



**HEDDLU
GOGLEDD CYMRU
NORTH WALES
POLICE**

JOINT AUDIT COMMITTEE

**9.30am – 28 March 2022
Face-to-Face & Online by Microsoft Teams**

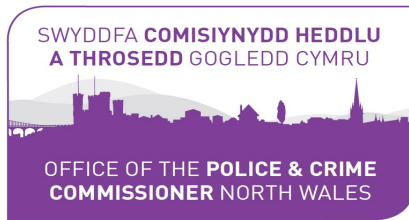
AGENDA

Attendees:

JOINT AUDIT COMMITTEE:	
Rachel Barber - Chair John Cunliffe Allan Rainford	Julie Perkins Sarah Davies
FORCE OFFICERS:	
Seb Phillips – Director of Finance & Resources Guto Edwards - Head of Finance Helen Williams - Financial Control Accountant Anne Matthews – Finance & Budgets Officer	T/Chief Superintendent Sian Beck – Corporate Services James Sutton – Head of Business Intelligence/Chair of Assurance Board
OFFICE OF THE POLICE AND CRIME COMMISSIONER:	
Stephen Hughes – Chief Executive Officer Kate Jackson – Chief Finance Officer	Angharad Jones – PA to the Chief Executive
OTHER ATTENDEES	
Helen Cargill, TIAA	Michelle Phoenix, Audit Wales

	Standing Items		Purpose	Page	Time
1	Apologies	Chair			
2	Minutes of the last meeting The Chair shall propose that the minutes of the meeting held on 8 December 2021.	Chair		3-10	5 Mins
3	Actions Log	Chair		11-27	15 Mins
Standing Items					
4	Organisational Update	Chief Executive Officer & Director Finance and	Information	28-32	10 Mins

		Resources			
5	HMIC Update	Chief Superintendent Corporate Services	Information	33-35	5 Mins
6	Internal Audit a. Internal Audit SICA 2021-22 b. Draft Internal Audit Annual Plan 2022-23 c. Internal Audit Overview – Management Report (incl. summary of Follow-up Review)	a&b– TIAA Audit Manager c Director Finance & Resources / Budget Officer	Assurance	36-53 54-67 68-85	10 Mins
7	Risk Update - Risk Process Development & Current Risk Register	Head of Business Intelligence	Assurance	86-92	10 Mins
8	Work Programme for 2022/23	Director Finance and Resources and Chief Finance Officer	Decision	93-97	5 Mins
	Substantive Items				
9	Capital Strategy (incl. Treasury Management Strategy)	Head of Finance	Assurance & Decision	98-124	10 Mins
10	Governance Update – incl. draft AGS;	Chief Finance Officer	Assurance	125-143	10 Mins
11	Audit Wales – annual plan	Wales Audit	Information	144-154	10 Mins
12	JAC Annual Report & Evaluation	Chair of Audit Committee	Information	Oral	10 Mins
13	Risk Deep Dive: Adequacy of Financial Resources	Director Finance and Resources	Assurance	155-225	20 Mins
	AOB (Advise the chair ahead of the meeting)				
	DATES OF FUTURE MEETINGS 28 July 2022 6 October 2022 8 December 2022				
		TOTAL			2 Hrs



**HEDDLU
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NORTH WALES
POLICE**

JOINT AUDIT COMMITTEE

8 DECEMBER 2021

PRESENT

JOINT AUDIT COMMITTEE:

Rachel Barber - Chair
John Cunliffe
Allan Rainford (Item 9, 12,13 only)
Sarah Davies
Julie Perkins

FORCE OFFICERS:

Seb Phillips – Director of Finance & Resources
Guto Edwards - Head of Finance
Helen Williams - Financial Control Accountant
Anne Mathews - Finance and Budgets Officer
James Sutton – Head of Business Intelligence
Sarah Hughes, Assistant Force Solicitor

OFFICE OF THE POLICE AND CRIME COMMISSIONER:

Stephen Hughes – Chief Executive Officer
Kate Jackson – Chief Finance Officer
Angharad Jones – PA to the Chief Executive

OTHER ATTENDEES

Helen Cargill, TIAA
Michelle Phoenix, Audit Wales
Jacquie Don – Chair of Ethics Committee (Item 14)

1. APOLOGIES AND DECLARATIONS OF INTEREST

Apologies: Chief Superintendent Sian Beck, Corporate Services, Phil Kenyon – Force Solicitor

There were no declarations of interest.

2. MINUTES AND ACTION LOG

The minutes of the meeting held on 6 October 2021 were agreed as a true record of the meeting with the addition of one action point.

Action 1	Chief Finance Officer to contact counterpart in South Wales OPCC to discuss involvement of JAC members in the Internal Audit Procurement process.
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3. ACTION LOG

Action Log was updated and will be circulated with the minutes. Actions recommended closed and agreed closed were: 56a, 7, 1, 2, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13.

4. ORGANISATION UPDATE

The Joint Audit Committee noted the report from the Office of the Police and Crime Commissioner and North Wales Police which provided an update on the work undertaken since the last Joint Audit Committee meeting in August.

Office of the Police and Crime Commissioner

It was reported that an internal audit on the Commissioner's commissioning processes had taken place and had received substantial assurance. This review will be finalised and published in the near future.

Chief Executive Officer noted that in 2015 the OPCC commissioned a Victims Service Needs Assessment which led to the introduction of the Victim Help Centre which is still in place today. This Needs Assessment is now in need of a refresh and we have recently commissioned a company to carry out this work, which is now in communication with partners across the region. This assessment will then inform the commissioning strategy over the coming years.

Joint Audit Member asked how the additional money received through grants are being monitored and governed. It was reported that these bids are all in partnership with local authorities/partner organisations and that a formal governance structure is in place. This governance structure monitors the delivery of the programme and regular feedback is also provided to the Ministry of Justice and other grant providers.

Chief Executive Officer to provide further feedback at future meeting on how the commissioning of services is monitored. This item is already on the work programme as a future agenda item.

Action 2	Chief Executive Officer to provide further update on the governance structure of the commissioning service at future Joint Audit Committee meeting.
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North Wales Police

The Director of Finance and Resources updated the Committee on issues and events affecting the organisation since the last meeting.

The Statement of Accounts for 2020-21 have now been approved and published. The Chancellor has announced the high-level conclusions from the 2021 Spending review and three years of high-level spending plans have been announced. Funding has also been made available to complete the

national recruitment of 20,000 new officers. Much discussion has taken place since these announcements and plans have been developed further over recent weeks. Outline plans have been shared with the Police and Crime Commissioner to inform his precept proposals.

Detailed settlement information will hopefully be received next week. This will then allow the Force to firm-up any proposals ahead of the Police and Crime Panel in January.

Joint Audit member asked how difficult it is to fill roles within the organisation and what would be the impacts be if these roles can't be filled. Director of Finance and Resources happy to provide more detail going forward but much work going on behind the scenes and noted that they need to be dynamic in doing this.

Action 3	Director of Finance and Resources to provide further feedback on activities being undertaken to ensure difficult to fill roles are successfully recruited.
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Because of the criticality of the NEP roll-out it would be good to have regular insight into how matters are progressing against major milestones. Director of Finance and Resources to update on progress linking with the capital programme.

Action 4	Director of Finance and Resources to provide Joint Audit members with regular updates against the major milestones within the NEP programme roll-out.
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Joint Audit member requested detail around the feasibility study of the Robotic Processes Automation and what are the Terms of Reference as it could have a significant impact on individuals within the organisation and on how people are used. Director of Finance and Resources to share the Terms of Reference and elements of the feasibility study with members.

Action 5	Director of Finance and Resources to provide Joint Audit members with outline Terms of Reference of the RPA feasibility study.
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5. INTERNAL AUDIT

a. INTERNAL AUDIT OVERVIEW – MANAGEMENT REPORT

Joint Audit Committee noted the paper which provides an overview of internal controls activity within North Wales Police.

The number of outstanding recommendations has increased from levels seen in previous reports but this is down to the number of audits recently completed.

Chair questioned CBN-21041 – staff vetting - is this refreshed on a regular basis. It was reported that Chief Superintendent of the Professional Standards Department has reviewed this process and the conclusions have been sent to the Deputy Chief Constable for approval. This document confirms that North Wales Police is compliant with Force and National codes of practice. Document will be shared with Joint Audit members once approved by Deputy Chief Constable.

Action 6	Director of Finance and Resources to share staff vetting review document with Joint Audit members once approved by Deputy Chief Constable.
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It was questioned how North Wales Police ensure safety of property whilst in officers' possession. Finance and Budgets Officer reported that property is usually booked out when required for court cases/interview and that processes are in place to identify who has possession. Internal Audit confirmed that they did not review this issue during recent audit and Chair asked for assurance on processes which are in place to ensure property security.

Action 7	Finance and Budgets Officer to share with Joint Audit Committee processes in place to record who has possession of property and safety of items when booked to individual officers.
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All internal audits are booked in to be completed by the end of the financial year and internal audit are confident that all will be completed.

Joint Audit member stated that it would be beneficial to have sight of any emerging themes as to why timelines of actions identified within the internal audits are slipping. Finance and Budgets Officer to look and see if there is a way we could identify any emerging themes.

Action 8	Finance and Budgets Officer to investigate if there are any emerging themes as to why timelines on actions identified within internal audits are slipping and inform Joint Audit Committee of outcome.
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b. INTERNAL AUDIT SICA 202-22 AND 2020/21 ANNUAL REPORT

Joint Audit Committee noted the update provided within the paper which provides an update on progress against the 2021-22 Annual Plan.

6. **RISK UPDATE**

Joint Audit Committee noted the update provided within the Risk Update paper as at 9 November 2021.

Joint Audit member asked that they have sight of the assurance mapping exercise which is being undertaken to receive further clarity. It is hoped that this will happen during discussions with the Corporate Risk and Continuity Officer before next Joint Audit meeting

Action 9	Corporate Risk and Continuity Officer to provide Joint Audit Member with sight of the assurance mapping exercise which is being undertaken to receive further clarity.
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Chair thanked team for how far this item has been taken forward in recent years.

7. **WORK PROGRAMME FOR 2021/22**

Joint Audit Committee noted the updated work programme presented.

The next planned item on the Joint Audit Committee work programme is the all Wales event and Chief Finance Officer will be in contact with partners to discuss a suitable date and asked that Committee members let her know of any preferred dates, and any unsuitable ones.

Action 10	Joint Audit Committee to inform Chief Finance Officer of date preferences for the All Wales Joint Audit Committee event.
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Chief Finance Officers confirmed that items have been added to the work programme as the meeting progresses.

Chair asked that a date be confirmed for the accounts briefing meeting as soon as possible.

Action 11	Chief Finance Officer to secure date for the accounts briefing meeting as soon as possible.
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8. AUDIT WALES – VALUE FOR MONEY AND ANNUAL AUDIT REPORT (MANAGEMENT LETTER)

Joint Audit Committee noted the annual audit letter provided by Audit Wales which summarises the key messages and conclusions arising from their statutory responsibilities and noting their satisfaction that the Police and Crime Commissioner and Chief Constable have the appropriate arrangements in place to secure economy, efficiency and effectiveness in its use of resources.

9. CAPITAL PROGRAMME – PROGRESS UPDATE 2021/22

Joint Audit Committee members noted the content of the presentation shared during the meeting.

Ongoing scrutiny continues internally through the Strategic Finance & Resources Board and the Strategic Change Board both of which report to the Senior Management Board and Senior Executive Board, chaired by the Chief Constable and Police and Crime Commissioner respectively.

Internal Audit have also undertaken a review of the Capital Programme and this received substantial assurance.

Projected expenditure against the plan remains low in Quarter 3. Projections for the full year have been reduced since the last audit committee meeting and spend is likely to be below projections. It is still a challenging environment to get Projects up and running due to various factors. In general, Covid has affected developments across the board since March 2020 in terms of internal and external resource availability (people and material). Delivery and inflationary issues due to Brexit and other factors have caused delays. Due diligence is required if estimated costs are over the original figures to ensure value for money.

For Estates projects delays have been experienced in progressing planning consents, some of which is due to Covid some due to other complexities. Vehicle deliveries have been delayed for a number of reasons including Covid, Brexit, national contract delays and worldwide shortage of microchips.

The main IT projects are progressing and will be implemented over the year end, testing and ensuring the right equipment/software is bought takes time but is important to get right.

Chair asked that the Director of Finance and Resources share the presentation with members.

Action 12	Director of Finance and Resources to share Capital Programme Progress Update presentation with members.
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Joint Audit member asked how the scrutinization process works and whether anticipated slippage should have been projected at the beginning of the year. Director of Finance and Resources noted that budget holders may have been ambitious and going forward need to be more realistic on what can be achieved.

Members also asked at which forums Project Managers are challenged and who leads these challenges. It was reported that projects are challenged at a high level and Director of Finance and Resources confirmed that he does not believe that senior officer scrutiny is an issue and that scrutiny occurs at the correct level within the organisation.

Joint Audit Member asked if there is a month by month timeline available which would better inform members of where/what the gaps in spending are and enable members to better scrutinise and challenge officers.

Director of Finance and Resources will take this issue away and it was explained that the delay is with setting up and starting the projects/contracts and once up and running money is spent quickly.

Action 13	Director of Finance and Resources to consider providing Joint Audit Committee members with a month-by-month projection of capital spend.
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Members asked if there was a pipeline of other potential capital projects which could be funded with funds re-allocated to enable the forecast to be achieved. It was explained that projects have not been scrapped just moved forward and therefore monies will still be required to fund as these are the areas of greatest importance to the Force and that better forecasting was required to ensure money and projects are allocated correctly.

Joint Audit Committee member questioned if methodology was available to scrutinise why the underspend is happening and how can history help inform future spend.

Chair asked how transparent North Wales Police and Office of the Police and Crime Commissioner are in communicating the underspend. Director of Finance and Resources states that Joint Audit Committee is a public forum and all figures are reflected at this meeting and within the Statement of Accounts which are also published but will further consider how communicating the underspend can be better achieved.

Action 14	Director of Finance and Resources to consider whether further public disclosure is required.
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10. LEGAL REPORT

Joint Audit Committee noted the paper which provides an overview of legal activity undertaken within the Force in the last six months.

Joint Audit Committee member asked if there are any gaps in learning going forward to try and mitigate civil claims. Assistant Force Solicitor confirmed that to address issues training is provided to all probationers and "Need to Know" and "Legal" bulletins are published to the wider force.

Joint Audit member asked that they have sight on how this information is distributed and noted that there was no data in report of emerging trends and asked if this can this be reflected in the report going forward to see if training etc. are being successfully disseminated. Assistant Force Solicitor to investigate further how information is disseminated within the Force and report back.

Action 15	Assistant Force Solicitor to investigate how information learnt from civil claims are distributed within North Wales Police.
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Director of Finance and Resources explained that within the procurement element of the paper, some of the tenders over £10k relate to large and key elements within the capital programme. This is the activity which happens in the background and which may cause some delay.

Joint Audit member noted that it is hard to compare the legal performance figures provided as there was not much context and asked if more statistics are available. It was reported that new software had recently been purchased which enables statistics to be provided. Moving forwards comparative information can be provided within the paper presented as the system will be able to provide the statistics required.

Action 16	Assistant Force Solicitor to consider providing further performance statistics within the Legal Update paper for future meetings.
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11. **ASSURANCE UPDATE; ASSURANCE FROM HIGH-LEVEL MEETINGS – JOINT GOVERNANCE BOARD**

Joint Audit Committee noted the work undertaken by the Joint Governance Board and the input provided by the Assurance Board.

12. **TREASURY MANAGEMENT**

The Joint Audit Committee noted the six-monthly update provided on Treasury Management and the activity undertaken within the first six months of 2021-22.

No breaches have been reported within the last 6 months, but interest rates continue to be extremely low as the priority is security, liquidity and yield in that order. No new borrowing has been required.

Joint Audit Committee member asked about the economic rate of interest and how stable they are. Head of Finance reported that regular updates are received from advisors and all seem static currently with no great changes predicted.

It was noted that North Wales Police are in an under-borrowed situation and Joint Audit Committee member asked if/when this is likely to change and why the Force is not taking advantage of low interest rates. It was also asked if North Wales Police had a strategy to address this.

Head of Finance confirmed that a strategy is in place and that it is reviewed annually. It was also noted that all future borrowing is linked to the Capital Programme and the Emergency Service Network. All big spend capital projects are yet to be approved and these are the projects that borrowing would be likely to be against. The Emergency Service Network has also been pushed

back a year and the Government could step into fund. Regular updates are also received from the Treasury Management Consultants, including the timing of new borrowing.

13. FINANCIAL MANAGEMENT CODE UPDATE

Joint Audit Committee noted the Financial Management update which supports good practice in financial management and assists in demonstrating financial sustainability and areas of improvement needed.

Joint Audit Member stated that self-assessment seems to be like marking your own homework and asked if others could be brought in to help assess compliance. Head of Finance stated that others are brought in and that a Business Manager was involved during this process. Will look at who could be brought in in the future to help review but may be difficult as heavily weighted on financial processes.

Action 17	Head of Finance to consider the possibility of further officers being brought in to look at how the Finance Team perform against the indicators set out within the code of practice.
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Joint Audit Committee state that they look forward to seeing further progress over the coming months.

14. ETHICS

Joint Audit Committee members noted the update given by the Chair of the Ethics Committee on the ethical dilemma referred surrounding medical records and noted that the Committee will re-visit this issue again in future as part of a wider issue.

The Ethics Committee is attempting to raise its profile by promoting the work that they do internally within North Wales Police. The raising of their profile has raised the number of dilemmas received.

Joint Audit Committee member asked how a framework will be developed once dilemma has been addressed to highlight the issue within the Force. Chair of the Ethics Committee stated that work is ongoing to identify suitable avenues to report back into the Force to consolidate how communications is received. Member asked that this issue comes back to Joint Audit Committee in the future.

Action 18	Chair of Ethics Committee to investigate avenues of how issues are reported back to staff within North Wales Police and bring back to future Joint Audit Committee.
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It was reported that a Chief Superintendent and Superintendent have been asked to identify key ethical questions that need to be inputted into the Ethics Committee.

There was no other business raised.

The next Joint Audit Committee meeting will be held on 28 March 2022 at 9.30am either in Conference Room 1, FHQ Colwyn Bay or by Microsoft Teams.

**JOINT AUDIT COMMITTEE
ACTION LOG from 06.10.2021**

	Open
	Closed
	Deferred

New/Open actions from March 2021

MEETING DATE	MINUTE NO.	ACTION DESCRIPTION	REQUIRED BY (DATE)	PERSON RESPONSIBLE	UPDATE
	152	JAC Annual Review/Annual Report (draft) - Members and Officers to provide Chair Joint Audit Committee with any feedback ahead of July Joint Audit Committee meeting.	ASAP	Director of Finance and Resources	20/06/21 – DFR submitted feedback for both reports. 04/08/2021 – As no action plan around JAC evaluation - action to remain open. 06/10/2021 – DFR has produced a draft action plan which will be circulated to CFO and CX for comment. 18/11/21 – The draft action plan has been sent to CFO and CE and will be forwarded to the Joint Audit Committee Chair Rachel Barber. 08/12/2021 Pending until Joint Audit Committee review has taken place.
06/10/2021	3	Organisational Update - Chief Executive to update Joint Audit Committee members on the Communication Strategy going forwards.	01/12/2021	Chief Executive	Following an internal review a decision has been made to end our contract with an external PR/Media consultancy. We are currently recruiting for a Head of Communications and Engagement who will be tasked with revising our current communications strategy. 08/12/2021 – Interviews for Head of Communications and Engagement being held at the end of the week. Joint Audit Committee members asked for timeline of when communications strategy will be implemented and to include within the Work Programme

MEETING DATE	MINUTE NO.	ACTION DESCRIPTION	REQUIRED BY (DATE)	PERSON RESPONSIBLE	UPDATE
					16.03.2022 - New Head of Communications and Engagement started in role on 7 th March. Amongst Matt's first tasks is to review and refresh the OPCC Communication and Engagement Strategy. This will be shared with JAC members ahead of the July meeting.
08/12/2021	1	Minutes – Chief Finance Officer to contact counterpart in South Wales OPCC to discuss involvement of JAC members in the Internal Audit Procurement process	10/01/2022	Chief Finance Officer	Chief Finance Officer has forwarded details of two North Wales JAC members to Chief Finance Officer in South Wales Police.
08/12/2021	2	Organisation Update - Chief Executive Officer to include provide further update on the governance structure of the commissioning service at future Joint Audit Committee meeting.	28/07/2022	Chief Executive Officer	16.03.2022 - A paper has been prepared using the Safer Streets funding as an example to give assurance to the JAC members on the governance in place when external funding is secured. Circulated 16.03.2022, Recommend action closed.
08/12/2021	3	Organisation Update - Director of Finance and Resources to provide further feedback on activities being undertaken to ensure difficult to fill roles are successfully recruited.	28/03/2022	Director of Finance and Resources	04/04/2022 - The Head of POD has set up a weekly working group focussed on tackling the 'hard to fill' posts. There are a range of posts being considered currently spanning ICT, Data, Procurement and others. The latest weekly update has been shared with JAC members via the google shared drive. Recommend action closed.
08/12/2021	4	Organisation Update - Director of Finance and Resources to provide Joint Audit members with regular updates against the major milestones within the NEP programme roll-out.	Ongoing	Director of Finance and Resources	15/02/2022: PM and Programme Manager have provided a list of milestones and current status on progress. Further updates on progress can be provided on a quarterly basis as required. The milestones have been shared with all JAC members. Update included in Organisational report. Recommend action closed.
08/12/2021	5	Organisation Update -Director of Finance and Resources to provide Joint Audit members with outline Terms of Reference of the RPA feasibility study.	Ongoing	Director of Finance and Resources	Initial EOI document shared with JAC via Google shared drive. Recommend action closed.
08/12/2021	6	Internal Audit - Director of Finance and Resources to share staff vetting review document with Joint Audit members once approved by Deputy Chief Constable.	28/03/2022	Director of Finance and Resources	Shared via Google drive with members for information. Not for further dissemination. Recommend action closed.

MEETING DATE	MINUTE NO.	ACTION DESCRIPTION	REQUIRED BY (DATE)	PERSON RESPONSIBLE	UPDATE
08/12/2021	7	Internal Audit - Finance and Budgets Officer to share with Joint Audit Committee processes in place to record who has possession of property and safety of items when booked to individual officers.	28/03/2022	Finance and Budgets Officer	Finance and Budgets Officer forwarded the "Property and Exhibits Standard Operating Procedure" to share with members on the Google drive. Seized Property Manager has advised that whilst exhibits are booked out of main store they are held in the various transit stores. Recommend action closed.
08/12/2021	8	Internal Audit - Finance and Budgets Officer to investigate if there are any emerging themes as to why timelines on actions identified within internal audits are slipping and inform Joint Audit Committee of outcome.	28/03/2022	Finance and Budgets Officer	In respect of the outstanding recommendations the only slippage I can see surrounds training of Fire Marshalls; this is as a result of Covid and then Omicron variant where face to face training was cancelled; all nominees have been rebooked for training courses in Feb and March 2022. The only other recs that have been revised are IT/NEP related; Anne has requested an update from relevant parties. Recommend action closed.
08/12/2021	9	Risk Update - Corporate Risk and Continuity Officer to provide Joint Audit Member with sight of the assurance mapping exercise which is being undertaken to receive further clarity.	28/03/2022	Corporate Risk and Continuity Officer	03/02/22 - Online meeting held on 02/02/22 with Head of Business Intelligence, Risk and Business Continuity Lead, Governance and Policy Lead where the Force's current position on Assurance Mapping was demonstrated to the JAC Risk Lead. The engagement and feedback was extremely positive and as this exercise progresses over the next 12 months, improvements to the process will continue to provide further assurance to JAC members around Risk management. Recommend action closed.
08/12/2021	10	Work Programme for 2021/22 - Joint Audit Committee to inform Chief Finance Officer of date preferences for the All Wales Joint Audit Committee event.	10/01/2022	Chief Finance Officer	13/12/2021 - E-mail sent to JAC members asking that they respond with any unsuitable dates.
08/12/2021	11	Work Programme for 2021/22 - Chief Finance Officer to secure date for the accounts briefing meeting as soon as possible.	23/12/2021	Chief Finance Officer	14/12/2021 – Teams invitation sent out to all with date for Accounts Briefing meeting. Recommend action closed.
08/12/2021	12	Capital Programme - Director of Finance and Resources to share Capital	23/12/2021	Director of Finance and Resources	09/12/2021 – Presentation placed on Google Drive for members information. Recommend action closed.

MEETING DATE	MINUTE NO.	ACTION DESCRIPTION	REQUIRED BY (DATE)	PERSON RESPONSIBLE	UPDATE
		Programme Progress Update presentation with members.			
08/12/2021	13	Capital Programme - Director of Finance and Resources to consider providing Joint Audit Committee members with a month-by-month projection of capital spend.	28/03/2022	Director of Finance and Resources	As part of Organisational planning process and developing the capital strategy, the phasing of capital budgets has been considered. Corporate finance has now introduced quarterly budgeting and will monitor against actual expenditure as a trial for 2022-23 so that greater insight of variances can be provided. Recommend action closed.
08/12/2021	14	Capital Programme - Director of Finance and Resources to consider whether further public disclosure is required.	28/03/2022	Director of Finance and Resources	Currently appropriate public disclosure is achieved through the JAC work programme (where Capital expenditure is a consistent feature), the Statement of Accounts Narrative Report and the Medium Term Financial Plan and Capital Strategy documents. Recommend action closed.
08/12/2021	15	Legal Report - Assistant Force Solicitor to investigate how information learnt from civil claims are distributed within North Wales Police.	28/03/2022	Assistant Force Solicitor	Lessons learnt are fed back directly to the officer involved in the civil claim. Assistant Force Solicitor believes the question related to the ongoing personal/professional development of officers after they had completed their probation and what training was provided to those officers. All training requirements, including mandatory, non-mandatory, role specific and developmental are captured within the NWP Learning and Development Framework. Recommend action closed.
08/12/2021	16	Legal Report - Assistant Force Solicitor to consider providing further performance statistics within the Legal Update paper for future meetings.	28/07/2022	Assistant Force Solicitor	The legal department has recently introduced a Case Management System, Opus. Over the passage of time, at least 12 months, as the data contained within Opus increases, then more meaningful/detailed reports in relation to the areas identified will be produced. Recommend action closed.
08/12/2021	17	Financial Management Code Update - Head of Finance to consider the possibility of further officers being brought in to look at how the Finance Team perform against the indicators set out within the code of practice.1	28/03/2022	Head of Finance	The FM code assess how the Force and OPCC perform against the code rather than the Finance Team. The initial assessment included one of the Business Managers. The FM code is now reported to the F&R Board which will be used to scrutinise the assessment. Recommend action closed.

MEETING DATE	MINUTE NO.	ACTION DESCRIPTION	REQUIRED BY (DATE)	PERSON RESPONSIBLE	UPDATE
08/12/2021	18	Ethics - Chair of Ethics Committee to investigate avenues of how issues are reported back to staff within North Wales Police and bring back to future Joint Audit Committee.	28/03/2022	Chair of Ethics Committee	An update from the Ethics Committee was provided to SMB on 17/01/22. The presentation outlined mechanisms of how issues are reported back to NWP staff, and touched upon some recent ethical dilemmas. The slide deck has been shared separately with JAC members for information. Recommend action closed

Closed actions since last meeting – Archived March 2021 – previously closed available on request

MEETING DATE	MINUTE NO.	ACTION DESCRIPTION	REQUIRED BY (DATE)	PERSON RESPONSIBLE	UPDATE
	56a	Ethics - Police and Crime Commissioner to raise with Victim's Commissioner the dilemma received regarding individuals who are sexually assaulted.	On hold	Police and Crime Commissioner	<p>Chief Finance Officer has liaised with Chief Information Officer who states that this is a national issue which is being considered currently by the ICO, CPS and courts and recommends that the PCC does not involve himself in the matter at the moment.</p> <p>09/03/2020 – as national issue, the PCC getting involved may hinder progress. Put on hold until the national picture becomes clearer.</p> <p>02/06/2020 - On hold. Awaiting national progress.</p> <p>19/10/2020 – Confirm no further update received.</p> <p>30/03/2021 – New Chair in post and handover ongoing. Director of Finance and Resources to ensure that this matter is included within the handover.</p> <p>04/08/2021 – Director of Finance has looked into the matter raised further and will discuss with Chief Executive and Chair of the Ethics Committee to agree way forward.</p> <p>05/10/2021 – Director of Finance and Resources met with Jacquie Don, Chair of the Ethics Committee, last week to discuss two separate issues that potentially relate to the long-standing JAC action. The Ethics Committee Chair intends to discuss these issues at the forthcoming October board if possible. Once discussed the committee will feedback on potential next steps which can be fed into JAC to discharge the action.</p> <p>17/11/21 – Ethics Committee met on 26th October and relevant issues were discussed (a brief summary has been sent separately by the Chair Jacquie Don). As a result, the Ethics Committee have requested further information to review at a future board. In due course the output from the Ethics Committee will be fed into a forum chaired by the Chief Constable.</p> <p>08/12/2021 Feedback will be provided to North Wales Police through the SMT/SLT meetings.</p> <p>Suggest action is closed.</p>
	91b	Internal Audit - Force Management Statements to be placed on the Joint Governance board and the July Joint Audit Committee Agenda	By July Meeting	Director of Finance and Resources	02/06/2020 There is no obligation to produce the Force management Statement during 2020/21. The document however will be reviewed and produced for the March 2021 meeting.

MEETING DATE	MINUTE NO.	ACTION DESCRIPTION	REQUIRED BY (DATE)	PERSON RESPONSIBLE	UPDATE
					<p>30/07/2020 CFO to update work programme to reflect change from December 2020 to March 2021.</p> <p>12.02.21 – Action re-opened to monitor progress.</p> <p>12.02.21 – Timelines mean that the draft FMS will be completed post March meeting. Update to be provided with the FMS to feature in New Committee Member inductions, July JAC Agenda or both. Head of Strategic Planning Unit to update on progress prior to March meeting.</p> <p>01.03.2021 - As part of the planning process leading to budget setting, every area in the force completed a Business Plan articulating their understanding of current and future demand, capacity and capability readiness.</p> <p>These plans along with the outcomes of decisions taken at budget setting will form our FMS submission this year. In addition a gap analysis has been undertaken to allow us to track the impact of our resourcing decisions. Statistical forecasting of key demand trends has been completed to inform organisational planning.</p> <p>Nearly all departments report a rising trend of demand and although aspects have been suppressed by COVID others have accelerated beyond our original projections.</p> <p>We are currently completing more detailed analysis on the impact of the pandemic on police demand which will form part of the finalised document. The deadline for submission to HMICFRS is May 31st 2021.</p> <p>30/03/2021 – Work continuing to be progressed and Joint Audit Committee to have sight of Force Management Statement when completed.</p> <p>21/05/21 - To be circulated before and separately from meeting papers.</p> <p>23/06/21 – The FMS is an ‘Official Sensitive’ document with the majority of that content included within the Business Plans. The proposal is to circulate the Executive Summary to JAC members, provide an overview at the August JAC meeting with a view to then providing more specific and targeted briefings as required.</p> <p>04/08/2021 – Officers confirmed that this document as has always held the ‘Official Sensitive’ mark.</p> <p>JAC members suggest action closed.</p>

MEETING DATE	MINUTE NO.	ACTION DESCRIPTION	REQUIRED BY (DATE)	PERSON RESPONSIBLE	UPDATE
	102b	Internal Audit Overview - Director of Finance and Resources to respond to JAC relating to the reason for due date revisions and how a GDPR issue relating to sensitive data stored on network drives would be addressed through NEP and migration to a Cloud environment	Immediate	Director of Finance and Resources	<p>17/09/20 DFR emailed JAC Risk Lead 31/07/20 with reasons for due date revisions highlighted. The need to ensure due dates on TIAA recommendations are scrutinised as being reasonable & realistic prior to agreement has been stressed to those undertaking audits by the DFR and HoF.</p> <p>DFR emailed JAC Risk Lead 31/07/20 re. GDPR: <i>“To mitigate the GDPR issue referred to ultimately any solution would need to ensure that only GDPR compliant data is migrated to the Cloud (where it then needs managing in a structured way) and also that any data that isn’t migrated needs appropriately managing...”</i></p> <p><i>Resourcing the work stream either via the NEP project team or via a separate work stream is currently being discussed with a business case in progress.”</i></p> <p><i>05.10.2020 – JAC member questioned how moving non-compliant data onto the cloud would assist in mitigating risk and leave the Force with non-compliant data on drive. Director of Finance and Resources stated compliance data being migrated onto the Cloud but also looking at legacy issues to look into issue further. Director Finance and Resources to look into matter further and update Joint Audit Committee.</i></p> <p>20.11.2020 – Further update regarding approach emailed by DFR to JAC Risk lead.</p> <p>10.12.2020 – e-mail sent to JAC Risk lead on mitigating risk. Member/Director of Finance and Resources to agree what assurance will close this action.</p> <p>09/02/2021 DFR & JAC Risk lead briefly discussed email dated 10/12/20. NEP plans for data migration to provide the necessary assurance required to close action.</p> <p>30/03/2021 – Plans for the NEP roll-out have been developed. Next step is to send Data Migration to Joint Audit member for information.</p> <p>21/05/21 – Briefing to be circulated to John Cunliffe and copy to Chair. NEP incorporated into work programme.</p>

MEETING DATE	MINUTE NO.	ACTION DESCRIPTION	REQUIRED BY (DATE)	PERSON RESPONSIBLE	UPDATE
					<p>23/06/21 – Briefing email sent along with underpinning documents. NEP to feature as a ‘deep dive’ on the August JAC Agenda.</p> <p>JAC Members recommend action closed.</p>
	105a	<p>Assurance Board - Head of Business Intelligence to bring schedule of Table Top testing to next Joint Audit Committee meeting.</p>	October meeting	Head of Business Intelligence	<p>We recognise this is an important aspect of our assurance work, and will be seeking to focus on it in meaningful sense once there is capacity to do so having dealt with the pressing BC issues of learning the lessons from COVID. Processes are in place with business continuity single points of contact for ongoing table top exercises, and annual Force level exercise, but there is not currently a formal/detailed schedule in place.</p> <p>A full testing schedule will form part of our response but we need to give it proper consideration before providing an update to Joint Audit Committee. I will aim for a fuller update at the next Committee meeting detailing current and planned testing schedules.</p> <p>05.10.2020 - Unprecedented year and many have been tested in real time. Another review at the beginning of next year. Fuller update to be provided at December 2020 meeting.</p> <p>12/11/20 There are two business continuity tests scheduled since the last JAC meeting.</p> <ul style="list-style-type: none"> • 10/11/20 North Wales Local Resilience Forum Cyber Exercise – postponed due to technical difficulties, to be rearranged late November/early December 2020 • 17/12/20 – EU Exit business continuity exercise. An updated version of the EU Exit exercise previously run on 09/10/20 • A business continuity options paper has been prepared for the Covid 19 Recovery tactical group 13/10/20 to consider the extension of bespoke business continuity plans to all areas including low risk areas. This will inform the scale of the business continuity work to be undertaken. It will also inform the testing schedule for 2021 which will be produced as part of the work. <p>In light of capacity issues within the assurance team, an additional temporary member of staff soon to be available from Operational Planning has been agreed to assist on a temporary basis with business continuity work.</p>

MEETING DATE	MINUTE NO.	ACTION DESCRIPTION	REQUIRED BY (DATE)	PERSON RESPONSIBLE	UPDATE
					11.01.2020 – Chair and T/Superintendent Corporate Services to discuss action. 03.03.2021 Please see attached paper (Appendix A). Recommend action closed.
	139a	Work Programme - Chief Finance Officer to arrange a workshop to discuss risk and how static risks could be better incorporated into the meeting agenda.	ASAP	Chief Finance Officer	Director of Finance and Resources/Chief Finance Officer have discussed and PA to DFR to arrange workshop in late January/early February. Head of Business Intelligence/T/Superintendent Corporate Services to discuss with JAC Risk Lead and how this fits into the programme. Further discussion needed as new JAC member may be JAC Risk Lead. 03.03.2021 - Chief Finance Officer to arrange a workshop to discuss risk and how static risks could be better incorporated into the meeting agenda. – Following discussion with John Cunliffe it was agreed that alongside the Risk Appetite Annual Review, the Force would also undertake an annual review of the Risk Register as well as risks closed in the previous 12 months. This was undertaken at the Senior Leadership Team meeting 23 February 2021, and consideration given to risks that may need ongoing review despite being closed. There is also a route to maintain oversight of static risks through the risk mapping process. Both of these would report periodically into Joint Audit Committee through the regular risk report when relevant to update on any changes to static/long term risks. 21/05/21 – Officers will have regular update with JAC Risk Lead. Recommend action closed.
30/03/2021	144	Organisational Update - Director of Finance and Resources to prepare a high level strategic note on the outcome of visioning day held in January 2021.	Asap	Director of Finance and Resources	Director of Finance and Resources will circulate to all. 24/06/21 – Visioning day document circulated to JAC members. Recommend action closed.
	145a	HMIC Update - T/Chief Superintendent Corporate Services to ensure that further detail is provided within the update paper for Joint Audit Committee meeting in July 2021.	July 2021	T/Chief Superintendent Corporate Services	Take into account when preparing paper for July meeting. Recommend action closed.
	146a	Internal Audit - Director of Finance and Resources to ensure ownership of	July 2021	Director of Finance and Resources	When limited assurance given in audit report, relevant manager to attend Joint Audit Committee.

MEETING DATE	MINUTE NO.	ACTION DESCRIPTION	REQUIRED BY (DATE)	PERSON RESPONSIBLE	UPDATE
		outstanding actions is reflected within future papers.			23/06/21 – DFR & Budget monitoring to reflect in Aug21 Internal Audit report. Recommend action closed.
	146b	Internal Audit - Director of Finance and Resources to discuss missed deadlines for management responses on outstanding recommendations with team.	ASAP	Director of Finance and Resources	When limited assurance given in audit report, relevant manager to attend Joint Audit Committee. 23/06/21 – DFR & Budget monitoring to reflect in Aug21 Internal Audit report. Recommend action closed
	146c	Internal Audit – Internal Audit to provide evidence of achievements during the financial year.	July 2021	Internal Audit	We will try to ensure that our reports provide a balanced overview of work completed and achievements while adhering to best practice and relevant standards. Recommend action closed.
	147	Risk Update - Head of Business Intelligence to provide Joint Audit Committee with timescales of when future papers showing a more risk based approach to assurance mapping will be brought to the meeting for their consideration.	July 2021	Head of Business Intelligence	Head of Business Intelligence to ensure included within next paper. Recommend action closed.
	148a	Work Programme - Director Finance and Resources/Chief Finance Officer to update work programme ahead of July 2021 meeting.	July 2021	Director of Finance and Resources/Chief Finance Officer	Work programme updated. Recommend action closed.
	148b	Work Programme - Director Finance and Resources/Chief Finance Officer to consider how best to include the NEP and Digital transformation work within the Joint Audit Committee's work programme.	Ahead of July 2021 meeting	Director of Finance and Resources/Chief Finance Officer	21/05/21 Initial response has been to factor NEP as the risk deep dive for Jul21 JAC. 24/06/21 Proposal would be to provide an overview of the Digital Transformation Programme as part of a future risk deep dive with a view to providing assurance around the elements explored to date and the governance surrounding the remaining elements of the programme. 04/08/2021 –Update work programme to reflect Digital Transformation. Recommend action closed.
	149a	Capital Strategy - Head of Finance to provide further clarity on figures within document and distribute to Joint Audit Members for information.	Asap	Head of Finance	05/07/21 The Head of Finance's understanding of the question in the meeting was that it was around the causes of the slippages in the Capital Programme that fed into the future Programme. These were addressed as part of the end of year

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					reports and discussed in detail at the Accounts Technical Meeting on the 25 th of June. Recommend action closed. (In the event that the question has not been answered request that a new action raised with clarity on the question).
	149b	Capital Strategy - Chief Finance Officer to place the Capital Programme on the work programme for further discussion.	July 2021	Chief Finance Officer	On July agenda as deep dive Recommend action closed.
	149c	Capital Strategy - Director Finance and Resources/Chief Finance Officer to ensure Treasury Management and Capital Strategy are included within the Joint Audit development day.	June 2021	Director of Finance and Resources/Chief Finance Officer	On development day agenda. Recommend action closed.
	150	Financial Management Code - Head of Finance to update any outstanding actions ahead of October Joint Audit Committee meeting.	October 2021	Head of Finance	No specific actions were set out in the FM Code Compliance report, however 4 areas for development were highlighted. These in the main are areas for continuous development and are governed under other Boards or Management. The 4 areas highlighted are Review of Planning Cycle – complete and dates set out for the next 6 months. Regional and National Collaboration – costs continue to be challenged and under stood, but still an area of concern as a budget pressure. Developing BC and early engagement with Procurement – this has improved and will be further enhanced with the appointment of a Business Benefits Realisation Officer in the PMO. Benchmarking Data – Engaging Regionally and Nationally to influence data collection to try and get meaningful BM data. Suggest action is closed and update given as part of FM Code reporting. There is no specific end date to these as they are areas of continuous improvement/development. Recommend action closed.
	154	Annual Statement Of Accounts – Outlook - Slides presented by Head of	Immediately	Director of Finance and Resources	Slides circulated. Recommend action closed.

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		Finance to be circulated to members for information.			
	145b	HMIC Update - Chief Finance officer to update Work Programme to include HMICFRS Value for Money report at the July Joint Audit Committee meeting.	July 2021	Chief Finance Officer	Deferred until October JAC Meeting. 14/09/21 – On agenda for Oct21 Recommend Action Closed.
04/08/21	1	Organisation Update - Director of Finance and Resources to include an update on the change programme within the Organisational Update paper to Joint Audit Committee.	October Meeting	Director of Finance and Resources	14/09/21 – DFR to reflect brief update in report for Oct meeting. 06/10/2021 Update Report shared with JAC members, Recommend Action Closed.
04/08/21	2	Limited Assurance Audits – H&S Management - Meeting to be organised between Chief Executive/Director of Finance and Resources/Head of Facilities as to how the OPCC could best scrutinise the Health and Safety work being undertaken within North Wales Police.	ASAP	Chief Executive/Director of Finance and Resources/Head of Facilities	14/09/21 – Meeting between parties arranged to discuss OPCC role. 28/09/2021 – <ul style="list-style-type: none"> CFO attends the quarterly H&S Board, receiving a routine invite and updating the CE and OPCC as required and ToR amended to reflect this addition. Joint Health & Safety briefing to CC & PCC to be arranged. Recommend Action Closed
04/08/21	3	Limited Assurance Audits – H&S Management - Director Finance and Resources to discuss inclusion of Health and Safety on the Internal Audit work programme and be included on future Joint Audit Committee agenda.	Immediate	Director Finance and Resources	14/09/21 – Action response outlined / included in Internal Audit report for Oct21 board. Recommend Action Closed
04/08/21	4	Limited Assurance Audits – Seized Property - Director Finance and Resources to raise at Chief Officer level that further engagement is needed with officers to ensure compliance with seized property process.	Immediate	Director of Finance and Resources	14/09/21 – Action response outlined / included in Internal Audit report for Oct21 board. Recommend Action Closed.
04/08/21	5	Internal Audit SICA - Director Finance and Resources/Internal Audit to consider revising the Q3 & Q4 to include issues raised within the meeting.	Immediate	Director Finance and Resources/Internal Audit	14/09/21 – Action response outlined / included in Internal Audit report for Oct21 board. Recommend Action Closed.

MEETING DATE	MINUTE NO.	ACTION DESCRIPTION	REQUIRED BY (DATE)	PERSON RESPONSIBLE	UPDATE
04/08/21	6	Risk Update - Force Solicitor/Governance and Policy Officer/Director of Finance and Resources to discuss whether civil claims should be placed on the corporate risk register.	ASAP	Force Solicitor /Governance and Policy Officer / Director of Finance and Resources	14/09/21 – DFR, Force Solicitor & Risk Lead met on 01/09/21 to assess the risk. Current level and Target level risk both assessed as ‘Medium’. Hence, risk will be managed at F&R SMT level rather than Force level risk register. Recommend Action Closed .
04/08/21	7	Risk Update - Director of Finance and Resources to prepare briefing paper for Joint Audit members on project risks.	ASAP	Director of Finance and Resources	29/09/21 - Following a request at the last meeting by JAC Member Sarah Davies to discuss outside of the main JAC meeting our risk management processes, and in particular how project risks are escalated for recording onto the Force Risk Register, I can confirm that an online meeting was recently held with the Risk and Business Continuity Lead, Head of Business Intelligence and JAC Member Sarah Davies. 06/10/2021 – JAC Governance Lead to meet off-line with Head of Business Intelligence to discuss project risks and any other issues as they arise and report back to Joint Audit Committee. 05.11.2021 - Meeting held with JAC member. Officers delivered a presentation on the management of Project Risks, how they are escalated to the Force Risk Register, recorded and progressed both at Portfolio Management Office Level and Strategically managed on the Force Risk Register. JAC Member asked some excellent questions which those in attendance were able to answer. All parties found JAC member extremely supportive of work in progress and would like to thank her for the time she made available to attend the meeting. Recommend action closed.
04/08/21	8	Work Programme for 2020/21 - Chair and officers to discuss the Deep Dive session items at next agenda setting meeting.	Immediate	Chair and Officers	05/08/21 – Risk deep dives discussed at agenda setting with provisional areas of focus identified. 14/09/21 – H&S Risk deep dive identified as the area of focus for Oct meeting, with work programme amended to reflect provisional suggested programme. Recommend Action Closed.
04/08/21	9	Finance – Update on Statement of Accounts - Director of Finance and Resources to provide Joint Audit Finance lead with summary of issues identified within the Technical Briefing session.	ASAP	Director of Finance and Resources	14/09/21 – DFR sent completed action log to JAC Finance lead on 13/08/21. Recommend Action Closed.

MEETING DATE	MINUTE NO.	ACTION DESCRIPTION	REQUIRED BY (DATE)	PERSON RESPONSIBLE	UPDATE
04/08/21	10	Review of JAC Terms of Reference - Chief Finance Officer to send document which highlights the changes made to the Terms of Reference to Joint Audit Committee.	Immediate	Chief Finance Officer	Document shared with Joint Audit Members. Recommend action closed.
04/08/21	11	Deep Dive on Capital Programme - Director Finance and Resources to consider the need for a business case for the replacement programme.	ASAP	Director of Finance and Resources	14/09/21 – DFR discussed with HoF. Current position is that routine like for like replacements do not require a formal business case. Business changes of significance do require a business case or supporting paper. Recommend Action Closed.
06/10/2021	1	Action Points - Personal Assistant to update table to show actual dates and single person responsible for actions and clarity of the action/description.	01/12/2021	Personal Assistant	Action Log updated to reflect. Recommend action closed.
06/10/2021	2	Organisational Update - Chief Executive to send the new Police and Crime Plan to Joint Audit Committee members once published.	01/12/2021	Chief Executive	13/10/2021 - Document shared with JAC members. Recommend action closed.
06/10/2021	4	Organisational Update - Director of Finance and Resources to organise off-line meetings to discuss the National Enabling Programme with JAC IT Lead.	08/12/2021	Director of Finance and Resources	18/11/21 – Two briefing sessions have taken place with Julie Perkins and a further meeting is scheduled for 19/11/21 with Julie Perkins, Andy Lohman and Kerrie Ambrose. Recommend action closed.
06/10/2021	5	Organisational Update - Chief Finance Officer to circulate paper presented to Strategic Executive Board around the effectiveness of Governance Arrangements to Joint Audit Committee members.	08/12/2021	Chief Finance Officer	12/11/21 – paper shared with Joint Audit Members. Recommend action closed.
06/10/2021	6	Internal Audit - Finance and Budgets Officer to update table of Seized Property ahead of December Joint Audit Committee meeting to show	08/12/2021	Finance and Budgets Officer	03/11/2021 – Finance and Budget Officer has updated the table within the current JAC report (December) with September and October 2021 items; previous report did not show September items due to report being submitted for translation prior to 30/09/2021.

MEETING DATE	MINUTE NO.	ACTION DESCRIPTION	REQUIRED BY (DATE)	PERSON RESPONSIBLE	UPDATE
		progress made in reducing number of items checked out.			The Seized Property Manager runs her KPI report on the 1 st of every month and submits the report to her Line Manager. Recommend action closed.
06/10/2021	7	Internal Audit - Finance and Budgets Officer to consider how the table can be displayed going forward with additional information shown to provide assurance that robust processes are in place to monitor.	08/12/2021	Finance and Budgets Officer	03/11/2021 – Finance and Budgets Officer has given a breakdown of the items booked out to officers and a breakdown of captor spray issued to officers – section 5, page 4 of the December JAC report. Recommend action closed.
06/10/2021	8	Risk Update - Head of Business Intelligence to provide further detail on assurance mapping within paper to next meeting.	08/12/2021	Head of Business Intelligence	21/10/2021 - Assurance Mapping will be included in the Open Session Risk Report compiled by Risk and Business Continuity Lead for JAC 08/12/21. Recommend action closed.
06/10/2021	9	Risk Update - Head of Business Intelligence to share Covid-19 Gold Group Pandemic Framework and changes to business continuity plans with Joint Audit Committee members for information.	01/12/2021	Head of Business Intelligence	21/10/2021 NWP Pandemic Framework shared with JAC members. In relation to Business Continuity, the Assurance Board has agreed a comprehensive schedule of testing and exercising which will be kept under review to ensure it remains proportionate to the force's needs. Joint Audit Committee recommend action closed.
06/10/2021	10	Work Programme for 2021/22 - Director of Finance & Chief Finance Officer to consider how best to include Joint Audit Members in the Internal Audit procurement process.	01/12/2021	Chief Finance Officer	12/11/21 CFO has made contact with counterparts across Wales and is liaising with JAC chair to facilitate this. 18/11/21 – CFOs discussed JAC involvement. Two were nominated from the JAC committee to oversee the process of internal audits. JAC members will be one scorer in the eventual evaluation. The procurement process to progress. Recommend action closed.
06/10/2021	11	Work Programme for 2021/22 - Chief Finance Officer to provide Joint Audit members with a copy of the Financial Report which is to be prepared for the Police and Crime Panel in January.	29/1/2022	Chief Finance Officer	12/11/21 This paper will be prepared mid-January.
06/10/2021	12	Assurance Update; Assurance from High-Level Meetings – Joint Governance Board - Chief Finance	01/12/2021	Chief Finance Officer	12/11/21 – paper has been shared with JAC Members. Recommend action closed.

MEETING DATE	MINUTE NO.	ACTION DESCRIPTION	REQUIRED BY (DATE)	PERSON RESPONSIBLE	UPDATE
		Officer to circulate Governance and Efficiency Review paper to Joint Audit Committee members for information.			
06/10/2021	13	Collaboration Review - Chief Finance Officer to include Collaboration Deep Dive within the Work Programme.	01/12/2021	Chief Finance Officer	12/11/21 –This has been included within the Work Programme. Recommend action closed.

Abbreviation Key	
CC	Chief Constable
CEO	Chief Executive Officer (OPCC)
CFO	Chief Finance Officer (OPCC)
DFR	Director of Finance and Resources (NWP)
Head of Finance	Guto Edwards
Head of Procurement	Patricia Strong
HMICFRS	Her Majesty's Inspectorate of Constabulary and Fire & Rescue Services
JAC	Joint Audit Committee
NWP	North Wales Police
OPCC	Office of the Police and Crime Commissioner
PA	Personal Assistant to CEO and CFO
PCC	Police and Crime Commissioner
PSD	Professional Standards Department (NWP)
TIAA	Internal Audit
WAO	Wales Audit Office



Joint Audit Committee 28th March 2022

OPCC Organisational Update

Updates

The previous meeting of the Joint Audit Committee (JAC) was held on 8th December 2021. This report will provide an update to the JAC on OPCC matters of note since then.

Women's Pathfinder North Wales

The North Wales Women's Centre in Rhyl, a vital service protecting vulnerable women, is opening two new contact centres in Wrexham and Bangor to reach out to those in need as the pandemic lockdown restrictions ease. It provides early intervention and support to vulnerable women, often with issues such as alcohol and substance misuse, mental health problems and family relationships, to reduce the number in the criminal justice system while helping them live safer, healthier lives.

North Wales Female Offender Strategy

JAC members will be aware that in the PCC's Police and Crime Plan the PCC made a pledge to introduce a North Wales Female Offender Strategy. The commitment in the strategy will recognise women's distinct needs and vulnerabilities within the Criminal Justice System. There will be an emphasis on early intervention, including liaison and diversion, out of court disposals and a focus on community-based solutions.

Deputy PCC Wayne Jones has led on this strategy which is in the final stage and will be published shortly. The strategy is very much based on the All Wales Female Offender Strategy which is well established.

Victim Services Needs Assessment

JAC members will recall from previous updates of the PCC's intention to review the Victim Services Needs Assessment for North Wales. Agencia Ltd. were commissioned in December 2021 and the review, which has been informed by victims and survivors and statutory/non-statutory partners, is due to be completed by the end of March 2022. This review will enable informed decisions when it comes to future victims' services funding.

