

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

2020-21

December 2021



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

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



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The contents of this report relate only to the matters which have come to our attention, which we believe need to be reported to you. It is not a comprehensive record of all the relevant matters, which may be subject to change, and in particular we cannot be held responsible to you for reporting all of the risks which may affect the PCC or CC or all weaknesses in your internal controls. This report has been prepared solely for your benefit and should not be quoted in whole or in part without our prior written consent. We do not accept any responsibility for any loss occasioned to any third party acting, or refraining from acting on the basis of the content of this report, as this report was not prepared for, nor intended for, any other purpose.




Executive summary

Value for money arrangements

Under the National Audit Office (NAO) Code of Audit Practice ('the Code'), we are required to consider whether the Police and Crime Commissioner (PCC) and Chief Constable have put in place proper arrangements to secure economy, efficiency and effectiveness in their use of resources. We are required to report in more detail on the overall arrangements, as well as key recommendations on any significant weaknesses in arrangements identified during the audit. The specified criteria are set out below

Criteria	Risk assessment	Finding
Improving economy, efficiency and effectiveness	No risks of significant weakness identified	No significant weaknesses in arrangements identified, but improvement recommendations made.
Governance	No risks of significant weakness identified	No significant weaknesses in arrangements identified.
Financial sustainability	No risks of significant weakness identified	No significant weaknesses in arrangements identified.

Key

	No significant weaknesses in arrangements identified.
	No significant weaknesses in arrangements identified, but improvement recommendations made.
	Significant weakness in arrangements identified and key recommendation made.



Financial sustainability

The PCC and Chief Constable have a good track record of sound financial management and delivered an overall underspend of £0.503m in year. The PCC and Chief Constable understood the financial risks which they faced and managed these risks by maintaining an appropriate level of reserves. Overall we are satisfied that the PCC and Chief Constable had appropriate arrangements in place to manage the risks they faced in respect of its financial resilience. We have not identified any risks of significant weakness in PCC's and Chief Constable's financial sustainability arrangements but have made one improvement recommendation relating to in year savings reporting.



Governance

Overall, we found no evidence of significant weaknesses in the PCC's or Chief Constable's governance arrangements for ensuring that they made informed decisions and properly managed its risks.



Improving economy, efficiency and effectiveness

The PCC and Constabulary have put in place effective arrangements to improve economy, efficiency and effectiveness.



Opinion on the financial statements

We gave an unqualified opinion on the Group, PCC and Chief Constable financial statements following the Joint Audit Committee on 4th November 2021 and the subsequent approval of the financial statements.

Commentary on the PCC's and the Chief Constable's arrangements to secure economy, efficiency and effectiveness in their use of resources

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

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

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

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



Financial sustainability

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



Governance

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



Improving economy, efficiency and effectiveness

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



Our commentary on each of these three areas, as well as the impact of Covid-19, is set out on pages 5 to 16. Further detail on how we approached our work is included in Appendix B.

Financial sustainability



How the PCC and Chief Constable(CC) ensures that it identifies all the significant financial pressures that are relevant to its short and medium-term plans and builds these into them

We considered how Cumbria Police:

- identifies all the significant financial pressures it is facing and builds these into its plans
- plans to bridge its funding gaps and identify achievable savings
- plans its finances to support the sustainable delivery of services in accordance with strategic and statutory priorities
- ensures its financial plan is consistent with other plans such as workforce, capital, investment and other operational planning
- identifies and manages risk to financial resilience, such as unplanned changes in demand and assumptions underlying its plans.

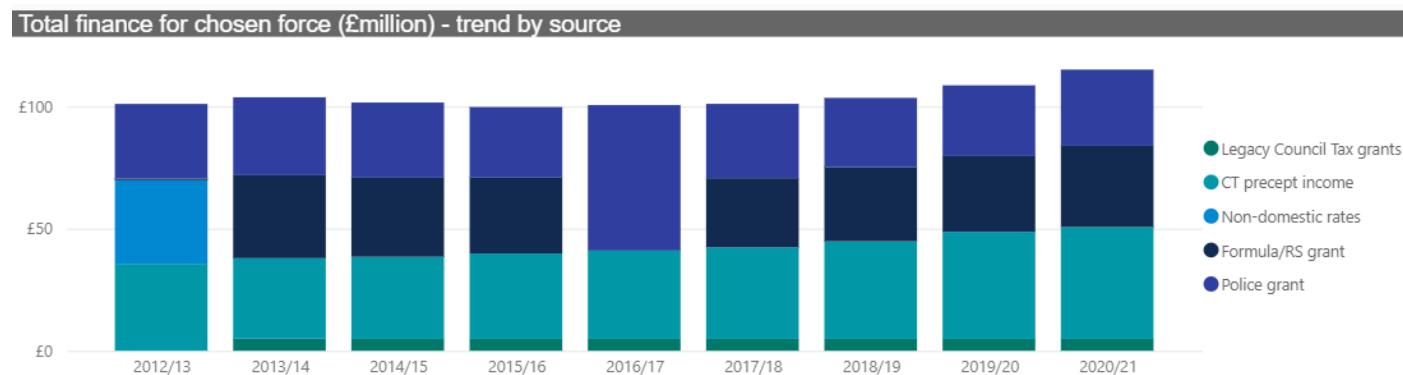
Overview of the arrangements to ensure financial sustainability

