they should be incidental to its primary purpose.
- an annual review is conducted to evaluate whether commercial investments should be sold to release funds to finance new capital expenditure or refinance maturing debt.
- its capital plans and investment plans are affordable and proportionate.
- all borrowing/other long-term liabilities are within prudent and sustainable levels.
- risks associated with commercial investments are proportionate to overall financial capacity to sustain losses.
- treasury management decisions are in accordance with good professional practice.
- reporting to members is done quarterly, including updates of prudential indicators.
- it should assess the risks and rewards of significant investments over the long-term, as opposed to the usual three to five years that most local authority financial planning has been conducted over, to ensure the long-term financial sustainability of the authority. (CIPFA has not defined what longer-term means, but it is likely to infer 20-30 years in line with the financing time horizon and the expected life of the assets, while medium-term financial planning, at a higher level of detail, is probably aimed at around a 10-year timeframe and focuses on affordability in particular).

- it has access to the appropriate level of expertise to be able to operate safely in all areas of investment and capital expenditure, and to involve the PCC adequately in making properly informed decisions on such investments.

1.6 This PCC has not engaged in any commercial investments and has no non-treasury investments.

1.7 The IFRS16 Leasing Standard has been deferred yet again and is now to be implemented in the Accounting Code of Practice from 1 April 2024, therefore the Prudential and Treasury Management Indicators reported include an estimation of Lease liabilities falling under IFRS16, which impact on external debt and the Capital Financing Requirement.

2. Reporting requirements

Capital Strategy

2.1 The CIPFA 2021 Prudential and Treasury Management Codes require, for 2023/24, all local authorities to prepare a capital strategy report, which will provide the following:

- a high-level long-term overview of how capital expenditure, capital financing, investments and treasury management activity contribute to the delivery of plans and the provision of services
- an overview of how the associated risk is managed
- the implications for future financial and environmental sustainability

2.2 The aim of this capital strategy is to ensure that the PCC fully understands the overall long-term policy objectives and resulting capital strategy requirements, governance procedures and risk appetite.

2.3 The Capital Strategy will be published separately but is included within the PCC's Budget and MTFP report.

Treasury Management reporting

2.4 The PCC is currently required to receive and approve, as a minimum, three main treasury reports each year, which incorporate a variety of policies, estimates and actuals.

a. Prudential and treasury indicators and treasury strategy (this report) - The first, and most important report is forward looking and covers:

- the capital plans, (including prudential indicators); (Annex 1)
- a minimum revenue provision (MRP) policy, (how unfunded capital expenditure is charged to revenue over time); (Annex 2)
- the treasury management strategy, (how the investments and borrowings are to be organised), including treasury indicators; and
- an investment strategy, (the parameters on how investments are to be managed).

b. A mid-year treasury management report – This is primarily a progress report and will update the PCC on the capital position, amending prudential indicators as necessary, and whether any policies require revision.

c. An annual treasury report – This is a backward looking review document and provides details of a selection of actual prudential and treasury indicators and actual treasury operations compared to the estimates within the strategy.

3. Treasury Management Strategy for 2023/24

3.1 The strategy for 2023/24 covers two main areas:

Capital issues

- the capital expenditure plans and the associated prudential indicators; see Annex 1.
- the minimum revenue provision (MRP) policy. See Annex 2.

Treasury management issues

- the current treasury position;
- treasury indicators which limit the treasury risk and activities of the PCC;
- prospects for interest rates;
- the borrowing strategy;
- policy on borrowing in advance of need;
- debt rescheduling;
- the investment strategy;
- creditworthiness policy; and
- the policy on use of external service providers.

These elements cover the requirements of the Local Government Act 2003, the CIPFA Prudential Code, DLUHC (The Department for Levelling Up, Housing and Communities) MRP Guidance, the CIPFA Treasury Management Code and DLUHC Investment Guidance.

Training

3.2 The CIPFA Code requires the responsible officer to ensure that officers with responsibility for treasury management receive adequate training in treasury management. This also applies to Audit Committee members responsible for scrutiny. Training on the Prudential Code and the Capital Strategy was last provided to Audit Committee members in October 2018. CIPFA do offer training events specifically for Audit Committees.

Treasury management consultants

3.3 The PCC uses Link Asset Services as its external treasury management advisors. The current contract with Link expires on 31 August 2025.

3.4 The PCC recognises that responsibility for treasury management decisions remains with the organisation at all times and will ensure that undue reliance is not placed upon the

services of our external service providers. All decisions will be undertaken with regard to all available information, including, but not solely, our treasury advisers.

- 3.5 It is also recognised that there is value in employing external providers of treasury management services in order to acquire access to specialist skills and resources. The PCC will ensure that the terms of their appointment and the methods by which their value will be assessed are properly agreed and documented, and subjected to regular review.

The Treasury Management Function

- 3.6 The CIPFA Code defines treasury management activities as “the management of the PCC’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.”
- 3.7 The PCC 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 PCC, and any financial instruments entered into to manage these risks.
- 3.8 The PCC 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.
- 3.9 The PCC is required to operate a balanced budget, which broadly means that cash raised during the year will meet its cash expenditure. Part of the treasury management operations ensures this cash flow is adequately planned, with cash being available when it is needed. Surplus monies are invested in low risk counterparties, providing adequate liquidity before considering investment return.
- 3.10 A further function of the treasury management service is to provide for the borrowing requirement of the PCC, essentially the longer term cash flow planning, typically 30 years plus, to ensure the PCC can meet its capital spending obligations. This management of longer term cash may involve arranging long or short term loans, or using internal cash balances on a temporary basis. Debt previously borrowed may be restructured to meet PCC risk or cost objectives.
- 3.11 The PCC has delegated responsibility for treasury management decisions taken within the approved strategy to the PCC CFO. Day to day execution and administration of investment and borrowing decisions is undertaken by Specialist Accountants based in the Joint Finance Department for Suffolk and Norfolk Constabularies.
- 3.12 External treasury management services continue to be provided by Link Asset Services in a joint contract with the PCC for Suffolk. Link Asset Services provides a range of services which include:

- Technical support on treasury matters and capital finance issues.
- Economic and interest rate analysis.
- Debt services which includes advice on the timing of long term borrowing.
- Debt rescheduling advice surrounding the existing portfolio.
- Generic investment advice on interest rates, timing and investment instruments.
- Credit ratings/market information service for the three main credit rating agencies (Fitch, Moody's and Standard & Poors).

3.13 Whilst Link Asset Services provide support to the treasury function, under market rules and in accordance with the CIPFA Code of Practice, the final decision on treasury matters remains with the PCC.

3.14 Performance will continue to be monitored and reported to the PCC as part of the budget monitoring report.

3.15 Link Asset Service's Economic Forecast is set out in Annex 3.

4. Investment Strategy 2023/24

4.1 The Bank Rate at the time of drafting this Strategy stands at 3.0 %. It is currently predicted that the Bank Rate will increase over the planning period as follows:

- Q1 2023 - 4.25%
- Q1 2024 - 3.75%
- Q1 2025 - 3.00%

However, these forecasts are likely to be revised within a relatively short timeframe due to a number of social, economic and political reasons.

4.2 The suggested budgeted investment earnings rates for returns on investments placed for periods up to about three months during each financial year are as follows:

| Financial Year | Budgeted Interest Earnings |
|-----------------------|-----------------------------------|
| 2023/24 | 4.40% |
| 2024/25 | 3.30% |
| 2025/26 | 2.60% |
| 2026/27 | 2.50% |
| Later Years | 2.80% |

The overall balance of risks to economic growth in the UK is now to the downside, including residual risks from Covid, Brexit and the war in Ukraine - both domestically and their potential effects worldwide.

4.3 There are 3 key considerations to the treasury management investment process. DLUHC's Investment Guidance ranks these in the following order of importance:

- security of principal invested,
- liquidity for cash flow, and
- investment return (yield).

Each deposit is considered in the context of these 3 factors, in that order.

4.4 DLUHC's Investment Guidance requires local authorities and PCCs to invest prudently and give priority to security and liquidity before yield, as described above. In order to facilitate this objective, the Guidance requires the PCC to have regard to CIPFA's Code of Practice for Treasury Management in the Public Sector.

4.5 The key requirements of both the Code and the Investment Guidance are to produce an Annual Investment and Treasury Strategy covering the following:

- Guidelines for choosing and placing investments – Counterparty Criteria and identification of the maximum period for which funds can be committed – Counterparty Monetary and Time Limits.
- Details of Specified and Non-Specified investment types.

5. Investment Strategy 2023/24 - Counterparty Criteria

5.1 The PCC works closely with its external treasury advisors to determine the criteria for high quality institutions.

5.2 The criteria for providing a pool of high-quality investment counterparties for inclusion on the PCC's 'Approved Authorised Counterparty List' is provided below

- **UK Banks** which have the following minimum ratings from at least one of the three credit rating agencies:

| UK Banks | Fitch | Standard & Poors | Moody's |
|--------------------|--------------|-----------------------------|----------------|
| Short Term Ratings | F1 | A-1 | P-1 |
| Long Term Ratings | A- | A- | A3 |

- **Non-UK Banks** domiciled in a country which has a minimum sovereign rating of AA+ and have the following minimum ratings from at least one of the credit rating agencies:

| Non-UK Banks | Fitch | Standard & Poors | Moody's |
|---------------------|--------------|-----------------------------|----------------|
| Short Term Ratings | F1+ | A-1+ | P-1 |
| Long Term Ratings | AA- | AA- | Aa3 |

- **Part Nationalised UK Banks** – Royal Bank of Scotland Group (including Nat West). These banks are included while they continue to be part nationalised or they meet the minimum rating criteria for UK Banks above.
- **The PCC's Corporate Banker** – If the credit ratings of the PCC's corporate banker (currently Barclays Bank plc) fall below the minimum criteria for UK Banks above, then cash balances held with that bank will be for account operation purposes only and balances will be minimised in terms of monetary size and time.
- **Building Societies** – The PCC will use Building Societies which meet the ratings for UK Banks outlined above.
- **Money Market Funds (MMFs)** – which are rated AAA by at least one of the three major rating agencies. MMF's are 'pooled funds' investing in high-quality, high-liquidity, short-term securities such as treasury bills, repurchase agreements and certificate of deposit. Funds offer a high degree of counterparty diversification that include both UK and Overseas Banks.
- **UK Government** – including the Debt Management Account Deposit Facility & Sterling Treasury Bills. Sterling Treasury Bills are short-term (up to six months) 'paper' issued by the UK Government. In the same way that the Government issues Gilts to meet long term funding requirements, Treasury Bills are used by Government to meet short term revenue obligations. They have the security of being issued by the UK Government.
- **Local Authorities, PCCs etc.** – Includes those in England and Wales (as defined in Section 23 of the Local Government Act 2003) or a similar body in Scotland or Northern Ireland.

5.3 All cash invested by the PCC in 2023/24 will be either Sterling deposits (including certificates of deposit) or Sterling Treasury Bills invested with banks and other institutions in accordance with the Approved Authorised Counterparty List.

5.4 The Code of Practice requires local authorities and PCCs to supplement credit rating information. Whilst the above criteria rely primarily on the application of credit ratings to provide a pool of appropriate counterparties for use, additional market information will be used to inform investment decisions. This additional market information includes, for example, Credit Default Swap rates and equity prices in order to compare the relative security of counterparties.

- 5.5 The current maximum lending limit of £10m for any counterparty will be maintained in 2023/24 to reflect the level of cash balances and to avoid large deposits with the DMO. Where there is a surplus of cash due to unplanned cashflows, in order to keep within the counterparty limit with the PCC's bankers, the PCC will place investments using other secure liquid financial instruments, e.g. Money Market Funds.
- 5.6 In addition to individual institutional lending limits, "Group Limits" will be used whereby the collective investment exposure of individual banks within the same banking group is restricted to a group lending limit of £10m.
- 5.7 The Strategy permits deposits beyond 365 days (up to a maximum of 2 years) but only with UK banks which meet the credit ratings at paragraph 5.2. Deposits may also be placed with UK Part Nationalised Banks and Local Authorities for periods of up to 2 years.
- 5.8 A reasonable amount will be held on an instant access basis in order for the PCC to meet any unexpected needs. Instant access accounts are also preferable during periods of credit risk uncertainty in the markets, allowing the PCC to immediately withdraw funds should any concern arise over a particular institution.