Independent Review of Hunting in North Wales

With the support of the Chief Constable the PCC is to commission an independent review of the policing of the Hunting Act in North Wales. The review will consider the current policing response to the Hunting Act, identify good practice and where appropriate, make recommendations for future improvements. Whilst the exact methodology cannot be confirmed until the independent reviewer has been appointed, we fully envisage a detailed review of all crimes and incidents within the scope of the review, a public survey and

interviews with key stakeholders including the hunting community, those opposed to hunting, North Wales Police Rural Crime Team and the Welsh Government.

HEAD OF COMMUNICATIONS AND ENGAGEMENT

Following a successful recruitment process in December 2021, Matthew Evans commenced in the new role of Head of Communications and Engagement on 7th March 2022. Matthew will be updating the OPCC Communication and Engagement Strategy which will be shared with JAC when completed.

Report Author:	Stephen Hughes, Chief Executive
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Joint Audit Committee

Meeting Date: 28th March 2022

Title:	Organisational Update – North Wales Police
Author:	Seb Phillips, Director of Finance & Resources
Purpose of the report:	To provide the Joint Audit Committee with an overview of key organisational events and issues taking place since the last JAC meeting.
The report is provided to JAC for: (tick one)	<input type="checkbox"/> Decision <input type="checkbox"/> Discussion <input type="checkbox"/> Assurance <input checked="" type="checkbox"/> Information
Summary / Key Points:	<p>This report provides a high-level Organisational Update for North Wales Police highlighting key issues and events affecting the organisation for the period from 27.11.21 to 02.03.22.</p> <p>The issues and events are analysed between the four categories of Finance; People, Learning & Innovation; Operational and Public / Community.</p> <p>The report now incorporates a brief update in relation to HMICFRS inspections to streamline JAC reporting. However, given the current scale of HMICFRS activity, this will also be subject to its own dedicated update at the March JAC meeting.</p>
Recommendations:	For members of the Joint Audit Committee to note the Director of Finance & Resources' report.
Risk Register Impact:	None.
Assurance Implications:	None.
Equality Impact:	None.
Information Exempt from Disclosure:	None - All content in Open Session

JOINT AUDIT COMMITTEE

28th March 2022

Organisational Update

Report by Director of Finance & Resources, North Wales Police

1. Introduction

This report provides a high-level Organisational Update for North Wales Police, highlighting key issues and events affecting the organisation for the period from 27.11.21 to 02.03.22.

The issues and events are analysed between the four categories of Finance; People, Learning & Innovation; Operational, and Public / Community.

2. Finance

- Home Office funding was announced on 16th December 2021 and final proposals on the Medium-Term Financial Plan (MTFP) were agreed with the PCC on 21st December 2021. The proposal was agreed at the Police and Crime Panel on 31st January 2022.
- Key points in the MTFP include:
 - An increase in council tax of 3.68%
 - A tax base increase of 0.94%
 - A precept increase of 4.65% from 2021/22
 - Annual pay inflation of 3.0% assumed from September 2022-August 2023
 - A base grant that contributes towards Uplift and all other increases (with no additional funding for the Health and Social Care levy or pay inflation).
- P9 financial figures were reported to the Strategic Executive Board in Feb22 and the projected full year revenue spend was £1.490m under budget (up from £1.028m projected underspend at the end of Q2). The capital programme continues to be an area of focus with full year forecasts still projecting a significant underspend for a number of reasons.
- Overtime is £0.302m over budget with additional spend driven by increased absences and mutual aid. On a related note, a review into increased demand levels more generally has been commissioned by Chief Officers.
- The Chief Constable and Director of Finance & Resources met with the Home Office Police Funding Formula Review Team in February for an update regarding the methodology and progress to date.

3. People, Learning & Innovation

- Operation Uplift recruitment continues to progress, with a further 22 officers joining in Jan22.
- Following the announcement of the final tranche of uplift officers being allocated to NWP (as part of the Dec21 funding settlement) a revised recruitment profile has been set starting with 33 new recruits in Mar22 as we work towards the new 2022-23 officer number target of 1,696.
- The working group set up to consider "Hard to Fill" roles continues to meet regularly, chaired by the Head of POD and whilst it remains a challenging area, excellent headway has been made by the group.
- The NWP Agile Working Policy has been agreed and implemented, with all staff having now been categorised as Fixed, Hybrid or Agile Workers. Staff are no longer instructed to work from home and have the option to use the new agile working spaces around the NWP Estate.
- The digital programme continued to progress the critical work streams of the mobile app, NEP and Command & Control upgrade over the period.

- A draft All Wales Sustainability & Decarbonisation Strategy has been developed and discussed at a number of internal forums and was endorsed 'in principle' at the Strategic Finance & Resources board in January.
- A Task & Finish Group is to be established to consider a local Sustainability Strategy Delivery Plan and to consider how this work can be aligned with existing force governance.

4. Operational

- Nigel Harrison stepped down as Temporary ACC on 13th February 2022 having been a key member of the Chief officer team over the past 2 years, leading in a number of critical areas in that time including on the Force response to Covid-19.
- To coincide with the above Chris Allsop started in post as ACC having been successful in the recent recruitment process, joining NWP from Greater Manchester Police.
- With regard to Covid-19, Wales is currently at alert level 0 with NWP deeming it appropriate to retain some precautionary measures in respect of social distancing and wearing of masks.
- The Force was subject of a HMICFRS Custody Inspection in November 2021 and continues to work towards its next PEEL inspection which will result in a 3-week inspection in June 2022. As a result, HMICFRS will be subject to a specific update at the March JAC meeting.
- Recent increases in demand and its associated pressure on resourcing have resulted in Chief officer commissioning an operational review which is currently in progress.
- Linked to the above key updates from the Strategic Executive Board in Feb22 included:
 - Deep dives into priority areas including Domestic Abuse; Rape Offences; Violence Against Women & Girls; Problem Solving and Restorative Justice.
 - 999 contacts being 26.9% higher than last year to date, and 2.3% higher than the same period in 2019/20.
 - Recorded crime being 20.7% higher than last year to date, and 9.6% higher than the same period in 2019/20.

5. Public / Community

- Trust and confidence in policing nationally has been impacted as a result of a number of incidents reported in the media over the past two years. NWP held an SLF in December 2021 which focused on the work underway in NWP in respect of Violence Against Women & Girls. The vetting department has also undertaken a review and made a request for additional resources to manage the recent increases in demand.
- Work is underway with the Welsh forces to agree an All Wales Positive Action Statement, with a commitment to work towards a more representative workforce and assist in breaking down barriers with communities, and build trust and confidence in policing.
- After much planning, the Control Room underwent critical works in Jan22 to replace a UPS unit, with a planned outage of several hours instigating business continuity plans. The risks were mitigated as much as possible resulting in minimal disruption to both staff and the public.

6. Recommendations

For members of the Joint Audit Committee to note the Director of Finance & Resources' report.

Joint Audit Committee

28/03/2022

Microsoft teams

Title:	HMICFRS Update
Author:	C/Inspector David Cust
Purpose of the report:	Update in relation to HMICFRS reports
The report is provided to JAC for: (tick one)	<input type="checkbox"/> Decision <input type="checkbox"/> Discussion <input type="checkbox"/> Assurance <input checked="" type="checkbox"/> Information
Summary / Key Points:	<p>NWP have currently got sixteen areas for improvement (AFI's) recorded by HMICFRS and shown as 'open' on our joint Monitoring Portal. Thirteen of these have been closed by NWP as complete, we are awaiting HMICFRS action to review or sign-off as satisfied (either through document review or attendance at scrutiny panels to evidence that the AFI's have been met). This leaves three AFI's that require further work within NWP to resolve, these areas are progressing well with no identified areas of concern.</p> <p>Our Force Liaison Lead (FLL) in HMICFRS, will be reviewing our outstanding AFI's though his PEEL inspection preparation and as business areas are inspected, he will close them if appropriate.</p> <p>Our PEEL inspection is progressing well and our FLL is dialling into force meetings to understand the force and its strategic management. Officer/staff focus groups and interviews of strategic leads started last week and will continue until June. Feedback has been positive so far.</p> <p><u>Report on an unannounced inspection visit to police custody suites in North Wales Police</u></p> <p>Staff from HMICFRS and HM Prisons inspected North Wales Police between 8th – 19th November 2021 We have recently received the embargoed copy of the report and highlight the below. We still aware a publication/release date.</p> <p>HMICFRS identified several areas of good practice within the force but the report will also contain causes of concern and areas for improvement.</p> <p>Good practice</p> <ul style="list-style-type: none">• There is a clear governance structure in place to check that custody services are safe and respectful. Oversight is good and focused on making improvements.• Recording and reporting adverse incidents in custody, and learning from them, is good. The force is also open to external

scrutiny from independent organisations and groups with an interest in custody.

- The force understands the public sector equality duty. It monitors disproportionality in custody services to make sure that outcomes for detainees are fair, and it acts to address any concerns.
- The force is committed to diverting children and vulnerable adults away from custody. It works with other organisations to offer diversion schemes to prevent and reduce offending. It also works with its local authority and mental health partners to help keep children and people with mental ill health out of custody.
- The Criminal Justice Liaison Services mental health professionals working in the force's control room offer good support.

Causes of concern

- There are several areas where the force doesn't always meet the requirements of legislation and guidance, as set out in the Police and Criminal Evidence Act 1984 and its codes of practice. These include giving the necessity and explaining the circumstances for arrest; explaining the detainee's rights and entitlements; reviews of detention; and custody officers' involvement in investigations in a way that compromises the independence of their role. This is a cause of concern.
- Governance and oversight of the use of force in custody needs improvement. There is a use of force scrutiny board, but its monitoring isn't effective enough. This is because of some missing or inaccurate information about what force was used, by which officers, and why it was necessary. We found that force was often used in custody, and often to forcibly remove clothing from detainees. It is difficult for North Wales Police to show that when force is used in custody, it is necessary and proportionate. In some of the cases we saw on CCTV, it's our view that it wasn't. This is a cause of concern.
- The quality of recording on custody records is poor. Some entries are detailed, but important information was missing from some records. The force's quality assurance of these records isn't good enough. This is a further cause of concern.

In relation to these areas of concern highlighted by HMICFRS.

- Custody leads are producing an action plan for HMICFRS (within 3 months) to show a roadmap to improvement.
- HMICFRS will re-inspect after 12 months, focused on the areas identified above
- Staff training days are heavily focus towards PACE issues and use of force to drive this improvement

	<ul style="list-style-type: none"> • Consultation with other forces as to “best practice” we can adopt and drive forward as business as usual <p><u>Upcoming inspections</u></p> <p>Several specialist business areas will be reviewed prior to our PEEL assessment in June with dates to be confirmed.</p> <p>Multi-agency public protection arrangements (MAPPA) Stop and Search Efficiency Victim Service Assessment (VSA) Diversity Police education qualifications framework (PEQF)</p>
Recommendations:	
Risk register impact:	
Assurance implications:	
Equality Impact:	
Information exempt from disclosure:	

Police and Crime Commissioner North Wales and Chief Constable North Wales Police

Summary Internal Controls Assurance (SICA) Report

2021/22

March 2022

Summary Internal Controls Assurance

Introduction

1. This summary controls assurance report provides the Joint Audit Committee with an update on the emerging Governance, Risk and Internal Control related issues and the progress of our work at Police and Crime Commissioner North Wales and Chief Constable North Wales Police as at 2nd March 2022.

Emerging Governance, Risk and Internal Control Related Issues

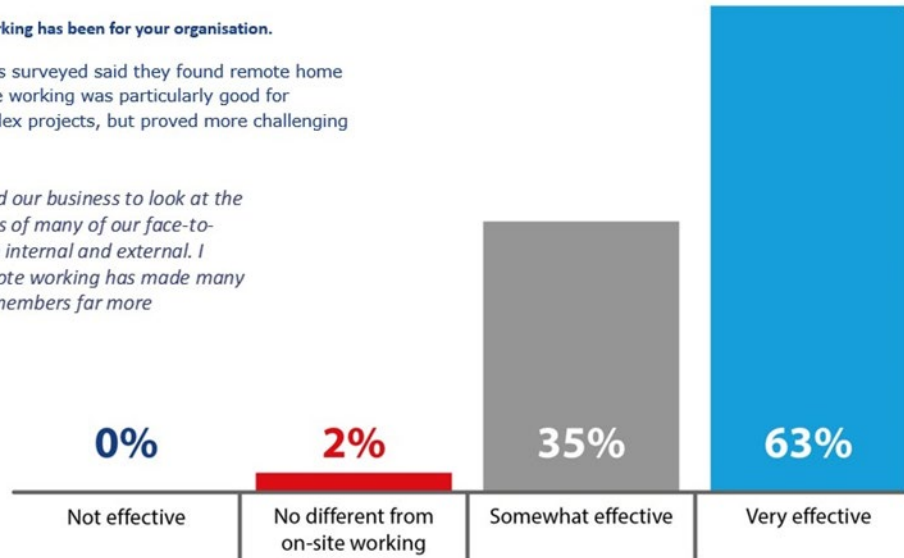
2. In our recent 'Post-Lockdown Working Practices Briefing', we explored the results of our survey of clients to ascertain how organisations are planning to deliver some of their functions going forward. We asked a number of questions regarding home working and its effectiveness since the pandemic started.

Effectiveness of home working

How effective remote home working has been for your organisation.

Overall, Operational Directors surveyed said they found remote home working very effective. Home working was particularly good for concentration on more complex projects, but proved more challenging for collaborative working.

“This has forced our business to look at the costs of and benefits of many of our face-to-face meetings, both internal and external. I would say that remote working has made many of my senior team members far more productive.”
- Survey Participant



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

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

Audits completed since previous SICA report

Review	Evaluation	Key Dates			Number of Recommendations			
		Draft issued	Responses Received	Final issued	1	2	3	OEM
Collaborative- Pensions – All Wales Pension Board	Reasonable	11 th October 2021	9 th November 2021	18 th November 2021	-	4 ¹¹	5 ¹	1 ¹
Commissioners Grant	Substantial	9 th November 2021	16 th November 2021	19 th November 2021	-	-	1	-
Collaborative- Safety Camera Partnership	Substantial	28 th October 2021	23 rd November 2021	23 rd November 2021	-	-	-	1
Collaborative- General Ledger	Substantial	3 rd November 2021	24 th November 2021	25 th November 2021	-	-	-	-
Risk Management – Mitigating Controls	Substantial	1 st December 2021	3 rd December 2021	6 th December 2021	-	-	1	1
HR Management – HR Strategy	Substantial	10 th December 2021	10 th January 2022	11 th January 2022	-	-	2	-
Collaborative- Automatic Number Plate Recognition (ANPR)	Reasonable	8 th October 2021	12 th January 2022	12 th January 2022	-	5	-	1
Collaborative – Budgetary Control	Substantial	17 th December 2021	30 th December 2021	26 th January 2022	-	-	-	-
Strategic Planning	Substantial	24 th January 2022	31 st January 2022	1 st February 2022	-	-	1	-
Collaborative- Treasury Management	Substantial	12 th January 2022	31 st January 2022	2 nd February 2022	-	-	-	-
Occupational Health Unit	Reasonable	17 th January 2022	3 rd February 2022	4 th February 2022	-	5	-	-
Agile Working	Substantial	1 st February 2022	16 th February 2022	17 th February 2022	-	-	1	-
Follow Up	N/A	1 st March 2022	1 st March 2022	2 nd March 2022	N/A	N/A	N/A	N/A

¹ These recommendations and OEMs relate to the Pensions Hub in Dyfed-Powys Police only and will not appear in the Root Cause table in paragraph 9

- 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 Annual Plan

- The Fleet Strategy review has been deferred to 2022/23 at the request of management. An additional review has been requested by the Chief Finance Officer to review the Office of the Police and Crime Commissioner (OPCC) Complaints. The audit is planned for 21st March 2022 and a draft APM has been provided.
- There have been two further changes to the plan which have not yet been reported to the Joint Audit Committee. These relate to the Collaborative Creditors and Collaborative Payroll reviews. The individual who had been assigned to the audits and who had been working on the audits across the four forces from the end of October to December went on long term sick leave in mid-December and subsequently resigned. The work that was uploaded on our system for both audits was incomplete and was not on the individual's laptop which was returned in January 2022, despite assurances from the individual concerned that fieldwork had been largely completed and written up. TIAA has spoken to each Force with a view to rearranging the reviews to re-perform the audits but unfortunately with year-end approaching and external audit commitments the Finance team is not able to accommodate this work prior to the year end. We have therefore agreed to undertake the two audits in quarter 2 next year as part of the 2022/23 plan. We have completed sufficient internal audit work to support our annual opinion and both areas have had substantial assurance opinions in our previous review (2020/21),
- Our progress against the Annual Plan for 2021/22 is set out in Appendix B.

Changes to the Annual Plan 2021/22

- There are no areas where internal audit work is recommended to enable an unqualified Head of Audit Opinion to be provided for 2021/22.

Progress in actioning priority 1 recommendations

- We have made no Priority 1 recommendations (i.e. fundamental control issue on which action should be taken immediately) since the previous SICA. All previous Priority 1 recommendations have been implemented. More information is provided in Appendix C.

Mitigating risk exposures identified by internal audit reviews

Review	Date	Priority 1		
Property Subject to Charge	20/21	1	-	-
Health and Safety Management	20/21	1	-	-

Root Cause Indicators

10. The Root Cause Indicators (RCI) have been developed by TIAA to provide a strategic rolling direction of travel governance, risk and control assessment for Police and Crime Commissioner North Wales and Chief Constable North Wales Police. Each recommendation made is analysed to establish the underlying cause of the issue giving rise to the recommendation (RCI). The analysis needs to be considered over a sustained period, rather than on an individual quarter basis. Percentages, rather than actual number of reviews/recommendations made permits more effective identification of the direction of travel. A downward arrow signifies a positive reduction in risk in relation to the specific RCI.

RCI – Direction of Travel Assessment 2021/22

Root Cause Indicator	Qtr 4 (2020/21)	Qtr 1 (2021/22)	Qtr 2 (2021/22)	Qtr 3 (2021/22)	Qtr 4 (2021/22)	Medium term Direction of Travel	Audit Observation
Directed							
Governance Framework	12% (5)	-	-	-	25% (4)	↑	Broad range of recommendations in Quarter 4, although Control Compliance and Governance Framework continue to have the most recommendations.
Risk Mitigation	-	-	-	-	6% (1)	↑	
Control Compliance	86% (36)	90% (9)	100% (1)	-	63% (10)	↑	
Delivery							
Performance Monitoring	2% (1)	10% (1)	-	-	-	↔	
Financial Constraint	-	-	-	-	-	↔	
Resilience	-	-	-	-	6% (1)	↑	

Frauds/Irregularities

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

Other Matters

12. We have issued a number of briefing notes and fraud digests, shown in Appendix D, since the previous SICA report. The actions taken by Police and Crime Commissioner North Wales and Chief Constable North Wales Police are summarised below:

Action taken by Police and Crime Commissioner North Wales and Chief Constable North Wales Police in response to Alerts issued by TIAA

Briefing Note	Management Response
Guidance to Prevent use of Vehicles as Weapons in Terror Attacks	To be provided by North Wales Police in the Internal Audit update
Protect Duty; Public places to ensure preparedness for and protection from terrorist attacks.	
Amazon to Change Payment Methods	
Amazon Postpones Changes to Payment Methods	
Employing Someone from Outside the UK	
HMRC Review into VAT Charges on EVs	
Amazon and VISA Settle Dispute	
Guidance to public bodies in Wales	
Fraud Alert	Management Response
Fraud Alert Fake Omicron Email Scam	To be provided by North Wales Police in the Internal Audit update
An Increase in Scams During the Festive Season	
Remote Employees Working Two Jobs	
Call 159 to Check if a Call From Your Bank is Genuine	
National Cyber Security Centre:	
SMS & Telephone Best Practice Guidance	
Security Alert	Management Response
Increase in People Sheltering in Waste Containers	To be provided by North Wales Police in the Internal Audit update

Responsibility/Disclaimer

13. 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 for information as part of the agenda. Where a review has a 'Limited' or 'No' Assurance assessment the full report will be presented to the Joint Audit Committee.

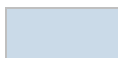
Review	Evaluation
Collaborative- Pensions – All Wales Pension Board	Reasonable
Commissioners Grant	Substantial
Collaborative- Safety Camera Partnership	Substantial
Collaborative- General Ledger	Substantial
Risk Management – Mitigating Controls	Substantial
HR Management – HR Strategy	Substantial
Collaborative- Automatic Number Plate Recognition (ANPR)	Reasonable
Collaborative – Budgetary Control	Substantial
Strategic Planning	Substantial
Collaborative- Treasury Management	Substantial
Occupational Health Unit	Reasonable
Agile Working	Substantial
Follow Up	N/A

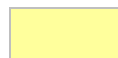
Progress against Annual Plan 2021-22


System	Planned Quarter	Current Status	Comments
Collaborative – Pan Wales			
Counter Fraud (Anti-Fraud Procurement)	1	Fieldwork ongoing	Lead Force – NWP Audit delayed due to time taken to agree area for coverage. Audit completion delayed due to sickness but will be issued prior to the year end.
Pensions – All Wales Pension Board*	2	Final report issued 11 th November 2021	
Safety Camera Partnership	2	Final report issued 23 rd November 2021	
Automatic Number Plate Recognition (ANPR)	2	Final report issued 12 th January 2022	
Agile Working	2	Final report issued 17 th February 2022	
Budgetary Control	3	Final report issued 26 th January 2022	
General Ledger	3	Final report issued 25 th November 2021	
Payroll	3	Deferred To Q2 2022/23	
Creditors	3	Deferred To Q2 2022/23	
Debtors	3	Draft report issued 23 rd February 2022	
Treasury Management	3	Final report issued 2 nd February 2022	
North Wales Only			
Health and Safety Management	1	Final report issued 5 th July 2021	Presented to August 2021 JAC
ICT – Network Security	4 2	Draft report issued 20 th January 2022	
Western Area – Command Unit	1	Final report issued 29 th June 2021	Presented to August 2021 JAC

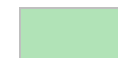
System	Planned Quarter	Current Status	Comments
Pensions – Cyber Security	1	Final report issued 2 nd September 2021	Presented to October 2021 JAC
Commissioner’s Grants	2	Final report issued 11th November 2021	
Performance Management	2	Final report issued 2 nd November 2021	Presented to December 2021 JAC
ICT – Data Protection	2	Site work completed	
Capital Programme	2	Final report issued 17 th September 2021	Presented to December 2021 JAC
Fleet Management – Fleet Strategy	3	Deferred to 2022/23	Deferred at the request of Management
Risk Management – Mitigating Controls	3	Final report issued 6 th December 2021	
Contract Management	3	Site work completed	
Fixed Assets	3	Draft report issued 2 nd December 2021	
HR Management – HR Strategy	3	Final report issued 11 th January 2022	
Occupational Health Unit	4	Final report issued 4 th February 2022	
Strategic Planning	4	Final report issued 1 st February 2022	
OPCC Complaints	4	Proposed date w/c 21 st March 2022	Additional audit agreed with Chief Finance Officer
Follow-up	4	Final report issued 2 nd March 2022	
Liaison with Audit Wales	1-4		
Annual Planning	4	Final Report issued 12 th May 2021	
Annual Report	4		
Audit Management	1-4		

KEY:

 To be commenced

 Site work commenced

 Draft report issued

 Final report issued

Priority 1 Recommendations - Progress update

Recommendation	Priority	Management Comments	Implementation Timetable	Responsible Officer	Action taken to date (and any extant risk exposure)	Risk Mitigated
Property Subject to Charge 2020-21						
<p>The numerous exhibits recorded as 'Checked out to Officer' on Niche be investigated and appropriate action be taken to ensure the accuracy of the current location is evident on Niche.</p>	1	<p><i>Refer OEM Management Comment Ref 2 – regarding ‘Direct Officer Recording’ which impacts on the effectiveness of the AUTOMATED ‘Checked out - Due back’ date Reminder on Niche Property.</i></p> <p><i>The Property & Exhibit Standard Operating Procedure (SOP) Sections 4.8, 4.9 & 5.3.9 requires officers to either promptly ‘Check-in’ exhibits or notify Seized Property Stores (SP) of exhibits which have been Returned to Owner; Sent for Forensic Testing or retained/disposed for some Other Purpose. When this does not happen SP has to MANUALLY Task officers.</i></p> <p><i>When audited – 9,247 exhibits were recorded on Niche as ‘Checked out to Officer.</i></p> <p><i>The SP Manager has reviewed the list and taken action to reduce the list to 7,313 by 26/05/2021.</i></p> <p><i>Of the 7,313 remaining exhibits 1,080 are Captor Incapacitant Spray* which have been recorded on the Niche Property Management System for issue/‘Checked out to Officer’ for periods up to four years (expiry date). This was done under the directive of the Conflict Management Board.</i></p> <p><i>*The 1080 captor sprays recorded on Niche property is new stock issued to officers following the new directive since July 2019. This number will gradually increase on Niche property as used/expired captors, which were</i></p>	<p><i>Full implementation 30//11/2021</i></p>	<p><i>Seized Property Manager</i></p>	<p><i>As per management Comments</i></p> <p><i>September 2021 – TIAA were advised that “as of 1st August 2021 there were 3,590 exhibits checked out to the officer; in the month of July 1,263 exhibits were reviewed thus meeting the requirement of 1,000 per month as per TIAA audit report”. A further update was that as at 31st August the number was reduced to 2.952.</i></p> <p><i>November 2021 - There are 2977 items checked out as at 31/10/2021; 1117 captor and 1860 checked out to officers</i></p> <p><i>The current status of items is as below:</i></p> <p><i>2015 items - 1</i></p> <p><i>2017 items - 25</i></p> <p><i>2018 items - 20</i></p> <p><i>2019 items - 1039 (934 of which are captor)</i></p> <p><i>2020 items - 420 (32 of which are captor)</i></p> <p><i>2021 items - 1472 (151 of which are captor)</i></p> <p><i>Out to Officer for Court/Enquiries/Interviews - 743</i></p> <p><i>Return to Owner - 769</i></p> <p><i>Forensic Testing - 348</i></p>	

Recommendation	Priority	Management Comments	Implementation Timetable	Responsible Officer	Action taken to date (and any extant risk exposure)	Risk Mitigated
		<p>historically issued and manually recorded on lists by Custody staff are returned and replaced by new stock via Niche Property..</p> <p>The Seized Property Manager and SP Team have been Tasked to review, investigate and action the REMAINING 6,233 'Checked out to Officer' exhibits.</p> <p>Creating, adding, locating, moving, checking-out, checking-in and disposing of property exhibits on the Niche Property Management System is a dynamic and constantly changing environment which requires regular monitoring and audit by Seized Property and Operational Line Managers.</p> <p>Refer MAP Rec 5 – Page 6 for Management Comment Actions relating to officer Training and Awareness</p> <p>The Archive and Support Services Manager will monitor and report on progress to ensure that only current and exhibits still under investigation (including captor spray) remain 'Checked out to Officer'. This will be included in the Monthly KPI Report for NPCC Director of Finance & Resources</p>			<p>All items up to and including May 2021 have been reviewed and furthermore the Seized Property Manager has also instigated new procedures to her team in respect of property in transit stores, a copy of which will be forwarded to the auditor. The remainder of the items are considered to be current.</p> <p>March 2022 – Now complete and signed off as part of the annual Follow Up. This will now be removed from the next SICA.</p>	
Health and Safety Management 2021-22						
<p>Accountability and responsibility for the completion and submission of RIDDOR reports be agreed and arrangements put in place to strengthen the mechanism behind the reporting of RIDDORs to achieve the outcome of timely reporting to HSE.</p>	1	<p>Further work is ongoing to strengthen the mechanism behind the reporting of RIDDORs to achieve timely reporting to HSE in all instances.</p> <p>For example, we have started to improve our processes by developing a presentation for Chief Officers because they can influence changes within the Organisation to address the issues highlighted by the Auditor. Updates and input from Line Managers is crucial so that RIDDOR reports are submitted on time in line with our statutory duties and H&S Policy.</p>	01/09/2021	Health and Safety Manager	<p>As per management comments</p> <p>September 2021 – The Health and Safety Manager (HSM) stated that "Individual Need to Know (NTK) documents to be prepared by HSM and circulated at different intervals to cover, Line Managers responsibilities re: RIDDOR reporting, Injury on Duty, Near Miss DSE reports by staff who they are responsible for – NTK final drafts completed 02/09/2021, submitted for sign</p>	

Recommendation	Priority	Management Comments	Implementation Timetable	Responsible Officer	Action taken to date (and any extant risk exposure)	Risk Mitigated
		<p><i>It must be emphasised the H&S unit is reliant on information/updates being fed back to the HSM so that matters are investigated promptly and recorded in line with HSE legislation within given time frames.</i></p> <p><i>Moving forward, and for the avoidance of doubt, late submissions of RIDDOR reports to HSE is not acceptable under any circumstances.</i></p> <p><i>We believe that consistency of approach is key, coupled with Training and educating Line Managers regarding their responsibilities.</i></p> <p><i>Where necessary we will continue to liaise with HSE colleagues regarding this and other H&S issues and seek guidance in key areas of H&S</i></p> <p><i>Furthermore, we have requested that the Training Department cover the above issue with new recruits, newly promoted Sergeants and Inspectors</i></p>			<p><i>off, once approved they will be circulated Force wide and published on the Force intranet. HSM to raise awareness on H&S Web site”.</i></p> <p><i>November 2021 - The RIDDOR NTK was circulated and published on the Force intranet on 18/10/2021; Near Misses NTK circulated on 25/10/2021; Injury on Duty NTK due out on 08/11/2021 and DSE due out on 15/11/2021. For information once NTKs are circulated they are published on the Force Intranet and Health and Safety web site. The following are examples of actions taken:</i></p> <p><i>04/11/2021 – Advised by Federation that the Health and Safety update has been added to their website; they now have a section for Health & Safety on their Pay and Conditions page so that future updates can be published there.</i></p> <p><i>21/10/2021 - Following discussions with the CC and PCC appointing a H&S Champion at CO level is being considered.</i></p> <p><i>21/10/2021 – H&S presentation to the Chief Constable, Police and Crime Commissioner, DFR and other service leads, following which the CC agreed to do a video blog to raise awareness on Health, Safety and Health and Wellbeing with reference to the Auditor’s report. This matter is being progressed by the HSM and the Force’s corporate comms department. Target date for the video blog to be confirmed</i></p>	

Recommendation	Priority	Management Comments	Implementation Timetable	Responsible Officer	Action taken to date (and any extant risk exposure)	Risk Mitigated
					<p><i>18/10/2021 - HSM attends all IOSH Managing Safely Courses and gives an update on key H&S matters including those highlighted in the auditor's report</i></p> <p><i>14/10/2021 - Confirmation received from Federation that the Health and Safety paper will be included in the December edition of the Federation magazine.</i></p> <p><i>13/10/2021 – Confirmation received from Unison that the Health and Safety paper was included in Unison e-newsletter issued on 13/10/2021</i></p> <p><i>04/10/2021 – “Health and Safety Update” email circulated to all staff detailing additional functions within the forms to assist with reporting and recording processes</i></p> <p><i>March 2022 – Now complete and signed off as part of the annual Follow Up. This will now be removed from the next SICA.</i></p>	

KEY:

Priority Gradings

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




CLEARED	Internal audit work confirms action taken addresses the risk exposure.	ON TARGET	Control issue on which action should be taken at the earliest opportunity.	EXPOSED	Target date not met & risk exposure still extant
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Briefings on developments in Governance, Risk and Control



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

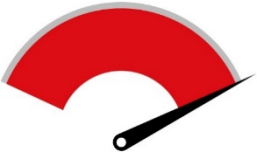



Summary of recent Client Briefing Notes (CBNs)

CBN Ref	Subject	Status	TIAA Comments
CBN-21044	Guidance to Prevent use of Vehicles as Weapons in Terror Attacks		Action Required Where Applicable Audit Committees and Boards/Governing Bodies are advised to assess their arrangements in light of the risks if applicable and take appropriate remedial action.
CBN-21047	Protect Duty; Public places to ensure preparedness for and protection from terrorist attacks.		Action Required Organisations are advised to review their security arrangements in line with their legal requirements and take appropriate remedial action.
CBN-21048	Amazon to Change Payment Methods		Potential Urgent Action Required Clients are advised to establish whether they make any online purchases from Amazon and if so, whether these purchases currently use a Visa credit and/or procurement card. If this type of card is in use, then clients are advised to put alternative arrangements in place before 19th January 2022.
CBN-22001	Amazon Postpones Changes to Payment Methods		Potential Urgent Action Required Following on from the previous related CBN in December 2021, clients are advised to establish what internal process changes were made as a result, and whether there is merit in continuing to use Visa credit cards.
CBN-22002	Employing Someone from Outside the UK		Information Only UK Visas and Immigration has published guidance for employers on employing someone from outside the UK.


CBN Ref	Subject	Status	TIAA Comments
CBN-22006	HMRC Review into VAT Charges on EVs		Action Required Not Urgent Organisations are advised to ensure that the appropriate HMRC compliant arrangements are in place.
CBN-22007	Amazon and VISA Settle Dispute		Potential Urgent Action Required Following on from the previous related CBN in January 2022, clients are advised to establish what internal process changes were made as a result of the previous announcements and consider whether there is merit in continuing to use Visa credit cards.
CBN-22009	Guidance to public bodies in Wales		Action Required - Not Urgent Audit Committees and Boards/Governing Bodies are advised to consider the principles within their own systems of control and operational practices.

Summary of recent Fraud Alerts

Ref	Subject	Status	TIAA Comments
December 2021	Fraud Alert Fake Omicron Email Scam		Action Required The alert provides information and advice about fraud and economic crime, and the risks associated with it. If you have fallen victim to fraud you should report it to Action Fraud by calling 0300 123 2040, or visit: https:// www.actionfraud. police.uk/ reporting-fraud-and-cyber-crime If you have given your bank details and think you may have lost money, contact your bank immediately.
December 2021	An Increase in Scams During the Festive Season		Action Required The alert provides information and advice about fraud and economic crime, and the risks associated with it. If you have fallen victim to fraud you should report it to Action Fraud by calling 0300 123 2040, or visit: https:// www.actionfraud. police.uk/ reporting-fraud-and-cyber-crime .

Ref	Subject	Status	TIAA Comments
December 2021	Remote Employees Working Two Jobs		<p>For Information</p> <p>TIAA Anti-Crime Specialists have seen an increase in referrals regarding staff who are working remotely having a second full time job.</p> <p>As the pandemic has greatly increased opportunities for home working, staff are juggling more than one full time job, and of course keeping each a secret from the other employer, while earning a double salary.</p> <p>The Guardian has published an interesting article on the subject with workers describing how easy it can be to lead a double life, with one worker explaining that they attended meetings while a family member who was unemployed actually did the bulk of their work using their corporate login.</p>
January 2022	Call 159 to Check if a Call From Your Bank is Genuine		<p>Action Required</p> <p>This alert provides information and advice to employees about fraud and economic crime, and the risks associated with it. If you have fallen victim to fraud or cyber-crime you should report it to Action Fraud by calling 0300 123 2040, or visit: www.actionfraud.police.uk If you have given out your bank details and think that you may have lost money, contact your bank immediately by dialling 159 if your bank is listed on the left, or using a known contact number for your bank.</p>
February 2022	National Cyber Security Centre: SMS & Telephone Best Practice Guidance		<p>Action Required</p> <p>This alert provides information and advice to employees about fraud and economic crime, and the risks associated with it. If you have fallen victim to fraud or cyber-crime you should report it to Action Fraud by calling 0300 123 2040, or visit: www.actionfraud.police.uk If you have given out your bank details and think that you may have lost money, contact your bank immediately by using a known contact number for your bank, or using the new 159 service.</p>
February 2022	Scam texts and phone number cloning for COVID tests		<p>Action Required</p> <p>This alert provides information and advice to employees about fraud and economic crime, and the risks associated with it. If you have fallen victim to fraud or cyber-crime you should report it to Action Fraud by calling 0300 123 2040 or visit: https://actionfraud.police.uk / reporting-fraud-and-cybercrime If you have given your bank details and think that you may have lost money, contact your bank immediately by dialling 159 or using the number on the back of your bank card.</p>

Summary of recent Security Alerts

Ref	Subject	Status	TIAA Comments
December 2021	Increase in People Sheltering in Waste Containers	 A red fan-shaped icon with a black handle, pointing downwards and to the right.	Action Required Organisations concerned about someone sleeping rough should contact StreetLink on 0300 500 0914 or visit www.streetlink.org.uk . Anti-social behaviour or associated criminal activity should be reported to the Police. To discuss this issue or request any further assistance and support please contact: Jonathan Gladwin, Director of Anti-Crime Services; or you're nominated Anti-Crime Specialist.



The Police and Crime Commissioner North Wales and the Chief Constable North Wales Police

Indicative Audit Strategy 2022/25 and Annual Plan 2022/23

2022/23



March 2022

DRAFT

OVERVIEW

Introduction

The Audit Plan for 2022/23 has been informed by a risk assessment carried out across our police clients and by an updated audit risk assessment to ensure that planned coverage for the year is focussed on the key audit risks, and that the coverage will enable a robust annual Head of Internal Audit Opinion to be provided.

Key Emerging Themes

This year will continue to be another challenging year for police forces in terms of funding, managing additional recruitment and technological advancement. There are a number of operational issues that have also come to prominence; we have identified a number of key areas which require consideration when planning internal audit coverage.

Vetting: Recent events have highlighted some significant gaps in the vetting of police officers and has led to calls for the urgent re-vetting of all serving police officers. HMICFRS is reviewing whether police forces have implemented previous recommendations on vetting as part of its current round of routine inspections, as well as undertaking a thematic inspection of vetting and counter-corruption procedures.

Firearms Licensing: New statutory guidance aims to standardise the licensing procedures in police forces. The guidance requires background checks on every applicant and a home visit to be carried out for first-time applicants. Any applicant will have to arrange for information about their medical suitability to carry a gun to be provided by their GP.

Recruitment: The continued implementation of Operation Uplift, the Government's three-year national campaign to recruit 20,000 police officers, will require significant Human Resources, Training and Development and Workforce Planning input.

Social Media: Social media can be a very effective tool for communicating with the public and helping in fighting crime, however, its use needs to be carefully considered and managed to ensure compliance with professional standards and the Code of Ethics on both a professional and private basis.

Providing Assurance during the COVID-19 pandemic

From the outset, we successfully transitioned to new and remote ways of working without any diminution of the service and we recognise that many if not all of our clients have had to implement changes in the way that they work. We continue to consider any gaps in control or exposures that have arisen as a result of this. Whilst many measures have largely been relaxed, it is not inconceivable that further measures might be implemented to stem any increases in cases. We continue to adopt a hybrid approach with a mix of remote and on-site working and tailor this approach to client requirements and the nature of each assignment.

Adequacy of the planned audit coverage

The reviews identified in the audit plan for 2022/23 support the Head of Internal Audit's annual opinion on the overall adequacy and effectiveness of the Police and Crime Commissioner and the Chief Constable's framework of governance, risk management and control as required by TIAA's charter. The reviews have been identified from your assurance framework, risk registers and key emerging themes.

INTERNAL AUDIT PLAN

Audit Strategy Methodology

We adopt a proprietary risk-based approach to determining your audit needs each year which includes reviewing your risk register and risk management framework, the regulatory framework, external audit recommendations and previous internal audit work for the organisation, together with key corporate documentation such as your business and corporate plan, standing orders, and financial regulations. For 2022/23, we have conducted an analysis of the key risks facing the sector and client base more broadly to inform our annual planning. The Audit Strategy is based predominantly on our understanding of the inherent risks facing the Police and Crime Commissioner (PCC) and the Chief Constable and those within the sector and has been developed with senior management and Committee. Our approach is based on the International Standards for the Professional Practice of Internal Auditing which have been developed by the Institute of Internal Auditors (IIA) and incorporate the Public Sector Internal Audit Standards (PSIAS).

Risk Prioritisation

Each year an updated risk assessment is carried out to ensure the Audit Strategy remains fully aligned with the key risks facing The PFCC (Police) and the Chief Constable. We take in to account any emerging or heightened risks that are facing the sector and/or the PCC and the Chief Constable and the Force specifically, to ensure that the work of internal audit remains appropriately focused. Links to specific strategic risks are also contained in the Internal Audit Strategy.

Internal Audit Strategy and Plan

Following the risk prioritisation review, the Audit Strategy has been produced (Appendix A) and the Annual Collaborative Plan (Appendix B) and Annual Plan (Appendix C) sets out the reviews that will be carried out, the planned times and the high-level scopes for each of these reviews.

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

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

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

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

Release of Report

The table below sets out the history of this plan.

Date plan issued:	3 rd March 2022
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APPENDIX A: ROLLING STRATEGIC PLAN

Review Area	Type	2022/23	2023/24	2024/25
Governance				
Corporate Communications	Assurance	10		
Community Engagement	Assurance	10		
Health and Safety Management	Assurance	8		8
Collaborations	Assurance		10	
Strategic Resource Planning	Assurance		10	
Performance Management	Assurance			10
Business Continuity Planning	Assurance			8
Risk				
Risk Management Mitigating Controls (Collaborative in 2022/23)	Compliance	*1	6	6
ICT				
Cyber Security	Assurance	8		8
ICT Change Management	Assurance	8	8	
ICT Fixed Assets (Collaborative in (2022/23)	Assurance	*		6
Infrastructure Review	Assurance		8	
Data Assurance	Assurance		8	
Network Security				8
Finance				
Budgetary Control	Assurance		6	
General Ledger	Assurance		6	
Payroll (Collaborative in 2022/23)	Assurance	*	10	10

¹ * denotes included as a collaborative review in 2022/23

Review Area	Type	2022/23	2023/24	2024/25
Creditors (Collaborative in 2022/23)	Assurance	*		6
Debtors	Assurance			6
Pensions	Assurance	8		
Expenses and Additional Payments (Collaborative in 2022/23)	Assurance	*		8
Treasury Management	Assurance	4	4	4
Capital Programme (Collaborative in 2022/23)	Assurance	*		8
Counter-Fraud (Collaborative in 2022/23)	Compliance	*	6	6
Estates and Fleet				
Fleet Management – Repairs (inc BMW Issues)	Compliance	5		5
Fleet Management – Fuel	Compliance		6	
Fleet Strategy (Collaborative in 2022/23)	Assurance	*		
Estates Management – Delivery	Compliance	6		
Estates Management – Strategy	Assurance		6	
Operational Performance and Infrastructure				
Central Area – Command Unit	Compliance	8		
Eastern Area – Command Unit	Compliance		8	
Western Area – Command Unit	Compliance			8
Contract Management – (Building/ICT/Services Project 2022/23)	Compliance	6	6	6
Property Subject to Charge (Evidential Property)	Compliance	6		6
Vetting (uplift officers, new recruits and transferees)	Compliance	6		
Firearms Licensing	Compliance	6		
Procurement	Assurance		8	
Commissioners Grants	Assurance			6
Workforce				
Wellbeing and Strategy	Assurance	10		

Review Area	Type	2022/23	2023/24	2024/25
HR Recruitment	Assurance	*		
HR Absence Management linked to Agility	Assurance	6		
Organisational Development	Assurance		7	
Occupational Health Unit	Assurance			5
HR Management Strategy	Assurance			10
Follow Up				
Follow Up	Follow Up	6	6	6
Collaborative Reviews (Leads in brackets)				
Risk Management (Lead Force: North Wales)	Compliance	5		
Fixed Assets (Lead Force: Dyfed Powys – Focus on ICT)	Compliance	5		
Payroll (Lead Force: Dyfed Powys – to include overpayments)	Assurance	8		
Creditors (Lead Force: Dyfed Powys)	Assurance	6		
Counter Fraud Procurement (Lead Force: South Wales)	Assurance	7		
Capital Programme (Lead Force: North Wales)	Assurance	6		
Fleet Management - Fleet Strategy lead Force: (South Wales)	Assurance	4		
Expenses/additional payment (Lead Force: Gwent)	Assurance	6		
HR - use of OLEEO (Lead Force: North Wales)	Assurance	5		
Management and Planning				
Liaison with Audit Wales	Management	2	2	2
Contingency	N/A		18	
Annual Planning	Management	4	4	4
Annual Report	Management	4	4	4
Audit Management	Management	18	18	18
Total Days		201	175	182

APPENDIX B: COLLABORATIVE ANNUAL PLAN – 2022/23

Quarter	Review	Type	Days	High-level Scope
1	HR – Use of OLEEO	Assurance	5	The review will consider the work being led by North Wales Police on the benefits realised from the use of the OLEEO HR Recruitment System particularly in regard to recruiting to key or specialist posts. (Lead Force: North Wales)
2	Risk Management – Mitigating Risk	Compliance	5	Two risks which are included in the organisation’s Risk Register will be selected and the effectiveness of the identified controls will be reviewed. The review also considers the effectiveness of mitigating actions on outcomes. The scope of the review does not include consideration of all potential mitigating arrangements. (Lead Force: North Wales)
2	Expenses and Additional Payments	Assurance	6	The review checks compliance with the expenses and additional payments policy and procedure. The scope also looks at the effectiveness of the automated process, especially in light of the changes to mileage expenses in South Wales and Gwent. The scope of the review will not include any other aspect of the Payroll arrangements. (Lead force: Gwent)
2	Payroll	Assurance	8	The review considers the arrangements for: the creation, amendment and deletion of payroll records accurately and on a timely basis; payment of allowances and pay awards; collection of overpayments; and payment of salaries. The review will also consider the arrangements for reviewing the payroll prior to authorisation including the review of exception reports and pay variations. The scope of the review does not include determination of salary scales, the HR arrangements for appointment and removal of staff, severance payments or reimbursement of travel and subsistence expenses, or pension arrangements. (Lead Force: Dyfed-Powys)
2	Creditors	Assurance	6	The review considers the arrangements for reviewing and authorising and paying costs incurred by the organisation and the arrangement for control of the organisation’s cheques and automated payments. The review will consider the management of amendments to supplier standing data, including the verification of requests for change of bank details. The allocation and use of procurement cards will also be considered including the month end reconciliation to statements. The scope does not include providing an assurance that the expenditure was necessary or that value for money was achieved from the expenditure committed. (Lead Force: Dyfed-Powys)

Quarter	Review	Type	Days	High-level Scope
2	Fixed Assets – ICT Assets	Compliance	5	<p>The review considers the identification of assets that need to be recorded in the asset register, the identification, locating and recording of assets including labelling and the appropriate useful life in line with stated policy; inventories; and the disposal of assets including identification of any surplus on disposal where sold and ensuring securely destroyed where necessary. A sample of assets will be verified as part of the review. The review will focus on ICT assets.</p> <p>The scope of the review does not include consideration of the purchasing, depreciation policies or insurance arrangements.</p> <p>(Lead Force: Dyfed-Powys)</p>
3	Capital Programme	Assurance	6	<p>The review considers the arrangements for accounting for the capital programme including the approval of the capital budget and priorities, the management of capital expenditure and variations, the adequacy of reporting and arrangements for dealing with slippage in projects or notification of additional funding. The scope of the review does not include consideration of the funding arrangements or the specification of the projects.</p> <p>(Lead force: North Wales)</p>
3	Counter-Fraud (Anti-Fraud Procurement)	Assurance	7	<p>The review considers the robustness of the organisation’s internal Anti-Fraud policy and associated policies in providing mitigation against fraud and/or the impact of fraud. In addition, the review will test for potential significant fraud exposures due to non-compliance with the Force’s procurement arrangements and/or inadequate or ineffective segregation of duties. The scope of the review will not include identification of all potential fraudulent transactions.</p> <p>(Lead Force: South Wales)</p>
3	Fleet Management – Strategy	Assurance	4	<p>The review considers the effectiveness of the arrangement for the management and replacement of the fleet of vehicles used by the Force and the Police and Crime Commissioner’s Office.</p> <p>(Lead Force: South Wales)</p>
Total			52	

APPENDIX C: ANNUAL PLAN – NORTH WALES POLICE 2022/23

Quarter	Review	Type	Days	High-level Scope
1 (April 2022)	Contract Management – (Building/ICT/Services Project 2022/23)	Assurance	6	<p><u>Rationale</u> Key operational risk area.</p> <p><u>Scope</u> The review will consider the effectiveness of the contact management arrangements in relation to the Unit 34 – Housing Maintenance Solutions Ltd Contract.</p>
1	Property Subject to Charge (Evidential Property)	Compliance	6	<p><u>Rationale</u> Issues with compliance with Policy and Procedures in place and Limited Assurance assessment in previous recent review.</p> <p><u>Scope</u> The review will appraise the effectiveness of the controls over the arrangements for Property Subject to Charge.</p>
1	Wellbeing and Strategy	Assurance	10	<p><u>Rationale</u> Impact of Covid and remote working on staff</p> <p><u>Scope</u> The review will consider the Wellbeing Strategy and the arrangements for ensuring staff wellbeing and determine how the effectiveness of these arrangements is evaluated.</p>
1	Estates Management - Delivery	Compliance	6	<p><u>Rationale</u> Key risk area.</p> <p><u>Scope</u> The review appraises the development of the estates strategy and the adequacy of the arrangements for delivering this including stock and asset condition survey, identification of need for work and replacement, scheduling the work, monitoring, and authorising payments for planned and cyclical works.</p>
1	Central Area – Command Unit	Compliance	8	<p><u>Rationale</u> Key risk area, included in the plan on a cyclical basis.</p> <p><u>Scope</u> The review assesses compliance with the key corporate procedures for Financial, HR, Duty of Care and Service Delivery.</p>

Quarter	Review	Type	Days	High-level Scope
1	Corporate Communications	Assurance	10	<p><u>Rationale</u> Key operational risk area.</p> <p><u>Scope</u> The review The review will consider the effectiveness of the Internal and External Communications strategies for the Force and the Police and Crime Commissioner.</p>
2	Community Engagement	Assurance	10	<p><u>Rationale</u> Key area of Governance, part of a rolling programme of Governance reviews.</p> <p><u>Scope</u> The review will consider the effectiveness of the Community Engagement strategies for the Force and the Police and Crime Commissioner.</p>
2	Pensions	Assurance	8	<p><u>Rationale</u> Key financial risk area.</p> <p><u>Scope</u> The review considers the arrangements for the management and control of the administration of pensions.</p>
2	ICT Change Management	Assurance	8	<p><u>Rationale</u> Rolling programme of technical ICT reviews covering key risk areas.</p> <p><u>Scope</u> The review considers the documented arrangements to ensure that changes to IT systems and services are defined, risk assessed, authorised, tested, implemented and fully documented to ensure service delivery and security are not compromised. The review also identifies the requirements for a roll back plan where changes cause significant operational issues. The review will not consider the nature of any changes.</p>
2	Vetting	Compliance	6	<p><u>Rationale</u> High risk area if effective arrangements not in place.</p> <p><u>Scope</u> The review will assess compliance with the internal vetting policy. The scope of the review will not include providing assurance that all relevant staff and contractors are vetted.</p>

Quarter	Review	Type	Days	High-level Scope
3	Cyber Security	Assurance	8	<p><u>Rationale</u></p> <p>Cybercrime is on the increase and a gap analysis against CESH ten steps to cyber security guidance provides a useful assessment of a public sector organisation's maturity and potential areas of vulnerability to attack. The audit review and gap analysis focuses on Internet-originated attacks against an organisation's information security.</p> <p><u>Scope</u></p> <p>The review considers the security management arrangements for the pro-active identification, prioritising and mitigating against cyber-crime risks. The scope of the review includes policies, procedures and risk management activities in place for the key elements of the CESH framework, including:</p> <ul style="list-style-type: none"> • Information Risk Management Regime • Secure configuration • Network security • Managing user privileges • User education and awareness • Incident management • Malware prevention • Monitoring • Removable media controls • Home and mobile working
3	Health and Safety Management	Assurance	8	<p><u>Rationale</u></p> <p>High risk area. Limited Assurance in 2021/22.</p> <p><u>Scope</u></p> <p>The review considers: the adequacy of the arrangements for managing the health and safety requirements of the Force. The review considers the arrangements for compliance with key requirements of health and safety legislation but does not represent an exhaustive review of compliance with all health and safety legislation and cannot be relied upon as such</p>
3	Treasury Management	Assurance	4	<p><u>Rationale</u></p> <p>Key Audit risk area requested by the Joint Audit Committee.</p> <p><u>Scope</u></p> <p>The review considers the arrangements for controlling the investment and borrowing arrangements; compliance with the organisation's overall policy; banking arrangements; reconciliations and the reporting to committee. The scope of the review does not include consideration of the appropriateness of any individual financial institution or broker or of individual investment decisions made by the organisation.</p>

Quarter	Review	Type	Days	High-level Scope
3	Firearms Licensing	Compliance	6	<p><u>Rationale</u> High risk area if effective arrangements not in place.</p> <p><u>Scope</u> The review will assess compliance with the regulatory requirements and Force Policy for Firearms Licencing.</p>
3	HR Absence Management	Assurance	6	<p><u>Rationale</u> Review of HR Management arrangements included in each year of the plan.</p> <p><u>Scope</u> The review considers the arrangements for: recording, reporting and monitoring absence. The scope of the review will also consider the arrangements to promote wellbeing, agile working and reduce absence.</p>
3	Fleet Management – Repairs	Assurance	5	<p><u>Rationale</u> Key risk area especially with current BMW issues.</p> <p><u>Scope</u> The review will consider the effectiveness of the delivery of the fleet management repairs and maintenance arrangements, including the planning of services and MOT's, responsive repairs and general maintenance. The review will include focus on the BMW issues.</p>
1-4	Collaborative Audits	Appendix B	52	Details provided in Appendix B
1-4	Liaison with Audit Wales Management	Management	2	Ongoing liaison with Audit Wales.
4	Follow-up	Follow up	6	The review ascertains whether management action has been taken to address the priority 1 and 2 recommendations only arising from selected internal audit work carried out in the previous financial year and current year to date, ensuring the Organisation is implementing recommendations, and providing reports to the Joint Audit Committee.
1	Annual Planning	Management	4	Assessing the Police and Crime Commissioner and the Chief Constable's annual audit needs.
4	Annual Report	Management	4	Reporting on the overall conclusions and opinion based on the year's audits and other information and providing input to the Annual Governance Statement.
1 – 4	Audit Management	Management	18	This time includes: meeting client management, overseeing the audit plan, reporting and supporting the Joint Audit Committee, liaising with External Audit and Client briefings (including fraud alerts, fraud digests and committee briefings).
		Total days (including collaborative days)	201	

APPENDIX D: INTERNAL AUDIT CHARTER

The Need for a Charter

The Audit Charter formally defines internal audit's purpose, authority and responsibility. It establishes internal audit's position within The Police and Crime Commissioner North Wales and the Chief Constable North Wales Police and defines the scope of internal audit activities. The establishment of the Audit Charter is a requirement of the Public Sector Internal Audit Standards (PSIAS) and approval of the charter is the responsibility of the Joint Audit Committee.

