OFFICE OF THE NORTHAMPTONSHIRE POLICE, FIRE AND CRIME COMMISSIONER
&
NORTHAMPTONSHIRE POLICE
&
NORTHAMPTONSHIRE COMMISSIONER FIRE AND RESCUE AUTHORITY

JOINT INDEPENDENT AUDIT COMMITTEE

19th March 2025 10.00-13.00

Microsoft Teams virtual meeting
Hill Room Darby House

If you should have any queries in respect of this agenda, or would like to join the meeting please contact:

Kate.Osborne@northantspfcc.gov.uk

Members of the public, with the permission of the Chair of the Committee, may ask questions of members of the Committee, or may address the Committee, on an item on the public part of the agenda.

Further details regarding the process for asking questions or making an address to the Committee are set out at the end of this agenda notice

*   *   *   *   *

Public Meeting of the Joint Independent Audit Committee				Time
1	Welcome and Apologies for non- attendance			10:00
2	Declarations of Interests			10:10
3 (pg 5)	Meetings and Action log 4th December	Chair	Reports	10:20
4 (pg 13)	Internal Auditor Reports	Mazars	Report	10:30
5 (pg 36)	External Audit update	Grant Thornton	Report	11:05
6 (pg 57)	Audit implementation update of internal audit recommendations PFCC and CC	PB/RB	Report	11:25
7 (pg 90)	HMICFRS update - CC	PB/ RB	Report	11:45
8 A (pg107) B (pg 131)	Treasury Management Strategy CC and PFCC NCFRA	NA	Report	12:05
9 (pg 155)	Agenda Plan	VA	Report	12:25
10	AOB	Chair	Verbal	12:30
11	Confidential items – any	Chair	Verbal	
	Resolution to exclude the public	Chair	Verbal	
	Items for which the public be excluded from the meeting: In respect of the following items the Chair may move the resolution set out below on the grounds that if the public were present it would be likely that exempt information (information regarded as private for the purposes of the Local Government Act 1972) would be disclosed to them: *“That under Section 100A (4) of the Local Government Act 1972, the public be excluded from the meeting for the following items of business on the grounds that if the public were present it would be likely that exempt information under Part 1 of Schedule 12A of the Act of the descriptions against each item would be disclosed to them”.*			
12 (pg 158)	NCFRA Risk register (including current risk policy as appendix)	JO/LJ	Report	12:45
	Future Meetings held in public 10am-13.00pm: - 19th March 2025 - 9th July 2025 Further dates To Be Confirmed: - 1st October 2025 - 3rd December 2025 (9:30 – 12:30) - 11th March 2026 Proposed workshop dates: - 18th June 2025 (10-11:30) - 13th November 2025 (10:30-12:00) - 26th November 2025 (10:30-12:00)			

Further details regarding the process for asking questions or making an address to the Committee

i. General

Members of the public, with the permission of the Chair of the Committee, may ask questions of members of the Committee, or may address the Committee, on an item on the public part of the agenda.

ii. Notice of questions and addresses

A question may only be asked or an address given if notice has been given by delivering it in writing or by electronic mail to the Monitoring Officer no later than noon two working days before the meeting.

Notice of questions or an address to the Committee should be sent to:

Kate Osborne
Office of the Police, Fire and Crime Commissioner
Darby House, Darby Close, Park Farm Industrial Estate, Wellingborough. NN8 6GS

or by email to:
kate.osborne@northantspfcc.gov.uk

Each notice of a question must give the name and address of the questioner and must name the person to whom it is to be put, and the nature of the question to be asked. Each notice of an address must give the name and address of the persons who will address the meeting and the purpose of the address.

iii. Scope of questions and addresses

The Chair of the Committee may reject a question or address if it:

- Is not about a matter for which the Committee has a responsibility or which affects Northamptonshire;
- is defamatory, frivolous, offensive or vexatious;
- is substantially the same as a question which has been put or an address made by some other person at the same meeting of the Committee or at another meeting of the Committee in the past six months; or
- requires the disclosure of confidential or exempt information.

iv. Asking the question or making the address at the meeting

The Chair of the Committee will invite the questioner to put the question to the person named in the notice. Alternatively, the Chair of the Committee will invite an address to the Committee for a period not exceeding three minutes. Every question must be put and answered without discussion but the person to whom the question has been put may decline to answer it or deal with it by a written answer. Every address must be made without discussion.

v. The Chair and Members of the Committee are:

Mrs A Battom (Chair of the Committee)

Mr J Holman

Mrs E Watson

Ms A Bruce

Mrs A Vujcich

* * * * *

Agenda Item : 3

Joint Independent Audit Committee (JIAC) ACTION LOG – 4th December 2024

Attendees: Members: Ann Battom (AB), John Holman (JH), Edith Watson (EW), Alicia Bruce (ABr), Alexandra Vujcich (AV)

Vaughan Ashcroft – Chief Finance Officer OPFCC and NCFRA (VA), Paul Bullen - Assistant Chief Officer Enabling Services (PB); Nick Alexander – Chief Finance Officer CC (NA); Kate Osborne Project Support Officer OPFCC (KO); Don Crook (DC); Julie Oliver – Risk and Business Planning Manager (JO); Lisa Jackson – Business Services Area Manager (LJ); Paul Fell – Director for Delivery OPFCC (PF); Clare Chambers – Chief Digital Officer (CC)

Internal Audit – Mazars – Alexander Campbell (AC);

External Audit – Grant Thornton – Laurelin Griffiths (LG); Siobhan Barnard (SB)

Agenda	Issue	Actions	Comments/ actions
1	Welcome and apologies		**Apologies –** Jonny Bugg OPFCC CEO (JB); Internal Audit Mazars – Sarah Knowles External Audit – EY – Elizabeth Jackson (EJ)
2	Declarations of Interests		None

3	Meeting Log and Actions – 2nd October		1. Minutes approved
4	Internal Auditor Progress report Mazars		1. AC – section 1 snapshot of where we are – change of audit topic for NCFRA requested by service 2. Section 2 – summary of findings 3. Section 3 – implemented one of JIAC actions and scopes and timings confirmed for IT audits 4. Questions: EW – safeguarding – why established as limited? – AC –reported at previous JIAC. ABr – confirmed progress of DBS assurance given at October JIAC 5. AB – given where we are in year we are at 27% completed – are we happy on track? – AC happy will have made significant progress towards year end. And will not impact the annual opinion. AC – content that everything will get moving before end Q4 6. AB – pleased to note performance indicator improvement and the audit brief is up to 78% - pg 21 – thanks for ToR dates. 7. AB – Joint asset management action – are we happy that November 25 is the due date? – VA – in order to get the systems in place prior to audit this time is needed. AC – prefer realistic timescales. 8. ABr – is this to put a barcoding/ tagging system in place? – PB - Yes 9. JH – asset management vs estates management – asset is stuff vs estates as buildings. VA – yes – EW – what is the risk in the interim? – LJ – there is a manual process currently. The new process will be more efficient.
5	External Auditor Progress – EY		1. VA to present. 2. All of the historic audits are still with EY. They all need to be signed off by 13th December. EY have provided completion reports. 3. VA – nothing concerning to VA or NA – no surprises. And from service point of view we have provided all we required to EY. Expect to sign off 6th December 4. AB – are we happy this will happen? VA – confident more so than previous. 5. JH – letter – pg 59 – climate related matters? – what are we dealing with? – carbon footprint – NA – policing and fire sectors are quite specific on needs. Need a

		Action – KO to add climate change and sustainability into future JIAC agenda (July 2025)	development in hydrogen or electricity market so we can plan for that. NA – will still have to meet 2030 targets around fuels etc. – EV strategy, green agendas. Linked into the estates master plan to ensure plans are in place to support this. until we understand a realistic longer term pricing - we are not in a place to cost this into our plans at current time. 6. JH – JIAC to look at in future? Action - climate change and green plans to be factored into JIAC future agenda 7. Abr – pg 60 – "TBC"? – when will this be finalised? – VA – don't know. We are waiting. Fees in the report are standard scale fees. There are contingencies in place related to these fees. 8. AB – PSAA decisions relating to historical issues – have we pushed for this? – VA – no – awaiting response.
6	External Audit Update – GT		1. SB – audit findings policing findings 2. Pg 73 – confirmed within headlines – backstop happening which will result in modified opinion. 3. Pg 77 – reconfirmed materiality hasn't changed from audit plan. 4. Pg 79 – outline of significant risks – management override of controls – no specific findings save a control recommendation (pg95) 5. Pg 80 – land and buildings valuations – significant risks – amendment pg 82 but no other findings 6. Pg 81 – pension liability – considered reasonable but only for LGPS. Not found any further issues on pensions so far 7. Pg95 – outlines control recommendations – 2 – journals authorisations accruals and statements 8. Pg 97 – adjusted mis statements – no unadjusted misstatements identified 9. Pg 96 CC and 98 PFCC – minor disclosure amendments outlined 10. Questions – 11. AV – pg 76 – conclusions – number of outstanding items? Are they due this week. SB – this report submitted 10 days ago so there has been some shift since report submitted. GT are close to end of completing substantive work. 12. JH – valuation of land – has a valuation been done in the last 5 years? Are we comfortable that we have go a true and fair basis of value? – VA – as part of the testing that GT have done they have looked at the valuations. Properties are valued every year. Issues previously were to do with the way Ey audited property valuations.

			13. VA - no change in methodology for us. But the difference of opinion with EY was the stumbling block for this area of audit previously. 14. VFM – LG – 15. The work that is done alongside accounts are to look at arrangements to ensure VFM 16. Financial sustainability, governance and improving effectiveness 17. RAAG table – explained 18. Both reports only have improvement recommendations so are positive even though appear amber. 19. From GT perspective they are positive reports 20. AB – paperwork gave a good opinion – 21. AB – governance action – direction of travel – NA – when we looked at the direction of travel recommendation we broadly agreed – so what progress, targets moved – so having something to explain the movement of travel is useful. NA looking at implementation moving forwards. 22. Look at how we can manage the changes to reporting. How to graphically show changes in the risks or points. NA – look at timeframes and report back to JIAC about how to amend reports to show improvements within recommendations. To keep reporting principles similar whilst showing improvement. 23. EW – use JIAC members to see how these can be reported and presented in the design stages. To adapt Risk registers. 24. JO – fire do not have PEEL inspections. Recommendations in fire 2023/24 – IR 2 – risk management process – responsible officer needs updating to same as IR4.
		Action – NA – look at timeframes and how to amend reports to show improvements within recommendations **Action – Grant Thornton – amend report to reflect JO updates**	
7	Audit implementation update of internal audit NFRS		1. JO presented 2. AB – thank you it is now clear which are the outstanding items. 3. 22/23 – 2 ongoing with revised implementation dates – JO pg 107 project management. 4. LJ – process is in place and how we are going to do things with enabling – we have a new process. We didn't want to close it until evaluation of new process has taken place. Shared process with enabling services 5. AB – look forward to future reports 6. EW – 117 – lack of quarterly periodic user views – access management – December – doesn't seem to have been a review for a while. JO – has monthly updates around

			this from DDaT – so had updates in Sept, Oct and November and are well imbedded to receive updates regularly. 7. JO – this has been updated to in line with police ones – key page 107 – explains the colour coding. 8. Privileged access – pg 119 – PB – number of actions around DDaT Stuff from last JIAC – these will be discussed later in agenda. 9. AV – MFA update – pg 118/119 - PB moved simply for policy change reason. Consultation need to take place prior to 31st January date. AV – risk of not having MFA – PB – part of what is being worked through in relation to policy. 10. LJ – believes this is done – LJ to check and update JIAC accordingly. 11. JH – some dates do change quite significantly – is this scoping or management. What is in place going forwards – LJ – new governance structure – projects and portfolio board – going through change management process have meant dates changed. Prioritised actions against risk. 12. JH – p126 – safeguarding – was that finished 1st December – yes these are now completed.
		Action – LJ – to check if MFA process has been implemented	
8	HMICFRS update - NFRS		1. PB – presenting - 2. Received report in September 2024 3. 3rd round of inspections 4. The findings are in the report – 3 requires improvement listed in report. 5. HMI re: people is national focus across Fire services. 6. 3 areas reported good – positive compared to where we were in 2019 7. Maintain cause for concern from previous round. They did acknowledge the work that had been done, but waiting to see the impact for future inspections 8. AB – disappointing it was maintained as a cause for concern. PB – but felt inevitable until processes embedded. 9. AV – returning in spring – is the hope that it will change. LJ – the service are working hard to improve evidence base in order to improve rating in future. 10. DC – constant liaison with HMI until next inspection – so looking at areas to improve being addressed by next inspection. 11. Questions 12. AV – action plan – action owner or dates – is there a more detailed one – LJ – YES 13. AB – some of them it does give a date – July 2024 and Autumn – LJ – these will be reported and tracked out at higher level meetings.

9	Fraud and Corruption (Policing)		1. NFI is currently ongoing and so timing of this report is unfortunate 2. NA – move towards annual review 3. AB – how much officer time does it take to submit – NA not too much. The pay one we are designing a report to streamline the process further. 4. NA – update in college code of ethics – brings into reality the need to change cultures and behaviours. 5. Upstander requirements for ALL 6. National trend in changes of behaviour recognised to be influencing business interest. 7. Positive impact of behaviour change culture. 8. No issues internally that relate to fraud. 9. AB – national standard and op admiral – how can you tell if they are making a difference – PB – key-way count levels of disciplinaries. However, in the spring there is a staffing survey (scheduled for the spring) which is hoped will inform the process further. 10. AB – is this anonymous – PB - yes
10	Agenda plan	**Action KO – update agenda plan**	1. Climate change/ Sustainability – JULY 2025 – PB to present 2. Remove systems from agenda plan
11	AOB		
13	CC Risk Register (including policy as appendix)	**Action – KO – request attached documents rather than imbedding in report**	1. PB annual report to audit committee 2. Lists out the scores and raised risks 3. HMCTS – national issues 4. Outline new risks – DDaT related – not new risks, these can be attributed to DDaT improving their processes to capture risks. 5. None have increased since previous report 6. Questions 7. AB – 15 new risks seemed a lot – should we be worried new risks are high risk? – PB – no, there are better processes to flag and record risks rather than anything sinister. Things that have emerged over the years are new risk e.g. officer uplift – we weren't having problems recruiting before. Now reached the point where officer recruitment is difficult. 8. AV – assurance around risk dashboard – 9. ACTION - Imbedding documents – KO to look into . 10. It was agreed that the Force Assurance Board's examination of risk is a good level of assurance for JIAC

14	Complaints Procedure		1. EE and PF presents. 2. PF – history and context – previously reported to JIAC when processes changed around 4 years ago. Legislation changed 1/2/2020 3. Demand has more than doubled – this is reflected nationally. PF attributed this in part to the change in definition of complaint - *“any level of dissatisfaction”* 4. EE - Aren’t any time limits we have to adhere to. But we are still measured against it. 5. Quarterly performance reports show how we sit nationally. Performance against national average and most similar forces. These show that Northants is significantly better than the national average. However in latest data Northants is below average in reviews – this has been due to workload and backlogs within the team. 6. AB – when you have completed review – do they have the option to not agree. Is that the end of the matter? – PB end of matter – for the matters that OPFCC team look at. Depending on circumstances (often when information has been withheld during first review) there can be some flexibility around re-review. however, the complainants do not have the right to re-review 7. AB – do you collect any data around trend or identifiable individual officers – EE – yes – centurion the software allows these reports to be generated. 8. Looking at expanding team to allow manager to examine trends/ systemic issues (e.g. if there are trends in specific teams and the types of complaints reported etc. 9. AB – do you have serial complainants? – PF – we don’t keep database of complainants but persistent complainants do take up a disproportionate amount of time. 10. JH – suggested trends around demographics around complainants be looked into? 11. JH – 75% service recovery – do you offer compensation? – EE – No 12. JH – timescales – brilliant service to complainants – but have you asked complainants what level of service they want? – could you re-deploy services? EE they have attempted to seek feedback but response levels were low and in some cases unhelpful. EE would like to look at ways of gathering feedback whilst ensuring its usefulness and validity.
15	CC Recruitment update		1. KO talked through the CC recruitment process 2. The report outlines timescales and further details on the process/ program of recruitment. 3. JH – asked for assurance about improvement in general recruitment processes (not just CC recruitment) – PB – vetting review and changes in recruitment practises are already in place. Ensuring complete checks are done and also recorded on the HR system.

16	Disaster recovery action plan and cyber update	**Action – CC/ PB – to make JIAC aware when disaster recovery audit is scheduled.**	1. CC presented. Presentation was shared with members after the JIAC meeting. 2. IT Health check/ Cyber security – national frameworks and assessments to govern the IT health check process 3. Assurance – police – force assurance board, information assurance board, DDaT information assurance group 4. Assurance – Fire – DDaT information assurance group, information assurance board, fire senior leadership team 5. IT health check – Police – May, Fire – November 6. National assurance in place to assess IT Health. 7. AV – national frameworks and local frameworks – slightly different between police and fire 8. IT health checks – internal standard and documents – CC they are done by a third party. 9. JH – how do you seek assurance that your external contractors are as resilient? – CC – IT health checks done before, during and after implementation. 10. Disaster Recovery Plan – linked to business continuity plans. 11. AV – does the technology (back up) meet thoughts or are there some systems that can't? – 12. EW – no issues with SLAs and back ups – 13. Joint Identity Access management audits – actions which were outstanding are presented. 14. Disaster Recover audit – date to be confirmed.

Office of the Police, Fire & Crime Commissioner for Northamptonshire, Northamptonshire Commissioner Fire & Rescue Authority and Northamptonshire Police

Internal Audit Progress Report

Joint Independent Audit Committee – 19 March 2025

Date Prepared: March 2025

forv/s mazars

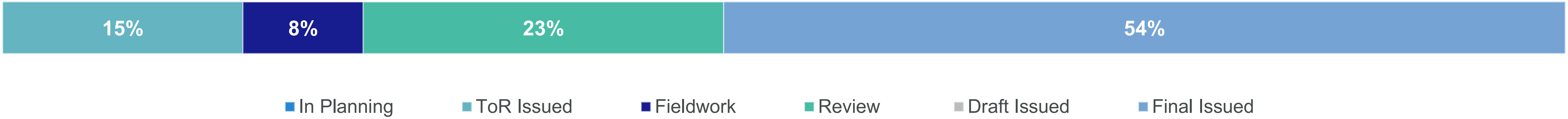
Contents

Disclaimer
This report ("Report") was prepared by Forvis Mazars LLP at the request of the Office of the Police , Fire & Crime Commissioner ("OPFCC") for Northamptonshire, Northamptonshire Commissioner Fire & Rescue Authority ("NCFRA") and Northamptonshire Police ("Force") and terms for the preparation and scope of the Report have been agreed with them. The matters raised in this Report are only those which came to our attention during our internal audit work. Whilst every care has been taken to ensure that the information provided in this Report is as accurate as possible, Internal Audit have only been able to base findings on the information and documentation provided and consequently no complete guarantee can be given that this Report is necessarily a comprehensive statement of all the weaknesses that exist, or of all the improvements that may be required.

The Report was prepared solely for the use and benefit of OPFCC, NCFRA and Force and to the fullest extent permitted by law Forvis Mazars LLP accepts no responsibility and disclaims all liability to any third party who purports to use or rely for any reason whatsoever on the Report, its contents, conclusions, any extract, reinterpretation, amendment and/or modification. Accordingly, any reliance placed on the Report, its contents, conclusions, any extract, reinterpretation, amendment and/or modification by any third party is entirely at their own risk. Please refer to the Statement of Responsibility in this report for further information about responsibilities, limitations and confidentiality.

01. Snapshot of Internal Audit Activity

Below is a snapshot of the current position of the delivery of the 2024/25 Internal Audit Plan (Plan).



JIAC decisions needed

- Note the progress being reported and consider final reports included separately in the Appendix 1.

RAG status of delivery of plan to timetable — **On Track**

Key Updates

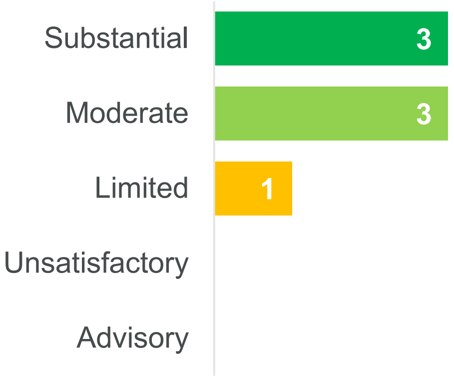
Since the last update provided to the committee, we have issued the final report for the Workforce Planning, Joint Core Financials and NCFRA Payroll audits. We concluded fieldwork for the Joint IT Governance and NCFRA Succession Planning & Promotions audits. Terms of Reference have been issued for the Procurement & Supply Chain and Joint Governance audits.
The Wellbeing audit has been deferred to 2025/26 following discussions with management.

An overview of the Internal Audit Plan can be found in **Section 3**.

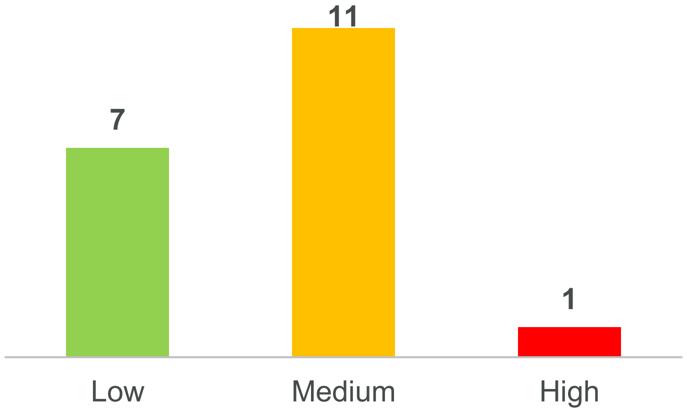
We have concluded fieldwork for the EMSOU Data Governance & Security and EMSOU Wellbeing & EDI audits for the 2024/25 audit plan.

An overview of the Collaboration Audit Plan can be found in Section 4.

Assurance opinions to date



Recommendations to date



02. Latest Reports Issued – Summary of Findings

Workforce Planning 2024/25

Your One Page Summary

Audit Objective: To assess the design and effectiveness of the control framework for workforce planning.

Audit rationale

Why the Audit is in Your 2024/25 Plan	Your Strategic Risk	Your Strategic Objective
The Force and OPFCC are facing increasing risks associated with a changing workforce.	CRR0049 – Investigative Capacity CRR0051 – Response Sergeants	People & Culture – Harness the talents of people within the organisation.

Summary of our opinion

Moderate Opinion
See Appendix A1 for definitions

	X		

Summary of Recommendations

High Priority	-
Medium Priority	1
Low Priority	-

Actions agreed by you	TBC
High Priority completion	N/A
Overall completion	TBC

Summary of findings

Examples of good practice

- ✓ Workforce Planning Strategy 2023-28 clearly establishes five strategic aims and measures of success.
- ✓ Performance, succession and 360 feedback analytics from the Talent module reported to the People and Culture Board.
- ✓ Crown DMS includes built-in features to aid in resource management, such as automated notifications that alert planners when staffing levels fall below the minimum.
- ✓ Blueprint spreadsheet and workforce model provides adequate establishment data for officers and staff.
- ✓ Talent management framework clearly sets out development, leadership and training offerings for each rank.

Highest Priority Findings

- No defined governance arrangements, roles and responsibilities for workforce planning.
- No formal succession plans for critical roles.

Key root causes

- Insufficient resources.

Direction of travel

Previous Audit	Direction of Travel	Recurring Findings
April 2021	⇩ Previous opinion: Satisfactory	• Succession planning

02. Latest Reports Issued – Summary of Findings

Joint Core Financials 2024/25

Your One Page Summary

Audit Objective: To assess the design and effectiveness of the control framework for managing core financial systems.

Audit rationale

Why the Audit is in Your 2024/25 Plan	**Your Strategic / Tactical Objective**
To provide assurance over the internal controls in operation to manage the core financial systems.	OPFCC – Modern services that are fit for the future.

Summary of our opinion

Moderate Opinion
See Appendix A1 for definitions

	X		

Summary of Recommendations

High Priority	-
Medium Priority	2
Low Priority	3

Actions agreed by you	100%
High Priority completion	N/A
Overall completion	March 2025

Summary of findings

Examples of good practice

- ✓ We confirmed, by review of the last three Budget and Capital Monitoring Reports for NCFRA and the Force, that performance management reporting is completely, accurately and timely produced to allow for effective monitoring of the financial position.
- ✓ We confirmed, by review of a sample of 20, that receipted monies are recorded accurately, completely and in timely manner and posted and reconciled to the appropriate accounts.

Highest Priority Findings

- Five instances where a debtor invoice had not been raised in a timely manner following the receipt of an invoice request.
- 11 instances where debt procedures had not been followed in accordance with the Aged Debt Process document.
- The Aged Debt Process document is overdue for review.

Key root causes

- There is no defined timeline in place to ensure the timely raising of invoices following the request being received.
- Lack of team wide oversight around compliance with the Aged Debt Process document.
- Purchase Orders are not included on Sales Invoices when required leading to delays in payments.

Direction of travel

Previous Audit
March 2024

⟺

Direction of Travel
Previous opinion: Moderate

Recurring Findings

- Debt recovery.
- Debtor invoices.

02. Latest Reports Issued – Summary of Findings

NCFRA Payroll 2024/25

Your One Page Summary

Audit Objective: To provide assurance that there are adequate and appropriate policies, procedures, and controls in place over Payroll.

Audit rationale

Why the Audit is in Your 2023/24 Plan

To provide assurance with regards the adequacy and effectiveness of the systems of internal control in operation to manage the payroll systems following the transfer of services from West Northamptonshire Council.

Your Strategic / Tactical Objective

Making the best use of our resources

Summary of our opinion

Substantial Opinion

See Appendix A1 for definitions

X			

Summary of Recommendations

High Priority	-
Medium Priority	1
Low Priority	-

Actions agreed by you	**100%**
High Priority completion	N/A
Overall completion	June 2025

Summary of findings

Examples of good practice

- ✓ We tested a sample of 18 new starters from April 2024 to October 2024, and found they were added to payroll appropriately,
- ✓ We tested a sample of 21 leavers from April 2024 to October 2024 and found they were removed appropriately from payroll.
- ✓ We tested a sample of 25 overtime claims and noted that they were approved on the FSR system prior to payment.

Highest Priority Findings

- Expense claims not being made consistently and in line with policy.

Key root causes

- No formal prior approval of expense claims.

03. Overview of Internal Audit Plan 2024/25

The table below lists the status of all reviews within the 2024/25 Plan.