The PCC and Chief Constable have suitable arrangements in place for planning and managing the PCC and CC's finances. The in year financial performance for 2020/21 was that a sustainable financial position has been achieved and an underspend of £0.503m delivered, comprising an overspend of £0.113m on budgets managed by the PCC and an underspend of £0.616m by the CC.

The PCC and CC's Medium Term Financial Plan (MTFP) covers a five year period and is revised annually alongside the budget setting process. The budget and MTFP are prepared in conjunction with and reflect the PCC's and CC's key strategies including its workforce plan, estates, fleet, digital, data and technology, commercial strategies as well as the Police and Crime Plan and the Efficiency and Productivity Plan. The draft budget and MTFP is scrutinised by leadership teams from both the PCC and Constabulary, prior to its approval.

The PCC and CC's MTFP demonstrates that financial plans are in place to deliver a balanced budget for 2021/22 and 2022/23 with a savings requirement required from 2023/24 onwards.

Our work has not identified any risk of significant weakness with regard to financial sustainability. The following chart, taken from Her Majesty's Inspectorate of Constabulary and Fire & Rescue Services (HMICFRS) value for money dashboards, shows the main sources of funding for Cumbria Police.



Key Financial Assumptions

The 2020/21 financial forecasts included reasonable assumptions with pay rises of 2.5% and inflation on the majority of non-staff budgets set at 2%, in line with Bank of England estimates at the time. Looking forward we have reviewed the key financial assumptions in Cumbria's 2021/22 – 2024/25 MTFP and found these to be realistic. Funding levels are based on funding allocations and specific grants for policing and crime, the key grants against which most funding is received are the Police Pensions Top-Up Grant (£27m), Home Office legacy Council Tax Grants of £4.85m and a specific pensions grant of £1.2m. The MTFP assumes that grant funding

Financial sustainability



How the PCC and Force ensures that it identifies all the significant financial pressures that are relevant to its short and medium-term plans and builds these into them

We considered how Cumbria Police:

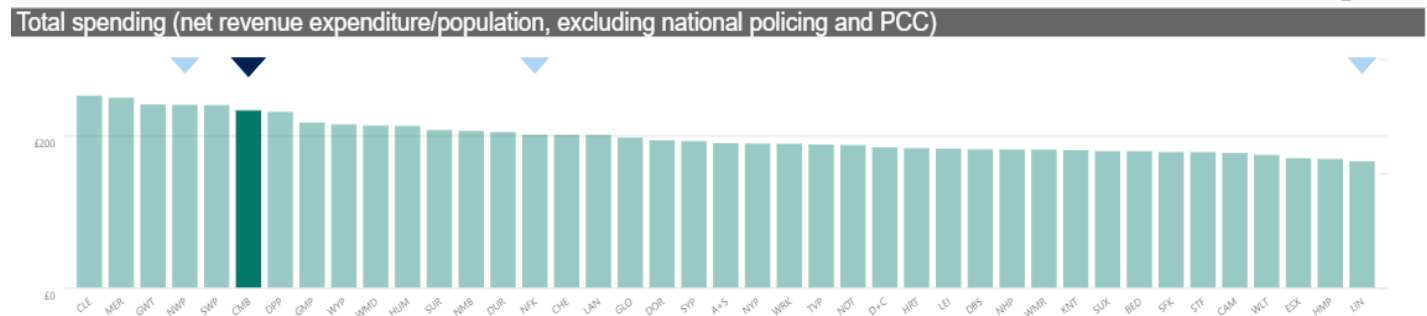
- identifies all the significant financial pressures it is facing and builds these into its plans
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will increase pro rata in line with Phase 3 of the National Operation Uplift Programme model, but thereafter the level of core funding will be maintained on a flat cash basis for the remaining 2 years of the MTFP.