The Role of Internal Audit

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

Standards and Approach

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

Scope

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

TIAA may also conduct any special reviews requested by the board, Joint Audit Committee or the nominated officer (being the post responsible for the day-to-day liaison with TIAA), provided such reviews do not compromise the audit service's objectivity or independence, or the achievement of the approved audit plan.

Access

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

Independence

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

To preserve the objectivity and impartiality of TIAA's professional judgement, responsibility for implementing audit recommendations rests with The Police and Crime Commissioner North Wales and the Chief Constable North Wales Police management.

Conflict of Interest

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

We are not aware of any conflicts of interest and should any arise we will manage them in line with TIAA's audit charter and internal policies, the PSIAS/IIA standards and The Police and Crime Commissioner North Wales and the Chief Constable North Wales Police's requirements.

Irregularities, Including Fraud and Corruption

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

TIAA will be informed when evidence of potential irregularity, including fraud, corruption or any impropriety, is discovered so that TIAA can consider the adequacy of the relevant controls, evaluate the implication of the fraud on the risk management, control and governance processes

and consider making recommendations as appropriate. The role of TIAA is not to investigate the irregularity unless commissioned to do so.

Limitations and Responsibility

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

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

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

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

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

Liaison with the External Auditor

We will liaise with The Police and Crime Commissioner North Wales and the Chief Constable North Wales Police's External Auditor. Any matters in the areas included in the Annual Plan that are identified by the external auditor in their audit management letters will be included in the scope of the appropriate review.

Reporting

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

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

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

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

Other Briefings: During the year Client Briefing Notes, Benchmarking and lessons learned digests will be provided. These are designed to keep the organisation abreast of in-year developments which may impact on the governance, risk and control assurance framework.

Assurance Assessment Gradings

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

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

Data Protection

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

Quality Assurance

TIAA recognises the importance of Internal Audit being controlled at each stage to ensure that we deliver a consistent and efficient Internal Audit service that is fully compliant with professional standards and also the conditions of contract. We operate a comprehensive internal operational quality review process to ensure that all Internal Audit work is carried out in accordance with these standards. These quarterly reviews are part of our quality management system which has ISO 9001:2015 accreditation.

Joint Audit Committee Responsibility

It is the responsibility of the Police and Crime Commissioner North Wales and the Chief Constable North Wales Police to determine that the number of audit days to be provided and the planned audit coverage are sufficient to meet the Committee's requirements and the areas selected for review are appropriate to provide assurance against the key risks within the organisation.

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

Disclaimer

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

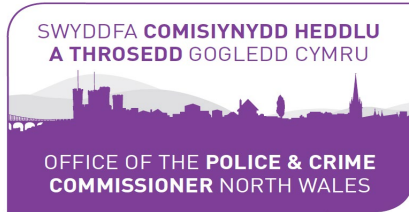
Performance Standards

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

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

Joint Audit Committee
Meeting Date: 28th March 2022

Title:	Internal Control Report
Author:	Anne Matthews, Finance & Budget Officer
Purpose of the report:	To provide the Joint Audit Committee with an overview of Internal Control activity within the Force
The report is provided to JAC for: (tick one)	<input checked="" type="checkbox"/> Decision <input type="checkbox"/> Discussion <input checked="" type="checkbox"/> Assurance <input type="checkbox"/> Information
Summary / Key Points:	<p>The report focusses on key Internal control activity regarding:</p> <ul style="list-style-type: none"> • Recommendation status from previous TIAA Audits • Management response regarding Client Briefing Notes (CBNs), Fraud and Security Alerts including those issued in the period • TIAA audits issued in the period • Updates on Limited assurance audits • Current status of 2021-22 Internal Audit Plan • Internal Audit Action Updates regarding 08/12/2021 JAC Actions • 2022-23 Internal Audit Plan • Summary <p>The first 7 pages of the report provide an overview with the following 10 pages providing supplementary information via Appendices, should it be required.</p> <p>Particular emphasis in the report is focussed on the implementation of the recommendations raised in the recent Limited assurance audits.</p> <p>The 2022-23 Internal Audit Plan is included for the Joint Audit Committee to note the content and to consider its responsibilities as per point 3.1.2 of the Terms of Reference, to “Review the internal audit plan and any proposed revisions to the internal audit plan”.</p>
Recommendations:	None
Risk Register Impact:	TIAA control findings, Client Briefing Notes and Fraud Alerts have been considered for reflection on the Force Risk Register.
Assurance Implications:	This report is directly relevant to Internal Control Activity providing Assurance in North Wales Police.
Equality Impact:	None
Information Exempt from Disclosure:	N/A – All content in Open Session



**HEDDLU
GOGLEDD CYMRU
NORTH WALES
POLICE**

JOINT AUDIT COMMITTEE

INTERNAL CONTROL REPORT – 28TH March 2022

REPORT OF THE NORTH WALES POLICE AND CRIME COMMISSIONER AND CHIEF CONSTABLE

1. INTRODUCTION

The purpose of this report is to provide an update on the Internal Control Activity undertaken since the last Joint Audit Committee and is based on information received and recorded by 02/03/2022. The aim is to supplement the TIAA papers received by JAC with a view to providing additional assurance.

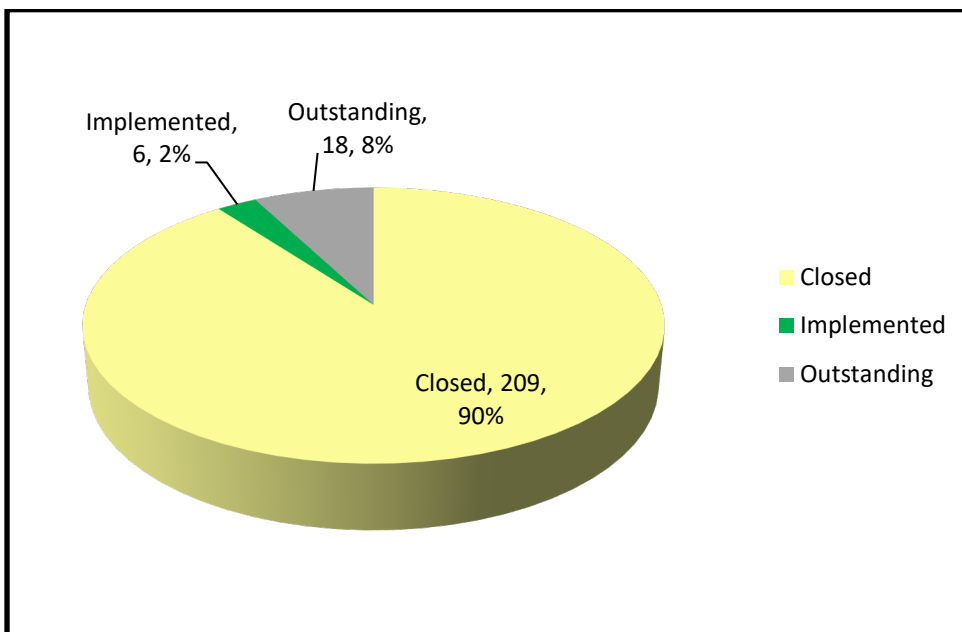
It is anticipated that further activity may have been undertaken by the JAC March meeting itself, which will be verbally updated on exception at the meeting.

The report focusses on key Internal control activity regarding:

- Recommendation status from previous TIAA Audits
- Management response regarding Client Briefing Notes (CBNs), Fraud and Security Alerts including those issued in the period
- TIAA audits issued in the period
- Update on limited audits
- Current status of 2021-22 Internal Audit Plan
- Internal Audit Action Updates regarding 08/12/2021 JAC Actions
- 2022-23 Internal Audit Plan

2. RECOMMENDATION STATUS OF TIAA AUDITS

The position on 2021/2022 Internal Audit recommendations as at 02/03/2022 is outlined below, with the number of outstanding recommendations climbing from the levels seen in previous reports driven by the number of audits recently completed:



Movement since the last JAC meeting is as per the below:

- 18 new recommendations received during this period.
- 8 (new) recommendations implemented, 3 of which were closed during TIAA's follow up audit.
- 2 (existing) recommendations implemented, both closed during TIAA's follow up audit.
- 48 further implemented recommendations closed during TIAA's follow up audit; in total 58 were closed.

Summary of 10 recommendations that have been implemented since October meeting detailed below:

No of Recs				JAC MEETING
Priority	ID	Job	Rec status	28/03/2022
2	256353	21/22 Automatic Number Plate Recognition (ANPR) - Collaborative	New	1
	256351	21/22 Automatic Number Plate Recognition (ANPR) - Collaborative	New	1
	256354	21/22 Automatic Number Plate Recognition (ANPR) - Collaborative	New	1
	256355	21/22 Automatic Number Plate Recognition (ANPR) - Collaborative	New	1
	244672	Cyber Security - closed during follow up audit	Existing	1
3	255057	21/22 Commissioner's Grants - closed during follow up audit	New	1
	255092	21/22 Safety Camera Partnership - Collaborative - closed during follow up audit	New	1
	255556	21/22 Risk Management – Mitigating Controls - closed during follow up audit	New	1
	251509	20/21 Fleet Management – Repairs - Closed during follow up audit	Existing	1
	256356	21/22 Automatic Number Plate Recognition (ANPR) - Collaborative	New	1
Grand Total				10

The carried forward recommendations continue to be monitored and pursued routinely.

The **accumulative** total of 6 remaining implemented recommendations since TIAA's follow up audit in February 2021 as at 02/03/2022 is outlined below:

Status Summary - Implemented	Category	No
Implemented on or before original due date	Cat 1	4
Implemented on or before 1st revised due date	Cat 2	2
Implemented on or before 2nd revised due date	Cat 3	0
Implemented on or before 3rd revised due date	Cat 4	0
Implemented on or before 4th revised due date	Cat 5	0
Implemented on or before 5th revised due date	Cat 6	0
Implemented after original and/or revised due date	Cat 7	0
		6

Analysis of the 18 outstanding recommendations as at 02/03/2022 is also outlined below:

Status Summary - Outstanding Recommendations	Category	No
No of Recommendations - still on original due date	Cat 1	13
No of Recommendations - 1st revised due date	Cat 2	3
No of Recommendations - 2nd revised due date	Cat 3	1
No of Recommendations - 3rd revised due date	Cat 4	1
No of Recommendations - 4th revised due date	Cat 5	0
No of Recommendations - 5th revised due date	Cat 6	0
No of Recommendations - Overdue	Cat 7	0
		18

An ongoing emphasis on trying to ensure that the initial deadlines set are both appropriate and realistic (to ensure that the revision of dates isn't happening as a matter of course) remains in place. Further comment is made in relation to this in section 7 of this report given a separate JAC action from the December meeting.

Analysis of the 18 outstanding recommendations and how they tally to each audit is provided on Appendix 1.

The latest position and update regarding the 18 outstanding recommendations is included in Appendix 2. This includes the Responsible Officer for each outstanding action with roles, rather than individual names included in the report.

Summary of 58 recommendations that have been closed following the completion of the follow up audit are detailed below:

Priority	Type	Job	No of Recs - closed
1	Urgent	20/21 Property Subject to Charge	1
		21/22 Health and Safety Management	2
1 Total			3
2	Important	20/21 Collaborative Project Review – Office 365	1
		20/21 Collaborative Risk Management – Mitigating Controls	1
		20/21 Eastern Area – Command Unit	2
		20/21 Expenses and additional payments	1
		20/21 Fleet Management – Fuel Usage	2
		20/21 Fleet Management – Repairs	3
		20/21 Property Subject to Charge	9
		21/22 Health and Safety Management	2
		Collaborative Review - Single Online Home	1
		Cyber Security	2
		Governance - Corporate Communications	1
2 Total			25
3	Routine	20/21 Collaborative Risk Management – Mitigating Controls	2
		20/21 Counter Fraud – Anti-Fraud Procurement	1
		20/21 Data Assurance	1
		20/21 Eastern Area – Command Unit	5
		20/21 Fleet Management – Fuel Usage	3
		20/21 Fleet Management – Repairs	4
		20/21 Organisational Development	1
		20/21 Property Subject to Charge	5
		21/22 Commissioner’s Grants	1
		21/22 Health and Safety Management	2
		21/22 Risk Management – Mitigating Controls	1
		21/22 Safety Camera Partnership - Collaborative	1
		21/22 Western Area - Command Unit	3
3 Total			30
Grand Total			58

3. MANAGEMENT RESPONSE REGARDING CLIENT BRIEFING NOTES (CBNs) FRAUD AND SECURITY ALERTS INCLUDING THOSE ISSUED IN THE PERIOD

Current status of CBNs, Fraud Alerts and Security Alerts is shown below:

Type	No rec'd	Action Required	Open Actions
CBNs - 19016 to 22009	48	0	0
Fraud Alerts - FA001 - FA023	23	0	0
Security Alerts - SA001	1	0	0

CBNS and Fraud Alerts received during the period were reviewed and progressed by the management team. There were eight CBNs, six fraud alerts and 1 security alert issued in the period 10/11/2021 to 02/03/2022.

CBNs

- CBN-21044 – Action Required where applicable – Guidance to Prevent use of Vehicles as Weapons in Terror Attacks – circulated for comment, response received from Crime Services as Counter Terrorism is part of their remit. Crime Services are aware of the guidance supplied jointly by the CPNI and DfT in May of this year.
- CBN-21047 – Action required - Protect Duty; Public places to ensure preparedness for and protection from terrorist attacks – circulated for comment, response received from Crime Services - Fully aware of the duty. The legislation is some way off yet, envisaged to become law in 2023. There are no perceived financial implications for North Wales Police at the current time.
- CBN-21048 – Potential urgent action required – Amazon to Change Payment Methods – circulated, response received from SSF Team Purchasing & Creditors Team leader, almost all purchases made with Amazon are now paid via purchase orders and invoices on a business account. Note CBN-22001 Amazon withdrew this decision 17/01/2022.
- CBN-22001 - Potential urgent action required – Amazon postpones change payment methods – no changes were made based on information above (CBN-21048), circulated and closed.
- CBN-22002 – Information only - Employing someone from outside the UK – circulated, confirmation received from Recruitment Supervisor - anybody who isn't a British Citizen, must provide proof that they have Indefinite Leave to Remain with no limitations to progress through the recruitment process.
- CBN-22006 – Action required not urgent – HMRC review into VAT charges on electric vehicles – FMA has contacted BDO our VAT consultants for further advice; we currently have a limited number of Fleet and Personal Issue Vehicles that are hybrid fuel types. Any relevant NWP Policy documents will be updated in due course as necessary.
- CBN-22007 - Potential urgent action required – Amazon and VISA settle dispute – circulated for information only; as per
- CBN-22009 – Action Required Not Urgent - Guidance to public bodies in Wales – OPCC PA circulated to JAC members; TIAA circulated to OPCC CFO and NWP DFR. OPCC CFO shared information with CEO and EO as EO has responsibility for OPCC Website. Response received from CIO; NWP have an Information Management Strategy Framework in place.

Fraud Alerts

- FA018 – Action required - Fake Omicron Email Scam – circulated and uploaded to Fy Llais; following authorisation from CIO IS&C circulated an email to all NWP employees.
- FA019 – Action required – An increase in scams during the festive period – contacted CIO for advice as to how to circulate, uploaded to Fy Llais.
- FA020– Information only – Remote employees working two jobs – circulated, PSD Counter Corruption policy is published on the force intranet; section 4.3 relates to Business interest and secondary employment procedure. Advised by SSF Manager that potential new employees are asked on their vetting about business interests and PSD do an input to all new starters.
- FA021 – Action required – Call 159 to check if a call from your bank is genuine – circulated and uploaded to Fy Llais, following contact from an officer TIAA also granted permission for officers to share this information externally. The SSF, BSU, Payroll and Corp Finance deal with creditors, salaries payments and investments and are the most likely to get a call. That said two signatories are required before any payments or investments are actioned and released to mitigate any risk.
- FA022 – Action required – National Cyber Security Centre SMS & telephone best practice guidance – circulated, response from CIO; IS&C receive these alerts from NCSC; where appropriate these alerts are circulated to all employees or placed on the Force Intranet.
- FA023 – Action required - Scam texts and phone number cloning for COVID tests - Advised by CIO to upload FA to Fy Llais - Uploaded to Fy Llais for information; permission received from TIAA to share this information externally.

Security Alerts

- SA001 – Action required – Increase in people sheltering in waste container - contacted CIO for advice as to how to circulate, uploaded to Fy Llais.

4. TIAA AUDITS ISSUED IN THE PERIOD

Thirteen TIAA audits were issued in the period 12/11/2021 to 02/03/2022 nine of which were graded Substantial and 3 of which were graded Reasonable and the Follow up audit which is not graded; further details of these audits and the associated findings are reflected in the TIAA SICA report.

5. UPDATE ON LIMITED ASSURANCE AUDITS

Property Subject to Charge (PSTC) – Limited Assurance - Complete

All recommendations have been implemented; these recommendations were reviewed during the Follow up audit carried out by TIAA in February 2022 and closed.

PSTC is due to be re-audited in Q1 June 2022/2023.

Risk 75 has been closed on the Force Risk Register but continues to be monitored via the Assurance Mapping process.

Health & Safety Management – Limited Assurance – Complete

Chief Constable's Health and Safety Vlog issued in December 2021.

All recommendations have been updated to implemented; these recommendations were reviewed during the Follow up audit carried out by TIAA in February 2022 and closed.

Health and Safety is due to be re-audited in Q3 2022/2023; Q3 has been elected to ensure that improvements are being seen and maintained.

Risk 76 has been closed on the Force Risk Register but continues to be monitored via the Assurance Mapping process.

ICT Fixed Assets – Limited Assurance – Draft Audit at present

6 x Important recommendations - This report has been circulated to relevant parties for review and completion of management responses.

As with previous limited assurance audits, once the report is finalised a meeting with the relevant stakeholders will take place to score it from a risk perspective to decide whether or not it should be added to the Force Risk Register.

Fixed Assets will once again feature in the 2022/2023 annual plan, this will be a collaborative audit.

6. 2021-22 INTERNAL AUDIT PLAN

Current status of the 2021-22 internal audits:

- 18 NWP Audits - 12 audits completed and reports finalised; 2 audits – draft reports issued and circulated for management comments; 2 audits – fieldwork commenced; 1 audit – booked in; 1 audit (Fleet Strategy) deferred to 2022/2023.
- 10 Collaborative audits (4 Welsh Forces) – 6 audits completed; 2 audits – fieldwork commenced; 2 audits (Payroll and Creditors) – deferred to 2022/2023.

7. INTERNAL AUDIT ACTION UPDATES STEMMING FROM 08/12/2021 JAC MEETING

There were two actions raised in relation to Internal Audit that stemmed from JAC on 06/10/2021.

AP7 - Internal Audit - Finance and Budgets Officer share with Joint Audit Committee processes in place to record who has possession of property and safety of items when booked to individual officers.

Update – Copy of the Property and Exhibit Management System Operations procedure saved to JAC members google drive on 18/02/2022.

Property checked out to officers is held in locked interim/transit stores across the Force.

AP8 - Internal Audit - Finance and Budgets Officer to investigate if there are any emerging themes as to why timelines on actions identified within internal audits are slipping and inform Joint Audit Committee of outcome.

Update - In respect of the outstanding recommendations slippage is in the following areas:

- Training of Fire Marshalls, this is as a direct result of Covid and then the Omicron variant where face to face training was cancelled; all nominees have been rebooked for training courses in Feb and March 2022.
- NEP (O365) programme which is monitored at the Digital Transformation Board and Risk 46 on the risk register.

8. 2022-23 INTERNAL AUDIT PLAN

TIAA have prepared a draft plan for FY22-23 based on a risk assessment taking account of national, industry and North Wales specific risk factors.

In turn, the draft plan has been reviewed by the DFR, CFO, Head of Finance and Finance & Budget Officer with a number of changes proposed taking account of the current risk position for the Force.

Furthermore, NWP will be taking part in 9 collaborative audits which was agreed at a meeting on the 11/02/2022 with the DFRs from Gwent, Dyfed Powys, South Wales and North Wales Police.

A copy of the NWP draft plan which has been shared with the JAC Chair and JAC Finance Lead is in Appendix 4; TIAA will be issuing the full draft annual plan in due course, it will be available in time for consultation at the JAC meeting on 28/03/2022.

The following risks from the Force risk register will all feature in the audit programme specifically:

TIAA Audit	Risk
Governance - Health & Safety Management	76 H&S; closed monitored via Risk Assurance Mapping
Creditors	13 Inadequate financial resources to deliver service plans
Capital Programme	13 Inadequate financial resources to deliver service plans
Payroll	13 Inadequate financial resources to deliver service plans
Pensions	71 Pensions
Treasury Management	14 Risk of loss of money invested on the money market
Expenses & Additional payments	13 Inadequate financial resources to deliver service plans
HR/Recruitment	81 Inability attracting Staff to apply for key roles in NWP
Estates Management - Delivery	13 Inadequate financial resources to deliver service plans
ICT - Cyber Security	46 Digital Transformation 60 Cyber Security Threats
Property Subject to Charge	75 PTSC; closed monitored via Risk Assurance Mapping
Contract Management	13 Inadequate financial resources to deliver service plans

9. SUMMARY

This report is provided to the Joint Audit Committee to provide assurance around the internal control activity taking place in the period.

It should be read in conjunction with TIAA's SICA report and is supplemented by the detailed Internal control schedules shared with JAC members along with the TIAA internal audit reports that are also routinely shared.

Appendix 1

No	ID	Service	Job	Year	Risk Area	Type	Recs Monitored Via	Linked to Risk Register
001	237156	ICT Audit	GDPR Compliance Audit PO No FN27625	2018	Operational Risk	Existing	Quarterly Joint Governance Board	72 Data Protection
002	249421	ICT Audit	20/21 Collaborative Project Review – Office 365	2020	Directed Risk	Existing	Quarterly Joint Governance Board; Digital Transformation Board	46 Digital Transformation Programme
003	249422							
004	249423							
005	249424							
006	249425							
007	249426							
008	252116							
009	256275	Internal Audit	21/22 HR Management – HR Strategy	2021	Directed Risk	New	Quarterly Joint Governance Board	-
010	256276							
011	256352	Internal Audit	21/22 Automatic Number Plate Recognition (ANPR) - Collaborative	2021	Directed Risk	New	Quarterly Joint Governance Board	72 Data Protection
012	256871	Internal Audit	21/22 Strategic Planning	2021	Directed Risk	New	Quarterly Joint Governance Board	-
013	257008	Internal Audit	21/22 Occupational Health Unit	2021	Directed Risk	New	Quarterly Joint Governance Board	-
014	257009							
015	257010							
016	257011							
017	257012							
018	258218	Internal Audit	21/22 Agile Working - Collaborative	2021	Directed Risk	New	Quarterly Joint Governance Board; Quarterly H & S meeting	-

Appendix 2 – Latest Management Response relating to Outstanding Recommendations

Overview

Priority Level	No	Responsible Officer	Job	Original Due Date	Revised Due Date	No of Recs
2	001	Programme Manager, Corporate Programme Office	GDPR Compliance Audit PO No FN27625	31/03/2020	01/03/2023	1
	002	Superintendent, SMT, Corporate Services	20/21 Collaborative Project Review – Office 365	31/03/2022		1
	003	Superintendent, SMT, Corporate Services	20/21 Collaborative Project Review – Office 365	31/03/2022	30/09/2022	1
	004	Superintendent, SMT, Corporate Services	20/21 Collaborative Project Review – Office 365	31/03/2022		1
	005	Superintendent, SMT, Corporate Services	20/21 Collaborative Project Review – Office 365	31/03/2022	31/07/2022	1
	006	Superintendent, SMT, Corporate Services	20/21 Collaborative Project Review – Office 365	30/09/2023		1
	008	Health & Safety Administrator	21/22 Western Area - Command Unit	01/09/2021	30/04/2022	1
	011	Detective Inspector, Force Intelligence Bureau	21/22 Automatic Number Plate Recognition (ANPR) - Collaborative	31/01/2022	30/04/2022	1
	013	Head of Medical Services and Wellbeing	21/22 Occupational Health Unit	31/05/2022		1
	014	Head of Medical Services and Wellbeing	21/22 Occupational Health Unit	31/07/2022		1
	015	Head of HR	21/22 Occupational Health Unit	31/03/2022		1
	016	Head of Medical Services and Wellbeing	21/22 Occupational Health Unit	31/05/2022		1
	017	Head of Medical Services and Wellbeing	21/22 Occupational Health Unit	31/05/2022		1
3	007	Superintendent, SMT, Corporate Services	20/21 Collaborative Project Review – Office 365	30/09/2022		1
	009	Head of HR	21/22 HR Management – HR Strategy	31/03/2022		1
	010	Head of POD	21/22 HR Management – HR Strategy	31/03/2022		1
	012	OPCC Chief Executive Officer	21/22 Strategic Planning	31/03/2022		1
	018	Programme Manager & Health and Safety Manager	21/22 Agile Working - Collaborative	01/04/2022		1
Grand Total						18

Latest updates

No	ID	Job	Recommendation	Priority	Management Comments	Responsible Officer	Due Date	Revised Due Date	Category	Latest Response
001	237156	GDPR Compliance Audit PO No FN27625	A review process be introduced to minimise the risks around sensitive data being stored to network drives.	3	NWP is moving to Office 365 as part of the National Enabling Programme. As part of this work, we will move from the current shared drives arrangement, to a more structured approach to data sharing with teams. As part of the migration to Office 365, a full review of the existing information there will need to be conducted, and thereafter ongoing governance as to its use will be controlled.	Programme Manager, Corporate Programme Office	31/03/2020	01/03/2023	4	<p>18/02/22 - Update from Project Manager</p> <p>Remains in progress subject to deployment timetable and business review.</p> <p>01/03/2022 - based on TIAA's comments in the follow up audit, the revised date has been changed to 01/03/2023.</p> <p>"Information is being gathered and distributed in relation to the migration to Office 365. The software is being introduced as well as guidance on GDPR and the storing of data. The recommendation remains in progress subject to deployment timetable and business review; a revised due date is required, anticipated completion March 2023."</p>
002	249421	20/21 Collaborative Project Review – Office 365	Role based access to every application at all three Forces be defined and documented for every officer and staff role with each business area defining the applications and access levels required for each role.	2	NWP: IAM solution can provide role-based access to applications that use the Active Directory to allow access. Any application that does not use this method cannot be included in the automated solution but can be documented for the process. Post the delivery of the minimum viable product required by the NEP, which will provide basic role-based access, the approach will be to identify and develop these access roles as part the incremental team-based roll out approach for MS365. This approach will see the identification of roles within each team, that can be included in existing access roles or involve the creation of a new one.	Superintendent, SMT, Corporate Services	31/03/2022		1	<p>18/02/2022 - Update received from Project Manager</p> <p>Role based access to Microsoft Teams Sites by Department is being Implemented as NEP is rolled out.</p> <p>No further progression on IAM or implementation of any further systems due to significant challenges with the SailPoint solution.</p> <p>Any further expansion to be subject of relevant Business Case decision and identification of value which is not seen at this time.</p> <p>Immediate risk around SULO access is mitigated which in turn reduces risk of inappropriate access to Systems.</p> <p>Reviewing IAM Project and early integration into LEDS.</p> <p>01/03/2022 - TIAA's comments from follow up audit.</p> <p>"While the original implementation date for this recommendation had not passed, an update on progress was received from the Project Manager:</p> <p>Role based access to Microsoft Teams Sites by Department is being Implemented as the National Enabling Programme (NEP) is rolled out. No further progression on identity and access management (IAM) or implementation of any further systems due to significant challenges with the SailPoint solution. Any further expansion to be subject of relevant Business Case decision and identification of value which is not seen at this time. Immediate risk around single user log-on (SULO) access is mitigated which in turn reduces risk of inappropriate access to Systems. Reviewing IAM Project and early integration into LEDS."</p>

003	249422	20/21 Collaborative Project Review – Office 365	Additional support be provided when on boarding officers attached to collaborative units who may have access to applications that have not been previously tested for compatibility with Windows 10.	2	NWP: Included in the approach to incrementally roll out MS365 and the NEP design team is a preparation phase where a SPOC will be identified within a team to be migrated first and test all application to ensure there are no issues.	Superintendent, SMT, Corporate Services	31/03/2022	30/09/2022	2	<p>18/02/2022 - Update received from Project Manager</p> <p>Testing of software and apps is still ongoing and will continue until the rollout of complete in August/Sept 2022</p> <p>Support provided to all users with specialist software and previously untested applications. Deployment process is successful at capturing requirements and reducing impact of migration.</p> <p>Based on testing FBO has revised date to 30/09/2022.</p> <p>01/03/2022 - TIAA's comments from follow up audit</p> <p>"While the original implementation date for this recommendation had not passed, an update was received from the Project Manager: Testing of software and applications is still ongoing and will continue until the rollout is complete in August/Sept 2022. Support has been provided to all users with specialist software and previously untested applications. The deployment process is successful at capturing requirements and reducing impact of migration. Based on testing of applications, the due date has been revised."</p>
004	249423	20/21 Collaborative Project Review – Office 365	Processes be implemented to ensure that future National Enabling Programme design changes can be fully tested and implemented under business as usual.	2	NWP: Maintenance and support ownership and processes currently under review, with the aim for all processes to be in place by April 2021. Management of design changes will fit within existing business change management processes.	Superintendent, SMT, Corporate Services	31/03/2022		1	<p>18/02/2022 Update received from Project Manager</p> <p>ICT review and prepare for potential impact of changes to the NEP BluePrint. Maintenance and Support for process remain under review. There is a significant challenge in recruiting a Tech Sys Admin Support Officer which may now be filled internally.</p> <p>01/03/2022 - TIAA's comments from follow up audit</p> <p>"While the original implementation date for this recommendation had not passed, an update was received from the Project Manager: ICT are reviewing and preparing for potential impact of changes to the National Enabling Programme (NEP) BluePrint. Maintenance and Support for the process remain under review. There is a significant challenge in recruiting a Systems Support Officer which may now be filled internally."</p>

005	249424	20/21 Collaborative Project Review – Office 365	An appropriate information governance framework be implemented to manage the use of power apps.	2	NWP: A Systems Operating procedure (SysOps) will be developed for MS365 applications including PowerApps. Business rules are currently being established for each application. A DPIA covering the NEP solution has been produced. The need for a specific DPIA for PowerApps will be reviewed during the production of the SysOps.	Superintendent, SMT, Corporate Services	31/03/2022	31/07/2022	2	18/02/2022 Update received from Project Manager Significant challenge in recruiting a Tech Sys Admin Support Officer to manage the Sys Ops which may now be filled internally. Use of PowerApps within trusted teams being explored. 03/03/2022 - TIAA's comments from follow up audit "The Project Manager advised that there had been significant challenge in recruiting a Systems Support Officer to manage the SysOps which may now be filled internally. The use of PowerApps within trusted teams is being explored. A revised due date was proposed."
006	249425	20/21 Collaborative Project Review – Office 365	A benefits realisation review be undertaken 12 to 18 months after the completion of the NEP Office 365 project.	2	NWP: To be conducted by the PMO	Superintendent, SMT, Corporate Services	30/09/2023		1	09/11/2021 Update received from Project Manager Benefits will continue to be tracked and accessed as the rollout progresses. Full benefits review is due after September 2023. 18/02/2022 - Update received from Project Manager - On track. 03/03/2022 - TIAA's comments from follow up audit "While the original implementation date for this recommendation had not passed, an update was received from the Project Manager: Benefits will continue to be tracked and accessed as the rollout progresses. A full benefits review is due after September 2023."
007	249426	20/21 Collaborative Project Review – Office 365	The information asset registers at all three Forces be reviewed and updated subsequent to the implementation of Office 365 and SharePoint.	3	NWP: Information Asset Ownership is under review as part of our Business Rules work and production of SysOps to be completed prior to commencing full roll out April 2021. The roll out approach will be incremental with services taking ownership of their data held on Microsoft applications as they are on boarded.	Superintendent, SMT, Corporate Services	30/09/2022		1	09/11/2021 Update received from Project Manager As per 249424 the process to recruit a technical system administrator role has been delayed due to the impact of COVID19. The role has been reviewed and regraded with the vacancy anticipated to be filled in the next 2 to 3 months. Which complies with the agreement to develop the Sys Ops in life. 18/02/2022 Update received from Project Manager In Progress however impacted by the challenges with recruiting a Tech Sys Admin Support Officer.

008	252116	21/22 Western Area - Command Unit	Training for fire marshals at Llangefní and Caernarfon police stations be maintained and kept up to date.	2	We note that the auditor recognises that H&S training has been affected due to COVID. Moving forward, we will ensure that the issues highlighted will be addressed, our training processes strengthened and maintain up to date records. We will focus on training the right staff at both locations in line with the recommendation. The H&S Administrator has been tasked to liaise with the members of staff and the Training Department. The list of Fire Marshalls at both locations will be amended to reflect the correct information. Worthy of note, is that SPOCS have a responsibility to inform the H&S Unit when Fire Marshals move to other locations/role so that records are kept up to date in line with our legislative responsibilities. Without this information, the H&S unit cannot maintain accurate records.	Health & Safety Administrator	01/09/2021	30/04/2022	3	<p>19/01/2022 - advised by Head of Training that all face to face training was cancelled in December due to the Omicron virus; the plan is to recommence training in February 2022.</p> <p>Awaiting confirmation of replacement training dates; seven nominees have been received for Llangefní/Holyhead.</p> <p>As previously stated Caernarfon was completed 09/09/2021.</p> <p>02/02/2022 - Training that was scheduled for January 2022 was cancelled due to Omicron; advised by Training Administrator that training has been rescheduled to March 2022; Duties need to confirm attendance of one nominee. With that in mind I (FBO) have revised the due date to 30/04/2022.</p> <p>07/02/2022 - Fire Risk Assessment sent to auditor; this risk assessment is on the Think Right site on the Force intranet.</p> <p>08/02/2022 - confirmation received from Training Administrator that the final FM nominee will also attend the FM course on 16/02/2022.</p> <p>01/03/2022 - TIAA's comments from follow up audit</p> <p>"All face to face training was again suspended due to Covid-19. The intention is to schedule the remaining individuals as capacity allows. In the interim an 'All Police Estates: Impact of COVID-19 Regulations and Restrictions resulting in reduced level of Fire Stewards, Fire Evacuation Exercises and Core Health and Safety Training' was in place."</p>
009	256275	21/22 HR Management – HR Strategy	The Recruitment Policy be updated to reflect current practice.	3	This work is going to be broken down into 2 parts. Part 1 is to update the policy to ensure that it is reflective of employment law and reflects the process that we currently follow. This has been tasked to the HR Business Partner, Corporate Services to complete. Part 2 will be a full-on review of the policy but Part 1 will satisfy this audit action.	Head of HR	31/03/2022		1	Report finalised 11/01/2022
010	256276	21/22 HR Management – HR Strategy	A review be carried out of key documentation within the People & Organisational Development (POD) to ensure consistency in the naming of key elements	3	The People Strategy is currently under review and as that is developed this action will be incorporated to ensure that there is consistency in tone of voice.	Head of POD	31/03/2022		1	Report finalised 11/01/2022

			including strategies and governance fora.							
011	256352	21/22 Automatic Number Plate Recognition (ANPR) - Collaborative	All future Data Protection Impact Assessments be amended to set out how ANPR data is disposed of (weeding) and the Assessment be formally reviewed and signed off.	2	The DI is in the process of reviewing and updating the DPIA aspect for all cameras. Due to many of the installations being at the time of the previous role holder, coupled with the complication of Welsh Govt owning some of the sites, this is a somewhat complex task.	Detective Inspector, Force Intelligence Bureau	31/01/2022	30/04/2022	2	01/03/2022 - Update from Detective Inspector, Force Intelligence Bureau The DPIA is now complete and includes data disposal. It will now be sent to IS&C for QA'ing before final sign off by the DOI. Important to note this document is unlikely to change and is classed as a live working document. I (AM) revised the date previously to 28/02/2022 in error, I have now amended the error by revising the date to 30/04/2022 to encompass the sign off process.
012	256871	21/22 Strategic Planning	The process for producing a new Police and Crime Plan and related Delivery Plan be documented.	3	Recommendation is agreed.	OPCC Chief Executive Officer	31/03/2022		1	Report finalised 01/02/2022
013	257008	21/22 Occupational Health Unit	The following Policies and Procedures be finalised and approved as planned: Record Keeping Policy; Transfer of Records Policy; Confidentiality Policy; Blood Borne Virus Policy.	2	To approve through the Assurance Board panels. Record Keeping & Transfer Records to be tabled on the 23rd Feb with the remaining two to be tabled at the March Panel.	Head of Medical Services and Wellbeing	31/05/2022		1	Report finalised 04/02/2022
014	257009	21/22 Occupational Health Unit	Examples of evidence be developed to ensure the Occupational Health Unit complies with Standard C2.4 and C2.5 relating to clinical quality.	2	Clinical audit undertaken - second record keeping audit in June & departmental KPI's to be developed.	Head of Medical Services and Wellbeing	31/07/2022		1	Report finalised 04/02/2022
015	257010	21/22 Occupational Health Unit	The following Policies and Procedures be finalised and approved as planned: The Grievances and Appeals Policies; Working with Disability Policy and Procedure.	2	These policies have been through the assurance board and are at the end stage of agreement. As stated during the audit these policies will be finalised by 31/03/2022.	Head of HR	31/03/2022		1	Report finalised 04/02/2022

016	257011	21/22 Occupational Health Unit	Outcomes of Customer Feedback Questionnaires be documented outlining the results, recommendations, actions and any lessons learnt and these be reported to the People and Organisational Development Strategic Board.	2	Feedback forms initiated Feb 2022 changing collection to an electronic version for data capture.	Head of medical Services and Wellbeing	31/05/2022		1	Report finalised 04/02/2022
017	257012	21/22 Occupational Health Unit	The following Procedures be finalised as planned Case Management Procedure; Return to Work for Managers Procedure.	2	To approve through the Assurance Board panels.	Head of Medical Services and Wellbeing	31/05/2022		1	Report finalised 04/02/2022
018	258218	21/22 Agile Working - Collaborative	Arrangements be put in place to encourage employees force-wide to complete Display Screen Equipment (DSE) assessments with a view of ensuring that all staff requiring to undertake an assessment are doing so.	3	Those that wish to continue working from home more often than not, will be required through the application process to complete a DSE. For those who do not apply or fall outside the process (Fixed and Agile), force wide communications will be sent out post the application process to complete a DSE. This will be coordinated with the NWP Health and Safety Department.	Programme Manager & Health and Safety Manager	01/04/2022		1	Report finalised 17/02/2022

Appendix 3 – Recommendation Categorisation

“Priority” refers to the implementation timeline to adopt:

Description	Priority
URGENT - Fundamental Control issue on which action should be taken immediately.	1
IMPORTANT - Control issue on which action should be taken at the earliest opportunity.	2
ROUTINE - Control issue on which action should be taken.	3

“Category” refers to date revisions as per the below:

Description	Category
Recommendations - still on original due date	1
Recommendations - 1st revised due date	2
Recommendations - 2nd revised due date	3
Recommendations - 3rd revised due date	4
Recommendations - 4th revised due date	5
Recommendations - 5th revised due date	6
Recommendations - Overdue	7

Appendix 4 – Draft Internal Audit Plan 2022/2023

2022/2023 Audit	Audit type	No of Days (estimated)	QTR	Related Risk
Governance - Yr 3 Corporate Communications	Assurance	10	Q1	
Governance - Yr 3 Community Engagement	Assurance	10	Q2	
Collaborative audit - Risk Management – Mitigating Controls (NWP Lead)	Compliance	6	Q1	
ICT - Cyber Security	Assurance	8	Q3	46 Digital Transformation 60 Cyber Security Threats
ICT - Change Management	Assurance	8	Q2	
Collaborative audit - ICT - FIXED ASSETS (DPP Lead)	Assurance	6	Q4	
Collaborative audit - Payroll (DPP Lead)	Assurance	10	Q2	13 Inadequate financial resources to deliver service plans
Collaborative audit - Creditors (DPP Lead)	Assurance	6	Q1/2	13 Inadequate financial resources to deliver service plans
Pensions	Assurance	8	Q2	71 Pensions
Collaborative audit - Expenses & Additional payments (GWP)	Assurance	8	Q2	13 Inadequate financial resources to deliver service plans
Treasury Management	Assurance	4	Q3	14 Risk of loss of money invested on the money market
Collaborative Audit Capital Programme (NWP Lead)	Assurance	8	Q3	13 Inadequate financial resources to deliver service plans
Collaborative audit Counter Fraud Procurement (SWP Lead)	Compliance	6	Q4	
Collaborative audit - Fleet Strategy (SWP Lead)	Assurance	6	Q1/2	
Estates Management - Delivery	Compliance	6	Q1	13 Inadequate financial resources to deliver service plans
Fleet Management -Repairs (incl BMW Issues)	Compliance	5	Q3/4	
Command Unit - Central Area	Compliance	8	Q1	
Contract Management – (Building/ICT/Services Project)	Compliance	6	Q1	13 Inadequate financial resources to deliver service plans
Property Subject to Charge	Compliance	6	Q1	75 PTSC; closed monitored via Risk Assurance Mapping
Vetting - Focus on Uplift Officers/New recruits and transferees	Compliance	6	Q2	
Governance - Health & Safety Management	Compliance	8	Q3	76 H&S; closed monitored via Risk Assurance Mapping
Firearms Licensing	Compliance	6	Q3	
HR/Workforce Management – Wellbeing Strategy	Assurance	10	Q1	
Collaborative audit - HR/Recruitment - OLEEO (NWP Lead)	Assurance	6	Q2	81 Inability attracting Staff to apply for key roles in NWP
HR/Absence Management LINK TO AGILITY	Assurance	6	Q3	
Follow Up	Follow up	6	Q4	
Annual Plan		4		
Annual Report		4		
Audit Management Q1-Q4		18		
Contingency		0		
Liaison with Wales Audit Office (WAO)		2		
Total No of Days		211		

JOINT AUDIT COMMITTEE

Title:	Risk Management Report (Open Session)
Author:	Neil T. Ackers, Risk and Business Continuity Lead
Purpose of the report:	To provide the Joint Audit Committee with an update on the organisational risk process and an oversight of the current risks recorded by North Wales Police and the North Wales Police and Crime Commissioner.
The report is provided to JAC for: (tick one)	<input type="checkbox"/> Decision <input type="checkbox"/> Discussion <input checked="" type="checkbox"/> Assurance <input type="checkbox"/> Information
Summary / Key Points:	<ul style="list-style-type: none"> ▪ All risks have been reviewed monthly by the Risk and Business Continuity Lead ensuring they are updated and remain on target. A dated entry is made alongside the review within the embedded risk record 'supporting information document'. ▪ Reminders have been sent to Risk Leads to review and update their ongoing risks and actions either on a monthly or quarterly basis (dependent on the risk type). ▪ Since the previous update all risks on the Force Risk Register have been reviewed in the following meetings with no issues or exceptions having been raised. <ul style="list-style-type: none"> ○ Senior Management Team Meetings ○ Senior Leadership Team Meeting ○ Strategic Management Board ○ Strategic Executive Board ○ Strategic Operational Board ○ Strategic Change and Collaboration Board ▪ A summary of all risks recorded on the Force Risk Register are also reported to the Assurance Board. ▪ A summary of live risks recorded on the Force Risk Register up to and including the 21st February 2022, specifically highlighting: <ul style="list-style-type: none"> ○ New risks added to the Force Risk Register since the last update <ul style="list-style-type: none"> ▪ Risk 84 REDACTED CLOSED SESSION ▪ Risk 85 REDACTED CLOSED SESSION ▪ Risk 86 Disclosure Unit Backlogs ▪ Risk 87 Safety Camera Process Unit Card Reader Failure ▪ Risk 88 REDACTED CLOSED SESSION

	<ul style="list-style-type: none"> ▪ Risk 89 Adequacy of financial resources ▪ Risk 90 REDACTED CLOSED SESSION <ul style="list-style-type: none"> ○ Closed risks off the Force Risk Register since the last update <ul style="list-style-type: none"> ▪ Risk 9 Adequacy of financial resources ▪ Risk 47 Ability to Integrate Uplift Officers ▪ Risk 53 REDACTED CLOSED SESSION ▪ Risk 65 Social Media ▪ Risk 69 REDACTED CLOSED SESSION ▪ Risk 72 Non-compliance with Data Protection Act ▪ Risk 75 REDACTED CLOSED SESSION ▪ Risk 76 REDACTED CLOSED SESSION ▪ Risk 84 REDACTED CLOSED SESSION ○ Risk Changes on Force Risk Register since the last update <ul style="list-style-type: none"> ▪ Risk 66 REDACTED CLOSED SESSION ▪ Risk 70 REDACTED CLOSED SESSION ▪ Risk 74 REDACTED CLOSED SESSION ▪ Risk 78 Unsupported Windows 10 Operating System <ul style="list-style-type: none"> ▪ A summary of the Force Risk Register Risk Actions RAG rating, with no concerns highlighted. ▪ Risk Deep Dive <ul style="list-style-type: none"> ○ Risk 13 Inadequate financial resources to deliver service plans ▪ Force COVID19 Risk Register ▪ Developments regarding risk management since last report
Recommendations:	None
Risk Register Impact:	This report is based on details recorded on both the Force Risk Register and Covid19 Risk Register
Assurance Implications:	This report is directly relevant to the development of assurance in North Wales Police
Equality Impact:	None
Information Exempt from Disclosure:	Yes (highlighted in yellow)

1. INTRODUCTION

The purpose of this report is to provide an update on the organisational risk management process and allow oversight of the status of North Wales Police and Crime Commissioner and North Wales Police risks and is based on information received and recorded by 21st February 2022 on the Force Risk Register version 5.434

Project risks are managed separately within the Portfolio Management Office; however, those that require Force attention are escalated to the Force Risk Register through the agreed process documented in the Risk and Assurance Mapping Framework.

2. FORCE RISK REGISTER SUMMARY

We continue to embed our approach to Risk Management across the organisation through regular interaction with the Risk Leads/Owners either monthly or quarterly (dependent on the risk type). Reminders have been sent to those individuals to review and update ongoing actions to ensure the risk remains on target. In addition to this we continue to conduct a monthly review of all risks and raised any concerns or issues with the Risk Leads and SMT's via their risk highlight reports. Risks are also reported to and reviewed at the Senior Leadership Team Meeting, Strategic Operational Board, Strategic Change and Collaboration Board, Strategic Management Board and Strategic Executive Board with no issues or exceptions having been raised. A summary of all risks recorded on the Force Risk Register are also reported to the Assurance Board.

Table 1: - NWP Risks on the Force Risk Register 10th November 2021 – 21st February 2022

Risk Levels before Controls	Previous NWP Risk Total	Risks Closed in this period	New Risks in this period	NWP Risks currently recorded on Force Risk Register
Critical	6	0	1	7
High	20	8	5	17
Medium	0	0	0	0
*Undefined	0	0	0	0
Total	26	8	6	24

* Undefined are risks which are awaiting completion of the Risk Template by the Risk Lead/Owner

Table 2: - OPCC Risks Force Risk Register 10th November 2021 – 21st February 2022

Risk Levels Before Controls	Previous OPCC Risk Total	Risks Closed in this period	New Risks in this period	OPCC Risks currently recorded on Force Risk Register
Critical	1	1	1	1
High	0	0	0	0
Medium	0	0	0	0
*Undefined	0	0	0	0
Total	1	1	1	1

3. NEW RISKS RECORDED ON FORCE RISK REGISTER SINCE LAST REPORT

Risk 84 REDACTED CLOSED SESSION

Risk 85 REDACTED CLOSED SESSION

Risk 86 Disclosure Unit Backlogs

There is a Risk that within the Disclosures Unit, family court disclosure requests are taking too much time to complete **caused by** the complexity of information requested by the Courts and the number of court orders received **which may result in** backlogs of work due to insufficient staffing to cope with the demand.

Prior to control measures this was determined as a HIGH risk. This is currently a STATIC risk with a Present Risk Level of MEDIUM and has 1 remaining LIVE Action which is on track. The Risk Lead is the Justice Services, Operations and Development Manager.

Risk 87 REDACTED CLOSED SESSION

Risk 88 REDACTED CLOSED SESSION

Risk 89 Adequacy of financial resources (OPCC)

This is an annual financial risk from the Office of Police and Crime Commissioner and previously recorded on the Force Risk Register under URN 9.

There is a Risk that if financial resources are inadequate **caused by** uncertainties such as savings targets; government funding; police allocation formula; council tax capping; inflation and the as-yet unknown impacts of working in new ways following BREXIT and the Covid-19 pandemic, **which may result in** not being able to deliver services as planned.

Prior to control measures this was determined as a CRITICAL risk. This is currently a STATIC risk with a Present Risk Level of HIGH and has 3 remaining LIVE Actions which are on track. The Risk Lead is OPCC Chief Financial Officer.

Risk 90 REDACTED CLOSED SESSION

4. RISKS CLOSED FROM FORCE RISK REGISTER SINCE LAST REPORT

Risk 9 Adequacy of financial resources

Prior to control measures this was determined as a CRITICAL risk. This annual STATIC risk from the Office of Police and Crime Commissioner related to inadequate financial resources caused by uncertainties such as savings targets; government funding; police allocation formula; council tax capping; inflation and BREXIT which may result in not being able to deliver services as planned.

The Present Risk Level was determined as HIGH with a Target Risk Level of MEDIUM. This level had been achieved with all actions completed. The risk for the financial year had been treated. The risk was closed and removed from the Force Risk Register on 09/02/22 and a new risk created for the following financial year under URN 89.

The risk underwent the Assurance Mapping Process (URN 020) on 01/11/21 where it received a Substantial Assurance grading.

Risk 47 Ability to Integrate Uplift Officers

Prior to control measures this was determined as a HIGH risk. This STATIC risk related to failure recruiting and integrating enough police officers through operation uplift caused by the numbers needing to be delivered, excessive demands on the recruitment team and a lack of suitable applicants, may have resulted in a failure to meet the home office targets which will have impacted on future budgets and ability of the force to deliver its priorities.

The Present Risk Level was LOW. The Target Risk Level was also LOW.

The risk was discussed at Corporate Services SMT on 02/02/22 and authorised for closure and removal from the Force Risk Register following discussions between the Risk Lead, Head of Corporate Services and Head of Business Intelligence on 04/02/22 due to:

- All actions were marked as completed
- The risk had been Treated
- The Target Level of LOW had been reached

The risk underwent the Assurance Mapping Process (URN 002) on 07/09/21 where it received a Substantial Assurance grading.

Risk 53 REDACTED CLOSED SESSION

Risk 65 Social Media

Prior to control measures this was determined as a HIGH risk. This STATIC risk related to members of the public contacting North Wales Police Social Media Accounts to respond to NWP appeals or report incidents, crimes etc. that require an immediate Police response but those postings were not being reviewed 24/7. This in part was caused by NWP Social Media Account Holders not monitoring posts or responses to their personal NWP SM account, Corporate Accounts not monitored outside of normal office working hours or at weekends which may have resulted in vulnerable persons coming to harm or suicide, missing persons not quickly located, offenders committing a crime in action not being arrested and brought to justice. This may have resulted in significant reduction in public confidence and the Force being unable to deliver on its Force Priorities.

The Present Risk Level was MEDIUM. The Target Risk Level was also MEDIUM.

The risk was discussed at Corporate Services SMT on 02/02/22 and authorised for closure and removal from the Force Risk Register due to:

- All actions were marked as completed
- The risk had been Treated
- The Target Level of MEDIUM had been reached

The risk underwent the Assurance Mapping Process (URN 001) on 26/10/21 where it received a Substantial Assurance grading.

Risk 69 REDACTED CLOSED SESSION

Risk 72 Non-compliance with Data Protection Act

Prior to control measures this was determined as a HIGH risk. This STATIC risk related to North Wales Police being non-compliant with the Data Protection Act caused by an inadequate information management strategy, policy or associated process which included accidental or deliberate breaches of policies, processes, procedures which may have resulted in potential significant loss of stakeholder confidence, organisational reputation and potentially punitive financial sanctions.

The Present Risk Level was LOW. The Target Risk Level was also LOW.