Review	Original Days	Revised Days	Status	Original Quarter	Start Date	JIAC	Assurance Level	Total	High	Medium	Low
Office of the Police, Fire & Crime Commissioner for Northamptonshire and Northamptonshire Police											
OPFCC Grants	10	10	Final Issued	Q1	13-May-24	Jul-24	Substantial	1	-	1	-
Medium Term Financial Planning	10	10	Final Issued	Q1	28-May-24	Oct-24	Substantial	-	-	-	-
Workforce Planning	10	10	Final Issued	Q2	09-Dec-24	Mar-25	Moderate	1	-	1	-
Business Continuity Follow Up	5	5	Fieldwork	Q4	19-Mar-25			-	-	-	-
Procurement & Supply Chain	10	10	ToR Issued	Deferred from 23/24	24-Mar-25			-	-	-	-
Wellbeing	10	-	Deferred	Q3	Deferred to 2025/26						
Joint Audits											
Asset Management	10	10	Final Issued	Q2	23-Jul-24	Dec-24	Moderate	4	-	1	3
Core Financials	30	30	Final Issued	Q2	16-Sep-24	Mar-25	Moderate	5	-	2	3
IT Audit – IT Governance	30	30	In Review	N/A	06-Jan-25			-	-	-	-
Estates Management	20	20	Fieldwork	Q2	29-Jan-25			-	-	-	-
Governance	10	10	ToR Issued	Q4	31-Mar-25			-	-	-	-
Totals	**155**	**145**					**Totals**	**11**	**-**	**5**	**6**

03. Overview of Internal Audit Plan 2024/25 (Cont.)

The table below lists the status of all reviews within the 2024/25 Plan.

Review	Original Days	Revised Days	Status	Original Quarter	Start Date	JIAC	Assurance Level	Total	High	Medium	Low
Northamptonshire Commissioner Fire & Rescue Authority											
Safeguarding	10	10	Final Issued	Q1	18-Jul-24	Oct-24	Limited	7	1	5	1
Payroll	15	15	Final Issued	Q3	11-Nov-24	Mar-25	Substantial	1	-	1	-
Succession Planning & Promotions	-	10	In Review	N/A	12-Dec-24						
Data Quality	10	-	Deferred	Q2	Deferred to 25/26						
Totals	**35**	**35**					**Totals**	**8**	**1**	**6**	**1**

04. Overview of Collaboration Plan 2024/25

The table below lists the status of all reviews within the 2024/25 Collaboration Plan.

Review	Original Days	Revised Days	Status	Original Quarter	Start Date	JIAC	Assurance Level	Total	High	Medium	Low
EMSOU Data Governance and Security	10	10	In Review	Q3	06-Jan-25			-	-	-	-
EMSOU Wellbeing and EDI	10	10	In Review	Q3	20-Jan-25			-	-	-	-
Totals	**20**	**20**					**Totals**	**7**	**1**	**5**	**1**

05. Key Performance Indicators

We monitor key areas of performance and delivery in line with the KPIs/Service Levels set out in our contract with the Office of the Police, Fire & Crime Commissioner for Northamptonshire, Northamptonshire Commissioner Fire & Rescue Authority and Northamptonshire Police. Latest summary figures have been set out below:

KPI	KPI/SLA description	Criteria	Previous Score
1	Annual report provided to the JIAC	As agreed with the Client Officer	July 2024
2	Annual Operational and Strategic Plans to the JIAC	As agreed with the Client Officer	March 2024
3	Progress report to the JIAC	7 working days prior to meeting	Achieved
4	Issue of draft report	Within 10 working days of completion of exit meeting	57% (4 / 7)
5	Issue of final report	Within 5 working days of agreement of responses	86% (6 / 7)
6	Audit Brief to auditee	At least 10 working days prior to commencement of fieldwork	82% (9 / 11)
7	Customer satisfaction (measured by survey) “Overall evaluation of the delivery, quality and usefulness of the audit” Very Good, Good, Satisfactory, Poor or Very Poor	85% average with Satisfactory response or above	100% (2 / 2)

05. Key Performance Indicators (Cont.)

Review	Date of ToR	Start of Fieldwork	Days Notice (10)	Exit Meeting	Draft Report	Time from Close to Draft Report (10)	Management Comments Received	Time to Received Comments (15)	Final Report Issued	Time Taken to Issue Final Report (5)
Office of the Police, Fire and Crime Commissioner for Northamptonshire and Northamptonshire Police										
OPFCC Grants	09-May-24	13-May-24	2	04-Jun-24	13-Jun-24	5	19-Jun-24	4	27-Jun-24	4
Medium Term Financial Planning	21-May-24	28-May-24	4	08-Jul-24	24-Jul-24	8	24-Jul-24	0	N/A	N/A
Workforce Planning	20-Nov-24	09-Dec-24	13	20-Dec-24	05-Feb-25	15	25-Feb-25	14	27-Feb-25	2
Business Continuity Follow Up		19-Mar-25								
Procurement & Supply Chain		24-Mar-25								
Wellbeing	Deferred to 2025/26									
Joint Audits										
Asset Management	27-Jun-24	23-Jul-24	18	19-Aug-24	30-Aug-24	6	22-Oct-24	37	30-Oct-24	4
Core Financials	09-Aug-24	16-Sep-24	25	16-Oct-24	30-Oct-24	6	22-Nov-24	17	27-Nov-24	2
IT Audit – IT Governance	31-Oct-24	06-Jan-25	44							
Estates Management	21-Aug-24	29-Jan-24	111							
Governance	23-Jan-25	31-Mar-25	47							

05. Key Performance Indicators (Cont.)

Review	Date of ToR	Start of Fieldwork	Days Notice (10)	Exit Meeting	Draft Report	Time from Close to Draft Report (10)	Management Comments Received	Time to Received Comments (15)	Final Report Issued	Time Taken to Issue Final Report (5)
Northamptonshire Commissioner Fire & Rescue Authority										
Safeguarding	27-Jun-24	18-Jul-24	15	05-Aug-24	30-Aug-24	12	17-Sep-24	12	19-Sep-24	2
Payroll	24-Oct-24	11-Nov-24	12	22-Nov-24	18-Dec-24	11	29-Jan-25	27	20-Feb-25	10
Succession Planning & Promotions	22-Nov-24	12-Dec-24	14							

06. Definitions of Assurance Levels and Recommendation Priority Levels

Definitions of Assurance Levels	
Substantial Assurance	The framework of governance, risk management and control is adequate and effective.
Moderate Assurance	Some improvements are required to enhance the adequacy and effectiveness of the framework of governance, risk management and control.
Limited Assurance	There are significant weaknesses in the framework of governance, risk management and control such that it could be or could become inadequate and ineffective.
Unsatisfactory Assurance	There are fundamental weaknesses in the framework of governance, risk management and control such that it is inadequate and ineffective or is likely to fail.

Definitions of Recommendations		
High (Priority 1)	Significant weakness in governance, risk management and control that if unresolved exposes the organisation to an unacceptable level of residual risk.	Remedial action must be taken urgently and within an agreed timescale.
Medium (Priority 2)	Recommendations represent significant control weaknesses which expose the organisation to a moderate degree of unnecessary risk.	Remedial action should be taken at the earliest opportunity and within an agreed timescale.
Low (Priority 3)	Recommendations show areas where we have highlighted opportunities to implement a good or better practice, to improve efficiency or further reduce exposure to risk.	Remedial action should be prioritised and undertaken within an agreed timescale.

Latest Reports Issued – Detailed Findings

Workforce Planning 24-25

Ref	Recommendation	Priority	Management Comments	Due Date
1	We confirmed an exercise had been undertaken to identify critical roles across police officers and staff. We were provided with a spreadsheet which mapped each role into the following categories: • Tier 1: Core operational function • Tier 2: Critical support to operational function • Tier 3: Non-critical support to operational function However, management advised that formal succession plans had not been put into place for the core or critical roles identified, to ensure establishment stability and continuity of service, manage career pathways, and identify and place high potential staff in leadership roles. **The Force should develop formal succession plans for critical roles to establish the dependencies of each role, the role specification, potential successors in emergency, short/medium/long term, and the handover processes should a key member of staff leave at short notice.** **• Dependencies of each role such as key skills, competencies and qualifications.** **• The role specification.** **• Individuals with potential to assume critical roles in emergency, short term, medium term or long-term capacity; and,** **• Handover processes should a key member of staff leave at short notice.** **Succession plans should be periodically reviewed to ensure they are accurate and up to date.**	Medium	Liaison with Workforce Planning to identify critical roles. Work on going to look at skills for critical roles and how individuals can identify their current skill set and identify any development required. Looking at utilising about me section on Talent Tile of PDR and to utilise the Talent Tile to produce talent pools which indicate when individuals would be ready for role e.g. ready now/short/medium or long term. *Caroline Oppido, HR Manager – Leadership and OD*	01 September 2025

Joint Core Financials 24-25

Ref	Recommendation	Priority	Management Comments	Due Date
1	After the provision of goods or services to a customer or raising charges for services a request to raise an invoice should be sent to Finance Operations, who then complete an invoice template in order to automatically generate an invoice which is then sent to the customer by Finance Operations in order for the Force to receive payment. We reviewed a sample of ten Force debtor invoices and found: • Two instances where no request to raise the invoice could be evidenced. The invoices had been paid at the time of the audit. • One instance where the invoice had not been raised in a timely manner (29 days). • We reviewed a sample of ten NCFRA debtor invoices and found: • Four instances where the invoice had not been raised in a timely manner (range of nine – 51 days and average of 36 days). We were advised by management that there remains no formal timeline in place for raising of an invoice following a request. **The Force should ensure that invoice request forms or similar are completed and provided to Finance Operations prior to the raising of an invoice and that this can be evidenced when required. Finance Operations should not raise an invoice until a valid request is received.** **The Force and NCFRA should implement a clearly defined timeline for the raising of invoices following a request being received to ensure invoices are raised in a timely manner.**	Medium	Sales invoices will be centralised within the finance operations team. All requests will be raised via a service request and actioned. The turnaround time will be set at 3 working days, and the requestor will be automatically notified once the invoice has been raised. The go live for this will be 1st December 2024, with all parties in the organisation being made aware of the change, and how to raise sales invoices going forward. *Annie Blake – Finance Operations Team Leader*	01 December 2024
2	The Force and NCFRA have an Aged Debt Process document in place last reviewed May 2023 which sets out the processes to be followed by Finance Operations for the collection and recovery of overdue income: • Day 1 – A copy of the invoice is emailed out to the customer requesting a payment date. • Day 7 – Follow up by emailing a statement to the customer. • Day 10 – Contact the customer by phone to request a payment date.	Medium	With the centralisation of raising of sales invoices, the team will have the ability to influence and control the process from start to finish. This will ensure completeness of data before the debt is due for chasing removing delays in payment. As part of the centralisation process, it will also ensure consistency of process so that people are not new to processes and do not miss or overlooked aspects such as contact information and then consistent chasing and management is continued.	01 January 2025

Joint Core Financials 24-25 (Cont.)

Ref	Recommendation	Priority	Management Comments	Due Date
2	Customers are expected to be continued to be contacted at this point if no replies are received. Additionally, a customer aged debt report is run on a monthly basis and reviewed by the Finance Operations Team Leader to determine actions to take in respect of chasing or if debt should be forwarded to Legal or requested to be written off. Our review of the Aged Debt Process document did find that it was due for review in August 2024, but this had not been completed at the time of the audit. Also, we reviewed a sample of 10 debtor invoices at the Force and seven at NCFRA to confirm that aged debt processes had been followed in accordance with the procedural document. We found: • Force – Four instances where debt procedures had not been followed in accordance with the Process document. This included one salary overpayment (£2,400) and three other debtors (£104,419.78, £7,000 and £2828.57) where required contact at day seven, day ten and subsequent reminders had either not occurred or documented evidence could not be provided. (Range of 43 – 340 days overdue and average of 155 days). • NCFRA – Three instances where debt had now been paid, although they were late by 122 days, 111 days and 46 days from the payment date. This was due to no Purchase Order being included on the sales invoice and a lack of aged debt processes being followed. • NCFRA – Four instances where debt remained overdue and the required debt management processes had not been followed or documented evidence could not be provided per the Process document. In addition, two of these instances have been further delayed due to invoices being as there is no Purchase Order. **The Force and NCFRA should review the Aged Debt Process document in line with its review cycle.**	Medium	The aged debt process has been reviewed, and alerts set up that the policy is due a further review at its appropriate date. Cross training has been carried out on the aged debt process over the whole department offering resilience and awareness. *Annie Blake – Finance Operations Team Leader and Nat Freeman – Head of Finance*	01 January 2025

Joint Core Financials 24-25 (Cont.)

Ref	Recommendation	Priority	Management Comments	Due Date
2	**The Force and NCFRA should ensure that the Aged Debt Process is followed in a timely manner for overdue income and documented evidence is retained. To do this there should be sufficient oversight within the Finance Team of overdue income and clear escalation procedures in place to ensure debts are chased in accordance with timelines in the Aged Debt Process.** **NCFRA should ensure that Purchase Orders are included on Sales Invoices when required, identifying customers that require this and communicating this to the relevant staff to avoid payment delays.**	Medium		01 January 2025

We have also raised three Low priority recommendation as part of this audit:

- NCFRA should ensure new members of staff are trained and fully aware of the segregation of duty requirements between inputting and approving new debtors prior to gaining live system access.

  The Force and NCFRA should work with Unit4 to implement systemic controls that prevent the workflow from allowing the inputter and approver to be the same person for new debtors.
- The Force and NCFRA should update the Aged Debt Process document and ensure the delegated limits for writing off salary overpayments is aligned to operational practices.
- The Force should continue to investigate the issue and seek a timely resolution. Once the issue is identified the Force should consider additional preventative controls, such as systemic controls, that avoid the matching process failure from occurring again.

NCFRA Payroll 24-25

Ref	Recommendation	Priority	Management Comments	Due Date
1	Expenses are submitted by members of staff within the Employee claim system. Claims are self-authorised and there is no prior approval obtained when submitting a claim. The policy asks staff to speak to their line manager before seeking reimbursement and receipts should be submitted to support claims. We selected a sample of 21 claims submitted by fire staff between April 2024 to September 2024, to assess whether the expenses policy had been followed. We noted several issues: • Payroll Number 23-1800369: This individual had a claim paid of £112.25 in June 2024. This included a toll fare of £108. However, there was no receipt to support this transaction. • Payroll Number 23-1800125: This individual had a meal claim paid of £5.25 in July 2024. This included a food meal purchase of £40 that was paid. We were advised by management that this could be a group purchase. However, information should be submitted within the claim reason box to give as much detail as possible, which was lacking. • Payroll Number 23-1801002: This individual had a meal claim paid of £133.87 in July 2024. However, all the receipts provided were dated from March 2024. Therefore, this claim went back more than 3 months in contrast to the policy • Payroll Number 23-1800223: This individual had a meal claim paid of £58.05 in September 2024. The claim was in regard to four meals, but receipts of only three were provided. • Payroll Number 23-1800296: This individual had a meal claim paid of £118.24 in September 2024. However, it was difficult to reconcile the various receipts provided to the claim request. Management advised that with this individual it is difficult to match without a complete explanation from the claimant. **The Service should clearly communicate expectations regarding expenses to members of staff.** **The Service should conduct regular spot checks of expense claims, with reconciliations of receipts and claims.**	Medium	Agreed, we have set up a process to audit and check a proportion of the submitted expense claims for both accuracy and compliance on a regular basis throughout the year. We have reviewed the claims with a senior fire fighter, and we are content that those claims are appropriate. Michael Montgomery is issuing communications to make the expectations clear around evidence, accuracy and other compliance areas. *Nick Alexander, Chief Finance Officer*	30 June 2025

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Thought Leadership

As local authorities continue to grapple with risks exacerbated by financial challenges, the pressure facing the public sector as a whole is becoming more pronounced. The role of internal audit in holding organisations accountable and challenging risk management practices is more crucial than ever as local authorities strive to navigate new risks, including those tied to data, AI, and ongoing recruitment retention crises.

To download the full report, click on the image or ask your internal audit lead.

The public and social sector is grappling with a perfect storm of economic pressures, workforce shortages, and rising demand for services. As a result, many are feeling the weight of uncertainty.

[Download the full report here]

Contact

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Statement of Responsibility

We take responsibility to the Office of the Police, Fire and Crime Commissioner (“OPFCC”) for Northamptonshire, Northamptonshire Commissioner Fire & Rescue Authority (“NCFRA”) and Northamptonshire Police (“Force”) for this report which is prepared on the basis of the limitations set out below.

The responsibility for designing and maintaining a sound system of internal control and the prevention and detection of fraud and other irregularities rests with management, with internal audit providing a service to management to enable them to achieve this objective. Specifically, we assess the adequacy and effectiveness of the system of internal control arrangements implemented by management and perform sample testing on those controls in the period under review with a view to providing an opinion on the extent to which risks in this area are managed.

We plan our work in order to ensure that we have a reasonable expectation of detecting significant control weaknesses. However, our procedures alone should not be relied upon to identify all strengths and weaknesses in internal controls, nor relied upon to identify any circumstances of fraud or irregularity. Even sound systems of internal control can only provide reasonable and not absolute assurance and may not be proof against collusive fraud.

The matters raised in this report are only those which came to our attention during the course of our work and are not necessarily a comprehensive statement of all the weaknesses that exist or all improvements that might be made. Recommendations for improvements should be assessed by you for their full impact before they are implemented. The performance of our work is not and should not be taken as a substitute for management’s responsibilities for the application of sound management practices.

Registered office: 30 Old Bailey, London, EC4M 7AU, United Kingdom. Registered in England and Wales No 0C308299.

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Grant Thornton

Northamptonshire Police, Fire and Crime Commissioner,
Northamptonshire Chief Constable
and
Northamptonshire Police and Fire Commissioner

Audit Progress Report and Sector Update

Year ending 31 March 2025

March 2025

Agenda

Introduction

Your key Grant Thornton team members are:

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

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

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

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

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

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

Progress at March 2025

Key areas across all three bodies

Financial Statements Audit

Our audits of your financial statements for 2023/24 are now complete, and we issued our opinions on 27/02/2025. For the PFCC and the Chief Constable, these opinions were disclaimed due to the 2022/23 opinions being disclaimed. For the NCFRA, we issued an unqualified opinion for 2024/25.

In February 2025, we commenced our detail audit risk assessment for 2024/25. We will issue detailed audit plans, setting out our proposed approach to the audits of the 2024/25 financial statements to the Joint Independent Audit Committee.

We will receive the draft financial statements by 30 June 2025 with our audit work commencing in July 2025.

We will report our work in the Audit Findings Reports, including our opinion on the Statement of Accounts.

Value for Money

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

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

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

We anticipate issuing our Auditor’s Annual Report in November 2025.

Progress at March 2025

Other areas

Meetings

We continue to be in discussions with finance staff regarding emerging developments and to ensure the audit process is smooth and effective.

Events

We provide a range of workshops, along with network events for members and publications to support the Authorities. Your officers are due to attend our Accounts Workshop in March 2025, where we will highlight financial reporting requirements for the 2024/25 accounts and give insight into elements of the audit approach.

Further details of the publications that may be of interest to the Police, Fire and Crime Commissioner, Chief Constable and JIAC members are set out in our Sector Update section of this report.

Audit Fees

PSAA have published their scale fees for 2024/25: 2024/25 auditor appointments and audit fee scale – PSAA .

These fees are as follows:

- £110,770 for the Police and Crime Commissioner
- £54,029 for the Chief Constable
- £105,921 for the Fire Authority

These fees are derived from the procurement exercise carried out by PSAA in 2022. They reflect both the increased work auditors must now undertake as well as the scarcity of audit firms willing to do this work.

2024/25 deliverables

2024/25 Deliverables	Planned Date	Status
Accounts Audit Plans We are required to issue a detailed accounts joint audit plan to those charged with governance setting out our proposed approach in order to give our opinions on the 2024/25 financial statements.	April 2025	Not due yet
Interim Audit Findings We will report to you the findings from our interim audit within our Audit Plans.	July 2025	Not due yet
Audit Findings (ISA260) Reports The Audit Findings Reports will be reported to the Joint Independent Audit Committee.	October 2025	Not due yet
Auditors Reports These are the opinions on your financial statements and annual governance statements.	November 2025	Not due yet
Auditor’s Annual Reports The key output from local audit work on arrangements to secure VFM is an annual commentary on arrangements, which will be published as part of the Auditor’s Annual Reports (AAR). Drafts of the AARs will be taken to the September Joint Independent Audit Committee.	November 2025	Not due yet

Policing Sector Update

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

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

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

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

Grant Thornton Publications

Insights from sector specialists

Accounting and regulatory updates

Home Office

Police Funding Settlement 2025-26

Home Office

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

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

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

The full statement can be found here.

HMICFRS

2024/25 Value for Money profiles

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

They allow detailed analysis of:

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

The dashboard can be found here.

Home Office

Home Secretary announces major policing reforms

Home Office

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

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

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

The full article can be found here.

Wider sector updates

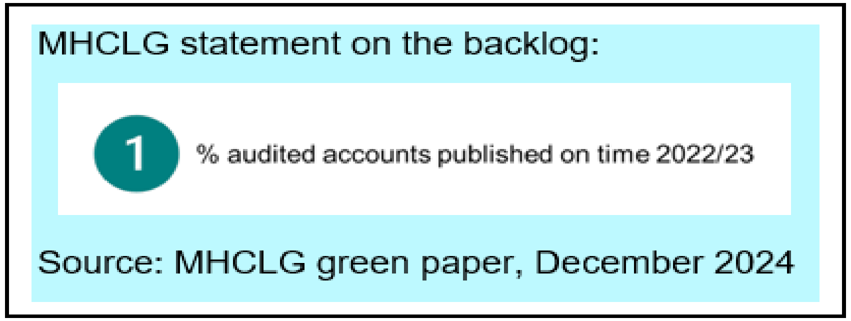
A briefing for audit committees on the wider sector updates across Public Sector Audit, Financial Reporting and the responsibilities of Audit Committee members

Local audit reform

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

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

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



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

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

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

For a full copy of MHCLG's intentions, see Statement of intent and consultation .

The future of financial reporting

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

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

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

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

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

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

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

For a full copy of the statement of intent and consultation, see Statement of intent and consultation

For the Accounts and Audit Regulations 2024, see The Accounts and Audit (Amendment) Regulations 2024

Preparing for 2024/25 financial audit

It is critical for bodies to plan for the financial audit process as early as possible. It's helpful to think ahead about how you can prepare for the independent audit process and to discuss this with your audit team.

Your audit team can provide these tools to ensure that key areas are considered before your audit is underway:

- Accounts consistency checker – to help authorities to check consistency of key accounting entries and disclosures within the financial statements; and identify any anomalies so that that you can address these before you publish draft statement of accounts; and
- Financial reporting issues checklist – this covers the most frequent issues arising from our reviews of local authority financial statements and sets out some questions to help you with your own quality checks as you prepare your financial statements.

Further. we hold annual local government accounts webinars to help preparers and auditors to work together effectively to meet their statutory deadlines and to rebuild assurance over time where authorities have received modified or disclaimed opinions for earlier years.

For 2024/25 our webinars will take place on Thursday 6th March and Wednesday 12th March 2025 10.00am to 3.00pm.

The webinars are presented by our technical team, who all have substantial experience with public sector audits and financial reporting in local government. At our annual webinars we set out those aspects of financial reporting that are complex or areas that may be challenging this year.

As part of these sessions, authorities can gain an insight into elements of our audit approach, why we ask certain questions, and tips to help finance teams prepare for the financial statements audit, including some practical aspects of working with your auditor and providing appropriate information for audit testing.

Specific aspects of the webinars will include:

- Practical aspects of audit after backstop, working with your auditors and reminders of what good supporting analysis and evidence looks;
- Reminders in areas such as grants, capital accounting and financing, cash and cash flow, and other common accounting and disclosure issues;
- Focus on the new accounting and audit requirements for IFRS 16 on leases; and
- Reminders and tips for those preparing group accounts.

To book a place please follow this link or speak to your audit Engagement Lead or Engagement Manager.

In the meantime, when preparing for the 2024/25 audit – questions to ask are:

- Did your chief accountants/finance teams register to attend the Local Government Accounts Webinar?
- Have you considered areas which may be complex/challenging in 2024/25 and discussed these with your auditor?
- Have you discussed the impact of the new accounting requirements for IFRS 16 on leases with your auditor, where this is significant?
- Have you requested and completed the accounts consistency checker and the financial reporting issues checklist from your local audit team?

Value for money webinar for Joint Independent Audit Committee members

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

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

How to prepare for devolution and reorganisation:

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

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

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

We look forward to welcoming you.

Audit Committee resources

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

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

LGA Regional Audit Forums for Audit Committee Chairs

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

Public Sector Internal Audit Standards
https://www.gov.uk/government/publications/public-sector-internal-audit-standards

Code of Audit Practice for local auditors (NAO):
https://www.nao.org.uk/code-audit-practice/

Governance risk and resilience framework: material for those with a leadership responsibility on good governance (CfGS):
https://www.cfgs.org.uk/material-for-those-with-a-leadership-responsibility-on-good-governance/

The Three Lines of Defence Model (IAA)
https://www.theiia.org/globalassets/documents/resources/the-iias-three-lines-model-an-update-of-the-three-lines-of-defense-july-2020/three-lines-model-updated-english.pdf

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

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

CIPFA Guidance and Codes

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

Audit Committees: Practical Guidance For Local Authorities And Police

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

Delivering Good Governance in Local Government

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

Financial Management Code

https://www.cipfa.org/fmcode

Prudential Code

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

Treasury Management Code

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

Accounting Update – IFRS 16

A briefing for audit committees on the implementation of IFRS16

IFRS 16 - Leases

Lessee accounting up to 31 March 2024

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

Lessee accounting from 1 April 2024

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

Asset and liability recognised

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

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

Public sector adaptation

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

IFRS 16 - Leases

Judgements required

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

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

Lessor accounting

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

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

IFRS 16 - Leases

Questions to consider

Questions for policing bodies to ask themselves include:

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

Grant Thornton

AGENDA ITEM 6

Report to the Joint Independent Audit Committee
19 March 2025

Internal Audit Recommendations Summary Report

RECOMMENDATION

The Committee is asked to note this report.

1 PURPOSE OF THE REPORT

1.1 This report provides the Joint Independent Audit Committee (JIAC) with an update on the status of actions arising from recommendations made in internal audit reports.

1.2 The report contains actions arising from audits of Northamptonshire Police and the Office of Northamptonshire Police, Fire and Crime Commissioner and East Midlands Collaboration Units.

1.3 The attached Summary of Internal Audit Recommendations Report shows details and the current status of all open audit actions.

1.4 The Force Assurance Board has oversight of all outstanding audit actions and directs the activities required to complete any actions that have passed their targeted implementation date.

2 NORTHAMPTONSHIRE AUDITS

2.1 **Overall Status**

The report shows in 2023/24 and 2024/25 a total of fifteen audits have been completed, making fifty-one audit recommendations. Of those fifty-one recommendations:

- 41 recommendations have been completed and are closed.
- 3 recommendations have had their original implementation date revised and remain ongoing.
- 7 recommendations have not yet reached their implementation date and remain ongoing.
- No recommendation have passed their implementation date and are overdue.