Council Tax assumptions are a key element of planning and the PCC and CC work closely with their billing authorities to understand assumptions around the Council Tax base and the surplus/deficit on the Collection Funds. The Comprehensive Spending Review and Government Settlements are reviewed on an ongoing basis to try and model the future resource scenarios that Cumbria will operate in. As for all police bodies, annual settlements and the lack of longer term assurances over funding makes financial planning more short-term in it's focus. Indications from central Government of a longer term funding settlement would help bring further clarity around these planning assumptions.

The 2021/22 budget is balanced based on a precept increase of 2.47% and a Council Tax base reduction of 0.14% in 2021/22. Assumptions around pay and other employee costs, which are the largest area of expenditure (£121.6m in 2020/21) followed national guidance with no pay increase factored in for 2021/2022 but thereafter it is assumed that there will be pay rises averaging 2% per annum over the remainder of the forecast. Inflation on the majority of non-staff budgets has been set at 2% for the life of the medium term forecast in line with Bank of England estimates at the time. These assumptions appear to be appropriate.

The budget position is monitored and reported throughout the year by the Joint Chief Finance Officer who regularly updates senior managers at the PCC and Constabulary. At a local departmental level budget holders and their senior leadership teams are briefed on the financial position on a monthly basis. Senior management scrutinise and challenge budget holders at the annual budget star chambers or on specific issues by exception. This level of reporting demonstrates a robust approach to monitoring. The diagram below, again taken from the HMICFRS value for money dashboards, shows how Cumbria's Police's spend compares to other Forces.



Financial sustainability



How the PCC and Force plans to bridge its funding gaps and identifies achievable savings

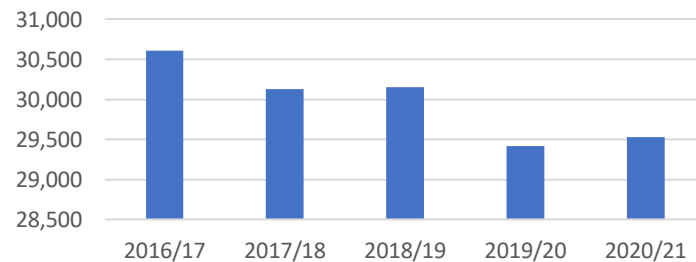
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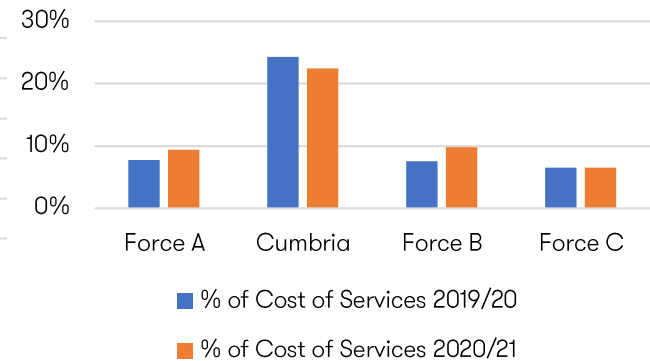
Managing the funding gap and use of reserves

The 2021/22 funding settlement was generally perceived as favourable and Cumbria received an additional £3.4m of additional grant in relation to Operation Uplift, the Government’s plan to nationally recruit 20,000 new officers by 2023, which locally has seen planned recruitment in Cumbria of an additional 50 officers in 2021/22. The combination of the funding settlement and additional grant, combined with a track record of tight financial management has allowed the PCC and CC to set a balanced budget within its MTFS up to 2022/23, however in 2023/24 a budget gap arises of £2.1m which is forecast to increase to £5.1m in 2024/25. Savings are required in future years savings to offset the forecast deficit and in the event that savings are not fully delivered reserves will be required to bridge the gap. Cashable efficiency savings of over £1m have already been identified 2021/22, increasing to £3.8m by 24/25. The MTFS is currently being updated for the February 2022 budget setting process and as part of that process the Productivity and Efficiency plan will be updated further once the budget and MTFs have been finalised.

Level of Usable Reserves £000
2016/17 - 2020/21



Usable Reserves as % of Cost of Services
Gross Expenditure



The overall usable reserve balances remain appropriate and has remained relatively consistent having only fallen by £1.081m over the last five years. In addition it can be seen that the level of usable reserves is healthy compared with the Cost of Services Gross Expenditure and in comparison with a number of other Forces locally. Given the financial climate over this period this is a significant achievement.