The risk was discussed with the Director of Finance, Chief Information Officer and Risk and Business Continuity Lead on 02/12/22 and authorised for closure and removal from the Force Risk Register due to:

- All Actions on the Risk are now marked as Completed
- The risk has been Treated
- The Target Level of Low has been reached

The Risk underwent the Assurance Mapping Process (URN 023) on 06/12/21 where it received a Substantial Assurance grading.

Risk 75 REDACTED CLOSED SESSION

Risk 76 REDACTED CLOSED SESSION

Risk 84 REDACTED CLOSED SESSION

5. RISK CHANGES ON FORCE RISK REGISTER SINCE LAST REPORT

Risk 66 REDACTED CLOSED SESSION

Risk 70 REDACTED CLOSED SESSION

Risk 74 REDACTED CLOSED SESSION

Risk 78 Unsupported Windows 10 Operating System

6. FORCE RISK REGISTER ACTIONS

Table 3: - Risk Actions RAG Rating

Actions Not on Track	Actions On Track but with Issues	Actions On Track	Completed Actions
0	0	39	62

All risk actions remain on track with no issues highlighted.

7. RISK DEEP DIVE

Risk 13 Inadequate financial resources to deliver service plans is subject of a deep dive and will be presented by DFR Seb Phillips in the absence of Guto Edwards during the meeting.

8. Force COVID19 Risk Register

There are currently no risks recorded on the Force Covid19 Risk Register.

9. DEVELOPMENTS REGARDING RISK MANAGEMENT

The Risk and Business Continuity Lead attended an Assurance Mapping and co-ordination Course on the 1st February 2022 with the Chartered Institute of Internal Auditors.

A positive meeting was held on 2nd February 2022 with Joint Audit Committee Risk Lead regarding the current position on Assurance Mapping. We would like to thank this member for his attendance and engagement. Risk Management is continuing as business as usual.

10. FORCE RISK REGISTER AS AT 21/02/2022

URN	Risk Title	Risk Levels			Risk Type	Date Risk Raised	Last Review Date	Risk Actions Progress				
		Before Controls	Present	Target				Outstanding Actions	Completed Actions	On Track	On Track with Issues	Not on Track
3	RMS Legacy Database	High	Medium	Low	Static	10/08/16	12/01/22	1	1	1		
10	REDACTED CLOSED SESSION	High	Medium	Low	Static	11/03/16	14/01/22	1	7	1		
11	REDACTED CLOSED SESSION	High	Low	Negligible	Static	03/07/17	04/01/22	1	9	1		
13	Inadequate financial resources to deliver service plans	Critical	Medium	Medium	Static	23/11/16	16/02/22	0	8	n/a		
14	Risk of loss of money invested on the money market	Critical	Low	Low	Static	15/03/17	16/02/22	1	5	1		
46	REDACTED CLOSED SESSION	High	High	Medium	Static	03/02/20	18/10/21	2	0	2		
54	REDACTED CLOSED SESSION	High	Medium	Low	Dynamic	29/04/20	24/01/22	2	0	2		
57	ESN proves to be an unviable or sub optimal solution	High	High	Low	Static	13/05/20	18/10/21	2	0	2		
60	REDACTED CLOSED SESSION	High	Medium	Medium	Static	19/05/20	30/12/21	1	3	1		
66	REDACTED CLOSED SESSION	High	High	Low	Dynamic	23/06/20	12/02/22	2	1	2		
67	REDACTED CLOSED SESSION	High	Low	Low	Dynamic	19/08/20	24/02/22	1	2	1		
70	REDACTED CLOSED SESSION	Critical	Medium	Medium	Dynamic	11/01/21	17/02/22	0	6	n/a		
71	Pensions	High	High	Medium	Static	20/01/21	06/12/21	2	2	2		
73	REDACTED CLOSED SESSION	Critical	Medium	Low	Dynamic	01/03/21	07/02/22	1	0	1		
74	REDACTED CLOSED SESSION	Critical	High	Medium	Dynamic	04/06/21	11/02/22	4	10	4		
78	Unsupported Windows 10 Operating System	High	Medium	Medium	Dynamic	08/04/21	24/01/22	1	1	1		
79	Mandatory Refresher Training	High	Medium	Low	Dynamic	18/06/20	19/01/22	1	1	1		
81	Inability attracting Staff to apply for key roles in NWP	Critical	High	Medium	Dynamic	08/09/21	18/02/22	3	2	3		
82	ICT Supply Chain Issues	High	High	Medium	Static	10/09/21	14/02/22	1	2	1		
85	REDACTED CLOSED SESSION	Critical	High	Medium	Dynamic	29/11/21	16/02/22	1	0	1		
86	Disclosure Unit Backlogs	High	Medium	Medium	Static	09/11/21	21/01/22	1	2	1		
87	REDACTED CLOSED SESSION	High	High	Medium	Dynamic	25/11/21	26/01/22	3	0	3		
88	REDACTED CLOSED SESSION	High	High	Low	Dynamic	01/02/22	07/02/22	4	0	4		
89	Adequacy of financial resources (OPCC)	Critical	High	Medium	Static	09/02/22	09/02/22	3	0	3		
90	REDACTED CLOSED SESSION	High	Medium	Low	Dynamic	09/02/22	16/02/22	tbc	0	tbc		

11. FORCE COVID19 RISK REGISTER AS AT 21/02/22

There are no LIVE Covid19 risks recorded on the Force Covid19 Risk Register.

Joint Audit Committee

Meeting Date: 28 March 2022

Title:	Proposed Work Programme
Author:	Chief Finance Officer
Purpose of the report:	To agree the work programme
The report is provided to JAC for: (tick one)	<input type="checkbox"/> X Decision <input type="checkbox"/> Discussion <input type="checkbox"/> Assurance <input type="checkbox"/> Information
Summary / Key Points:	<ul style="list-style-type: none"> • ensures that the Committee is able to fulfil its duties in line with statutory deadlines, and that all of the Committee’s responsibilities are discharged during the course of each year • we have listened to feedback from the Joint Audit Committee, and have added the following items to be brought to future meetings: <ul style="list-style-type: none"> ○ information management and compliance ○ provision of internal audit service
Recommendations:	<ul style="list-style-type: none"> • For members of the Committee to note which items are subject to a statutory deadline, and therefore the meetings have been arranged to fulfil those requirements. • For members of the Committee to consider additional content which might be presented at future meetings. • For the future work programme to be brought to each meeting, outlining the work for the forthcoming twelve months on a rolling basis.
Risk register impact:	One of the purposes of the Committee is to provide assurance to the Police and Crime Commissioner and the Chief Constable that financial and non-financial risks are being managed effectively.
Assurance implications:	The purpose of Joint Audit Committee is to provide assurance to the Police and Crime Commissioner and the Chief Constable, in line with the Terms of Reference. The work programme helps to ensure that all relevant areas are presented to the Committee.
Equality Impact:	Equalities legislation was taken into account when recruiting the independent members of the Joint Audit Committee. There is a Joint Equalities’ Scheme in place.
Information exempt from disclosure:	None.



JOINT AUDIT COMMITTEE

28 March 2022

PROPOSED WORK PROGRAMME

Report by the Chief Finance Officer



1. INTRODUCTION

- 1.2 The Joint Audit Committee has been provided with a programme of work annually during the July meeting. This ensures that the Committee is able to fulfil its duties in line with statutory deadlines, and that all of the Committee's responsibilities are discharged during the course of each year.
- 1.3 In addition, items to be presented to the Joint Audit Committee are identified by various means – by officers, staff or the Committee members. These have been added to the work programme on a less formal basis, and are added to the agenda as appropriate.
- 1.4 Policing is an ever-changing environment. While it remains vital that the Joint Audit Committee carry out certain tasks by key dates, presenting the work programme only once each year is inflexible, and does not document sufficiently when newly-identified items are to be presented to the committee. Therefore, at the meeting held on 9 March 2020, the Committee proposed that the work programme be discussed at the end of each meeting.
- 1.5 This report, therefore, includes the proposed work plan for the next twelve months. Where the meeting date has not yet been finalised, the month of the meeting is shown for guidance.

2. RECOMMENDATIONS

- 2.1 For members of the Committee to note which items are subject to a statutory deadline, and therefore the meetings have been arranged to fulfil those requirements.
- 2.2 For members of the Committee to consider additional content which might be presented at future meetings.
- 2.3 For the future work programme to be brought to each meeting, outlining the work for the forthcoming twelve months on a rolling basis.

3. WORK PROGRAMME

- 3.1 With the exception of items timetabled to meet statutory deadlines, the work programme is flexible; therefore, additional items may be added should a need arise.
- 3.2 There are a number of standing agenda items currently scheduled for each meeting. These will remain on the JAC agenda until further notice:

Date of Meeting	Work Programme 2021/22
All (Until Further Notice)	<ul style="list-style-type: none"> • Business Update • HMICFRS Update (incorporated to above unless significant) • Internal Audit Update • Risk Update • Work Programme

The work programme asides from the standing agenda items outlined above are as follows:

Date of Meeting	Work Programme 2022/23
Spring 2022	<ul style="list-style-type: none"> • Welsh Joint Audit Committees annual event
21 June 2022	<ul style="list-style-type: none"> • Statement of Accounts Technical Briefing
28 July 2022	<ul style="list-style-type: none"> • Statement of accounts – Outturn Update • Force Management Statement • Self-assessment and Annual report of JAC – final report • Risk Strategy & Risk Appetite Statement – Annual Review • Risk deep dive: Digital transformation – Further assurance • Capital programme - Outturn and forward look • Treasury Management Performance • Legal Report
6 October 2022	<ul style="list-style-type: none"> • ISA 260 and signing of accounts unlikely to be signed by 31 July 2022 • Governance Update • HMICFRS Value for Money Profiles • Risk deep dive: Non Compliance with Data Protection Act
8 December 2022	<ul style="list-style-type: none"> • Audit Wales – Value for Money and Annual Audit Report (Management Letter) • Risk deep dive: TBC • Governance update • Ethics update • Capital Programme - Update • Treasury Management Performance • Legal report
March 2023	<ul style="list-style-type: none"> • Capital Strategy (including the Treasury Management Strategy) <i>to be approved before 1 April 2023</i> • Governance update – including draft AGS; Audit Wales – annual plan • Risk deep dive: TBC • JAC Annual Report - draft report and discussion
June 2023	<ul style="list-style-type: none"> • Accounts Technical Briefing
July 2023	<ul style="list-style-type: none"> • ISA 260 and signing of accounts <i>to be signed by 31 July 2023</i> • Force Management Statement • Self-assessment and Annual report of JAC – final report • Risk Strategy & Risk Appetite Statement – Annual Review • Risk deep dive: TBC • Capital programme (outturn and forward look)

	<ul style="list-style-type: none"> • Treasury Management Performance • Legal report
October 2023	<ul style="list-style-type: none"> • Governance Update • HMICFRS Value for Money Profiles • Risk deep dive: TBC
Provisional Risk Deep Dive Programme / Other areas of potential scrutiny	<ul style="list-style-type: none"> • Collaboration • Communications strategy • SSF/SWAN/VAWG • PL claims – Officer training and CPD (e.g. when rules change) • Ethics board – updates on how feedback from ethics board feeds through to organisational learning
Prior Risk Deep Dives to reference in Periodic Risk Report	<ul style="list-style-type: none"> • Command & Control • ICT Sourcing Strategy • Cyber • Digital Transformation (NEP)
Other items to be discussed with JAC	Provision of internal audit services

4. IMPLICATIONS

4.1	Equality	Equalities legislation was taken into account when recruiting the independent members of the Joint Audit Committee. There is a Joint Equalities' Scheme in place.
4.2	Financial	Planning the work for the forthcoming year reduces the need for ad-hoc meetings.
4.3	Legal	Legislation requires that a Joint Audit Committee be established. The functions of the Joint Audit Committee are summarised within its Terms of Reference , which has been prepared in accordance with <i>Audit Committees\Practical Guidance for local Authorities and Police - 2018 Edition (CIPFA)</i> . This work programme takes account of the statutory and practical requirements to fulfil these obligations.
4.4	Community	Meeting papers and minutes are published, and the meetings are open for the public to attend.
4.5	Risk	One of the purposes of the Committee is to provide assurance to the Police and Crime Commissioner and the Chief Constable that financial and non-financial risks are being managed effectively.
4.6	Police and Crime Plan	The role of the Joint Audit Committee is part of the overall Police and Crime Plan.

Kate Jackson
Chief Finance Officer, Office of the Police and Crime Commissioner

Joint Audit Committee

Meeting Date: 28 March 2022

Title:	Draft Annual Capital Strategy and Treasury Management Report 2022-23
Author:	Chief Finance Officer
Purpose of the report:	To give a high-level overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of police services along with an overview of how associated risk is managed and the implications for future financial sustainability.
The report is provided to JAC for: (tick one)	<input type="checkbox"/> Decision <input type="checkbox"/> Discussion <input checked="" type="checkbox"/> Assurance <input type="checkbox"/> Information
Summary / Key Points:	<ul style="list-style-type: none"> • This report stems from CIPFA’s Treasury Management (TM) in the Public Services Code of practice and there is a legal requirement to abide by the Code. • It gives details of the Capital Programme, Revenue Provision for Borrowing and the Treasury Management and Investment Strategy 2021/22 to 2026/27, which are attached in the appendices. • It deals with the investment of surplus cash and any borrowing requirements. • It highlights the authorised limits and indicators within which the TM function operates on a daily basis.
Recommendations:	The report is submitted to the Joint Audit Committee for information and comment, and to give its assurance prior to submission to the Police and Crime Commissioner
Risk register impact:	No impact – the arrangements are designed to manage the risk from investing and borrowing.
Assurance implications:	The report sets out the rules and limits for investing and borrowing money per the TM Strategy for 2022-23. There are no significant changes from last year’s TM Strategy.
Equality Impact:	No impact.
Information exempt from disclosure:	No exempt information.

JOINT AUDIT COMMITTEE

28 March 2022

Draft Capital Strategy Report Executive Summary 2021-22 to 2026-27

Report by the Chief Constable's and Police and Crime Commissioner's Chief Finance Officers



1. The enclosed draft report meets the requirements of CIPFA's Treasury Management in the Public Services Code of practice which the Police and Crime Commissioner is legally required to follow. The main document, the Capital Strategy, brings together the Capital Programme, Revenue Provision for Borrowing, Treasury Management and Investment Strategy and the Treasury Indicators; with the intention of simplifying what is a highly technical area. However, as the report is still highly technical, this covering report will briefly explain the overall purpose and highlight what the Police and Crime Commissioner is being asked to agree in adopting the Strategy. The Strategy and its constituent elements have to be agreed annually by the Police and Crime Commissioner. The purpose of presenting this report to the Joint Audit Committee is for discussion and comment prior to submission to the Police and Crime Commissioner.
2. There are no fundamental changes to the strategy this year.
3. The overall purpose of the Capital Strategy is for the Police and Crime Commissioner to:
 - Formally agree the Capital Programme (Appendix A)
 - Agree which method is adopted for the repayment of debt via the Minimum Revenue Provision Statement (MRP) (Appendix B)
 - Provide the strategy framework for Treasury Management which encompasses borrowing for capital expenditure and investing residual balances (Appendix C)
 - Agree the Treasury Indicators that set limits on the levels of borrowing, as well as limits on the types of counterparties for investments (Appendix C)
4. The Capital Programme has been agreed by the Chief Constable and the Police and Crime Commissioner as part of the planning cycle feeding into the Medium Term Financial Plan (MTFP). A further exercise has since been undertaken to re-assess the phasing of individual capital projects which has resulted in a change in the timing of the projects but not a significant change to the overall costs (Table 1 and Appendix A).
5. A primary and critical requirement is that the Capital Programme is affordable within the resources available - this is achieved by a combination of external funding, own resources (in year budget or reserves) or debt. The programme is affordable and the split in financing is shown in Table 2.

- 6.** Debt must be repaid; this is done through the revenue budget by means of the minimum revenue provision (MRP). There is statutory guidance in relation to how the debt is serviced. Historical debt (pre 2008) is repaid based on the rules that were in place at the time of 4% reducing balance. For capital expenditure incurred after 31.3.2008 the MRP is determined by charging the expenditure over the useful life of the asset. Table 3 summarises the cost, and further details are contained in Appendix C.
- 7.** The total debt relating to capital is called the Capital Financing Requirement (CFR). Movement in the CFR is summarised in Table 4. The total CFR increases from a projected £28.04m at 31.3.2022 to £40.98m at 31.3.2027.
- 8.** One source of internal funding is Capital Receipts, these are the proceeds from the sales of assets, and these can only be used to fund capital expenditure. The projected movement in Capital Receipts are shown in Table 5.
- 9.** The Treasury Management strategy relates to the management of cash balances in terms of borrowing and investments. Priority is given to security of funds, followed by liquidity and then yield. Section 3 of the Capital Strategy summarises the TM strategy with the details in Appendix C.
- 10.** In terms of borrowing a balance is struck between external and internal borrowing and long and short term borrowing. This is slightly complicated by funding income not being received consistently through the year with one large payment being received each July (Appendix C, Graph 1). Short Term loans have lower interest rates but this can change over time.
- 11.** Investments are tightly controlled minimising risk as far as possible by managing counter parties through credit and other ratings, and limiting the amount and length of investments.
- 12.** As per the previous Strategy, the minimum liquidity level of £10m has been expanded for practical purposes to also allow a lower operational limit of £7.5 million for a maximum of 14 days to avoid unnecessary short term borrowing (see Appendix C, paragraph 6.3)
- 13.** Table 10 shows the total financing costs as a percentage of net revenue budget, this is projected to increase from 3.25% to 4.61% from 2022-23 to 2026-27.
- 14.** Professionally qualified and specifically trained staff have responsibility for making decisions relating to capital expenditure, investments and borrowing. In addition to this, professional advisors are retained to provide advice and guidance in these technical areas.

Capital Strategy Report 2022/23 (Draft)

1. Introduction

- 1.1. This capital strategy report gives a high-level overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of local public services along with an overview of how associated risk is managed and the implications for future financial sustainability. It has been written in an accessible style to enhance members' understanding of these sometimes technical areas.
- 1.2. Decisions made this year on capital and treasury management will have financial consequences for the Police and Crime Commissioner for many years into the future. They are therefore subject to both a national regulatory framework and to local policy framework, summarised in this report.

2. Capital Expenditure and Financing

- 2.1. Capital expenditure is where the Police and Crime Commissioner spends money on assets, such as property or vehicles, that will be used for more than one year. In local government this includes spending on assets owned by other bodies, and loans and grants to other bodies enabling them to buy assets.
- 2.2. The draft Capital Programme was presented to the Strategic Executive Board (SEB) on 8th February 2022 as part of the Medium-Term Financial Plan and agreed subject to the final ratification of this Capital Strategy. A further exercise has been undertaken to re-assess the phasing of individual capital projects which has resulted in a change in the timing of the projects but not a significant change in the overall costs. The Police and Crime Commissioner is planning capital expenditure as summarised below, with details as shown in **Appendix A**:

Table 1: Prudential Indicator: Estimates of Capital Expenditure in £ millions

	2020/21 actual £m	2021/22 forecast £m	2022/23 budget £m	2023/24 budget £m	2024/25 budget £m	2025/26 budget £m	2026/27 budget £m
Total Capital Expenditure	5.26	4.74	11.10	18.62	9.53	4.21	7.53

- 2.3. **Governance (capital expenditure):** The PCC's assets and infrastructure need continual investment in order to ensure an efficient and modern working environment. Strategies for the Estates, IT and Fleet were developed during 2019-20 and a new Capital Programme agreed in 2020-21. The implementation of Operation Uplift; reviewing the requirements as part of the planning cycle; and the COVID recovery plan, has resulted in revisions to the planned Programme. COVID has resulted in some re-phasing of the Programme due to delays. Major projects such as ESN and the Command and Control System upgrade have also been under review. The draft Capital Programme 2021-22 to 2026-27 is an update of last year's Programme reflecting changes in time and/or costs (see Appendix A).
- 2.4. All capital expenditure must be financed, either from external sources (government grants and other contributions), the Police and Crime Commissioner's own resources (revenue, reserves and capital receipts) or debt (borrowing, leasing and Private Finance Initiative). The planned financing of the above expenditure is as follows:

Table 2: Capital financing in £ millions

	2020/21 actual £m	2021/22 forecast £m	2022/23 budget * £m	2023/24 budget £m	2024/25 budget £m	2025/26 budget £m	2026/27 budget £m
External sources	0.12	0.17	0.00	0.00	0.00	0.00	0.00
Capital resources	0.09	0.10	0.53	0.10	0.75	0.10	0.10
Revenue resources	2.85	3.65	5.33	5.44	2.88	2.90	2.73
Debt	2.20	0.82	5.24	13.08	5.90	1.21	4.70
TOTAL	5.26	4.74	11.10	18.62	9.53	4.21	7.53

- 2.5. Debt is only a temporary source of finance, since loans and leases must be repaid, and this is therefore replaced over time by other financing, usually from revenue which is known as minimum revenue provision (MRP). Alternatively, proceeds from selling capital assets (known as capital receipts) may be used to replace debt finance. Planned MRP repayments are as follows:

Table 3: Replacement of prior years' debt finance in £ millions

	2020/21 actual £m	2021/22 forecast £m	2022/23 budget £m	2023/24 budget £m	2024/25 budget £m	2025/26 budget £m	2026/27 budget £m
Budgeted MRP (Own resources)	2.63	2.75	2.39	2.59	3.87	4.15	4.17

- The Police and Crime Commissioner's full minimum revenue provision (MRP) statement is shown in Appendix B to this report.

- 2.6. The Police and Crime Commissioner's cumulative outstanding amount of debt finance is measured by the capital financing requirement (CFR). This increases with new debt-financed capital expenditure and reduces with MRP and capital receipts used to replace debt. The CFR is expected to increase by £2.84m during 2022/23. Based on the above figures for expenditure and financing, the Police and Crime Commissioner's estimated CFR is as follows:

Table 4: Prudential Indicator: Estimates of Capital Financing Requirement in £ millions

	2020/21 actual £m	2021/22 forecast £m	2022/23 budget £m	2023/24 budget £m	2024/25 budget £m	2025/26 budget £m	2026/27 budget £m
Total CFR	29.97	28.04	30.88	41.37	43.40	40.46	40.98

* the CFR estimate does not take into account any potential increase arising from a change in the accounting for leases as the introduction date of these changes is likely to be delayed.

- 2.7. **Asset management:** To ensure that capital assets continue to be of long-term use, the Police and Crime Commissioner has an asset management strategy in place.
- 2.8. **Asset disposals:** When a capital asset is no longer needed, it may be sold so that the proceeds, known as capital receipts, can be spent on new assets or to repay debt. Repayments of capital grants, loans and investments also generate capital receipts. The Police and Crime Commissioner plans to receive £0.52m of capital receipts in the coming financial year as follows:

Table 5: Capital receipts receivable in £ millions

	2020/21 actual £m	2021/22 forecast £m	2022/23 budget £m	2023/24 budget £m	2024/25 budget £m	2025/26 budget £m	2026/27 budget £m
Opening balance	0.05	2.08	3.42	3.61	3.74	3.36	3.26
Receipts	2.12	1.61	0.52	0.50	0.37	0.00	0.00
Budgeted use	(0.09)	(0.27)	(0.33)	(0.37)	(0.75)	(0.10)	(0.10)
Balance	2.08	3.42	3.61	3.74	3.36	3.26	3.16

3. Treasury Management

- 3.1. Treasury management is concerned with keeping sufficient but not excessive cash available to meet the Police and Crime Commissioner's spending needs, while managing the risks involved. Surplus cash is invested until required, while a shortage of cash will be met by borrowing, to avoid excessive credit balances or overdrafts in the bank current account. The Police and Crime Commissioner is typically cash rich in the short-term as revenue income is received before it is spent, but cash poor in the long-term as capital expenditure is incurred before being financed. The revenue cash surpluses are offset against capital cash shortfalls to reduce overall borrowing.
- 3.2. The Treasury Management Strategy (Appendix C) sets out the parameters under which the Treasury Management activities are governed and monitored. These are based on prioritising security first, liquidity second and yield last. This does reduce potential investment income but minimises the risk of losing money through riskier investments. The below summarises the main points of the Treasury Management Strategy.
- 3.3. **Borrowing strategy:** The Police and Crime Commissioner's main objectives when borrowing are to achieve a low but certain cost of finance while retaining flexibility should plans change in future. These objectives are often conflicting, and the Police and Crime Commissioner therefore seeks to strike a balance between cheap short-term loans (currently available at around 0.10%) and long-term fixed rate loans where the future cost is known but higher (currently 1.5 to 2.5%).
- 3.4. The Borrowing Strategy is also balanced by revenue cash available being used rather than borrowing, known as internal borrowing. Internal borrowing has been used extensively over recent years generating savings in interest charges per year and reducing risk by not investing cash. However, use of reserves to fund Capital has reduced the available amounts to internally borrow. Another factor to consider is that the Police and Crime Commissioner's income is not constant during the year; this is due to a Pension Grant of around £20m being received in one lump sum each July.
- 3.5. Projected levels of the Police and Crime Commissioner's total outstanding debt (which comprises borrowing, PFI liabilities and leases) are shown below, compared with the capital financing requirement (see above).

Table 6: Prudential Indicator: Gross Debt and the Capital Financing Requirement in £ millions

	2020/21 actual £m	2021/22 forecast £m	2022/23 budget £m	2023/24 budget £m	2024/25 budget £m	2025/26 budget £m	2026/27 budget £m
Debt (incl. PFI & leases)	18.48	17.10	15.65	14.12	12.50	10.79	8.97
Capital Financing Requirement	29.97	28.04	30.88	41.37	43.40	40.46	40.98

- 3.6. Statutory guidance is that debt should remain below the capital financing requirement, except in the short-term. As can be seen from table 6, the Police and Crime Commissioner expects to comply with this in the medium term.

- 3.7. **Liability benchmark:** To compare the Police and Crime Commissioner’s actual borrowing against an alternative strategy, a liability benchmark has been calculated showing the lowest risk level of borrowing. This assumes that cash and investment balances are kept to a minimum level of £10m at each year-end.

Table 7: Borrowing and the Liability Benchmark in £ millions

	31.3.2021 actual £m	31.3.2022 forecast £m	31.3.2023 budget £m	31.3.2024 budget £m	31.3.2025 budget £m	31.3.2026 budget £m	31.3.2027 budget £m
Outstanding borrowing	9.38	8.88	8.38	7.88	7.38	6.88	6.38
Liability benchmark	(2.09)	(3.63)	5.98	19.99	24.81	24.11	26.46

The outstanding borrowing in the table above shows the current level of committed borrowing, and the liability benchmark is an indicator of the maximum we may need to borrow in order to keep cash and investment balances above £10m. The actual level of borrowing will depend on cashflow throughout the year and will be somewhere between the two levels outlined above.

- 3.8. **Affordable borrowing limit:** The Police and Crime Commissioner is legally obliged to set an affordable borrowing limit (also termed the authorised limit for external debt) each year and to keep it under review. In line with statutory guidance, a lower “operational boundary” is also set as a warning level should debt approach the limit.

Table 8: Prudential Indicators: Authorised limit and operational boundary for external debt in £m

	2021/22 limit £m	2022/23 limit £m	2023/24 limit £m	2024/25 limit £m	2025/26 limit £m	2026/27 limit £m
Authorised limit – borrowing	27.90	24.61	36.13	39.28	37.55	39.39
Authorised limit – PFI and leases	8.23	7.28	6.24	5.13	3.91	2.60
Authorised limit – total external debt	36.13	31.89	42.37	44.41	41.46	41.99
Operational boundary – borrowing	25.90	22.61	34.13	37.28	35.55	37.39
Operational boundary – PFI and leases	8.23	7.28	6.24	5.13	3.91	2.60
Operational boundary – total external debt	34.13	29.89	40.37	42.41	39.46	39.99

- 3.9. **Treasury investment strategy:** Treasury investments arise from receiving cash before it is paid out again. Investments made for service reasons or for pure financial gain are not generally considered to be part of treasury management.
- 3.10. The Police and Crime Commissioner’s policy on treasury investments is to prioritise security and liquidity over yield, that is to focus on minimising risk rather than maximising returns. Cash that is likely to be spent in the near term is invested securely, for example with the government, other local authorities or selected high-quality banks, to minimise the risk of loss. Money that will be held for longer term could be invested more widely, including in bonds, shares and property, to balance the risk of loss against the risk of receiving returns below inflation. Both near-term and longer-term investments may be held in pooled funds, where an external fund manager makes decisions on which particular investments to buy and the Police and Crime Commissioner may request its money back at short notice.

Table 9: Treasury management investments in £millions

	31.3.2021 actual £m	31.3.2022 forecast £m	31.3.2023 budget £m	31.3.2024 budget £m	31.3.2025 budget £m	31.3.2026 budget £m	31.3.2027 budget £m
Near-term investments	23.05	22.50	10.00	10.00	10.00	10.00	10.00
Longer-term investments	0.00	0.00	0.00	0.00	0.00	0.00	0.00
TOTAL	23.05	22.50	10.00	10.00	10.00	10.00	10.00

- 3.11. **Risk management:** The effective management and control of risk are prime objectives of the Police and Crime Commissioner's treasury management activities. The treasury management strategy therefore sets out various indicators and limits to constrain the risk of unexpected losses and details the extent to which financial derivatives may be used to manage treasury risks.
- 3.12. **Governance (risk management):** Decisions on treasury management investment and borrowing are made daily and are therefore delegated to the Head of Finance and staff, who must act in line with the treasury management strategy approved by the Police and Crime Commissioner and Joint Audit Committee (JAC). End of year and half yearly reports on treasury management activity are presented to the Strategic Executive Board (SEB) and JAC. The JAC is responsible for scrutinising treasury management decisions.
- 3.13. **Investments for Service Purposes:** The Police and Crime Commissioner **does not** currently make investments to assist local public services (which might include making loans to or buying shares in local service providers and/or local small businesses to promote economic growth).
- 3.14. **Commercial Activities:** Despite central government financial support for local public services declining, the Police and Crime Commissioner **does not** invest in commercial property purely or mainly for financial gain.
- 3.15. **Liabilities:** In addition to debt detailed above, the Police and Crime Commissioner is committed to making future payments to cover its pension fund costs. Police Officers' pension scheme is an unfunded scheme which is underwritten by the Government, and the liabilities stand at £1,793.0m as at 31.3.21. The cost to the Police and Crime Commissioner is the employer contribution rate, which is currently 31%. The deficit on the Staff Pension fund stood at £85.0m as at 31.3.21, this is also managed through the contribution rate which is currently set at 19%. The Police and Crime Commissioner has also set aside £1.2m as a provision to cover risks of insurance claims and employment cases. The Police and Crime Commissioner is also at risk of having to pay for claims lodged with the Central London Employment Tribunal. These risks have been recognised as Contingent Liabilities in the Statement of Accounts, but the Police and Crime Commissioner has not put aside any money because the claims are subject to appeal, and there is uncertainty regarding remedy and quantum.
- 3.16. **Governance (liabilities):** Decisions on incurring new discretionary liabilities are taken by the Chief Officer Team in consultation with the Police and Crime Commissioner and his Chief Finance Officer. The risk of liabilities crystallising and requiring payment is monitored by Corporate Finance and reported to the Strategic Management Board (SMB) and SEB as necessary. Details of contingent liabilities as at 31 March will be included in the annual Statement of Accounts.

4. Revenue Budget Implications

- 4.1. Although capital expenditure is not charged directly to the revenue budget, interest payable on loans and MRP for reducing the CFR are charged to revenue. The net annual charge is known as financing costs; this is compared to the net revenue stream i.e. the amount funded from Council Tax, business rates and general government grants. Direct revenue contributions to capital are also charged to revenue but are **not** included in the below indicator.

Table 10: Prudential Indicator: Proportion of financing costs to net revenue stream

	2020/21 actual	2021/22 forecast	2022/23 budget	2023/24 budget	2024/25 budget	2025/26 budget	2026/27 budget
Financing costs (£m)	3.65	3.69	3.25	3.35	4.53	4.71	4.61
Financing costs as % of net revenue stream	2.2%	2.1%	1.8%	1.8%	2.4%	2.4%	2.4%
Level of debt (£m)	18.48	17.10	15.65	14.12	12.50	10.79	8.97
Level of debt as % of net revenue stream	11.3%	9.9%	8.6%	7.5%	6.5%	5.5%	4.4%
Level of CFR as % of net revenue stream	18.3%	16.2%	16.9%	22.1%	22.6%	20.5%	20.3%

- 4.2. **Sustainability:** Due to the very long-term nature of capital expenditure and financing, the revenue budget implications of expenditure incurred in the next few years will extend for up to 50 years into the future. The Police and Crime Commissioner's Finance Officer and the Director of Finance and Resources are satisfied that the proposed capital programme is prudent, affordable and sustainable as there are revenue streams or reserves in place to fund the Programme as set out. It is likely that additional resources will need to be budgeted for future investments beyond the current Programme.

5. Knowledge and Skills

- 5.1. The Police and Crime Commissioner employs professionally qualified and experienced staff in senior positions with responsibility for making capital expenditure, borrowing and investment decisions. Training is provided to all staff involved in making capital expenditure, borrowing and investment decisions.
- 5.2. Where the Police and Crime Commissioner's staff do not have the knowledge and skills required, use is made of external advisers and consultants that are specialists in their field. The Police and Crime Commissioner currently employs Arlingclose Limited as treasury management advisers, Wilks Head and Eve as property consultants and BDO as tax consultants. This approach is more cost effective than employing such staff directly, and ensures that the Police and Crime Commissioner has access to knowledge and skills commensurate with its risk appetite.

2020-21		2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	Total
Actuals	Description	Revised Estimate	Est	Est	Est	Est	Est	Project Costs
								2021-22 to 2026-27
£000		£000	£000	£000	£000	£000	£000	£000
	<u>Estate Programme</u>							
7	Retentions, Consultancy and QS	26	25					51
	Sustainability Improvements	32	270	100	100	100	100	702
	Estates estimate 25-26 onwards					2,000		2,000
673	Pwllheli PS	246						246
	Holyhead PS		1,200	2,477				3,677
170	Force HQ Canteen							0
33	Caernarfon & North Gwynedd Estate Area	170	597					767
786	VCC / Vehicle Workshop	208	1,692					1,900
	Armed Alliance	20	360					380
	Dolgellau PS				1,200			1,200
	Abergele PS		391					391
	Llanrwst PS				178			178
	Flintshire PS - North			700	2,300			3,000
	Flintshire PS - South		200	3,500	450			4,150
	Force Control Room Upgrading		100					100
	Archive Store				750			750
	Rhosllanerchrugog PS				190			190
	Re locate/ co locate/ vacate	55	295					350
	Firearms Base works	354	30				2,000	2,384
	CS - SARC ISO Accreditation	48	150					198
1,669	Total Building Works	1,159	5,310	6,777	5,168	2,100	2,100	22,614
	<u>Vehicles and Other Equipment</u>							
1,727	Vehicle Purchase Replacement Programme	800	2,565	1,626	1,620	1,756	1,300	9,667
	PSU Vehicles (replacemnt programme)				780			780
	Electric Vehicles			41	41	41	41	164
	Tranman development		75					75
	Intoxilators x 3		30					30
	ANPR replacement	105	150					255
	Collision Surveying Equipment	175						175
1,727	Total Vehicles and Other Equipment	1,080	2,820	1,667	2,441	1,797	1,341	11,146

2020-21		2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	Total
Actuals	Description	Revised Estimate	Est	Est	Est	Est	Est	Project Costs
£000		£000	£000	£000	£000	£000	£000	£000
	Information Technology and Communication Equipment							
1,103	Desk Top Replacement (Replacement Programme)	407	515	930	825	310	750	3,737
	NEP Device Re-build	175	143					318
37	Lockers for charging and storage	20						20
	Mobile data devices	150	451				585	1,186
59	Airwave replacement units							0
	Server Replacement			700			700	1,400
	Business Systems Servers (Replacement Programme)						150	150
	DFU Server replacement			270				270
413	NEP Infrastructure/Sail Point/Internet Links	60	20					80
53	Wifi	92						92
	Digital Workplace audio visual		126					126
73	Digital Intelligence & Investigation		196					196
	Telephony			250				250
30	Backup Upgrade							0
	Nexus Upgrade	15	365					380
35	Command and Control Upgrade - Phase 2	1,552	1,001					2,553
	LPS - Community Safety - Prevention	30						30
	Life-X Deployment				1,100			1,100
	Emergency Service Network		157	7,089			900	8,146
59	Body Worn Video (replacement costs)			933			1,000	1,933
1,862	Total Information Technology and Communication	2,501	2,974	10,172	1,925	310	4,085	21,967
5,258	Total Capital Expenditure	4,740	11,104	18,616	9,534	4,207	7,526	55,727

2020-21		2021-22	2022-23	2023-24	2024-25	2025-26	2026-27
Actuals	Description	Revised Estimate	Est	Est	Est	Est	Est
£000		£000	£000	£000	£000	£000	£000
1,669	Total Building Works	1,159	5,310	6,777	5,168	2,100	2,100
1,727	Total Vehicles and Other Equipment	1,080	2,820	1,667	2,441	1,797	1,341
1,862	Total Information Technology and Communication	2,501	2,974	10,172	1,925	310	4,085
5,258	Total Capital Expenditure	4,740	11,104	18,616	9,534	4,207	7,526
	FUNDING:						
123	External sources	171	0	0	0	0	0
2,934	Own resources	3,747	5,865	5,540	3,636	2,997	2,831
2,201	Debt	822	5,239	13,076	5,898	1,210	4,695
5,258	Total Funding	4,740	11,104	18,616	9,534	4,207	7,526

Annual Minimum Revenue Provision Statement 2022/23

Where the Police and Crime Commissioner finances capital expenditure by debt, it must put aside resources to repay that debt in later years. The amount charged to the revenue budget for the repayment of debt is known as Minimum Revenue Provision (MRP), although there has been no statutory minimum since 2008. The *Local Government Act 2003* requires the Police and Crime Commissioner to have regard to Welsh Government's *Guidance on Minimum Revenue Provision* (the WG Guidance) most recently issued in 2018.

The broad aim of the WG Guidance is to ensure that capital expenditure is financed over a period that is either reasonably commensurate with that over which the capital expenditure provides benefits, or, in the case of borrowing supported by Government Revenue Support Grant, reasonably commensurate with the period implicit in the determination of that grant.

The WG Guidance requires the Police and Crime Commissioner to approve an Annual MRP Statement each year and recommends a number of options for calculating a prudent amount of MRP. The following statement only incorporates options recommended in the Guidance.

- For capital expenditure incurred before 1st April 2008, MRP will be determined as 4% of the capital financing requirement in respect of that expenditure. *(Option 2)*
- For capital expenditure incurred after 31st March 2008, MRP will be determined by charging the expenditure over the expected useful life of the relevant asset in equal instalments, starting in the year after the asset becomes operational. MRP on purchases of freehold land will be charged over 50 years. MRP on expenditure not related to fixed assets but which has been capitalised by regulation or direction will be charged over 20 years. *(Option 3)*
- For assets acquired by leases or the Private Finance Initiative, MRP will be determined as being equal to the element of the rent or charge that goes to write down the balance sheet liability.
- Where former operating leases have been brought onto the balance sheet due to the adoption of the *IFRS 16 Leases* accounting standard, and the asset values have been adjusted for accruals, prepayments, premiums and/or discounts, then the annual MRP charges will be adjusted so that the total charge to revenue remains unaffected by the new standard.

Capital expenditure incurred during 2022/23 will not be subject to a MRP charge until 2023/24.

Based on the Police and Crime Commissioner's latest estimate of its capital financing requirement (CFR) on 31st March 2022, the budget for MRP has been set as follows:

	31.03.2022 Estimated CFR £m	2022/23 Estimated MRP £
Capital expenditure before 01.04.2008	7.24	0.29
Capital expenditure after 31.03.2008	12.62	1.15
Leases and Private Finance Initiative	8.18	0.95
Total General Fund	28.04	2.39

Draft Treasury Management Strategy Statement 2022/23

1. Introduction

- 1.1. Treasury management is the management of the Police and Crime Commissioner's cash flows, borrowing and investments, and the associated risks. The Police and Crime Commissioner has borrowed and invested substantial sums of money and is therefore exposed to financial risks including the loss of invested funds and the revenue effect of changing interest rates. The successful identification, monitoring and control of financial risk are therefore central to the Police and Crime Commissioner's prudent financial management.
- 1.2. Treasury risk management at the Police and Crime Commissioner is conducted within the framework of the Chartered Institute of Public Finance and Accountancy's *Treasury Management in the Public Services: Code of Practice 2017 Edition* (the CIPFA Code) which requires the Police and Crime Commissioner to approve a treasury management strategy before the start of each financial year. In addition, the Welsh Government (WG) issued revised Guidance on Local Police and Crime Commissioner Investments in November 2019 that requires the Police and Crime Commissioner to approve an investment strategy before the start of each financial year. This report fulfils the Police and Crime Commissioner's legal obligation under the *Local Government Act 2003* to have regard to both the CIPFA Code and the WG Guidance.
- 1.3. **Revised strategy:** In accordance with the WG Guidance, the Police and Crime Commissioner will be asked to approve a revised Treasury Management Strategy Statement should the assumptions on which this report is based change significantly. Such circumstances would include, for example, a large unexpected change in interest rates, in the Police and Crime Commissioner's capital programme or in the level of its investment balance, or a material loss in the fair value of a non-financial investment identified as part of the year end accounts preparation and audit process.

2. External Context *(example of data/commentary as at 17/12/21 – weekly 'Review and Preview' emails are also received from Arlingclose as well as relevant daily updates).*

- 2.1. **Economic background:** The ongoing impact on the UK from coronavirus, together with higher inflation, higher interest rates, and the country's trade position post-Brexit, will be major influences on the Police and Crime Commissioner's treasury management strategy for 2022/23.
- 2.2. The Bank of England (BoE) increased Bank Rate to 0.25% in December 2021 while maintaining its Quantitative Easing programme at £895 billion. The Monetary Policy Committee (MPC) voted 8-1 in favour of raising rates, and unanimously to maintain the asset purchase programme.
- 2.3. Within the announcement the MPC noted that the pace of the global recovery was broadly in line with its November Monetary Policy Report. Prior to the emergence of the Omicron coronavirus variant, the Bank also considered the UK economy to be evolving in line with expectations, however the increased uncertainty and risk to activity the new variant presents, the Bank revised down its estimates for Q4 GDP growth to 0.6% from 1.0%. Inflation was projected to be higher than previously forecast, with CPI likely to remain above 5% throughout the winter and peak at 6% in April 2022. The labour market was generally performing better than previously forecast and the BoE now expects the unemployment rate to fall to 4% compared to 4.5% forecast previously, but notes that Omicron could weaken the demand for labour.
- 2.4. UK CPI for November 2021 registered 5.1% year on year, up from 4.2% in the previous month. Core inflation, which excludes the more volatile components, rose to 4.0% y/y from 3.4%. The most recent labour market data for the three months to October 2021 showed the unemployment rate fell to 4.2% while the employment rate rose to 75.5%.
- 2.5. In October 2021, the headline 3-month average annual growth rate for wages were 4.9% for total pay and 4.3% for regular pay. In real terms, after adjusting for inflation, total pay growth was up 1.7% while regular pay was up 1.0%. The change in pay growth has been affected by a change in composition of employee jobs, where there has been a fall in the number and proportion of lower paid jobs.

- 2.6. Gross domestic product (GDP) grew by 1.3% in the third calendar quarter of 2021 according to the initial estimate, compared to a gain of 5.5% q/q in the previous quarter, with the annual rate slowing to 6.6% from 23.6%. The Q3 gain was modestly below the consensus forecast of a 1.5% q/q rise. During the quarter activity measures were boosted by sectors that reopened following pandemic restrictions, suggesting that wider spending was flat. Looking ahead, while monthly GDP readings suggest there had been some increase in momentum in the latter part of Q3, Q4 growth is expected to be soft.
- 2.7. GDP growth in the euro zone increased by 2.2% in calendar Q3 2021 following a gain of 2.1% in the second quarter and a decline of -0.3% in the first. Headline inflation has been strong, with CPI registering 4.9% year-on-year in November, the fifth successive month of inflation. Core CPI inflation was 2.6% y/y in November, the fourth month of successive increases from July's 0.7% y/y. At these levels, inflation is above the European Central Bank's target of 'below, but close to 2%', putting some pressure on its long-term stance of holding its main interest rate of 0%.
- 2.8. The US economy expanded at an annualised rate of 2.1% in Q3 2021, slowing sharply from gains of 6.7% and 6.3% in the previous two quarters. In its December 2021 interest rate announcement, the Federal Reserve continue to maintain the Fed Funds rate at between 0% and 0.25% but outlined its plan to reduce its asset purchase programme earlier than previously stated and signalled they are in favour of tightening interest rates at a faster pace in 2022, with three 0.25% movements now expected.
- 2.9. **Credit outlook:** Since the start of 2021, relatively benign credit conditions have led to credit default swap (CDS) prices for the larger UK banks to remain low and had steadily edged down throughout the year up until mid-November when the emergence of Omicron has caused them to rise modestly. However, the generally improved economic outlook during 2021 helped bank profitability and reduced the level of impairments many had made as provisions for bad loans. However, the relatively recent removal of coronavirus-related business support measures by the government means the full impact on bank balance sheets may not be known for some time.
- 2.10. The improved economic picture during 2021 led the credit rating agencies to reflect this in their assessment of the outlook for the UK sovereign as well as several financial institutions, revising them from negative to stable and even making a handful of rating upgrades.
- 2.11. Looking ahead, while there is still the chance of bank losses from bad loans as government and central bank support is removed, the institutions on the Police and Crime Commissioner's counterparty list are well-capitalised and general credit conditions across the sector are expected to remain benign. Duration limits for counterparties on the Police and Crime Commissioner's lending list are under regular review and will continue to reflect economic conditions and the credit outlook.
- 2.12. **Interest rate forecast:** The Police and Crime Commissioner's treasury management adviser Arlingclose is forecasting that Bank Rate will continue to rise in calendar Q1 2022 to subdue inflationary pressures and the perceived desire by the BoE to move away from emergency levels of interest rates.
- 2.13. Investors continue to price in multiple rises in Bank Rate over the next forecast horizon, and Arlingclose believes that although interest rates will rise again, the increases will not be to the extent predicted by financial markets. In the near-term, the risks around Arlingclose's central case are to the upside while over the medium-term the risks become more balanced.
- 2.14. Yields are expected to remain broadly at current levels over the medium-term, with the 5, 10 and 20 year gilt yields expected to average around 0.65%, 0.90%, and 1.15% respectively. The risks around for short and medium-term yields are initially to the upside but shifts lower later, while for long-term yields the risk is to the upside. However, as ever there will almost certainly be short-term volatility due to economic and political uncertainty and events.
- 2.15. A more detailed economic and interest rate forecast provided by Arlingclose is attached at Appendix A.

3. Local Context

3.1. On 31st March 2022, the Police and Crime Commissioner is expected to hold £8.88m of borrowing and £22.31m of treasury investments. Forecast changes in these sums are shown in the balance sheet analysis in table 1 below.

Table 1: Balance sheet summary and forecast

	31.3.21 Actual £m	31.3.22 Estimate £m	31.3.23 Forecast £m	31.3.24 Forecast £m	31.3.25 Forecast £m	31.3.26 Forecast £m	31.3.27 Forecast £m
General Fund CFR	29.97	28.04	30.88	41.37	43.40	40.46	40.98
Less: Other debt liabilities *	(9.10)	(8.23)	(7.27)	(6.24)	(5.12)	(3.91)	(2.59)
Loans CFR	20.87	19.81	23.61	35.13	38.28	36.55	38.39
Less: External borrowing (long term)**	(9.38)	(8.88)	(8.38)	(7.88)	(7.38)	(6.88)	(6.38)
Less: External borrowing (short term)**	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Internal borrowing	11.49	10.93	15.23	27.25	30.90	29.67	32.01
Less: Usable reserves	(32.96)	(33.44)	(27.63)	(25.14)	(23.47)	(22.44)	(21.88)
Plus: Working capital	(0.40)	0.20	0.20	0.20	0.20	0.20	0.20
New borrowing / (Investments)	(21.87)	(22.31)	(12.20)	2.31	7.63	7.43	10.33

* leases and PFI liabilities that form part of the Police and Crime Commissioner's total debt

** shows only loans to which the Police and Crime Commissioner is committed and excludes optional refinancing

3.2. The underlying need to borrow for capital purposes is measured by the Capital Financing Requirement (CFR), while usable reserves and working capital are the underlying resources available for investment. The Police and Crime Commissioner's current strategy is to maintain borrowing and investments below their underlying levels, sometimes known as internal borrowing.

3.3. The Police and Crime Commissioner has an increasing CFR due to the capital programme, but minimal investments and may therefore be required to borrow up to £20m (including existing borrowing) over the forecast period in order to maintain a positive level of liquidity (see also 3.5 below). However, if the capital programme is delayed this will also impact on the timing of our need to borrow.

3.4. CIPFA's *Prudential Code for Capital Finance in Local Authorities* recommends that the Police and Crime Commissioner's total debt should be lower than its highest forecast CFR over the next three years. Table 1 shows that the Police and Crime Commissioner expects to comply with this recommendation during 2022/23.

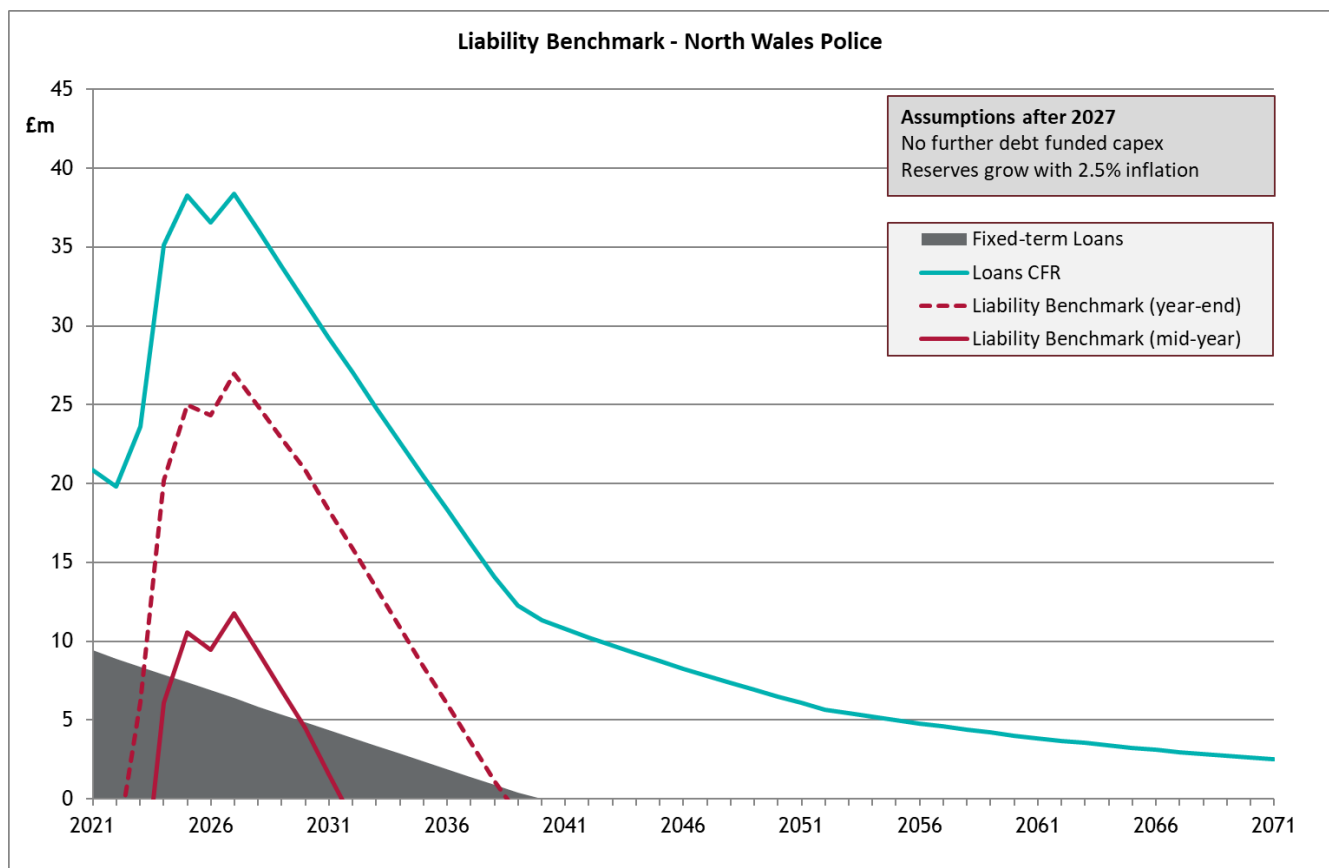
3.5. **Liability benchmark:** To compare the Police and Crime Commissioner's actual borrowing against an alternative strategy, a liability benchmark has been calculated showing the lowest risk level of borrowing. This assumes the same forecasts as table 1 above, but that cash and investment balances are kept to a minimum level of **£10m** at each year-end to maintain sufficient liquidity but minimise credit risk.