6. Investment Strategy 2023/24 – Specified and Non-Specified Investments

6.1 As determined by DLUHC's Investment Guidance, Specified Investments offer "high security and high liquidity". They are Sterling denominated and have a maturity of less than one year or for a longer period but where the PCC has the right to be repaid within one year if he wishes. Institutions of "high" credit quality are deemed to be Specified Investments where the possibility of loss of principal or investment income is small. From the pool of high quality investment counterparties identified in Section 5, the following are deemed to be Specified Investments :

- Banks: UK and Non-UK;
- Part Nationalised UK Banks;
- The PCC's Corporate Banker (Barclays Bank plc)
- Building Societies (which meet the minimum ratings criteria for Banks);
- Money Market Funds;
- UK Government;
- Local Authorities, PCCs etc.

6.2 Non-Specified Investments are those investments that do not meet the criteria of Specified Investments. From the pool of counterparties identified in Section 5, they include:

- Any investment that cannot be recalled within 365 days of initiation.

- 6.3 The categorisation of 'Non-Specified' does not in any way detract from the credit quality of these institutions, but is merely a requirement of the Government's guidance.
- 6.4 The PCC's proposed Strategy for 2023/24 therefore includes both Specified and Non-Specified Investment institutions.

7. Borrowing Strategy 2023/24

- 7.1 Capital expenditure can be funded immediately by applying capital receipts, capital grants or revenue contributions. Capital expenditure in excess of available capital resources or revenue contributions will increase the PCC's borrowing requirement. The PCC's need to borrow is measured by the Capital Financial Requirement (CFR), which simply represents the total outstanding capital expenditure, which has not yet been funded from either capital or revenue resources.
- 7.2 For the PCC, borrowing principally relates to long term loans (i.e. loans in excess of 365 days). The borrowing strategy includes decisions on the timing of when further monies should be borrowed.
- 7.3 Historically, the main source of long term loans has been the Public Works Loan Board (PWLB), which is part of the UK Debt Management Office (DMO). The maximum period for which loans can be advanced by the PWLB is 50 years. Lending by the PWLB is now on the proviso that CFOs confirm that the authority does not intend to buy investment assets primarily for yield at any point in the next three years. The 2021 revision to the Prudential Code now includes the requirement in paragraph 51 that an authority must not borrow to invest primarily for financial return. Paragraph 51 states:

"The Prudential Code determines that certain acts or practices are not prudent activity for a local authority and incur risk to the affordability of local authority investment:

• In order to comply with the Prudential Code, an authority must not borrow to invest primarily for financial return.

• It is not prudent for local authorities to make any investment or spending decision that will increase the capital financing requirement, and so may lead to new borrowing, unless directly and primarily related to the functions of the authority and where any financial returns are either related to the financial viability of the project in question or otherwise incidental to the primary purpose."

- 7.4 External borrowing currently stands at £31.8m (excluding PFI and ROU Leases). At 31 March 2022 and excluding PFI and ROU Leases, there was a £40.9m Capital Financing Requirement (CFR), £7.5m relating to unfunded capital expenditure which had been financed from internal resources. The CFR is estimated to be £46.7m at 31 March 2023, £50.5m at 31 March 2024 and £51.6m at 31 March 2025. Additional long term borrowing is estimated at £3.3m for 2023/24, £3.5m for 2024/25 and £6.3m for 2025/26. The borrowing requirement does not include the funding requirement in respect of assets financed through PFI and Leasing.

- 7.5 The challenging and uncertain economic outlook, together with managing the cost of “carrying debt” requires a flexible approach to borrowing. The PCC, under delegated powers, will take the most appropriate form of borrowing depending on the prevailing interest rates at the time and any risks identified.
- 7.6 The level of outstanding debt and composition of debt, in terms of individual loans, is kept under review. The PWLB provides a facility to allow the restructure of debt, including premature repayment of loans, and encourages local authorities and PCCs to do so when circumstances permit. This can result in net savings in overall interest charges. The PCC CFO and Link Asset Services will monitor prevailing rates for any opportunities during the year. As short term borrowing rates tend to be considerably cheaper than longer term fixed interest rates, there may be potential opportunities to generate savings by switching from long term debt to short term debt. However, these savings will need to be considered in the light of the current treasury position and the size of the cost of debt repayment (premiums incurred). Consideration will also be given to identify if there is any residual potential for making savings by running down investment balances to repay debt prematurely as short term rates on investments are likely to be lower than rates paid on current debt
- 7.7 The PCC has flexibility to borrow funds in the current year for use in future years, but will not borrow more than or in advance of its needs purely in order to profit from the investment of the extra sums borrowed. Any decision to borrow in advance will be within forward approved Capital Financing Requirement estimates, and will be considered carefully to ensure that value for money can be demonstrated and that the PCC can ensure the security of such funds
- 7.8 The PCC will continue to use the most appropriate source of borrowing at the time of making application, including; the PWLB, commercial market loans, Local Authorities and the Municipal Bond Agency.

8. Treasury Management Indicators

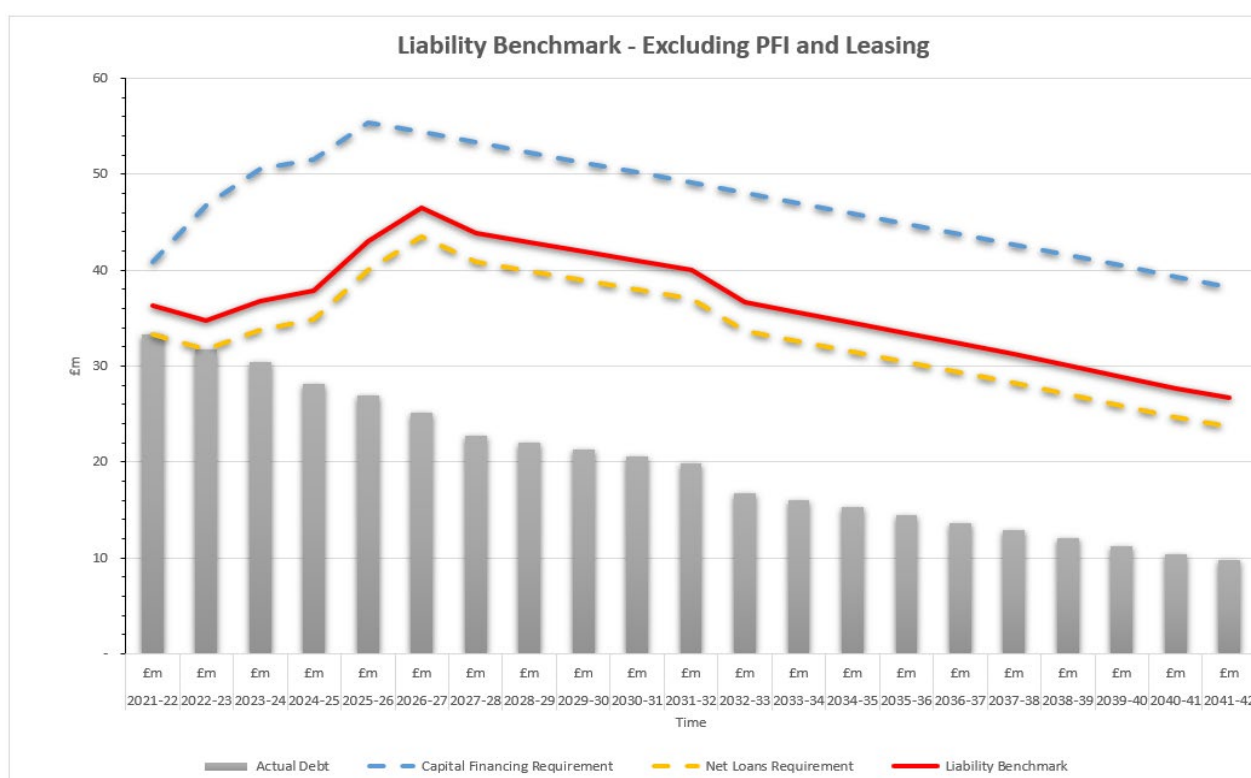
- 8.1 In addition to the key Indicators included in the Prudential Code and reported separately, there are three treasury management indicators. The purpose of the indicators is to restrict the activity of the treasury function to within certain limits, thereby managing risk and reducing the impact of an adverse movement in interest rates. However, if these indicators are too restrictive, they will impair the opportunities to reduce costs/improve performance. The Indicators are:
- **Maturity Structures of Borrowing** – These gross limits are set to reduce the PCC’s exposure to large fixed rate sums falling due for refinancing and require upper and lower limits. It is recommended that the PCC sets the following limits for the maturity structures of its borrowing at 31.3.23:

| | Actual* | Lower Limit | Upper Limit |
|--------------------------------|---------|-------------|-------------|
| Under 12 months | 4.0% | 0% | 15% |
| 12 months and within 24 months | 7.3% | 0% | 15% |
| 24 months and within 5 years | 17.2% | 0% | 45% |
| 5 years and within 10 years | 18.6% | 0% | 75% |
| 10 years and above | 52.9% | 0% | 100% |

* Actual is based on existing balances at 31 March 2023

- Upper Limits to the Total of Principal Funds Invested for Greater than 365 Days** – This limit is set with regard to the PCC’s liquidity requirements. It is estimated that in 2023/24, the maximum level of PCC funds invested for periods greater than 365 days will be no more than £4.840m.
- Liability Benchmark**

This is a new indicator arising from the 2021 Revised Treasury Management Code of Practice. The liability benchmark is an essential risk management tool. The optimum position is for total borrowing to be on the liability benchmark line. Borrowing above that level will be reflected in increased investment balances and introduce the cost of carry and additional credit risk implications, although this may be needed to anticipate interest rate movements and secure affordable borrowing.



Prudential Code Indicators 2023/24, 2024/25, 2025/26

1. Background

- 1.1 The Prudential Code for capital investment came into effect on 1st April 2004. It replaced the complex regulatory framework, which only allowed borrowing if specific government authorisation had been received. The Prudential system is one based on self-regulation. All borrowing undertaken is self-determined under the prudential code. A revised Prudential Code was published in December 2021 and applied with immediate effect, albeit with a soft landing for 2022/23.
- 1.2 Under Prudential arrangements the PCC can determine the borrowing limit for capital expenditure. The Government does retain reserve powers to restrict borrowing if that is required for national economic reasons.
- 1.3 The key objectives of the Code are to ensure, within a clear framework, that capital investment plans are affordable, prudent and sustainable. The Code specifies indicators that must be used and factors that must be taken into account. The Code requires the PCC to set and monitor performance on:
- capital expenditure
 - affordability
 - external debt
 - treasury management (now included within Treasury Management strategy)
- 1.4 The required Prudential and Treasury Management indicators are:
- Capital Expenditure Forecast
 - Capital Financing Requirement
 - Actual External Debt
 - Authorised Limit for External Debt
 - Operational Boundary Limit for External Debt
 - Net income from commercial and service investments to net revenue stream ratio.

However authorities are now advised to use local indicators, where this would be beneficial, especially if carry out commercial activities.

- 1.5 Once determined, the indicators can be changed so long as this is reported to the PCC.
- 1.6 Actual performance against indicators will be monitored throughout the year. All the indicators will be reviewed and updated annually.

2. The Indicators

- 2.1 The **Capital Expenditure Payment Forecast** is detailed in Appendix E (of the PCC's Budget and MTFP report 2023/27). The total estimated payments are:

| | 2023/24 | 2024/25 | 2025/26 |
|-------------------------------------|---------|---------|---------|
| | £m | £m | £m |
| <i>Capital Expenditure Forecast</i> | 12.505 | 7.444 | 11.688 |
| <i>Transition of ROU Leases</i> | | 0.309 | |

The PCC is being asked for approval to an overall Capital Programme based on the level of capital financing costs contained within the draft revenue budget.