The Joint Chief Finance Officer’s reserves strategy is produced and published as part of the overall budget setting process. The reserves strategy meets the statutory requirement to consider annually the level of reserves that should be held to meet future expenditure requirements when setting the budget. The strategy highlights that total reserves are planned to reduce from £19.9m at

Financial sustainability



How the PCC and Force plans to bridge its funding gaps and identifies achievable savings

We considered how Cumbria Police:

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the start of 2021/22 to £15.3m by end of March 2025, largely due to provision of funding to support the capital programme. Of the remaining £15.3m, the general reserve of £3.6m, equates to approximately 3% of the net recurrent budget (the agreed minimum level) and is held for managing financial risks and unforeseen events and budget support, whilst a small number of other reserves are earmarked for specific purposes including pooled/partnership funds.

A potential pressure on the adequacy of the budget was posed by the global pandemic in 2020. Whilst this undoubtedly caused financial challenges, potential negative effects were mitigated by the provision of additional funding from central Government. Whilst policing did not receive anywhere near the scale of COVID-19 funding that other Local Government bodies received, the additional grants allowed any pressures to be reduced, with increased spend over and beyond COVID-19 funding levels accommodated within their budgets.

Development of a sustainable MTFP through force transformation, benefits realisation and the delivery of savings

The development of the MTFP requires a clear understanding and assessment of the current and future demand for services across Cumbria. Cumbria's MTFP is underpinned by its Force Management Statement which highlights the demand expected to be faced in the next four years, how the Constabulary will change and improve its workforce and other assets to cope with that demand, how the Constabulary will improve its efficiency to make sure the gap between future demand and future capability is as small as it can reasonably be.

Savings will be required in future years to offset the forecast deficit in 2023/24 of £2.1m and £5.1m in 2024/25. The Constabulary has over the years demonstrated a track record of delivering savings achieving upwards of £26m of savings since 2010. The focus of savings plans is very much on delivery of recurrent savings. Savings plans are approved by both the Chief Officer Group and by the PCC. Schemes are identified through the Efficiency and Productivity Strategy, which outlines work which will be undertaken to deliver savings. Over the last two financial years it is recognised that the primary focus for the Constabulary and PCC has been around dealing with the pandemic and managing the local impact of Operation Uplift. Understandably in year reporting of savings has not taken the same level of priority and this is an area where the Constabulary and PCC recognise needs to improve going forward. We have therefore made an improvement recommendation in this area.

Arrangements for incorporating risks into financial plans

Risk registers in place for both the PCC and Constabulary which incorporate the key financial risks. The registers are discussed and reviewed at Senior Leadership Team Level with any high level risks escalated to the Strategic Risk Register (SRR) which are then monitored at Chief Officer Group and PCC Executive Team meetings.

The risks are considered and incorporated into financial plans routinely as part of the MTFP and annual budget setting cycle. All financial documents clearly identify key risks and assumptions.

Conclusion

Overall, we found no evidence of any significant weaknesses in the PCC and Constabulary's arrangements for planning and managing its resources to ensure it can continue to deliver its services. We have made an improvement recommendation around the reporting of savings schemes delivery.

Improvement recommendations



Financial Sustainability

01 Recommendation	The PCC and Constabulary should enhance the in year financial reporting arrangements around savings schemes by incorporating arrangements to monitor profiled delivery of individual schemes, including risk assessments within regular finance reports
Why/impact	Any slippage on the delivery of efficiency targets could undermine the delivery of the medium term financial plan.
Auditor judgement	Ensuring the delivery of savings schemes are on track, and if not taking corrective action, will help to ensure the financial sustainability of the PCC and Constabulary.
Summary findings	In year reporting of savings schemes reporting of needs to improve going forward.
Management comment	A more formalised approach to the in-year reporting of progress towards savings and efficiency targets will be introduced as part of the internal quarterly reporting of the financial position to the Chief Officer Group and the OPCC Executive Teams. This reporting will commence with the Quarter 3 report for 2021/22.



The range of recommendations that external auditors can make is explained in Appendix C.

Governance



How the body approaches and carries out its annual budget setting process

We considered how Cumbria Police:

- monitors and assesses risk and gains assurance over the effective operation of internal controls, including arrangements to prevent and detect fraud
- approaches and carries out its annual budget setting process
- ensures effectiveness processes and systems are in place to ensure budgetary control
- ensures it makes properly informed decisions, supported by appropriate evidence and allowing for challenge and transparency
- monitors and ensures appropriate standards.

Overview of Governance Arrangements

The PCC and Constabulary have established effective governance arrangements around financial oversight, risk management and review. Our work has not identified any risks of significant weakness in arrangements with regards to governance.

The PCC and Constabulary has demonstrated that it has a suitable annual budget setting process in place. The process involves key management from across both the PCC and Constabulary. The budget cycle starts in September/October with Financial Services Officers (FSO) formulating proposed departmental budgets with the relevant Heads of Service. These proposals are then considered at the Budget Star Chamber, which comprises the Deputy Chief Constable, the Joint Chief Finance Officer and the relevant Directors/Commanders. Budget submissions including any budget pressures and savings are scrutinised at this stage. Any changes are then fed back and factored into budget submissions.