Table 2: Liability benchmark

	31.3.21 Actual £m	31.3.22 Estimate £m	31.3.23 Forecast £m	31.3.24 Forecast £m	31.3.25 Forecast £m	31.3.26 Forecast £m	31.3.26 Forecast £m
New borrowing/(Investments)	(21.87)	(22.31)	(12.20)	2.31	7.63	7.43	10.33
Existing borrowing	9.38	8.88	8.38	7.88	7.38	6.88	6.38
Net borrowing requirement	(12.49)	(13.43)	(3.82)	10.19	15.01	14.31	16.71
Minimum Investment balance	10.00	10.00	10.00	10.00	10.00	10.00	10.00
Liability benchmark (year-end)	(2.49)	(3.43)	6.18	20.19	25.01	24.31	26.71
Peak to Trough Cash flow	(13.80)	(14.10)	(14.50)	(14.80)	(15.20)	(15.60)	(16.00)
Liability benchmark (mid-year)	(16.29)	(17.53)	(8.32)	5.39	9.81	8.71	10.71

**The liability benchmark includes any existing level of borrowing*

3.6. Following on from the medium-term forecasts in table 2 above, the Police and Crime Commissioner plans to remain borrowed in line with its cash-flow forecast in order to minimise risk. The cash-flow forecast reflects the peaks and troughs over the financial year whereas the liability benchmark reflects a specific point in time.



4. **Borrowing Strategy**

- 4.1. The Police and Crime Commissioner currently holds £8.88 million of loans, a decrease of £0.50 million on the previous year, as part of its strategy for funding previous years' capital programmes. The balance sheet forecast in table 1 shows that the Police and Crime Commissioner does not expect to need to borrow in 2022/23. The Police and Crime Commissioner may however borrow to pre-fund future years' requirements, providing this does not exceed the authorised limit for borrowing of £24.61 million.
- 4.2. **Objectives:** The Police and Crime Commissioner's chief objective when borrowing money is to strike an appropriately low risk balance between securing low interest costs and achieving certainty of those costs over the period for which funds are required. The flexibility to renegotiate loans should the Police and Crime Commissioner's long-term plans change is a secondary objective.
- 4.3. **Strategy:** Given the significant cuts to public expenditure and in particular to local government funding, the Police and Crime Commissioner's borrowing strategy continues to address the key issue of affordability without compromising the longer-term stability of the debt portfolio. With short-term interest rates currently much lower than long-term rates, it is likely to be more cost effective in the short-term to either use internal resources, or to borrow short-term loans instead.
- 4.4. By doing so, the Police and Crime Commissioner is able to reduce net borrowing costs (despite foregone investment income) and reduce overall treasury risk. The benefits of internal and short-term borrowing will be monitored regularly against the potential for incurring additional costs by deferring borrowing into future years when long-term borrowing rates are forecast to rise modestly. Arlingclose will assist the Police and Crime Commissioner with this 'cost of carry' and breakeven analysis. Its output may determine whether the Police and Crime Commissioner borrows additional sums at long-term fixed rates in 2022/23 with a view to keeping future interest costs low, even if this causes additional cost in the short-term.
- 4.5. The Police and Crime Commissioner has previously raised all of its long-term borrowing from the PWLB but will consider long-term loans from other sources including banks, pensions and local authorities, in order to lower interest costs and reduce over-reliance on one source of funding in line with the CIPFA Code. PWLB loans are no longer available to local authorities planning to buy investment assets primarily for yield; the Police and Crime Commissioner does not intend to undertake this type of activity and therefore will retain its access to PWLB loans.
- 4.6. Alternatively, the Police and Crime Commissioner may arrange forward starting loans, where the interest rate is fixed in advance, but the cash is received in later years. This would enable certainty of cost to be achieved without suffering a cost of carry in the intervening period.
- 4.7. In addition, the Police and Crime Commissioner may borrow short-term loans to cover unplanned cash flow shortages.
- 4.8. **Sources of borrowing:** The approved sources of long-term and short-term borrowing are:
- HM Treasury's PWLB lending facility (formerly the Public Works Loan Board)
 - any institution approved for investments (see below)
 - any other bank or building society authorised to operate in the UK
 - any other UK public sector body
 - UK public and private sector pension funds (except Gwynedd Pension Fund)
 - capital market bond investors
 - UK Municipal Bonds Agency plc and other special purpose companies created to enable local Police and Crime Commissioner bond issues
- 4.9. **Other sources of debt finance:** In addition, capital finance may be raised by the following methods that are not borrowing, but may be classed as other debt liabilities:

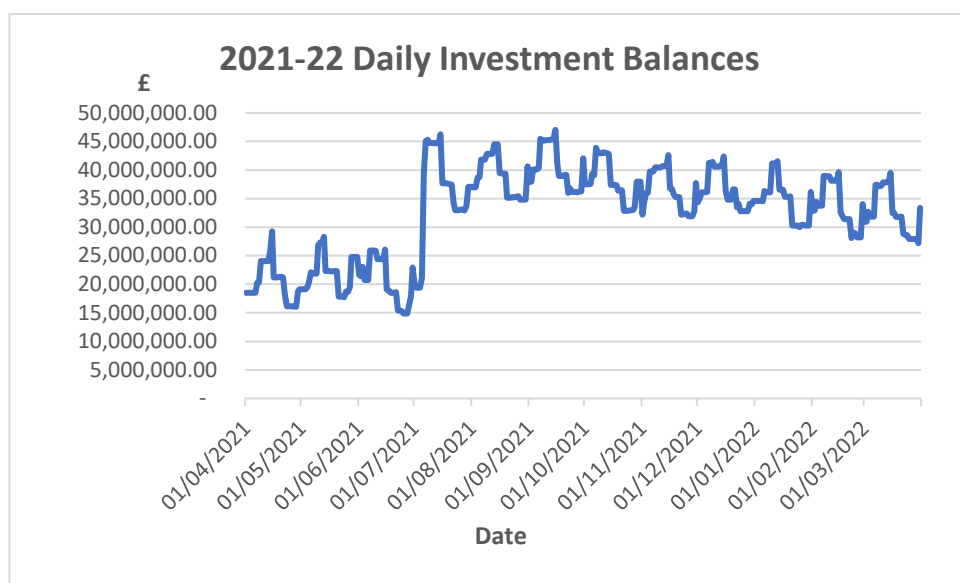
- leasing
- hire purchase
- Private Finance Initiative
- sale and leaseback

4.10. **Short-term and variable rate loans:** These loans leave the Police and Crime Commissioner exposed to the risk of short-term interest rate rises and are therefore subject to the interest rate exposure limits in the treasury management indicators below.

5. Treasury Investment Strategy

5.1. The Police and Crime Commissioner holds invested funds, representing income received in advance of expenditure plus balances and reserves held. In the past 12 months, the Police and Crime Commissioner’s treasury investment balance has ranged between £14.87m and £47.04m, and similar levels are expected to be maintained in the forthcoming year.

Graph 1: Daily investment balance (2021-22)



5.2. **Objectives:** Both the CIPFA Code and the WG Guidance require the Police and Crime Commissioner to invest its treasury funds prudently, and to have regard to the security and liquidity of its investments before seeking the highest rate of return, or yield. The Police and Crime Commissioner’s objective when investing money is to strike an appropriate balance between risk and return, minimising the risk of incurring losses from defaults and the risk of receiving unsuitably low investment income. Where balances are expected to be invested for more than one year, the Police and Crime Commissioner will aim to achieve a total return that is equal or higher than the prevailing rate of inflation, in order to maintain the spending power of the sum invested.

5.3. **Negative interest rates:** The COVID-19 pandemic has increased the risk that the Bank of England will set its Bank Rate at or below zero, which is likely to feed through to negative interest rates on all low risk, short-term investment options. Since investments cannot pay negative income, negative rates will be applied by reducing the value of investments. In this event, security will be measured as receiving the contractually agreed amount at maturity, even though this may be less than the amount originally invested.

5.4. **Strategy:** Although there is increasing risk and very low returns from short-term unsecured bank investments, the Police and Crime Commissioner aims to continue to invest its surplus cash in short-term bank deposits during 2022/23. This is in alignment with the internal borrowing strategy of minimising the amounts invested (and associated risk) and maximising yield (by reducing interest payments).

5.5. **Business models:** Under the new IFRS 9 standard, the accounting for certain investments depends on the Police and Crime Commissioner’s “business model” for managing them. The Police and Crime Commissioner aims to

achieve value from its treasury investments by a business model of collecting the contractual cash flows and therefore, where other criteria are also met, these investments will continue to be accounted for at amortised cost.

5.6. **Approved counterparties:** The Police and Crime Commissioner may invest its surplus funds with any of the counterparty types in table 3 below, subject to the limits shown.

Table 3: Treasury investment counterparties and limits

Sector	Counterparty limit	Sector limit
The UK Government	Unlimited	n/a
Local authorities & other government entities	£7m	Unlimited
HSBC ^{1*}	£10m	n/a
Secured investments *	£7m	Unlimited
Banks (unsecured) *	£4m	Unlimited
Building societies (unsecured) *	£4m	Unlimited
Registered providers (unsecured) *	£4m	£4m
Money market funds *	£4m	Unlimited
Strategic pooled funds*	£4m	£4m

¹ These are the Commissioner's bankers and are currently rated AA- by Fitch credit rating agency
This table must be read in conjunction with the notes below.

5.7. * **Minimum credit rating:** Treasury investments in the sectors marked with an asterisk will only be made with entities whose lowest published long-term credit rating is no lower than A-. Where available, the credit rating relevant to the specific investment or class of investment is used, otherwise the counterparty credit rating is used. However, investment decisions are never made solely based on credit ratings, and all other relevant factors including external advice will be taken into account.

5.8. **Government:** Loans to, and bonds and bills issued or guaranteed by, national governments, regional and local authorities and multilateral development banks. These investments are not subject to bail-in, and there is generally a lower risk of insolvency, although they are not zero risk. Investments with the UK Government are deemed to be zero credit risk due to its ability to create additional currency and therefore may be made in unlimited amounts for up to 50 years.

5.9. **Secured investments:** Investments secured on the borrower's assets, which limits the potential losses in the event of insolvency. The amount and quality of the security will be a key factor in the investment decision. Covered bonds and reverse repurchase agreements with banks and building societies are exempt from bail-in. Where there is no investment specific credit rating, but the collateral upon which the investment is secured has a credit rating, the higher of the collateral credit rating and the counterparty credit rating will be used. The combined secured and unsecured investments with any one counterparty will not exceed the cash limit for secured investments.

5.10. **Banks and building societies (unsecured):** Accounts, deposits, certificates of deposit and senior unsecured bonds with banks and building societies, other than multilateral development banks. These investments are subject to the risk of credit loss via a bail-in should the regulator determine that the bank is failing or likely to fail. See below for arrangements relating to operational bank accounts.

5.11. **Registered providers (unsecured):** Loans to, and bonds issued or guaranteed by, registered providers of social housing or registered social landlords, formerly known as housing associations. These bodies are regulated by

the Regulator of Social Housing (in England), the Scottish Housing Regulator, the Welsh Government and the Department for Communities (in Northern Ireland). As providers of public services, they retain the likelihood of receiving government support if needed.

- 5.12. **Money market funds:** Pooled funds that offer same-day or short notice liquidity and very low or no price volatility by investing in short-term money markets. They have the advantage over bank accounts of providing wide diversification of investment risks, coupled with the services of a professional fund manager in return for a small fee. Although no sector limit applies to money market funds, the Police and Crime Commissioner will take care to diversify its liquid investments over a variety of providers to ensure access to cash at all times.
- 5.13. **Strategic pooled funds:** Bond, equity and property funds that offer enhanced returns over the longer term but are more volatile in the short term. These allow the Police and Crime Commissioner to diversify into asset classes other than cash without the need to own and manage the underlying investments. Because these funds have no defined maturity date, but are available for withdrawal after a notice period, their performance and continued suitability in meeting the Police and Crime Commissioner's investment objectives will be monitored regularly.
- 5.14. **Operational bank accounts:** The Police and Crime Commissioner may incur operational exposures, for example through current accounts, collection accounts and merchant acquiring services, to any UK bank with credit ratings no lower than BBB- and with assets greater than £25 billion. These are not classed as investments but are still subject to the risk of a bank bail-in, and balances will therefore be kept below £10million per bank. The Bank of England has stated that in the event of failure, banks with assets greater than £25 billion are more likely to be bailed-in than made insolvent, increasing the chance of the Police and Crime Commissioner maintaining operational continuity.
- 5.15. **Risk assessment and credit ratings:** Credit ratings are obtained and monitored by the Police and Crime Commissioner's treasury advisers, who will notify changes in ratings as they occur. The credit rating agencies in current use are listed in the Treasury Management Practices document. Where an entity has its credit rating downgraded so that it fails to meet the approved investment criteria then:
- no new investments will be made,
 - any existing investments that can be recalled or sold at no cost will be, and
 - full consideration will be given to the recall or sale of all other existing investments with the affected counterparty.
- 5.16. Where a credit rating agency announces that a credit rating is on review for possible downgrade (also known as "negative watch") so that it may fall below the approved rating criteria, then only investments that can be withdrawn on the next working day will be made with that organisation until the outcome of the review is announced. This policy will not apply to negative outlooks, which indicate a long-term direction of travel rather than an imminent change of rating.
- 5.17. **Other information on the security of investments:** The Police and Crime Commissioner understands that credit ratings are good, but not perfect, predictors of investment default. Full regard will therefore be given to other available information on the credit quality of the organisations in which it invests, including credit default swap prices, financial statements, information on potential government support, reports in the quality financial press and analysis and advice from the Police and Crime Commissioner's treasury management adviser. No investments will be made with an organisation if there are substantive doubts about its credit quality, even though it may otherwise meet the above criteria.
- 5.18. When deteriorating financial market conditions affect the creditworthiness of all organisations, as happened in 2008 and 2020, this is not generally reflected in credit ratings, but can be seen in other market measures. In these circumstances, the Police and Crime Commissioner will restrict its investments to those organisations of higher credit quality and reduce the maximum duration of its investments to maintain the required level of security. The extent of these restrictions will be in line with prevailing financial market conditions. If these restrictions mean that insufficient commercial organisations of high credit quality are available to invest the

Police and Crime Commissioner’s cash balances, then the surplus will be deposited with the UK Government, or with other local authorities. This will cause investment returns to fall but will protect the principal sum invested.

5.19. **Investment limits:** The Police and Crime Commissioner’s revenue reserves available to cover investment losses are forecast to be £33.44 million on 31st March 2022. A group of entities under the same ownership will be treated as a single organisation for limit purposes. Credit risk exposures arising from non-treasury investments, financial derivatives and balances greater than £10,000 in operational bank accounts count against the relevant investment limits.

5.20. **Liquidity management:** The Police and Crime Commissioner uses purpose-built cash flow forecasting methods to determine the maximum period for which funds may prudently be committed. The forecast is compiled on a prudent basis to minimise the risk of the Police and Crime Commissioner being forced to borrow on unfavourable terms to meet its financial commitments. Limits on long-term investments are set by reference to the Police and Crime Commissioner’s medium-term financial plan and cash flow forecast. The Police and Crime Commissioner will spread its liquid cash over approved providers (e.g. bank accounts and money market funds) to ensure that access to cash is maintained in the event of operational difficulties at any one provider.

6. Treasury Management Indicators

6.1. The Police and Crime Commissioner measures and manages its exposures to treasury management risks using the following indicators.

6.2. **Security:** The Police and Crime Commissioner has set a minimum credit rating of A- for investments.

Credit risk indicator	Target
Minimum credit rating for investments	A-

6.3. **Liquidity:** The Police and Crime Commissioner has adopted a voluntary measure of its exposure to liquidity risk by monitoring the amount of cash available to meet unexpected payments within a rolling twelve month period. For practical purposes a lower operational limit of £7.5 million for a maximum of 14 days will be set to avoid unnecessary short-term borrowing

Liquidity risk indicator	Limit
Minimum cash available within 12 months	£10m
Lower limit for a maximum of 14 days	£7.5m

6.4. **Interest rate exposures:** This indicator is set to control the Police and Crime Commissioner’s exposure to interest rate risk. The upper limits on the one-year revenue impact of a 1% rise or fall in interest rates will be:

Interest rate risk indicator	Limit
Upper limit on one-year revenue impact of a 1% <u>rise</u> in interest rates	£50,000
Upper limit on one-year revenue impact of a 1% <u>fall</u> in interest rates	£50,000

The impact of a change in interest rates is calculated on the assumption that maturing loans and investments will be replaced at new market rates. However normal practice is to borrow and/or invest at fixed rates which removes any interest rate exposure risk.

6.5. **Maturity structure of borrowing:** This indicator is set to control the Police and Crime Commissioner’s exposure to refinancing risk. The upper and lower limits on the maturity structure of borrowing will be:

Refinancing rate risk indicator	Upper limit	Lower limit
---------------------------------	-------------	-------------

Under 12 months	100%	0%
12 months and within 24 months	100%	0%
24 months and within 5 years	100%	0%
5 years and within 10 years	100%	0%
10 years and above	100%	0%

Time periods start on the first day of each financial year. The maturity date of borrowing is the earliest date on which the lender can demand repayment.

- 6.6. **Principal sums invested for periods longer than a year:** The purpose of this indicator is to control the Police and Crime Commissioner’s exposure to the risk of incurring losses by seeking early repayment of its investments. The limits on the long-term principal sum invested to final maturities beyond the period end will be:

Price risk indicator	2022/23	2023/24	2024/25
Limit on principal invested beyond year end	£5m	£3m	£1m

7. Related Matters

- 7.1. The CIPFA Code requires the Police and Crime Commissioner to include the following in its treasury management strategy.
- 7.2. **Financial derivatives:** In the absence of any explicit legal power to do so, the Police and Crime Commissioner will not use standalone financial derivatives (such as swaps, forwards, futures and options). Derivatives embedded into loans and investments, including pooled funds and forward starting transactions, may be used, and the risks that they present will be managed in line with the overall treasury risk management strategy.
- 7.3. **Markets in Financial Instruments Directive:** The Police and Crime Commissioner has opted up to professional client status with its providers of financial services, including advisers, banks, brokers and fund managers, allowing it access to a greater range of services but without the greater regulatory protections afforded to individuals and small companies. Given the size and range of the Police and Crime Commissioner’s treasury management activities, the Chief Finance Officer believes this to be the most appropriate status.
- 7.4. **Government Guidance:** Further matters required by the WG Guidance are included in Appendix C.

8. Financial Implications

- 8.1. The budget for investment income in 2022/23 is £0.10 million, based on an average investment portfolio of £10 million at an interest rate of 0.01%. The budget for debt interest paid in 2022/23 is £0.12million, based on committed fixed rate long term loans and an estimate to cover potential short term borrowing. If actual levels of investments and borrowing, or actual interest rates, differ from those forecast, performance against budget will be correspondingly different.

9. Other Options Considered

- 9.1. The WG Guidance and the CIPFA Code do not prescribe any particular treasury management strategy for local authorities to adopt. The Chief Finance Officer, having consulted the Joint Audit Committee, believes that the above strategy represents an appropriate balance between risk management and cost effectiveness. Some alternative strategies, with their financial and risk management implications, are listed below.

Alternative	Impact on income and expenditure	Impact on risk management
Invest in a narrower range of counterparties and/or for shorter times	Interest income will be lower	Lower chance of losses from credit related defaults, but any such losses may be greater
Invest in a wider range of counterparties and/or for longer times	Interest income will be higher	Increased risk of losses from credit related defaults, but any such losses may be smaller
Borrow additional sums at long-term fixed interest rates	Debt interest costs will rise; this is unlikely to be offset by higher investment income	Higher investment balance leading to a higher impact in the event of a default; however long-term interest costs may be more certain
Borrow short-term or variable loans instead of long-term fixed rates	Debt interest costs will initially be lower	Increases in debt interest costs will be broadly offset by rising investment income in the medium term, but long-term costs may be less certain
Reduce level of borrowing	Saving on debt interest is likely to exceed lost investment income	Reduced investment balance leading to a lower impact in the event of a default; however long-term interest costs may be less certain

Arlingclose Economic & Interest Rate Forecast – December 2021

- The global recovery from the pandemic has entered a more challenging phase. The resurgence in demand has led to the expected rise in inflationary pressure, but disrupted factors of supply are amplifying the effects, increasing the likelihood of lower growth rates ahead. The advent of the Omicron variant of coronavirus is affecting activity and is also a reminder of the potential downside risks.
- Despite relatively buoyant activity survey data, official GDP data indicates that growth was weakening into Q4 2021. Other data, however, suggested continued momentum, particularly for November. Retail sales volumes rose 1.4%, PMIs increased, and the labour market continued to strengthen. The end of furlough did not appear to have had a significant impact on unemployment. Wage growth is elevated.
- The CPI inflation rate rose to 5.1% for November and will rise higher in the near term. While the transitory factors affecting inflation are expected to unwind over time, policymakers' concern is persistent medium term price pressure.
- These factors prompted the MPC to raise Bank Rate to 0.25% at the December meeting. Short term interest rate expectations remain elevated.
- The outlook, however, appears weaker. Household spending faces pressures from a combination of higher prices and tax rises. In the immediate term, the Omicron variant has already affected growth – Q4 and Q1 activity could be weak at best.
- Longer-term government bond yields remain relatively low despite the more hawkish signals from the BoE and the Federal Reserve. Investors are concerned that significant policy tightening in the near term will slow growth and prompt the need for looser policy later. Geo-political and coronavirus risks are also driving safe haven buying. The result is a much flatter yield curve, as short-term yields rise even as long-term yields fall.
- The rise in Bank Rate despite the Omicron variant signals that the MPC will act to bring inflation down whatever the environment. It has also made clear its intentions to tighten policy further. While the economic outlook will be challenging, the signals from policymakers suggest their preference is to tighten policy unless data indicates a more severe slowdown.

Forecast:

- The MPC will want to build on the strong message it delivered this month by tightening policy despite Omicron uncertainty.
- Arlingclose therefore expects Bank Rate to rise to 0.50% in Q1 2022, but then remain there. Risks to the forecast are initially weighted to the upside, but becoming more balanced over time. The Arlingclose central forecast remains below the market forward curve.
- Gilt yields will remain broadly flat from current levels. Yields have fallen sharply at the longer end of the yield curve, but expectations of a rise in Bank Rate have maintained short term gilt yields at higher levels.
- Easing expectations for Bank Rate over time could prompt the yield curve to steepen, as investors build in higher inflation expectations.
- The risks around the gilt yield forecasts vary. The risk for short and medium term yields is initially on the upside but shifts lower later. The risk for long-term yields is weighted to the upside.

	Dec-21	Mar-22	Jun-22	Sep-22	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24
Official Bank Rate													
Upside risk	0.00	0.00	0.25	0.25	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50
Arlingclose Central Case	0.25	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50
Downside risk	0.00	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25
3-month money market rate													
Upside risk	0.05	0.05	0.25	0.35	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50
Arlingclose Central Case	0.25	0.55	0.55	0.60	0.60	0.60	0.60	0.65	0.65	0.65	0.65	0.65	0.65
Downside risk	0.00	-0.25	-0.25	-0.30	-0.30	-0.30	-0.30	-0.35	-0.35	-0.35	-0.35	-0.35	-0.35
5yr gilt yield													
Upside risk	0.00	0.35	0.45	0.55	0.55	0.55	0.55	0.55	0.55	0.50	0.50	0.45	0.45
Arlingclose Central Case	0.60	0.60	0.60	0.60	0.60	0.60	0.60	0.60	0.60	0.65	0.70	0.75	0.75
Downside risk	-0.10	-0.20	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.30	-0.35	-0.40	-0.40
10yr gilt yield													
Upside risk	0.10	0.25	0.35	0.40	0.45	0.50	0.50	0.50	0.50	0.50	0.55	0.55	0.55
Arlingclose Central Case	0.80	0.85	0.85	0.85	0.85	0.85	0.85	0.85	0.85	0.90	0.90	0.95	0.95
Downside risk	-0.10	-0.25	-0.30	-0.35	-0.35	-0.35	-0.35	-0.35	-0.35	-0.40	-0.40	-0.40	-0.40
20yr gilt yield													
Upside risk	0.30	0.40	0.45	0.45	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50
Arlingclose Central Case	1.00	1.05	1.10	1.10	1.10	1.10	1.15	1.15	1.15	1.20	1.20	1.20	1.20
Downside risk	-0.15	-0.30	-0.35	-0.40	-0.40	-0.40	-0.40	-0.40	-0.40	-0.45	-0.45	-0.45	-0.45
50yr gilt yield													
Upside risk	0.25	0.30	0.40	0.45	0.45	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50
Arlingclose Central Case	0.70	0.75	0.80	0.85	0.90	0.95	1.00	1.05	1.05	1.10	1.10	1.15	1.15
Downside risk	-0.15	-0.30	-0.35	-0.40	-0.40	-0.40	-0.40	-0.40	-0.40	-0.45	-0.45	-0.45	-0.45

PWLB Standard Rate (Maturity Loans) = Gilt yield + 1.00%

PWLB Certainty Rate (Maturity Loans) = Gilt yield + 0.80%

PWLB Infrastructure Rate (Maturity Loans) = Gilt yield + 0.60%

Additional requirements of Welsh Government Investment Guidance

The Welsh Government (WG) published revised Investment Guidance in November 2019 which places additional reporting requirements upon local authorities that are not integral to this Police and Crime Commissioner's treasury management processes. The guidance also covers investments that are not part of treasury management, for example investment property and loans to local organisations.

Contribution: The Police and Crime Commissioner's investments contribute to its service delivery objectives and supports effective treasury management activities,

Climate change: The Police and Crime Commissioner's investment decisions consider long-term climate risks to support a low carbon economy.

Specified investments: The WG Guidance defines specified investments as those:

- denominated in pound sterling,
- due to be repaid within 12 months of arrangement unless the counterparty is a local Police and Crime Commissioner,
- not defined as capital expenditure by legislation, and
- invested with one of:
 - the UK Government,
 - a UK local Police and Crime Commissioner, parish council or community council, or
 - a body or investment scheme of "high credit quality".

The Police and Crime Commissioner defines "high credit quality" organisations and securities as those having a credit rating of A- or higher that are domiciled in the UK or a foreign country with a sovereign rating of AA+ or higher. For money market funds and other pooled funds "high credit quality" is defined as those having a credit rating of A- or higher.

Loans: The WG Guidance defines a loan as a written or oral agreement where the Police and Crime Commissioner temporarily transfers cash to a third party, joint venture, subsidiary or associate who agrees a return according to the terms and conditions of receiving the loan, except where the third party is another Police and Crime Commissioner. The Police and Crime Commissioner does not provide loans of this nature.

The Police and Crime Commissioner uses an allowed 'expected credit loss' model for loans and receivables as set out in *International Financial Reporting Standard 9 Financial Instruments* as adopted by proper practices to measure the credit risk of its loan portfolio. Appropriate consideration is given to state aid rules and competition law. The Police and Crime Commissioner has appropriate credit control arrangements to recover overdue repayments in place.

Non-specified investments: Any financial investment not meeting the definition of a specified investment or a loan is classed as non-specified. Given the wide definition of a loan, this category only applies to units in pooled funds and shares in companies. The Police and Crime Commissioner confirms that it doesn't have any non-specified investments.

Non-financial investments: This category covers non-financial assets held primarily or partially to generate a profit, primarily investment property. Security is determined by comparing each asset's purchase price to its fair value using the model in International Accounting Standard 40: Investment Property as adapted by proper practices. The Police and Crime Commissioner does not hold any non-financial investments.

Investment advisers: The Police and Crime Commissioner has appointed Arlingclose Limited as treasury management advisers. The quality of this service is managed by regular strategy meetings, review of data provided and professional judgement.

Borrowing in advance of need: Welsh Government guidance is that local authorities must not borrow more than or in advance of their needs purely in order to profit from the investment of the extra sums borrowed.

Capacity and skills: The Police and Crime Commissioner employs professionally qualified and experienced staff in senior positions with responsibility for making capital expenditure, borrowing and investment decisions. Training is provided to all staff involved in making capital expenditure, borrowing and investment decisions.

Corporate governance: Decisions on treasury management investment and borrowing are made daily and are therefore delegated to the Head of Finance and staff, who must act in line with the treasury management strategy approved by the Police and Crime Commissioner and Joint Audit Committee (JAC). End of year and half yearly reports on treasury management activity are presented to SEB and JAC. The JAC is responsible for scrutinising treasury management decisions.

Joint Audit Committee
Meeting Date: 28th March 2022

Title:	Draft Annual Governance Statement (AGS)
Author:	Kate Jackson, Chief Financial Officer
Purpose of the report:	To provide the Joint Audit Committee with a first draft of the 2021-22 AGS.
The report is provided to JAC for: (tick one)	<input type="checkbox"/> Decision <input type="checkbox"/> Discussion <input checked="" type="checkbox"/> Assurance <input type="checkbox"/> Information
Summary / Key Points:	<p>The report is a first draft of the 2021-22 AGS that incorporates further feedback following an initial review at the March22 Joint Governance Board.</p> <p>It should be noted by the committee that at the time of issuing the draft AGS, the 2021-22 financial was still ongoing. Hence, the content is provisional and elements of the AGS will change through necessity prior to the final version being issued.</p> <p>The AGS in the report provisionally:</p> <ul style="list-style-type: none"> • Reflects the Joint Governance arrangements of the Force and the OPCC. • Provides an overview of these governance arrangements. • Provides an assessment and commentary of their adequacy and effectiveness. • Includes an action plan for areas of improvement. Given the draft status of the report, the action plan for 2021-22 is to be confirmed. <p>The report provides the JAC with the opportunity to review and comment on the first draft of the 2021-22 AGS.</p>
Recommendations:	None
Risk Register Impact:	No direct implication for risks on the Force Risk Register.
Assurance Implications:	This AGS is directly relevant to providing Assurance in North Wales Police.
Equality Impact:	None
Information Exempt from Disclosure:	N/A – All content in Open Session

Annual Governance Statement 2021-2022

- 1.1. The Police and Crime Commissioner and the Chief Constable have joint governance arrangements. Therefore, many of the controls are common to both corporations sole. The Police and Crime Commissioner and Chief Constable have a Joint Governance Board to ensure that they fulfil their corporate governance responsibilities. The Board is chaired by the Police and Crime Commissioner's Chief Finance Officer and attended by senior officers of both Police and Crime Commissioner and Chief Constable. The purpose of the Joint Governance Board, therefore, is to enable the Police & Crime Commissioner and Chief Constable to fulfil these responsibilities by ensuring the corporate governance structures, processes and procedures of the OPCC and Force are robust, efficient and effective; comply with all relevant legislation, regulations and guidance; and reflect best practice. The Board also collates and documents the evidence to produce this Annual Governance Statement. The Board met four times during 2021-2022. During 2019-2020, a separate review of governance was undertaken, and actions arising from the review were begun immediately, and were completed by the end of March 2021. During 2021-22 these arrangements were assessed, and minor changes made in order to ensure they remain fit for purpose. The view of the CC and the PCC remains one that joint oversight of organisational governance remains the most efficient and effective model.
- 1.2. The Police and Crime Commissioner and the Chief Constable have Manual of Governance which includes a Scheme of Consent, which has been in place since 1 April 2014 and has been reviewed periodically, and most recently revised in August 2021. The aim of this Scheme is to provide for proper arrangements for the management of activities on behalf of the Commissioner and the Chief Constable. The Commissioner has a statutory duty and electoral mandate to ensure an efficient and effective police service and to hold the Chief Constable to account on behalf of the public. The Commissioner is responsible for the totality of policing. The Chief Constable is charged with the impartial direction and control of all police officers and staff within the police force that they lead and is responsible for maintaining the Queen's Peace. The Chief Constable holds office under the Crown but is appointed by the Commissioner. This Scheme was in effect throughout the financial year and has been agreed by all the named Senior Officers within the Scheme and the Chief Constable and Police and Crime Commissioner for North Wales. Following the appointment of the new PCC, the Manual of Governance (including the Scheme of Consent) were reviewed and approved by him having also been endorsed by the Chief Constable. The decision was recorded as part of the Strategic Executive Board August 21 minutes.
- 1.3. Both the Police and Crime Commissioner and the Chief Constable are required to have a Chief Financial Officer to undertake the statutory section 151 responsibilities. There is an established Joint Audit Committee; the purpose of the Committee is to provide independent advice and recommendation to the Police and Crime Commissioner and the Chief Constable regarding the adequacy of the governance and risk management framework, the internal control environment and financial reporting. The Joint Audit Committee (JAC) had an ongoing remit tracking progress of the Governance review as it progressed in 2021-2022 with updates from the Joint Governance Board a consistent feature of the JAC work programme.
- 1.4. Each force area has a Police and Crime Panel to support the effective exercise of the functions of the police and crime commissioner, and to review or scrutinise decisions made, or other actions taken, by the police and crime commissioner in connection with the discharge of the commissioner's functions. The Commissioner will also be required to consult with the Panel on his plans and budget for policing, as well as the level of council tax and the appointment of a Chief Constable, Chief Executive Officer, Chief Finance Officer and Deputy Police and Crime Commissioner. The panel is made up of ten local councillors and two co-opted independent members, however in September 2016 the Panel appointed a third co-opted independent member following a recruitment campaign. The increase was sanctioned by the Home Secretary. Conwy County Borough Council is the 'Host Authority' for the North Wales Police and Crime Panel and provides the required support services for the effective operation and discharge of duties of the Police and Crime Panel. The Police and Crime Panels occurring over the year provided effective scrutiny with the meetings being held publicly either online or in person or as a 'hybrid' meeting due to social distancing requirements.
- 1.5. Governance is about how the Police and Crime Commissioner and the Chief Constable ensure they are doing the right things, in the right way for the right people, in a timely, inclusive, open and accountable manner. It comprises the systems, processes, culture, behaviour and values, by which the organisation is directed and controlled and also the activities by which it is held to account and engages with the community it serves. This Annual Governance Statement (AGS) for the Police and Crime Commissioner and the Chief Constable describes how the organisation can show it has

discharged its two overarching statutory duties during 2021-2022:

- To secure an effective and efficient police service and
- To be accountable for the exercise of their functions and those of people under their direction and control.

- 1.6 The Covid-19 pandemic was described as a “Public Health Emergency of International Concern” on 31 January 2020. Restrictions aimed at reducing the spread of Covid-19 were announced by the government on 23 March 2020 with the Coronavirus Act receiving Royal Assent on 25 March 2020. The impact on the governance process is reflected where appropriate throughout this report and the Governance structures have operated in this Covid environment throughout 2021-22.
- 1.7 A Covid-19 Gold, Silver, Bronze response command structure was set up within the Force and established regionally as part of the North Wales Local Resilience Forum (LRF) with the Strategic Co-ordination Group (which was responsible for leading on the multi-agency response to Covid-19) being chaired by a Police Gold Commander. It also featured formally within the Force’s risk management framework and was a key factor in operational decisions considering the implications for capacity and capability for various functions within the Force. The Police and Crime Commissioner also published a [Covid-19 Response Plan](#). Over the course of the year the Covid-19 risks have reduced with the position at year end being one where there are no risks held on the Covid risk register. This reflects in part the transition from emergency response to one of policing in a Covid environment.
- a. During 2021-2022, Covid-19 has continued to have a significant bearing on the organisation’s working practices transforming them for both the Office of the Police and Crime Commissioner and North Wales Police to accommodate social distancing and other public health measures. In addition, operational decision making within the police service has continued to be led by the governance structures established towards the end of 2019-2020, providing a clear line of sight for related decision making including oversight of demand, capability and capacity pressures created by Covid-19. To ensure clarity around governance arrangements was retained during Covid-19 the Police and Crime Commissioner published a 2020-2021 Covid-19 response plan in May 2020 ensuring that clear accountability remained in place. The Strategic Planning and Recovery board was established to manage the impact of Covid-19 on the long-term strategic planning of the force. Having been agreed in the Force governance forums, it was noted at the March 22 Joint Governance Board that the board could be decommissioned as the work had been subsumed into ‘Business as usual’ elements of the Governance structure. This would appear to indicate that the Governance structure remains subject to scrutiny and challenge and where it no longer meets the needs of the organization it will be decommissioned where appropriate.
- b. More recently HMICFRS inspections exploring the effectiveness of decision making during Covid-19 have been announced along with a number of other more focussed reviews that will explore the effectiveness of the Governance and decision making in other areas. HMICFRS plays a key role in informing the Chief Constable, the Commissioner and the public on the efficiency and effectiveness of their forces and, in so doing, facilitate the accountability of the PCC to the public. Whilst, Covid-19 has had a disruptive impact on the work undertaken by HMICFRS the force has remained focussed on the areas for improvement identified in earlier inspections. HMICFRS undertook some inspection work during 2021-22 with the outputs reported to the appropriate internal governance forums and to JAC for independent review. A full review is anticipated to take place in June 2022 with the published report in September/October 2022.(To be updated with review conclusions)
- c. 2020-21 marked the first year that the force undertook a self-assessment against the CIPFA Financial Management (FM) Code of practice. During 2021-22 the Force undertook a further follow up self-assessment. The assessment concluded that both the Police and Crime Commissioner and the Chief Constable were compliant with the FM Code, further reference is made in the sections to follow. Whilst the assessment was one of compliance, any areas for continuous improvement identified are being progressed incidentally to the process. Internal Control activity – primarily in the form of TIAA’s Internal Audit programme – was also able to progress albeit primarily through a remote delivery model with remote or hybrid audits appearing to be operating effectively for both TIAA and the Force itself.
- d. During 2021-22 work has been undertaken around Business Continuity Planning and Resilience beyond the specific impact of Covid-19 with this work continuing to be progressed across the Force.

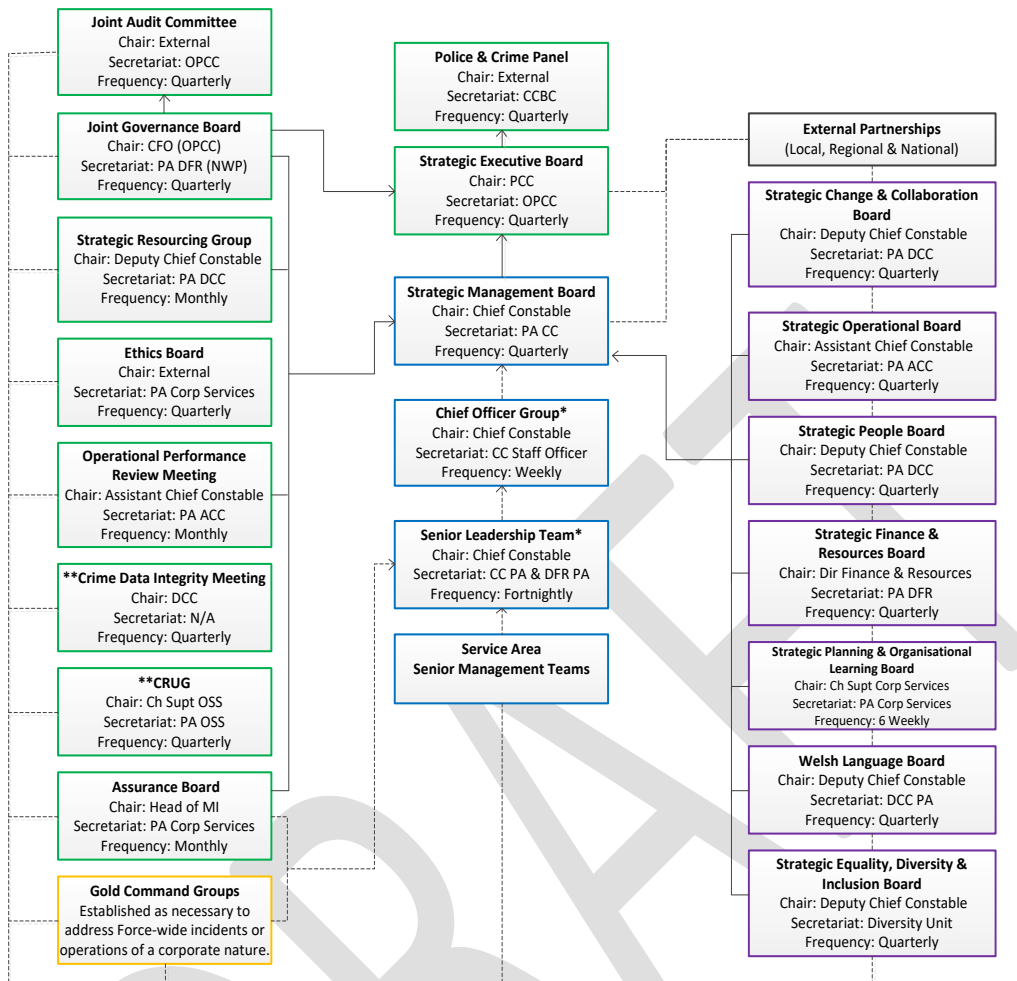
2. Purpose and scope of responsibility for the Governance Framework

- 2.1. The Police and Crime Commissioner and the Chief Constable are responsible for ensuring their business is conducted in accordance with the law and proper standards and that public money is safeguarded, properly accounted for and used effectively, efficiently and economically. They also have a duty to make arrangements to secure continuous improvement in the way in which their functions are exercised.
- 2.2. In discharging their overall responsibility, the Police and Crime Commissioner and the 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 internal control is maintained throughout the year and that arrangements are in place for the management of risk. The financial management arrangements conform principally with the governance requirements of the CIPFA publication [the Role of Chief Financial Officers in Policing](#) and the [Home Office Financial Management Code of Practice](#) for the Police Forces of England and Wales, and Fire and Rescue Authorities created under Section 4A of the Fire and Rescue Services Act 2004 (revised 2018).
- 2.3. This statement explains how the Police and Crime Commissioner and the Chief Constable have complied with the Code of Corporate Governance, which is consistent with the principles of the CIPFA/SOLACE Framework: Delivering Good Governance in Local Government updated in 2016 and also meets the requirements of the Accounts and Audit (Wales) Regulations 2014 as amended, in relation to the statement of internal control and the publication of the Annual Governance Statement.
- 2.4. The governance framework comprises the systems and processes, culture and values by which the Police and Crime Commissioner and the Chief Constable are directed and controlled and its activities through which it accounts to, engages with and leads its communities. The framework enables the Police and Crime Commissioner and the Chief Constable to monitor the achievement of their strategic objectives and consider whether those objectives have led to the delivery of appropriate, cost effective services and the achievement of value for money.
- 2.5. The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable and foreseeable level. It cannot prevent all risk of failure to achieve policies, aims and objectives; it can provide only reasonable rather than absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of the organisation's aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, to manage them efficiently, effectively and economically.
- 2.6. The governance framework has been in place throughout the year ended 31 March 2022 and up to the approval of the Statement of Accounts. A more formal self-assessment of its efficiency and effectiveness is being progressed under the oversight of the Joint Governance Board with Internal Audit providing a written confirmation of the adequacy of the Governance arrangements as part of their annual audit opinion. However, the areas of both Corporate Governance and Risk Management were subject to continued scrutiny and challenge via the Joint Governance Board and the Joint Audit Committee over the course of 2021-2022. As a result, the approach in both areas has developed with further work planned for 2022-2023 and subsequently being progressed and monitored. The high-level Governance structure of the force is outlined schematically below:

North Wales Police Governance Structure – High Level Meetings

The structure below represents our current position as agreed through consultation with Chief Officers and Senior Leads.

The Governance structure will be kept under periodic review so that future governance changes are considered and where appropriate, progressed via the Governance commissioning and decommissioning process.



Board Type

Boards and Sub-groups are categorised according to their primary function in relation to the governance and management of the Force. However, each Board and Sub-group performs all of the functions below to a degree.

Decision Making Boards

These Boards have the authority to make decisions relating to the finances and resources of the Force under their direction and control.

Governance & Assurance Boards

These Boards are largely concerned with ensuring the Force (and OPCC) have appropriate strategies, plans and policies in place as well as effective systems and processes to manage finance, performance and risk.

Planning & Delivery Boards

These Boards focus primarily on managing and overseeing the delivery of the Force's vision and priorities.

Force-wide Command Groups

These Groups are established as necessary to address Force-wide incidents or operations of a corporate nature.

Reporting Arrangements

Reports To
 Escalates Decisions To
 Information Sharing

* Principal decision-making groups in the event of Force-wide incidents or operations

** Report directly to DCC

North Wales Police Governance Structure, Corporate Services

3. CIPFA Principles of Good Governance and the Financial Management Code

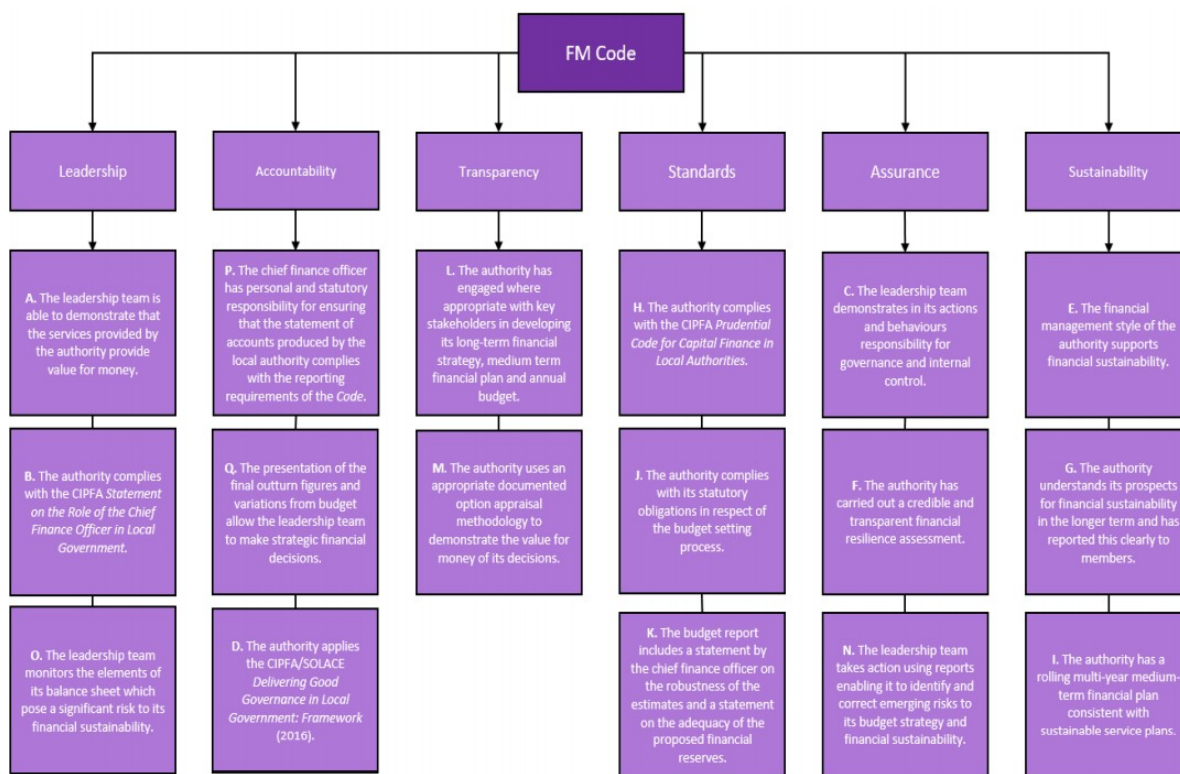
The CIPFA/SOLACE Framework: Delivering Good Governance in Local Government sets out seven principles of good governance which underpin effective governance arrangements to ensure that the intended outcomes for stakeholders are defined and achieved.

The arrangements specific to the Police and Crime Commissioner and Chief Constable are detailed within the seven principles below:



The sections that follow, review the arrangements in place across the force and their adequacy, cross referencing the sections outlined on the diagram above.

Furthermore (and in part discharging an action identified in the previous AGS action plan) during 2020-21, the Force undertook a self-assessment against the CIPFA Financial Management Code (FM Code) for the first time. The assessment was reviewed and updated during 2021-22 and reported to JAC on 8 December 2021. The code provides guidance to support good and sustainable financial management in local authorities (and other designated bodies such as policing) to support them to demonstrate their financial sustainability. The key elements of the code against which the Force’s position was assessed are outlined below.



The Financial Management Code: The Practicalities of Compliance, CIPFA

Findings from this assessment were reported initially to the Joint Governance Board and subsequently to the Joint Audit Committee with relevant findings relating to the arrangements in place also referenced in the sections to follow. Both self assessments have concluded that the requirements of the FM Code were being met.

3.1. Ethics and Integrity

There are corporate processes in place to support the core principle of ethics and integrity such as the Policing Protocol 2011 which requires everyone in the organisation to abide by the seven principles of public life (the Nolan principles). Additionally, the Home Office Financial Management Code of Practice requires the Police and Crime Commissioner and Chief Constable to ensure that good governance is embedded within the organisations and the College of Policing Code of Ethics sets out the standards of behaviour expected for all people working in policing.

The Police and Crime Commissioner’s Code of Conduct and Chief Constable’s Code of Ethics underpin the standards of expected conduct and behaviour. The Police and Crime Commissioner and Chief Constable have policies and procedures and regulations in place that comply with law and conform to appropriate ethical standards and standards of professional behaviour. Ethical considerations are part of any business decisions taken and are set out within policies in operation within both organisations.

The Police and Crime Commissioner and Chief Constable have an Anti-Fraud and Corruption Policy and whistleblowing arrangements in place which manage effectively the risk of fraud and corruption. Processes for declaring interest and registers for gifts and hospitalities are maintained and updated as required. Both the Joint Audit Committee and the

Police and Crime Panel discharged fully all the functions as identified in the relevant CIPFA publication for Audit Committees. The Joint Audit Committee's Terms of Reference may be found on the Police and Crime Commissioner's website.

The Police and Crime Commissioner has in place procedures for receiving feedback about policing in North Wales, and decisions made by or on behalf of the Police and Crime Commissioner and his officers. He also has procedures in place for the handling of complaints about the Chief Constable. Additionally, the Police and Crime Panel fulfils its responsibilities in relation to complaints made about the Police and Crime Commissioner as set out within the Police Reform and Social Responsibility Act.

To ensure ethical issues and dilemmas occurring at all levels are appropriately considered and discussed, the Force Governance Structure includes an Ethics Committee with an open invitation for the Office of the Police and Crime Commissioner to attend. Ethical dilemmas can be submitted anonymously via the Force Intranet site or by email and a summary of findings from the Committee are published on the Force Intranet site alongside being reported to Senior Management via the Governance structures for further consideration and reflection as required.

During 2021-22, in the pursuit of good practice, a new independent chair was appointed to the Ethics Committee and furthermore a governance framework to oversee and scrutinise the ethical implications associated with any use of Algorithms or Automated Decision Making was also established in Force with an appropriate reporting route through the Governance structures put in place.

2021-22 was also a year of significant public scrutiny regarding Ethics and Integrity for all Police forces in England & Wales with these issues regularly featuring on the agenda of strategic meetings within the force Governance structure. During the year the force also considered its levels of investment in its Professional Standards Department as part of the organizational planning round, allocating temporary resourcing in year and acknowledging a need for growth in 2022-23 financial plans. Furthermore, the force reviewed its Vetting procedures and continues to monitor these against national guidance on an ongoing basis.

3.2. Openness and Stakeholder Engagement

The Police and Crime Commissioner and the Chief Constable promote an open and transparent culture throughout the organisations to ensure that services meet people's needs. All public meeting papers and minutes are published on the website along with any decisions taken by the Police and Crime Commissioner. The Police and Crime Commissioner received a CoPaCC (Comparing Police and Crime Commissioners) transparency award for five consecutive years with the last certificate awarded in August 2021. The most recent evaluation assesses not only whether the Police and Crime Commissioner publishes information on the website, but also whether it can be found and accessed easily.

The Police and Crime Commissioner is accountable to the people of North Wales to deliver an efficient and effective police service to the people of North Wales and the Chief Constable is accountable to the Police and Crime Commissioner to ensure that an effective police service is provided to the people of North Wales.

The Police and Crime Commissioner and the Chief Constable regularly publish information on the Commissioner's and Chief Constable's work and achievements and satisfaction of users, including the publication of a Police and Crime Plan and an Annual Report.

There is a consultation and engagement strategy in place to ensure that our services are responsive to issues raised. We regularly conduct surveys to inform our service delivery and assist in developing our priorities and objectives. Both the Police and Crime Commissioner and Chief Constable have internal and external consultation mechanisms in place which are used to inform and improve services. TIAA (the internal auditor) concluded a review of corporate communications for both the Police and Crime Commissioner and the Force in June 2020, which was assessed as "reasonable" assurance, and found that *comprehensive arrangements are found to be in place to ensure that Internal and External Communications strategies for the Force and Police and Crime Commissioner are effective.*

The Police and Crime Commissioner and Chief Constable work in partnership and collaboration with other

organisations to achieve shared objectives and to ensure effective delivery of services which meet the needs of the organisations. Partnership and collaboration arrangements that are in place are monitored and kept under review to ensure that performance is achieved and objectives are met and stakeholder engagement is also a feature of our recruitment process for senior roles.