Further details regarding mitigation activity and progress updates can be found within the attached report, Summary of Internal Audit Recommendations for JIAC March 2025.

3 OVERVIEW

3.1 **2023/24 Audits**

- Ten audits were completed making forty-one recommendations.

- Thirty-six recommendations have been completed and are closed.

- Two recommendations have not yet reached their implementation date and remain ongoing.

  Identity Access Management – June 2024

  Recommendation 1 – Lack of Periodic User Access Reviews.
  The process is currently conducted in conjunction with the Information Assurance and Systems admin teams and due to resource constraints is limited to ad hoc reviews at this time. However the new structure will facilitate the coordination of the ROPA, the underlying access required and then the audits will be planned and executed by the new information audit team. Consultation on the new structure is now complete and largescale recruitment underway. DDaT are working with the comms department to facilitate an effective and targeted recruitment campaign to ensure these roles are filled.

  Recommendation 4 – Password Management Tool Implementation.
  There is a PAM (Password Access Management) Project in progress that is being led by the Transformation and Change team with a project manager assigned. Budget has been allocated and we have collated requirements which include the ability to store all generic administration and service account passwords, and supplier demonstrations have now taken place. This will be reviewed bi- monthly to ensure progress is made. - Update January 2025 - The commercial activity has been placed on hold – Queries relating to Cloud viability now being explored as requested by stakeholders

- Three recommendations have had their implementation date revised and remain ongoing.

  Identity Access Management – June 2024

  Recommendation 2 – Multifactor Authentication for Fire AD Accounts.
  As noted in the recommendation, we have started the process of implementing this security measure for administrative accounts and on a per project basis. The intention would be to enable this for accounts within EntraID. Full implementation will require executive support from the organisation and of other affiliated bodies. We will commence this process, monitor the progress, and report any issues or challenges. Original implementation date September 2024. MFA still awaiting approval by the ECF and the Union. Additional paper being prepared. Revised date of April 2025 being proposed to allow time for this to be completed and approved.

  Recommendation 5 – Completion of Access Changes.
  Although tickets are already created from HR data, this process will now be reviewed to identify the capability of the current HR hub, ITSM tool and automation, if that cannot be easily done within these existing platforms then this will be developed with the new ITSM tool. The associated action will be to review this and report to key stakeholders.
  Original implementation date July 2024. Update 31/10/24 - The procurement for the tool is progressing well. The revised project stage gates remain accurate. Revised date March 2025.

IT Asset Legacy Management – June 2024

Recommendation 1 – Automated scanning of hardware and software is not used to identify inaccuracies in the IT asset register.
The procurement and implementation of the new ITSM tool is ongoing and DDaT will implement the software in three phases, starting from the first quarter of the current fiscal year and ending by the fourth quarter of the next fiscal year.
Original implementation date December 2024. Due to procurement activity and delayed ITSM implementation delivery date adjusted to March 2025. Revised date 31 March 2025.

3.2 **2024/25 Audits**

- Five audits were completed making ten recommendations.
- Five recommendations have been completed and are closed.
- Five recommendations have not yet reached their implementation date and remain ongoing.

Asset Management – October 2024

Recommendation 1 – Lack of equipment and inventory checks.
The organisations will need to implement a new system to support the ongoing management of the equipment within operational fleet. A project mandate shall now be submitted to support the commencement of a new programme of work to implement a new system. The timeline for delivery shall then be determined by the project portfolio capacity, the data cleansing and the procurement process. Due date 30 November 2025.

Recommendation 2 – Lack of updated policies and procedures.
The Department is currently undergoing a review and potential restructure. As part of this work is also being undertaken to establish a single Asset Strategy. This shall be aligned to the revised organisational Strategies and Plans. Linked to this will then be a full review of all Policies and Procedures to take into account the revised delivery model. Due date 30 September 2025.

Recommendation 3 – Lack of equipment testing.
The organisations will need to implement a new system to support the ongoing management and testing of the equipment within operational fleet. A project mandate shall now be submitted to support the commencement of a new programme of work to implement a new system. The timeline for delivery shall then be determined by the project portfolio capacity, the data cleansing and the procurement process. Due date 30 November 2025.

Joint Core Financials – November 2024

Recommendation 5 – Credit notes.
Credit notes will be completed within the finance operations team. A request will be made via a service request and then entered into Unit 4. Investigations into Unit 4 and automatic

matching will continue. Training has been carried out across the team for awareness. Due date 01 March 2024.

Workforce Planning – February 2025

Recommendation 1 – No formal succession plans for critical roles.
Liaison with Workforce Planning to identify critical roles. Work on going to look at skills for critical roles and how individuals can identify their current skill set and identify any development required. Looking at utilising about me section on Talent Tile of PDR and to utilise the Talent Tile to produce talent pools which indicate when individuals would be ready for role e.g. ready now/short/medium or long term. Due date 01 September 2025.

4 COLLABORATION AUDITS

- Two collaboration audits were completed in 2023/24 making three recommendations. All three recommendations are complete and are closed.

EQUALITY, DIVERSITY AND HUMAN RIGHTS IMPLICATIONS
None

HUMAN RESOURCES IMPLICATIONS
None

RISK MANAGEMENT IMPLICATIONS
None.

ENVIRONMENTAL IMPLICATIONS
None

Author:	Richard Baldwin, Business Continuity and Risk Manager
Chief Officer Portfolio Holder:	Paul Bullen, Assistant Chief Officer
Background Papers:	Summary of Internal Audit Recommendations for JIAC March 2025.

INTERNAL AUDIT RECOMMENDATIONS DASHBOARD

Summary of Audit Outcomes

Audits are graded as No Assurance, Limited Assurance, Satisfactory Assurance or Significant Assurance. Some thematic audits are advisory only and not graded. Recommendations are prioritised as Priority 1 (Fundamental), Priority 2 (Significant) or Priority 3 (Housekeeping) to reflect the assessment of risk associated with the control weaknesses.

Northants Audits

2023/24

AUDIT	DATE	GRADE	RECOMMENDATIONS MADE		
			Priority 1	Priority 2	Priority 3
Firearms Licensing	21 July 2023	Moderate Assurance	0	2	0
RUI Follow Up	26 September 2023	Moderate Assurance	0	1	2
Business Continuity & Emergency Planning	01 November 2023	Limited Assurance	2	3	0
Reasonable Adjustments Follow Up	25 January 2024	Moderate Assurance	0	2	3
Core Financials	06 March 2024	Moderate Assurance	0	3	3
Vetting	18 March 2024	Moderate Assurance	0	1	2
Fleet Management Follow Up	25 April 2024	Moderate Assurance	0	0	3
Payroll	01 May 2024	Moderate Assurance	0	3	0
Identity Access Management	11 June 2024	Limited Opinion	0	5	1
IT Asset Legacy Management	11 June 2024	Moderate Opinion	0	2	3

2024/25

AUDIT	DATE	GRADE	RECOMMENDATIONS MADE		
			Priority 1	Priority 2	Priority 3
Grant Funding	27 June 2024	Substantial Opinion	0	1	0
Medium Term Financial Planning	18 September 2024	Substantial Opinion	0	0	0
Asset Management	30 October 2024	Moderate Opinion	0	1	3
Joint Core Financials	27 November 2024	Moderate Opinion	0	2	3

AUDIT	DATE	GRADE	RECOMMENDATIONS MADE		
			Priority 1	Priority 2	Priority 3
Workforce Planning	27 February 2025	Moderate Opinion	0	1	0

<u>Summary of Audit Recommendations Progress</u>

This table shows a summary of the progress made on new audit recommendations raised at each JIAC during the current year and annual totals for previous years where audit recommendations are still active.

2023/24 AUDITS	RECOMMENDATIONS MADE	RED	AMBER	YELLOW	GREEN
Firearms Licensing	2	CLOSED			
RUI Follow Up	3	0	0	0	3
Business Continuity & Emergency Planning	5	CLOSED			
Reasonable Adjustments Follow-Up	5	CLOSED			
Core Financials	6	CLOSED			
Vetting	3	CLOSED			
Fleet Management Follow Up	3	CLOSED			
Payroll	3	CLOSED			
Identity Access Management	6	0	2	2	2
IT Asset Legacy Management	5	0	1	0	4
Totals	**41**	**0**	**3**	**2**	**36**

2024/25 AUDITS	RECOMMENDATIONS MADE	RED	AMBER	YELLOW	GREEN
Grant Funding	1	CLOSED			
Medium Term Financial Planning	0	0	0	0	0
Asset Management	3	0	0	3	0
Joint Core Financials	5	0	0	1	4
Workforce Planning	1	0	0	1	0

2024/25 AUDITS	RECOMMENDATIONS MADE	RED	AMBER	YELLOW	GREEN
Totals	**10**	**0**	**0**	**5**	**5**

OUTSTANDING RECOMMENDATIONS

Key to Status	🟩	Action completed since last report	🟨	Action ongoing	🟧	Action ongoing with revised implementation date	🟥	Action outstanding and past its agreed implementation date	⬜	Action no longer applicable or superceded by later audit action

2023/24

RUI Follow Up – September 2023

	Observation/Risk	Recommendation	Priority	Management response	Timescale/ responsibility	Status
4.1	**Longstanding RUIs** *Observation:* As per the previous review, it was identified that it was necessary to prevent longstanding RUIs due to the negative effects they may present to afflicted individuals, particularly for those in the course of undergoing employment or other vetting processes. Although there has been a reduction in the number of longstanding RUIs over time, a large number of individuals still remain RUI for over one year. Below is a summary of the status of longstanding RUIs at the time of our audits: (see table below) The responsibility for the review of longstanding RUI cases lies with Chief Inspectors, and on a quarterly basis Chief Inspectors are requested to undertake a review of longstanding RUI cases, last taking place in May 2023. The Detective Chief Inspector now holds a meeting every week with Custody to discuss RUI cases. Additionally, RUI cases should be reviewed every 28 days by officers however this is a personal responsibility of officers and is not monitored. We noted that the Force has the capability to actively monitor RUI figures through Niche reports that can be generated, however, these figures are not reported more widely.	The Force should explore how officer's 28-day review of RUI cases can be monitored. The Force should actively monitor and report on longstanding RUIs to ensure that accountability and ownership is in place for individual Chief Inspectors, such as by sending RUI figures reports to a board or committee for review.	2	The force accepts the recommendations. The force will consult on a standardised automation process to assist with monitoring of reviews to identify where further improvements can be made however, RUI's have continued in a downward trend, and I am satisfied that the 28-day review process is sufficient to manage risk in the interim. The Aged RUIs will be reviewed yearly as part of the Senior Officer Review process to drive down the numbers, and individual Chief Inspectors will be sent the data on a quarterly basis. Governance will be via Improving Investigations Board. Update from AR 07/08/24 - Longstanding RUI levels remain constant since 2022. Recommendations: • All RUI's over 1year (315) to be reviewed, initial direction after report creation to come from OIC Supt's to cascade and own. Then, when next feasible, long term RUI's to be reviewed as part of the Senior Officer Review process. Officers who have failed to update/progress to be managed accordingly through the review process and line manager.	6-9 months depending on technical requirement - DCI Andy Rogers	🟩

	RUI 1-2 Years	RUI >2 Years
Apr 21	328	139
May 22	242	113
Jun 23	217	86

	Observation/Risk	Recommendation	Priority	Management response	Timescale/ responsibility	Status
	Risk: Individuals on longstanding RUI are not treated fairly and may present a risk of reputational damage to the Force.			• Within this recommendation I believe it to be necessary to add the review of Bail. I propose that I review all bail cases over 6months (23) to see if case remains applicable or is an admin issue. Once completed, review issues and patterns then progress to 3-6months. The necessity is that I have checked 3 cases, both need finalising with custody being updated for RUI/Bail closure and would be an easy data cleansing exercise. In addition, it would prevent legal action if we were showing an individual as under a live investigation when their case has been NFA'd. • A new report to be developed to capture total date from arrest and not just when RUI or Bail. This will provide full data on cases where a suspect has been processed as such, as at present you can have a Bail case between 3-6months and if reverted to RUI it will then go into the 0-28day list. It does not show the full picture of where are cases are being progressed. • Custody Bail Sgt to review RUI with filed occurrences, in the short-term fix to sort this as the process should be managed by the OIC and their Sgt. Update 09/09/24 – All of the recommendations outlined above have been implemented and will be reviewed on a bi-monthly basis. Agreed for closure at FAB 22/10/24		

Payroll – May 2024

	Observation/Risk	Recommendation	Priority	Management response	Timescale/ responsibility	Status
1	**<u>Expenses are not validated or approved prior to their payment</u>** *Observation:* The Force's Expenses and Allowances Policy, which was last reviewed 21 January 2021 (**See recommendation 2)**, outlines that expenses will be reimbursed if the expenditure incurred in the course of duty is: • Supported by a receipt • Of a reasonable amount • Necessary • Additional to what would have been normally spent The policy also outlines that "Managers/ Heads of Departments and Area Commanders need only approve claims where queries are raised by the Payroll, HR or Finance functions or the claim is outside of the standard claim processes outlined within this document and require approval prior to submission. Expenses are claimed through the Self Service Expense Claim within Forcenet. We reviewed a sample of ten expense claims made between April 2023 to August 2023 to ensure that they were legitimate, in line with the policy, authorised and paid in a timely manner. In each instance whilst we were able to confirm that payment was made in a timely manner, no evidence was provided to support the validity of each claim, or its approval. We were advised by the Payroll Manager that expenses claims are not verified by the Payroll team, as outlined in the policy, and instead a regular audit is undertaken by the Finance Department on a sample of expenses claims to verify their validity. We conducted a walkthrough of the audit arrangements in relation to expenses and noted that there is no formalised approach to conducting the review. We were advised that each month a different expense type is focused on, with ad hoc selection of expenses claims for that month	The Force should ensure that expenses claims are formally approved and validated prior to their payment, with an audit trail retained to evidence the value and nature of the expense claimed. The Payroll team should ensure that they receive confirmation to support the validity of expenses claims prior to their payment.	**3**	The risk of retrospective review is accepted and noted, however, the position remains that the Force's policy is that inappropriate claims will be managed through PSD and HR and a full reimbursement would be expected. It is anticipated that with the appointment of an additional role under the Finance and Resources Officer we will be able to ensure a wider coverage and review of all claims, which will reduce the risk of those claims being unchallenged. Update July 2024 - We now have a member of staff and undertake audits on a wider range of the expense claims which we log. I have met recently with PSD and provide reports monthly to them. Agreed for closure at FAB 22/10/24	Michael Montgomery 31 March 2025	

	Observation/Risk	Recommendation	Priority	Management response	Timescale/ responsibility	Status
	based upon instances that appear exceptional or abnormal. We reviewed the audit log used to log and monitor expense audits and noted that the audit process consisted of requesting evidence from the individual claimant, or an explanation of the nature of the expense. None of the ten expenses selected in our sample had been audited. As such, we note that there is no preventative control in place that approves or verifies expenses claims before they are made. We commonly see this included within a system workflow, wherein line managers must approve expenses claims prior to their processing by the payroll team. For reference, the total expenses claimed by Officers as reported in July 2023 was £33,993, of which £5,292 related to food and subsistence and £6,849 related to mileage and parking. *Risk:* Inappropriate expenses claims are made that are not in line with the Force's policy, and do not relate to bona fide expenses claimed whilst working on behalf of the Force.					
2	**The Policy library includes out of date policies and procedures, and procedural guidance is not in place** *Observation:* The Force operates a policy library which stores all the policies and procedural guidance for the organisation. This is available through the Force Intranet. We requested all policies and procedures in relation to Payroll and were provided with a number of different policies taken from the Force's policy library. We reviewed the policies provided and noted that three versions of the Expenses and Allowances, and Overpayments and Underpayments policies were available in the policy library, as well as two instances of the Overtime policy. In all cases the versions of the policies reviewed had not been reviewed in line with their review cycles, and we noted that the policy owner	The Force should review the policy library to ensure that only the most up to date versions of each policy are available. The Force should ensure that the Expenses and Allowances policy is reviewed on a timely basis, in line with its review cycle. The Force should develop procedural guidance documents that outline the process for the input, review, and approval of	2	A review of the policy library by the Chief People and Finance Officers is being completed and all policies and procedures will be reviewed and where appropriate revised throughout 2024/25. Update May 2024 - This is currently ongoing with collaboration across HR and Finance to look at updates and clarity where needed. Update July 2024 – Discussions are ongoing in relation to this.	Suzanne McMinn & Nick Alexander 31 March 2025	

	Observation/Risk	Recommendation	Priority	Management response	Timescale/ responsibility	Status
	was not consistent across versions. In one extreme instance an Overtime Policy had an effective date of April 2007. We raised this to the Payroll Manager during our review, who subsequently provided an updated version of the Expenses and Allowances and Overtime policies. Whilst we confirmed that the Overtime policy was last reviewed in April 2023 with a next review date of April 2024, the Expenses and Allowances policy had an effective date of June 2021, requiring review in June 2022. We were advised that the Expenses and Allowances policy was currently under review. Additionally, we reviewed the Starter and Mover procedural guidance notes in place to support Payroll staff and confirmed that this outlined the approach for inputting starters and transferring movers within iTrent. However, we note that the Force does not have procedural notes in place which document the approach to inputting, reviewing and approving payroll related data for other common processes including leavers, deductions, and variations. At similar organisations these often utilise screenshots to illustrate the process in place, supported by commentary. We find that maintaining clearly defined procedural notes provides continuity in performing day to day processes, as well as supporting business continuity. *Risk:* Staff are unaware of the current processes in place relating to Payroll, leading to inappropriate claims or requests which are not aligned to the Force's policies. Payroll staff are unaware of operational processes, leading to an inconsistent and inappropriate approach to processing payroll data.	Payroll related data within iTrent. Guidance should include version control to support a regular review of the process, ensuring it is reflective of current practice.		Update September 2024 – The Travel and Expenses Policy is currently being reviewed by SM and will be circulated for consultation once complete. The Pay and Subsistence Policy was updated in 2023 but it is still on the old template so this will be moved to the new template and reissued. Update February 2025 - The draft policy went to FEM for consideration and was approved, this then went to full consultation within the Force and the new revised policy was implemented in January. Agreed for closure at FAB 25/02/25		
3	**Access arrangements for iTrent are under review, and permissions are not formally reviewed on a regular basis** *Observation:* At the commencement of the audit, we were provided with a permissions list extracted from the Force's payroll system, iTrent. We note that this included all payroll staff as having "System Administrator" access. Subsequently, during the review the Payroll Manager provided an updated extract, which	As planned, the Force should review access permissions within the Payroll system, iTrent, as part of the NFCRA integration project that is ongoing. Permissions that facilitate the inputting, amending, and deletion of payroll data	**2**	Alongside the system access reviews that are completed quarterly, we will ensure that payroll access is independently reviewed to ensure segregation and appropriate scrutiny.	Michael Montgomery 30 June 2024	

	Observation/Risk	Recommendation	Priority	Management response	Timescale/ responsibility	Status
	illustrated that these permissions had been reduced for payroll officers to "Payroll with HR admin". However, through discussions with the Change Programme Manager we were advised that, as part of the ongoing integration with NCFRA, permissions were being reviewed to ensure that these are limited only to activities that are required by those staff members. Additionally, we were advised that members of the payroll that leave the team are immediately removed from the Payroll system. We were able to confirm that a recent leaver from the Payroll team no longer had access to iTrent through review of access permissions before and after their cessation. However, we note that the Force do not formally review the permissions on a regular basis. We were advised that an annual review is undertaken of permissions within the HR system, Unit4. *Risk:* Inappropriate access to the payroll system increases the likelihood that inappropriate payments are made, and/or fraudulent behaviour.	should be limited to Payroll staff, as well as IT and MHR consultancy related staff to facilitate the operation and update of the system. Permissions should be developed to ensure segregation of duties is maintained. Access permissions to iTrent should be reviewed on an annual basis as part of the existing annual review of the Unit4 HR system.		Update Sep 24 – Reviews are already in place. Discussion are ongoing regarding system reviews. Agreed for closure at FAB 22/10/24		

Identity Access Management – June 2024

	Observation/Risk	Recommendation	Priority	Management response	Timescale/ responsibility	Status
1	**Lack of Periodic User Access Reviews** *Observation:* Regular user access reviews should assess whether the Windows Active Directory (AD) user base, responsible for managing logins, permissions, and authenticating access to associated applications, is accurate and that individuals have not been assigned unnecessary access. A regular regimen of access reviews has not been established to determine the suitability of access privileges for Windows AD accounts. *Risk and Impact:* Failure to implement regular access reviews can lead to individuals retaining unnecessary	Each organisation should implement a regular (e.g. quarterly) regimen of Windows AD access reviews. Line managers should review the access of their staff and any other users such as partnership workers that they are responsible for. Any unnecessary access detected during these reviews should be removed from relevant individuals. As the Force is implementing SailPoint across its employees, it	**2**	This recommendation is broadly accepted by management as it is recognised that there are currently process in place to address this, they do not currently extend to this level of scrutiny. Therefore, although there will be oversight of this process within the annual information auditor plans and role (due to be implemented by the end of the 2024 calendar year), this in-depth level of scrutiny will be fully implemented once we have the correct JML and access controls processes in place which will be managed automatically via the implementation of	Trina Kightley-Jones, Head of Information Assurance 31 December 2025	

	Observation/Risk	Recommendation	Priority	Management response	Timescale/ responsibility	Status
	access to Windows AD and related systems, creating additional points of access to external attackers.	should assess whether SailPoint could provide this service automatically. For users not covered by SailPoint alternative manual processes may be required proportionate to the risk.		ITSM tool in December 2025. The source information reviews (a required prerequisite) will begin when the new information assurance structure is in place, this will inform the data utilised within the ITSM tool. 25/07/2024 No further update. Update 06/09/24: The process is currently conducted in conjunction with the Information Assurance and Systems admin teams and due to resource constraints is limited to ad hoc reviews at this time. However the new structure will facilitate the coordination of the ROPA, the underlying access required and then the audits will be planned and executed by the new information audit team. Update 30/09/24 (YH) Consultation and recruitment underway Update 31/10/24 (YH) Consultation now complete and largescale recruitment underway. DDaT are working with the comms department to facilitate an effective and targeted recruitment campaign to ensure these roles are filled. Update 09/01/25 – No change		
2	**Multifactor Authentication for Fire AD Accounts** *Observation:* Multifactor Authentication (MFA) provides additional layers of authentication beyond passwords, that attackers must also breach should passwords become known to them. Best practice frameworks such as Cyber Essentials recommend that MFA is applied where available, and always for cloud services.	NCFRA should continue the process of setting up MFA for Fire Service accounts, ensuring that all accounts are covered by this process.	**2**	We agree with the audit recommendation and acknowledge the importance of multifactor authentication for securing Fire Service accounts. As noted in the recommendation, we have started the process of implementing this security measure for administrative accounts and on a per project basis. The intention	Roy Cowper, Enterprise Architect 30 September 2024	

	Observation/Risk	Recommendation	Priority	Management response	Timescale/ responsibility	Status
	Accounts within the Police Service Windows AD domain have MFA configured, however, the process to enable this for Fire Service AD accounts is still ongoing. *Risk and Impact*: Should the passwords for Fire Service user accounts be determined in a security attack, such as through the use of malware, these accounts could be accessed resulting a severe security breach that could be used to access data across the network.			would be to enable this for accounts within EntraID. Full implementation will require executive support from the organisation and of other affiliated bodies. We will commence this process, monitor the progress, and report any issues or challenges. A date has been set of 30/09/2024 subject to approval by the organisation. Update 13/08/2024: In progress, delivery dates not yet amended. Update 06/09/24: MFA - Currently in 28 day consultation with Fire, Lisa Jackson to advise of consultation outcome. Update 30/09/24 (YH) Lisa Jackson in Fire has confirmed that this consultation has been agreed in Fire. However following initiation of this work and further investigation by DDaT, a paper is being developed by the Digital Security Architect to consider the wider security considerations in relation to MFA and the holistic cyber security implications. This work should not be completed in isolation and there must be precursor work regarding security keys ect prior to the switching on of MFA in fire. A request for this action to be extended to Jan 2025 Update 30/11/25 (YH) A request for this action to be extended to Jan 2025 has been approved. YH to send reminder to ensure work is progressing at required pace. Update January 25 - A request for this action to be extended to Jan 2025 has	January 2025 30 April 2025	

	Observation/Risk	Recommendation	Priority	Management response	Timescale/ responsibility	Status
				been approved. Digital Security Architect developing paper for approval. On track Update January 2025 - It has been confirmed that the ECF and Union have not yet agreed on complete MFA for Fire. The SLT meeting minutes state that MFA is not mandatory in fire and the action to progress it was closed. The CAF and digital standards recommendations highlight MFA in fire as a requirement. As a result, an additional paper will be written by DDaT Digital Security Architect. **Request to move date to 30th April 2025** for this work to be completed and approved to be sought		
3	**<u>Privileged Access</u>** *Observation:* Privileged Identity Management (PIM) should, according to the time-restricted access policy configured in the PIM tool, provision privileged roles to individual users for a specified period before being withdrawn automatically. Within the Police Azure tenant access to privileged accounts is controlled on a timerestricted basis, with higher privileges being assigned for shorter periods of time. While some low-level privileges are assigned to users permanently this has not been viewed as a risk due to their extremely limited capabilities. Within the Fire Azure tenant a similar system has been implemented, however time-restricted access has not yet been applied as strictly, with some medium-level privileges being assigned to a number of fire user accounts permanently. We were informed by management that such privileges should only be provided on a time limited basis and thus require review. *Risk and Impact:* Privileges assigned to accounts on a permanent basis may be used to apply unapproved changes without management oversight.	Each organisation should align the privileged access management procedures to ensure that where possible a principle of least privileged is followed when assigning access to user accounts. Privileges assigned to users on a permanent basis, such as those assigned to users in the Fire Service Azure tenant should be reviewed and if possible, removed, such that they can be reassigned on a temporary basis to apply specific authorised changes.	**2**	We acknowledge the audit action and agree that privileged access management is a key aspect of ensuring cybersecurity. We have reviewed the privileges assigned to users in the Fire Service Azure tenant and some work has already been completed to bring key AzureAD roles under the control of PIM. We have removed permanent privileges that didn't require escalation and established a process for requesting and granting them on a temporary basis when needed. The process of bringing the Fire tenant up to the same level as the Police tenant in respect of this security control will continue as part of business as usual. A date has been set of 30/09/2024. 25/07/2024 No further update. Update 30/09/24 (YH) Review now complete and draft policy disseminated ahead of consultation process. Change request also submitted by EA to ensure delivery of recommendations highlighted in policy fully. Policy restricted	Roy Cowper, Enterprise Architect 30 September 2024	