- 2.2 The **ratio of capital financing costs to net revenue budget** shows the estimated annual revenue costs of borrowing (net interest payable on debt and the minimum revenue provision for repaying the debt), as a proportion of annual income from local taxation and non-specific government grants. The estimates include PFI MRP and interest costs. Estimates of the ratio of capital financing costs to net revenue budget for future years are:

| Ratio of Capital Financing Costs to Net Revenue Budget | | |
|---|------------------|------------------|
| 2023/24 Estimate | 2024/25 Estimate | 2025/26 Estimate |
| 4.58% | 4.44% | 4.21% |

- 2.3 The **capital financing requirement** represents capital expenditure not yet financed by capital receipts, revenue contributions or capital grants. It measures the underlying need to borrow for capital purposes, although this borrowing may not necessarily take place externally. Estimates of the end of year capital financing requirement for future years are:

| Capital Financing Requirement | | | |
|--------------------------------------|-------------------|-------------------|-------------------|
| 31/03/23 Estimate | 31/03/24 Estimate | 31/03/25 Estimate | 31/03/26 Estimate |
| £m | £m | £m | £m |
| 96.108 | 100.133 | 102.064 | 101.379 |

- 2.4 The guidance on **net borrowing for capital purposes** advises that:

“In order to ensure that over the medium term gross debt will only be for a capital purpose, the local authority should ensure that gross external debt 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 two financial years.”

- 2.5 The Code defines the **authorised limit for external debt** as the sum of external borrowing and any other financing long-term liabilities e.g. finance leases. It is

recommended that the PCC approve the 2023/24 and future years limits. For 2023/24 this will be the statutory limit determined under section 3(1) of the Local Government Act 2003.

As required by the Code, the PCC is asked to delegate authority to the Chief Finance Officer (OPCCN), within the total limit for any individual year, to effect movement between the separate limits for borrowing and other long-term liabilities. Any such changes made will be reported to the PCC.

| Authorised Limit for External Debt | | | |
|--|----------------|----------------|----------------|
| | 2023/24 | 2024/25 | 2025/26 |
| | <i>£m</i> | <i>£m</i> | <i>£m</i> |
| <i>PWLB borrowing</i> | 33.773 | 34.894 | 39.893 |
| <i>Other long term liabilities (PFI and ROU Lease Liabilities)</i> | 51.540 | 49.822 | 48.176 |
| <i>Headroom</i> | 21.854 | 21.732 | 20.688 |
| Total | 107.167 | 106.448 | 108.756 |

These proposed limits are consistent with the Capital Programme. They provide headroom to allow for operational management, for example unusual cash movements.

- 2.6 The Code also requires the PCC to approve an **operational boundary limit for external debt** for the same time period. The proposed operational boundary for external debt is the same calculation as the authorised limit without the additional headroom. The operational boundary represents a key management tool for in year monitoring.

Within the operational boundary, figures for borrowing and other long-term liabilities are separately identified again. The PCC is asked to delegate authority to the Chief Finance Officer (OPCCN), within the total operational boundary for any individual year, to make any required changes between the separately agreed figures for borrowing and other long-term liabilities. Any changes will be reported to the PCC.

| Operational Boundary Limit for External Debt | | | |
|--|----------------|----------------|----------------|
| | 2023/24 | 2024/25 | 2025/26 |
| | <i>£m</i> | <i>£m</i> | <i>£m</i> |
| <i>PWLB borrowing</i> | 33.773 | 34.894 | 39.893 |
| <i>Other long term liabilities (PFI and ROU Lease Liabilities)</i> | 51.540 | 49.822 | 48.176 |
| Total | 85.313 | 84.716 | 88.068 |

- 2.7 The Code now requires a new indicator identifying the ratio between net income from commercial and service investments to net revenue stream. This indicator provides a contextual assessment of the proportionality of income from commercial and service investments. However, as the PCC does not currently engage in any commercial arrangements, there is no need to provide further information on this indicator.

Annex 2

Minimum Revenue Provision (MRP) MRP Policy and Statement for 2023/24.

1. Introduction

- 1.1 The PCC is required to make a charge against the revenue budget each year in respect of capital expenditure financed by borrowing or credit arrangement. The annual charge is set aside for the eventual repayment of the loan and is known as the Minimum Revenue Provision (MRP). This is separate from any annual interest charges that are incurred on borrowing.
- 1.2 The Local Authorities (Capital Finance and Accounting) (England) (Amendment) Regulations 2008 amend the way in which MRP can be calculated so that each authority must consider what is “prudent”. The regulations are backed up by statutory guidance which gives advice on what might be considered prudent.

2. Options for Making Prudent Provision

- 2.1 Four options are included in the guidance, which are those likely to be most relevant for the majority of local government bodies. Although other approaches are not ruled out, local government bodies must demonstrate that they are fully consistent with the statutory duty to make prudent revenue provision.

Option 1 - Regulatory Method

Authorities may continue to use the formulae put in place by the previous regulations.

Option 2 - Capital Financing Requirement (CFR) Method

Under this option, MRP is equal to 4% of the non-housing CFR at the end of the preceding financial year.

Option 3 – Asset Life Method

This is to make provision over the estimated life of the asset for which the borrowing is undertaken. This could be done by:

- (a) Charging MRP in equal instalments over the life of the asset
- (b) Charge MRP on an annuity basis, where MRP is the principal element for the year of the annuity required to repay over the asset’s useful life the amount of capital expenditure financed by borrowing or credit arrangements. The authority should use an appropriate interest rate to calculate the amount. Adjustments to the calculation to take account of repayment by other methods during repayment period (e.g. by the application of capital receipts) should be made as necessary.

Option 4 - Depreciation

MRP is deemed to be equal to the provision required in accordance with depreciation accounting in respect of the asset on which expenditure has been financed by borrowing or credit arrangements. This should include any amount for impairment charged to the income and expenditure accounts.

- 2.2 The regulations make a distinction between capital expenditure incurred before 1 April 2008 and capital expenditure incurred from 1 April 2008 in terms of the options available.
- 2.3 Options 1 and 2 are to be used for capital expenditure incurred pre April 2008. Options 3 and 4 are to be used for Capital expenditure incurred post April 2008.

3. MRP Policy

- 3.1 Before 1 April 2019 the option adopted for expenditure incurred after 1 April 2008 was Option 3a (Equal Instalment method). This method was deemed prudent whilst assets were primarily being internally financed.
- 3.2 As reserves, cash and investment balances have been consumed following the decrease in direct government funding, it is now necessary to externally finance capital expenditure on long life assets. The current preferred financing method is via the Public Works Loans Board (PWLB) borrowed on an annuity basis.
- 3.3 Option 3b (Annuity Method) is adopted for capital expenditure chargeable as MRP for the first time after 1 April 2019. The principal reason for this change was for the charge to revenue to reflect the capital repayment basis on the associated finance. This method will therefore adopt a similar MRP basis as those assets financed through lease or PFI arrangements.
- 3.4 The revised Statutory Guidance released on 2 February 2018 stipulates that this change in policy cannot be applied retrospectively to assets placed in service prior to the date the revised policy was introduced. Therefore Option 3a still applies to capital expenditure chargeable as MRP for the first time prior to 1 April 2019.

4. Recommendations

- 4.1 It is proposed that the following MRP policy is adopted as follows for 2023/24:
- Capital expenditure incurred before April 2008 is treated in accordance with Option 1 of the regulatory guidance;
 - Capital expenditure chargeable as MRP for the first time from 1 April 2008 to 31 March 2019 is treated in accordance with Option 3(a) of the regulatory guidance.
 - Capital expenditure chargeable as MRP for the first time after 1 April 2019 is treated in accordance with Option 3(b) of the regulatory guidance.

ORIGINATOR: Chief Finance Officer

REASON FOR SUBMISSION: To review and note.

SUBJECT: Mid-Year Treasury Management Monitoring Report 2022/23

SUMMARY:

The regulatory framework for treasury management requires the Police and Crime Commissioner (PCC) to receive a mid-year monitoring report on treasury activities.

This report provides information on the treasury management activities of the PCC for the period 1st April 2022 to 30th September 2022.

The first half of 2022/23 has been overshadowed by the growing political and resultant economic crises. UK GDP (quarter on quarter) has remained largely flat through the half year. With annual CPI Inflation rising to 8.8% in September 2022, It was no surprise that the Monetary Policy Committee (MPC) increased the base rate from 0.75% to 2.25% in the 6 month period.

At the 30th September 2022, the PCC's external debt excluding PFI and ROU lease liabilities was £33.0m, its investments totalled £23m and bank balances £0.465m.

RECOMMENDATION:

The Committee is asked to review and note the report.

1. Introduction

- a. The Chartered Institute of Public Finance and Accountancy's (CIPFA) Code of Practice for Treasury Management in the Public Sector (the Code), requires that the PCC receives a mid-year review of treasury activities in addition to the forward looking annual investment and treasury strategy and backward looking annual treasury report. The Annual Investment and Treasury Strategy for the current year (2022/23)

was reviewed by the Audit Committee on 25 January 2022 and approved by the PCC on 1 February 2022.

- 1.2 The PCC operates a balanced budget, which broadly means income receivable during the year will cover expenditure payable and any planned movement on reserves. Part of the treasury management operations ensure this cash flow is adequately planned, with surplus monies being invested in low risk counterparties, providing adequate liquidity initially before considering maximising investment return.
- 1.3 The second main function of the treasury management service is the financing of the PCC's capital plans. These capital plans provide a guide to the borrowing need of the PCC, essentially the longer term cash flow planning to ensure the PCC can meet its capital spending operations. This management of longer term cash may involve arranging long or short term loans, or using longer term cash flow surpluses, and on occasion any debt previously drawn may be restructured to the PCC's risk or cost objectives.
- 1.4 As a consequence treasury management is defined as:

“The management of the local authority'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.”
- 1.5 The PCC has delegated responsibility for treasury management decisions taken within the approved strategy to the PCC's Chief Finance Officer. Day to day execution and administration of investment and borrowing decisions are undertaken by the Constabulary.
- 1.6 The PCC recognises the importance of monitoring treasury management activities, with regular reports being presented to the Audit Committee throughout the year.
- 1.7 This mid-year review provides commentary on economic conditions produced by Link Asset Services (the PCC's external treasury consultant) and details treasury activities for the period 1 April 2022 to 30 September 2022 including; cash balances and cash flow management, investment performance, counterparty management and long-term borrowing/debt management.

2. Link Asset Services Economic Update - October 2022

2.1 Economics update

- The second quarter of 2022/23 saw:
 - GDP revised upwards in Q1 2022/23 to +0.2% q/q from -0.1%, which means the UK economy has avoided recession for the time being;
 - Signs of economic activity losing momentum as production fell due to rising energy prices;

- CPI inflation ease to 9.9% y/y in August, having been 9.0% in April, but domestic price pressures showing little sign of abating in the near-term;
 - The unemployment rate fall to a 48-year low of 3.6% due to a large shortfall in labour supply;
 - Bank Rate rise by 100bps over the quarter, taking Bank Rate to 2.25% with further rises to come;
 - Gilt yields surge and sterling fall following the “fiscal event” of the new Prime Minister and Chancellor on 23rd September.
- The UK economy grew by 0.2% q/q in Q1 2022/23, though revisions to historic data left it below pre-pandemic levels.
 - There are signs of higher energy prices creating more persistent downward effects in economic activity. Both industrial production (-0.3% m/m) and construction output (-0.8% m/m) fell in July 2022 for a second month in a row. Although some of this was probably due to the heat wave at the time, manufacturing output fell in some of the most energy intensive sectors (e.g., chemicals), pointing to signs of higher energy prices weighing on production. With the drag on real activity from high inflation having grown in recent months, GDP is at risk of contracting through the autumn and winter months.
 - The fall in the composite PMI (Purchasing Managers Index) from 49.6 in August to a 20-month low preliminary reading of 48.4 in September points to a fall in GDP of around 0.2% q/q in Q3 and consumer confidence is at a record low. Retail sales volumes fell by 1.6% m/m in August, which was the ninth fall in 10 months. That left sales volumes in August just 0.5% above their pre-Covid level and 3.3% below their level at the start of the year. There are also signs that households are spending their excess savings in response to high prices. Indeed, cash in households’ bank accounts rose by £3.2bn in August, which was below the £3.9bn rise in July and much smaller than the 2019 average monthly rate of £4.6bn.
 - The labour market remained exceptionally tight. Data for July and August provided further evidence that the weaker economy is leading to a cooling in labour demand. Labour Force Survey (LFS) employment rose by 40,000 in the three months to July (the smallest rise since February). But a renewed rise in inactivity of 154,000 over the same period meant that the unemployment rate fell from 3.8% in June to a new 48-year low of 3.6%. The single-month data showed that inactivity rose by 354,000 in July itself and there are now 904,000 more inactive people aged 16+ compared to before the pandemic in February 2020. The number of vacancies has started to level off from recent record highs but there have been few signs of a slowing in the upward momentum on wage growth. Indeed, in July, the 3my/y rate of average earnings growth rose from 5.2% in June to 5.5%.
 - CPI inflation eased from 10.1% in July to 9.9% in August, though inflation has not peaked yet. The easing in August was mainly due to a decline in fuel prices reducing fuel inflation from 43.7% to 32.1%. And with the oil price now just below \$90pb, we would expect to see fuel prices fall further in the coming months.
 - However, utility price inflation is expected to add 0.7% to CPI inflation in October when the Ofgem unit price cap increases to, typically, £2,500 per household (prior to any benefit payments). But, as the government has frozen utility prices at that level for two years, energy price inflation will fall sharply after October and have a big downward influence on CPI inflation.