We have an effective scrutiny function, supported by evidence and data analysis, to challenge decision makers constructively, including those who work in partnership with the Commissioner and Chief Constable. All key decisions taken include a financial impact, legal impact, equality impact and risk assessment with the Governance structures in place providing visibility around them and this continued to be the case during 2021-22. The Commissioner's decisions are published on his website and are also reported to the Police and Crime Panel. The Police and Crime Commissioner frequently attends local authority scrutiny committees. Further scrutiny is provided by the Joint Audit Committee. It provides an independent and high-level focus on the audit, assurance and reporting arrangements that underpin good governance and financial standards with committee papers being published on the Commissioner's website. During 2019-2020 work was undertaken to develop the relevance and appropriateness of information provided to the Joint Audit Committee and this progressed further during 2020-2021 and 2021-2022. Independent scrutiny and challenge has been provided by the audit committee in a number of areas including the understandability of our financial statements; scrutiny of key decisions taken in relation to key Corporate risks (such as the Command & Control upgrade); and in relation to the Force's ongoing Digital work streams including the work stream responsible for developing its future ICT target operating model. The audit committee consists of an open and closed session with the agenda setting meetings and JAC meetings themselves used to ensure that the appropriate transparency occurs at the meetings.

The post of Chief Executive to the Police and Crime Commissioner is the designated Monitoring Officer and there are arrangements to record any professional advice that is required for specialist areas.

Furthermore, the Chief Financial Officers for the Police and Crime Commissioner and the Chief Constable complied with the CIPFA statement 'the Role of Chief Financial Officers in Policing'.

3.3. Defining Outcomes

The Police and Crime Commissioner and Chief Constable will, as part of the strategic planning process, develop informed strategies and plans which are outcome focused, sustainable and take into account the level of resources required to adequately deliver them.

The Police and Crime Commissioner sets the police and crime objectives and these are contained in the Police and Crime Plan. The Police and Crime Plan has been communicated to the public through the website and by various engagement activities and a brief summary of performance is included on the council tax leaflet sent to every household, either electronically or by post. A summary is given below:

MY VISION

North Wales communities are safe, victims and vulnerable people feel supported, crime and reoffending are low, and people have confidence in policing and the criminal justice system

MY PRIORITIES

DELIVERING SAFER NEIGHBOURHOODS

- Tackle and prevent rural and wildlife crime
- Improve the efficiency and effectiveness of police officers and police staff
- Improve Road safety

SUPPORTING VICTIMS AND COMMUNITIES

- Tackle and prevent domestic abuse and sexual violence
- Safeguard vulnerable people including children
- Tackle and prevent cybercrime
- Establish a victims panel
- Tackle and prevent Hate Crime

FAIR AND EFFECTIVE CRIMINAL JUSTICE SYSTEM

- Introduce a North Wales Female Offender Strategy
- Increase the use of Restorative Justice
- Support and protect children and young people and divert them away from the Criminal Justice System
- Address the root causes of offending and support the rehabilitation of people who have offended

3

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The police and crime objectives, priorities and financial options were developed from the Police and Crime Commissioner's vision and a joint analysis of:

- Assessment of crime and the required level of service
- Consultation with local people
- Consultation with partners
- Consultation between the Police and Crime Commissioner and the Chief Constable
- The findings of external audit and reviews by Wales Audit Office and HMICFRS
- Risk assessment

Given the change in PCC over the course of 2021-22 the OPCC and Force worked together to ensure that the existing Police and Crime plan objectives were pursued whilst the Police and Crime Plan of the new commissioner was developed and ultimately issued. Having been scrutinized and endorsed at the Police and Crime Panel, this new plan now provides the strategic direction for the force.

The Police and Crime Commissioner's police and crime objectives are directed and delivered by the Chief Constable and, in turn, by the Strategic Management Board (SMB) during the year. Resources are allocated against the plan as part of the Force's annual strategic planning process which considers demand and resource requirements against each area taking account of detailed demand assessments (via the Force Management Statement) and then the Force monitors performance against its delivery utilising its Balanced Scorecard framework. The Commissioner's performance is monitored and reported within the Annual Report, Statement of Accounts and the Medium-Term Financial Plan.

The Strategic Executive Board (SEB) is the public forum for scrutiny of the Chief Constable by the Police and Crime Commissioner and action logs of each meeting are published. The additional functions of the Board include:

- To take such decisions as are required by the Scheme of Governance to be taken jointly by the Commissioner and the Chief Constable; and
- To develop proposals for the delivery of the Commissioner's police and crime objectives as set out in the Plan.

The Strategic Executive Board (SEB) and Strategic Management Board (SMB) scrutinise operational and financial performance, service delivery and the achievement of the police and crime objectives. A programmed approach to delivery of plans is in place via the Strategic Management Board (SMB). These boards have continued to meet at the usual frequency – despite Covid-19's impact – with meetings being held remotely using appropriate technology to ensure they take place.

3.4. Determining Interventions

In order to optimise the achievement of our intended outcomes the Police and Crime Commissioner and Chief Constable will ensure that there are adequate arrangements in place to deliver services which demonstrate efficiency and value for money.

Detailed resource planning is carried out annually and published within the Medium-Term Financial Plan. This risk assesses resource requirements based on appropriate assumptions to enable the Police and Crime Commissioner and Chief Constable to prioritise competing demands for services.

The annual strategic and operational planning cycle takes into account the expected level of resources required and identifies where savings and reductions are required. This is also informed by the Priority Resource Planning process, which was introduced in 2019-2020 (for the 2020-2021 budget) as an enabler for informed decision-making. The resources, savings and growth are risk-assessed and achievement of all plans and work streams is monitored through the Strategic Management Board which is chaired by the Chief Constable. The impact of Covid meant that the approach to Strategic Planning for FY 2021-22 was adapted to accommodate the new ways of working, and a streamlined, yet robust, method was established, with the emphasis on business planning for each area. This was continued during 2021-2022 (planning for FY 2022-23) with the planning process well positioned to deal with the 3-year settlement announced in autumn 2021.

Programme and project boards are in place which monitor the implementation and achievement of agreed initiatives and plans. These are established to support robust decision making in order to achieve the required outcomes with programmes such as Digital Transformation and Workforce Transformation being critical to the overall delivery of organisational strategies. Decision making is devolved where appropriate to enable flexible and responsive action and better outcomes. Accountability is measured through the governance structure and processes in place with actions and decisions clearly recorded in meetings and progressed over the course of 2021-22.

The Covid-19 pandemic necessitated the rapid adoption of agile working arrangements, and many staff and officers have been able to work from home since the lockdown began. Work to allow agile working was already in progress, and processes and governance had already been considered during the planning phase. The first lockdown, therefore, required an acceleration of the project rather than a fundamental change to our plans, with governance arrangements largely working well during the transition and this continues on an ongoing basis with constant reviews of the arrangements put in place taking place as part of the Recovery work stream. During 2021-22 the Force's Agile working policy was issued, essentially embedding the efficiency and effectiveness of new working practices into business as usual. Agile working was also subject to a TIAA audit during the year, with the review providing Substantial assurance.

3.5. Developing Leadership

The Police and Crime Commissioner and Chief Constable have defined structures and roles within the organisations to enable effective leadership. This is supported by the Manual of Governance which sets out the roles and responsibilities and is critical to enable delivery of the strategies and plans in place. As alluded to above, the current Manual of Governance was reviewed and endorsed by PCC and Chief Constable in August 21.

The governance arrangements have been developed in line with the Police Reform and Social Responsibility Act 2011, statutory Policing Protocol Order 2012, Home Office Financial Management Code of Practice (FMCP) and existing guidance on financial and governance matters which continue to apply. The Force Governance structures have also been scrutinised in 2019-2020 as part of the Governance review, with that work being developed further in 2021-2022.

There is an approved scheme of consent in place which formalises the functions and delegation between the Commissioner and Chief Constable. The governance structure supports the implementation of planned activities and outcomes and there is a defined meeting structure in place to ensure that planned outputs are achieved in a timely manner.

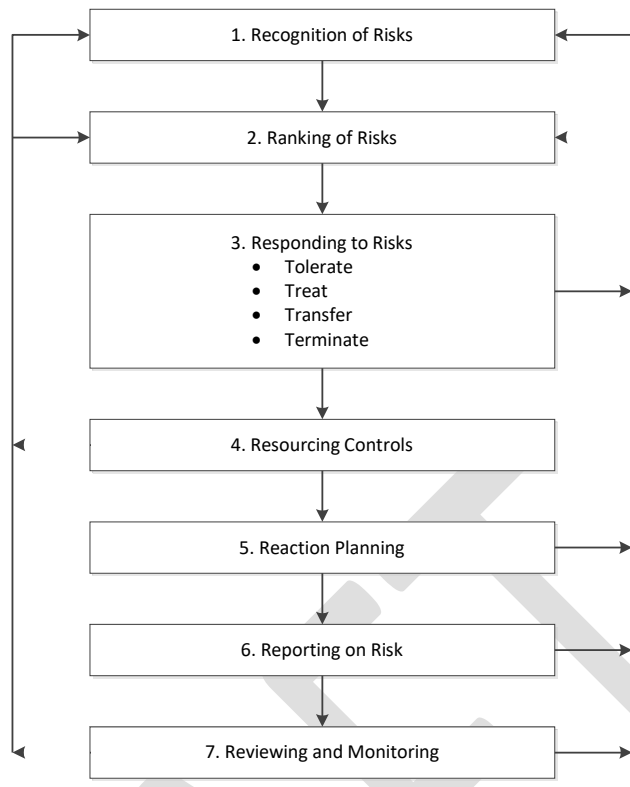
Our people are our key investment and we ensure that there are member and officer training and development programmes in place so that knowledge is kept up to date, including any professional development requirements. Our recruitment and succession planning processes are designed in order that we appoint the right people with the right skills into roles within the organisation. Focussing on our wellbeing, learning and development offer to our people remained a key area of focus during 2021-22 and the internal teams adapted their delivery models within the Force to ensure that the learning and development on offer wasn't compromised due to Covid-19.

Nationally set terms and conditions exist for officers and staff with agreed pay scales and a job evaluation system and we have a performance management framework which the Commissioner and Chief Constable use to assess performance and address any improvements required. Additionally, there is an annual self-assessment of effectiveness for the Joint Audit Committee.

3.6. Managing Risks and Monitoring Performance

Risk management and internal control is an integral part of the performance management system within both organisations. The risk management process underpins the financial management arrangements and governance processes and is fundamental to achieving our intended outcomes and supports our vision for a safer North Wales.

The below represents the 7R's and 4T's of risk management as noted in the ISO31000 and NWP risk arrangements follows this model.



There is an embedded risk management culture across the organisation and at all levels which continues to be developed and built upon. There are corporate and individual area risk registers which conform to approved national methodology and are regularly reviewed and updated and reported to committees and boards across the organisation. Risk management is a standing agenda item on all key boards across the Force. The Joint Audit Committee has continued to provide challenge and support to improve our risk management processes, with processes being developed over the course of 2019-2020 – including a Formal Risk Appetite document – and further development ongoing for 2020-2021 too which included further development of our Risk Assurance Framework which included the development of Assurance Mapping as a concept to enhance our risk management processes. The Risk Appetite document was also reviewed and strengthened as part of its annual review in 2020-21. The next review of Risk Appetite is scheduled to report in early 2022-23.

Our plans, processes and policies are drawn up having due regard to the risks identified, with our Force Management Statement including a MORILE assessment for all areas of the force. The area is overseen by the Assurance Board. A partnership framework is in place to ensure that any partnerships are managed appropriately including risk management.

Strategic risks and the risk management process are overseen and monitored by the Joint Audit Committee. Members of the Joint Audit Committee are able to review all risks for transparency. During 2021-22 a number of risk deep dives have been undertaken exerting scrutiny around key decisions and management actions being taken in relation the Force's corporate risks.

Internal Audit assesses the adequacy of our internal controls and reports fully to the independent Joint Audit Committee. Internal and external audit have examined and reported on compliance with applicable regulations and internal controls.

The Strategic Executive Board (SEB) chaired by the Police and Crime Commissioner and Strategic Management Board chaired by the Chief Constable scrutinise operational and financial performance, service delivery and the achievement of the police and crime objectives. A programmed approach to delivery of plans is in place via the Strategic Management Board.

Joint Audit Committee and Police and Crime Panel papers and minutes are available through the website of the Police and Crime Commissioner.

Effective arrangements are in place to ensure that data is safeguarded and appropriately collected, used, stored and shared. All data is subject to agreed retention policies and the security classification scheme in operation throughout the force. There is an established Information Security Board in place to monitor arrangements and effectiveness including ensuring that Strategy, Policy and Process are all clearly defined and any issues of compliance are appropriately reported. Any significant issues of compliance are escalated upwards, initially to the Strategic Finance & Resources board.

The Commissioner and Chief Constable have data protection and information security policies in place which are regularly tested and supported with a training programme for all staff. Our Internal Audit function and HMICFRS provide further periodic scrutiny in this area.

There are information sharing protocols between the Commissioner and Chief Constable and also with our partners.

3.7. Demonstrating Effective Accountability

The Police and Crime Commissioner and Chief Constable ensure that decision-makers involved in service delivery are accountable to them through the processes in place in both organisations. The Governance framework and the associated internal control framework provide a robust mechanism for retaining oversight of the key decisions being made. During 2020-21 the Force budget guidance document and associated financial delegations documentation was updated and developed with a view to ensure that the documents issued match up to the Force's changing environment and demands. These new documents were reviewed again during 2021-22.

Standardised reporting templates are used to ensure that information is presented in an efficient but sufficient manner and to enable effective decision making and an annual report is prepared and published which assesses the performance against the Police and Crime Plan.

The Police and Crime Commissioner's and Chief Constable's websites publish information which is pertinent to the public and stakeholders, ensuring the transparency needed for external accountability to be effective, is in place. The internal audit service reports to the Joint Audit Committee and has direct access to the Police and Crime Commissioner, Chief Constable and members. Recommendation for service improvements are acted upon and reported to the committee.

Independent and external reviews and inspections are routinely carried out by regulatory bodies and the reports are published and any recommendations made are acted upon.

4. Review of Effectiveness

4.1. The Police and Crime Commissioner and the Chief Constable have responsibility for conducting, at least annually, a review of the effectiveness of the governance framework, including the system of internal control. The review of effectiveness is informed by the work of the executive managers who have responsibility for the development and maintenance of the governance environment, the head of internal audit's annual report and also by comments made by the external auditors, the Police and Crime Panel, Joint Audit Committee and other review agencies and inspectorates. The review of Governance in 2019-2020 has led to a number of recommendations, the implementation of which was reported as complete in August 2021.

4.2. Covid-19 has unquestionably impacted on the Governance arrangements of the Force, but not in a way that has been detrimental to its robustness during 2021-22. This demonstrated the need to change and adapt the governance structures to ensure that they continued to match up to the organisational requirements. Technology has been embraced to ensure that internal governance has continued to operate effectively across both Corporation sole organisations. Furthermore, with the exception of HMICFRS inspections the fundamental independent scrutiny forums of the Joint Audit Committee; the Police & Crime Panel; the Ethics Committee; the Internal Audit Programme and External Audit, have all been able to exert appropriate scrutiny, albeit, sometimes via a different delivery model.

HMICFRS have recommenced their inspections during 2021-22, with the North Wales Police inspection due in June 2022.

- 4.3. In accordance with regulations, the Police and Crime Commissioner and Chief Constable have reviewed the effectiveness of its internal audit service. In conclusion, the service has complied fully with all public sector internal auditing standards (PSIAS).
- 4.4 As part of our governance framework and to ensure that we review our arrangements for effectiveness, we established a Joint Governance Board, charged with monitoring the arrangements for compliance and to make recommendations for the development of the governance arrangements as may be required. The remit of reviewing the efficiency & effectiveness of the Governance framework is ongoing but the full objectives of the Joint Governance Board are listed below with the terms of reference being reviewed and endorsed at the March22 meeting:
- To ensure a continual review the adequacy and appropriateness of the governance arrangements ensuring that they operate Efficiently and Effectively.
 - To oversee the production, management and review (as necessary) of the high-level corporate governance documents of the Office of the Police and Crime Commissioner and Force, specifically the Manual of Governance and its constituent parts.
 - To co-ordinate, oversee and review (as necessary) the corporate governance structures of the Office of the Police and Crime Commissioner and Force and their associated processes and procedures.
 - To review all recommendations relating to corporate governance arising from internal and external audits and inspections and consider their implications for the corporate governance arrangements of the Office of the Police and Crime Commissioner and Force.
 - To review any Client Briefing Notes issued by the Internal Auditor and consider their implications for the corporate governance arrangements of the Office of the Police and Crime Commissioner and Force.
 - To oversee and co-ordinate the preparation of the Annual Governance Statements of the Police & Commissioner and Chief Constable.

To make any recommendations to the Police & Crime Commissioner and Chief Constable on any matter relating to the corporate governance arrangements of the Office of the Police and Crime Commissioner and Force, where action or improvement is required.

- 4.5 During 2021-22, the organisations have progressed the action plan identified as part of the last AGS. A full analysis of the position against these actions is included in section 5 below, but the progress made has strengthened the Governance arrangements in place further.
- 4.5 Internal Audit carried out their annual service review of our key financial systems in 2021-2022 and provided generally positive reports during the year as listed below with any Limited audits being given particular emphasis for scrutiny via the Joint Audit Committee: (Table to be updated)

System	Assurance Level
Collaborative Risk Management – Mitigating Controls	Reasonable
Collaborative Budgetary Control	Substantial
Collaborative Project Review - Office 365	Reasonable
Collaborative Vetting of Contractors	Substantial
Creditors	Substantial
General Ledger	Substantial
Payroll	Substantial
Pensions	Substantial
Treasury Management	Substantial
Expenses & Additional Payments	Reasonable
Anti-Fraud Procurement	Substantial
HR/Workforce Management - Organisational Development	Substantial
ICT - Data Assurance	Substantial
Procurement - Strategic Lead	Substantial
Command Unit - Eastern Area	Reasonable
Property Subject to Charge	Limited
Fleet - Fuel	Reasonable
Fleet - Repairs	Reasonable
OHU Review	Advisory
Collaborative Governance - Yr 1 Strategic Resource Planning	
ICT - Infrastructure Review	

Internal Audits delivered FY2020-21

The annual report concluded:

HEAD OF INTERNAL AUDIT'S ANNUAL OPINION

I am satisfied that sufficient internal audit work has been undertaken to allow me to draw a positive conclusion as to the adequacy and effectiveness of The Police and Crime Commissioner's and the Chief Constable's risk management, control and governance processes. In my opinion, The Police and Crime Commissioner and the Chief Constable have adequate and effective management, control and governance processes in place to manage the achievement of their objectives.

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 the ongoing financial viability or your ability to meet financial obligations which must be obtained by The Office of the Police and Crime Commissioner North Wales and the Chief Constable North Wales Police from its various sources of assurance. (to be confirmed in Internal Audit Annual Report verbal assurance given at time of signing accounts)

4.7 The Wales Audit Office annual audit letter for 2020-2021 gave an unqualified opinion on the accounts for the Police and Crime Commissioner and the Chief Constable and recorded that they had not identified any significant weaknesses in the overall framework. It also concluded that the Police and Crime Commissioner and Chief Constable had appropriate arrangements in place to secure economy, efficiency and effectiveness in the use of their resources.

5. Governance Action Plan and Progress

5.1. In assessing the governance arrangements that are in place, the Governance Board will also develop and monitor any action plans to address any governance issues identified or where improvement to current arrangements is required.

5.2. The action plan for 2021-2022 contained areas for improvement. These are detailed below with their progress and current status.

Recommendation	Action	Current Status -complete Y/N?
Assurance Framework	A pilot of an enhanced assurance framework will commence within the Finance & Resources Directorate. Subject to the outcome of the pilot a revised assurance framework will be rolled out across North Wales Police. Our Risk Appetite will be agreed and documented.	Yes – The pilot was completed and based on a post implementation review and best practice input from the Institute of Auditors a full scale roll out across the Force was not undertaken, rather a more focused and manageable risk based approach was taken and agreed by the Force. Yes – Risk Appetite has been agreed & documented.
Risk Assurance Framework Development	Following the Finance & Resources pilot in 2019-20 the timeline for rolling out the Risk assurance framework across the Force will be established against a context of Covid-19. The Risk Assurance Framework will be subsequently rolled out across the Force.	Yes – Assurance Mapping has now been embedded into our risk management processes with a clear process in place which outlines when and how an Assurance Map will be created.
<p>COVID-19</p> <p>The coronavirus pandemic presents a number of challenges to the Police and Crime Commissioner and Chief Constable. There is a need to maintain governance throughout this period of uncertainty, in a way which does not impede the Force’s response to the situation and does not put officers, staff or the public at unnecessary risk.</p> <p>The Police and Crime Commissioner has published a Covid-19 Response Plan</p>	<p>Ensure that the ongoing impact of Covid-19 on Governance arrangements is reviewed and assessed.</p> <p>Ensure that the Strategic Recovery Board is embedded as a means of providing robust oversight of the organisation’s Recovery and Planning process.</p> <p>Embed the Strategic Recovery & Planning Board.</p>	<p>Yes – While the Strategic Recovery and Planning Board has been decommissioned, the recovery from COVID 19 has very much become business as usual with Agility being managed by the Strategic Change and Collaboration Board and Strategic Planning being managed by the Strategies Planning and Organisational Learning Board.</p>

<p>Governance: Efficiency & Effectiveness</p> <p>The Joint Governance Board has identified the need to formally review the Efficiency and Effectiveness of the new governance structure.</p>	<p>Undertake a review of the Efficiency and Effectiveness of the new governance structure, reporting findings to the Joint Governance Board</p>	<p>Yes – An efficiency and effectiveness review of our governance arrangements was conducted in July 2021 and reported to the Joint Governance Board in August 2021. The outcome of the review was positive with 8 recommendations being made, all of which have been progressed and completed during 2021/22 bar one which is dependent on the rollout of O365.</p>

6. Conclusion

- 6.1. No statement of internal control can provide absolute assurance against material loss; this statement is intended to provide reasonable assurance.
- 6.2. However, on the basis of the review of the sources of assurance set out in this statement, we are satisfied that the North Wales Police and Crime Commissioner had in place satisfactory governance arrangements, including appropriate systems of internal control and risk management which facilitate the effective exercise of his functions.

Signed:

Andy Dunbobbin
Police and Crime Commissioner

Stephen Hughes
Chief Executive Officer to the Police and Crime Commissioner

Kate Jackson
Chief Finance Officer to the Police and Crime Commissioner

ANNUAL GOVERNANCE STATEMENT - PLAN

The review of governance has recognised that our governance arrangements are satisfactory and meet our needs. The delivery of our vision will challenge our governance arrangements and attention to a number of issues will assist in strengthening those arrangements. The following areas are to be addressed in 2021-2022:

Issue	Actions
Consider breach of standing orders	Consider appropriate response to embed organisational learning.

2022 Combined Audit Plan – North Wales Police and Crime Commissioner and Chief Constable, North Wales Police

Audit year: 2021-22

Date issued: March 2022

Document reference: 2868A2022

This document has been prepared as part of work performed in accordance with statutory functions.

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We welcome correspondence and telephone calls in Welsh and English. Corresponding in Welsh will not lead to delay. Rydym yn croesawu gohebiaeth a galwadau ffôn yn Gymraeg a Saesneg. Ni fydd gohebu yn Gymraeg yn arwain at oedi.

Mae'r ddogfen hon hefyd ar gael yn Gymraeg. This document is also available in Welsh.

2022 Audit Plan	
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About this document

- 1 This document sets out the work I plan to undertake during 2022 to discharge my statutory responsibilities as your external auditor and to fulfil my obligations under the Code of Audit Practice.
- 2 This is a combined plan for my audit of both the Police and Crime Commissioner (the Commissioner) and the Chief Constable.

My duties

- 3 I complete work each year to meet the following duties.

Audit of financial statements

- 4 Each year I audit both the Commissioner's and the Chief Constable's financial statements to make sure that public money is being properly accounted for.

Value for money

- 5 The Commissioner and the Chief Constable have to put in place arrangements to get value for money for the resources they use. I have to be satisfied that they have done this.

Impact of COVID-19

- 6 The COVID-19 pandemic has had an unprecedented impact on the United Kingdom and the work of public sector organisations.
- 7 While Wales is currently at Coronavirus Alert Level 0, Audit Wales will continue to monitor the position and will discuss the implications of any changes in the position with your officers.

Audit of financial statements

- 8 It is my responsibility to issue a certificate and report on the financial statements. For both the Commissioner and the Chief Constable this includes:
 - an opinion on the on the 'truth and fairness' of the financial statements including the Police Pension Fund account for the financial year ended 31 March 2022; and
 - an assessment as to whether the Narrative Report and Annual Governance Statement is prepared in line with the CIPFA Code and relevant guidance and is consistent with the financial statements and with my knowledge of the Commissioner and Chief Constable.

- 9 In addition to my responsibilities for auditing the financial statements, I also have responsibility for:
- certifying a return to the Welsh Government which provides information to support preparation of Whole of Government Accounts; and
 - responding to questions and objections about the accounts from local electors (additional fees will be charged for this work, if necessary).
- 10 I do not seek to obtain absolute assurance on the truth and fairness of the financial statements and related notes but adopt a concept of materiality. My aim is to identify material misstatements, that is, those that might result in a reader of the accounts being misled. The levels at which I judge such misstatements to be material will be reported to the Joint Audit Committee prior to completion of the audit.
- 11 Any misstatements below a trivial level (set at 5% of materiality) I judge as not requiring consideration by those charged with governance and therefore will not report them.
- 12 There have been no limitations imposed on me in planning the scope of this audit.
- 13 I will also report by exception on a number of matters which are set out in more detail in our [Statement of Responsibilities](#), along with further information about my work.

Audit of financial statements risks

- 14 The following table sets out the significant risks I have identified for the audit of the financial statements of the Commissioner and the Chief Constable.

Exhibit 1: financial statement audit risks

This table summarises the key financial statement audit risks identified at the planning stage of the audit.

Audit risk	Proposed audit response
Significant risks	
<p>The risk of management override of controls is present in all entities. Due to the unpredictable way in which such override could occur, it is viewed as a significant risk [ISA 240.31-33].</p>	<p>We will:</p> <ul style="list-style-type: none"> • test the appropriateness of journal entries and other adjustments made in preparing the financial statements;

	<ul style="list-style-type: none"> • review accounting estimates for biases; and • evaluate the rationale for any significant transactions outside the normal course of business.
<p>Impact of COVID-19</p> <p>Although COVID-19 restrictions have now been removed, there have been ongoing pressures on staff resources and of remote working that may impact on the preparation, audit and publication of accounts. There is a risk that the quality of the accounts and supporting working papers eg around estimates and valuations may be compromised, leading to an increased incidence of errors. Quality monitoring arrangements may be compromised due to timing issues and/or resource availability.</p>	<p>We will discuss your closedown process and quality monitoring arrangements with the accounts preparation team and make arrangements to monitor the accounts preparation process. We will help to identify areas where there may be gaps in arrangements.</p>
<p>Asset valuations</p> <p>Accounting for Property, Plant and Equipment and Intangible Assets continued to be one of the most challenging areas of the accounts and gives rise to most of our audit findings. In light of the COVID restrictions that were in place throughout 2021-22 and uncertainties over market values for assets since the start of the pandemic, there is a risk that the carrying value of assets reported in the accounts may be materially different to the current value of assets as at 31 March 2022. In particular, this may be the case where assets have been valued on a rolling basis and not as at the financial year-end.</p>	<p>We will review the asset valuation programme to establish when individual groups of assets were valued and seek to confirm that valuations carried out earlier than as at 31 March 2022 are not materially different to the current value of assets as at the year-end.</p>

Use of resources

- 15 It is my responsibility to satisfy myself that the audited body has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

- 16 In doing so, I place reliance on:
- the results of the audit work undertaken on the financial statements;
 - the results of the work of other external review bodies, eg HMIC and the National Audit Office, where relevant to my responsibilities;
 - the Commissioner and the Chief Constable's systems of internal control;
 - as reported in the Annual Governance Statements and my report thereon; and
 - the results of other work carried out by the Auditor General and data-matching exercises.
- 17 My audit team will also identify audit areas where we need to obtain additional assurance to supplement the sources listed above. This work will focus on specific elements of the corporate governance and financial management processes in place for the Commissioner and Chief Constable and will include a focus on the financial pressures faced, the monitoring arrangements in place and the financial resilience of the Offices of the Commissioner and Chief Constable.

Statutory audit functions

- 18 In addition to the audit of the accounts, I have statutory responsibilities to receive questions and objections to the accounts from local electors. These responsibilities are set out in the Public Audit (Wales) Act 2004:
- Section 30 Inspection of documents and questions at audit; and
 - Section 31 Right to make objections at audit.
- 19 If I do receive questions or objections, I will discuss potential audit fees at the time.

Fee, audit team and timetable

- 20 My fees and planned timescales for completion of the audit are based on the following assumptions:
- the financial statements are provided in accordance with a timescale to be agreed taking into account the impact of COVID-19, to the quality expected and have been subject to a robust quality assurance review;
 - information provided to support the financial statements is in accordance with the agreed audit deliverables document;
 - appropriate accommodation and facilities are provided to enable my audit team to deliver the audit in an efficient manner;
 - all appropriate officials will be available during the audit;
 - you have all the necessary controls and checks in place to enable the Responsible Financial Officer to provide all the assurances that I require in the Letter of Representation addressed to me; and

- Internal Audit's planned programme of work is complete and management has responded to issues that may have affected the financial statements.

Fee

- 21 As set out in our Fee Scheme 2022-23, our fee rates for 2022-23 have increased by 3.75% as a result of the need to continually invest in audit quality and in response to increasing cost pressures.
- 22 The estimated fee for 2022 is set out in **Exhibit 2**. This represents a 3.8% increase compared to your actual 2021 fee.

Exhibit 2: audit fee

This table sets out the proposed audit fee for 2022, by area of audit work, alongside the actual audit fee for last year.

Audit area	Proposed fee (£) ¹	Actual fee last year (£)
Audit of accounts	82,055	78,999
Use of resources	4,878	4,700
Total fee	86,933	83,699

- 23 Planning will be ongoing and changes to my programme of audit work, and therefore my fee, may be required if any key new risks emerge. I shall make no changes without first discussing them with you.
- 24 Further information on my [fee scales and fee setting](#) can be found on our website.

Audit team

- 25 The main members of my team, together with their contact details, are summarised in **Exhibit 3**.

¹ Notes: The fees shown in this document are exclusive of VAT, which is not charged to you. The fees are payable from November 2021 to October 2022.

Exhibit 3: my audit team

This table lists the members of the local audit team and their contact details.

Name	Role	Contact number	E-mail address
Matthew Edwards	Engagement Director	02920 320663	Matthew.Edwards@audit.wales
Michelle Phoenix	Audit Manager	02920 320660	Michelle.Phoenix@audit.wales
Simon Monkhouse	Audit Lead	02920 829394	Simon.Monkhouse@audit.wales

Timetable

26 The key milestones for the work set out in this plan are shown in **Exhibit 4**.

Exhibit 4: Audit timetable

Planned output	Work undertaken	Report finalised
2022 Audit Plan	March 2022	March 2022
Audit of Financial statements work: <ul style="list-style-type: none">• Audit of Financial Statements Report• Opinion on Financial Statements	June – July 2022	July – October 2022
Annual Audit Summary	November 2022	November 2022

27 We can confirm that team members are all independent of you and your officers.

Staff secondment

28 In order to safeguard against any potential threats to auditor independence and objectivity, the following restrictions apply in line with the FRC's Revised Ethical Standard 2019 as an Audit Wales employee is currently on secondment with the Commissioner and the Chief Constable:

- the secondee will not undertake any line management or management responsibilities; and
- the secondment will be for a maximum of six months.

Joint Audit Committee

Meeting Date: 28 March 2022

Title:	Risk 13 - Inadequate Resource to deliver Service Plans Depp Dive
Author:	Head of Finance
Purpose of the report:	To provide assurance that appropriate Risk Management is in place.
The report is provided to JAC for: (tick one)	<input type="checkbox"/> Decision <input type="checkbox"/> Discussion <input checked="" type="checkbox"/> Assurance <input type="checkbox"/> Information
Summary / Key Points:	<ul style="list-style-type: none"> • The risk wording has been updated to better describe the risk. • The risk is directly linked to Force Vision, Delivery Plan, and the PCC'S Policing Priorities as well as other regulatory requirements. • The Medium Term Financial Plan and Precept report are directly related to the management of the risk. • The risk is caused by the variability and sensitivity regarding the force's funding matching up to its resource requirements. The key variabilities are reflected in the force's planning assumptions. • Impact and probability of the key elements driving the risk are scrutinised on a regular basis. • There is specific governance in place as well as reporting through the Executive Boards.
Recommendations:	That the Audit Committee takes assurance that the risk is being effectively managed.
Risk register impact:	The report relates to a specific risk on the register.
Assurance implications:	The MTFP sets out in detail how the risk is managed.
Equality Impact:	No impact.
Information exempt from disclosure:	No exempt information.

Joint Audit Committee 28/03/22

Detailed Review of Risk 13 - Inadequate financial resources to deliver service plans

1. Risk Description:

There is a risk that financial resources are inadequate for meeting the Force's service delivery needs. This is **caused by** variability and sensitivity in the key elements driving the force's funding and the extent this continues to match up to its resource requirements **which may result in** service plans not being delivered.

Multiple variables affect the risk above with key elements being Government Grants, Precept, Pay and other inflation, ability to deliver further savings, changes in the funding formula and changes in demand.

2. How does this risk relate to the Force Vision; Delivery Plan; the PCC'S Policing Priorities; or other regulatory requirements?

This risk relates directly to the Force Vision, the Force Delivery Plan and the PCC's Policing Priorities as well as other regulatory requirements.

The Medium Term Financial Plan (MTFP) sets out the process by which the Force plans to mitigate the risk over the medium term. This is reviewed and revised each year.

The MTFP links the PCC's Police and Crime Plan 2021 and the associated policing priorities with the Financial Strategy and the resources available to deliver it.

The MTFP and the associated planning process behind it assesses whether there are adequate resources to deliver the plan, allocating resources in line with the PCC's and Chief Constables priorities.

3. What was done to understand/assess the Impact and Probability of this risk when it was first raised?

a) Impact

The annual planning cycle reviews the impact of potential inadequate funding in depth.

The process links into the Force Management Statement (FMS) that involves completing an in depth self assessment each year which is submitted to HMICFRS. The FMS is the Chief Constable's explanation of:

- the demand the force expects to face in the foreseeable future;
- the performance, condition, composition, capacity, capability, serviceability and security of supply of the force's workforce and the extent to which current force assets will be able to meet expected future demand;

- how the force will change and improve its workforce, policies, practices and other assets to cope with future demand;
- the effect the force expects those changes to have and the effect of any residual risk of service failure; and
- the money the force expects to have to do all this.

The annual planning process considers potential savings at different risk levels, for each Service area. The impact will depend on the circumstance which have ranged from what activity needs to stop to how to address new demand.

With regard to funding, the main variables are assessed on a regular basis as part of the planning cycle. The current levels of sensitivity for the main variables are as follows:

1% Change in...	Impact £m
Pay	1.49
Employer Pensions Contributions	1.09
Council Tax	0.94
Grant	0.88
General inflation	0.54

b) Probability

The main assumptions driving Force funding are reviewed regularly as part of the planning process and this includes considering the likelihood of a particular event albeit specific probabilities or confidence levels are not formally allocated to the key funding variables.

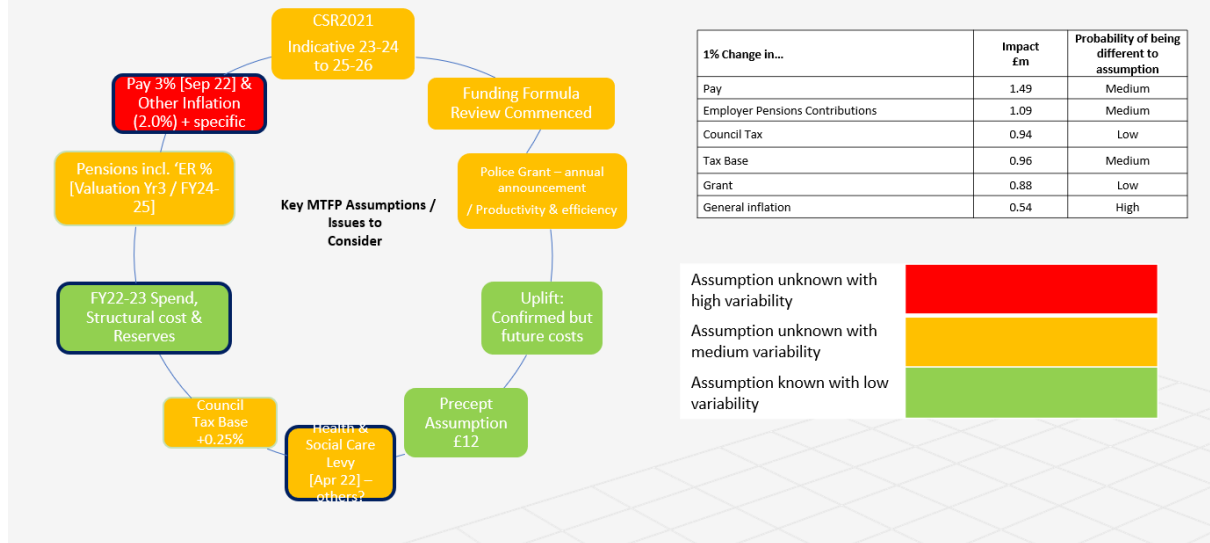
Government Grants are only announced in December preceding the financial year that starts the following April. The Precept is set in January but can't be agreed without knowing the Grants. Pay awards are agreed during the financial year they relate to (awarded from September).

Given the above assumptions must be made on the basis of likeliness and these are informed by regional and national discussions and any other announcements (e.g. the Chancellor's Autumn Statement).

It should be noted that the last Government Grant announcement for FY2022-23 included Home Office level figures for 2023-24 and 2024-25 but in reality, these later years are indicative only and can be changed depending on circumstances later and still only partially span the MTFP period.

The likelihood of changes to the assumptions and the impact is discussed throughout the process, with a current assessment of their latest impact and probability provided below:

Financial Context – Key planning assumptions



4. What governance has been in place around this risk?

Governance around the risk includes:

- Reflecting it on the Force risk register and monitoring it via the Force Risk Management Process.
- The Annual FMS self assessment and the associated board governance.
- The Annual Strategic Planning process and the associated board governance.
- The Annual MTFP process and the associated board governance.
- Submission and scrutiny of the MTFP and Precept report through the Police & Crime Panel.
- Regular financial reports with updates on progress – and once agreed actual financial performance against plan - being formally reported to SEB and SMB as part of the Finance updates and as specific reports as required.
- Specific obligations of the S151 officers of the Force and PCC who oversee the above processes and engage on them throughout.
- Audits undertaken over the course of the year including the FM Code self assessment (which includes an element of financial sustainability) and Independent Audit Wales Annual audit.

The timeline of the Strategic planning process is outlined in the table below:

<u>May 2021</u>	<u>June- July- Aug</u>	<u>Sept – Oct 2021</u>	<u>November 2021</u>	<u>December 2021 to February 2022</u>
Chief Officer Workshop	Business Cases and Plans drafted	Submission early September	Final Org Planning meeting	Proposals presented to PCC 7.12.2021
Key Stakeholder Workshop	Strategic Planning	Strategic Planning & Finance Review	Autumn Statement	

Business Cases Commissioned	prioritises central team support	Organisational Planning Meetings review	Chief Officers and Service Leads Budget meeting to finalise proposals	Grant Announcement 16.12.21
Business Plans Commissioned	Central team begins support meetings with authors	Proposals set out		Finalise Proposals with PCC 21.12.21
				Final Plans Drafted
				Panel meeting 31.1.2022

5. What has been done to manage or reduce the impact and/or probability of this risk?

Key aspects to manage or reduce the impact and probability of the risk are:

- The annual planning process outlined above.
- Senior leaders in the Force feeding into regional and national discussion around funding. National and Regional submissions will be made to the Home Office as part of spending reviews, which the Force will input into.
- Informal discussion with the Home Office officials will be had at the All Wales Finance Group for example.
- Ensuring that the force has a stable financial platform in terms of its Balance Sheet strength are a further aspect of how the impact of the risks can be managed in the shorter term.
- The impact of the risk is mitigated by having different levels of saving options available, efficiency savings that can otherwise be re invested and cuts to budgets that would need to be made is funding is worse than expected.

6. What is the current assessment of the risk and how has this been agreed?

The current risk level is medium which has been recently re-assessed based on a balanced budget being set for the next 3 years.

However, the uncertainties around the assumptions to reach this position prevent it from being reduced further. This is reflected in the target level of medium as those uncertainties are likely to be always present to different degrees.

7. Ongoing / planned actions

The process set out in Q4 is a continuous one.

Details and focus for next year are already being discussed.

The process is likely to be similar next year with the focus moving to a more detailed 3 year planning in terms of efficiency and meeting demand given the context of a longer term funding settlement.

8. Areas of note/concern or any information not already covered which would help the Committee come to a view on how assured it is that the risk is being managed appropriately.

The key aspects constituting the risk are set out further in the MTFP Section 7.

9. Detailed discussion or risks will normally take part in open (public) session – if you feel that discussion of this risk should take place in closed session please state that below and provide a clear rationale for your view.

The MTFP and Precept report are discussed in a public meeting and are available on the PCC and the PCP's websites and are copied below.

Appendix 1



MTFP NWP 2022-23
to 2026-27.pdf

Appendix 2



Precept Report
2022-23.pdf

**Police and Crime Commissioner and Chief Constable for
North Wales Police Force**

Medium Term Financial Plan

2022-23 to 2026-27

January 2022

1. Introduction

- 1.1 The Medium Term Financial Plan (MTFP) links the Police and Crime Commissioner's (PCC) [Police and Crime Plan 2021 \(northwales-pcc.gov.uk\)](https://www.northwales-pcc.gov.uk), which was revised following the election of the new PCC; and the Policing Priorities agreed by the Police and Crime Commissioner and the Chief Constable with the Financial Strategy (Appendix A) and the resources available.
- 1.2 A detailed planning process has been conducted over the past year. The Government conducted a 3 year spending review during this summer. The spending review reiterated the Government's commitment to Operation Uplift to increase Police Officers nationally by 20,000 by March 2023. Uncertainty around base funding and Uplift funding was high during the year, especially with the added uncertainty that the Covid pandemic brought. The planning process considered growth in Officer numbers, saving opportunities and allocation of resources to match priorities. It considered various scenarios for funding and inflation.
- 1.3 The Commissioner has considered all options within the resources available. Extensive work was carried out by the Organisational Planning Process to identify savings and move resources within the organisation. The planning process also enabled the informed allocation of Operation Uplift officers based on priorities, and the identification of other requirements to meet the ever-changing demand and support for the additional officers, as well as set up, training and recruitment costs of those officers.
- 1.4 A council tax increase of 5.91% would be needed to cover inflation and all other stand-still increases. Additional resources have become available as a result of the announcement of additional uplift officers; A further 78 officers have been allocated to NWP with an additional 4 being sourced via NWP towards the Regional Organised Crime Unit (ROCU). These are fully funded for 2022-23, however a longer-term view must be taken, because the cost of the additional Officers will increase as they progress through their annual increments over 6 years.
- 1.5 Taking all these factors into consideration a council tax increase of £11.25 (3.68%) is proposed. The Home Office's assumed increase for 2022-23 is £10, the additional £1.25 increase funds 10 additional PCSOs, as part of implementing the PCC's Police and Crime Plan. This is a prudent council tax/precept increase, given that future pressures in terms of pay awards and increments need to be funded as well as pressure on non-staff costs due to current inflation rates. Based on the assumptions set out in the MTFP a balanced budget has been set for 2022-23 to 2024-25 with an estimated gap rising to £2.879p.a. over the following two years. The planning process will continue to identify efficiencies. The current expectation is that many of these are longer term, as current investments drive future efficiencies.

1.6 Aim

The aim of this paper is to provide details of how the budget has been balanced to date, and the plans to maintain a balanced budget in the medium and longer term, whilst maintaining and enhancing performance and ensuring local and national priorities are achieved.

1.7 **Background** - The Government's Austerity Programme, which began in 2011, has resulted in substantial cuts across the public sector. Government funding has been reduced by -21.4% in real terms (taking inflation into account) by 2022-23.

1.8 The overall effect of the reduced funding available and inflationary and other pressures has resulted in £38.291m of savings being made to budgets over an 11 year period. This is equivalent to a 25.8% reduction in the 2010-11 pre austerity budgets of £148.035m. North Wales Police has a good record of delivering planned savings, with a strategy of fully scrutinising planned savings prior to the year of delivery. The annual cuts are as shown in the table below:

	2011-16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	Total
	£m	£m	£m	£m	£m	£m	£m	£m
Planned Cashable Savings	24.101	2.838	2.686	1.479	1.927	2.358	2.902	38.291
Savings Achieved	24.101	2.838	2.686	1.479	1.927	2.358	2.902	38.291
% of savings achieved	100%	100%	100%	100%	100%	100%	100%	100%

1.9 Prior to the 2020-21 settlement being announced the Government had in place a policy to increase Police Officer numbers by 20,000 (Operation Uplift) over a period of 3 years. The 2020-21 and 2021-22 announcements allocated 12,000 of these additional officers among, Forces with North Wales Police being apportioned 124. The funding announcement for 2022-23 distributed the remaining 8,000 additional officers with North Wales Police receiving a further 82 making a total of 206 (including 8 allocated to Regional Serious and Organised Crime Unit). In addition to these a further 30 officers were funded from precept in 2020-21, giving an overall increase of 236 over 3 years.

1.10 Increases in funding since 2020/21 have been focussed on Operation Uplift. Additional grant has been received in order to increase officer numbers; however the base grant has remained materially at the same level in cash terms (a real-terms reduction) leading to budgetary pressure in other areas, including the additional costs of supporting an increased number of officers. The final allocation of numbers and funding has informed the plan going forward in terms of how much budget needs to be allocated to fund the pay costs of officers going forward, and how much can be allocated to support costs.

1.11 Since early 2020 the UK has been in the grip of the global COVID pandemic. This context made the basis for financial planning for 2022-23 onwards very uncertain. Prior to the COVID pandemic, a 3-year spending review had been expected, and an early announcement of future Operation Uplift numbers. However, last year's settlement was for one year only, and the Operation Uplift announcements were made at the same time, and only for the same shorter timeframe. The announcement for 2022-23 included indicative figures for three years as well as the final Uplift numbers and funding. These were received late in December 2021, and while they might change, they do help in future planning. There remain a number of uncertainties in terms of future assumptions, especially around pay awards and inflation. Prudent assumptions have been made based on the information available in December 2021.

2. Planning Process

- 2.1 The overall purpose of the planning process is to prioritise resources and align spending plans with the Police and Crime Commissioner's priorities and the Chief Constable's vision.
- 2.2 The Police and Crime Commissioner (PCC) was elected in May 2021. The PCC revised the Police and Crime Plan and set the priorities as summarised below. The full plan is available on the PCC's website [Police and Crime Plan 2021 \(northwales-pcc.gov.uk\)](https://www.northwales-pcc.gov.uk).

SHAPING THE PLAN

MY PLAN

My plan sets out my vision for North Wales and how I expect the vision to be achieved. It is informed by public consultation and

MY VISION

North Wales communities are safe, victims and vulnerable people feel supported, crime and reoffending are low, and people have confidence in policing and the criminal justice system

MY PRIORITIES

DELIVERING SAFER NEIGHBOURHOODS

- Tackle and prevent rural and wildlife crime
- Improve the efficiency and effectiveness of police officers and police staff
- Improve Road safety

SUPPORTING VICTIMS AND COMMUNITIES

- Tackle and prevent domestic abuse and sexual violence
- Safeguard vulnerable people including children
- Tackle and prevent cybercrime
- Establish a victims panel
- Tackle and prevent Hate Crime

FAIR AND EFFECTIVE CRIMINAL JUSTICE SYSTEM

- Introduce a North Wales Female Offender Strategy
- Increase the use of Restorative Justice
- Support and protect children and young people and divert them away from the Criminal Justice System
- Address the root causes of offending and support the rehabilitation of people who have offended

3

The Chief Constable's vision is

Making north Wales the safest place in the UK; by Preventing Crime, Protecting Communities and Pursuing offenders as set out in the Plan on a Page below.

POLICING DELIVERY - what we do

We ensure that:

- Public have confidence in North Wales Police
- We deliver an excellent quality of service to victims
- We use police powers proportionately



OUR FOCUS - how we deliver

PEOPLE

- With a focus on Diversity, Equality and Inclusion, we will
- Attract a talented workforce, representative of our communities
 - Provide an outstanding wellbeing offer
 - Support people to reach their full potential
 - Celebrate achievements and value individual and team contributions
 - Expect our people to deliver an exceptional service and display the highest standards of behaviour

INNOVATION

- By creating a digital and agile working environment, we will
- Maximise the opportunities for our people to work effectively
 - Improve our accessibility for our communities
 - Develop a visual data tool which provides our people with relevant information to support their decision making
 - Use data to help us adapt to the changing demands our organisation faces
 - Ensure the digital programme supports future digital innovation and opportunities

PREVENTION

- Adopting a preventative mind set across the whole organisation, we will
- Engage with and listen to our communities to understand their concerns
 - Problem solve issues with our partners
 - Continue to develop our early intervention approach with our partners
 - Work with partners to prevent re offending

We will develop strong financial and resourcing plans to ensure we are efficient and effective and provide value for money

- 2.3 The planning process for 2022-23 was reviewed by the Strategic Planning Unit, Finance, Senior leaders and the Chief Officers. A number of risks were assessed, including the unavailability of key individuals due to COVID; the effect of COVID itself; the recovery plan for the organisation post COVID; and the requirement to review demands and set the budget. The process for 2021-22 was based on Business Plans for all Service and Functional leads (as the current budget holders) with additional Business Cases being required, targeted towards demand, and agreed as supplementary areas to consider at the start of the process. This approach worked well for the 2021-22 budget, and similar process was followed. The Corporate approach with early peer scrutiny resulted in a fully supported plan that will be implemented over the next 12 to 18 months.
- 2.4 There were also practical issues to deal with in term of conducting meetings which would need to be carried out online due to Covid-19. The process commenced as early as possible, as set out in the summary below. By setting out the parameters early in the process and having regular Organisational Planning Meetings throughout the process (weekly or fortnightly as required) it was possible to follow the schedule set out below.



<u>May 2021</u>	<u>June- July- Aug</u>	<u>Sept – Oct 2021</u>	<u>November 2021</u>	<u>December 2021 to February 2021</u>
Chief Officer Workshop	Business Cases and Plans drafted	Submission early September	Final Org Planning meeting	Proposals presented to PCC 7.12.2021
Key Stakeholder Workshop	Strategic Planning prioritises central team support	Strategic Planning & Finance Review	Autumn Statement	Grant Announcement 16.12.21
Business Cases Commissioned	Central team begins support meetings with authors	Organisational Planning Meetings review	Chief Officers and Service Leads Budget meeting to finalise proposals	Finalise Proposals with PCC 21.12.21
Business Plans Commissioned		Proposals set out		Final Plans Drafted
				Panel meeting 31.1.2022

2.5 Two levels of savings were set for the planning process, £1.7m which might be used for re-investment and a further £1.7m contingency due to the level of uncertainty over funding. Also taken into consideration was that a balanced budget had been planned for 2022-23 as part of the previous MTFP, and the level of savings identified for 2021-22 (£2.9m).

£1.7m – Improve Total £1.7m	£1.7m Preparedness Total £2.4m
<u>We should</u>	<u>We may need to?</u>
<ul style="list-style-type: none"> • Funding for Growth & Innovation • Options developed by reviews and through Business Plans • Frees up investment to drive future year savings 	<ul style="list-style-type: none"> • Contingency for unknown events on either funding or cost

2.6 As part of the above, the normal process to develop future budget requirements was undertaken, details of which are set out within this Medium Term Financial Plan (MTFP). In developing the submissions by managers and this MTFP, the following were considered:

- Local and National priorities as set out in the Police and Crime Plan and the Force's Vision
- New and developing pressures
- The strategic planning process
- Force Management Statement
- Other Force strategies
- Current economic climate
- Estimates of resources available to fund the Medium Term Financial Plan
- Budget forecasts for the period, including pay awards
- The current financial position
- The Capital Strategy and Capital Programme, Prudential Code and their effect on the Revenue Budget
- Reserves and Balances
- Income generation, trading activities and grants
- Collaboration
- COVID Recovery Plan

2.7 The Force Management Statement (FMS) has been published over the last two years. The FMS analyses future demand against the capacity and capability of our teams. It uses data analysis and interviews with subject matter experts. Previous FMSs informed the planning process, and the planning process will, in turn, inform the next FMS

2.8 The process to formulate the FMS involved the forecasting of future demand, horizon scanning, and input from operational experts. This process identified:

- 79% of departments reported a rise in demand of 10%
- 65% of departments identified elements of demand that could not be met within current resources.
- The majority of the gaps were people-based (capacity).
- The capability position (equipment, skills) is positive

This identified areas needing investment:

- Visible front-line resources
- Management of serious offenders, safeguarding the vulnerable and reducing re-offending
- Fraud and cyber related financial investigations
- Improving Criminal Justice process
- Digital public contact
- Internal standards
- Performance and Efficiency insights

2.9 The Business plans for each area were presented in a template with the following headings, each section having a set of structured questions:

- Performance against objectives
- Finance against budgets
- Demand and projected demand
- Capacity and Capability
- Wellbeing
- Service Area Response
- Residual Demand
- Interdependencies
- Savings

2.10 The process - especially the interdependencies - was managed through the Organisational Planning Group chaired by the Chief Superintendent Corporate Services and attended by Service and Functional Leads. This enables a corporate strategy to be developed and presented to the Chief Officers rather than a competitive process.