Draft budgets are consolidated and compared with external funding once the grant settlement is received and council tax options developed. The PCC Executive Team and Constabulary Chief Officers discuss the budget options to develop an agreed budget proposal for consultation and subsequent submission to the Police and Crime Panel.

Alongside this a budget briefing session is held with Police and Crime Panel members in advance of their precept setting meetings.

Financial management and reporting

There is regular budget monitoring and reporting throughout the year. For 2020/21 the structure of the quarterly budget reports were revised and presented as 'Financial Summary' reports to the Public Accountability Conference meetings. The reports are informative and provide comprehensive financial information on the revenue and capital financial position, revenue and capital covid spend, the latest financial position with regards to Operation Uplift, Treasury Management information as well as a summary of the key income and expenditure variances for both the PCC and the Constabulary.

In addition the FSOs also provide monthly budget reports to their managers and their senior leadership teams. Any budget variances are identified at an early stage and mitigating actions put in place.

Monitoring and ensuring appropriate standards

Policies and procedures are in place which monitor and ensure compliance with legislation and regulatory standards. Arrangements and procedures are in place in relation to anti-fraud and corruption and whistleblowing, and these are subject to biennial review by the Joint Audit Committee as part of its cyclical review of governance documents. Officers and staff have also received briefings on the Code of Ethics.

Governance



How the Force and PCC ensures effective processes and systems are in place to ensure budgetary control; to communicate relevant, accurate and timely management information (including non-financial information where appropriate); supports its statutory financial reporting requirements; and ensures corrective action is taken where needed

We considered how Cumbria Police:

- monitors and assesses risk and gains assurance over the effective operation of internal controls, including arrangements to prevent and detect fraud
- approaches and carries out its annual budget setting process
- ensures effectiveness processes and systems are in place to ensure budgetary control
- ensures it makes properly informed decisions, supported by appropriate evidence and allowing for challenge and transparency
- monitors and ensures appropriate standards.

The PCC and Constabulary maintain registers of gifts and hospitality as well as declarations of interests, which all form part of their anti-fraud and corruption arrangements. The registers are scrutinised as part of our final accounts audit.

Arrangements in place to identify strategic risks

The PCC and CC have effective arrangements in place for identifying and managing risks. The PCC and CC have a risk management strategy and policy setting out how risks are to be managed and that effective risk management requires the widespread understanding and commitment to risk management principles from senior management and chief officers. Both the PCC and CC apply a risk methodology when reviewing and scoring risks based on the impact and likelihood of the risk. Risks are RAG (red, amber, green) rated and allocated to a nominated risk owner who is responsible for regularly reviewing the risk, appropriateness of score and mitigating actions recorded. Risks are recorded in risk registers with separate ones for the PCC and Constabulary. The registers set out the strategic risks and the mitigating actions put in place to manage the risk alongside an assessment of the current risk to the PCC and Constabulary. Risks are discussed and monitored at Senior Leadership Team Level with high level risks monitored at Chief Officer Group and PCC Executive Team meetings. The risks are also reported to and scrutinised by the Joint Audit Committee three times a year.

Decision making process

Strategic decisions are made by the PCC Executive Team Gold and the Constabulary Chief Officer Groups and on certain occasions such as budget setting by a Joint Meeting. The Constabulary decision making is also supported by subsidiary boards with more limited decision making powers. Decision logs are maintained for both the Constabulary Chief Officer Group and PCC Executive Team, which are shared with relevant stakeholders.

Decisions are supported by papers and business cases, which are consulted on with specialist departments to ensure that all implications such as ICT, procurement, financial, legal, HR and risk management are taken into account as part of the decision making process. Review of recent business cases show that a robust and thorough assessment is undertaken with consideration of the key facts including the financial and operational benefits. Decision making and future planning is centred on core service delivery and decisions are taken in the context of the budget and MTFP. Functional specialists, the Director of Legal Services and the Joint Chief Finance Officer are consulted on strategic decisions to ensure they are legal. Risks are also considered in the decision making process to ensure factors such as reputational risk are taken into account.

As part of the decision making process the PCC and Constabulary will undertake public consultations to help understanding the public perceptions and priorities, which then informs the Police and Crime Plan and Cumbria's policing priorities. The public are also consulted annually on the budget proposal, which includes major service developments.