- Nonetheless, the rise in services CPI inflation from 5.7% y/y in July to a 30-year high of 5.9% y/y in August suggests that domestic price pressures are showing little sign of abating. A lot of that is being driven by the tight labour market and strong wage growth. CPI inflation is expected to peak close to 10.4% in November and, with the supply of workers set to remain unusually low, the tight labour market will keep underlying inflationary pressures strong until early next year.
- During H1 2022, there has been a change of both Prime Minister and Chancellor. The new team (Liz Truss and Kwasi Kwarteng) have made a step change in government policy. The government's huge fiscal loosening from its proposed significant tax cuts will add to existing domestic inflationary pressures and will potentially leave a legacy of higher interest rates and public debt. Whilst the government's utility price freeze, which could cost up to £150bn (5.7% of GDP) over 2 years, will reduce peak inflation from 14.5% in January next year to 10.4% in November this year, the long list of tax measures announced at the "fiscal event" adds up to a loosening in fiscal policy relative to the previous government's plans of £44.8bn (1.8% of GDP) by 2026/27. These included the reversal of April's national insurance tax on 6th November, the cut in the basic rate of income tax from 20p to 19p in April 2023, the cancellation of next April's corporation tax rise, the cut to stamp duty and the removal of the 45p tax rate, although the 45p tax rate cut announcement has already been reversed.
- Fears that the government has no fiscal anchor on the back of these announcements has meant that the pound has weakened again, adding further upward pressure to interest rates. Whilst the pound fell to a record low of \$1.035 on the Monday following the government's "fiscal event", it has since recovered to around \$1.12. That is due to hopes that the Bank of England will deliver a very big rise in interest rates at the policy meeting on 3rd November and the government will lay out a credible medium-term plan in the near term. This was originally expected as part of the fiscal statement on 23rd November but has subsequently been moved forward to an expected release date in October. Nevertheless, with concerns over a global recession growing, there are downside risks to the pound.
- The MPC has now increased interest rates seven times in as many meetings in 2022 and has raised rates to their highest level since the Global Financial Crisis. Even so, coming after the Fed and ECB raised rates by 75 basis points (bps) in their most recent meetings, the Bank of England's latest 50 basis points hike looks relatively dovish. However, the UK's status as a large importer of commodities, which have jumped in price, means that households in the UK are now facing a much larger squeeze on their real incomes.
- Since the fiscal event on 23rd September, we now expect the Monetary Policy Committee (MPC) to increase interest rates further and faster, from 2.25% currently to a peak of 5.00% in February 2023. The combination of the government's fiscal loosening, the tight labour market and sticky inflation expectations means we expect the MPC to raise interest rates by 100bps at the policy meetings in November (to 3.25%) and 75 basis points in December (to 4%) followed by further 50 basis point hikes in February and March (to 5.00%). Market expectations for what the MPC will do are volatile. If Bank Rate climbs to these levels the housing market looks very vulnerable, which is one reason why the peak in our forecast is lower than the peak of 5.50% - 5.75% priced into the financial markets at present.
- Throughout 2022/23, gilt yields have been on an upward trend. They were initially caught up in the global surge in bond yields triggered by the surprisingly strong rise

in CPI inflation in the US in May. The rises in two-year gilt yields (to a peak of 2.37% on 21st June) and 10-year yields (to a peak of 2.62%) took them to their highest level since 2008 and 2014 respectively. However, the upward trend was exceptionally sharply at the end of September as investors demanded a higher risk premium and expected faster and higher interest rate rises to offset the government's extraordinary fiscal stimulus plans. The 30-year gilt yield rose from 3.60% to 5.10% following the "fiscal event", which threatened financial stability by forcing pension funds to sell assets into a falling market to meet cash collateral requirements. In response, the Bank did two things. First, it postponed its plans to start selling some of its quantitative easing (QE) gilt holdings until 31st October. Second, it committed to buy up to £65bn of long-term gilts to "restore orderly market conditions" until 14th October. In other words, the Bank is restarting QE, although for financial stability reasons rather than monetary policy reasons.

- Since the Bank's announcement on 28th September, the 30-year gilt yield has fallen back from 5.10% to 3.83%. The 2-year gilt yield dropped from 4.70% to 4.30% and the 10-year yield fell back from 4.55% to 4.09%.
- There is a possibility that the Bank continues with QE at the long-end beyond 14th October or it decides to delay quantitative tightening beyond 31st October, even as it raises interest rates. So far at least, investors seem to have taken the Bank at its word that this is not a change in the direction of monetary policy nor a step towards monetary financing of the government's deficit. But instead, that it is a temporary intervention with financial stability in mind.
- After a shaky start to the year, the S&P 500 and FTSE 100 climbed in the first half of Q2 2022/23 before falling to their lowest levels since November 2020 and July 2021 respectively. The S&P 500 is 7.2% below its level at the start of the quarter, whilst the FTSE 100 is 5.2% below it as the fall in the pound has boosted the value of overseas earnings in the index. The decline has, in part, been driven by the rise in global real yields and the resulting downward pressure on equity valuations as well as concerns over economic growth leading to a deterioration in investor risk appetite.

2.2 Interest rate forecasts

The PCC has appointed Link Group as its treasury advisors and part of their service is to assist the Council to formulate a view on interest rates. The PWLB rate forecasts below are based on the Certainty Rate (the standard rate minus 20 bps) which has been accessible to most authorities since 1st November 2012.

The latest forecast on 27th September sets out a view that both short and long-dated interest rates will be elevated for some little while, as the Bank of England seeks to squeeze inflation out of the economy, whilst the government is providing a package of fiscal loosening to try and protect households and businesses from the ravages of ultra-high wholesale gas and electricity prices.

The increase in PWLB rates reflects a broad sell-off in sovereign bonds internationally but more so the disaffection investors have with the position of the UK public finances after September's "fiscal event". To that end, the MPC has tightened short-term interest rates with a view to trying to slow the economy sufficiently to keep the secondary effects of inflation – as measured by wage rises – under control, but its job is that much harder now.

PWLB rate forecasts below are based on the Certainty Rate (the standard rate minus 20 bps, calculated as gilts plus 80bps) which has been accessible to most authorities since 1st November 2012.

| Link Group Interest Rate View | | 27.09.22 | | | | | | | | | | |
|-------------------------------|--------|----------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| | Dec-22 | Mar-23 | Jun-23 | Sep-23 | Dec-23 | Mar-24 | Jun-24 | Sep-24 | Dec-24 | Mar-25 | Jun-25 | Sep-25 |
| BANK RATE | 4.00 | 5.00 | 5.00 | 5.00 | 4.50 | 4.00 | 3.75 | 3.25 | 3.00 | 2.75 | 2.75 | 2.50 |
| 3 month ave earnings | 4.50 | 5.00 | 5.00 | 5.00 | 4.50 | 4.00 | 3.80 | 3.30 | 3.00 | 2.80 | 2.80 | 2.50 |
| 6 month ave earnings | 4.70 | 5.20 | 5.10 | 5.00 | 4.60 | 4.10 | 3.90 | 3.40 | 3.10 | 3.00 | 2.90 | 2.60 |
| 12 month ave earnings | 5.30 | 5.30 | 5.20 | 5.00 | 4.70 | 4.20 | 4.00 | 3.50 | 3.20 | 3.10 | 3.00 | 2.70 |
| 5 yr PWLB | 5.00 | 4.90 | 4.70 | 4.50 | 4.20 | 3.90 | 3.70 | 3.50 | 3.40 | 3.30 | 3.20 | 3.20 |
| 10 yr PWLB | 4.90 | 4.70 | 4.60 | 4.30 | 4.10 | 3.80 | 3.60 | 3.50 | 3.40 | 3.30 | 3.20 | 3.20 |
| 25 yr PWLB | 5.10 | 4.90 | 4.80 | 4.50 | 4.30 | 4.10 | 3.90 | 3.70 | 3.60 | 3.60 | 3.50 | 3.40 |
| 50 yr PWLB | 4.80 | 4.60 | 4.50 | 4.20 | 4.00 | 3.80 | 3.60 | 3.40 | 3.30 | 3.30 | 3.20 | 3.10 |

3. Cash Balances and Cash Flow Management

- 3.1 The PCC's cash and short-term investment balances support revenue and capital resources, such as general balances and earmarked reserves and the timing differences between the receipt and payment of monies required to meet the cost of PCC services and the capital programme. The average level of cash and short term-investment balances in the year to date totals £22.1m.
- 3.2 Cash and short-term investment balances are managed internally and have been invested in accordance with the PCC's approved Authorised Lending List.
- 3.3 A key objective of cash flow management is to minimise balances held in the PCC's bank accounts in order to ensure that the maximum interest is earned.
- 3.4 The PCC operates seven bank accounts. Cash balances across all seven accounts are aggregated and surplus cash balances are invested on a daily basis.
- 3.5 From 1 April 2022 to 30 September 2022 (excluding investments and repayments), monies received amounts to £154.5m while payments total £146.7m, resulting in an overall increase in cash balances of £7.8m.
- 3.6 By continuing to delay borrowing for capital purposes (Section 6) while at the same time actively managing levels of liquid cash, the PCC on occasions has needed to borrow short-term from the money markets to cover daily liquidity. However there has been no short term borrowing in the review period.

4. Investment Performance

4.1 In accordance with the Code, it is the PCC's priority to ensure security of capital and liquidity, and to obtain an appropriate level of return which is consistent with the PCC's risk appetite.

a. At the 30th September 2022, the PCC held £23.0m of investments. The profile of these investments is shown below.

| Institutional Sector | Liquid £m | Up to 3 months £m | Up to 6 months £m | Up to 9 months £m | Up to 12 months £m |
|---------------------------|--------------|-------------------------|-------------------------|-------------------------|--------------------------|
| Part Nationalised | | | | | |
| Banks | - | - | - | - | - |
| UK Banks | 6.0 | - | - | - | - |
| Non-UK Banks | - | - | 7.0 | 2.0 | - |
| Building Societies | - | 5.0 | - | - | - |
| Other* | 3.0 | - | - | - | - |
| Total | 9.0 | 5.0 | 7.0 | 2.0 | 0.0 |

*Includes: Money Market Funds

b. A more detailed investment profile at 30th September 2022 is shown at Appendix 1.

4.4 The average interest rate earned for the year to date is 1.2774%.

4.5 Gross interest earned for the period 1st April 2022 to 30th September 2022 was £0.094m.

5. Counterparty Maintenance

5.1 The PCC CFO is responsible for maintaining an Approved Counterparty List in accordance with the criteria as set out in the approved Annual Investment and Treasury Strategy 2022/23. Credit rating information is supplied by our treasury consultants on all active counterparties. Any rating changes, rating watches (notification of a likely change) and rating outlooks (notification of a possible longer-term change) are provided by our treasury consultants immediately they occur. A wide range of market information such as Credit Default Swap prices and share price is also taken into account. The Approved Counterparty List is therefore actively managed on a day-to-day basis and when an institution no longer meets the PCC approved counterparty criteria, it is immediately removed.

- There have been no credit rating downgrades during the period 1st April 2022 to 30th September 2022 that have resulted in counterparties being removed from the authorised counterparty list.