2.11 Other areas that were specifically considered are:

- Facilities and IT linking to agile working
- Fleet Review
- Digital Programme
- Officer/Staff mix
- Corporate Budgets review

2.12 Two meetings were held with the Chief Officer team to finalise the outcome from the planning process. This allowed known available resources to be applied to priorities, and informed the allocation of the additional Uplift Officers from the third phase of Operation Uplift. The outcome was then discussed at the annual Budget Setting meeting with Service Leads and others, bringing together the recommendation from the Organisational Planning Group, including Savings Plans and all other elements, to build this MTFP. This then formed the proposal put forward to the PCC and his team.

2.13 A meeting was held between the Commissioner, the Chief Constable and their representatives on 7 December to discuss the budget proposals, with a final meeting held on 21 December after the Government funding announcement had been made.

2.14 The following sections detail all developments since the previous MTFP, giving the updated position for Revenue, Capital and Reserves.

3 2021-22 Budget

3.1 The budget announcement for 2021-22 on 17 December 2020 included £4.262m additional funding but it was clearly set out that this funding was intended for in year

and future Operation Uplift costs. This didn't provide any funding towards inflationary increases or growth beyond uplift. The changes are summarised below.

Settlement 2021-22	MTFP excluding Uplift £m	Settlement £m	Variance £m
Base Grant	78.714	83.677	4.963
Pension Grant	1.582	1.582	0
Ring Fenced (subject to uplift targets)	1.731	1.03	-0.701
Capital Grant	0.123	0.123	0
Total	82.150	86.412	4.262

- 3.2 Savings of £2.902m had been identified as part of the planning process. The PCC agreed an increase of 5.14% in the Council Tax which resulted in a budget increase of 5.90% including Operation Uplift costs. The Council Tax increase allowed £2.642m to be re-invested in the service. The allocation of 62 additional Officers from Operation Uplift were allocated to specific posts as part of the planning process. The reinvestment was a combination of staff and non-staff costs, under the strategic headings of Prevention and Proactivity (£0.621m), Digital and Demand Management (£1.825m) and Wellbeing (£0.196m).
- 3.3 The recruitment of Operational Uplift police officers happens in two stages, which overlap. The initial stage is additional recruitment of Police Officers in order to increase the total numbers; this was already under way prior to the start of 2021-22 financial year. 40 additional recruits were appointed in April/May 2021, which meant that the Uplift target was been passed early in the financial year. Further recruitment throughout the year maintained the numbers above the Uplift Target. By March 2022 it is expected that 137 additional Police Officers will have been recruited with 80 leaving, a net increase of 57. This will mean that there will be 37 officers already recruited by the end of 2021-22, which can count towards the 2022-23 target.
- 3.4 The 62 posts were allocated to: Prevention and Proactivity 43, Digital and Demand management 14, and Wellbeing 5. As Probationer Officers are appointed to their first posting within Response Teams the more experienced Officers are released to the new posts created. It is expected that all the new posts will have been filled by the end of the financial year.
- 3.5 To support the Uplift Growth and meet demand challenges, staff and non-staff investments were made: £0.621m in Prevention, £1.825m in Digital and Demand Management, and £0.195m in Wellbeing. There were 68 staff post requiring action (permanent or temporary appointment, re-allocation) 82% of these have been completed with 13 currently in progress and will be in place by the end of March 2022. The staff recruitment market has been challenging during 2021. Several the larger non

staff growth areas have gone through a purchasing process and are coming to fruition now.

- 3.6 The COVID pandemic and the various levels of restrictions that have been in place have had a significant effect on how policing and support for the front line officers is delivered. Around 800 staff have been in the main working from home since April 2020, and Operational Officers have had new requirements, such as Personal Protective Equipment (PPE), which were not needed previously. This has had a significant effect on spending patterns. Once the Pandemic is over home working will continue as part of the implantation of Agile working. Where they are recurring, savings have been taken. Staff costs have been consistent with the budget and the prior year, with significant effort being put into ensuring that recruitment continues apace for officers and staff. Assessments of the changes in spending patterns were included in the planning process in order to make permanent reductions where a savings are ongoing, to identify expenditure which might be delayed, and use these reductions to fund increases elsewhere in the budget.
- 3.7 Initially it was unclear whether additional funding would be made available for COVID related costs and plans were put in place to fund these from reserves if necessary. Funding was confirmed for medical grade PPE (and, subsequently, all PPE) late in 2020-2021. A reserve of £0.6m was set up to fund additional COVID related costs at the end of 2020-21. As at 31 December 2021 half of the reserve had been committed, with additional requirement expected, due to the potential effect Omicron variant of the virus in January/February 2022 on staffing levels.
- 3.8 Her Majesty's Inspectorate of Constabularies and Fire and Rescue Services (HMICFRS) and Wales Audit Office (WAO) normally review annually: the Force's financial position; planning process; savings already made; and savings yet to be made. The Force is required to produce a Force Management Statement (FMS) with the third FMS being completed in May 2021. The FMS describes expected future demand, identifies potential gaps; this has been used as part of the planning process
- 3.9 HMICFRS's *Valuing the Police* reviews have been incorporated into their new review programme *PEEL Reviews* (Police Efficiency, Effectiveness and Legitimacy). The overall efficiency question set by the HMIC is 'How efficient is the force at keeping people safe and reducing crime?' with the definition of 'efficiency' being '*an efficient force maximises the outcomes from its available resources*'. The Force was assessed as being 'Good' in terms of Effectiveness, Efficiency and Legitimacy.
- 3.10 The inspections have been delayed due to the Pandemic, the next full inspection is due to be conducted March to May 2022. The last published observations by Wendy Williams, Her Majesty's Inspector of Constabulary is set out below;

I am very pleased with North Wales Police's performance in keeping people safe and reducing crime. In particular, I note the improvements the force has made since 2017 in its efficiency.

The force is good at preventing crime and anti-social behaviour. It is also good at investigating crime and tackling serious and organised crime. Keeping vulnerable people safe is a priority for the force and it works well with other agencies to identify and protect them.

North Wales Police understands the complexity and scale of the current demand for its services. It now needs to gain a better understanding of the skills its workforce currently has and those it is likely to need. This will enable it to develop strong, sustainable financial and workforce plans for the future.

The force continues to uphold an ethical culture and promote the standards of professional behaviour it expects. However, it should make sure that the necessary systems are in place to reassure the public that its use of powers, such as stop and search and the use of force, are conducted legitimately.

Overall, I commend North Wales Police for the progress it has made over the past year. This provides a strong foundation for continuing improvement in the year ahead.

The full assessment can be found at

<https://www.justiceinspectorates.gov.uk/hmicfrs/peel-assessments/peel-2018/north-wales/>

- 3.11 Audit Wales made the following comments on their value for money assessment in their annual audit letter published on November 2021;

'The financial statements prepared by the Commissioner and Chief Constable present a true and fair view of their financial position and transactions

'I am satisfied that the Commissioner and Chief Constable have appropriate arrangements in place to secure economy, efficiency and effectiveness in its use of resources.'

The annual audit letter can be found at: [Annual Audit Letter 2021 \(northwales-pcc.gov.uk\)](https://www.northwales-pcc.gov.uk/annual-audit-letter-2021)

- 3.12 Both assessments show that the budgets are being managed effectively and that the Force is performing well in maximizing the outcomes from available resources, which is also reflected in Internal Audit's opinions.

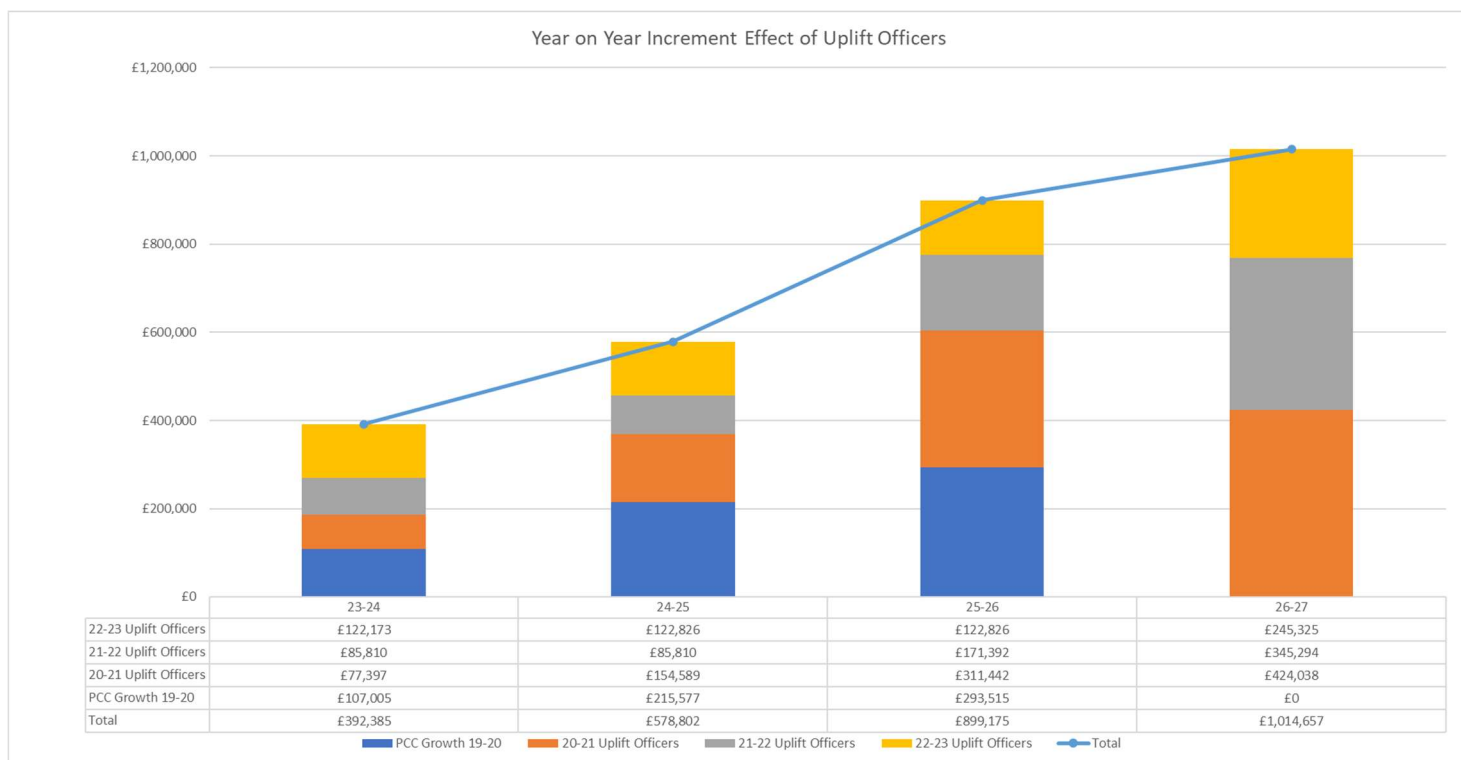
4 Funding Allocations and assumptions

- 4.1 No Provisional Government Funding Allocations for 2022-23 were given as part of the 2021-22 settlement. Announcements were made during 2021-22 to confirm the Government's commitment to Operation Uplift and increasing Police Officers numbers by 20,000 nationally. However, neither the numbers allocated to Forces nor the associated funding were known until the funding announcement in December 2021.

- 4.2 On 27 October 2021, Chancellor of the Exchequer, Rishi Sunak MP, announced the outcome of the 2021 comprehensive spending review (SR2021). Sometimes referred to as the 'Spending Round' or the 'SR', the SR2021 sets out public spending totals for the financial year 2022-23 to 2024-25. The announcement gave Government Departmental spending totals, but not Force allocations. In the Autumn Statement it was also announced that annual inflationary pay increase for Police Officer and Police Staff would re commence in 2022-23. The announcement committed again to the increase in Uplift Officers with associated additional funding (not given at Force level) as well as showing a modest increase in Home Office funding in 2023-24 and 2024-25. The available information from the announcement was fed into the final phases of the planning programme with an estimated 62 Uplift Officers and £4.125m funding being estimated for North Wales Police as a working assumption.
- 4.3 The 2021-22 Provisional Settlement was announced on 16 December in a written statement by the Policing Minister, Kit Malthouse. Prior to the publication of settlement, the sector was expecting a continuation of additional Uplift funding for the recruitment of 8,000 officers (towards the 20,000 total). In a follow-up meeting, Kit Malthouse had confirmed that policing would receive an extra £550m in 2022-23, £650m in 2023-24 and £800m by 2024-25. At the time of SR, how this money was to be distributed was unknown, however, it was suggested that as well as Uplift funding this would also give forces enough resource to fund a pay rise, in line with the end of the public sector pay freeze as well as the additional costs of the new Health and Social Care levy (£1m+ for NWP).
- 4.4 An element of the Uplift funding was retained as specific grant paid on recruitment of additional officers. The Ministerial Statement stated that in total PCCs would be able to raise an additional £774m assuming that the full precept flexibility is taken. It was confirmed that the council tax referendum limit will be £10 per PCC in England. The rules in Wales are different and no capping limit has been announced. The specific Pension Grant has been continued for another year as a specific grant.
- 4.5 The points below summarise the final announcement and shows differences between this and our assumptions following the Autumn Statement. The settlement exceeded expectations in so far as the allocation of Operational Uplift was higher than expected (due to lower than expected national allocations) and funding in 2022-2023 was higher. However, the additional officers come with additional costs, and these will increase over future years as the officers' pay increases as a result of increments and annual pay awards. The funding provided is intended to cover all costs including the Health and Social Care Levy, Uplift set up and future costs as well as well as pay and non-pay inflation; any deficit must be found from savings or precept increases.
- Core funding including Uplift increased by £5.092m (+5.9%) (compared to £4.125m estimated)
 - Additional Apprentice Grant funding of £0.287m
 - Uplift numbers increased from estimated 54 NWP + 8 ROCU (total 62) to 78 NWP + 4 ROCU total 82 - resulting in additional cost.
 - Funding of Health and Social Care Levy (£1m) included in the core funding

- No Capital Grant included, £0.123m estimated based on 21-22, need to increased revenue contribution to make up the reduction
- Pay awards to be re-instated in 2022-23
- Based on figures assumed 1.1% (£1m) 23-24 and 1.6% (£1.5m) grant increases, this does not cover inflation and increments

- 4.6 Central allocations (top slicing) - that is the amount the Home Office retain for central Police related expenditure rather than distributing to Forces, increased from £1,034m in 2021-22 to £1,374m in 2022-23, an increase of £0.340m. The increase is in the Police Technology Programmes and new programmes including Police and CJS Performance, Crime Reduction Programmes, Crime Reduction Capabilities, Rape Review, Drugs / County Lines, Capital Reallocations and Fraud. If all of this were to be allocated to NWP based on the funding formula it would be equivalent to an additional £13.75m.
- 4.7 The increase in the allocation of Uplift officers will mean that the allocation to NWP (including regional element) will total 206 over 3 years. Funding increases provided over the period 2020-21 to 2022-23 is sufficient to cover the current cost of the additional officers with a significant contribution towards support costs. Funding set aside in years 1 and 2 can also fund set-up costs. However, the cost of each officer increases by £23k over 6 years and this must be built into future costs. When deciding how to use the current funding received, it is necessary to find a balance between what can be spent now to support increases in staff and non-staff support cost for the additional officers, and how much must be held back for future costs.
- 4.8 The graph below shows the annual increase in the Uplift officers pay costs due to increments. The cumulative effect is £2.8m, which is a significant proportion of the savings required in 2025-26 and 2026-27.



4.9 The estimated increase in Home Office funding of 1.1% (£1m) in 2023-24 and 1.6% (£1.5m) in 2024-25 is better than the previously estimate of no increase, but in real terms this will amount to real-terms cuts, with wage inflation expected to be around 3% and general inflation expected to be higher than the Bank of England base target of 2%.

4.10 There is no specific mention of the review of the Police Allocation Formula in the announcement, however the Home Office have set up groups to review the formula. The current floor grant is £22m, that is if the current formula was fully applied the funding for NWP would be £22m lower. The current formula has never been fully applied and the review would put forward a new formula. This will be kept under review as the effect for North Wales Police could be significant.

5. Council Tax and Precept

5.1 There are two main elements to the total net Police Budget: the total of the Police Grants and the Precept. The budget proposal includes a Council Tax increase of 3.68%, or £11.25 on a Band D Council Tax. The Tax Base for the whole of North Wales has increased by 0.94%, giving an overall increase in Precept of 4.65% and a total net budget of £182.268m for the Police and Crime Commissioner, made up as follows:

	2022-23	
	£m	%
Total Government Grants	88.407	48.50%
Total Precepts	93.861	51.50%
Total Budget Requirement	182.268	

- 5.2 Council Tax is calculated by dividing the total precept requirement by the tax base, the tax base being the number of Band D equivalent properties in each Force area. The Tax Base is provided by the six Local Authorities in North Wales. The tax base for 2021-22 has increased by 0.94%. This is higher than the estimated 0.25% primarily due to two authorities, Gwynedd and Ynys Mon, increasing the premium on empty and second homes. This means that the percentage increase in the precept can be achieved with a lower percentage increase in the council tax. This reflects the increase in households in North Wales.
- 5.3 The rules for limiting the increase in the Council Tax, called the capping rules, are different for England and Wales. In addition, English Police and Crime Commissioners have had continued access to separate grants if, in previous years, they agreed to limit the Council Tax increases. These were previously paid by the Department of Communities and Local Government (DCLG) but were consolidated into the Home Office Grant and total £507m in 2022-23. North Wales has the highest Council Tax in England and Wales, but if these legacy Council Tax Grants were taken into consideration, North Wales would be the 4th highest (assuming all Forces increase their Council Tax by £10 in 2022-23).
- 5.4 No capping rules or assumed increase have been announced by the Welsh Government; this is in line with previous years.

6. Budget for 2022-23 and Planned Budget for 2023-24 to 2026-27

6.1 The detail of the Budget and changes for 2022-23 and future years are shown in Appendix B.

6.2 The main assumptions are as follows:

- Annual pay inflation 3% applied from September 2022 to August 2023, 2.5% per annum increase from September 2023 onwards
- General Inflation 2%, specific inflation applied where necessary. For 2022-23 this includes Energy, Fuel, Insurance and direct Pension charges.
- Council Tax increase of 3.68% in 2022-23 (£11.25) and £12 per annum in the following years which equate to 3.79% in 2023-24, 3.65% 2024-25, 3.52% 2025-26 and 3.40% in 2026-27
- General Government Grants increase of 5.65% in 2022-23, 1.13% in 2023-24; 1.68% in 2024-25 and 1% for the following two years
- That the base grant contributes towards Uplift and all other increases (that is there will be no additional funding for Health and Social Care levy or pay inflation)
- That the Capital Grant (£0.123m 2021-22) has been withdrawn, the deficit in the capital funding has been funded from the general grant
- A 0.25% increase in tax base from 2023-24 onwards
- Annual cost of £1.329m included for Emergency Service Network (ESN) from 2023-24 with a reserve being built up in preceding years. Based on current estimates and implementation dates ESN is now funded within the plan.
- Contributions to General Reserve to ensure the balance does not fall below the minimum of 3% of Net Revenue Budget value.
- Additional specific grants are included for PCSOs, PEQF and costs relating to national security

This gives an overall position of:

	Annual	Annual	Annual	Annual	Annual
	Budget	Budget	Budget	Budget	Budget
	2022-23	2023-24	2024-25	2025-26	2026-27
	£'000	£'000	£'000	£'000	£'000
Baseline	173,365	182,268	187,067	192,384	198,500
Inflation	1,475	4,432	4,732	5,010	5,045
Stand still structural	2,315	126	133	140	146
Health & Social Care Levy	1,075	27	28	29	29
Uplift	4,076	214	424	937	1,062
Growth	1,660	0	0	0	0
Efficiency Savings	-755	0	0	0	0
Specific Grants additional funding	-1,314	0	0	0	0
Additional PCSO growth	371	0	0	0	0
Budget Requirement	182,268	187,067	192,384	198,500	204,782
Total Grant	-88,407	-89,407	-90,907	-91,816	-92,735
Precept from Council Tax	-93,861	-97,660	-101,477	-105,313	-109,168
Total	-182,268	-187,067	-192,384	-197,129	-201,903
Annual Balance	0	0	0	1,371	1,508
Cumulative balance	0	0	0	1,371	2,879
Council Tax % increase	3.68%	3.79%	3.65%	3.52%	3.40%
Council Tax £ increase	11.25	12	12	12	12

6.3 The planning cycle focused on aligning resources to priorities while setting a balanced budget and providing value for money to local taxpayers over the medium term as set out in the Financial Strategy. Based on the assumptions set out the outputs and specific issues dealt with as part of the cycle were

- Inflation and unavoidable stand-still structural increases 2022-23 and future estimates
- Inclusion of Health and Social Care Levy
- Allocation of 82 Uplift Officers for 2022-23 and estimate of future costs
- Efficiency and savings available in 2022-23
- Priority areas that require investment in 2022-23
- Estimate future costs and funding
- Estimate future Capital Requirements including ESN
- Estimate and make best use of Reserves to support the MTFP

6.4 There have been several inflationary and other unavoidable costs (which are in essence inflation costs) that have been dealt with as part of the planning process. An estimated 3% pay award has been included from September 2023 which is in line with

the most recent national discussions. A 2% general inflation has been included but all areas were reviewed to assess whether this was sufficient. Additional amounts have been included for Estates and Energy costs, Fuel, Insurance and Injury Pensions, taking into account current year budget position. IT costs are increasing at above the 2% base inflation, but also the number of licences required for general use software and storage costs due to volume have increased. The additional cost of ESN was included last year and is consolidated into the base. The withdrawal of the Capital Grant has been compensated with an increase in revenue contribution. And finally, the Health and Social Care levy is an additional employer tax. A break-down is given below:

Standstill Structural Costs	£'000	Explanation
Inflation	1,475	Pay and non-pay basic inflation based on 3% pay from September 2023 and 2% General inflation
Additional specific inflation for Estate/Energy, Fuel, Insurance, and Injury Pensions	440	Above base inflationary increases expected in 2022-23 which emerged during the planning process
ICT increases	787	Reflecting higher than base inflationary figures and increased volume due to Uplift and other growth over last 3 years
National and Regional Collaborations	251	New and increases in cost in existing collaborations
ESN	714	Included as part of last year's MTFP and consolidated in the budget
Capital Contribution to makes up reduction of Capital Grant	123	Capital Grant withdrawn. If the revenue contribution had not been increased, this would have reduced the 5-year programme funding by 5 x £123k = £615k.
Health & Social Care Levy	1,075	The Chancellor introduced an additional employer tax as part of the Autumn Statement, this is the cost to NWP
Total stand still cost	4,865	

- 6.5 Based on announcements made to date North Wales Police expected a total allocation of 186 additional Officers through Operation Uplift. 124 of these were allocated in the previous two planning processes, with the expectation of another 62 for 2022-23. There was always a possibility that the figure would be higher depending on how many were allocated directly to national or regional units.
- 6.6 The recruitment plan had been prepared using a higher figure of 78 as it would be easier to scale down than up. The announcement in December 2021 allocated 78 to NWP, and also 4 as NWP's contribution to regional units. Recruitment will be challenging but it is expected that the Uplift target will have been met by January 2023

and there is an additional recruitment round planned for March 2023. There is a time lag between recruiting new officers and when they are available to replace experienced officers being appointed into the new posts. This is minimised as far as possible, but cannot be eliminated entirely. There is also pressure on the tutor units with the number of officers being tutored higher than ever and additional resources are being included to support this. Once the number of year 1 probationers returns to the normal level (54 at any one time, rather than the current figure of around 100) the 17 temporary posts allocated to response can be reallocated as part of next year's planning process. In the meantime, all the additional probationers and tutors will be on the streets of North Wales supporting the Response Officers. A summary of the allocations follows:

Service Area	Allocation	Explanation
Local Policing Service	57	28 Front Line Response 11 Tutors 1 Western Detective Inspector 17 Temp Response to support recruitment and training to be reallocated once sufficient numbers have gone through 1 st year training
Crime Service	16	10 Protecting Vulnerable People Unit 6 Specialist investigation Units
Operational Support	2	2 Drones Constables
Corporate Service	1	HMICFR Inspection Support
Professional Standards	2	To promote and manage standards
Regional Contribution	4	NWP contribution to regional cross border investigations
Total	82	

6.7 An Uplift reserve has been set up over the last two years pending final confirmation of funding. It is expected that around £3m of this will still be available at the end of next year. This will be used to overshoot the Uplift target to expediate the deployment into the planned posts; it will also allow for an unforeseen reduction in numbers recruited, or additional leavers.

6.8 To support the implementation of the additional Uplift Officers and meet demand 41 new staff posts have been agreed. Total staff and non-staff cost is £1.660m. This also includes an additional £20k for Roadside drug testing kits and £56k for the OPCC (mainly towards the national contributions). The additional post is summarised below are detailed below:

Service Area	Allocation	Explanation
Crime Services	9	PVPU and support of specialist posts
Operational Support	21	10 Digital Desk 10 Justice Services 1 Road Policing Researcher
Corporate Service	9	4 Business Intelligence 4 Training and Recruitment 1 Support officer
Professional Standards	1	Learning and Prevention Officer
Finance and Resources	1	Finance Support
Total	41	

6.9 As part of the process efficiency savings were assessed. Having taken and delivered £2.9m of savings in 2021-22, and £35.4m in the previous 10 years it was anticipated that additional efficiencies would be difficult to deliver and would be need to be judged to assess whether they would diminish the service provided and against proposed re-investment. All areas were asked to put forward proposals amounting £1.7m for re-investment and a further £1.7m contingency to cater for an unexpected reduction in funding. Proposals amounting to these values were received and scrutinised. It was necessary to pursue the contingency savings this year. The reinvestment savings were assessed and £0.755m were assessed as genuine efficiencies and deliverable in the year, these are detailed below. Some of the plans not pursued for 2022-23 are longer term and will be developed over the next year.

Category	Savings Identified
	£'000
Central savings from projects	483
Staff Posts (vacant and not to be filled)	80
Non staff savings Service areas	192
Grand Total	755

6.10 During the year the Welsh Government announced additional funding towards 20 additional PCSO's which are being recruited during 2021-22, these are included in the base figures. In discussion with the Chief Constable the PCC decided to fund a further 10 PCSO from additional Council Tax so that there will be an increase of 30 that makes up some of the reduction from the austerity period. This would be an additional £1.25 increase on the Council Tax

6.11 The plan summarised above sets the corner-stone for future years and full implantation of the Uplift officer and the support required to support an additional 200+ officers, as well as investments in digital and non-staff costs. Prudent budgeting and delivered savings in past years has resulted in a balanced budget being set for the next 3 years with a saving requirement of £2.879m equivalent to 1.6% of the 2022-23 net budget in the last 2 years. Efficiency savings will be pursued for re-investment over the next planning cycle. The charts below show the investment to be made aligning to the PCC's priorities.

Delivering Safer Neighbourhoods









Visibility and Public Engagement

- 28 Constables into Patrol to maintain operational response levels.
- 11 Tutor Constables to enhance development of new officers.
- Dedicated Digital Public Contact Team to broaden the range of available contact methods.
- 17 Constables into Patrol on a Temp basis to assist with tutoring pressures
- 10 additional PCSO

Investigations and Intelligence

- 2 x Domestic Abuse Perpetrator Constables (Adapt project) and support staff to reduce re-offending.
- 2 x PSD Constables to support the drive for the highest organisational standards.
- 1 x DCI Intelligence to maximise cross border opportunities to tackle organised crime.
- 2 x Intelligence Staff to exploit frontline intelligence gathering.
- 1 x Detective Inspector in Western CID to ensure effective management of local crime investigations.

Efficiency & Effectiveness

- Investment in Business Intelligence to improve Performance, Demand and Efficiency insights.
- 2 x Drone Constables to ensure efficient provision of this capability over the whole force area.
- Finance Posts to drive the efficiency agenda and support value for money decision making.
- Increased capacity to train the frontline in specialist skills.
- Audit Officer to ensure best practice is identified and shared.

Road Safety

- 1 x RPU Intelligence staff to develop targets for enforcement.
- 2 x Collision Investigation staff to ensure timely support to fatal road collisions.
- Increased use of road side drug testing kits due to the increase in drug related driving.

Supporting Victims & Communities



Tackling Serious Offenders

- 3 x Constables to manage sexual and violent offenders in PVPU.
- Civilian Investigators aligned to CID shift pattern to bolster local investigative resources.



Tackling Cyber Crime

- 3 x Officers into Economic Crime Unit to manage increasing fraud and online demand.
- 2 x Modern Apprentice roles to bolster Financial Abuse Safeguarding and cyber device examination.



Meeting the highest standards for victims and communities

- Deputy Quality Manager in Scientific support to ensure highest forensic standards are met.
- Crime Data Integrity Supervisor to ensure crimes are correctly recorded and resourced.

Fair and Effective Criminal Justice System



Achieving best Criminal Justice outcomes

- Case File Support & Evidence Assessor staff to support Director General Guidance to improve quality and timeliness for CJ processes.
- PSD Organisational Learning post to support a Prevention first approach to internal discipline and culture.



Partnership Safeguarding

- 2 x Sergeants in Central Referral Unit to ensure safeguarding referrals are assessed and shared with partners swiftly.
- 2 x Constables into Child Abuse Investigation Team due to escalating safeguarding demand.

7. Risks

- 7.1 Funding for 2023-24 onwards has not been announced at Force level and could be insufficient to fund the Plan, depending on other variables. Indications are for a 1% to 1.5% increase in grant, which is likely to be a real terms reduction. If the general economic position worsens the proposed funding could be reviewed.
- 7.2 The uncertainty around the effect of the UK having left the European Union and the eventual economic consequences creates further risk. The direct impacts on pricing and any potential tariffs impacting the supply chain also remain unclear.
- 7.3 One of the biggest risks over the next few years is the funding formula due to the sensitivity and current lack of information around the new formula. The figures provided by the Home Office during the 2015-16 review showed North Wales's allocation increasing from 1.03% to 1.06% of the total, this equated to £2m additional funding; estimates later provided by Devon and Cornwall showed North Wales's allocation reducing by £14.5m, demonstrating the sensitivity of such changes. Currently floor funding is circa £22m, which shows how much the grant could potentially change as a result of changes to the formula. The Home Office has set up groups to look at options, but no definitive time scales for implementation or figures have been provided to date.
- 7.4 New and emerging national and local risks that must be resourced, such as County Lines, Child Sexual Exploitation and Cyber Crime, have been addressed within the budget. However, new risks continually develop and the increase in volume and complexity of crimes is a risk.
- 7.5 National developments such as Operation Uplift, PEQF, ESN detailed in earlier sections create financial and operational risks. The replacement system for Police Communications (ESN) was intended to deliver savings, but these have not transpired. The estimated cost of implementing ESN is substantial and steps have been taken within this plan to address these, however there are still uncertainties around the final costs. The additional cost of providing the latest IT, whether these are mandatory national systems or not, and the change in provision model from purchase to subscription is an additional risk.
- 7.6 Planned savings in 2022-23 have yet to be delivered. These plans are mature and it is expected that these savings will be achieved. Plans beyond 2023-24 are in development. Cashable efficiencies will become harder to deliver with the requirements of Operation Uplift, meaning that officer numbers must be maintained.
- 7.7 The estimated budgets set out are based on the planning assumptions for increases in Council Tax being agreed. If this were to be reduced each reduction of 1% would mean an additional £0.939m cut in budgets.
- 7.8 The Home Office has top-sliced the amounts allocated to Police areas in recent years to fund national units and initiatives. Top slicing was increased by 70% over the period 2017-18 to 2022-23 to a total of £1,374m. Any new initiatives may result in further top slicing.

- 7.9 A reduction in future grants could be applied if the economic climate worsens. Each additional 1% cut to the General Grant Funding is a cash reduction of £0.884m.
- 7.10 As 80% of the net budget is spent on pay any small changes in pay increase, pension contribution or National Insurance contributions, Apprenticeship Levy, or any other pay-related expenditure can have a disproportionate effect on the budget. Each 1% pay increase has a full year effect of an additional £1.492m increase in costs. If grants are not increased in line with inflationary costs, the cost of pay inflation either falls on the council tax or must be funded by cuts. The risk of inflation not being recognised as part of the Government settlement is substantial. This was mitigated in 2021-22 with the announcement of a pay freeze, but this has led to pressure for higher increases in subsequent years.
- 7.11 Increases in officer pension employer contributions costs were seen in 2019-20, which had a significant effect on budgets. A number of discrimination cases have been taken out against the Police Pensions and other schemes, the main one being the McCloud Case which will lead to additional pension payment to those that have already retired funded centrally, but also increased future liability on the pension schemes which could lead to increases in employer contributions. A 1% increase in the Police Officer scheme would be a £0.688m increase and a 1% increase in the Staff scheme would be a £0.408m increase. The increase in the Police Officer Scheme in 2019-20 was 7%. Estimate of the effect of the McCloud on contribution rates range up to an additional 10% from 2023-24. Discussions are ongoing as to whether the additional cost will be funded centrally.
- 7.12 The MTFP reflects the historical cost of the National Police Air Services (NPAS). However, the operating model has been under review for some time and the definitive position is still unclear at the time of issuing this MTFP. The expectation is that the financial landscape for 2022-23 and beyond becomes clearer over the coming months, but for that reason it is worth highlighting as a risk of increased costs in this MTFP.
- 7.13 Inflation has been low in recent years and the budget assumptions reflect this, however this has changed in recent months especially in areas such as fuel and energy where prices can be very volatile.
- 7.14 Some specialist posts are becoming hard to fill, this could result in higher salary costs having to be paid but also higher non-staff cost in areas such as Information Technology and Estates as our suppliers face the same supply and demand issues.
- 7.15 The table below highlights the sensitivity of the main assumptions

Sensitivity main variables	£m
1% change in Council Tax	0.939
1% change in grant	0.884
1% change in pay	1.492
1% change in Employer Pensions Contributions	1.096
1% change in general inflation	0.542

8. Capital

8.1 The PCC's assets and infrastructure need continual investment in order to ensure an efficient and modern working environment. Strategies for the Estates, IT and Fleet were developed during 2019-20 and a new Capital Programme agreed in 2020-21. The implementation of Operation Uplift; reviewing the requirements as part of the planning cycle; and the COVID recovery plan, has resulted in revisions to the planned Programme. COVID has resulted in some re-phasing of the Programme due to delays. Major projects such as ESN and the Command and Control System upgrade have also been under review. The draft Capital Programme 2021-22 to 2026-27 is an update of last year's Programme reflecting changes in time and/or costs.

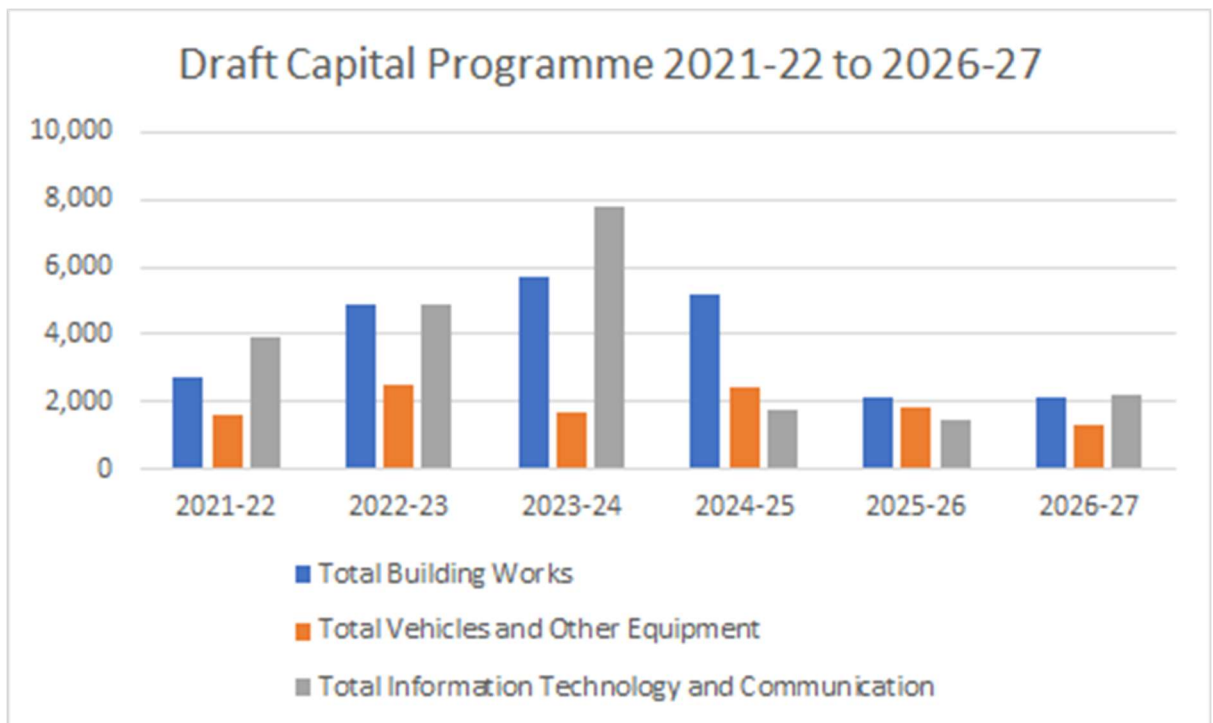
8.2 **Estates** – The refurbishment of Pwllheli Police Station has been completed and the Firearms Base upgrades will be completed in 2021-22. Building costs have generally increased since the original estimates were prepared, and this situation has accelerated during 2021-22 requiring existing future projects to be reviewed in terms of cost. These will all be subject to final Business Cases, tendering process etc before implementation. The changes to the Programme are summarised below:

- Vehicle Commission Centre cost increased by £0.236m funded by Capital Receipts
- Estates Review: projects at Holyhead and Dolgellau increased by 10% +£0.534m
- Flintshire project are now shown as two lines and there is an increase of £1.1m increase
- £2m included for additional works in 2025-26
- £2m estimated for Firearms Base refurbishment subject to scoping and Business Case

8.3 **Fleet** – A detailed review of Fleet requirement was been made using the Telematics management information data, resulting in a reduction of £0.341m in the annual cost in last year MTFP (reduction in number of vehicles). Since then several issues have arisen affecting the cost and delivery of vehicles. In general the reasons for supply issues including the shortage of microchips, COVID and Brexit. A national tendering process was carried out by Blue Light Commercial with the final figures not being available until August/September 2021. This resulted in an increase of £4k to £6k in the cost of each vehicle. The Fleet Department have re-profiled and re-costed the replacement Programme, resulting in an increase of £0.953m over 5 years (reducing the previous saving over the same period from £1.7m to £0.77m).

8.4 **IT and Communication** - Substantial investment is being made in IT. This is being directed by the Digital Transformation Programme Board. The personal issue of internet-enabled devices to operational officers and staff enables agile working – this project was accelerated as a result of COVID and all devices will be able to utilise the National Enablement Programme (in terms of the latest software available) by the end of 2021-22. A significant upgrade in the Command and Control system is being progressed. ESN has been included but has been put back a year, this assists in terms of funding as the reserve built up will have an additional year of contributions. Mobile Phones will be replaced March/April 2022 and the Mobile App will be implemented early in 2022-23. Replacement for IT equipment has been built into future years, including an additional year 2026-27.

8.5 The major issue with the Programme has been the phasing, this has been looked at a number of times during 2021-22. Unfortunately, due to a number of uncertainties outside of project managers’ control a number of projects have been put back despite the will to progress them sooner. The Capital Expenditure environment is still challenging, with increased variability in cost (which leads to delay in order to provide the appropriate governance and scrutiny for increases) as well as internal and external resources to deliver the projects. The Programme is still skewed towards the early years as shown below and the phasing and delivery will be monitored on a regular basis at project and programme level.



8.6 The re-phasing has assisted with funding. With borrowing delayed, the budget set aside to repay loans (Revenue Provision) can be used to pay for capital directly, thus

reducing future borrowing or creating headroom for increased costs. The Programme is affordable based on current estimated and funding available. The capital figures are shown in Appendix C; the final detailed plan will be formally approved by the PCC as part of the Capital Strategy before the end of March 2022. This is a statutory requirement and incorporates the Treasury Management and Prudential Code Strategies. A summary of the Programme and funding is given below.

8.7 Draft Capital Programme 2021-22 to 2026-27

Description	2021-22 Revised Estimate 2021-22	2022-23 Est	2023-24 Est	2024-25 Est	2025-26 Est	2026-27 Est
	£000	£000	£000	£000	£000	£000
Total Building Works	2,700	4,872	5,684	5,168	2,100	2,100
Total Vehicles and Other Equipment	1,635	2,480	1,667	2,441	1,797	1,341
Total Information Technology and Communication	3,900	4,858	7,823	1,794	1,444	2,185
Total Capital Expenditure	8,235	12,210	15,174	9,403	5,341	5,626

Description	2021-22 Revised Estimate	2022-23 Est	2023-24 Est	2024-25 Est	2025-26 Est	2026-27 Est
	£000	£000	£000	£000	£000	£000
Home Office Grant	171	0	0	0	0	0
Revenue Contribution	2,208	2,177	3,353	2,411	2,097	2,731
Earmarked Reserves	2,959	2,352	1,384	0	0	0
Capital Receipts	271	336	370	750	100	100
Borrowing for Estates	2,071	4,503	5,584	4,418	2,000	2,000
Borrowing for replacement programme	555	2,842	4,483	1,824	1,144	795
Total Funding	8,235	12,210	15,174	9,403	5,341	5,626
External Resources	171	0	0	0	0	0
Own resources	5,438	4,864	5,107	3,161	2,197	2,831
Debt	2,626	7,345	10,067	6,242	3,144	2,795
TOTAL	8,235	12,210	15,174	9,403	5,341	5,626

9. Reserves

- 9.1 The Commissioner has a duty to ensure that he holds adequate financial reserves to manage risks. In addition to the funding and forecasting risks detailed above, the Commissioner needs to allow for expenditure risk (spending over budget), as well as unforeseen events such as costly major incidents, natural disasters, or other unexpected events. An element of this risk is managed through the in-year budgets through the contingency budgets. However, these contingency budgets have been reduced, with a greater proportion of that risk being transferred to Reserves.
- 9.2 The Reserves are reviewed as part of the budget setting process and again as part of producing the Statement of Accounts at the end of the financial year when the final position is known.
- 9.3 There is a planned reduction in reserves from £32.931m to £20.899m over 10 years. A description of each reserve is given in paragraph 9.6.
- 9.4 It is considered prudent to maintain General Reserves at between 3% and 5% of Net Revenue Expenditure (NRE). As there are earmarked reserve to mitigate risk the General Reserve has been maintained at just above 3%. However, as the NRE increases it is necessary to increase the General Reserve to maintain a 3% balance, this has been included into future plans and is reflected in the summary below.

<u>Reserve Position</u>	Balance 31.3.21 Balance £m	Balance 31.3.22 Balance £m	Balance 31.3.23 Balance £m	Balance 31.3.24 Balance £m	Balance 31.3.25 Balance £m	Balance 31.3.26 Balance £m	Balance 31.3.27 Balance £m	Balance 31.3.28 Balance £m	Balance 31.3.29 Balance £m	Balance 31.3.30 Balance £m
Usable Reserves at										
General Fund Balance	5.417	5.531	5.645	5.759	5.873	5.987	6.105	6.225	6.347	6.469
Earmarked General Fund Reserves	25.461	24.488	18.376	15.641	14.238	13.190	12.667	12.163	11.620	11.620
Capital Receipts Reserve	2.084	3.423	3.607	3.737	3.362	3.262	3.162	3.062	2.962	2.862
Total Usable Reserves	32.961	33.442	27.628	25.137	23.473	22.439	21.934	21.450	20.929	20.951

- 9.5 The use of the reserves will depend on the final decisions on capital expenditure and the final revenue outturn in 2021-22, therefore the table below shows the current estimate of how the earmarked reserves may be best used to support service provision and reduce the pressure on the revenue budget. Where the use of the Reserve is not known (such as the Major Incident Reserve) no changes are shown. Details of the projected Reserve position at the end of each year are given below the table and a description of each reserve and its purpose is set out below the table.

Earmarked General Fund Reserves

Description	31.3.21	31.3.22	31.3.23	31.3.24	31.3.25	31.3.26	31.3.27	31.3.28	31.3.29	31.3.30
	£m	£m	Balance £m	Balance £m	Balance £m	Balance	Balance	Balance	Balance	Balance
Capital Investment	3.001	1.726	1.701	0.351	0.351	0.351	0.351	0.351	0.351	0.351
Major Incident	2.435	2.435	2.435	2.435	2.435	2.435	2.435	2.435	2.435	2.435
Pension Ill Health Reserve	0.975	0.975	0.975	0.975	0.975	0.975	0.975	0.975	0.975	0.975
Insurance Reserve	1.173	1.173	1.173	1.173	1.173	1.173	1.173	1.173	1.173	1.173
Training Reserve	0.600	0.500	0.250	0.250	0.250	0.250	0.250	0.250	0.250	0.250
PFI Reserve	3.106	2.918	2.678	2.385	2.040	1.642	1.192	0.688	0.145	0.145
Uplift Reserve	1.577	4.403	2.703	2.003	1.303	0.953	0.953	0.953	0.953	0.953
Fuel Reserve	0.200	0.200	0.200	0.200	0.200	0.200	0.200	0.200	0.200	0.200
Estates Security and Maintenance	1.892	1.273	0.973	0.673	0.373	0.073	0.000	0.000	0.000	0.000
Management of Change	6.778	5.161	1.824	1.732	1.674	1.674	1.674	1.674	1.674	1.674
ESN Reserve	0.158	0.158	0.158	0.158	0.158	0.158	0.158	0.158	0.158	0.158
COVID Reserve	0.597	0.597	0.337	0.337	0.337	0.337	0.337	0.337	0.337	0.337
PEQF Reserve	0.325	0.325	0.325	0.325	0.325	0.325	0.325	0.325	0.325	0.325
FCIN Reserve	1.080	1.080	1.080	1.080	1.080	1.080	1.080	1.080	1.080	1.080
Partnerships Reserve	0.733	0.733	0.733	0.733	0.733	0.733	0.733	0.733	0.733	0.733
Commissioner Community Safety Fund	0.547	0.547	0.547	0.547	0.547	0.547	0.547	0.547	0.547	0.547
OPCC Legal Reserve	0.106	0.106	0.106	0.106	0.106	0.106	0.106	0.106	0.106	0.106
OPCC Participatory Budget	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
OPCC Reserve	0.178	0.178	0.178	0.178	0.178	0.178	0.178	0.178	0.178	0.178
Total	25.461	24.488	18.376	15.641	14.238	13.190	12.667	12.163	11.620	11.620

9.6 Summary of Earmarked Reserves

Capital Investment Fund (Capital) – To be used to invest in the assets and infrastructure of the Force to improve service provision and reduce revenue expenditure. Additional funds of £2.1m will be contributed to this reserve to fund ESN, which will then be used by 23-24.

Major Incident Reserve (Risk) – To be used in the event of a Major Incident requiring additional resources beyond those available within the annual budget. This reserve has enabled the Major Incident Contingency budget to be reduced.

Pension Ill Health Reserve (Risk) – The Force has to pay a one off sum equivalent to twice an officer's annual pay for each Ill Health Retirement. Holding the Reserve addresses the variability year to year of these low volume, high cost items.

Insurance (Risk)- This relates to the Municipal Mutual Insurance Limited scheme of Arrangement, which could result in a final payment of an estimated £0.432m; the balance is earmarked for unknown emerging claims, and unknown future claims highlighted by the Insurance Broker.

Training Reserve – This is a new reserve set up at the end of 2019-20 to manage peaks and troughs within the Training budget. The COVID pandemic has resulted in a delay in external training, this under spend has been added to the reserve and used to catch up with training requirements.

PFI Reserve (Earmarked Revenue) – This is required as the funding for PFI from the Government reduces annually, the fund will eventually reduce over the life of the PFI contract.

Uplift Reserve – This is a new reserve from 2020-21. The Government have provided in year funding for Operation Uplift which is also intended to fund implementation an infrastructure costs over the next 2 to 3 years. It is intended that £0.675 to £1m is used to fund the upgrade of Body Armour replacement. The balance can then be used to fund additional officers to cover additional constables' tutors and PEQF cover from 2023-24. These will taper down as the Uplift Officer work their way through their 2nd and 3rd probation years.

Fuel Reserve – this is a new reserve from 2021-22. Fuel costs have reduced during 2020-21, this reduction has been reflected in the plans for 2021-22 onwards, but due to the volatility of fuel cost a sum of £0.2m has been set aside to manage this risk of significant sudden price increases.

Estates Security and Maintenance (Earmarked Revenue) - To fund backlog maintenance in the Condition Survey conducted in 2018 and additional security not covered in the revenue or capital budgets.

Management of Change (Earmarked Revenue) - Investment required facilitating change and reducing cost in the longer term.

COVID Reserve – Set up at the end of 2020-21 as an additional contingency specifically for direct additional Covid costs, only known commitments shown as being used.

PEQF Reserve – To cover peaks in future PEQF tuition costs due to any variability in recruitment.

FCIN Reserve – The Force is the national lead for the Forensic Collision Investigation Network (FCIN), the amount is the balance of funds received at the end of 2020-21. Budgets are in the process of being re set, once this is done future year commitments can be included.

Partnerships Reserve (Earmarked Revenue) – Balances held for specific Partnerships which will either be used or are held in the event of funding being withdrawn resulting in additional costs.

Community Safety Fund (Earmarked Revenue) - To provide additional resources to the Community Safety Fund

Office of the PCC Reserves (Earmarked Revenue) – OPCC reserve; legal reserve and participatory budget.

9.7 The Capital Receipts Reserves holds the proceeds received for sale of assets. These can only be used to fund capital expenditure. Projections are made on how much receipts are expected but these are not committed until the funds have been received. Additional receipts are expected in 2021-22. The balance will be available for future projects but as there high volatility in capital costs currently in the short term this reserve can mitigate the risk of increased costs in existing planned projects.

9.8 The Home Office announced new guidelines on transparency of reserves during 2018-20. The tables below show the reserves as categorised by the guidelines.

Home Office headings

	31.3.21	31.3.22	31.3.23	31.3.24	31.3.25	31.3.26	31.3.27	31.3.28	31.3.29	31.3.30
Reserves at Year End	30.878	30.019	24.021	21.400	20.111	19.177	18.772	18.388	17.967	18.089
General Reserves	5.417	5.531	5.645	5.759	5.873	5.987	6.105	6.225	6.347	6.469
Earmarked Revenue Reserves										
of which held to meet budgetary risks	6.747	6.647	6.137	6.137	6.137	6.137	6.137	6.137	6.137	6.137
of which held to support the medium term budget	2.124	4.950	3.250	2.550	1.850	1.500	1.500	1.500	1.500	1.500
of which held to facilitate change programmes	8.670	6.434	2.797	2.405	2.047	1.747	1.674	1.674	1.674	1.674
of which held pending future deficits on PFI contracts	3.106	2.918	2.678	2.385	2.040	1.642	1.192	0.688	0.145	0.145
of which committed to future year capital programmes	3.001	1.726	1.701	0.351	0.351	0.351	0.351	0.351	0.351	0.351
of which Other Earmarked Reserves										
of which Reserves held on behalf of other organisations	1.813	1.813	1.813	1.813	1.813	1.813	1.813	1.813	1.813	1.813
Total Revenue Reserves	30.878	30.019	24.021	21.400	20.111	19.177	18.772	18.388	17.967	18.089
Capital Grants and Reserves										
of which capital receipts reserve	2.084	3.423	3.607	3.737	3.362	3.262	3.162	3.062	2.962	2.862
TOTAL Reserves	32.961	33.442	27.628	25.137	23.473	22.439	21.934	21.450	20.929	20.951

10 Summary

- 10.1 The Medium Term Financial Plan sets out the Commissioner's and the Chief Constable's plans for the revenue and capital budgets over the next 5 years, and the use of reserves over the next 10 years.
- 10.2 Operation Uplift has provided opportunities for growth, but also cost pressures and limitations of delivering efficiencies. Increased cost pressures from inflation and new requirements have resulted in difficult decisions having to be made during this planning cycle. These additional costs follow on from a period of ten years where £38.3m of savings have been taken from budgets. The emerging demands on operational resources also add to the financial pressure. However, by planning future cost and prudent use of additional funding a balanced budget for next 3 years has been set based on current assumptions.
- 10.3 The Commissioner has considered all of the options within the resources available. Extensive work was carried out by the Organisational Planning Process in order to identify savings and move resources within the organisation. The planning process also enabled the informed allocation of 82 Operation Uplift officers, based on priorities. A council tax increase of £11.25 or 3.68% has been proposed. This covers the cost of stand still increases plus an additional 10 PCSOs. Additional resources have become available by the announcement of additional officers; however these increase are required to cover the current cost of officers, the set up and training costs and then also future increase in cost as their salary increase with annual increments.