	Observation/Risk	Recommendation	Priority	Management response	Timescale/ responsibility	Status
				at this time but shared with VA and PB. Recommended for closure. Agreed for closure at FAB 22/10/24		
4	**Password Management Tool Implementation** *Observation:* It is good practice to use a password management tool to secure the passwords for generic administration and service accounts in order to prevent their exposure through the use of less secure password storage methods. A password management tool has not been implemented for Police Service AD service accounts, whilst for Fire Service accounts a tool has been implemented but which only contains passwords for a small minority of accounts. *Risk and Impact:* Passwords may be documented in insecure locations such access to relevant accounts may be achieved the event of a security breach.	Each organisation should store all generic administration and service account passwords in a password management tool.	**2**	This recommendation is accepted and there is a PAM (Password Access Management) Project in progress that is being led by the Transformation and Change team with a project manager assigned. Budget has been allocated and we have collated requirements which include the ability to store all generic administration and service account passwords, and supplier demonstrations have now taken place. This will be reviewed bi- monthly to ensure progress is made. Update 25/07/2024 VS: All requirements are done and quotes obtained, and business case is in development. Update 30/09/24 (YH) Currently in the commercial process for signing by the commissioner. Update January 2025 - The commercial activity has been placed on hold – Queries relating to Cloud viability now being explored as requested by stakeholders	Andrew Jones, Head of Transformation and Change 31 March 2025	
5	**Completion of Access Changes** *Observation:* Changes to access should only occur on supply of a proper request. The OPFCC, Force and NCFRA were unable to provide relevant documentation to support the completion of access changes as follows: • For five out of eight joiners, a HR notification form was not available.	Emails and other documents supporting access requests should be automatically attached to tickets raised to the service desk. If this is not feasible the access management procedures followed by the service desk should state that all such emails/documents	**2**	This recommendation has been reviewed and has been accepted. Although tickets are already created from HR data, this process will now be reviewed to identify the capability of the current HR hub, ITSM tool and automation, if that cannot be easily done within these existing platforms then this will be developed with the new ITSM	Dan Cooper, Head of Technical Support 01 July 2024	

	Observation/Risk	Recommendation	Priority	Management response	Timescale/ responsibility	Status
	• For one out of eight joiners, evidence of vetting and training was not available. • For all eight leavers, a HR notification form was not available. *Risk and Impact:* User accounts may be created or disabled without proper justification.	should be manually attached to relevant tickets and relevant staff made aware of this requirement		tool. The associated action will be to review this and report to key stakeholders. Update 11/07/2024 DC: The ITSM procurement phase is well underway, due for completion August/September 2024. Update 24/07 DC - We have undertaken a review of the capabilities of both ITSM Police and Fire ITSM solutions and neither have the ability to manage access requests in the method described. We are in the process of procuring a new ITSM joint platform, the procurement process is due for completion next month, where we will work with the supplier to understand if the data we receive from HR in the JML process can be used to provide both organisations with a higher level of audit capability in this area. The new ITSM platform is unlikely to be made live until the next financial year. Update 13/08/2024 (YH) Discussed with CDO as procurement is still ongoing and implementation likely to be Autumn 24. Request to adjust delivery dates in line with ITSM revised implementation. Update 06/09/24: (YH) Due to procurement activity and delayed ITSM implementation request for these dates to move to March 2025 Update 31/10/24 (YH) The procurement for the tool is progressing well. The revised project stage gates remain accurate.	December 2024 31 March 2025	

	Observation/Risk	Recommendation	Priority	Management response	Timescale/ responsibility	Status
				Update January 25 – No change		
6	**Monitoring and Logging Policy** *Observation:* A specific IT policy should set out the organisational requirements for monitoring and logging, this should be used to guide the operations of the IT team as well as to inform regular users of any responsibilities regarding the monitoring and logging process. A specific monitoring and logging policy detailing requirements and procedures for access monitoring and information logging has not been developed. Some requirements, such as the logging of multiple failed password attempts, have been added to the information security / access control policies, however no unified monitoring and logging policy / section has been implemented. *Risk and Impact:* Inconsistencies in employees' understanding of their roles and responsibilities in regard to monitoring and logging as well as a failure to perform their required tasks. Failure to perform these tasks may reduce the detection rates of security incidents which could lead to reputational damage.	Each organisation should devise a monitoring and logging policy, including necessary ownership, version control and review sections. Once approved it should be communicated to those individuals that perform security monitoring and configure security logs.	3	We agree with the audit action and recognise the importance of having a clear and updated policy for monitoring and logging. We will allocate a task to develop a draft policy that defines the objectives, scope, roles and responsibilities, frequency, and procedures for monitoring and logging. 25/07/2024 No further update. Update 06/09/24: Logging and Monitoring Policy (Identity Access) is not the same as the IT Asset Management Policy (IT Asset Legacy Management). On track, this policy is in development and is being written by Simon Creasey (Digital Security Architect), draft to be shared by the end of the month. Update 30/09/24 (YH) Draft policy completed and disseminated for review. Request by security architect for policy to be restricted. Copies shared with VA and PB. Recommended for closure. Agreed for closure at FAB 22/10/24	Roy Cowper, Enterprise Architect 30 September 2024	

IT Asset Legacy Management – June 2024

	Observation/Risk	Recommendation	Priority	Management response	Timescale/ responsibility	Status
1	**Automated scanning of hardware and software is not used to identify inaccuracies in the IT asset register.**	Continue with the planned implementation of a new ITSM tool that includes device scanning	2	The procurement and implementation of the new ITSM tool is ongoing and DDaT will implement the software in three phases,	Dan Cooper, Head of	

	Observation/Risk	Recommendation	Priority	Management response	Timescale/ responsibility	Status
	Observation: Automated scanning of hardware and software enables organisations to identify discrepancies between the IT asset register and devices present on their network. The Head of Digital, Data and Technology confirmed that there is currently no software in place to scan the network for discrepancies between the IT Asset Register and the actual devices deployed across the Force. Northamptonshire Police & Fire are currently in the process of purchasing a new IT Service Management (ITSM) tool, which we are informed will include this function, with the intention to begin implementation from May 2024. Furthermore, dependent on their type, most devices are separately managed by other software; for example, laptops are registered by Intune, however apart from a historic feed from the Blackberry management software for mobile devices, there are no other automated updates to the IT asset register to keep it updated. *Risk and Impact:* Inaccuracies in the IT asset register, such as those that arise from failure to apply manual updates of new devices, prevent effective management of the Northamptonshire Police & Fire devices, whether this be from a financial, security or service management perspective.	to identify discrepancies with the IT Asset Register. Once implemented the software should also consume feeds from the management software for each class of device. IT asset register discrepancies identified by automated scanning or following receipt of information from device management software should be investigated before their application to the IT asset register		starting from the first quarter of the current fiscal year and ending by the fourth quarter of the next fiscal year. The first phase will involve installing and configuring the software on the servers and integrating it with the existing IT systems. The second phase will involve testing and validating the software functionality and performance, as well as training the staff on how to use it. The third phase will involve deploying the software to all the devices and conducting a post-implementation review. The current system does not provide Integrations required to consume feeds, however these capabilities are present in the new tool. In the meantime, we are currently exploring opportunities to see how the reporting tools can help us determine device usage. The initial goal is to identify devices not in use against our asset lists. Update 11/07/2024 DC: The ITSM procurement phase is well underway, due for completion August/September 2024. Update 13/08/2024 (YH) Discussed with CDO as procurement is still ongoing and implementation likely to be March 2025. Request to adjust delivery dates in line with ITSM revised implementation. Update 30/09/24 (YH) Request to move dates accepted. Update January 25 – No change - On track.	Technical Support - DDaT 31 December 2025 December 2024 31 March 2025	

	Observation/Risk	Recommendation	Priority	Management response	Timescale/ responsibility	Status
3	**Assessments of IT infrastructure risks are performed on an ad-hoc basis** *Observation:* IT infrastructure should be subject to formal periodic review to assess its adequacy and highlight any risks that are not identified through day-to-day management activities. We noted periodic assessments of the infrastructure do not take place, instead risks are identified in the course of normal management activities. We found only three risks relating to infrastructure support had been identified and assessed, with these risks covering software upgrades, Cyber Security and ageing systems, and hardware and software coming towards their end of life. *Risk and Impact:* The IT Infrastructure does not support the future needs of the force or carries unidentified risks that threaten the availability and security of IT systems	Periodically assess the adequacy of IT architecture to identify and locate potential risks.	3	DDaT accept the recommendation. The Enterprise Architecture team are in the process of developing a suite of roadmaps. The infrastructure roadmap was developed in late 2023 and is designed to account for a number of identified risks. These risks will be captured in the register more formally going forward. These risks will the then be managed in line with our existing risk management processes. In addition, we are about to enter a procurement process for an Enterprise Architecture tool that will bring together all the information from multiple sources inclusive of risks, contract end dates, the solution / software catalogue and infrastructure components to enable better visibility of the IT Landscape. 25/07/2024 No further update. Update 30/09/24 (YH) Full review complete. The IT infrastructure roadmap is based upon all the current infrastructure for both organisations and the requirement to update particular technology areas. The risks that this roadmap looked to mitigate have now been identified and put forward to the CDO board and as a result here multiple pieces of work now exist in the portfolio tool and these will address the risks. These risk are highlight as originated from EA risks but are managed within the wider DDaT technical debt / aging system risk. The roadmap is a signed off working document. Recommended for closure. Agreed for closure at FAB 22/10/24	Roy Cowper, Enterprise Architect – DDaT 31 December 2024	
5	**A formal IT Asset Management policy/procedure document has not yet been implemented.**		3			

	Observation/Risk	Recommendation	Priority	Management response	Timescale/ responsibility	Status
	Observation: An IT asset management policy is necessary for appropriate governance of IT assets acquired and managed by the Force. By enquiry with management, we noted that an IT Asset Management Policy is being drafted but has not yet been released to staff. Management are looking to implement the policy from April 2024. *Risk and Impact:* Confusion in the effective management of IT assets and failure to track assets effectively, potentially leading to unnecessary procurement of IT assets and failure to effectively manage IT assets omitted from the IT asset register.	As planned, publish an IT Asset Management policy setting out policy statements related to each stage in the IT asset lifecycle.		We agree with this recommendation and have initiated the process of developing an IT Asset Management policy that covers all the stages of the IT asset lifecycle, from planning and acquisition to disposal and decommissioning. The draft IT Asset Management policy is currently under review by the senior management team. Update 11/07/2024 DC: The draft policy is under review by the CDO. Update 24/07/24 - An updated IT Asset Management policy has been through a first draft and is on a second re-write, looking to condense other policies pertaining to IT asset management, such as IT Equipment Disposal and Removeable Media Policies. I'll begin to work on the next draft after my leave, returning 12th August, for resubmission to the CDO in preparation for the September CDO Board. Update 06/09/24: Approval in Fire needed. This will go to CDO board in Sept, then it will go to Fire for consultation process. Fire have a specific format. Update 30/09/24 (YH) Shared at the CDO board in September for approval. Will now be sent to fire to begin consultation process. As a result, dates will need to adjusted to ensure this process is undertaken before publishing. Request to amend dates to 30/11/24. Update 30/11/24 (YH) A draft policy has been agreed By CDO. DC had been in discussion with Fire re	Dan Cooper, Head of Technical Support - DDaT 30 June 2024 30 September 2024 30 November 2024 31 January 2025	

	Observation/Risk	Recommendation	Priority	Management response	Timescale/ responsibility	Status
				formatting which has now been agreed. Policy to be formally submitted to fire W/C 11/11 to go through governance - date amended to 31/01/2025. Update January 25 - Policy written and added to template; confirmed as being appropriate by BS. EWIA for the policy with fire for additional review from disability networks to ensure it won't cause concern. Once the EWIA is approved it will be passed into a formal consultation which will take 28 days. (DC) Approved for closure at FAB 25/02/25	Complete	

2024/25

Grant Funding – 27 June 2024

	Observation/Risk	Recommendation	Priority	Management response	Timescale/ responsibility	Status
1	**Process of monitoring grant funding provided to grantees** *Observation:* In the blue-light sector, it is best practice for grantees use of grant funding from the grantor to be monitored formally through quarterly monitoring reports where the grantee provides information and evidence on how funds have been spent to enable the grantor to check that grant funding has been spent in line with the funding agreement. Monitoring arrangements should be clearly set out in funding agreements and the OPFCC should be proactive to collect monitoring information from grantees to enable early detection of instances where the grant funding has not been spent in line with agreements, including recovering any unspent funds from the grantee.	Northamptonshire OPFCC should: • Clearly set out and establish in funding agreements a quantifiable frequency for monitoring arrangements of grantees. • Consider more frequent monitoring processes, such as quarterly monitoring forms or using the expected outcomes and target dates in grantee applications, to enable scrutiny of, and timely internal assurance over, the use of grand	2	It is pleasing to see that there are strong processes in place around this part of our business and a programme of work will be put into place to deliver against the recommendation. Update 14/02/25 – All changes are now in place.	Paul Fell, Director of Delivery, OPFCC 30 September 2024	

	Observation/Risk	Recommendation	Priority	Management response	Timescale/ responsibility	Status
	At Northamptonshire OPFCC, grant funding agreements state that "the beneficiary shall provide information requested in the format and within the timescales as the OPFCC reasonably requests from time to time." Operationally, the OPFCC expects grantees to provide completed monitoring forms, attached with receipts and invoices as evidence of purchases made with grant funding, in Q1 of the following financial year (June 2024). This poses the risk that the OPFCC does not obtain timely internal assurance that grant funding provided to grantees is being spent in line with grant agreements and approved grant applications, such as inappropriate purchases are being made or grantees spending is not sufficiently allocated across the timeline of the project. Also, this may cause issues in the OPFCC recovering unspent funding from grantees in a timely manner. Additionally, we reviewed a sample of five grantees who have already provided monitoring reports and noted the following: • One instance (Basketball Northants) where the monitoring form completed by the grantee and provided to the OPFCC does not include the required evidence of receipts and invoices for purchases made by grantee with grant funding (£6000). • One instance (South Northants Youth Engagement) where the grantee has provided their own format of a monitoring report which is not in line with the OPFCC required monitoring form and does not include the required receipts and invoices to evidence the grant funding spend (£3000). *Risk and Impact:* The OPFCC's grantee monitoring process lacks timely collection of monitoring information from grantees which could lead to the OPFCC failing to identify, in a timely manner, any instances of grantee non-compliance with funding agreements. Grantees do not provide the required monitoring information in monitoring reports, including receipts and invoices for purchases made, which could lead to the OPFCC being unable to validate that purchases made are in line with funding agreements and recover,	funding by grantees. This will be particularly useful for larger funding provided to projects taking place over a longer period of time. • Remind grantees submitting monitoring forms that they are to be completed via the official OPFCC monitoring form and all receipts and invoices for purchases made must be attached to evidence grant funding spend.				

	Observation/Risk	Recommendation	Priority	Management response	Timescale/ responsibility	Status
	in a timely fashion, any underspend of grant funding from grantees.					

Asset Management – 30 October 2024

	Observation/Risk	Recommendation	Priority	Management response	Timescale/ responsibility	Status
1	**Lack of equipment and inventory checks** *Observation:* The Force and the Service should ensure that regular equipment inventories are taken to ensure operational readiness, to ensure that all the necessary equipment is available and in proper working conditions in preparation for an emergency. We noted that the Force does not operate a system which allows it to check the equipment that 'belongs' in a vehicle. We reviewed the 'Occupational Driving Policy' and noted that it is the police officer's responsibility to ensure that the appropriate equipment is held in the vehicle, which should be checked daily. We noted that there is no auditable trail that can be evidenced to show that equipment checks are being completed. We reviewed a sample of 10 vehicles to ensure that the appropriate equipment was in the vehicle. We used the 'Vehicle Safety Inspection and Equipment Checklist', and matched this to the relevant department to ensure that the correct equipment is carried on the vehicle. We were not able to inspect four vehicles as the vehicles were out, however for the other six we noted that three vehicles did not have the correct equipment. During our review of equipment management of the Service, we noted that barcodes for equipment are important in ensuring that the correct piece of equipment is checked out to the correct pump on the Redkite system. We identified that for five out of 57 pieces of equipment that was reviewed, there were no barcodes. After discussions with the firefighters, we noted that there is some difficulty in raising a defect in the redkite system if there is no barcode on the equipment.	The Force should ensure that inventory checks are carried out daily (or as suggested in the policy) and that an auditable trail is kept to evidence that inventory checks are completed. The Service should ensure that all equipment is barcoded where appropriate to allow for effective and efficient inventory checks.	**2**	The organisations will need to implement a new system to support the ongoing management of the equipment within operational fleet. A project mandate shall now be submitted to support the commencement of a new programme of work to implement a new system. The timeline for delivery shall then be determined by the project portfolio capacity, the data cleansing and the procurement process.	Leanne Hanson Chief Asset Officer 30 November 2025	

	Observation/Risk	Recommendation	Priority	Management response	Timescale/ responsibility	Status
	We noted that the full inventory checks of the pump should be carried out on a weekly basis, however we identified that weekly checks had not been noted on Redkite for four pumps and we could not confirm that weekly checks had been completed. *Risk and Impact:* Incorrect equipment may result in a lack of readiness in emergency situations.					
2	**Lack of updated policies and procedures** *Observation:* An asset management policy and procedural document allows for resource optimisation, accountability, maintenance planning and ensuring equipment safety. A review of policies, process and guidance documents highlighted that the Service's Asset Management Guidance document was from March 2020 and did not appear to have been reviewed. Additionally, we were informed by the Head of Transport and Travel and the Chief Asset Officer that there were other policy and procedure documents that were currently out of date, and they are currently in the process of update and review. *Risk and Impact:* The OPCC, Force and Service do not achieve their objectives regarding Fleet / Asset Management and more widely across medium/long term objectives.	The Force and the Service should ensure that policy and procedural documents for Asset Management are updated and shared with the staff members, including the Service's Asset Management Guidance document.	**3**	The Department is currently undergoing a review and potential restructure. As part of this work is also being undertaken to establish a single Asset Strategy. This shall be aligned to the revised organisational Strategies and Plans. Linked to this will then be a full review of all Policies and Procedures to take into account the revised delivery model	Leanne Hanson Chief Asset Officer 30 September 2025	
3	**Lack of equipment testing** *Observation:* Equipment testing across the Force and the Service allows for operational readiness to ensure that vehicles and equipment are ready for duty in case of an emergency. We noted at the Force that equipment is 'tested' if required when the police officer does the equipment checks on the car, however we noted that there was no auditable trail for equipment checks therefore cannot confirm that the checks are happening daily as per the guidance in the 'Occupational Driving Policy. *Risk and Impact:* Lack of safe equipment may compromise The Force's ability to respond effectively in the event of an emergency.	The Force should ensure that equipment testing is carried out where appropriate, and include guidance for officers within procedural documents, as well as keeping an audit trail of this	**3**	The organisations will need to implement a new system to support the ongoing management and testing of the equipment within operational fleet. A project mandate shall now be submitted to support the commencement of a new programme of work to implement a new system. The timeline for delivery shall then be determined by the project portfolio capacity, the data cleansing and the procurement process	Leanne Hanson Chief Asset Officer 30 November 2025	

Joint Core Financials – 27 November 2024

	Observation/Risk	Recommendation	Priority	Management response	Timescale/ responsibility	Status
2	**Debt recovery** *Observation:* The Force and NCFRA have an Aged Debt Process document in place last reviewed May 2023 which sets out the processes to be followed by Finance Operations for the collection and recovery of overdue income: • Day 1 – A copy of the invoice is emailed out to the customer requesting a • payment date. • Day 7 – Follow up by emailing a statement to the customer. • Day 10 – Contact the customer by phone to request a payment date. Customers are expected to be continued to be contacted at this point if no replies are received. Additionally, a customer aged debt report is run on a monthly basis and reviewed by the Finance Operations Team Leader to determine actions to take in respect of chasing or if debt should be forwarded to Legal or requested to be written off. Our review of the Aged Debt Process document did find that it was due for review in August 2024, but this had not been completed at the time of the audit. Also, we reviewed a sample of 10 debtor invoices at the Force and seven at NCFRA to confirm that aged debt processes had been followed in accordance with the procedural document. We found: • Force – Four instances where debt procedures had not been followed in accordance with the Process document. This included one salary overpayment (£2,400) and three other debtors (£104,419.78, £7,000 and £2828.57) where required contact at day seven, day ten and subsequent reminders had either not occurred or documented evidence could not be provided. (Range of 43 – 340 days overdue and average of 155 days). • NCFRA – Three instances where debt had now been paid, although they were late by 122 days, 111 days and 46 days from the payment date. This was due to no Purchase Order being included	1. The Force and NCFRA should review the Aged Debt Process document in line with its review cycle. 2. The Force and NCFRA should ensure that the Aged Debt Process is followed in a timely manner for overdue income and documented evidence is retained. To do this there should be sufficient oversight within the Finance Team of overdue income and clear escalation procedures in place to ensure debts are chased in accordance with timelines in the Aged Debt Process. 3. NCFRA should ensure that Purchase Orders are included on Sales Invoices when required, identifying customers that require this and communicating this to the relevant staff to avoid payment delays.	**2**	With the centralisation of raising of sales invoices, the team will have the ability to influence and control the process from start to finish. This will ensure completeness of data before the debt is due for chasing removing delays in payment. As part of the centralisation process, it will also ensure consistency of process so that people are not new to processes and do not miss or overlooked aspects such as contact information and then consistent chasing and management is continued. The aged debt process has been reviewed, and alerts set up that the policy is due a further review at its appropriate date. Cross training has been carried out on the aged debt process over the whole department offering resilience and awareness. Update – This has now been communicated with the SIT and the internal process resolved.	Annie Blake – Finance Operations Team Leader, Nat Freeman – Head of Finance. 01 January 2025	

	Observation/Risk	Recommendation	Priority	Management response	Timescale/ responsibility	Status
	on the sales invoice and a lack of aged debt processes being followed. • NCFRA – Four instances where debt remained overdue and the required debt management processes had not been followed or documented evidence could not be provided per the Process document. In addition, two of these instances have been further delayed due to invoices being as there is no Purchase Order. *Risk and Impact:* Aged debt processes are not followed or performed in a timely manner leading to loss of money owed to the OPFCC. Purchase orders are not included on Sales Invoices when required resulting in a build of overdue income and delayed payments to the OPFCC.					
5	**Credit notes** *Observation*: A credit note is usually raised by a service request or email request and approved by a different member of the Finance Operations Team. After approval and once an invoice reference has been entered, the credit note should automatically match to the paid invoice on the system to complete a timely payment. We reviewed a sample of ten credit notes at the Force and NCFRA and noted one instance at the Force where the credit note had failed the automatic matching process, and the credit remain unpaid (£54.79) since April 2024. We were advised by management that this has been raised with the Support Team to who are still investigating the issue. *Risk and Impact:* The Force are unaware of system issues that could lead to further credit note matching issues and delays in payments to customers.	The Force should continue to investigate the issue and seek a timely resolution. Once the issue is identified the Force should consider additional preventative controls, such as systemic controls, that avoid the matching process failure from occurring again	**3**	Credit notes will be completed within the finance operations team. A request will be made via a service request and then entered into Unit 4. Investigations into Unit 4 and automatic matching will continue. Training has been carried out across the team for awareness	Finance Operations Team 01 March 2025	

Workforce Planning – 27 February 2025 2024

	Observation/Risk	Recommendation	Priority	Management response	Timescale/ responsibility	Status
1	**No formal succession plans for critical roles**		**2**		Caroline Oppido	

<table>
<tr><th></th><th>Observation/Risk</th><th>Recommendation</th><th>Priority</th><th>Management response</th><th>Timescale/ responsibility</th><th>Status</th></tr>
<tr><td></td><td>Observation: We confirmed an exercise had been undertaken to identify critical roles across police officers and staff. We were provided with a spreadsheet which mapped each role into the following categories:
• Tier 1: Core operational function
• Tier 2: Critical support to operational function
• Tier 3: Non-critical support to operational function
However, management advised that formal succession plans had not been put into place for the core or critical roles identified, to ensure establishment stability and continuity of service, manage career pathways, and identify and place high potential staff in leadership roles.
Risk and Impact: Key roles are not identified, and succession plans are not developed to ensure continuity of service. Therefore, the Force is unable to fill key roles sufficiently quickly, leading to operational deficiency.</td><td>The Force should develop formal succession plans for critical roles to establish the dependencies of each role, the role specification, potential successors in emergency, short/medium/long term, and the handover processes should a key member of staff leave at short notice.
• Dependencies of each role such as key skills, competencies and qualifications.
• The role specification.
• Individuals with potential to assume critical roles in emergency, short term, medium term or long-term capacity; and,
• Handover processes should a key member of staff leave at short notice.
Succession plans should be periodically reviewed to ensure they are accurate and up to date</td><td></td><td>Liaison with Workforce Planning to identify critical roles. Work on going to look at skills for critical roles and how individuals can identify their current skill set and identify any development required. Looking at utilising about me section on Talent Tile of PDR and to utilise the Talent Tile to produce talent pools which indicate when individuals would be ready for role e.g. ready now/short/medium or long term</td><td>01/09/2025</td><td></td></tr>
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Regional Collaboration Audits

2023/24

AUDIT	DATE	GRADE	RECOMMENDATIONS MADE		
			Priority 1	Priority 2	Priority 3
EMSOU – Capital Programme	March 2024	Moderate Assurance	0	2	0
EMSOU – HMICFRS Action Plan	May 2024	Moderate Assurance	0	1	0

2023/24

EMSOU – Capital Programme March 2024

	Observation/Risk	Recommendation	Priority	Management response	Timescale/ responsibility	Status
1	**Funding of EMSOU Capital Programme** EMSOU produces a Capital Programme each year as part of the budget setting process, which covers the budget for the upcoming year and a forecast budget for the following 3 years. This covers the expenditure from replacement of assets and the funding from grants, reserves and additional revenue contributions. Funding is then agreed at the PCC/CCs meeting, following recommendation from the CFO/FDs Board, as revenue funding from the Force for the upcoming year in their budgets. Audit has reviewed the current Capital Programme and noted that reserves will be fully utilised by 2024/25 and therefore further funding will be required from the Forces. HMICFRS have also found areas of concern in their PEEL 2021/22 review into Serious and Organised Crime. This noted concerns regarding the funding model for EMSOU as the PCC/CCs meeting couldn't agree on a three-year settlement, therefore leaving the Unit with the uncertainty of yearly funding.	The Forces and Unit should develop a Capital Programme to ensure that any future deficits in capital funding can be met. This should align to HM Treasury's three-year funding formula for serious and organised crime. .	2	A revised Capital Programme will be produced that reflects the future Target Operating Model for the Unit and updated to include any future replacement costs for covert/control room equipment. The Capital Programme will consider the funding requirement, funding options and guidance on any accounting arrangements – this will be built into funding discussions with CFO/FDs and reported back to the regional CC/PCCs Board. Update – Sept 2024 The Regional CFO's met in March 2024 and agreed the 4 year Regional Capital Programme, recognising the current Target Operating Model review could result in a requirement to refresh the programme. The CFO's agreed to fund the regional capital plan for 2024/25, recognising the asset replacement reserve is expected to be fully spent this financial year.	EMSOU Head of Finance and Corporate Services 30 September 2024 – subject to regional agreement on the Target Operating Model	

	Observation/Risk	Recommendation	Priority	Management response	Timescale/ responsibility	Status
	Risk and Impact: The Unit is not able to replace or maintain current capital assets and is unable to fund the purchase of new capital assets.			The most appropriate method of contribution to the capital programme was also discussed and the CFO's agreed to the full contribution to be made by each force during the year and any underspends, to be retained in the regional asset replacement reserve.		
2	**Multiple Fleet Management Approaches** The Unit uses around 150 vehicles, with about half managed by EMSOU while the remainder are managed by one of the five Forces. This has resulted in different procurement and replacement strategies for the Unit's Fleet - a point that has been raised as part of the HMICFRS' review into EMSOU as part of the PEEL 2021/22 regional reviews into serious and organised crime. This identified a cause for concern where it would be more efficient to have a single capital replacement strategy and budget for the Unit, also allowing for savings to be made by adopting a regional approach to the procurement of vehicles and equipment. *Risk and Impact*: Vehicles used by EMSOU are not appropriately maintained and/or replaced, increasing the risk of injury and/or death to the public, officers and staff.	The Unit should adopt a single fleet management approach to procurement and replacement of vehicles	**2**	A review of the fleet replacement process will be undertaken to consider any alternative procurement arrangements and whether this would deliver improvement in relation to: • Purchase cost of vehicles • Service and maintenance arrangements • Fleet admin processes. Update – Sept 2024 Following consultation with the Regional Fleet Managers and the Regional CFO's, it was confirmed that all 5 forces are on the same procurement framework and that no direct savings would be realised by moving to a single lead force for the purchasing of vehicles. Costings presented showed that moving to a single lead force procurement model would create additional demand on the designated lead force which would be proportionally more expensive than the current arrangements. It was therefore decided to continue with the current procurement model. The forces have agreed for EMSOU to work with the Regional Fleet Managers to review existing processes to identify efficiencies, reduce bureaucracy and where possible adopt consistent processes/methodologies. The areas identified for review are as follow: • Service requirements and safety checks	EMSOU Head of Finance and Corporate Services 30 September 2024	

	Observation/Risk	Recommendation	Priority	Management response	Timescale/ responsibility	Status
				• Repairs and maintenance of vehicles • Trigger points for vehicle reviews • Covert vehicle blue light and radio fitments *HMIC recommendation* • Road traffic accident that occurs due to the presence of a police vehicle (POLAC) • Information regarding new starters driving standards is not automatically provided, resulting in a risk to officers and members of the public, as managers are not able to suitably manage their officers training requirements.		