6. Long Term Borrowing/Debt Management

- 6.1 The PCC undertakes capital expenditure on long-term assets. This activity gives rise to the need to borrow. Part of the PCC's treasury management activity is to address this borrowing need, either through long term borrowing from external bodies (PWLB or commercial banks) or utilising temporary cash resources within the PCC pending long term borrowing.
- 6.2 In accordance with the approved 2022/23 Investment and Treasury Strategy, the PCC continues to delay new borrowing for capital purposes, using cash balances on a temporary basis to avoid the cost of 'carrying' debt in the short term. Delaying borrowing and running down the level of investment balances also reduces the PCC's exposure to investment counterparty risk.
- 6.3 At the 30th September 2022, the PCC's external borrowing (debt outstanding, excluding PFI) totaled £33.042m (PWLB)
- 6.4 The PCC's overall capital financing requirement (excluding PFI & ROU Leases) at 31.3.22 was £40.9m. The projected capital financing requirement at 31.3.23 is approximately £46.7m. This represents unfunded capital expenditure for which approved borrowing can be drawn down. The PCC's CFO, under delegated powers, will take the most appropriate form of borrowing depending on the prevailing interest rates at the time, taking into account the risks identified in the economic forecast (Section 2).
- 6.5 The Public Works Loans Board (PWLB) provides a facility to restructure debt, including early repayment of loans and encourages local authorities to do so when circumstances permit. This can result in net savings in overall interest charges. Current circumstances do not suggest that refinancing existing PWLB debt would be economically prudent due to the significant repayment penalties. However prevailing PWLB interest rates continue to be monitored in order to identify repayment opportunities.
- 6.6 At no point during the period 1 April 2022 to 30 September 2022 has borrowing exceeded either the Operation Boundary Limit or the Authorised Limit for External Debt set in the 2022/23 Investment and Treasury Strategy.

7. Other

- 7.1 In December 2021, the Chartered Institute of Public Finance and Accountancy, (CIPFA), issued revised Prudential and Treasury Management Codes. As from 2019/20, all local authorities are required to prepare a Capital Strategy which is intended to provide the following: -
- a high-level overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of services
 - an overview of how the associated risk is managed
 - the implications for future financial and environmental sustainability

A report setting out our Capital Strategy will be included in the Budget and Medium Term Financial Plan 2023/27 which will be presented to the Police and Crime Panel on 2 February 2023.

- 7.2 MiFID II (Markets in Financial Instruments Directive).
On 3 January 2018 the EU introduced regulations under MiFID II. These regulations govern the relationship that financial institutions conducting lending and borrowing transactions have with local authorities (and PCCs). This has little effect on the PCC apart from having to fill in forms sent by each institution dealing with the PCC and for each type of investment instrument in use - apart from for cash deposits with banks and building societies.

8 Conclusion

- 8.1 The Mid-Year Treasury Management Monitoring Report 2022/23 provides information on the Treasury Management activities of the PCC for the period 1st April 2022 to 30th September 2023.

9 Recommendation

- 9.1 It is recommended that Audit Committee notes the Mid-Year Treasury Management Monitoring Report 2022/23.

Appendix 1

| Outstanding Deposit Profile @ 30 September 2022 | | | | |
|---|----------------|--------------------|-------|--------------------|
| Start | Repay | Counterparty | Rate | Amount |
| 05/07/2022 | 05/10/2022 | Nationwide BS | 1.41% | £5,000,000 |
| 05/07/2022 | 05/01/2023 | DBS Bank Ltd | 2.15% | £7,000,000 |
| 05/07/2022 | 05/04/2023 | Goldman Sachs Intl | 2.47% | £2,000,000 |
| 07/09/2022 | Instant Access | Barclays Bank | 2.10% | £2,000,000 |
| 07/09/2022 | Instant Access | Lloyds Bank | 2.16% | £4,000,000 |
| 07/07/2022 | Instant Access | CCLA | 1.95% | £3,000,000 |
| | | | | £23,000,000 |



NORFOLK
CONSTABULARY
Our Priority is You

ANNUAL GOVERNANCE STATEMENT FOR THE POLICE AND CRIME COMMISSIONER FOR NORFOLK AND THE CHIEF CONSTABLE OF NORFOLK 2021/22

Leadership changes arising during the period covered by the Annual Governance Statement

During 2021/22 there was a significant change in terms of the most senior leadership roles of the Police and Crime Commissioner (PCC) and Chief Constable.

Following an election on 6th May 2021, Giles Orpen-Smellie was elected the new Police and Crime Commissioner for Norfolk taking up his post on 13th May 2021. One of the first actions the PCC had to take was to appoint a new Chief Constable after the retirement of former Chief Constable Simon Bailey. Following a full recruitment process in line with requirements from the Home Office and College of Policing, Paul Sanford was appointed Chief Constable on 2nd December 2021. Prior to this Paul had been Deputy Chief Constable of Norfolk and held the role of Temporary Chief Constable in the period following Simon Bailey's retirement up to the permanent appointment.

The PCC's other key responsibility was to draw up his new Police, Crime and Community Safety Plan. The PCC announced that the previous plan drawn up by his predecessor would still apply for the first year of his term and his new plan would run from 2022-2024. The financial accounts 2021/22 therefore reflect the priorities of the previous plan.

However, this Annual Governance Statement (AGS) does consider the period up to the point the accounts are finalised following a full external audit and therefore as the new plan runs from 1st April 2022 the priorities of this plan are also considered in the AGS where appropriate to do so.

The Office of Police and Crime Commissioner for Norfolk (OPCCN) has also taken on responsibility for the Norfolk Community Safety Partnership and the governance of the Partnership sits within the OPCCN who report to the County Council.

1. Background

- 1.1 This Annual Governance Statement (AGS) covers the financial year 2021/22 but extends to cover the period to the signing of the Statements of Accounts in March 2023. This statement is an opportunity to demonstrate compliance with the Code of Corporate Governance and the CIPFA Financial Management Code.
- 1.2 The Police and Crime Commissioner (PCC) and the Chief Constable for Norfolk are responsible for ensuring that their business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently, and effectively.
- 1.3 In discharging this overall responsibility, the PCC and Chief Constable are also responsible for putting in place proper arrangements for the governance of their affairs and facilitating the exercise of their functions, which includes ensuring a sound system of governance (incorporating the system of internal control) is maintained through the year and that arrangements are in place for the management of risk.
- 1.4 The Corporate Governance Framework, which sets out how governance 'works' for the PCC and Chief Constable, can be found on the PCC's website (www.norfolk-pcc.gov.uk) or may be obtained from the Office of the Police and Crime Commissioner for Norfolk, Building 1, Jubilee House, Falconers Chase, Wymondham, Norfolk, NR18 0WW.
- 1.5 This Framework includes the joint Code of Corporate Governance (the Code) which is consistent with the principles of the CIPFA/SOLACE Framework: Delivering Good Governance in Local Government [April 2016] (as expanded by a Guidance Note for Police [June 2016]).
- 1.6 The PCC's and Chief Constable's financial management arrangements conform to the governance requirements of the latest CIPFA Statement on the Role of Chief Financial Officers in Policing issued March 2021.
- 1.7 This AGS also explains how the PCC and Chief Constable have complied with the Code and also meets the requirements of Regulation 6 of the Accounts and Audit (England) Regulations 2015 in relation to the review of the effectiveness of the system of internal control and the publication of an annual governance statement.

2. The Purpose of the Governance Framework

- 2.1 The governance framework comprises the systems and processes and culture and values by which the PCC and Chief Constable are directed and controlled, and the activities through which they account to and engage with the community. It enables the PCC and Chief Constable to monitor the achievement of their strategic objectives and to consider whether those objectives have led to the timely delivery of appropriate, cost-effective services, including achieving value for money.
- 2.2 The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the PCC's and Chief Constable's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them effectively, efficiently and economically.

2.3 However, good governance is not only about processes, rules and procedures. The governance framework should be applied in a way which also demonstrates the spirit and ethos of good governance. Shared values which are integrated into the culture of an organisation and are reflected in behaviour and policy are essential hallmarks of good governance.

3. The Governance Framework

3.1 The Chief Constable is responsible for operational policing matters, the direction and control of police officers and police staff, and for putting in place proper arrangements for the governance of the Constabulary. The PCC is required to hold the Chief Constable to account for the exercise of those functions and those of the persons under the Chief Constable's direction and control. It therefore follows that the Commissioner must satisfy himself that the Constabulary has appropriate mechanisms in place for the maintenance of good governance, and that these operate in practice.

3.2 The PCC has adopted a Corporate Governance Framework (including the Code of Corporate Governance) and a Scheme of Governance and Consent which includes Financial Regulations and Contract Standing Orders. These are reviewed periodically in accordance with requirements.

3.3 A governance framework has been in place throughout the financial year 2021/2022 (ending 31 March 2022) and [up to the date of the approval of the Statements of Accounts]. There was an opportunity to review and amend the governance framework to reflect the new PCC arrangements and **this work is has been completed at the time of writing this report.**

3.4 The key elements of the systems and processes that comprise the PCC's and Chief Constable's governance arrangements and how these adhere to the seven principles in the Code are set out below: -

Principle A – Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law.

3.5 The Police Code of Ethics, produced by the College of Policing, describes the principles that every member of the policing profession in England and Wales is expected to uphold and the standards of behaviour they are expected to meet. This Code applies to all those who work for the Constabulary, be they police officers, police staff, contractors or volunteers. Staff have been made aware of the Code of Ethics and its implications. Policies, procedures and training products are reviewed in line with the Code and it is central to decision making using the National Decision Making Model. Where there are breaches of the Code of Ethics or the Standards of Professional Behaviour there is a positive duty to report these matters. The Joint Professional Standards Department receives such reports, and these are investigated appropriately and in accordance with Police Regulations. A Code of Conduct based on the Code has also been adopted by the PCC and staff of the OPCC.

3.6 Following the enactment of the Police and Crime Act 2017, a number of Police Regulations changed on 1st February 2020 and these changes include the Chief Constable no longer being the appeal body for complaints from the public with the PCC now becoming the review body. Appeals are now referred to as a 'right to review'. Other changes include less serious misconduct matters being dealt with as 'Practice Requiring Improvement' which will involve line managers in improving the officer's performance rather than instigating formal misconduct proceedings. The OPCCN and the Constabulary continue to work together to consolidate the implementation of the new

regulations and processes. The OPCCN appointed a part time Police Complaints Review Officer to deal with the new process and they have been in post since January 2020. The implementation of the new model has now been in operation since February 2020 and although there have been no issues there is a high volume of requests being submitted and the OPCCN have considered a range of options for additional resourcing to assist the part time Police Complaints Review Officer role to ensure the efficient and effective delivery of the service. The Complaints and Compliance Officer post is being reviewed and an additional responsibility is being added with regards to conducting and administering complaint review validity assessments and providing support to the Police Complaints Review Officer. In addition, regular reporting on the number of complaint reviews is carried out through the Norfolk Police and Crime Panel Complaint's Sub-Panel.

- 3.7 Formal policies also exist in respect of whistle blowing, public complaints, anti-fraud and corruption, declaration of business interests, gifts, loans and hospitality and disclosable associations. An Ethics Committee has been established to enable staff to raise for consideration ethical issues affecting the Constabulary to enable further improvement in the transparency, professionalism and ethical approach of staff, policies and procedures to such issues. A Joint Integrity Board has also been established with the aim of securing the internal confidence of staff and officers in the fair application of policy and process in matters of integrity and ethics and to ensure that the organisations manage risk and learn from cases to improve the service provided.

Principle B - Ensuring openness and comprehensive stakeholder engagement

- 3.8 The OPCCN's website contains details of the meetings the PCC holds with the public, partners, Chief Constable, Audit Committee and Police and Crime Panel. Agendas, reports and minutes are available for public scrutiny where appropriate and social and digital media are frequently used to inform people unable to attend and to summarise meetings and key decisions.
- 3.9 The Constabulary offers regular, direct updates via its social and digital channels including Twitter, Facebook, Instagram, Next Door, LinkedIn, the force website, and indirectly via the local media parish newsletters and parish and council meetings. In addition, members of the public can sign up to the free Police Connect service to receive directly details of local crimes, initiatives and engagement opportunities via e-mail, voicemail or text.
- 3.10 The Constabulary has a Communications and Engagement Strategy, and this sets out how the force will effectively engage with the residents of Norfolk in accordance with Section 34 of the Police Reform and Social Responsibility Act 2011. Key aims include actively engaging with local communities, using offline platforms and online digital technology to reach a wider audience, ensuring officers and staffs have a clear understanding of expectations, working with partners, and acting on feedback to ensure we meet needs and requirements.
- 3.11 Representatives of the PCC attend meetings regularly to ensure that the arrangements the Constabulary has in place are effective. The PCC's Office (OPCC) also has its own Communications Strategy and Engagement Plans setting out how it will obtain the views of the community and victims of crime regarding policing. The OPCCN has a Consultation and Engagement Officer to review, develop and deliver its engagement activities and oversee delivery of the Engagement Strategy. Following the PCC elections in May 2021 the Communications Plans and Engagement Strategy has been updated to take account of new PCC priorities. Engagement is carried out through established fora such as the Independent Advisory Group and Youth Commission,

strategic and operational partnerships and bespoke activity and events at a national, regional and local level.