Governance



How the Force and PCC ensures effective processes and systems are in place to ensure budgetary control; to communicate relevant, accurate and timely management information (including non-financial information where appropriate); supports its statutory financial reporting requirements; and ensures corrective action is taken where needed

We considered how Cumbria Police:

- monitors and assesses risk and gains assurance over the effective operation of internal controls, including arrangements to prevent and detect fraud
- approaches and carries out its annual budget setting process
- ensures effectiveness processes and systems are in place to ensure budgetary control
- ensures it makes properly informed decisions, supported by appropriate evidence and allowing for challenge and transparency
- monitors and ensures appropriate standards.

Maintaining of standards

The PCC and Constabulary have a series of mechanisms in place to ensure that appropriate standards are adhered to and maintained. The Joint Audit Committee plays a pivotal role providing independent assurance in respect of the arrangements for governance. This includes assurance on financial and non-financial performance where there is an implication for exposure to risk or where there may be a weakening of the internal control environment. The Committee is responsible for assurance on the overall adequacy of risk management arrangements and will oversee the financial reporting process.

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

The Joint Audit Committee is assessed against CIPFA best practice guidance on the role of Audit Committees and is fully compliant. Attendance and observation of the Committee shows that it is effective, and a recent 360 degree feedback exercise scored consistently in the high 90% approval ratings on a range of criteria. The Joint Audit Committee make a significant contribution to public assurance about the integrity and internal controls in place at both the PCC and Constabulary.

Further assurances around the PCC and Constabulary's governance arrangements are provided by Internal Audit. Internal audits are delivered through a shared service with Cumbria County Council. Internal Audit operates within the framework of an Internal Audit Charter. A risk based Annual Audit Plan delivers assurance to the PCC and Chief Constable that arrangements for governance and internal controls are operating effectively and enables the Chief Internal Auditor to deliver an Annual Audit Opinion. The 2020/21 annual audit opinion provided reasonable assurance over the effectiveness of the PCC and the Chief Constable's arrangements for governance, risk management and internal control, with 85% of audits receiving Reasonable or Substantial assurance.

Conclusion

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

Improving economy, efficiency and effectiveness



We considered how Cumbria Police:

- uses financial and performance information to assess performance to identify areas for improvement
- evaluates the services it provides to assess performance and identify areas for improvement
- ensures it delivers its role within significant partnerships, engages with stakeholders, monitors performance against expectations and ensures action is taken where necessary to improve
- ensures that it commissions or procures services in accordance with relevant legislation, professional standards and internal policies, and assesses whether it is realising the expected benefits.

Overview of Arrangements for improving economy, efficiency and effectiveness

The PCC and Constabulary have put in place effective arrangements to continue to improve economy, efficiency and effectiveness. This includes partnership working with statutory organisations such as Local Authorities, Fire and Rescue Services, Probation Trust and Youth Offending Teams, as well as the voluntary sector, community and faith organisations to help deliver initiatives aimed at supporting the objectives in the Police and Crime Plan.

Performance monitoring

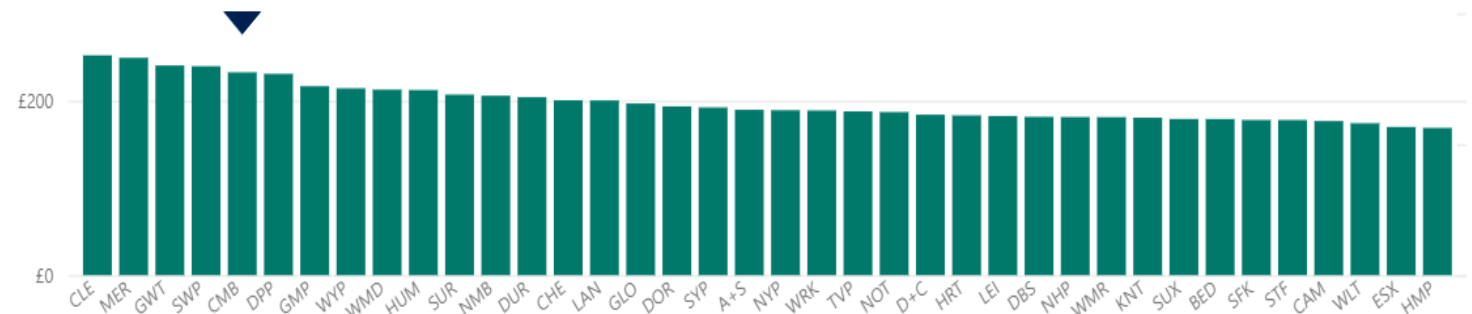
Performance monitoring arrangements across both organisations are appropriate and timely. The Constabulary Chief Officer Group receives weekly updates on Cumbria’s key areas of performance in line with the national outcomes dashboard, including crime and incident numbers, calls for service, call answering, safeguarding and sickness levels. This frequency of performance monitoring ensures that resources can be directed to priority issues. In addition, a monthly Management Board meets to discuss key areas of performance in depth.