EMSOU – HMICFRS Action Plan May 2024

	Observation/Risk	Recommendation	Priority	Management response	Timescale/ responsibility	Status
1	**Strategic Governance Board ToR** ToR are used to define the aims, methods and reporting for key governance forums. These are essential documents that, alongside the wider governance framework, ensure an effective regime of oversight and review. Audit has reviewed the ToR for the Strategic Governance Board and found several items of key information not included, such as: • attendees and roles. • frequency of meetings. • standing agenda items. • reporting and escalation. *Risk and Impact:* Forums relating to workforce planning are not held regularly enough, with appropriate seniority, covering key areas or with appropriate reporting.	The Unit should update the ToR for the Strategic Governance Board and Performance Management Group to include all key information, including: • frequency of meetings. • attendees. • who chairs the meeting and relevant deputies. • standing agenda items. • where the board reports to and where they receive reports from. .	2	A review of the terms of reference and governance structures in EMSOU are being reviewed as part of the implementation and review of The Operating Model. A new Terms of Reference template has been generated for all meetings within EMSOU to ensure consistency, strategic direction and governance in line with all priorities. The Terms of Reference for the Strategic Governance Board will be refreshed in line with the new format which includes the noted information in this report. Update - Ongoing as part of the Target Operating Model project. Update - Sept 24 The Terms of Reference have been updated.	T/ DCS Nick Waldram (Head of EMSOU) 03 May 2024	

	Observation/Risk	Recommendation	Priority	Management response	Timescale/ responsibility	Status
				SGB revised TOR 2024.pdf		

HMICFRS update

Author: Colleen Rattigan, Head of Strategy & Innovation
Decision required: For Information, Joint Independent Audit Committee
Date: March 2025
Version: 1
Security Classification: Official

Agenda Item 7

Strategy & Innovation Unit

NORTHAMPTONSHIRE POLICE
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1. Introduction

A previously reported to the Joint Independent Audit Committee, the below table provides an overview of Northamptonshire Police's current PEEL (Police Effectiveness, Efficiency and Legitimacy) Inspection 2023 – 2025.

The overall picture remains as follows:

Outstanding	Good	Adequate	Requires improvement	Inadequate
Recording Data about Crime	Police Powers & Treating the public fairly and respectfully	Preventing and deterring crime and anti-social behaviour, and reducing vulnerability	Responding to the Public	
		Protecting Vulnerable People	Investigating Crime	
		Managing Offenders and Suspects		
		Building, Supporting and Protecting the workforce		
		Leadership and Force Management		

2. Continuous Improvement Plan 2024 – 2025

The force developed an annual improvement plan through 2024 – 2025, which delivered most of its objectives.

Appendix 1 sets out an overview of what was delivered through the last 12 months for inspection readiness and improvement, and the proposed plan for 2025 – 2026, which will be delivered for the remainder of this calendar year.

The force has received formal notification that HMICFRS will commence fieldwork imminently, with a follow up PEEL inspection for 2 weeks commencing at the start of January 2026.

Some aspects of the inspection have changed; therefore, the force will adjust its continuous improvement plan to be reflective of those changes.

Most notably, the force will no longer receive a grading judgement for crime data integrity. Northamptonshire Police was graded as Outstanding in the previous inspection cycle, and performance monitored through the Force Crime and Incident Registrars suggests this performance continues to be maintained.

HMICFRS have also broadened the scope of the protecting vulnerable people question to focus on VAWG crimes such as stalking, which was highlighted nationally through a super complaint published in September 2024.

The Inspectorate have removed managing offenders from the 9 core PEEL Assessment Framework questions and added a section on Fraud, which all forces will be graded on and a further question on custody, which the force may or may no be inspected on (not all will).

Appendix one also sets out which thematic inspection areas the force should consider preparing for, that may occur in the next 4 years, this includes Serious and Organised Crime and Child Protection, plus the two thematic inspections that will happen in the next 12 months: Police Leadership & Firearms Licencing.

Throughout the last 12 months, the force has reviewed all PEEL Assessment Questions and produced a catalogue of reports to better understand progress, and where required, recommendations have been set to ensure improvement is made in those weaker areas.

As set out in the revised plan, the force will revisit all this work throughout the next 6 months, and strengthen the independence of audit and assurance work, adopting best practice from other areas to reality test whether plans are understood by front line officers and staff and working in practice.

3. Progress Against Areas for Improvement

Through the governance of the Continuous Improvement Board, the Deputy Chief Constable has strategic oversight for progress against AFIs.

The force now consistently monitors progress in one place, owners and leads give high level updates of assurance or to flag where progress has not been made and why.

Appendix 2 provides an overview of the 16 AFIs attached to the most recent inspection. All AFI owners updated the Deputy Chief Constable at the February Continuous Improvement Board, and some high-level direction of travel is aligned to each area.

The Deputy Chief Constable was assured by progress updates.

4. Thematic HMICFRS Inspection activity – National Child Protection Inspection 2025

In January 2025 HMICFRS came into force to conduct a thematic National Child Protection Inspection.

The inspection lasted 2 weeks, with a full crime file audit and 121 interviews with many leaders across the organisation, officers and staff.

The inspection was split into 5 areas to determine whether:

- the force has effective leadership of its child protection arrangements;
- the force works effectively with safeguarding partners to help safeguard, protect and promote the welfare of children;
- the force effectively responds appropriately to help safeguard children at risk;
- the force effectively assesses risk to children and makes appropriate referrals; and
- the force effectively investigates all reports of sudden and unexpected death, abuse, neglect and exploitation of children.

In the debrief, the lead inspector stated that through each feedback session throughout the inspection the force demonstrated it was “Indicative of a culture that wants to learn and improve”.

The inspectorate acknowledged that the force had some leadership challenges it was overcoming, and a new strategy was in place but not yet full understood or landed with the workforce, but that the communications campaigns around vulnerable children were of a good quality.

They also recognised strong and mature partnership working in Northamptonshire, notably the involvement of the Chief Constable and Assistant Chief Constable. The data Observatory was recognised as promising practice, with some feedback to continue to grow this function to inform future requirements for activity in the county.

It was recognised that children have a number of ways to contact the police, and that when they need the service it is prompt. As a force, use of police protection powers was appropriate in the examples reviewed, with evidence of lots of work to make sure they are used effectively. Officers contacted Social Care in best interests of children and there were good examples of partnership working and use of PPNs (Public Protection Notices). However, there are missed opportunities when speaking to children and capturing their voice, which was found to be inconsistent.

In terms of investigations, the Inspectorate recognised the investment in protecting vulnerable people in recent years. However there were some recommendations to strengthen investigative quality and oversight, particularly around audit and seniority on duty with the right skills.

Overall, the force felt that the inspection mirrored its own inspection readiness findings and there were no surprises. The Assistant Chief Constable for Crime and Justice, Emma James will coordinate and lead the learning and recommendations that come from the report in the fullness of time.

5. Conclusion

Overall, there are several workstreams and activity ongoing to address improvement across Northamptonshire Police.

The force remains confident it has the appropriate oversight in place to address its areas for improvement, and that Strategy and Innovation have the right structure and governance in place for the Deputy Chief Constable to address concerns through the Continuous Improvement Plan and Board.

In the coming months, JIAC members can expect to learn more about audit and assurance as the force embarks on further reality testing, to strengthen its readiness for inspections and continue to improve.

1. Appendix

Appendix 1: Force Improvement Plan

Appendix 1 JIAC
report Continuous Im

Appendix 2: AFIs

Appendix 2 JIAC AFI
progress update Feb 2

Strategy & Innovation Unit

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Continuous Improvement Plan for PEEL January 2025 - 2026

Update to Framework – Key Information

- Introduce two new core questions (on safeguarding and the response to fraud);
- Move the inspection of custody into PEEL, which will increase the frequency of inspections, so every force is inspected every four (rather than six) years;
- Make changes to how we inspect and report on crime data integrity and the management of suspects and offenders; and
- Change elements of the HMI summary.

	WORK DELIVERED COLLECTIVELY SO FAR:	Apr 2024	May 2024	June 2024	July 2024	Aug 2024	Sept 2024	Oct 2024	Nov 2024	Dec 2024	Jan 2025	Feb 2025	Mar 2025
STRATEGY	**Planning**	Review of all Strategic Documents	FMS Published										
	Engagement			SLT Away day & Federation Consultation	121 consultation with Leadership Team								
	Plan on a Page			Draft plan on a page requirements formulated & tested through force governance structure (FEM) & Leadership Days for wider Supt & Staff Leader input									
	Socialisation & Implementation						Leadership Day		First Line Manager Leadership Events				
CONTINUOUS IMPROVEMENT PLAN	**Workstream 1 Tracking Progress and Oversight - AFIs**	Monthly monitoring and tracking across all force level governance structures											
	Workstream 2 Business Assurance Activity	Sudden Death, Robbery, Crime Cancellations, Outcome 14/15/ 16, NCPI preparedness, Custody HMICFRS preparedness.			PDM Quality, Missed Outcome Opportunities, Effective response to crime reports from MH settings.								
		OC 17 Oversight Victim Satisfaction – Vehicle Crime, violent crime, ASB, Hate Crimes, Burglary, Crime Allocation Policy, CDI internal Assessment			Victim Satisfaction – Vehicle Crime, violent crime, ASB, Hate Crimes, Burglary, Crime Allocation Policy, CDI internal Assessment			OC 17 Oversight, Victim Satisfaction – Vehicle Crime, violent crime, ASB, Hate Crimes, Burglary, Crime Allocation Policy, CDI internal Assessment			OC 17 Oversight, Victim Satisfaction – Vehicle Crime, violent crime, ASB, Hate Crimes, Burglary, Crime Allocation Policy, CDI internal Assessment		
	Workstream 3 Self-Assessment (PAF workbooks)			PAF Review leads identified & workstream will deliver 9 Full end to end reviews against PEEL assessment criteria.									
	Workstream 4 Dedicated Review of Investigating Crime	Scoping, allocation of resources & identification of force lead. E2E DA review, LP workload review & workshop planning					VSA Crime File Audit (to support review)						
	Workstream 5 Understanding Demand & Resourcing		FMS Published	Restructure SPB	Dept level force wide demand assessment (Dec Deadline), VFM profiles & PAF 9 review (Sept deadline)								
	Workstream 6 Force Strategy, Structure & Governance		Stability in Leadership	Leadership Day	Revised Corp Governance		Revised Force Strategy						

NORTHAMPTONSHIRE POLICE

Next Steps

HMICFRS will commence fieldwork from **April** (exact dates to be confirmed but they have requested meeting invitations now). The following next steps are proposed to prepare for PEEL:

- Update all PAF reviews to reflect new & amended questions in revised Framework and identify any gaps in work already delivered
- Strengthen Audit/ Assurance through reality testing and focus groups led by us (HMICFRS have given a clear indication they expect to see this & we were unable to provide evidence through NCPI).
- Prepare work in PAF question order and use as template for future CIB meetings – our FLL will review each PAF question in this way between April and December.
- Strategy and Innovation to lead some "how will you be assessed" sessions for Chief Superintendents and/or their existing governance structures to set out:
    - DAP measures – so you can see exactly what data HMICFRS will assess you against through inspection
    - Any outliers you may not be aware of through current performance reporting (this may be because of point in time or it not being an identified priority)
    - Progress against recommendations in previous PAF reviews
    - Reality testing plan & feedback plan for findings (collaborative).

PROPOSED 2025 – 2027 PLAN:	Mar 2025	Apr 2024	May 2024	June 2024	July 2024	Aug 2024	Sept 2024	Oct 2024	Nov 2024	Dec 2025
VSA Audit		Mini VSA conducted & findings to May CIB					Mini VSA revisited & findings to Oct CIB			
Q1. Leadership	Review Reality Testing/ Focus Groups	Present to CIB							DOCUMENT REQUEST READINESS	INSPECTION PREPARATION PERIOD
Q2. supporting and developing the workforce	Review Reality Testing/ Focus Groups	Present to CIB								
Q3. public treatment		Review Reality Testing/ Focus Groups	Present to CIB							
Q4. prevention and deterrence		Review Reality Testing/ Focus Groups	Present to CIB							
Q5. responding to the public			Review Reality Testing/ Focus Groups	Present to CIB						
Q6. investigating crime			Reality Testing/ Focus Groups	Present to CIB						
Q7. safeguarding children and adults at risk				Review Reality Testing/ Focus Groups	Present to CIB					
Q8. managing fraud				Review Reality Testing/ Focus Groups	Present to CIB					
Q9. a safe and lawful custody environment					Review Reality Testing/ Focus Groups	Present to CIB		NORTH		

Leads

PAF Area	SRO / Senior Officer Lead	S&I Lead
Q1. Leadership	DCC Tuckley / Several	Colleen Rattigan
Q2. Supporting and developing the workforce	ACO Bullen / Suzanne McMinn	Jenny Cheney
Q3. Public treatment	ACC Ward / CS Hillery	Sarah Peart
Q4. Prevention and deterrence	ACC Ward / CS Hillery	Gareth Court
Q5. Responding to the public	ACC Ward / DCS Helm	Gareth Court
Q6. Investigating crime	ACC James / DCS Tompkins	Jenny Cheney
Q7. Safeguarding children and adults at risk	ACC James / DCS Rymarz	Colleen Rattigan
Q8. Managing fraud	ACC James / DCS Tompkins	Sarah Peart
Q9. A safe and lawful custody environment	ACC Ward / DCS Helm	Tbc

Thematic Inspections

In 2024/25 and complete them in 2025/26:
- Firearms Licensing
- Police Leadership

In the next 4 years:
- Joint Inspection on Knife Crime
- Efficiency and effectiveness of current arrangements that provide local, regional and national policing services (includes PDS & NPAS)
- Science and Technology
- Economic Crime
- Undercover Policing
- Police and Fire Service Cyber Security
- Counter Terrorism
- JESIP
- Data and Analytics

SOC – Regional Inspection will continue
Integrity – Continue as rolling inspection
VAWG – Monitored through several inspections (NCPI, PEEL).
Super Complaints – expected to be different in approach and investigations

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HMICFRS PEEL AFIs – Governance and progress

AFI	Business Lead	SRO	Governance
The force needs to improve how it records equality data.	Sarah Crampton	Paul Bullen	Force Assurance Board
The force needs to consistently record and evaluate day-to-day problem solving and share learning.	Ch Supt Hillery	ACC Ward	Prevention and Intervention Board
The force needs to improve the time it takes to answer emergency calls.	Ch Supt Helm	ACC Ward	Local Policing Performance Board
The force needs to attend calls for service in line with published attendance times and make sure the caller is updated if there are delays.	Ch Supt Helm	ACC Ward	Local Policing Performance Board
The force should make sure it allocates investigations to officers and teams that have the capability and capacity to carry out timely and thorough investigations.	D/Ch Supt Rymarz	ACC James	Project Sherlock
The force isn't always achieving outcomes for victims of crime.	D/Ch Supt Rymarz	ACC James	Project Sherlock
The force needs to make sure it is using outcomes appropriately and that these outcomes comply with force and national policies.	D/Ch Supt Rymarz	ACC James	Project Sherlock
The force should put reliable processes in place to monitor protective orders and make sure that breaches are prioritised to safeguard the victim.	D/CH Supt Tompkins	DCC Tuckley	Vulnerability Board

HMICFRS PEEL AFIs – Governance Cont.

AFI	Business Lead	SRO	Governance
Police representatives at multi-agency risk assessment conferences should have sufficient knowledge and experience to agree actions that reduce harm, on behalf of the force.	DCh/Supt Tompkins	ACC James	Vulnerability Board
The force should make sure that Violent and Sex offender Register supervisory reviews are of a high quality and that officers raise and complete actions. These reviews should include comprehensive intelligence checks to effectively manage the risk posed by registered sex offenders.	DCh/Supt Tompkins	ACC James	Vulnerability Board
The force should make sure it has the capacity and capability to manage the demand in the online child abuse investigations unit to avoid delays in enforcement action being taken. Supervisors should review caseloads and make sure offender managers regularly review available intelligence.	DCh/Supt Tompkins	ACC James	Vulnerability Board
The force needs to improve its understanding of why new recruits leave the force.	Suzanne McMinn	ACO Bullen	People and Culture Board
The force needs to do more to support the development and career progression of people from under-represented groups.	Suzanne McMinn	ACO Bullen	People and Culture Board
The force needs to establish processes to regularly review its strategic decisions, policies and processes to check they are effective and provide the intended outcome.	Colleen Rattigan	CC Balhatchet	Strategic Planning Board
The force has invested in its IT to provide better access to data. But senior leaders need to provide effective governance to maximise the potential for technology to increase productivity.	Paul Bullen	CC Balhatchet	Strategic Planning Board
The force needs to reduce the number of non-emergency calls the caller abandons because they aren't answered	Ch/Supt Helm	ACC Ward	Local Policing Performance

High – level AFI update:

1. **Victim data** –Technology review sits within the Data Quality Working group. Next steps will be to look at training/education for officers, giving confidence to capture data correctly. Governance for this AFI will sit within Force Assurance Board.
2. **Problem Solving** – lots of work being developed to include training, education, development of scrutiny panels, enhance pages on Forcenet. Resource bid greed in December. TOR for P&I Board being created.
3. **Emergency calls –** Improved picture over the summer and continue to be in the top 10 forces for performance.
4. **Attendance times** – Goodsam technology now deployed to support with this. Review of processes within FCR completed such as "re-thrive". Benchmarking completed with MSG and we performed second best in relation to response time for G1 Urban and rural, but 5th for G2 responses. Gold Group set up to manage this. Business Insights reviewing metrics. Text message trial started in Jan 25.
5. **Capability and capacity of investigators** – Crime Allocation policy reviewed, and a number of proposals already put forward by Project Sherlock. Training to be reviewed and looking to develop a Probationer Development unit to better support new recruits. Agreement obtained to recruit PSIs to support front line.
6. **Outcome for victims** – This forms part of Project Sherlock – work being undertaken to review and understand data. Outcomes are also discussed in Strategic Justice Board. Introducing a Priority Crime team, ongoing reviews of crimes to identify learning and good practice.
7. **Outcomes used correctly** – This sits within Strategic Justice Board and Project Sherlock – regular audit activity carried out by FCIR team, BTI assurance activity completed and work ongoing in CJ Command around educating officers.
8. **Proactive Orders** – DAIU being progressed and Qlik app now in place to support with managing orders. Force has had good success with order applications. CE Hub also has process in place for compliance checks. New team is now in place (Proactive team) who focus on orders. Breaches are proactively responded to by LPA or dedicated teams, depending on type of breach.

9. **Attendance at MARAC** – This forms part of the DAIU Working Group to look at processes for DA. DA Manager due to take up role at the end of Fed. All MARACs have DAIU present and had appropriate training.

10. **Supervisor reviews Violent and Sex offender investigations** – intelligence checks are now completed routinely, and process is embedded. Time has been freed up for supervisors to complete better quality file reviews. Processes well embedded.

11. **Demand is OCAIU** – much improved position with daily management of outstanding enforcement, recruitment completed and VCOP compliance high.

12. **Understanding why recruits are leaving** – Lots of activity through People and Culture Board including; Is your future with us, Say and Stay, review of exit interview process with changes as a result, report on retention presented to Board. New tutoring process approved at FEM. New recruitment material has been created to explain role of a police officer.

13. **Progression of underrepresented groups** – Careers Academy being rolled out, research completed with groups to understand what can be done to better support progression. Phase 1 had positive results. Phase 2 being rolled out imminently.

14. **Review Strategic Decisions** – Plan on a Page and Policing Plan will inform a lot of this work. Process for Policies, Procedures and Strategies is well embedded through management within S&IU.

15. **Leaders to maximise technology to improve productivity** – Qlik Apps being reviewed to cleanse systems. Police Productivity Review presented to FEM with owners aligned to recommendations. All digital projects sit on Portfolio Tool, Benefits Realisation Manager role filled. Business Capability review and road mapping work is underway.

16. **Abandonment rate** – Plans progressing and performance is improving. Goodsam should support with this.; phase 1 underway, phase 2 started in Jan where some selected DA cases are offered a telephone consultation. Phase 3 to be rolled out later in the year which includes other offence types.

Agenda Item 8A

Treasury Management Strategy 2025/26

Northamptonshire Police, Fire & Crime Commissioner (OPFCC)

Author: Joint Finance Team

Version Control: 1

1. Introduction

CIPFA Treasury Management in the Public Services: Code of Practice and Cross Sectoral Guidance Notes

1.1. The Chartered Institute of Public Finance and Accountancy (CIPFA) defines treasury management as "the management of the organisation's investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks."

CIPFA Prudential Code for Capital Finance in Local Authorities

1.2. The CIPFA Prudential Code for Capital Finance in Local Authorities (the Prudential Code) is a professional code of practice. Authorities have a statutory requirement to comply with the Prudential Code when making capital investment decisions and carrying out their duties under Part 1 of the Local Government Act 2003 (Capital Finance etc. and Accounts).

1.3. The CIPFA Prudential Code sets out the manner in which capital spending plans should be considered and approved, and in conjunction with this, the requirement for an integrated treasury management strategy.

1.4. The Police, Fire and Crime Commissioner (PFCC) is required to set and monitor a range of prudential indicators for capital finance covering affordability, prudence, and a range of treasury indicators.

Treasury Management Policy Statement

1.5. The PFCC's Treasury Management Policy Statement is included in Appendix 1. The policy statement follows the wording recommended by the latest edition of the CIPFA Treasury Code.

Treasury Management Practices

1.6. The PFCC's Treasury Management Practices (TMPs) will set out the manner in which the PFCC will seek to achieve its treasury management policies and objectives, and how it will manage and control those activities.

1.7. The PFCC's TMPs Schedules will cover the detail of how the PFCC will apply the TMP Main Principles in carrying out its operational treasury activities. They are reviewed annually, and any amendments approved by the PFCC's Chief Finance Officer.

2. The Treasury Management Strategy

2.1. It is a requirement under the Treasury Code to produce an annual strategy report on proposed treasury management activities for the year. The purpose of the Treasury Management Strategy is to establish the framework for the effective and efficient management of the PFCC's treasury management activity, including the PFCC's investment portfolio, within legislative, regulatory, and best practice regimes, and balancing risk against reward in the best interests of stewardship of the public purse.

2.2. The PFCC's Treasury Management Strategy is prepared in the context of the key principles of the Treasury Code and incorporates:

- The PFCC's capital financing and borrowing strategy for the coming year.
- Policy on borrowing in advance of need.
- Policy on the making of Minimum Revenue Provision (MRP) for the repayment of debt.
- The Affordable Borrowing Limit.
- The Annual Investment Strategy for the coming year, including creditworthiness policies.

2.3. The strategy considers the impact of the PFCC's Medium Term Financial Plan (MTFP), its revenue budget and capital programme, the balance sheet position, and the outlook for interest rates.

2.4. The PFCC regards the successful identification, monitoring, and control of risk to be the prime criteria by which the effectiveness of its treasury management activities will be measured. The Treasury Management Scheme of Delegation is detailed within the PFCC's Corporate Governance Framework.

3. Current Treasury Management Position

3.1. The PFCC's projected treasury portfolio position at 1st April 2025, with forward projections into future years, is summarised below. Table 1 shows the actual forecast external borrowing (the treasury management operations), against the Capital Financing Requirement (CFR).

3.2. The CFR is the total of outstanding capital expenditure which has not yet been paid for from either revenue or capital resources. It is essentially a measure of the PFCC's underlying borrowing need.

3.3. Any capital expenditure which has not immediately been paid for will increase the CFR. The CFR does not increase indefinitely, as the Minimum Revenue Provision (MRP) is a statutory annual revenue charge which broadly reduces the borrowing need over each asset's life.