The Financial Strategy

Financial Strategic Objectives:

- Prioritise resources to align spending plans with the Police and Crime Commissioner's vision and the Chief Constable's strategic objectives as set out in the Police and Crime Plan and the Force's Delivery Plan
- Maintain a balanced budget position and to set a medium term financial plan that supports the service through the period
- Deliver value for money for local taxpayers
- Exercise probity, prudence and strong financial control
- Provide a robust framework to assist the decision making process
- Manage risk, including maintaining reserves at a suitable level whilst incurring only a sustainable level of debt
- Continually review budgets to ensure that resources are targeted on key objectives

To achieve the strategic objectives planning is undertaken in the following areas:

Corporate and Business Planning

- To integrate operational and financial planning to ensure that resources are directed to support the priorities set out in the Police and Crime Plan and to match resources with corporate objectives through the Organisational Planning Process.
- To produce a financial plan for the next 3 to 5 years which will incorporate the PCC's and force's major capital and revenue projects and the IT and Estates strategies and provide sustainable funding over the short and medium term
- To produce a detailed annual revenue and capital budget which supports the most effective deployment of resources

Risk Management - Reserves and Provisions

- To maintain adequate reserves and provisions to ensure that the medium term plan is sustainable and can be delivered
- To aim to balance the revenue budget over the medium term without reliance on the use of the General Reserve
- To maintain the 3 levels of resilience to deal with exceptional events by use of reserves and provisions:
 1. Annual Budget Management
 2. Earmarked Reserves including the Major Incident Reserve
 3. A General Reserve at a minimum of 3% of net revenue expenditure

Risk Management - Financial Control Framework

- To maintain a financial control framework; this is key to maintaining effective standards of financial administration and stewardship. This will be achieved through the following:

Adherence to:

- Statutory Rules and Regulations
- Home Office Financial Management Code of Practice
- Code of Corporate Governance
- CIPFA Financial Management Code
- Policies and Procedure notes
- Financial Regulations and Standing Orders
- Capital Strategy including the Treasury Management Policy and adherence to the Prudential Code
- Codes of Professional Conduct

And also:

- Implementation of Internal and External Audit recommendations
- Management of Risk

- To maintain and develop adequate financial systems to record and control resources
- To align financial responsibility at the operational level with the appropriate management control or influence
- To ensure that accurate, up to date and timely financial information is available to enable users to apply it effectively in decision making.

Appendix B

Revenue Budget 2021-22 to 2026-27

Ref	Description <u>Budget 2021-22 to 2026-27</u>	Annual	+'Inc	Annual	Annual	Annual	Annual	Annual
		Budget	Redn	Budget	Budget	Budget	Budget	Budget
		2021-	2022-	2022-	2023-	2024-	2025-	2026-
		22	23	23	24	25	26	27
	Expenditure	£000	£000	£000	£000	£000	£000	£000
1.1	Police Officer Pay Establishment	90,304	6,051	96,355	98,896	101,922	105,226	108,859
2.1	Police Staff Pay	42,517	3,096	45,613	46,888	48,068	49,276	50,516
2.2	PCSO's	6,104	1,130	7,234	7,429	7,615	7,806	8,001
3.1	Police Officer Overtime	2,233	104	2,337	2,395	2,455	2,516	2,579
4	Police Staff Overtime	597	45	642	658	675	692	709
5	Allowances	1,299	35	1,334	1,333	1,332	1,332	1,332
6	Training	1,407	357	1,764	1,800	1,762	1,797	1,833
7	Other Employee	726	72	798	814	830	846	863
8	Direct Pension Payments	3,281	146	3,427	3,509	3,594	3,680	3,768
9	Energy Costs	1,467	137	1,604	1,652	1,702	1,753	1,805
10	Building Running Costs	6,562	183	6,745	6,880	7,018	7,158	7,301
11	Repairs & Maintenance of Vehicles	596	15	611	623	635	648	661
12	Vehicle Running Costs	1,853	171	2,024	2,076	2,129	2,184	2,240
13	Car & Travelling Allowances	463	-49	414	423	431	440	449
14	Air Support Unit	604	-100	504	517	530	543	557
15	Equipment	1,091	120	1,211	1,236	1,260	1,286	1,311
16	Clothing and Uniforms	530	44	574	558	569	580	592
17	Printing and Stationery	284	4	288	294	300	306	312
18	IT and Communications	12,628	1,036	13,664	13,940	14,309	14,689	15,081
19	Subsistence	266	-12	254	259	264	269	275
20	Other Supplies and Services	2,626	77	2,703	2,756	2,810	2,864	2,920
21	Collaboration and Partnerships	6,547	931	7,478	7,665	7,856	8,052	8,254
22	Forensics	919	15	934	953	972	991	1,011
23	Debt Charges & Contribution to Capital	4,354	153	4,507	5,716	5,670	5,898	5,898
24	Special Situations Contingency	400	0	400	400	400	400	400
25	Inflation and General Contingency	3,361	-2,595	766	666	550	550	550
26	Community Safety Fund	3,429	116	3,545	3,615	3,688	3,762	3,837
	Gross Expenditure	196,448	11,282	207,730	213,951	219,346	225,544	231,914

	Annual Budget 2021- 22	+Inc -' Redn 2022- 23	Annual Budget 2022- 23	Annual Budget 2023- 24	Annual Budget 2024- 25	Annual Budget 2025- 26	Annual Budget 2026- 27
	£000	£000	£000	£000	£000	£000	£000
Income							
27 Secondments	-6,637	-905	-7,542	-7,729	-7,921	-8,117	-8,319
28 Interest on Balances	-100	0	-100	-100	-100	-100	-100
29 Income	-2,599	-10	-2,609	-2,609	-2,609	-2,609	-2,609
30 Specific Grants	-14,309	-2,125	-16,434	-16,381	-16,328	-16,276	-16,223
Total Income	-23,645	-3,040	-26,685	-26,819	-26,958	-27,102	-27,251
31 PFI Reserve	-188	-53	-241	-293	-346	-398	-451
32 Contribution to ESN Reserve	750	600	1,350	0	0	0	0
33 Contribution to General Reserve	0	114	114	228	342	456	570
Net Expenditure	173,365	8,903	182,268	187,067	192,384	198,500	204,782
34 Total Grants	-83,677	-4,730	-88,407	-89,407	-90,907	-91,816	-92,735
35 Precept	-89,688	-4,173	-93,861	-97,660	-101,477	-105,313	-109,168
Funding	-173,365	-8,903	-182,268	-187,067	-192,384	-197,129	-201,903
Growth/saving	0	0	0	0	0	0	0
Revised Net with growth	173,365		182,268	187,067	192,384	198,500	204,782
Annual Balance	0	0	0	0	0	1,371	2,879
BASE CASE - Cumulative	0		0	0	0	1,371	2,879

Draft Capital Programme 2021-22 to 2026-27

Description	2021-22 Revised Estimate	2022-23 Est	2023-24 Est	2024-25 Est	2025-26 Est	2026-27 Est
	£000	£000	£000	£000	£000	£000
<u>Estate Programme</u>						
Retentions, Consultancy and QS	26	25				
Sustainability Improvements	202	100	100	100	100	100
Estates estimate 25-26 onwards					2,000	
Pwllheli PS	246					
Holyhead PS	200	2,093	1,384			
Caernarfon & North Gwynedd Estate Area	210	557				
VCC / Vehicle Workshop	1,314	586				
Armed Alliance	0	420				
Dolgellau PS	0			1,200		
Abergele PS	0	391				
Llanrwst PS	0			178		
Flintshire PS - North	0	0	700	2,300		
Flintshire PS - South	0	200	3,500	450		
Force Control Room Upgrading	0	100				
Archive Store	0		0	750		
Rhosllanerchrugog PS	0			190		
Re locate/ co locate/ vacate	100	250				
Firearms Base works	354					2,000
CS - SARC ISO Accreditation	48	150				
Total Building Works	2,700	4,872	5,684	5,168	2,100	2,100
<u>Vehicles and Other Equipment</u>						
Vehicle Purchase Replacement Programme	960	2,364	1,626	1,620	1,756	1,300
PSU Vehicles (replacement programme)	0	0		780		
Electric Vehicles	0	41	41	41	41	41
Tranman development	0	75				
Intoxilators x 3	30					
ANPR replacement	470					
Fingerprint Capture and Enhancement	0					
Collision Surveying Equipment	175					
Total Vehicles and Other Equipment	1,635	2,480	1,667	2,441	1,797	1,341

Description	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27
	Revised Estimate	Est	Est	Est	Est	Est
	£000	£000	£000	£000	£000	£000
<u>Information Technology and Communication Equipment</u>						
Desk Top Replacement (Replacement Programme)	437	750	750	750	300	750
NEP Device Re-build (7 yrs)	175	143				
Lockers for charging and storage	20	142				
Mobile app	0	471				
Mobile data devices	280	305	0	0	0	585
Airwave (replacement units)/Emergency Services Mobile Communications	0					
Server Replacement	0	700			0	700
Business Systems Servers (Replacement Programme)	0	145			0	150
DFU Server replacement	0		270			
NEP Infrastructure/Sail Point/Internet Links	163					
Wifi	104	0				
Digital Workplace audio visual	0	126				
Digital Intelligence & Investigation	158	38				
Digital Evidence Management	20					
Telephony	0	250				
Nexus upgrade	280	100				
Command and Control Upgrade - Phase 2	2,095	458				
LPS - Community Safety - Prevention	30					
POD - 360 Virtual Training	53					
Digital - BIU - Mgmt Info Data Warehouse	50					
CHORUS new module	35					
Life-X Deployment (5 yrs EUL)	0	300		800		
ESN (5 yrs)	0	686	6,560	0	900	
Body Worn Video (replacement costs) (3 yrs)	0	243	243	244	244	
Total Information Technology and Communication	3,900	4,858	7,823	1,794	1,444	2,185
Total Capital Expenditure	8,235	12,210	15,174	9,403	5,341	5,626

Description	2021-22 Revised Estimate	2022-23 Est	2023-24 Est	2024-25 Est	2025-26 Est	2026-27 Est
	£000	£000	£000	£000	£000	£000
Home Office Grant	171	0	0	0	0	0
Revenue Contribution	2,208	2,177	3,353	2,411	2,097	2,731
Earmarked Reserves	2,959	2,352	1,384	0	0	0
Capital Receipts	271	336	370	750	100	100
Borrowing for Estates	2,071	4,503	5,584	4,418	2,000	2,000
Borrowing for replacement programme	555	2,842	4,483	1,824	1,144	795
Total Funding	8,235	12,210	15,174	9,403	5,341	5,626
External Resources	171	0	0	0	0	0
Own resources	5,438	4,864	5,107	3,161	2,197	2,831
Debt	2,626	7,345	10,067	6,242	3,144	2,795
TOTAL	8,235	12,210	15,174	9,403	5,341	5,626

Report from the Office of the Police and Crime Commissioner

Title:	Precept and Council Tax 2022/23
Meeting:	North Wales Police and Crime Panel, 31 January 2022
Author:	Kate Jackson, Chief Finance Officer

1. Introduction

1.1 The purpose of this report is to review the financial position of the Police and Crime Commissioner for North Wales and to make recommendations for the 2022/23 precept and council tax.

2. Recommendations

2.1 To increase the precept to £93,861,247

- This will increase council tax by 3.68% - this is equivalent to £316.80 per annum, an increase of £11.25 per annum, or 22p per week for a band D property.
- To note that this increase matches the Home Office assumed increase of £10 plus £1.25 to fund 10 additional PCSOs.
- To note that the Tax Base has increased by 0.94%
- This is an increase in precept of 4.65% from 2021/22

2.2 To note that £0.755m of savings have been identified for 2022/23.

2.3 To note that there will be a further increase of 82 Police Officers, of which 78 are a result of North Wales Police's allocation of the Government programme to increase police officer numbers (Operation Uplift). In addition, 4 ROCU (Regional Organised Crime Unit) Officers from North Wales are to be funded from Operation Uplift in 2022/23.

2.4 To note the Medium Term Financial Plan (MTFP), which includes the following assumptions:

- That Council Tax will increase by an estimated 3.68% in 2022/23, 3.79% in 2023/24, 3.65% in 2024/25, 3.52% in 2025/26 and 3.40% in 2026/27.
- That policing grants are estimated to increase by 1.13% in 2023/24; 1.68% in 2024/25 and 1% for the following two years.
- That annual pay awards will be 3% to be applied in September 2022 and 2.5% to be applied each subsequent September.
- To note that the increase in grant has been awarded in support of Operation Uplift (recurring and set up costs), which has been earmarked for these purposes; and these commitments have been included in the budget.

3. Summary Budget 2021/22

	£m	
Budget 2021/22	<u>173.365</u>	
Inflation requirements	4.865	2.81%
Savings identified	-0.755	-0.44%
Reinvestment and Growth	1.660	0.96%
Uplift costs	4.076	2.35%
Additional Specific Grants	-1.314	-0.76%
Additional 10 PCSO's	0.371	0.21%
Budget requirement 2022/23	<u>182.268</u>	5.14%
Estimated total funding 2022/23		
Government Grants	88.407	5.65%
Council Tax	£316.80	3.68%
Multiplied by tax base	296,279.19	0.94%
Precept (funding proportion 51.73%)	93.861	4.65%
Total funding available	<u>182.268</u>	5.14%

4. Statutory Items

4.1 Quality of Information

4.1.1 The Chief Finance Officer is required under the Local Government Act 2003 (s5) to comment on the suitability of the information to be used as the basis for budgetary decisions. The Chief Finance Officer confirms that the figures in the various reports are the products of procedures that continue to be operated to the highest professional standards. These systems are audited both internally and externally, and external audit has never issued a qualified audit report. Therefore, in the opinion of the Chief Finance Officer this information is fit for purpose.

4.1.2 The same Act also requires the Chief Finance Officer to comment on the adequacy of reserves to be provided in the budget. In the opinion of the Chief Finance Officer the general reserve will continue to be adequate for the day to day operational needs of the Force. The reserves have been reviewed, and further details are provided in section 9. However, the reserves are now approaching the lower end of the acceptable range, and in order to maintain the General Reserve at 3% planned additional amounts have been included in this MTFP. In order to prevent the reserves being depleted to below prudent levels, and to reduce the impact of borrowing in future years, the Chief Finance Officer considers it necessary to increase reserves now to mitigate the impact of this significant future expenditure; this is explained in more detail in the MTFP.

5. Background

5.1 The Government's Austerity Programme, which began in 2011, has resulted in substantial cuts across the public sector. Government funding has been reduced by -21.4% in real terms (taking inflation into account) by 2022-23. The overall effect of the reduced funding available and inflationary and other pressures has resulted in £38.291m of savings being made to budgets over an 11 year period. This is equivalent to a 25.8% reduction in the 2010-11 pre austerity budgets of £148.035m. North Wales Police has a good record of delivering planned savings, with a strategy of fully scrutinising planned savings prior to the year of delivery. The annual cuts are as shown in the table below:

	2011-16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	Total
	£m	£m	£m	£m	£m	£m	£m	£m
Planned Cashable Savings	24.101	2.838	2.686	1.479	1.927	2.358	2.902	38.291
Savings Achieved	24.101	2.838	2.686	1.479	1.927	2.358	2.902	38.291
% of savings achieved	100%	100%	100%	100%	100%	100%	100%	100%

5.2 Prior to the 2020-21 settlement being announced the Government had in place a policy to increase Police Officer numbers by 20,000 (Operation Uplift) over a period of 3 years. The 2020-21 and 2021-22 announcements allocated 12,000 of these additional officers among Forces, with North Wales Police being apportioned 124. The funding announcement for 2022-23 distributed the remaining 8,000 additional officers with North Wales Police receiving a further 82, making a total of 206 (including 7 allocated to the Regional Serious and Organised Crime Unit). In addition to these, a further 30 officers were funded from precept in 2020-21, giving an overall increase of 236 over 3 years.

5.3 Increases in funding since 2020/21 have been focused on Operation Uplift. Additional grant has been received in order to increase officer numbers; however the underlying base grant has remained materially at the same cash level (a real-terms reduction) leading to budgetary pressure in other areas. The final allocation of numbers and funding has informed the plan going forward in terms of how much budget needs to be allocated to fund the pay costs of officers going forward, and how much can be allocated to support costs.

5.4 Since early 2020 the UK has been in the grip of the global COVID pandemic. This context made the basis for financial planning for 2022-23 onwards very uncertain. Prior to the COVID pandemic, a 3-year spending review had been expected, and an early announcement of future Operation Uplift numbers. However, last year's settlement was for one year only, and the Operation Uplift announcements were made at the same time, and only for the same shorter timeframe. The announcement for 2022-23 included indicative figures for three years as well as the final Uplift numbers and funding. These were received late in December 2021, and while they might change, they do help in future planning. There remain a number of

uncertainties in terms of future assumptions, especially around pay awards and inflation. Prudent assumptions have been made based on the information available in December 2021.

6. The Planning Process

- 6.1 The attached Medium Term Financial Plan (MTFP) sets out the planning environment. It includes previous years' figures, together with projections for revenue income and expenditure, and plans for capital and reserves.
- 6.2 The overall purpose of the planning process is to prioritise resources to align spending plans with the Police and Crime Commissioner's priorities and the Chief Constable's vision and as set out in the Financial Strategy (Appendix A of the MTFP). The priorities are set out below and are detailed in the [Police and Crime Plan 2021 \(northwales-pcc.gov.uk\)](https://www.northwales-pcc.gov.uk/pcc/pcc-plan-2021).

Police and Crime Plan Priorities

- Delivering Safer Neighbourhoods
 - Tackle and prevent rural and wildlife crime
 - Improve the efficiency and effectiveness of police officers and police staff
 - Improve road safety
- Supporting Victims and Communities
 - Tackle and prevent domestic abuse and sexual violence
 - Safeguarding vulnerable people including children
 - Tackle and prevent cybercrime
 - Establish a victims panel
 - Tackle and prevent hate crime
- Fair and Effective Criminal Justice System
 - Introduce a North Wales Female Offender Strategy
 - Increase the use of restorative justice
 - Support and protect children and young people and divert them away from the Criminal Justice System
 - Address the root causes of offending and support the rehabilitation of people who have offended

The Chief Constable's vision is

Making north Wales the safest place in the UK; by Preventing Crime, Protecting Communities and Pursuing offenders.

- 6.3 The planning process for 2022-23 was reviewed by the Strategic Planning Unit, Finance, Senior leaders and the Chief Officers. A number of risks were assessed, including the unavailability of key individuals due to COVID; the effect of COVID itself; the recovery plan for the organisation post COVID; and the requirement to review demands and set the budget. The process for 2021-22 was based on Business Plans for all Service and Functional leads (as the current budget holders) with additional Business Cases being required, targeted towards

demand, and agreed as supplementary areas to consider at the start of the process. This approach worked well for the 2021-22 budget, and similar process was followed. The Corporate approach with early peer scrutiny resulted in a fully supported plan that will be implemented over the next 12 to 18 months.

6.4 The Business plans for each area were set out in a template with the following headings being addressed, with each section having a set of structured questions:

- Performance against objectives
- Finance against budgets
- Demand and projected demand
- Capacity and Capability
- Wellbeing
- Service Area Response
- Residual Demand
- Interdependencies
- Savings

6.5 Other areas that were specifically considered are as follows:

- Facilities and IT linking to agile working
- Fleet Review
- Digital Programme
- Officer/Staff mix
- Corporate Budgets review

6.6 There were also practical issues to deal with in terms of conducting meetings, which needed to be carried out online due to Covid-19. The process commenced early, in May 2021. By establishing the parameters early in the process, and having regular Organisational Planning Meetings throughout (weekly or fortnightly as required) it was possible to follow the planned schedule and well-developed proposals were presented to the Chief Constable and PCC in November and December 2021.

6.7 Incorporated in the above, the normal process to develop future budget requirements was undertaken, details of which are included within the Medium Term Financial Plan (MTFP). In developing the submissions by managers, the following were considered:

- Local and National priorities, as set out in the Police and Crime Plan and the Force's Vision
- New and developing pressures
- The strategic planning process
- Force Management Statement
- Other Force strategies
- Current economic climate
- Estimates of resources available to fund the Medium Term Financial Plan
- Budget forecasts for the period, including pay awards
- The current financial position

- The Capital Strategy and Capital Programme, Prudential Code and their effect on the Revenue Budget
- Reserves and Balances
- Income generation, trading activities and grants
- Collaboration
- COVID Recovery Plan

6.8 Two meetings were held with the Chief Officer team to finalise the outcome from the planning process. This allowed known available resources to be applied to priorities, and informed the allocation of the additional Uplift Officers from the third phase of Operation Uplift. The outcome was then discussed at the annual Budget Setting meeting with Service Leads and others, bringing together the recommendation from the Organisational Planning Group, including Savings Plans and all other elements, to build this MTFP. This then formed the proposal put forward to the PCC and his team.

6.9 A meeting was held between the Commissioner, the Chief Constable and their representatives on 7 December 2021 to discuss the budget proposals. A final meeting was held on 21 December after the Government funding announcement had been made.

7. Funding Allocations

7.1 No Provisional Government Funding Allocations for 2022-23 were given as part of the 2021-22 settlement. Announcements were made during 2021-22 to confirm the Government's commitment to Operation Uplift and increasing Police Officers numbers by 20,000 nationally. However, neither the numbers allocated to Forces nor the associated funding were known until the funding announcement in December 2021.

7.2 On 27 October 2021, Chancellor of the Exchequer, Rishi Sunak MP announced the outcome of the 2021 comprehensive spending review (SR2021). Sometimes referred to as the 'Spending Round' or the 'SR', the SR2021 sets out public spending totals for the financial year 2022-23 to 2024-25. The announcement gave Government Departmental spending totals, but not Force allocations. In the Autumn Statement it was also announced that annual inflationary pay increase for Police Officer and Police Staff would re commence in 2022-23. The announcement committed again to the increase in Uplift Officer with associated additional funding (not at Force level) as well as showing a modest increase in Home Office funding in 2023-24 and 2024-25. The available information from the announcement was fed into the final phases of the planning programme with an estimated 62 Uplift Officers and £4.125m funding being estimated for North Wales Police as a working assumption.

7.3 The 2021-22 Provisional Settlement was announced on 16 December in a written statement by the Policing Minister, Kit Malthouse. Prior to the publication of settlement, the sector was expecting a continuation of additional Uplift funding for the recruitment of 8,000 officers (towards the 20,000 total). In a follow up meeting to the SR, Kit Malthouse had confirmed that policing would receive an extra £550m in 2022-23, £650m in 2023-24 and £800m by 2024-25. At the time of SR, how this money was to be distributed was unknown, however, it was

suggested that as well as Uplift funding this would also give forces enough resource to fund a pay rise, in line with the end of the public sector pay freeze as well as the additional costs of the new Health and Social Care levy (£1m+ for NWP).

7.4 An element of the Uplift funding was retained as specific grant based on additional recruitment of officers. The Ministerial Statement stated that in total PCCs would be able to raise an additional £774m assuming that the full precept flexibility is taken. It was confirmed that the council tax referendum limit will be £10 per PCC in England, the rules in Wales are different and no capping limit has been announced. The specific Pension Grant has been continued for another year as a specific grant.

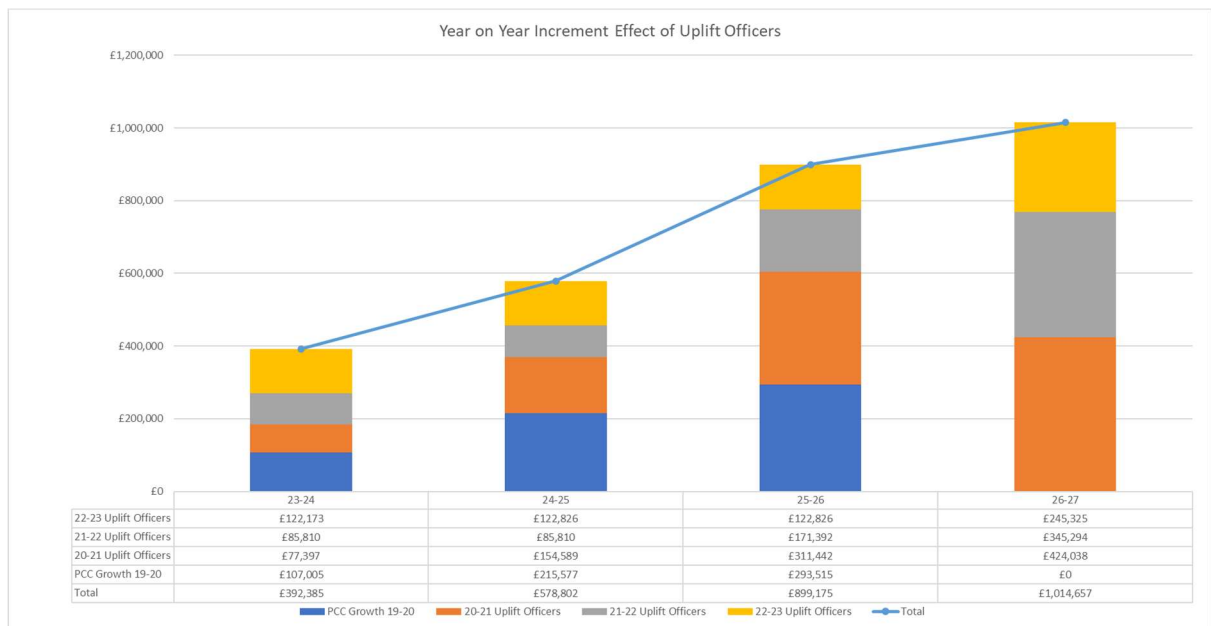
7.5 The points below summarise the expectation following the Autumn Statement and the final announcement. The settlement exceeded expectations in so far as the allocation of Operational Uplift was higher than expected (due to lower than expected national allocations) and funding in 2022-2023 was higher. However, the additional officers come with additional costs, and these increase over future years as the officers' pay increases with increments and annual pay awards. The funding provided is intended to cover all costs including the Health and Social Care Levy, Uplift set up and future costs, as well as well as pay and non-pay inflation. Any deficit needs to be funded from savings or precept increases.

- Core funding including Uplift increased by £5.092m (+5.9%) (compared to £4.125m estimated)
- Additional Apprentice Grant funding of £0.287m
- Uplift numbers changed from estimated 54 NWP + 8 ROCU to 78 NWP + 4 ROCU total 82 - resulting in additional cost.
- Funding of Health and Social Care Levy (£1m) included in the core funding
- No Capital Grant included, £0.123m estimated based on 21-22, need to increased revenue contribution to make up the reduction
- Pay awards to be re-instated in 2022-23
- Based on figures assumed 1.1% (£1m) 23-24 and 1.6% (£1.5m) grant increases, this does not cover inflation and increments

7.6 Top slicing, that is the amount the Home Office retain for central Police related expenditure rather than distributing to Forces, increased from £1,034m in 2021-22 to £1,374m in 2022-23, an increase of £0.340m. The increase is in the Police Technology Programmes and new programmes including Police and CJS Performance, Crime Reduction Programmes, Crime Reduction Capabilities, Rape Review, Drugs / County Lines, Capital Reallocations and Fraud. If all of this were to be allocated to NWP based on the funding formula it would be equivalent to an additional £13.75m.

7.7 The increase in the allocation of Uplift officers will mean that the allocation to NWP (including the regional element) totals 206 over 3 years. Funding increases provided over the period 2020-21 to 2022-23 is sufficient to cover the current cost of the additional officers with a significant contribution towards support costs. Funding set aside in years 1 and 2 can also fund set up costs. However, the cost of each officer increases by £23k per annum over 6 years and this must be built into future costs. When deciding how to use the current funding received, it is necessary to find a balance between what can be spent now to support increases in staff and non-staff support cost for the additional officers, and how much must be held back for future costs.

7.8 The graph below shows the annual increase in the Uplift officers pay costs due to increments. The cumulative effect is £2.8m, which is a significant proportion of the savings required in 2025-26 and 2026-27.



8. Budget for 2022-23 and Planned Budget for 2023-24 to 2026-27

8.1 The detail of the Budget and changes for 2022-27 and future years are shown in Appendix A.

8.2 The main assumptions are as follows:

- Annual pay inflation 3% to be applied from September 2022 to August 2023, with a 2.5% annual increase from September 2023 onwards
- General Inflation 2%, specific inflation applied where necessary. For 2022-23 this includes Energy, Fuel, Insurance and direct Pension charges.
- Council Tax increase of 3.68% in 2022-23 (£11.25) and £12 per annum in the following years which equates to 3.79% in 2023-24, 3.65% 2024-25, 3.52% 2025-26 and 3.40% in 2026-27
- General Government Grants increase of 5.65% in 2022-23, 1.13% in 2023-24; 1.68% in 2024-25 and 1% for the following two years
- That the base grant contributes towards Uplift and all other increases (that is, there will be no additional funding for Health and Social Care levy or pay inflation)
- That the Capital Grant (£0.123m 2021-22) has been withdrawn, the deficit in the capital funding must be funded from the general grant
- A 0.25% increase in tax base from 2023-24 onwards
- Annual cost of £1.329m included for Emergency Service Network (ESN) from 2023-24 with a reserve being built up in preceding years. Based on current estimates and implementation dates ESN is now funded within the plan.
- Contributions to General Reserve to ensure the balance does not fall below the minimum of 3% of Net Budget value.
- Additional specific grants are included for PCSOs, PEQF, and costs relating to national security.

This gives a position of:

	Annual	Annual	Annual	Annual	Annual
	Budget	Budget	Budget	Budget	Budget
	2022-23	2023-24	2024-25	2025-26	2026-27
	£'000	£'000	£'000	£'000	£'000
Baseline	173,365	182,268	187,067	192,384	198,500
Inflation	1,475	4,432	4,732	5,010	5,045
Stand still structural	2,315	126	133	140	146
Health & Social Care Levy	1,075	27	28	29	29
Uplift	4,076	214	424	937	1,062
Growth	1,660	0	0	0	0
Efficiency Savings	-755	0	0	0	0
Specific Grants additional funding	-1,314	0	0	0	0
Additional PCSO growth	371	0	0	0	0
Budget Requirement	182,268	187,067	192,384	198,500	204,782
Total Grant	-88,407	-89,407	-90,907	-91,816	-92,735
Precept from Council Tax	-93,861	-97,660	-101,477	-105,313	-109,168
Total	-182,268	-187,067	-192,384	-197,129	-201,903
Annual Balance	0	0	0	1,371	1,508
Cumulative balance	0	0	0	1,371	2,879
Council Tax % increase	3.68%	3.79%	3.65%	3.52%	3.40%
Council Tax £ increase	11.25	12	12	12	12

8.3 The planning cycle focused on aligning resources to priorities while setting a balanced budget and providing value for money to local taxpayers over the medium term as set out in the Financial Strategy. Based on the assumptions set out the outputs and specific issues dealt with as part of the cycle were

- Inflation and unavoidable stand still structural increases 2022-23 and future estimates
- Inclusion of Health and Social Care Levy
- Allocation of 82 Uplift Officers for 2022-23 and estimate of future costs
- Efficiency and savings available in 2022-23
- Priority areas that require investment in 2022-23
- Estimate future costs and funding
- Estimate future Capital Requirements including ESN
- Estimate and make best use of Reserves to support the MTFP

8.4 There have been several inflationary and other unavoidable costs (which are in essence inflation costs) that have been dealt with as part of the planning process. An estimated 3% pay award has been included from September 2023 which is in line with the most recent national discussions. A 2% general inflation has been included but all areas were reviewed to assess whether this was sufficient. Additional amounts have been included for Estates and Energy costs, Fuel, Insurance and Injury Pensions taking into account the current year budget position. IT costs are increasing at above the 2% base inflation, but also the number of licences required for general use software and storage costs due to volume have increased. The additional cost of ESN was included last year and is consolidated into the base. The withdrawal of the Capital Grant has been compensated with an increase in revenue contribution. And finally, the Health and Social Care levy is an additional employer tax. A breakdown is given below:

Standstill Structural Costs	£'000	Explanation
Inflation	1,475	Pay and non-pay basic inflation based on 3% pay from September 2023 and 2% General inflation
Additional specific inflation for Estate/Energy, Fuel, Insurance, and Injury Pensions	440	Above base-inflationary increases expected in 2022-23 which emerged during the planning process
ICT increases	787	Reflecting higher than base-inflationary figures, plus increased volume due to Uplift and other growth over last 3 years
National and Regional Collaborations	251	New, and increases in cost of existing collaborations
ESN	714	Included as part of last year's MTFP and consolidated in the budget
Capital Contribution to makes up reduction of Capital Grant	123	Capital Grant withdrawn. If the revenue contribution had not been increased, this would have reduced the 5-year programme funding by 5 x £123k = £615k.
Health & Social Care Levy	1,075	The Chancellor introduced an additional employer tax as part of the Autumn Statement, this is the cost to NWP
Total stand still cost	4,865	

- 8.5 Based on announcements made, North Wales Police had expected a total allocation of 186 additional Officers through Operation Uplift. 124 of these were allocated in the previous two planning processes, with the expectation of another 62 for 2022-23. There was always a possibility that the figure would differ, depending on how many were allocated directly to national or regional units.
- 8.6 The recruitment plan had been prepared using a higher figure of 78 for 2022-23 as it would be easier to scale down than up. The announcement in December 2021 allocated 78 to NWP and also 4 as NWP's contribution to regional units. Recruitment will be challenging but it is expected that the Uplift target will have been met by January 2023, and there is an additional recruitment round planned for March 2023. There is a time lag between recruiting new officers and when they are available to replace experienced officers being appointed into the new posts. This is minimised as far as possible but cannot be eliminated entirely. There is also pressure on the tutor units with the number of officers being tutored higher than ever and additional resources are being included to support this. Once the number of year 1 probationers returns to the normal level (54 at any one time, rather than the current figure of around 100) the 17 temporary posts allocated to response can be reallocated as part of next year's planning process. In the meantime, all the additional probationers and tutors will be on the streets of North Wales supporting the Response Officers. A summary of the allocations follows:

Service Area	Allocation	Explanation
Local Policing Service	57	28 Front Line Response 11 Tutors 1 Western Detective Inspector 17 Temp Response to support recruitment and training to be reallocated once enough have gone through 1 st year training
Crime Service	16	10 Protecting Vulnerable People Unit 6 Specialist investigation Units
Operational Support	2	2 Drones Constables
Corporate Service	1	HMICFRS Inspection Support
Professional Standards	2	To promote and manage standards
Regional Contribution	4	NWP contribution to regional cross-border investigations
Total	82	

8.7 An Uplift reserve has been in existence over the last two years, pending final confirmation of funding. It is expected that around £3m of this will still be available at the end of next year. This will be used to overshoot the Uplift target to expediate the deployment into the planned posts; it will also allow for an unforeseen reduction in numbers recruited, or additional leavers.

8.8 To support the implementation of the additional Uplift Officers, and meet demand, 41 new staff posts have been agreed. The total staff and non-staff cost is £1.660m, which includes an additional £20k for Roadside drug testing kits and £56k for the OPCC (mainly towards the national contributions). The additional posts are detailed below:

Service Area	Allocation	Explanation
Crime Service	9	PVPU and support of specialist posts
Operational Support	21	10 Digital Desk 10 Justice Services 1 Road Policing Researcher
Corporate Service	9	4 Business Intelligence 4 Training and Recruitment 1 Support officer
Professional Standards	1	Learning and Prevention Officer
Finance and Resources	1	Finance Support
Total	41	

8.9 As part of the process, efficiency savings were assessed. Having taken and delivered £2.9m of savings in 2021-22, and £35.4m in the previous 10 years, it was anticipated that additional efficiencies would be difficult to deliver and would be need to be judged to assess whether they would diminish the service provided and against proposed reinvestment. All areas were asked to put forward proposals to deliver £1.7m for re-investment, and a further £1.7m contingency to cater for an unexpected reduction in funding. Proposals amounting to these values were received and scrutinised. It was necessary to pursue the contingency savings this year. The reinvestment savings were assessed and £0.755m were assessed as genuine efficiencies and deliverable in the year, which are detailed below. Some of the plans not pursued for 2022-23 are longer-term and will be developed over the next year.

Category	Savings Identified
	£'000
Central savings from projects	483
Staff Posts (vacant and not to be filled)	80
Non staff savings Service areas	192
Grand Total	755

- 8.10 During the year the Welsh Government announced additional funding towards 20 additional PCSOs, which are being recruited during 2021-22; these are included in the base figures. In discussion with the Chief Constable, the PCC decided to fund a further 10 PCSO from additional Council Tax so that there will be an increase of 30. This will restore some of the reduction from the austerity period. This proposal requires an additional £1.25 increase in the Council Tax
- 8.11 The plan summarised above sets the cornerstone for future years: full implementation of the Uplift officer increases; the support required to support an additional 200+ officers; and also investments in digital and other non-staff costs. Prudent budgeting and delivered savings in past years have resulted in a balanced budget being planned for the next 3 years, with a saving requirement of £2.879m (equivalent to 1.6% of the 2022-23 net budget) in the last 2 years of the MTFP. Efficiency savings will be pursued for re investment over the next planning cycle. The charts below show the investment to be made aligning to the PCC's priorities:

Delivering Safer Neighbourhoods



Supporting Victims & Communities



Fair and Effective Criminal Justice System



9. Resilience and Reserves

- 9.1 The Commissioner has a duty to ensure that he holds adequate financial reserves to manage risks. In addition to the funding and forecasting risks detailed above, the Commissioner needs to allow for expenditure risk (spending over budget), as well as unforeseen events such as costly major incidents, natural disasters or other unforeseen events. An element of this risk is through the in-year budgets, by the use of the contingency budgets. However, these contingency budgets are being reduced, with a greater proportion of that risk being transferred to Reserves.
- 9.2 The Reserves are reviewed as part of the budget setting process and again as part of producing the Statement of Accounts at the end of the financial year when the final position is known.
- 9.3 There is a planned reduction in reserves from £32.931m to £20.899m over 10 years. A description of each reserve is given in paragraph 9.6.
- 9.4 It is considered prudent to maintain General Reserves at between 3% and 5% of Net Revenue Expenditure (NRE). As there are earmarked reserve to mitigate risk, the General Reserve has been maintained at just above 3%. However, as the NRE increases it is necessary to increase

the General Reserve to maintain the balance at 3%, this has been included into future plans and is reflected in the summary below:

<u>Reserve Position</u>	Balance 31.3.21 Balance £m	Balance 31.3.22 Balance £m	Balance 31.3.23 Balance £m	Balance 31.3.24 Balance £m	Balance 31.3.25 Balance £m	Balance 31.3.26 Balance £m	Balance 31.3.27 Balance £m	Balance 31.3.28 Balance £m	Balance 31.3.29 Balance £m	Balance 31.3.30 Balance £m
<i>Usable Reserves at</i>										
General Fund Balance	5.417	5.531	5.645	5.759	5.873	5.987	6.105	6.225	6.347	6.469
Earmarked General Fund Reserves	25.461	24.488	18.376	15.641	14.238	13.190	12.667	12.163	11.620	11.620
Capital Receipts Reserve	2.084	3.423	3.607	3.737	3.362	3.262	3.162	3.062	2.962	2.862
Total Usable Reserves	32.961	33.442	27.628	25.137	23.473	22.439	21.934	21.450	20.929	20.951

9.5 Details of each earmarked reserve are to be found in the MTFP together with their projected use.

10. Capital

10.1 The PCC's assets and infrastructure need continual investment in order to ensure an efficient and modern working environment. Strategies for the Estates, IT and Fleet were developed during 2019-20 and a new Capital Programme agreed in 2020-21. The implementation of Operation Uplift; reviewing the requirements as part of the planning cycle; and the COVID recovery plan; have resulted in revisions to the planned Programme. COVID has resulted in some re-phasing of the Programme due to unavoidable delays. Major projects such as ESN and the Command and Control System upgrade have also been under review. The draft Capital Programme 2021-22 to 2026-27 is an update of last year's Programme, reflecting changes in time and/or costs.

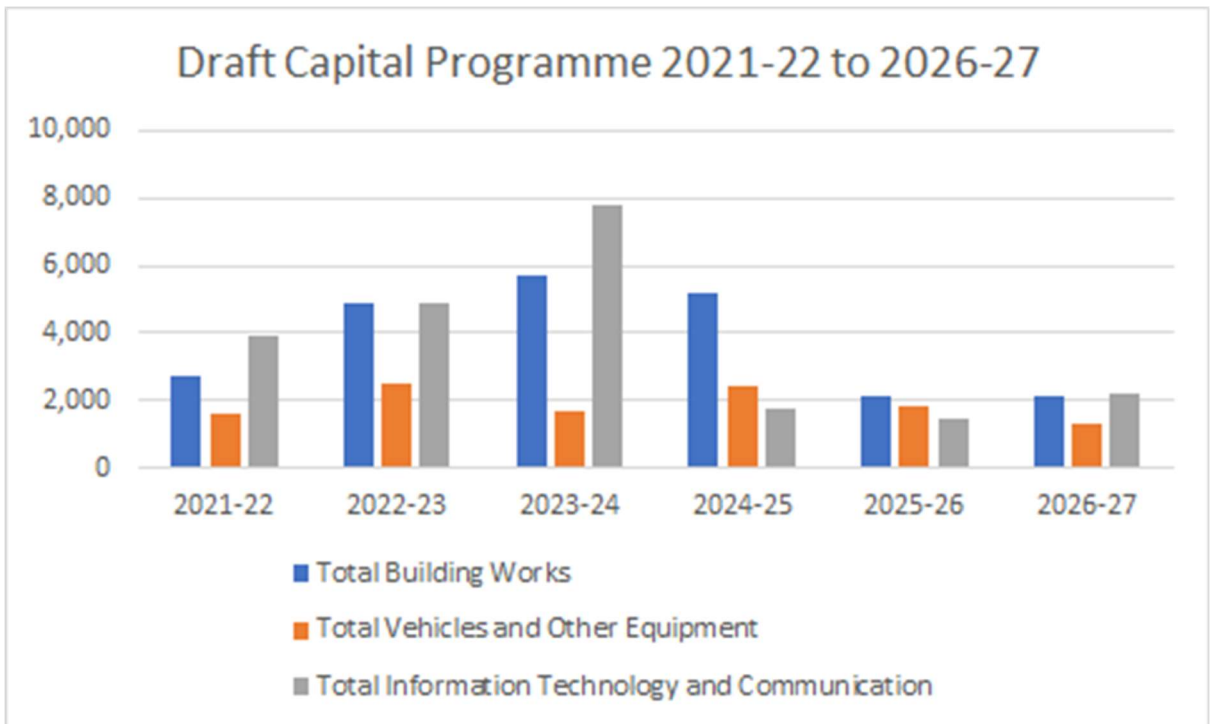
10.2 **Estates** – The refurbishment of Pwllheli Police Station has been completed and the Firearms Base upgrades will be completed in 2021-22. The cost of building works has generally increased since the original estimates were prepared, and this situation has accelerated during 2021-22, requiring existing future projects to be reviewed in terms of cost. These will all be subject to final Business Cases, tendering process etc. before implementation. The changes to the Programme are summarised below:

- Vehicle Commission Centre cost increased by £0.236m, funded by Capital Receipts
- Estates Review: projects at Holyhead and Dolgellau increased by 10% +£0.534m
- Flintshire project (now shown as two projects: north and south) £1.1m increase
- £2m included for additional works in 2025-26
- £2m estimated for Firearms Base refurbishment in 2026-27, subject to scoping and Business Case.

10.3 **Fleet** – A detailed review of Fleet requirement was been made using the Telematics management information data, resulting in a reduction of £0.341m in the annual cost per last

year's MTFP (reduction in number of vehicles). Since then several issues have arisen affecting the cost and delivery of vehicles. The reasons for supply issues include the shortage of microchips, COVID and Brexit. A national tendering process was carried out by Blue Light Commercial with the final figures not being available until August/September 2021. This resulted in an increase of £4k to £6k in the cost of each vehicle. The Fleet Department have re-profiled and re-costed the replacement Programme, resulting in an increase of £0.953m over 5 years (reducing the previous saving over the same period from £1.7m to £0.77m).

- 10.4 **IT and Communication** - Substantial investment is being made in IT. This is being directed by the Digital Transformation Programme Board. The personal issue of internet-enabled devices to operational officers and staff enables agile working – this project was accelerated as a result of COVID and all devices will be able to utilise the National Enablement Programme (in terms of the latest software available) by the end of 2021-22. A significant upgrade in the Command and Control system is being progressed. ESN has been included but has been put back a year, this assists in term of funding as the reserve built up will have an additional year of contribution. Mobile Phones will be replaced March/April 2022 and the Mobile App will be implemented early in 2022-23. Replacement for IT equipment has been built into future years, including an additional year 2026-27.
- 10.5 The major issue with the Programme has been the phasing, this has been looked at a number of times during 2021-22. Unfortunately, due to several uncertainties outside of project managers' control, a number of projects have been put back despite the will to progress them sooner. The Capital Expenditure environment is still challenging, with increased variability in cost (which leads to delay in order to provide the appropriate governance and scrutiny for increases) as well as internal and external resources to deliver the projects. The Programme is still skewed towards the early years as shown below and the phasing and delivery will be monitored on a regular basis at project and programme level.



10.6 The re-phasing has assisted with funding. With borrowing delayed, the budget set aside to repay loans (Revenue Provision) can be used to pay for capital directly, thus reducing future borrowing, or creating headroom for increased costs. The Programme is affordable based on current estimates of expenditure and funding available. The capital figures are shown in Appendix C; the final detailed plan will be formally approved by the PCC before the end of March 2022, as part of the Capital Strategy. This is a statutory requirement and incorporates the Treasury Management and Prudential Code Strategies. Details of the Programme are contained in the MTFP; a summary of the Programme and funding is given below.

Description	2021-22 Revised Estimate 2021-22	2022-23 Est	2023-24 Est	2024-25 Est	2025-26 Est	2026-27 Est
	£000	£000	£000	£000	£000	£000
Total Building Works	2,700	4,872	5,684	5,168	2,100	2,100
Total Vehicles and Other Equipment	1,635	2,480	1,667	2,441	1,797	1,341
Total Information Technology and Communication	3,900	4,858	7,823	1,794	1,444	2,185
Total Capital Expenditure	8,235	12,210	15,174	9,403	5,341	5,626

Description	2021-22 Revised Estimate	2022-23 Est	2023-24 Est	2024-25 Est	2025-26 Est	2026-27 Est
	£000	£000	£000	£000	£000	£000
Home Office Grant	171	0	0	0	0	0
Revenue Contribution	2,208	2,177	3,353	2,411	2,097	2,731
Earmarked Reserves	2,959	2,352	1,384	0	0	0
Capital Receipts	271	336	370	750	100	100
Borrowing for Estates	2,071	4,503	5,584	4,418	2,000	2,000
Borrowing for replacement programme	555	2,842	4,483	1,824	1,144	795
Total Funding	8,235	12,210	15,174	9,403	5,341	5,626
External Resources	171	0	0	0	0	0
Own resources	5,438	4,864	5,107	3,161	2,197	2,8318
Debt	2,626	7,345	10,067	6,242	3,144	2,795
TOTAL	8,235	12,210	15,174	9,403	5,341	5,626

11. Consideration of Options

11.1 The Commissioner has considered all of the options available within the resources available. Extensive work was carried out by the Organisational Planning Process to identify savings and move resources within the organisation. The planning process also enabled the informed allocation of 82 Operation Uplift officers based on priorities. A council tax increase of £11.25 or 3.68% has been proposed. This covers the cost of inflation and stand-still increases, Uplift implementation and supporting growth plus an additional 10 PCSOs. Additional resources have become available by the announcement of additional officers; however this increase is required to cover the current cost of officers, the set up and training costs and then also the future increase in cost as their salaries increase with annual increments.

11.2 The Commissioner held discussions with the Chief Constable who confirmed that the council tax increase of 3.68% provides sufficient budget to enable the operational delivery of the policing service in 2022/23, and allows for prudent contributions to reserves to help meet the future costs of ESN. Also, due to future uncertainty over the level of grant allocation, pay awards, and changes in operational pressures, it is not possible to comment at the stage as to the accuracy of planning assumptions for later financial years, and it must be understood that a significant reduction in the grant allocation or a higher than expected pay award would necessitate increased cuts and/or higher council tax increases in future years. However, the assumptions made are prudent and in line with those made within the Policing sector.

11.3 Increasing the Council Tax by 3.68% the valuations for each property band are:

Tax Band	A	B	C	D	E	F	G	H	I
Council Tax £	211.20	246.40	281.60	316.80	387.20	457.60	528.00	633.60	739.20

11.4 The precept for each billing area will be:

Billing Authority	2022-23 Tax Base	Precept £
Anglesey County Council	32,042.00	10,150,906
Gwynedd Council	53,715.10	17,016,944
Conwy County Borough Council	51,020.98	16,163,446
Denbighshire County Council	40,642.10	12,875,417
Flintshire County Council	65,194.00	20,653,459
Wrexham County Borough Council	53,665.01	17,001,075
	296,279.19	93,861,247

12. Implications

Diversity	The report's recommendations will affect the Force's employee numbers in future years.
Financial	<p>The purpose of this report is to recommend the Precept and Council Tax for 2022/23, and to explain the factors taken into account in making this recommendation. Although the recommendation is for a single financial year, it is important to consider the medium to long term position in reaching a decision.</p> <p>Adequate financial resources are vital to the delivery of the Police and Crime Plan and to fulfil our legal requirements.</p>
Legal	This report, in conjunction with the Medium Term Financial Plan, provides sufficient information for the Police and Crime Panel to make a decision that could stand future legal challenge.
Risk	The report identifies and evaluates the risks from the recommendations.
Police and Crime	No separate police and crime implications.

Appendix A

Ref	Description <u>Budget 2021-22 to 2026-27</u>	Annual	+'Inc	Annual	Annual	Annual	Annual	Annual
		Budget	Redn	Budget	Budget	Budget	Budget	Budget
		2021-	2022-	2022-	2023-	2024-	2025-	2026-
		22	23	23	24	25	26	27
	Expenditure	£000	£000	£000	£000	£000	£000	£000
1.1	Police Officer Pay Establishment	90,304	6,051	96,355	98,896	101,922	105,226	108,859
2.1	Police Staff Pay	42,517	3,096	45,613	46,888	48,068	49,276	50,516
2.2	PCSOs	6,104	1,130	7,234	7,429	7,615	7,806	8,001
3.1	Police Officer Overtime	2,233	104	2,337	2,395	2,455	2,516	2,579
4	Police Staff Overtime	597	45	642	658	675	692	709
5	Allowances	1,299	35	1,334	1,333	1,332	1,332	1,332
6	Training	1,407	357	1,764	1,800	1,762	1,797	1,833
7	Other Employee	726	72	798	814	830	846	863
8	Direct Pension Payments	3,281	146	3,427	3,509	3,594	3,680	3,768
9	Energy Costs	1,467	137	1,604	1,652	1,702	1,753	1,805
10	Building Running Costs	6,562	183	6,745	6,880	7,018	7,158	7,301
11	Repairs & Maintenance of Vehicles	596	15	611	623	635	648	661
12	Vehicle Running Costs	1,853	171	2,024	2,076	2,129	2,184	2,240
13	Car & Travelling Allowances	463	-49	414	423	431	440	449
14	Air Support Unit	604	-100	504	517	530	543	557
15	Equipment	1,091	120	1,211	1,236	1,260	1,286	1,311
16	Clothing and Uniforms	530	44	574	558	569	580	592
17	Printing and Stationery	284	4	288	294	300	306	312
18	IT and Communications	12,628	1,036	13,664	13,940	14,309	14,689	15,081
19	Subsistence	266	-12	254	259	264	269	275
20	Other Supplies and Services	2,626	77	2,703	2,756	2,810	2,864	2,920
21	Collaboration and Partnerships	6,547	931	7,478	7,665	7,856	8,052	8,254
22	Forensics	919	15	934	953	972	991	1,011
23	Debt Charges & Contribution to Capital	4,354	153	4,507	5,716	5,670	5,898	5,898
24	Special Situations Contingency	400	0	400	400	400	400	400
25	Inflation and General Contingency	3,361	-2,595	766	666	550	550	550
26	Community Safety Fund	3,429	116	3,545	3,615	3,688	3,762	3,837
	Gross Expenditure	196,448	11,282	207,730	213,951	219,346	225,544	231,914

	Annual Budget 2021- 22	+'Inc -' Redn 2022- 23	Annual Budget 2022- 23	Annual Budget 2023- 24	Annual Budget 2024- 25	Annual Budget 2025- 26	Annual Budget 2026- 27
	£000	£000	£000	£000	£000	£000	£000
Income							
27 Secondments	-6,637	-905	-7,542	-7,729	-7,921	-8,117	-8,319
28 Interest on Balances	-100	0	-100	-100	-100	-100	-100
29 Income	-2,599	-10	-2,609	-2,609	-2,609	-2,609	-2,609
30 Specific Grants	-14,309	-2,125	-16,434	-16,381	-16,328	-16,276	-16,223
Total Income	-23,645	-3,040	-26,685	-26,819	-26,958	-27,102	-27,251
31 PFI Reserve	-188	-53	-241	-293	-346	-398	-451
32 Contribution to ESN Reserve	750	600	1,350	0	0	0	0
33 Contribution to General Reserve	0	114	114	228	342	456	570
Net Expenditure	173,365	8,903	182,268	187,067	192,384	198,500	204,782
34 Total Grants	-83,677	-4,730	-88,407	-89,407	-90,907	-91,816	-92,735
35 Precept	-89,688	-4,173	-93,861	-97,660	-101,477	-105,313	-109,168
Funding	-173,365	-8,903	-182,268	-187,067	-192,384	-197,129	-201,903
Growth/saving	0	0	0	0	0	0	0
Revised Net with growth	173,365		182,268	187,067	192,384	198,500	204,782
Annual Balance	0	0	0	0	0	1,371	2,879
BASE CASE - Cumulative	0		0	0	0	1,371	2,879