Other relevant performance data is provided to supporting boards such as the workforce, digital transformation, operations boards and is escalated where appropriate. The Chief Officer Group and PCC Executive Team receives financial updates on a monthly basis.

The Constabulary also makes use of HMICFRS Value for Money Profiles to identify areas where there may be potential to identify savings or investigate areas where they are a cost outlier. The profiles provide comparative data on a wide range of policing activities including:

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

Total spending (net revenue expenditure/population, excluding national policing and PCC)



Improving economy, efficiency and effectiveness



We considered how Cumbria Police:

- uses financial and performance information to assess performance to identify areas for improvement
- evaluates the services it provides to assess performance and identify areas for improvement
- ensures it delivers its role within significant partnerships, engages with stakeholders, monitors performance against expectations and ensures action is taken where necessary to improve
- ensures that it commissions or procures services in accordance with relevant legislation, professional standards and internal policies, and assesses whether it is realising the expected benefits.

The level of information provided by the HMICFRS can be used to help inform decision making and assess performance against a number of other Forces. The graph overleaf shows that Cumbria's net expenditure per population stands at £239.20 per person and is the 5th highest in the HMICFRS group.

Service Inspection

The Constabulary is subject to inspection by HMICFRS and the last inspection was completed in 2018/19. This review concluded that Cumbria in the three areas assessed of police effectiveness, efficiency and legitimacy was good. As a result of the pandemic all inspections were put on hold, however, for 2021/22 HMICFRS has introduced new criteria for performance assessment with each police force giving graded judgments against a series of core questions. The HMICFRS have recently completed its PEEL assessment and the result of the PEEL assessment will be announced in spring 2022.

Partnership working

The Constabulary participates in a number of partnership arrangements ranging from large strategic arrangements to micro level informal partnerships at a local level. Examples of Cumbria's strategic partnerships delivering benefits include the Multi Agency Safeguarding Hub in conjunction with neighbouring councils, a partnership with Durham Police in particular in relation to ICT systems and projects, a collaboration with the University of Central Lancashire for delivery of the new police apprenticeships training and recent investments with other north west forces in relation to providing joint forensic capability.

The delivery of the Constabulary's key partnerships is monitored through Boards as business as usual, with escalation to the Chief Officer Group or PCC Executive Team by exception when issues arise. For partnerships which are being developed specific task and finish group may be set up to monitor progress and delivery. PCC collaborations tend to include a performance framework which enables partners to be held accountable for performance. Similarly most significant partnerships involving the Constabulary also have a governance framework, which provide a vehicle for partners to meet to discuss issues and improvements.

Commissioning and procurement

The PCC and Constabulary has a joint approach to procurement including the establishment of Joint Procurement Regulations and a Joint Procurement Guidance/Handbook to provide clear advice with regards to commissioning and procurement. The Joint Procurement Regulations are reviewed annually by the Head of Commercial and specifically focus on business code of conduct establishing the key criteria that must be adhered to when conducting business. The regulations also address contracting policy and procedures including the procurement and contracting rules and processes and level of authorisation, delegations and responsibilities that must exist.

The PCC has also produced a Commissioning Strategy 2020 which sets out the principles and framework that will be used to commission services that will achieve the objectives of the Police & Crime Plan. The Strategy adopts guidance developed by the National Audit Office 'The Eight Principles of Good Commissioning', which are designed to provide better public outcomes for individuals and communities.

Conclusion

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

COVID-19 arrangements



Since March 2020 COVID-19 has had a significant impact on the population as a whole and how Police services are delivered.

We have considered how arrangements have adapted to respond to the new risks you are facing.

Overview of Covid 19 Arrangements

The PCC and Constabulary has successfully managed the challenges posed to it by the COVID-19 pandemic. Policing has been at the forefront of ensuring that the public follow national guidelines and stay safe. This has required additional patrols, the use of personal protective equipment (PPE), social distancing, while continuing with operational policing.

The Constabulary has operated a command and governance structure in response to the pandemic which focused on strategic (Gold Command), tactical (Silver Command) and operational levels (Bronze Command). Meetings were held on a regular basis, daily in the early stages and now reduced to weekly/fortnightly as appropriate. The Constabulary also took a leading role in the county wide response known as the Strategic Coordinating Group, with senior management being seconded to chair the group on a full time basis from March 2020 to April 2021.