Table 1: Capital Financing Requirement

Forecast Borrowing and Investment Balances	2024-25 Forecast £'000	2025-26 Estimated £'000	2026-27 Estimated £'000	2027-28 Estimated £'000	2028-29 Estimated £'000	2029-30 Estimated £'000
External Borrowing at 1st April b/fwd	22,200	26,359	46,216	52,028	52,053	64,282
Net Borrowing Requirement to fund Capital Programme	7,040	23,276	9,298	4,754	15,931	18,654
MRP	(2,681)	(2,819)	(3,286)	(4,529)	(3,502)	(4,176)
CFR - Borrowing at 31 March c/fwd	**26,559**	**46,816**	**52,228**	**52,253**	**64,482**	**78,760**
Funds Available for Investment at 1 April b/fwd	3,433	4,524	5,110	5,000	5,000	5,000
Investments at 31 March c/fwd	**3,433**	**4,524**	**5,110**	**5,000**	**5,000**	**5,000**
Net Borrowing	**23,126**	**42,292**	**47,118**	**47,253**	**59,482**	**73,760**

3.4. There are a number of key indicators to ensure that the PFCC operates its activities within well-defined limits. Among these the PFCC needs to ensure that its gross borrowing does not, except in the short term, exceed the total of the CFR in the preceding years. This ensures that borrowing is not undertaken for revenue purposes except to cover short term cash flows.

3.5. The Chief Finance Officer does not envisage borrowing for investment purposes, nor difficulties complying with these indicators based upon current commitments, existing plans, the proposals in this strategy, the budget report, the Capital Programme and the Medium Term Financial Plan.

4. Prospects for Interest Rates

4.1. The PFCC's assessment of the likely path for bank base rate, investment market rates (The London Interbank Bid Rate - LIBID), and PWLB borrowing rates are set out below:

Table 2: Interest Rate Outlook as at 24th December 2024

Interest Rate Forecasts	Dec-24	Mar-25	Jun-25	Sep-25	Dec-25	Mar-26	Jun-26	Sep-26
Linked Market Services	4.75%	4.50%	4.25%	4.00%	4.00%	3.75%	3.75%	3.75%
Cap Econ	4.75%	4.50%	4.25%	4.00%	3.75%	3.50%	3.50%	3.50%
5Y PWLB								
Linked Market Services	5.00%	4.90%	4.80%	4.60%	4.50%	4.50%	4.40%	4.30%
Cap Econ	5.20%	5.10%	4.90%	4.80%	4.60%	4.60%	4.50%	4.50%
10Y PWLB								
Linked Market Services	5.30%	5.10%	5.00%	4.80%	4.80%	4.70%	4.50%	4.50%
Cap Econ	5.40%	5.30%	5.10%	5.00%	4.80%	4.80%	4.70%	4.60%
25Y PWLB								
Linked Market Services	5.60%	5.50%	5.40%	5.30%	5.20%	5.10%	5.00%	4.90%
Cap Econ	6.00%	5.70%	5.50%	5.30%	5.00%	4.90%	4.90%	4.80%
50Y PWLB								
Linked Market Services	5.40%	5.30%	5.20%	5.10%	5.00%	4.90%	4.80%	4.70%
Cap Econ	5.40%	5.30%	5.20%	5.20%	5.10%	5.00%	4.90%	4.80%

4.2. The current economic situation to the UK after decisions from Government has resulted in a steep interest increase which impacted early 2024/25. In December 2024 the Bank of England base rate decreased to 4.5% compared to 5.25% in March 2023. The Bank of England forecasters are expecting base rate to begin to dip in the short term future, falling to 4.05% from 4.5% during the final quarter of 2025/26. The forecast table above shows the current forecast of the PWLB interest rates from our Treasury Advisors.

4.3. Investment returns are likely to slightly decrease in 2025/26 from the interest earnt in 2024/25 due to the decrease in rates, and then continue to decline over the medium term.

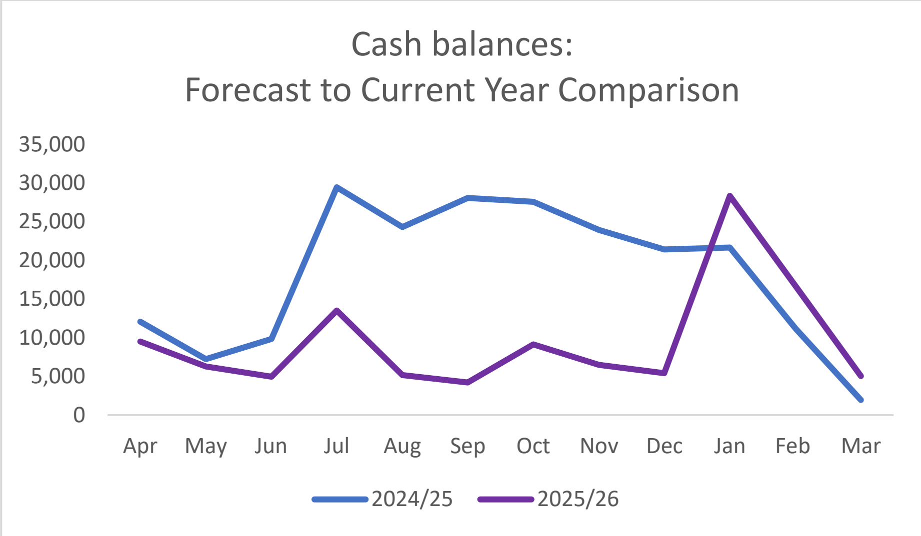
4.4. In March 2020, the Government started a consultation process for reviewing the margins over gilt rates for PWLB borrowing for different types of PFCC capital expenditure. Following the consultation, the Government published their responses in November 2020 which stated these outcomes:

- PWLB will not lend to a PFCC who intends to buy investment assets primarily for yield.
- Reduction to the interest on borrowing on all standard and certainty rates by 100 basis point which took effect from 26th November 2020.

5. Managing daily cash balances and investing surpluses

5.1. In order that the PFCC can maximise income earned from investments, the target for the un-invested overnight balances in our current accounts is lower than £5k where possible. However, if there is an emergency, we are unable to place an investment or it is not prudent or cost-effective to do so, we will maintain any excess balances in the current account.

5.2. At any one time, the PFCC has between £1m and £30m (depending on the cash flow of both revenue and capital financing) available to invest. This is a result of the timing difference between funding receipts and the expenditure requirement. The increase in November 2025 is due to a borrowing need for capital expenditure. The average cash available to invest throughout 2025/26 is expected to be £8.073m and the comparison of 2024/25 to 2025/26 is as follows:



5.3. The reduced surplus cash for 2025/26 is based on the cost of new estate falling in July and August 2025. 2024/25 Home Office Pension Fund grant received was £20.7m, as the actual figure is currently unknown this is an average from previous years £15m, which should be received in July 2025.

5.4. As with most local authorities with a high proportion of employee to Supplies and Services expenditure, the PFCC's cash flow is fairly consistent month on month and therefore investable cash balances only significantly deviate when single payments (such as internally funded capital purchases) or large annual income receipts are forecast.

5.5. The decline and increase in cash balances represented above occurs with the:

- Receipt of Police Officers Pension Fund (POPF) grant during July.
- The costs associated with the POPF being expended throughout the financial year.
- Repayment of PWLB loans and planned borrowing.
- Precept income being receivable over the first 10 months of the financial year.

6. Borrowing Strategy

6.1. The overarching objectives for the PFCC's borrowing strategy are as follows:

- To manage the PFCC's debt maturity profile. This is achieved by monitoring short- and long-term cash flow forecasts in tandem with balance sheet analysis.
- To maintain a view on current and possible future interest rate movements, and to plan borrowing accordingly. This is achieved by monitoring of economic commentary to undertake sensitivity analysis.
- To monitor and review the balance between fixed and variable rate loans against the background of interest rates and the Prudential Indicators. This is achieved by monitoring of economic commentary to undertake sensitivity analysis.

6.2. The PFCC is currently maintaining an under-borrowed position. This means that the capital borrowing need (the Capital Financing Requirement) will not be fully funded with loan debt as cash supporting the PFCC's reserves, balances and cashflow has been used as an alternative measure.

6.3. The sources of borrowing;

- PWLB – the OPFCC will receive a 'Certainty Rate' which is reduced by 20 basis points (0.20%) against the PWLB standard rate.
- Local Authorities, particularly for short-term borrowing.
- NCFRA (Fire Funds) – this TMS enables that if there is an instance that either NCFRA or OPFCC (Police) has similar term excess of funds when the other entity has a borrowing need, that borrowing can take place from either party. This must be mutually beneficial and hold minimal risk and to provide additional assurance, approval will be provided by both s151 officers or their deputies, so that both parties interests are demonstrably represented. It ensures that interest rates are competitive to the market and no broker fee is payable (historically 10 basis points of the amount borrowed).

6.4. Caution will be adopted with the 2025/26 treasury operations against this background and the risks within the economic forecast. The Joint Finance Team will monitor interest rates in financial markets and regularly brief the Chief Finance Officers so the PFCC may adopt a pragmatic approach to changing circumstances. For example:

- If it was felt that there was a significant risk of a sharp <u>FALL</u> of 25% or more in long and short-term rates (eg. due to a marked increase of risks around a relapse into recession or of risks of deflation), then long term borrowings may be postponed and potential rescheduling from fixed rate funding into short term borrowing considered (where appropriate).
- If it was felt that there was a significant risk of a much sharper <u>RISE</u> of 25% or more in long- and short-term rates than that currently forecast (eg. arising from an acceleration in the start date and rate of increase in central rates in the USA and UK) then the portfolio position will be re-appraised. This may include drawing fixed rate funding whilst interest rates are lower than they are projected to be in the next few years.

7. Prudential & Treasury Indicators

7.1. There is a requirement under the Local Government Act 2003 for Authorities to have regard to CIPFA's Prudential Code for Capital Finance in Local Authorities (the "CIPFA Prudential Code") when setting and reviewing their Prudential Indicators. The Prudential Code was most recently updated in 2021.

7.2. A full set of Prudential Indicators and Borrowing Limits are shown in Appendix 2.

8. Policy on Borrowing in Advance of Need

8.1. The PFCC's policy is to keep cash balances as low as possible and not to borrow in advance of need for capital purposes, whilst ensuring that cash is available to make payments when they become due. However, this policy may be reviewed should it be prudent to do so, subject to support by the OPFCC Chief Finance Officer.

9. Debt Rescheduling

9.1. The PFCC may reschedule debt if it is prudent to do so. The reasons for any rescheduling to take place may include:

- the generation of cash savings and/or discounted cash flow savings.
- helping to fulfil the treasury strategy regarding the capitalised asset purchases.
- enhancing the balance of the portfolio (amend the maturity profile and/or the balance of volatility).

9.2. Any rescheduling activity decision must be recommended by the OPFCC Chief Finance Officer, and reported in the next Treasury Management report following its action.

10. Minimum Revenue Provision

10.1. The PFCC is required to repay annually an element of its outstanding capital expenditure which has not yet been paid for from either revenue or capital resources (the CFR). This is achieved through a revenue charge known as the Minimum Revenue Provision (MRP). It is also allowed to undertake additional voluntary payments (Voluntary Revenue Provision - VRP).

10.2. MHCLG Regulations require the PFCC to approve an MRP Statement in advance of each year. A variety of options are provided so long as there is a prudent provision. The PFCC is recommended to approve the MRP Policy in Appendix 3 which sets out how MRP will be charged against particular asset types or other forms of capital expenditure.

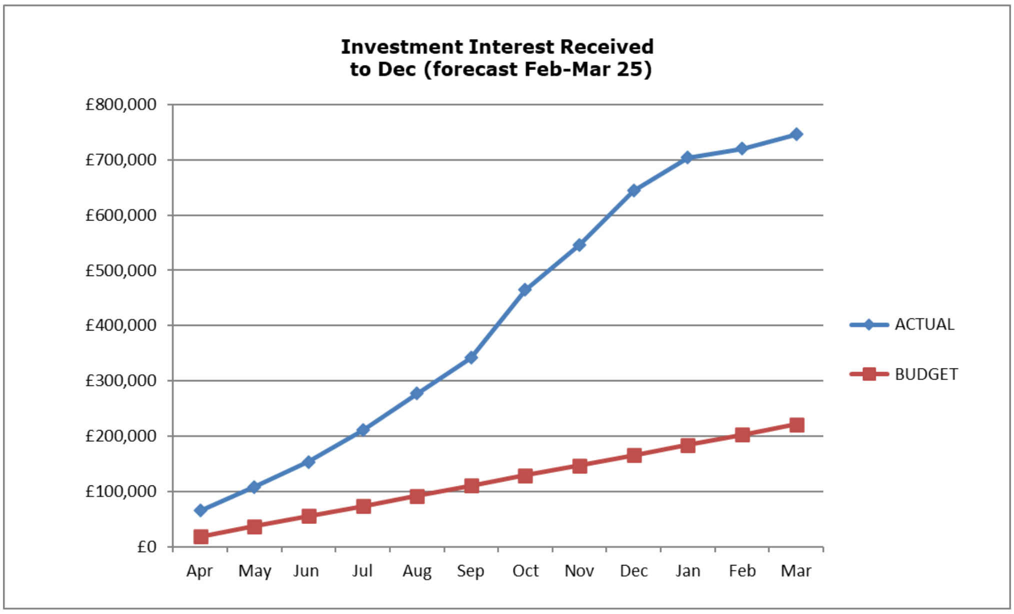
11. Investment Strategy

11.1. Government guidance on Local Government Investments in England requires that an Annual Investment Strategy (AIS) be set. The Guidance permits the Treasury Management Strategy Statement (TMSS) and the AIS to be combined into one document.

11.2. The PFCC's general policy objective is to invest its surplus funds prudently. As such the PFCC's investment priorities, in priority order, are:

- Security of the invested capital.
- Liquidity of the invested capital.
- Yield received from the investment.

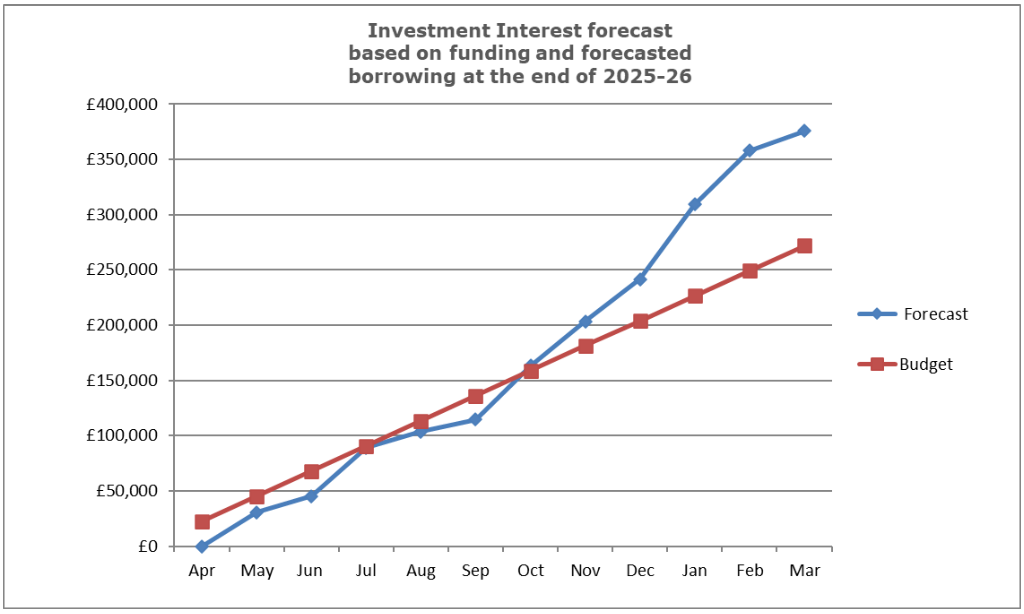
11.3. The following graph demonstrates interest earned (cumulative) against the profiled budget, projected to the end of the financial year for 2024/25:



11.4. The PFCC expects to invest all surplus funding and it is forecast over the medium term that interest rate returns are expected to decrease.. The average cash balances from those is expected to remain consistent with peaks in July following the receipt of grant income with reductions in available levels through to the end of each financial year. An estimate of possible income is as follows, which is higher than the Commissioner's more prudent forecast in the medium term financial plan:

	2024-25 Forecast £'000	2025-26 Estimated £'000	2026-27 Estimated £'000	2027-28 Estimated £'000	2028-29 Estimated £'000	2029-30 Estimated £'000
Interest Rate	4.15%	4.50%	4.00%	3.75%	3.75%	3.50%
Average Investment balance	17,984	9,640	7,500	7,500	7,500	7,500
Forecast Income	746	434	300	281	281	263

11.5. The following graph demonstrates the forecast interest to be earned (cumulative) against the profiled budget for 2025/26 with the effect of borrowing in quarter 4 2025/26:



11.6. The PFCC's Investment Strategy is detailed in Appendix 4.

12. Risk Analysis and Forecast Sensitivity

Risk Management

12.1. The PFCC regards the successful identification, monitoring and control of risk to be the prime criteria by which the effectiveness of its treasury management activities will be measured. Treasury management risks are identified in the PFCC's approved Treasury Management Practices.

12.2. The Schedule of Treasury Management Practices set out the ways in which the PFCC seeks to mitigate these risks. Examples are the segregation of duties (to counter fraud, error and corruption), and the use of creditworthiness criteria and counterparty limits (to minimise credit and counterparty risk). Officers will monitor these risks closely.

Sensitivity of the Forecast

12.3. The sensitivity of the forecast is linked primarily to movements in interest rates and in cash balances, both of which can be volatile. Interest rates in particular are subject to global external influences over which the PFCC has no control.

12.4. Both interest rates and cash balances will be monitored closely throughout the year and potential impacts on the PFCC's debt financing budget will be assessed. Action will be taken as appropriate, within the limits of the TMP Schedules and the Treasury Management Strategy, and in line with the PFCC's risk appetite, to keep negative variations to a minimum. Any significant variations will be reported in the next Treasury Management report.

13. Capital Strategy

13.1. CIPFA's revised 2021 Prudential and Treasury Management Codes requires all local authorities, to have in place a Capital Strategy, which will provide the following:

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

13.2. The aim of this Capital Strategy is to ensure a full understanding of the overall long-term policy objectives and resulting capital strategy requirements, governance procedures and risk appetite.

13.3. The PFCC publishes a Capital Strategy which is aligned to the Police, Fire and Crime Plan. The Capital Strategy will be reviewed and updated in line with the new Police, Fire and Crime Plan for 2025/26.

14. Treasury Management Reporting

14.1. The PFCC receives two treasury reports as a minimum each year, with a mid-year update as and when appropriate, which incorporate a variety of policies, estimates and actuals:

a) **Treasury Management Strategy and Prudential and Treasury Indicators** (this report – essential report)

This report is forward-looking and covers:

- the capital plans (including prudential indicators)
- a Minimum Revenue Provision (MRP) policy (how residual capital expenditure is charged to revenue over time)
- the Treasury Management Strategy (how the investments and borrowings are to be organised), including treasury indicators.
- an Investment Strategy (the parameters on how investments are to be managed)

b) **A mid-year treasury management report** (as required)

This is primarily a progress report and updates on the capital position, amending prudential indicators as necessary, and whether any policies require revision.

c) **An annual treasury outturn report** (essential)

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

15. Treasury Management Budget

15.1. The table below provides a breakdown of the treasury management budget. Minimum Revenue Provision (MRP) charges have been calculated in line with the Policy at Appendix 3:

Treasury Management Budget	2024-25 Forecast £'000	2025-26 Estimated £'000	2026-27 Estimated £'000	2027-28 Estimated £'000	2028-29 Estimated £'000	2029-30 Estimated £'000
Interest payable on borrowing	782	810	1,574	2,372	2,809	3,725
Minimum Revenue Provision	2,681	2,819	3,286	4,529	3,502	4,176
Revenue Contribution to Capital Outlay	1,000	1,000	1,000	1,000	1,000	1,000
Total	**4,463**	**4,629**	**5,860**	**7,901**	**7,311**	**8,901**

15.2. Budget estimates will be revised during the year reflect the further development of capital programme plans and other relevant strategies.

16. Policy on the use of External Service Providers

16.1. The PFCC recognises that responsibility for treasury management decisions always remains with the organisation. The PFCC also recognises there is value in employing an external provider of treasury management services in order to acquire access to specialist skills and advice to support the treasury management function.

16.2. Treasury Management services are undertaken by the Enabling Services Joint Finance Team and the Treasury Advisor is currently MUFG (previously known as Link Group).

17. Future Developments

17.1. Public bodies are having to consider innovative strategies to improve service provision to their communities. This approach to innovation also applies to treasury management activities. The Government has already introduced new statutory powers, and regulatory agencies such as CIPFA are introducing policy changes, which will have an impact on treasury management approaches in the future. Examples of such changes are:

17.2. Localism Act

A key element of the Act is the "General Power of Competence": "A PFCC has power to do anything that individuals generally may do." The Act opens up the possibility that a PFCC can use derivatives as part of their treasury management operations.

The PFCC has no plans to use financial derivatives under the powers contained within this Act.

17.3. Loans to Third Parties

The PFCC may borrow to make grants or loans to third parties for the purpose of capital expenditure. This will usually be to support local economic development, and may be funded by external borrowing.

The PFCC has not lent any funds to third parties and has no plans to do so in the immediate future.

17.4. Proposals to amend the CIPFA Treasury Management and Prudential Codes

CIPFA conducted a review of the Treasury Management Code of Practice and the Prudential Code. This review particularly focused on non-treasury investments and especially on the purchase of property with a view to generating income. Such purchases could involve undertaking external borrowing to raise the cash to finance these purchases, or the use of existing cash balances. Both actions would affect treasury management.

The Capital Strategy will cover non-treasury investments to deal with such purchases, their objectives, how they have been appraised, how they have been financed, and what powers were used to undertake these purchases.

17.5. Impact of International Financial Reporting Standard 9 (IFRS 9)

All public bodies were required to adopt the principles of accounting standard IFRS 9 from 1st April 2018. A key element of this standard is a requirement to set aside financial provision within revenue budgets for losses on financial assets based on potential expected losses (i.e. the likelihood of loss across the asset lifetime). This however does not have a material impact upon the traditional treasury management investments the PFCC will undertake.

18. Training

18.1. The PFCC needs to ensure appropriate training and knowledge in relation to treasury management activities, for officers engaged in treasury activity and those with oversight responsibilities charged with governance of the treasury management function. Treasury management training will be considered and delivered as required to facilitate best practices, informed decision making and challenge processes.

List of Appendices

Appendix 1: Treasury Management Policy Statement
Appendix 2: Prudential & Treasury Indicators
Appendix 3: Minimum Revenue Provision (MRP) Policy Statement
Appendix 4: Annual Investment Strategy

APPENDIX 1

Treasury Management Policy Statement

Northamptonshire Police, Fire and Crime Commissioner (PFCC) defines its treasury management activities as:

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

The PFCC regards the successful identification, monitoring, and control of risk to be the prime criteria by which the effectiveness of its treasury management activities will be measured. Accordingly, the analysis and reporting of treasury management activities will focus on their risk implications for the organisation, and any financial instruments entered into to manage these risks.

The PFCC acknowledges that effective treasury management will provide support towards the achievement of its business and service objectives. It is therefore committed to the principles of achieving value for money in treasury management, and to employing suitable comprehensive performance measurement techniques, within the context of effective risk management.

APPENDIX 2

Prudential and Treasury Indicators

1 The Capital Prudential Indicators

1.1 The PFCC's capital expenditure plans are the key driver of treasury management activity. The output of the capital expenditure plans is reflected in prudential indicators, which are designed to assist overview and confirm capital expenditure plans.

Capital Expenditure and Borrowing Need

1.2 This prudential indicator shows the PFCC's capital expenditure plans and capital financing requirement as described in the body of the Strategy and summarised in Table 1 (Para 3.3 above).

The Operational Boundary

1.3 This is the limit beyond which external borrowing is not normally expected to exceed. All things being equal, this could be a similar figure to the CFR but may be lower or higher depending on the levels of actual borrowing undertaken as impacted by the level of current and future cash resources and the shape of the interest rate yield curve.

Operational Boundary	2024-25 Forecast £'000	2025-26 Estimated £'000	2026-27 Estimated £'000	2027-28 Estimated £'000	2028-29 Estimated £'000	2029-30 Estimated £'000
Total Borrowing	27,000	47,000	53,000	53,000	65,000	79,000

1.4 The Operational Boundary is calculated here by rounding the CFR for each year up to the nearest £1m. This allows nominal flexibility to account for price variations on capital investment.

The Authorised Limit for external borrowing

1.5 A further key prudential indicator represents a control on the maximum level of borrowing. This represents a limit beyond which external borrowing is prohibited, and this limit needs to be set or revised in line with the PFCC's Corporate Governance Framework. It reflects the level of external borrowing which, while not desired, could be afforded in the short term, but is not sustainable in the longer term.

- This is the statutory limit determined under section 3 (1) of the Local Government Act 2003.
- The PFCC is asked to approve the following Authorised Limit:

Authorised Limit	2024-25 Forecast £'000	2025-26 Estimated £'000	2026-27 Estimated £'000	2027-28 Estimated £'000	2028-29 Estimated £'000	2029-30 Estimated £'000
Total Borrowing	29,700	51,700	58,300	58,300	71,500	86,900

1.6 The rising trend of the Authorised Limit reflects that of the CFR and subsequently the Operational Boundary. The level set is at a 10% margin above the Operational Boundary, providing additional headroom for further short-term borrowing should it be required for cashflow purposes and changes to short term estimates, before the legal limit is reached.

2 Treasury Management Limits on Activity

2.1 There are four debt and investment related treasury activity limits. The purpose of these is to contain the activity of the treasury function within certain limits, thereby managing risk and reducing the impact of any adverse movement in interest rates. However, if these are set to be too restrictive, they will impair the opportunities to reduce costs or improve performance. The indicators for debt are:

- **Upper limits on variable interest rate exposure;** this identifies a maximum limit for variable interest rates based upon the debt position net of investments.
- **Upper limits on fixed interest rate exposure;** this is similar to the previous indicator and covers a maximum limit on fixed interest rates.
- **Maturity structure of borrowing;** these gross limits are set to reduce the PFCC's exposure to large, fixed rate sums falling due for refinancing, and are required for upper and lower limits.

2.2 The interest rate exposure is calculated as a percentage of net debt. Due to the mathematical calculation, exposures could be greater than 100% or below zero (ie. negative) depending on the component parts of the formula. The formula is shown below:

Fixed rate calculation:

$$\frac{\text{(Fixed rate borrowing – Fixed rate investments)}}{\text{Total borrowing – Total investments}}$$

Variable rate calculation:

$$\frac{\text{(Variable rate borrowing – Variable rate investments)}}{\text{Total borrowing – Total investments}}$$

Interest rate Exposures	2024-25 Upper	2025-26 Upper	2026-27 Upper	2027-28 Upper	2028-29 Upper	2029-30 Upper
Limits on fixed interest rates based on net debt	100%	100%	100%	100%	100%	100%
Limits on variable interest rates based on net debt	50%	50%	50%	50%	50%	50%

2.3 The indicators above therefore allow for a maximum 100% of borrowing to be undertaken on a fixed interest rate basis, but a maximum of 50% on a variable interest rate basis. This allows flexibility to utilise variable rate instruments for up to half the PFCC's borrowing requirement where prudent to do so, whilst limiting the variable interest rate risk against the PFCC's revenue budget.