- 3.12 The PCC held a countywide budget consultation asking Norfolk people whether they agreed to a precept rise for 2022/23. Key partners were also consulted. The results of the police budget 2022/23 consultation show that 49% of those who took part said they would be prepared to pay extra through the policing element of their council tax. The PCC holds regular public meetings (Police Accountability Meetings) to hold the Chief Constable to account and hosts online surgeries for the public to engage directly with the PCC.
- 3.13 The OPCC manages a key independent advisory panel, the Independent Advisory Group (IAG). The IAG engages with a range of stakeholders for different purposes, ranging from developing strategy, assessing the efficiency and effectiveness of the police force and commissioning services, to promoting community safety indicatives and building confidence.
- 3.14 The Constabulary measures the satisfaction of service users through the use of victim surveys and reports to the Office of the PCC on levels of satisfaction as one of the agreed Police and Crime Objectives. It also reviews public confidence through monitoring of results through the Crime Survey of England and Wales. In addition, Norfolk Constabulary undertakes a public perceptions survey that can be broken down to district level, which can be used to assess qualitative performance on feelings of safety and community confidence in policing and will shortly be running a hyperlocal survey amongst it's followers to understand what information and platforms they would like us to use.
- 3.15 Norfolk Constabulary collaborates extensively with Suffolk Constabulary as it has done since 2008. This formal collaboration is across a range of services including operational policing and back-office functions. The PCC is required to give approval to collaborative opportunities before they can commence. The PCCs of Norfolk and Suffolk meet during the year to discuss and discharge their governance responsibilities. In addition to this there are governance arrangements that cover operational managers and Chief Officers. The main drivers have been to maintain the effectiveness of operational and organisational support and to drive out savings through economies of scale and efficiencies in order to protect front line resources wherever possible.
- 3.16 There are also services that are subject to ongoing regional collaboration. A Seven Force Strategic Network has been established (this is essentially the three strategic collaborations of Norfolk / Suffolk, Kent / Essex and Bedfordshire / Cambridgeshire / Hertfordshire). This network looks for opportunities to converge processes and practices where relevant, and also looks for wider collaboration opportunities where it is practical to do so. The network is governed jointly by the seven PCCs and seven Chief Constables.

Principle C - Defining outcomes in terms of sustainable economic, social and environmental benefits

- 3.17 The PCC elections in May 2020 were cancelled due to the COVID-19 pandemic and the elections took place on 6th May 2021. Giles Orpen-Smellie was elected the new Police

and Crime Commissioner for Norfolk taking up his post on 13th May 2021. The PCC announced that the previous plan drawn up by his predecessor would still apply for the first year of his term and his new Police, Crime and Community Safety Plan would run from 2022-2024. The financial accounts 2021/22 therefore reflect the priorities of the previous plan as shown below.

- 3.18 The former PCC consulted widely on his Police and Crime Plan (2016/20) following his election in 2016 and this was published in March 2017. The Plan set out seven core priorities for Norfolk and outlined the PCC's vision for tackling and preventing crime, protecting the most vulnerable and supporting victims.

The seven priorities were: -

- Increase visible policing
- Support rural communities
- Improve road safety
- Prevent offending
- Support victims and reduce vulnerability
- Deliver a modern, innovative service
- Good stewardship of taxpayers' money.

- 3.19 The Plan has been monitored through two public forums:

- The Police Accountability Meetings (PAM) where the Chief Constable is held to account by the PCC for delivery against the Police and Crime Plan.
- The Norfolk Police and Crime Panel (PCP) where the PCC's work is scrutinised by the Panel for delivery against the Police and Crime Plan.

The public can submit their questions to both the PAM and the PCP, and this aids transparency and community confidence in policing potentially and provides additional governance.

All these performance reports are published on the OPCCN website [PCC Accountability Meeting | Norfolk PCC \(norfolk-pcc.gov.uk\)](https://www.opccn.gov.uk/pcc-accountability-meeting/norfolk-pcc)

and the Police and Crime Panel section of the Norfolk County Council website:
<https://www.norfolk.gov.uk/what-we-do-and-how-we-work/policy-performance-and-partnerships/partnerships/crime-and-disorder-partnerships/police-and-crime-panel>

- 3.20 There is a co-ordinated process for strategic and medium-term financial planning (MTFP) that uses Outcome Based Budgeting (OBB) principles. The budget for 2021/2022 proposed by the PCC was based on an increase in the council tax (following consultation) of £14.94 per annum for a Band D equivalent property. The increase in the precept has been used to invest in and improve services for the communities of Norfolk. The PCC's proposal was supported by the Police and Crime Panel. Savings were required to balance the budget but through central government funding for Operation Uplift it is possible to increase police officer numbers. The work involved in preparing the budget and the MTFP requires close liaison with operational staff and budget managers followed by a detailed process of scrutiny and challenge by Chief Officers and the PCC and OPCC Executive in order to ensure that the MTFP can finance the strategic aims of the Constabulary and the PCC.

- 3.22 There is a clearly defined corporate performance management framework. Objectives and key performance indicators are established and monitored both at a corporate and local level. Regular reports are made to senior managers, the Command Team, the

Commissioner and the Norfolk Police and Crime Panel on performance against objectives. This includes detailed analysis and scrutiny of performance and compares performance against the most similar family of forces.

- 3.22 Proposals for collaboration go through a detailed process, designed to ensure that all options are considered, outcome and risk assessed and that all parties can sign up to formal agreements in the knowledge that future policy, performance and resource levels are recognised at the offset. Dedicated resources are in place to support those units subject to Norfolk / Suffolk collaboration, including the formulation of detailed business cases. The business cases are subject to review by senior officers and the Joint Chief Officer Teams of the two constabularies. Proposals are further discussed before final sign off by the two PCCs. This is underpinned by formal agreements covering the legal aspects of collaboration. A similar process applies to regional proposals.
- 3.23 A Programme Management Office oversee the planning, implementation and delivery of Norfolk and Suffolk Constabularies' overarching change programme in accordance with the two force's strategic priorities and reports upwards via the Joint Strategic Planning and Monitoring Board meeting into the Joint Norfolk and Suffolk Chief Officer Team.

Principle D - Determining the interventions necessary to optimise the achievement of the intended outcomes

- 3.24 Norfolk and Suffolk Constabularies gather data and intelligence from a range of sources to produce an annual Strategic Assessment. The Strategic Assessment considers all relevant internal and external factors that might impact upon policing, crime and disorder at county and local level, highlighting emerging issues, risks and threats. All operational issues are risk assessed using the nationally recognised Management of Risk in Law Enforcement (MoRiLE) framework. The Strategic Assessment is then used to inform the development and review of the Police and Crime Plans, and the local policing plans and performance frameworks. It also leads to the setting of the Operational Control Strategy for which there are identified strategic leads for each theme area. In 2021/22 the Control Strategy and overarching Strategic Assessment were also woven into the Norfolk Force Management Statement (FMS). Partners are consulted in the development of the Strategic Assessment and the final document is also shared with them to help aid their decision making and planning.
- 3.25 Norfolk Constabulary also produce an annual force management statement (FMS), which is a self-assessment that chief constables prepare and give to HMICFRS each year. The FMS explains the demand the forces expect to face in the foreseeable future and assesses this against the constabulary's workforce (capacity, capability and security of supply) and the extent to which current force assets will be able to meet the expected future demand. The FMS also assesses how the constabulary will change to cope with future demand and the potential effect of any residual risk of service failure.
- 3.26 The Constabulary undertakes strategic analysis in the form of strategic profiles. Where relevant, these are produced jointly for Norfolk and Suffolk, highlighting any cross force and single force issues. The profiles cover a range of strategic crime and thematic topics such as drug offending (e.g. drug market profile), whilst also looking at organisational issues such as Engagement in Policing profile. They provide a comprehensive account of the topic, taking into consideration any existing research or 'what works' evidence to inform strategic and tactical action plans and decision making. Partnership data is utilised wherever possible, and consultation is also undertaken with stakeholders outside of policing as a key part of the process. These strategic profiles are used to inform the overall Strategic Assessment and help operational decision making.

- 3.27 The Strategic Business and Operational Services (SBOS) department undertakes analysis, research, and improvement and evaluation activity across the Constabulary, covering strategic, operational, organisational and performance reporting. SBOS also leads on policy, corporate risk management, programme management, benefits identification and joint operational or organisational project work (including business analysis). Finally, SBOS also lead on compliance with the Home Office County Rules through a crime registry and audit function. The collaboration of these distinct areas of business within one department allows for more informed analysis to take place which could relate to any part of the organisation, whether operational or organisational. This collaboration also results in the greater use of a variety of techniques to aid tactical and strategic decision making and to formulate problem solving approaches. The department seeks to use an evidenced based approach to its work ensuring that 'what works' is considered as part of the Constabulary's problem-solving activity and evaluations are conducted to ensure lessons are learnt and successes identified. During 2022 SBOS reorganised slightly establishing a new Organisational Analysis function integrating risk management, benefits and the Force Management Statement (FMS). This new team will undertake quarterly reviews of the FMS that is produced annually, providing constant updates to aid decision making, along with providing an ability to assist project managers in identifying trackable benefits from their delivery. This new team will allow for future FMS provision and an ability to assist project managers in identifying trackable benefits from their delivery.
- 3.28 The SBOS department produces analytical work to support a number of forums and groups, including the Tasking and Co-ordination Group meetings and Performance and Accountability meetings, delivering strategic and tactical products which facilitate forward resource planning and the identification and management of threat, risk and harm, thereby minimising costs to the organisation. SBOS also produces analysis in collaboration with external organisations and partners (including ambulance, fire & rescue service, county council, youth offending team, and trading standards) in order to better understand performance in the context of shared demand.
- 3.29 SBOS is also one of the founding partners of the Norfolk Office of Data Analytics (NODA). NODA brings together local authority and police data to help inform 'whole system' analysis on high priority areas. NODA has developed during 2021/22 allowing the provision of its own dedicated if small analytical capability which has been utilised by the Constabulary. NODA played a key role in data provision during the COVID19 pandemic throughout 2021/22, linking data from different county services to help build a picture of the situation in a dynamic and joined up way, helping identification of the most vulnerable through multiple partnership datasets and working with the University of East Anglia on world class predictive forecasting of infection rates. The SBOS department supports the Constabulary in meeting its statutory and legislative requirements regarding information and data provision including the Annual Data Returns as set out by the Home Office and data requirements from HMICFRS. SBOS also provide data for a large proportion of Freedom of Information requests.

Principle E - Developing the entity's capacity, including the capability of its leadership and the individuals within it.

- 3.30 Norfolk and Suffolk Constabularies have continued to develop the Leading With CARE, Leadership Development Programmes for supervisors, middle and senior leaders, both officers and staff which are in the form of pathways for development, hosted and tracked on our learning management system. These pathways contain operational, management and leadership development and online content from the College of Policing. The pathways use the Performance Development Review (PDR) conversations

throughout and incorporate other development tools such as 360-degree feedback, reflective practice, a shadowing scheme, mentoring and coaching (including trained and/or qualified to ILM level 5). Within the mentor pool there is a group officers and staff with a particular interest in supporting the development of officers and staff from underrepresented groups.