The Constabulary was proactive with early investment in IT equipment and improved connectivity which ensured that it was possible for officers and staff to work from home, allowing essential services to be maintained and staff welfare protected.

Separate cost centres were established to capture the costs associated with the policing response to the pandemic, with these costs regularly reported to the Chief Officer Group and the Public Accountability Committee. During 2020/21 the pandemic saw additional expenditure of £1.055m incurred in relation to PPE, technology and enforcement activities, yet income generation fell by a further £0.413m. The additional expenditure and reduction in income was offset by a combination of Government support and savings which resulted indirectly from the pandemic, totalling £1.767m. To date, with this support the Constabulary has been able to manage the cost of its response to the Covid-19 pandemic with no adverse effect on its budget.

Cumbria Constabulary has faced particular operational challenges arising from the limitations that were imposed on foreign travel, which saw the Lake District attracted much higher than normal visitor numbers. The Constabulary used the following strategy to maintain public support and confidence:

- Engage people in a friendly manner
- Explain why we and the Government are asking them to take the action
- Encourage people to take the appropriate action; and
- Enforce only when necessary.

The pandemic has meant that traditional approaches to policing have had to be adapted. Given that face to face meetings were virtually impossible to engage with local communities a number of initiatives were developed including:

- On-line events to promote inclusion for recruitment
- On-line events to highlight areas of concern such as domestic violence

COVID-19 arrangements



Since March 2020 COVID-19 has had a significant impact on the population as a whole and how Police services are delivered.

We have considered how arrangements have adapted to respond to the new risks you are facing.

- Advertising significant dates via social media
- Engaging with different Community Groups
- Encouragement for Neighbourhood Policing Teams to engage with local businesses from diverse backgrounds, especially around significant dates such as the Chinese New Year.

Conclusion

Overall, we found no evidence of any significant weaknesses in the PCC and Constabulary's Covid 19 arrangements.

Opinion on the financial statements



Audit opinion on the financial statements

We gave unqualified opinions on the Group and PCC and Chief Constable's financial statements following completion of our audit work on 4 November 2021.

Joint Audit Findings Report

More detailed findings can be found in our Joint AFR, which was published and reported to the PCC's and CC's Joint Audit Committee on 4 November 2021.

Whole of Government Accounts

To support the audit of the Whole of Government Accounts (WGA), we are required to review and report on the WGA returns prepared by the PCC and Chief Constable. This work includes performing specified procedures under group audit instructions issued by the National Audit Office.

These instructions have yet to be issued and as such we cannot complete this work or formally certify the closure of our audits.

Preparation of the accounts

The PCC and CC provided draft accounts in line with the national deadline and provided a good set of working papers to support them.

Grant Thornton provides an independent opinion ensuring the accounts are:

- True and fair
- Prepared in accordance with relevant accounting standards
- Prepared in accordance with relevant UK legislation



Appendices

Appendix A - Responsibilities of the PCC and CC



Role of the Joint Chief Financial Officer:

- Preparation of the statement of accounts
- Assessing the PCC's and CC's ability to continue to operate as going concerns

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

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

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

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

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

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



Appendix B - Risks of significant weaknesses - our procedures and findings

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

Risk of significant weakness	Procedures undertaken	Findings	Outcome
Financial sustainability was not identified as a potential significant weakness. See pages 5 to 9 for more details.	No additional procedures required	No significant weakness identified	Appropriate arrangements were in place. One improvement recommendation raised.
Governance was not identified as a potential significant weakness. See pages 10 to 12 for more details.	No additional procedures required	No significant weakness identified	Appropriate arrangements in place.
Improving economy, efficiency and effectiveness was not identified as a potential significant weakness. See pages 13 to 14 for more details.	No additional procedures required	No significant weakness identified	Appropriate arrangements were in place.
COVID-19 was not identified as a potential significant weakness. See page 15-16 for more details.	No additional procedures required	No significant weakness identified	Appropriate arrangements were in place.

Appendix C - An explanatory note on recommendations

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

Type of recommendation	Background	Raised within this report	Page reference
Statutory	Written recommendations to the PCC and CC under Section 24 (Schedule 7) of the Local Audit and Accountability Act 2014. A recommendation under schedule 7 requires the PCC and CC to discuss and respond publicly to the report.	No	N/A
Key	The NAO Code of Audit Practice requires that where auditors identify significant weaknesses as part of their arrangements to secure value for money they should make recommendations setting out the actions that should be taken by the PCC and CC. We have defined these recommendations as 'key recommendations'.	No	N/A
Improvement	These recommendations, if implemented should improve the arrangements in place at the PCC and CC, but are not a result of identifying significant weaknesses in the PCC's and CC's arrangements.	Yes	9



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