2.4 The maturity structure of borrowing indicator represents the borrowing falling due in each period expressed as a percentage of total borrowing. These gross limits are set to manage the PFCC's exposure to sums falling due for refinancing or repayment.

Maturity Structure of Borrowing		
	Lower	Upper
Under 12 months	0%	50%
12 months to 2 years		50%
2 years to 5 years		50%
5 years to 10 years		95%
10 years and above		100%

2.5 The below shows total of all PWLB loans alongside the repayment profile for future financial years of the maturity loans. It should be noted that the most recent £10m PWLB loan* is an EIP (Equal Instalments of Principal) loan, meaning that the principal is paid throughout the loan rather than at the end of the loan term, thus shown below with £9.2m outstanding as at 31st March 2025.

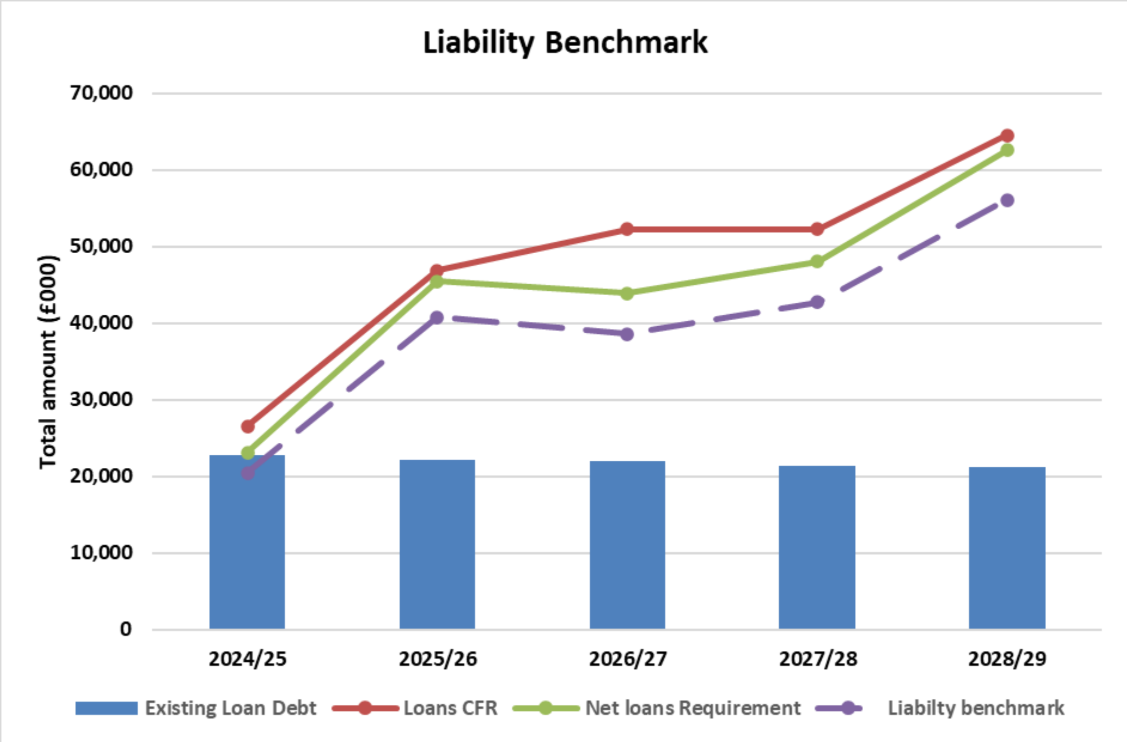
Financial Year	Debt £'000
2025/26	300
2026/27	400
2030/31	12,000
2058/59	600
2071/72	* 9,200
Total Debt	**22,500**

This table reconciles to Table 1, by removing the £0.3m loan repayable in 2025/26.

2.6 The PFCC does not hold nor plan to hold investments during 2025/26 that exceed 365 days but may do so if it holds sufficient cash balances and such investments assist in the prudent management of the PFCC's financial affairs.

Liability Benchmark

2.7 The PFCC is required to provide a comparison of the existing loan portfolio against the committed borrowing needs. This is to provide evidence that there is a strong grasp of both the existing debt maturity profile and how MRP / LFR (Loan Fund Repayment) and other cashflows affect the future debt requirement.



2.8 The current PFCC loans are all held with PWLB. The graph shows the current outstanding amounts, and the forecasted CFR loan requirement required to deliver the capital programme. The difference between the net borrowing and liability benchmark (gross loans requirement) represents the excess funds available for the cash flow.

Affordability Prudential Indicator

2.9 The previous sections cover the overall capital and control of borrowing prudential indicators, but within this framework is an indicator required to assess the affordability of the capital investment plans. This provides an indication of the impact of the capital investment plans on the PFCC's overall finances.

2.10 The PFCC is asked to approve the actual and estimates of financing costs to net revenue stream. This indicator identifies the trend in the cost of capital (borrowing and other long term obligation costs net of investment income) against net revenue stream. The estimates of financing costs include current commitments.

2.11 This is calculated as the estimated net financing costs for the year divided by the amounts to be met from government grants and local taxpayers:

Actual and estimate of financing costs to net revenue stream	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30
Financing costs to net revenue stream	2%	2%	3%	4%	3%	4%

APPENDIX 3

Minimum Revenue Provision Policy Statement

1.1 The PFCC is required to repay an element of the accumulated General Fund capital expenditure each year (Capital Financing Requirement - CFR) through a revenue charge (Minimum Revenue Provision - MRP) and is also allowed to undertake additional voluntary payments if required.

1.2 The Ministry of Housing, Communities and Local Government (MHCLG) have issued regulations that requires the PFCC to approve an MRP Statement in advance of each year. A variety of options are provided in the guidance with the underlying principle that a prudent provision is made.

Accumulated Debt Liability

1.3 For unsupported capital expenditure, MRP will be charged from the year after the assets funded have become operational and spread over the estimated useful life of the assets using an equal annual instalment method.

1.4 Estimated useful life periods will be determined under delegated powers. To the extent that expenditure is not on the creation of an asset, it will be spread across the estimated life of each group of assets, with overall asset group principles being applied. However, the PFCC reserves the right to determine useful life periods and prudent MRP in exceptional circumstances where the recommendations of the guidance would not be appropriate.

1.5 As some types of capital expenditure incurred are not capable of being related to an individual asset, asset lives will be assessed on a basis which most reasonably reflects the anticipated period of benefit that arises from the expenditure. Whatever type of expenditure is involved, it will be grouped together in a manner which reflects the nature of the main component of expenditure with substantially different useful economic lives.

Non-operational assets

1.6 The PFCC will not charge MRP on non-operational assets. MRP will only be charged in the financial year following the asset becoming operational. This policy will be reviewed annually.

Use of Capital Receipts

1.7 The PFCC may use capital receipts in the year in which they are received to reduce the CFR and to offset the MRP charge for that year. Any unapplied capital receipts will be available in future years and will be applied in a prudent manner.

APPENDIX 4

Annual Investment Strategy

1 Investment Policy

1.1 MHCLG and CIPFA have extended the meaning of 'investments' to include both financial and non-financial investments. This report deals solely with financial investments managed by the treasury management team. Non-financial investments, essentially the purchase of income yielding assets, are covered in the Capital Strategy.

1.2 The PFCC's appetite for risk must be clearly identified in its strategy report. The PFCC affirms that investment policies are underpinned by a strategy of prudent investment of funds held on behalf of the local community. The objectives of the investment policy are firstly the security of funds (protecting the capital sum from loss) and then liquidity (keeping money readily available for expenditure when needed). Once approved levels of security and liquidity are met, the PFCC will seek to maximise yield from its investments, consistent with the applying of the agreed parameters. These principles are carried out by strict adherence to the risk management and control strategies set out in the TMP Schedules and the Treasury Management Strategy.

1.3 Responsibility for risk management and control lies within the PFCC and cannot be delegated to an outside organisation.

2 Creditworthiness Policy

2.1 The PFCC's counterparty and credit risk management policies are set out below. These, taken together, form the fundamental parameters of the PFCC's Investment Strategy.

2.2 The PFCC defines high credit quality in terms of investment counterparties as those organisations that are:

- Minimum strong grade long term credit rating (equivalent to A- / A3 / A from Fitch, Moody's and Standard and Poor's)
- UK banking or other financial institutions, or are;
- UK national or local government bodies, including bonds, or are;
- Triple-A rated Money Market funds.

2.3 The PFCC will assess the credit ratings from the three main credit rating agencies - Fitch, Moody's and Standard & Poor's. The credit ratings of counterparties will be supplemented with the following overlays:

- Credit watches and credit outlooks from credit rating agencies.
- Credit Default Swaps (CDS – a traded insurance policy market against default risk) spreads to give early warning of likely changes in credit ratings.

2.4 This approach of combining credit ratings, credit Watches and credit Outlooks along with an overlay of CDS spreads will be used to determine duration for investment. The PFCC will always apply these duration limits to the investments, unless otherwise approved by the Chief Finance Officer.

2.5 Credit ratings will be monitored on a regular basis. If a rating downgrade results in the counterparty or investment scheme no longer meeting the PFCC's minimum criteria, its further use as a new investment will be withdrawn immediately. In addition, extreme market movements (which may be an early indicator of financial distress) may result in the removal of a counterparty from new investment.

2.6 The PFCC will also use market data, financial press, and information on any external support for banks to help support its decision-making process.

2.7 The PFCC recognises that responsibility for treasury management decisions always remains with the organisation and so to enable the effective management of risk in relation to its investments, the Chief Finance Officer shall have the discretion during the year to:

- Strengthen or relax restrictions on counterparty selection.
- Adjust exposure and duration limits.

2.8 Where this discretionary PFCC decision-making is exercised, records will be maintained, and details reported in the next available Treasury Management update report.

3 Banking Services

3.1 The PFCC currently uses NatWest to provide day-to-day banking services. The PFCC may continue to use its own bankers for short term liquidity requirements if the credit rating of the institution falls below the minimum credit criteria set out in this report, monitored daily. A pragmatic approach will be adopted, and rating changes monitored closely.

4 Investment Position and Use of PFCC's Resources

4.1 The application of resources (capital receipts, reserves etc.) to either finance capital expenditure or other budget decisions to support the revenue budget will have an ongoing impact on investments unless resources are supplemented each year from new sources (asset sales etc.).

4.2 Investments will be made with reference to the core balances and cash flow requirements and the outlook for interest rates.

4.3 The PFCC will primarily utilise business reserve accounts, notice accounts, low-volatility money market funds (known as LVNAV class) and short-dated deposits. This strategy will be reviewed and developed in future years.

4.4 The PFCC has the scope to support local communities with funding of social projects.

5 Specified Investments

5.1 The PFCC assesses that an investment is a specified investment if all the following criteria apply:

- The investment is denominated in sterling and any payments or repayments in respect of the investment are payable only in sterling.
- The investment is not a long-term investment (ie. up to 1 year).
- The making of the investment is not defined as capital expenditure by virtue of regulation 25(1)(d) of the Local Authorities (Capital Finance and Accounting) (England) Regulations 2003 [SI 3146 as amended].
- The investment is made with a body or in an investment scheme of high credit quality (see below) or with one of the following public-sector bodies:
    - The United Kingdom Government.
    - A PFCC in England or Wales (as defined under section 23 of the 2003 Act) or a similar body in Scotland or Northern Ireland.
    - High credit quality is defined as a minimum credit rating as outlined in this strategy.

<table>
<tr><th>Instrument</th><th>Minimum ‘High’ Credit Criteria</th><th>Maximum Amount</th></tr>
<tr><td>Debt Management Agency Deposit Facility (DMADF)</td><td>-</td><td>No maximum</td></tr>
<tr><td>Call Accounts with the PFCC’s bankers</td><td>-</td><td>No maximum</td></tr>
<tr><td>Certificate of Deposits</td><td>A / A3 / A</td><td rowspan="3">£8m per banking group.</td></tr>
<tr><td>Term Deposits - Banks and Building Societies</td><td>A / A3 / A-</td></tr>
<tr><td>Term Deposits - Local Authorities and Housing Associations</td><td>Considered on an individual basis</td></tr>
<tr><td colspan="3">Collective Investment Schemes structured as Open-Ended Investment Companies (OEICs): -</td></tr>
<tr><td>Money Market Funds (CNAV, LVNAV or VNAV)</td><td>AAA MMF rating</td><td>£2m per single/group in total</td></tr>
</table>

5.2 The PFCC may enter into forward agreements up to 1 month in advance of the
investment commencing. If forward agreements are made, the forward period plus
5.3 the deal period should not exceed the 1 year to be classified as a specified investment.

5.4 Maximum counterparty limits may be temporarily exceeded by small amounts and for very short periods where interest is compounded by the counterparty to the principal investment amount. In such instances the interest amounts will be withdrawn as soon as reasonably practicable.

6 Non-specified investments

6.1 Non-specified investments are defined as those not meeting the specified investment criteria above (including investments exceeding 1 year).

6.2 At this point in time, the PFCC has no plans to invest in any non-specified investments.

7 Investments Defined as Capital Expenditure

7.1 The acquisition of share capital or loan capital in any corporate body is defined as capital expenditure under Regulation 25(1)(d) of the Local Authorities (Capital Finance and Accounting) (England) Regulations 2003. Such investments will have to be funded from capital or revenue resources and will be classified as 'non-specified investments'.

7.2 Investments in "money market funds" which are collective investment schemes and bonds issued by "multilateral development banks" – both defined in SI 2004 No 534 – will not be treated as capital expenditure.

7.3 A loan, grant or financial assistance provided by this PFCC to another body will be treated as capital expenditure if the PFCC would define the other bodies use of those funds as capital had it undertaken the expenditure itself.

8 Provisions for Credit Related Losses

8.1 If any of the PFCC's investments appear at risk of loss due to default (ie. this is a credit-related loss and not one resulting from a fall in price due to movements in interest rates) the PFCC will make revenue provision of an appropriate amount.

9 End of Year Investment Report

9.1 At the end of the financial year, the PFCC will report on its investment activity as part of its Annual Treasury Outturn Report.

10 Governance Arrangements

10.1 By approving this strategy, the PFCC is setting the framework from which treasury activity will be conducted and reported.

10.2 The OPFCC Chief Finance Officer has delegated powers through approval of this strategy to take the most appropriate form of borrowing from approved sources, and to make the most appropriate form of investments in approved instruments. Paragraph 2.7 above delegates powers to the OPFCC Chief Finance Officer giving discretion during the year to lift or increase the restrictions on the counterparty lending list and/or to adjust the associated lending limits on values and durations should it become necessary, to enable the effective management of risk in relation to its investments.

10.3 The OPFCC Chief Finance Officer may delegate powers to borrow and invest within the confines of this strategy to members of the Joint Finance Team, who will provide regular updates on treasury activity. In the absence of the OPFCC Chief Finance Officer their deputy can approve the investments, who will report any investments placed.

10.4 Any other amendments to this strategy must be approved in line with the PFCC's Corporate Governance Framework.

Agenda item 8b

Treasury Management Strategy 2025/26

Northamptonshire Commissioner Fire & Rescue Authority (NCFRA)

Author: Joint Finance Team

Version Control: 1

1. Introduction

CIPFA Treasury Management in the Public Services: Code of Practice and Cross Sectoral Guidance Notes

1.1. The Chartered Institute of Public Finance and Accountancy (CIPFA) defines treasury management as "the management of the organisation's investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks."

CIPFA Prudential Code for Capital Finance in Local Authorities

1.2. The CIPFA Prudential Code for Capital Finance in Local Authorities (the Prudential Code) is a professional code of practice. Authorities have a statutory requirement to comply with the Prudential Code when making capital investment decisions and carrying out their duties under Part 1 of the Local Government Act 2003 (Capital Finance etc. and Accounts).

1.3. The CIPFA Prudential Code sets out the manner in which capital spending plans should be considered and approved, and in conjunction with this, the requirement for an integrated treasury management strategy.

1.4. The Northamptonshire Commissioner Fire & Rescue Authority (NCFRA) is required to set and monitor a range of prudential indicators for capital finance covering affordability, prudence, and a range of treasury indicators.

Treasury Management Policy Statement

1.5. The NCFRA's Treasury Management Policy Statement is included in Appendix 1. The policy statement follows the wording recommended by the latest edition of the CIPFA Treasury Code.

Treasury Management Practices

1.6. The NCFRA's Treasury Management Practices (TMPs) will set out the manner in which the NCFRA will seek to achieve its treasury management policies and objectives, and how it will manage and control those activities.

1.7. The NCFRA's TMPs Schedules will cover the detail of how the NCFRA will apply the TMP Main Principles in carrying out its operational treasury activities. They are reviewed annually, and any amendments approved by the NCFRA's Chief Finance Officer.

2. The Treasury Management Strategy

2.1. It is a requirement under the Treasury Code to produce an annual strategy report on proposed treasury management activities for the year. The purpose of the Treasury Management Strategy is to establish the framework for the effective and efficient management of the NCFRA's treasury management activity, including the NCFRA's investment portfolio, within legislative, regulatory, and best practice regimes, and balancing risk against reward in the best interests of stewardship of the public purse.

2.2. The NCFRA's Treasury Management Strategy is prepared in the context of the key principles of the Treasury Code and incorporates:

- The NCFRA's capital financing and borrowing strategy for the coming year.
- Policy on borrowing in advance of need.
- Policy on the making of Minimum Revenue Provision (MRP) for the repayment of debt.
- The Affordable Borrowing Limit.
- The Annual Investment Strategy for the coming year, including creditworthiness policies.

2.3. The strategy considers the impact of the NCFRA's Medium Term Financial Plan (MTFP), its revenue budget and capital programme, the balance sheet position, and the outlook for interest rates.

2.4. The NCFRA regards the successful identification, monitoring, and control of risk to be the prime criteria by which the effectiveness of its treasury management activities will be measured. The Treasury Management Scheme of Delegation is detailed within the NCFRA's Corporate Governance Framework.

3. Current Treasury Management Position

3.1. The NCFRA's projected treasury portfolio position at 1st April 2025, with forward projections into future years, is summarised below. Table 1 shows the actual forecast external borrowing (the treasury management operations), against the Capital Financing Requirement (CFR).

3.2. The CFR is the total of outstanding capital expenditure which has not yet been paid for from either revenue or capital resources. It is essentially a measure of the NCFRA's underlying borrowing need.

3.3. Any capital expenditure which has not immediately been paid for will increase the CFR. The CFR does not increase indefinitely, as the Minimum Revenue Provision (MRP) is a statutory annual revenue charge which broadly reduces the borrowing need over each asset's life.

Table 1: Capital Financing Requirement

Capital Financing Requirement	2024-25 Forecast £'000	2025-26 Estimated £'000	2026-27 Estimated £'000	2027-28 Estimated £'000	2028-29 Estimated £'000	2029-30 Estimated £'000
External Borrowing at 1st April b/fwd	2,970	8,496	11,890	27,492	28,081	35,602
Net Borrowing Requirement to fund Capital Programme	5,785	3,845	16,201	1,328	8,382	8,208
MRP	(259)	(451)	(599)	(739)	(861)	(936)
CFR - Borrowing at 31 March c/fwd	**8,496**	**11,890**	**27,492**	**28,081**	**35,602**	**42,874**
Investments at 31 March	3,979	1,618	2,000	2,000	2,000	2,000
Net Borrowing	**4,517**	**10,272**	**25,492**	**26,081**	**33,602**	**40,874**

3.4. There are a number of key indicators to ensure that the NCFRA operates its activities within well-defined limits. Among these the NCFRA needs to ensure that its gross borrowing does not, except in the short term, exceed the total of the CFR in the preceding years. This ensures that borrowing is not undertaken for revenue purposes except to cover short term cash flows.

3.5. The Chief Finance Officer does not envisage borrowing for investment purposes, nor difficulties complying with these indicators based upon current commitments, existing plans, the proposals in this strategy, the budget report, the Capital Programme and the Medium Term Financial Plan.

4. Prospects for Interest Rates

4.1. The NCFRA's assessment of the likely path for bank base rate, investment market rates (The London Interbank Bid Rate - LIBID), and PWLB borrowing rates are set out below:

Table 2: Interest Rate Outlook as at 24th December 2024

	Interest Rate Forecasts							
Bank rate	Dec-24	Mar-25	Jun-25	Sep-25	Dec-25	Mar-26	Jun-26	Sep-26
Linked Market Services	4.75%	4.50%	4.25%	4.00%	4.00%	3.75%	3.75%	3.75%
Cap Econ	4.75%	4.50%	4.25%	4.00%	3.75%	3.50%	3.50%	3.50%
5Y PWLB								
Linked Market Services	5.00%	4.90%	4.80%	4.60%	4.50%	4.50%	4.40%	4.30%
Cap Econ	5.20%	5.10%	4.90%	4.80%	4.60%	4.60%	4.50%	4.50%
10Y PWLB								
Linked Market Services	5.30%	5.10%	5.00%	4.80%	4.80%	4.70%	4.50%	4.50%
Cap Econ	5.40%	5.30%	5.10%	5.00%	4.80%	4.80%	4.70%	4.60%
25Y PWLB								
Linked Market Services	5.60%	5.50%	5.40%	5.30%	5.20%	5.10%	5.00%	4.90%
Cap Econ	6.00%	5.70%	5.50%	5.30%	5.00%	4.90%	4.90%	4.80%
50Y PWLB								
Linked Market Services	5.40%	5.30%	5.20%	5.10%	5.00%	4.90%	4.80%	4.70%
Cap Econ	5.40%	5.30%	5.20%	5.20%	5.10%	5.00%	4.90%	4.80%

4.2. The current economic situation to the UK after decisions from Government has resulted in a steep interest increase which impacted early 2024/25. In December 2024 the Bank of England base rate decreased to 4.75% compared to 5.25% in March 2023. The Bank of England forecasters are expecting base rate to begin to dip in the short term future, falling to 4.05% from 4.75% during the final quarter of 2025/26. The forecast table above shows the current forecast of the PWLB interest rates from our Treasury Advisors.

4.3. Investment returns are likely to slightly decrease in 2025/26 from the interest earnt in 2024/25 due to the decrease in rates, and then continue to decline over the medium term.

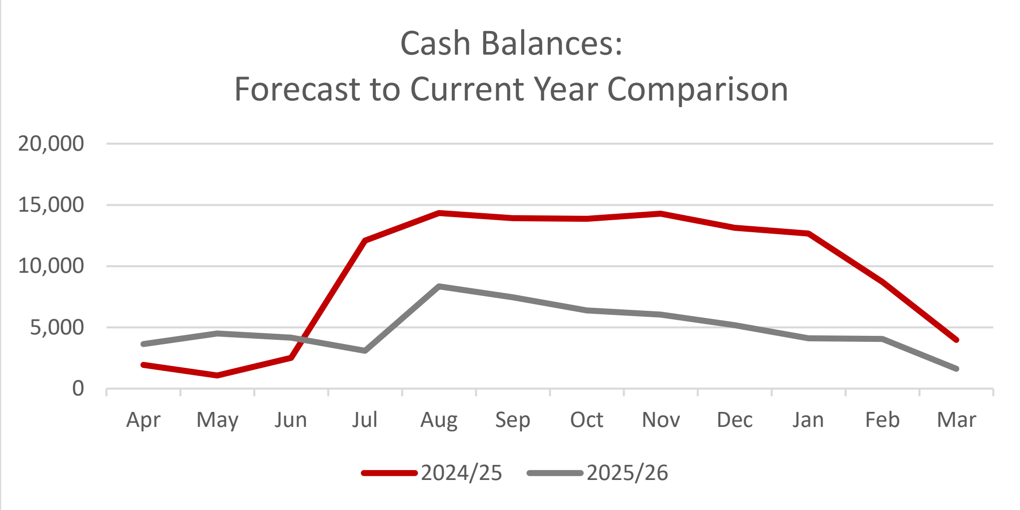
4.4. In March 2020, the Government started a consultation process for reviewing the margins over gilt rates for PWLB borrowing for different types of PFCC capital expenditure. Following the consultation, the Government published their responses in November 2020 which stated these outcomes:

- PWLB will not lend to a PFCC who intends to buy investment assets primarily for yield.
- Reduction to the interest on borrowing on all standard and certainty rates by 100 basis point which took effect from 26th November 2020.

5. Managing daily cash balances and investing surpluses

5.1. In order that the NCFRA can maximise income earned from investments, the target for the un-invested overnight balances in our current accounts is usually always lower than £5k where possible. However, if there is an emergency, we are unable to place an investment or it is not prudent or cost-effective to do so, we will maintain any excess balances in the Natwest account in order to safeguard funds.

5.2. At any one time, the NCFRA tries to maintain between £0.5m and £15m (depending on the cash flow of both revenue and capital financing) available to invest. Where this is not possible due to the utilisation of Internal Borrowing to support the costs of the capital programme in order to reduce debt costs, the NCFRA will ensure that positive cash flows are maintained using short term borrowing where necessary. The average cash available to or forecast to invest throughout 2024/25 including a projection of 2025/26 is as follows:



5.3. As with most local authorities with a high proportion of employee to Supplies and Services expenditure, the NCFRA's cash flow is fairly consistent month on month and therefore investable cash balances only significantly deviate when single payments (such as internally funded capital purchases) or large annual income receipts are forecast.

5.4. The increase and decline in cash balances represented above occurs with the:

- Receipt of Fire Fighter Pension Fund (FFPF) grant during August.
- The costs associated with the FFPF being expended throughout the financial year.
- Repayment of PWLB loans and planned borrowing.
- Precept income being receivable over the first 10 months of the financial year.

6. Borrowing Strategy

6.1. The overarching objectives for the NCFRA's borrowing strategy are as follows:

- To manage the NCFRA's debt maturity profile. This is achieved by monitoring short- and long-term cash flow forecasts in tandem with balance sheet analysis.
- To maintain a view on current and possible future interest rate movements, and to plan borrowing accordingly. This is achieved by monitoring of economic commentary to undertake sensitivity analysis.
- To monitor and review the balance between fixed and variable rate loans against the background of interest rates and the Prudential Indicators; this is achieved by monitoring of economic commentary to undertake sensitivity analysis.

6.2. The NCFRA is currently maintaining an under-borrowed position. This means that the capital borrowing need (the Capital Financing Requirement) will not been fully funded with loan debt as cash supporting the NCFRA's reserves, balances and cash flow has been used as a temporary measure.