- 3.31 Leadership apprenticeships are offered for police staff to replicate the qualifications offered to officers via the NPPF. Coaching skills for all managers and reverse mentoring is also part of our strategy to develop a coaching culture of leadership in the Constabularies. The development pathways have been complemented by CPD workshops to help embed the CARE behaviours (Connectivity, Accountability, Risk Competence and Energy) in the workplace. The officer promotion processes in both Constabularies use the CARE leadership behaviours for selection. A new operational skills pre-promotion course has been developed for aspiring Sergeants to ensure they develop the knowledge and skills they need, in a timely way, before they are placed into their first Acting Sergeant role.
- 3.32 The Learning Management System (LMS), “The Best I Can Be”, continues to expand with a greatly increasing amount of operational, personal and leadership content hosted on it. With the expansion, the LMS site has been re-designed and will be re-launched in May to improve customers experience allowing them to locate exactly what they need more easily. A number of new products have been developed including a dedicated tile to support the roll-out of the Modern Workplace Programme, an Onboarding package, which can be accessed by new-starters before they join and which provides a ‘one-stop shop’ for all Constabulary information a new starter needs in their induction period. In addition, a multimedia, fully interactive work experience programme for schools has been introduced which has been awarded the prize for Innovation by the National Learning Network and has also been nominated for the prestigious Tilley Awards in Policing. This package has the potential to make a significant contribution in attracting young people to Policing. Flexible blended learning technology will continue to develop in sophistication and grow apace, allowing access to learning 24/7, so increasing inclusion and continuing to reduce abstraction, travel and venue costs.
- 3.33 The Constabularies have designed and launched an electronic PDR process which makes the form more accessible, automatically links to the individual, their manager and senior managers and enables management reporting across the organisation to help drive performance improvement, succession planning, talent and career development. The launch of the new ePDR is supported by a dedicated site on our LMS which includes drop in surgery dates, a User Guide and a series of instructional videos explaining how to navigate the form. In terms of Governance, the People Board will continue the development, standardisation and monitoring the effectiveness of PDR via the management information generated.
- 3.34 Our Apprenticeship Programme is embedded well with the aim of providing training for officers and staff in emerging, hard to recruit or retain skills and to upskill our staff for 21 Century Policing. Managers are now fully engaged with the concept and are identifying opportunities for upskilling staff and for recruiting new people who have potential to develop, particularly in new skill areas. We currently have 71 live Apprenticeships across 13 different Apprenticeship Standards ranging from Level 3 (A level) to Level 7 (Master’s) including leadership and management, intelligence and data analysts, digital and technical solutions, improvement practitioner and procurement. Both constabularies first Police Constable Degree Apprenticeships, the PCDA, will start in June, working with our higher education partner, Anglia Ruskin University.

Principle F - Managing risks and performance through robust internal control and strong public financial management

- 3.35 The PCC and Chief Constable have Risk Policies in place to ensure that the risks facing the organisation are effectively and appropriately identified, evaluated and reported. The Joint Norfolk and Suffolk (Constabularies) Risk Management Policy includes details of the risk management framework within the governance structure of Norfolk Constabulary. It sets out risk management requirements and practices that should be undertaken; by whom and when and outlines the consequences of non-adherence. The policy supports a robust risk management approach for ensuring that strategic objectives are achieved and shows how risk is dealt with, by mitigation and/or escalation to the appropriate level in the organisations. A similar policy has been drawn up by the Norfolk Office of the PCC (OPCC). The Audit Committee routinely sees the Strategic Risk Registers.
- 3.36 Due to the introduction of the PCC's new Police, Crime and Community Safety Plan the Strategic Risk Registers (SRR) have been revised to map to the new priorities contained within the plan. The revised versions of the SRR will be presented to the Audit Committee in **January 2023**.
- 3.37 The Crime Registry and Audit functions for Suffolk and Norfolk, which are part of SBOS, carries out independent and rigorous audit of crime and incident recording. It provides an objective assessment of how the Constabularies are complying with the National Crime and Incident Recording Standards. The audit reports produced are reviewed by Chief Officers and if areas for improvement are identified, action is allocated and taken accordingly. As necessary, any areas of risk in relation to Crime Data Integrity are also raised at the Force Crime Data Integrity meetings and, where relevant, at Force performance meetings. They are also detailed on the risk register.
- 3.38 In 2019 Her Majesty's Inspectorate of Constabularies, Fire and Rescue Services (HMICFRS) conducted a Crime Date Integrity Inspection which found an estimated 8700 crimes had been under reported. As a result, the force was graded as Requiring Improvement in this area. This created 6 Areas for Improvement (AFI) and 3 recommendations allocated to the force. Whilst the inspectorate identified outstanding leadership in this area of business, they found that staff did not understand the increasingly complex crime recording rules.
- 3.39 A Crime Data Integrity meeting chaired by the Assistant Chief Constable was established and precept funding was used to recruit a Crime Data Integrity Quality Assurance Team (CDIQAT) team to ensure all incidents are correctly recorded on notification to police, as they come to the control room. HMICFRS re-inspected the force in 2022 and removed the AFIs and recommendations as a result of the CDI compliance evidenced. Internal Crime Data Integrity audits show recent compliance rates of 96% which if graded would be expected to be either Good or Outstanding.
- 3.40 Even with the additional flexibility available to the PCC for precept increase in 2022/23; over the medium term, efficiencies will continue to be identified so that operational demand and cost pressures can be met. By the 31 March 2022 some £40m of annually recurring savings will have been found. Over the MTFP period to 2025/26 a further £2.9m has been identified. Reserves are forecast to reduce from £17.7m at 31 March 2022 to £12.0m by 31 March 2026 and these levels remain within the acceptable range defined in the Reserves Strategy of the PCC.

Principle G - Implementing good practices in transparency, reporting, and audit to deliver effective accountability

- 3.41 The Commissioner has a statutory duty to produce and publish an Annual Report which details performance for the previous year against the objectives and performance measures set in the Annual Policing Plan. Financial performance against the revenue budget, capital programme and levels of reserves is reported regularly through the Police Accountability Forum. The Annual Report and financial performance papers are published on the OPCC website.
- 3.42 The OPCCN continued to receive an annual award for meeting its statutory requirements on openness and transparency. The OPCC Transparency Quality Mark was previously issued by CoPaCC and assessed compliance with the Specified Information Order for Elected Local Policing Bodies. The OPCCN received a 'highly commended' award for the first time in 2020-21. Following on from this last award CoPaCC announced they would no longer be conducting their assessment process. The OPCCN has now planned an internal audit to ensure continued compliance in this area for 2021/22 which will include the additional requirements set out in the amended Specified Information Order published in May 2021 which was a recommendation from the governments PCC Stage One review. From 2023, OPCCN has arranged for the Norfolk Independent Advisory Group (IAG) to take on the role of independent assessment to ensure the OPCCN maintains compliance with the Specified Information Order and work is currently underway on developing policies and procedures for this new process.
- 3.43 The Audit Committee has overseen the full programme of internal and external audit activity. See paras 4.20 to 4.22.

4. Review of Effectiveness

- 4.1 The PCC and Chief Constable have responsibility for conducting an annual review of the effectiveness of the governance framework, including the system of internal control.
- 4.2 This review of effectiveness is informed by
- the work of executive managers within the Constabulary and the OPCC who have the responsibility for the development and maintenance of the governance environment,
 - the head of internal audit's annual report and
 - comments made by the external auditor and other review agencies and inspectorates.
- 4.3 A full report will be presented to the Audit Committee ahead of the sign-off of the accounts. The groups and processes that have been involved in maintaining and reviewing the effectiveness of internal control include the following:

Corporate Governance Working Group

- 4.4 This Group has been established to review the corporate governance framework and systems of internal control and to oversee the preparation of this Annual Governance Statement. The group comprises the Chief Executive of the PCC, the Director (Performance and Scrutiny) OPCC, the PCC's CFO, the Chief Constable's Assistant Chief Officer, the Head of Strategic Business and Operational Services and one co-opted member of the Audit Committee. These officers are involved in the oversight of the governance framework and its processes and are able to review its effectiveness.

Internal Audit

- 4.5 Internal audit (delivered under contract by TIAA from 1 April 2015) provides independent and objective assurances across the whole range of the PCC's and Constabulary's activities and regularly presents findings to the Audit Committee of the PCC and Chief Constable. TIAA has taken a managed audit approach in conjunction with external audit to ensure that all necessary areas of compliance are covered. The audit programme for the year was prepared and agreed with the PCC and Chief Constable following a risk-based assessment. The managed audit approach has been developed successfully over past years, in agreement with external audit to bring further efficiency to audits. At each meeting of the Audit Committee the Head of Internal Audit also presents a 'Follow-Up' Report which sets out the numbers of implemented recommendations and those which remain outstanding.
- 4.6 The contract with TIAA ended on 30 June 2021. A tender exercise was undertaken. However, this did not result in a successful award. TIAA have been reappointed until 30 June 2022. This did involve a short break in service and a revised audit plan for the year covering the main risk areas. This did not impact on the ability for the Head of Internal Audit to give an opinion as described below.
- 4.7 A fresh procurement exercise was then undertaken, and the result is that TIAA were reappointed as the PCC and Chief Constable's internal auditors.
- 4.8 Internal audit is required to give an overall opinion on the adequacy and effectiveness of the framework of the internal control and risk management environment.
- 4.9 The overall opinion for 2021/22 from the Head of Internal Audit is shown below:
"Reasonable assurance can be given that there is a generally sound system of internal control, designed to meet the organisation's objectives, and that controls are generally being applied consistently.
TIAA is satisfied that, for the areas reviewed during the year, for the Police and Crime Commissioner for Norfolk and Chief Constable of Norfolk Constabulary effective risk management, control and governance processes are in place.
This opinion is based solely on the matters that came to the attention of TIAA during the course of the internal audit reviews carried out during the year and is not an opinion on all elements of the risk management, control and governance processes or the ongoing financial viability or ability to meet financial obligations which must be obtained by the Police and Crime Commissioner for Norfolk and Chief Constable of Norfolk Constabulary from its various sources of assurance."
- 4.10 Out of 12 audits, 8 received reasonable assurances, and four substantial assurances. One limited assurance audit relating to the prior year was reported in 2021/22 and more information on this audit is set out in paragraphs 5.1 and 5.2.

External Audit and Other External Review Bodies

- 4.11 The external auditor (Ernst and Young LLP), was re-appointed by Public Sector Auditor Appointments in 2017). External Audit provides a further source of assurance by reviewing the annual accounts and value for money assessment and reporting upon internal control processes and any other matters relevant to their statutory functions and codes of practice. An unqualified audit report was issued on the 2020/21 Statement of Accounts in November 2021 together with an unqualified value for money conclusion.

The External Auditor's Annual Audit Letter was issued in December 2021, and it did not identify any matters to be addressed.

- 4.12 There was a new PSAA procurement process undertaken to appoint auditors for the next 5 year appointing period and notification was received in autumn 2022 as to who the external auditor will be for the PCC and Chief Constable. Ernst and Young LLP were reappointed under the procurement.
- 4.13 The Constabulary is subject to continuous inspection by Her Majesty's Inspector of Constabulary and Fire & Rescue Services (HMICFRS). The force was last inspected between 2021 and 2022 during the PEEL (Police Effectiveness, Efficiency and Legitimacy) inspection by HMICFRS. In October 2022 the force received eight separate gradings; one Outstanding, three Good, three Adequate and one Requires Improvement. The HMICFRS have added a new fifth grade this year to the assessment gradings used at present. The grading of "Adequate" is positioned between Requires Improvement and Good.
- 4.14 In addition to the PEEL gradings, the inspectorate set out eleven Areas for Improvement (AFIs). Progress against these is monitored in a monthly meeting chaired by the Deputy Chief Constable. The next PEEL inspection will commence in 2023.
- 4.15 In May as part of the 2021/22 PEEL Inspection, HMICFRS inspected Norfolk's response to Serious and Organised Crime with the results expected to be published early 2023.
- 4.16 The force continues to progress recommendations set from national thematic reports allocated to all forces in England and Wales. Recent reports include an inspection of vetting, misconduct, and misogyny in the police service, violence against women and girls and an inspection into how well the police and other agencies use digital forensics in their investigations.
- 4.17 Regarding data protection, data breaches continue to be reported to the relevant areas. Each breach is investigated, and appropriate action is taken to contain and manage the risk. The Deputy Chief Constables of Norfolk and Suffolk are the Senior Information Risk Officers (SIRO) and are involved in reviewing the high-risk data breaches that are considered for referral to the Information Commissioners Office. Norfolk and Suffolk Constabularies made 5 referrals (2 Norfolk, 3 Suffolk) in financial year 2021/22 (compared to 10 in the previous year). None of these have resulted in formal action from the ICO although 2 are currently still under review (1 for Norfolk, 1 for Suffolk). Words of advice and further training in data protection is provided as a consequence of every breach.
- 4.18 The Chief Executive of the OPCCN is the Data Controller for that organisation and manages data breaches of which there have been none for the OPCCN during 2021-22.

Police and Crime Panel

- 4.19 The Police and Crime Panel provides checks and balances in relation to the performance of the PCC and scrutinises the PCC's exercise of his statutory functions. The Panel is independent of the PCC and consists of 3 county councillors, 7 district councillors and 2 independent co-opted members.

Audit Committee

- 4.20 The members of the Audit Committee are entirely independent people recruited for their scrutiny skills. They have no conflicts of interest and provide objective advice on audit and wider governance issues. The Committee provides advice, to the PCC and Chief Constable, on audit and governance issues and champions both audit and the embedding of risk management. Specifically, it receives and scrutinises the review of the system of internal control and agrees and monitors any action plans resulting from those reviews. The Committee regularly reviews its own performance and prepares an annual report for submission to the PCC and Chief Constable.
- 4.21 In addition to this the Committee also examines and considers the draft Annual Governance Statement and reviews the draft accounts of the PCC and Chief Constable to make recommendations in this respect. Also, it reviews the annual draft Treasury Management Strategy, monitors its application during the year and makes recommendations as appropriate.
- 4.22 Committee members have continued to receive briefings and training through the year.

5. Significant Governance Issues

- 5.1 One internal audit undertaken in 2020/21 but reported in 2021/22 received 'Limited Assurance' (it should be noted that all audits relating to 2021/22 received either reasonable or substantial assurances):
- **Seized monies** – The result of the audit concluded with one urgent, six important and two operational recommendations. A follow up audit in March/April 2022 concluded that five recommendations had been implemented, one recommendation was not yet due, and one was overdue and a revised date for implementation had been requested was considered appropriate and approved.
- 5.2 All recommendations in Internal Audit Reports are subject to follow up with a detailed report being presented to each meeting of the Audit Committee and to the Joint Constabularies Organisational Board (Delivery) that is chaired by the Deputy Chief Constable. The recommendations from the above limited assurance audit will be included in this follow up process.
- 5.3 There was a need to re procure the internal audit service for Norfolk and Suffolk. **The procurement was successful, and TIAA were reappointed internal auditors.**
- 5.4 The timings of external audits have slipped in recent years due to pressure on resources in the audit firm, and this has put additional pressure on a small but effective constabulary finance team. There is reputational risk with not having audited accounts published on the PCC / CC websites by the statutory deadline of 30 November 2022. This date will be missed as the auditors cannot undertake their audit until after that date. **There is an explanation** on the website to help members of the public understand why publication will be after the statutory deadline. The deadline for future years will be 30 September of each respective year, and this may further increase the risk of not meeting publication dates from an external audit resource perspective.

Impact of Covid 19

- 5.5 As a result of the Covid-19 pandemic the Constabulary established a dedicated command model to focus on our response to the disease. This command structure was

set up in collaboration with Suffolk Constabulary and enabled a consistent approach to our activity both in each force and across the extensive range of collaborated services.

- 5.6 This structure initially operated a Gold-Silver-Bronze model with Gold Command operating across both forces, and a Silver Commander nominated in each force. However, at the tail end of 2021, the silver role was amalgamated, and one Silver Commander was appointed for the two forces. A Strategic Gold plan was written which was implemented by the Silver at an operational, tactical level. A review of the command structure took place as the infection rates started to reduce and alignment with business-as-usual activity commenced. Whilst the existing dedicated command structure was officially and formally stood down from 10th June 2022, the retention of the Gold and Silver commanders will ensure oversight of the local and national position and will ensure a mechanism to facilitate the dissemination of information across both organisations from Op Talla (the national policing response) and other Government departments when and as required.
- 5.7 The Constabulary governance model has remained in place throughout the whole year, allowing the Chief Constable and his Chief Officers to continue to run the force and hold officers and staff to account through different meeting structures. This was done in conjunction with Suffolk Constabulary and the continued use of virtual meetings has allowed appropriate governance arrangements to be delivered as normal across the collaborated functions as well as in Norfolk only functions. In short, the Joint Chief Officer Team (JCOT), Joint Organisational Board, Joint Strategic Planning and Monitoring meetings all took place as planned. In addition, Norfolk Command Team met regularly with all meetings mentioned being held virtually via video enabled Microsoft Teams.
- 5.8 Moving into the new financial year there has been a move to some governance meetings returning to be on force premises, and a mixed approach for others with some attendance in physical meeting rooms, with other attendees at other force premises, or working from home and attending virtually. This is likely to be a model that continues going forward as the force embeds its new Modern Workplace Programme with one of the key principles being “Our work takes place at the most effective locations and at the most effective times”.
- 5.9 As a result of the Covid-19 pandemic the OPCCN established a strategic model to focus on our response to the disease and the opportunity to work in a different way moving forward; whilst ensuring that the Police and Crime Commissioner (PCC) continued to maintain effective governance to fulfil the statutory role and support the wider sector through commissioning of services.
- 5.10 The strategy confirmed how the core functions of the Office of the Police and Crime Commissioner (OPCC) can be maintained and, in some cases, developed, to continue to perform effectively in a changing environment. The extension of agile working ensured people were equipped with appropriate technology to enable them to work from home and this continues to a lesser extent currently. Owing to the changes which have taken place across the county other changes have resulted for the OPCCN. Many meetings with agencies that work with victims are now conducted in other ways, such as via phone or via Teams and this has been more efficient and effective in terms of costs and time. However, some face-to-face meetings are being put into diaries following the removal of restrictions and suitable risk assessments.
- 5.11 Hybrid working is now considered to normal practice within the organisations and plans have been drawn up to redesign office spaces to reflect the change. The OPCCN moved

into a new office on 5th December 2022 which is now fitted out to provide a better working environment for the team and introduce modern ways of working that have been highlighted since the pandemic. Virtual governance practices have been developed so that the PCC is still able to hold the Chief Constable to account and these practices have continued during the period of the accounts.

- 5.12 In addition, during this year, the OPCCN has worked with statutory and non-statutory (third sector/charity) organisations to address the additional needs required for victims of crime and those organisations who are supporting them. The OPCCN has proactively sought, bid for and were successful with a variety of national funds to bring financial support to the county and these are set out in the table below:

| Fund | District | FY2021/22 |
|---|---|-----------------|
| Home Office - Safer Street Fund 3 | All | £383,099 |
| Home Office - New IDVA funding | Breckland, Kings Lynn, North Norfolk, 1xVA all | £173,258 |
| Home Office - Sexual Violence Fund | All | £97,353 |
| Home Office - Provision of SV/DA Uplift | SV - All, DA-Broadland, Gt Yarmouth, Norwich, South Norfolk | £171,412 |
| National Probation Service | Norwich | £17,500 |
| Public Health (Pathway Out) | All | £30,000 |
| DWP (Pathway Out) | All | £35,000 |
| Public Health (Wonder +) | All | £67,250 |
| TOTAL | | £974,873 |

Crime Recording

- 5.13 As outlined in the main body of the report HMICFRS re-inspected the force in 2022 and removed the areas for improvement and recommendations as a result of the CDI compliance evidenced. Internal Crime Data Integrity audits show recent compliance rates of 96% which if graded would be expected to be either Good or Outstanding.

6. Conclusion and Assurance Summary

- 6.1 This report has highlighted the issues which have been identified during the year and which are being addressed.
- 6.2 The Corporate Governance Working Group has concluded that the governance arrangements are fit for purpose in accordance with the governance framework.
- 6.3 Finally, we are satisfied that this report is an accurate commentary on the governance arrangements in place in the Constabulary and the OPCC and of their effectiveness during this period.

Signed

Police and Crime Commissioner for Norfolk

Chief Constable of Norfolk

Mark Stokes
Chief Executive
Office of the Police and Crime Commissioner

Jill Penn CPFA
Chief Finance Officer
Office of the Police and Crime Commissioner

Peter Jasper
Assistant Chief Officer
Constabulary Chief Finance Officer

Date:

Signed on behalf of the senior staff of the Police and Crime Commissioner for Norfolk and on behalf of the Chief Officers of Norfolk Constabulary.



**Audit
Committee
Forward Work Plan**

25 January 2023

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|---|--|
| Committee briefing 25 January 2023 | Fire Safety/IT Project Management |
| Welcome and Apologies | |
| Declarations of Interest | |
| Minutes of meeting 11 October 2022 | |
| Actions from previous meeting | Action Log |
| Internal Audit 2022/23 Progress update and follow up report | Report from Head of Internal Audit TIAA |
| Treasury Management 2022/23 Half Year Update 2023/24 Strategy (draft) | Report from CFO |
| Annual Governance Statement 2021/22 | Report from CFO |
| Forward Work Plan | Report from CFO |
| Fraud update – Part 2 private agenda | |
| Internal Audit – follow up report NIDAS | Report form TIAA |
| Strategic Risk Register Update – Part 2 private agenda | Report from Chief Exec and CC |

14 March 2023

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|--|---------------------------------------|
| Welcome and Apologies | |
| Declarations of Interest | |
| Minutes of meeting 25 January 2023 | |
| Actions from previous meeting | Action Log |
| Final Accounts 2021/22 Approval including External Auditor's Audit Results Report | Report E&Y (External Audit) |
| Internal Audit 2022/23 Progress update and follow up report | Report from Head of Internal Audit |
| Corporate Governance Framework | Report from CFO |
| Forward Work Plan | Report from CFO |
| Fraud - Part 2 private agenda | Report from CFO |

18 April 2023

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| Briefing 18 April | Risk appetite/TFM/Benchmarking/ Sustainability |
| Welcome and Apologies | |
| Declarations of Interest | |
| Minutes of meeting 14 March 2023 | |
| Actions from previous meeting | Action Log |
| Internal Audit 2022/23 Progress Report and Follow Up Review 2022/23 Interim Head of Internal Audit Opinion Report 2023/24 Internal Audit Plan | Reports from Head of Internal Audit |
| Forward Work Plan | Report from CFO |
| Audit Committee Annual report | Report from Chair and CFO |
| Part 2 Private Agenda | |
| Fraud Update – Part 2 private agenda | |
| Strategic Risk Register update – Part 2 private agenda | Report from Chief Exec and CC |

4 July 2023

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|--|---|
| Committee briefing 4 July 2023 | Fraud & Economic Crime/ Data Quality & SBOS (change management)/ Draft Accounts |
| Welcome and Apologies | |
| Declarations of Interest | |
| Minutes of meeting 18 April 2023 | |
| Actions from previous meeting | Action Log |
| Internal Audit 2022/23 Final Progress Report (including any outstanding reports from 2022/23) 2022/23 Final Head of internal Audit Opinion Report 2022/23 Annual Report | Reports from Head of Internal Audit (TIAA) |
| External Audit 2022/23 Audit Plan | Report from Director, E&Y |
| Accounting Policies | Update from CFO/ACO |
| Annual Governance Statement 2022/23 | Report from CFO |
| Forward Work Plan | Report from CFO |
| Fraud - Part 2 private agenda | Report from CFO & ACO |

10 October 2023

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|---------------------------------------|--|
| Committee Briefing 10 October | Data Protection & GDPR/Estates Strategy update |
| Welcome and Apologies | |
| Declarations of Interest | |
| Minutes of meeting 4 July 2023 | |

| Actions from previous meeting | Action Log |
|--|--------------------------------------|
| Internal Audit 2023/24 Summary of Internal Control | Reports from Head of Internal Audit |
| Final Accounts 2022/23 Approval including External Auditor's Audit Results Report | Report from External Auditors |
| Audit Committee Effectiveness (Skills) | Report from CFO |
| Forward Work Plan | Report from CFO |
| Fraud - Part 2 private agenda | Report from CFO |
| Strategic Risk Register update– Part 2 private agenda | Verbal Report from Chief Exec and CC |

Note:-

1. An Audit Skills questionnaire will be sent out in September 2023
2. A private meeting with Audit Committee members and Internal and External Audit leads will take place on 25th January 2023 @ 9am.

Report Author

Jill Penn

Chief Finance Officer - OPCCN