6.3. The sources of borrowing;

- PWLB – the NCFRA will receive a 'Certainty Rate' which is reduced by 20 basis points (0.20%) against the PWLB standard rate.
- Local Authorities, particularly for short-term borrowing.
- OPFCC (Police funds) – this TMS enables that if there is an instance that either NCFRA or OPFCC (Police) has similar term excess of funds when the other entity has a borrowing need, that borrowing can take place from either party. This must be mutually beneficial and hold minimal risk and to provide additional assurance, approval will be provided by both s151 officers or their deputies, so that both parties interests are demonstrably represented. It ensures that interest rates are competitive to the market and no broker fee is payable (historically 10 basis points of the amount borrowed).

6.4. Caution will be adopted with the 2025/26 treasury operations against this background and the risks within the economic forecast. The Joint Finance Team will monitor interest rates in financial markets and regularly brief the Chief Finance Officer so the NCFRA may adopt a pragmatic approach to changing circumstances. For example:

- If it was felt that there was a significant risk of a sharp FALL of 25% or more in long- and short-term rates (eg. due to a marked increase of risks around a relapse into recession or of risks of deflation), then long term borrowings may be postponed and potential rescheduling from fixed rate funding into short term borrowing considered (where appropriate).

- If it was felt that there was a significant risk of a much sharper RISE of 25% or more in long- and short-term rates than that currently forecast (eg. arising from an acceleration in the start date and rate of increase in central rates in the USA and UK) then the portfolio position will be re-appraised. This may include drawing fixed rate funding whilst interest rates are lower than they are projected to be in the next few years.

7. Prudential & Treasury Indicators

7.1. There is a requirement under the Local Government Act 2003 for Authorities to have regard to CIPFA's Prudential Code for Capital Finance in Local Authorities (the "CIPFA Prudential Code") when setting and reviewing their Prudential Indicators. The Prudential Code was most recently updated in 2021.

7.2. A full set of Prudential Indicators and Borrowing Limits are shown in Appendix 2.

8. Policy on Borrowing in Advance of Need

8.1. The NCFRA's policy is to keep cash balances as low as possible and not to borrow in advance of need for capital purposes, whilst ensuring that cash is available to make payments when they become due. However, this policy may be reviewed should it be prudent to do so, subject to support by the Chief Finance Officer.

9. Debt Rescheduling

9.1. The NCFRA may reschedule debt if it is prudent to do so. The reasons for any rescheduling to take place may include:

- the generation of cash savings and/or discounted cash flow savings.
- helping to fulfil the treasury strategy regarding the capitalised asset purchases.
- Enhance the balance of the portfolio (amend the maturity profile and/or the balance of volatility).

9.2. Any rescheduling activity decision must be recommended by the Chief Finance Officer, and reported in the next Treasury Management report following its action.

10. Minimum Revenue Provision

10.1. The NCFRA is required to repay annually an element of its outstanding capital expenditure which has not yet been paid for from either revenue or capital resources (the CFR). This is achieved through a revenue charge known as the Minimum Revenue Provision (MRP). It is also allowed to undertake additional voluntary payments (Voluntary Revenue Provision - VRP).

10.2. MHCLG (previously DLUHC) regulations have been issued which requires the NCFRA to approve an MRP Statement in advance of each year. A variety of options are provided so long as there is a prudent provision. The NCFRA is recommended to approve the MRP Policy in Appendix 3 which sets out how MRP will be charged against particular asset types or other forms of capital expenditure.

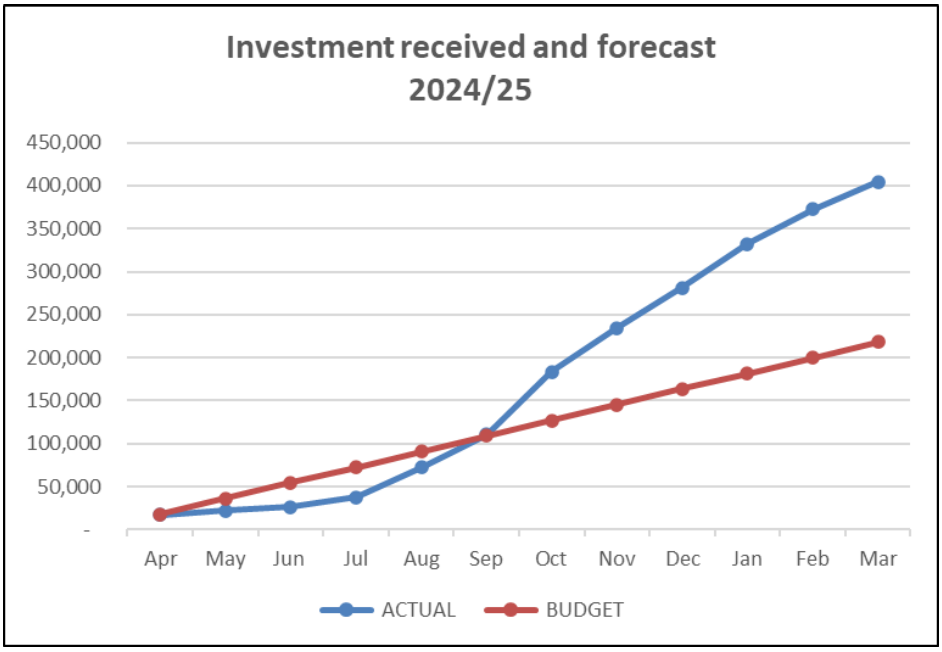
11. Investment Strategy

11.1. Government guidance on Local Government Investments in England requires that an Annual Investment Strategy (AIS) be set. The Guidance permits the Treasury Management Strategy Statement (TMSS) and the AIS to be combined into one document.

11.2. The NCFRA's general policy objective is to invest its surplus funds prudently. As such the NCFRA's investment priorities, in priority order, are:

- Security of the invested capital.
- Liquidity of the invested capital.
- Yield received from the investment.

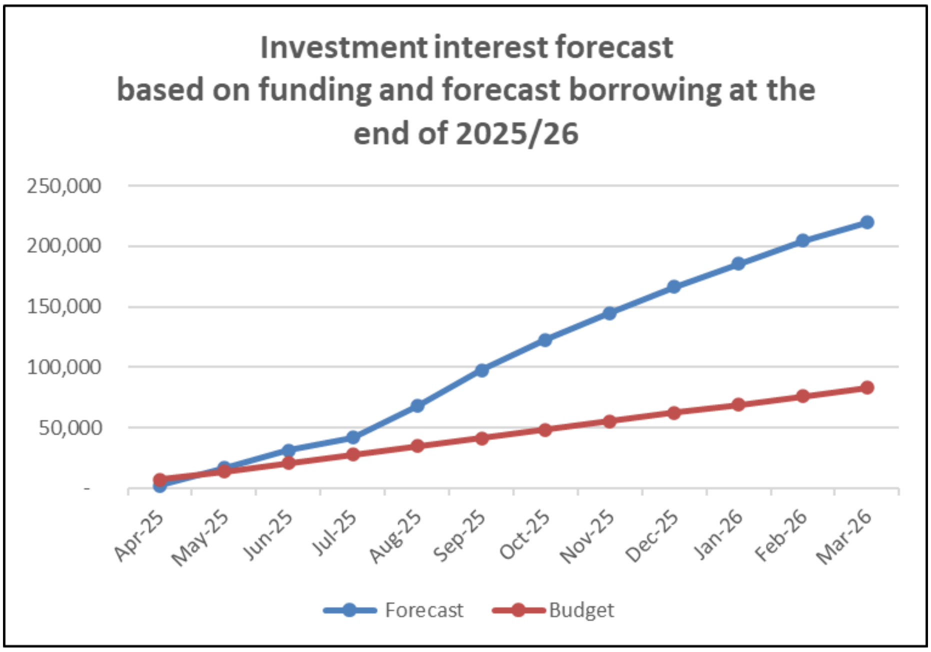
11.3. The following graph demonstrates interest earned (cumulative) against the profiled budget, projected to the end of the financial year for 2024/25:



11.4. The NCFRA expects to invest all surplus funding and is forecast over the medium term that interest rate returns are expected to increase. The average cash balances from those is expected to remain consistent with peaks in July following the receipt of grant income with reductions in available levels through to the end of each financial year. An estimate of possible income is as follows, which is higher than the NCFRA's more prudent forecast in the medium term financial plan:

	2024-25 Forecast £'000	2025-26 Estimated £'000	2026-27 Estimated £'000	2027-28 Estimated £'000	2028-29 Estimated £'000	2029-30 Estimated £'000
Interest Rate	4.32%	4.50%	4.00%	3.75%	3.75%	3.50%
Average Investment balance	9,377	4,882	2,000	2,000	2,000	2,000
Forecast Income	405	220	80	75	75	70

11.5. The following graph demonstrates the forecast interest to be earned (cumulative) against the profiled budget for 2025/26 with the effect of borrowing in quarter 4 2025/26:



11.6. The NCFRA's Investment Strategy is shown in Appendix 4.

12. Risk Analysis and Forecast Sensitivity

Risk Management

12.1. The NCFRA regards the successful identification, monitoring and control of risk to be the prime criteria by which the effectiveness of its treasury management activities will be measured. Treasury management risks are identified in the NCFRA's approved Treasury Management Practices.

12.2. The Schedule of Treasury Management Practices set out the ways in which the NCFRA seeks to mitigate these risks. Examples are the segregation of duties (to counter fraud, error and corruption), and the use of creditworthiness criteria and counterparty limits (to minimise credit and counterparty risk). Officers will monitor these risks closely.

Sensitivity of the Forecast

12.3. The sensitivity of the forecast is linked primarily to movements in interest rates and in cash balances, both of which can be volatile. Interest rates in particular are subject to global external influences over which the NCFRA has no control.

Both interest rates and cash balances will be monitored closely throughout the year and potential impacts on the NCFRA's debt financing budget will be assessed. Action will be taken as appropriate, within the limits of the TMP Schedules and the treasury strategy, and in line with the NCFRA's risk appetite, to keep negative variations to a minimum. Any significant variations will be reported in the next available Treasury Management report.

13. Capital Strategy

13.1. CIPFA's revised 2021 Prudential and Treasury Management Codes requires all local authorities, to have in place a Capital Strategy, which will provide the following:

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

13.2. The aim of this Capital Strategy is to ensure a full understanding of the overall long-term policy objectives and resulting capital strategy requirements, governance procedures and risk appetite.

13.3. NCFRA publishes a Capital Strategy which is aligned to the Police, Fire and Crime Plan. The Capital Strategy will be reviewed and updated in line with the new Police, Fire and Crime Plan for 2025/26.

14. Treasury Management Reporting

14.1. The PFCC receives two treasury reports as a minimum each year, with a mid-year update as and when appropriate, which incorporate a variety of policies, estimates and actuals:

a) **Treasury Management Strategy and Prudential and Treasury Indicators** (this report – essential report)

This report is forward-looking and covers:

- the capital plans (including prudential indicators)
- a Minimum Revenue Provision (MRP) policy (how residual capital expenditure is charged to revenue over time)
- the Treasury Management Strategy, (how the investments and borrowings are to be organised), including treasury indicators.
- an Investment Strategy, (the parameters on how investments are to be managed)

b) **A mid-year treasury management report** (as required)

This is primarily a progress report and updates on the capital position, amending prudential indicators as necessary, and whether any policies require revision.

c) **An annual treasury outturn report** (essential)

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

15. Treasury Management Budget

15.1. The table below provides a breakdown of the treasury management budget. Minimum Revenue Provision (MRP) charges have been calculated in line with the Policy at Appendix 3:

Treasury Management Budget	2024-25 Forecast £'000	2025-26 Estimated £'000	2026-27 Estimated £'000	2027-28 Estimated £'000	2028-29 Estimated £'000	2029-30 Estimated £'000
Interest payable on borrowing	59	141	417	586	881	1,052
Minimum Revenue Provision	259	451	599	739	861	936
Revenue Contribution to Capital Outlay	300	300	300	300	300	300
Total	**618**	**892**	**1,316**	**1,625**	**2,042**	**2,288**

15.2. Budget estimates will be revised during the year reflect the further development of capital programme plans and other relevant strategies.

16. Policy on the use of External Service Providers

16.1. The NCFRA recognises that responsibility for treasury management decisions always remains with the organisation. The NCFRA also recognises there is value in employing an external provider of treasury management services in order to acquire access to specialist skills and advice to support the treasury management function.

16.2. Treasury Management services are undertaken by the Enabling Services Joint Finance Team and the Treasury Advisor is currently MUFG (previously known as Link Group).

17. Future Developments

17.1. Public bodies are having to consider innovative strategies towards improving service provision to their communities. This approach to innovation also applies to treasury management activities. The Government has already introduced new statutory powers, and regulatory agencies such as CIPFA are introducing policy changes, which will have an impact on treasury management approaches in the future. Examples of such changes are:

17.2. Localism Act

A key element of the Act is the “General Power of Competence”: “A PFCC has power to do anything that individuals generally may do.” The Act opens up the possibility that a PFCC can use derivatives as part of their treasury management operations.

The NCFRA has no plans to use financial derivatives under the powers contained within this Act.

17.3. Loans to Third Parties

The NCFRA may borrow to make grants or loans to third parties for the purpose of capital expenditure. This will usually be to support local economic development, and may be funded by external borrowing.

The NCFRA has not lent any funds to third parties and has no plans to do so in the immediate future.

17.4. Proposals to amend the CIPFA Treasury Management and Prudential Codes

CIPFA conducted a review of the Treasury Management Code of Practice and the Prudential Code. This review particularly focused on non-treasury investments and especially on the purchase of property with a view to generating income. Such purchases could involve undertaking external borrowing to raise the cash to finance these purchases, or the use of existing cash balances. Both actions would affect treasury management.

The Capital Strategy will cover non-treasury investments to deal with such purchases, their objectives, how they have been appraised, how they have been financed, and what powers were used to undertake these purchases.

17.5. Impact of International Financial Reporting Standard 9 (IFRS 9)

All public bodies were required to adopt the principles of accounting standard IFRS 9 from 1st April 2018. A key element of this standard is a requirement to set aside financial provision within revenue budgets for losses on financial assets based on potential expected losses (i.e. the likelihood of loss across the asset lifetime). This however does not have a material impact upon the traditional treasury management investments the NCFRA will undertake.

18. Training

18.1. The NCFRA needs to ensure appropriate training and knowledge in relation to treasury management activities, for officers engaged in treasury activity and those with oversight responsibilities charged with governance of the treasury management function. Treasury management training will be considered and delivered as required to facilitate best practices, informed decision making and challenge processes.

List of Appendices

Appendix 1:	Treasury Management Policy Statement
Appendix 2:	Prudential & Treasury Indicators
Appendix 3:	Minimum Revenue Provision (MRP) Policy Statement
Appendix 4:	Annual Investment Strategy

APPENDIX 1

Treasury Management Policy Statement

Northamptonshire Commissioner Fire and Rescue Authority (NCFRA) defines its treasury management activities as:

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

The NCFRA regards the successful identification, monitoring, and control of risk to be the prime criteria by which the effectiveness of its treasury management activities will be measured. Accordingly, the analysis and reporting of treasury management activities will focus on their risk implications for the organisation, and any financial instruments entered into to manage these risks.

The NCFRA acknowledges that effective treasury management will provide support towards the achievement of its business and service objectives. It is therefore committed to the principles of achieving value for money in treasury management, and to employing suitable comprehensive performance measurement techniques, within the context of effective risk management.

APPENDIX 2

Prudential and Treasury Indicators

1 The Capital Prudential Indicators

1.1 The NCFRA's capital expenditure plans are the key driver of treasury management activity. The output of the capital expenditure plans is reflected in prudential indicators, which are designed to assist overview and confirm capital expenditure plans.

Capital Expenditure and Borrowing Need

1.2 This prudential indicator shows the NCFRA's capital expenditure plans and capital financing requirement as described in the body of the Strategy and summarised in Table 1 (Para 3.3 above).

The Operational Boundary

1.3 This is the limit beyond which external borrowing is not normally expected to exceed. All things being equal, this could be a similar figure to the CFR, but may be lower or higher depending on the levels of actual borrowing undertaken as impacted by the level of current and future cash resources and the shape of the interest rate yield curve.

Operational Boundary	2024-25 Forecast £'000	2025-26 Estimated £'000	2026-27 Estimated £'000	2027-28 Estimated £'000	2028-29 Estimated £'000	2029-30 Estimated £'000
Total Borrowing	9,000	12,000	28,000	29,000	36,000	43,000

1.4 The Operational Boundary is calculated here by rounding the CFR for each year up to the nearest £1m. This allows nominal flexibility to account for price variations on capital investment.

The Authorised Limit for external borrowing

1.5 A further key prudential indicator represents a control on the maximum level of borrowing. This represents a limit beyond which external borrowing is prohibited, and this limit needs to be set or revised in line with the NCFRA's Corporate Governance Framework. It reflects the level of external borrowing which, while not desired, could be afforded in the short term, but is not sustainable in the longer term.

- This is the statutory limit determined under section 3 (1) of the Local Government Act 2003.
- The NCFRA is asked to approve the following Authorised Limit:

Authorised Limit	2024-25 Forecast £'000	2025-26 Estimated £'000	2026-27 Estimated £'000	2027-28 Estimated £'000	2028-29 Estimated £'000	2029-30 Estimated £'000
Total Borrowing	9,900	13,200	30,800	31,900	39,600	47,300

1.6 The rising trend of the Authorised Limit reflects that of the CFR and subsequently the Operational Boundary. The level set is at a 10% margin above the Operational Boundary, providing additional headroom for further short-term borrowing should it be required for cashflow purposes and changes to short term estimates, before the legal limit is reached.

2 Treasury Management Limits on Activity

2.1 There are four debt and investment related treasury activity limits. The purpose of these is to contain the activity of the treasury function within certain limits, thereby managing risk and reducing the impact of any adverse movement in interest rates. However, if these are set to be too restrictive, they will impair the opportunities to reduce costs or improve performance. The indicators for debt are:

- **Upper limits on variable interest rate exposure;** this identifies a maximum limit for variable interest rates based upon the debt position net of investments.
- **Upper limits on fixed interest rate exposure;** this is similar to the previous indicator and covers a maximum limit on fixed interest rates.
- **Maturity structure of borrowing;** these gross limits are set to reduce the NCFRA's exposure to large, fixed rate sums falling due for refinancing, and are required for upper and lower limits.

2.2 The interest rate exposure is calculated as a percentage of net debt. Due to the mathematical calculation, exposures could be greater than 100% or below zero (ie. negative) depending on the component parts of the formula. The formula is shown below:

Fixed rate calculation:

$$\frac{\text{(Fixed rate borrowing – Fixed rate investments)}}{\text{Total borrowing – Total investments}}$$

Variable rate calculation:

$$\frac{\text{(Variable rate borrowing – Variable rate investments)}}{\text{Total borrowing – Total investments}}$$

Interest rate Exposures	2024-25 Forecast £'000	2025-26 Estimated £'000	2026-27 Estimated £'000	2027-28 Estimated £'000	2028-29 Estimated £'000	2029-30 Estimated £'000
	Upper	Upper	Upper	Upper	Upper	Upper
Limits on fixed interest rates based on net debt	100%	100%	100%	100%	100%	100%
Limits on variable interest rates based on net debt	50%	50%	50%	50%	50%	50%

2.3 The indicators above therefore allow for a maximum 100% of borrowing to be undertaken on a fixed interest rate basis, but a maximum of 50% on a variable interest rate basis. This allows flexibility to utilise variable rate instruments for up to half the NCFRA's borrowing requirement where prudent to do so, whilst limiting the variable interest rate risk against the NCFRA's revenue budget.

2.4 The maturity structure of borrowing indicator represents the borrowing falling due in each period expressed as a percentage of total borrowing. These gross limits are set to manage the NCFRA's exposure to sums falling due for refinancing or repayment.

Maturity Structure of Borrowing		
	Lower	Upper
Under 12 months	0%	75%
12 months to 2 years		75%
2 years to 5 years		80%
5 years to 10 years		80%
10 years and above		100%

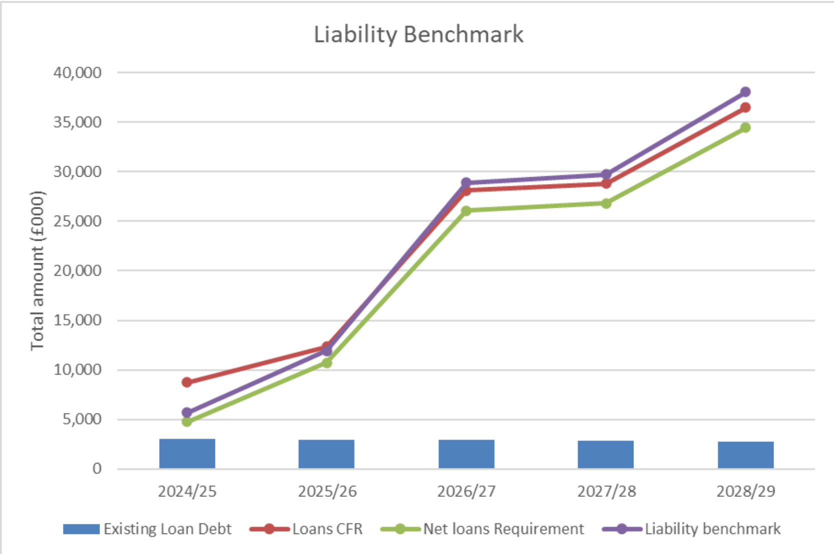
2.5 The type of the current £3.022m* PWLB loan is a 40 year EIP (Equal Instalments of Principal), meaning that the principal is paid throughout the loan rather than at the end of the loan term. The loan matures in 2048.

* as at Dec 2024 and does not include fourth quarter debt EIP repayment of existing debt.

2.6 The NCFRA does not expect to hold any investments that exceed 365 days but may do so in the future if it holds sufficient cash balances and such investments assist in the prudent management of the NCFRA's financial affairs.

Liability Benchmark

2.7 The PFCC is required to provide a comparison of the existing loan portfolio against the committed borrowing needs. This is to provide evidence that it has a strong grasp of both its existing debt maturity profile and how MRP / LFR (Loan Fund Repayment) and other cash flows affect the future debt requirement.



2.8 Currently, the only NCFRA loan is held with PWLB. The graph shows the current outstanding loan and the forecasted CFR loan requirement to deliver the Capital Programme. The decline in in the Liability Benchmark through to 31st March 2025 (gross loans requirement) is due to slippage and delays in the Estates Strategy. The increase through 2025/26 is the result of replanning those programmes.

Affordability Prudential Indicator

2.9 The previous sections cover the overall capital and control of borrowing prudential indicators, but within this framework is an indicator required to assess the affordability of the capital investment plans. This provides an indication of the impact of the capital investment plans on the NCFRA's overall finances.

2.10 The NCFRA is asked to approve the actual and estimates of financing costs to net revenue stream. This indicator identifies the trend in the cost of capital (borrowing and other long term obligation costs net of investment income) against net revenue stream. The estimates of financing costs include current commitments.

2.11 This is calculated as the estimated net financing costs for the year divided by the amounts to be met from government grants and local taxpayers:

	2024-25 Forecast £'000	2025-26 Estimated £'000	2026-27 Estimated £'000	2027-28 Estimated £'000	2028-29 Estimated £'000	2029-30 Estimated £'000
Financing costs to net revenue stream	2%	3%	4%	5%	6%	6%

APPENDIX 3

Minimum Revenue Provision Policy Statement

1.1 The Northamptonshire Commissioner, Fire and Rescue Authority (NCFRA) is required to repay an element of the accumulated General Fund capital spend each year (Capital Financing Requirement - CFR) through a revenue charge (Minimum Revenue Provision - MRP), although it is also allowed to undertake additional voluntary payments if required.

1.2 The Ministry of Housing, Communities and Local Government (MHCLG) have issued regulations that requires the NCFRA to approve an MRP Statement in advance of each year. A variety of options are provided in the guidance with the underlying principle that a prudent provision is made.

Accumulated Debt Liability

1.3 For unsupported capital expenditure, MRP will be charged from the year after the assets funded have become operational and spread over the estimated useful life of the assets using an equal annual instalment method.

1.4 Estimated useful life periods will be determined under delegated powers. To the extent that expenditure is not on the creation of an asset, it will be spread across the estimated life of each group of assets, with overall asset group principles being applied. However, the PFCC reserves the right to determine useful life periods and prudent MRP in exceptional circumstances where the recommendations of the guidance would not be appropriate.

1.5 As some types of capital expenditure incurred are not capable of being related to an individual asset, asset lives will be assessed on a basis which most reasonably reflects the anticipated period of benefit that arises from the expenditure. Whatever type of expenditure is involved, it will be grouped together in a manner which reflects the nature of the main component of expenditure with substantially different useful economic lives.

Non-operational assets

1.6 The NCFRA will not charge MRP on non-operational assets. MRP will only be charged in the financial year following the asset becoming operational. This policy will be reviewed annually.

Use of Capital Receipts

1.7 The NCFRA may use capital receipts in the year in which they are received to reduce the CFR and to offset the MRP charge for that year. Any unapplied capital receipts will be available in future years and will be applied in a prudent manner.

APPENDIX 4

Annual Investment Strategy

1 Investment Policy

1.1 MHCLG and CIPFA have extended the meaning of 'investments' to include both financial and non-financial investments. This report deals solely with financial investments managed by the treasury management team. Non-financial investments, essentially the purchase of income yielding assets, are covered in the Capital Strategy.

1.2 The NCFRA's appetite for risk must be clearly identified in its strategy report. The NCFRA affirms that its investment policies are underpinned by a strategy of prudent investment of funds held on behalf of the local community. The objectives of the investment policy are firstly the security of funds (protecting the capital sum from loss) and then liquidity (keeping money readily available for expenditure when needed). Once approved levels of security and liquidity are met, the NCFRA will seek to maximise yield from its investments, consistent with the applying of the agreed parameters. These principles are carried out by strict adherence to the risk management and control strategies set out in the TMP Schedules and the Treasury Management Strategy.

1.3 Responsibility for risk management and control lies within the NCFRA and cannot be delegated to an outside organisation.

2 Creditworthiness Policy

2.1 The NCFRA's counterparty and credit risk management policies are set out below. These, taken together, form the fundamental parameters of the NCFRA's Investment Strategy.

2.2 The NCFRA defines high credit quality in terms of investment counterparties as those organisations that are:

- Minimum strong grade long term credit rating (equivalent to A- / A3 / A from Fitch, Moody's and Standard and Poor's)
- UK banking or other financial institutions, or are;
- UK national or local government bodies, including bonds, or are;
- Triple-A rated Money Market funds.

2.3 The NCFRA will assess the credit ratings from the three main credit rating agencies, Fitch, Moody's and Standard & Poor's. The credit ratings of counterparties will be supplemented with the following overlays:

- Credit watches and credit outlooks from credit rating agencies.
- Credit Default Swaps (CDS – a traded insurance policy market against default risk) spreads to give early warning of likely changes in credit ratings.

2.4 This approach of combining credit ratings, credit Watches and credit Outlooks along with an overlay of CDS spreads will be used to determine duration for investment. The NCFRA will apply these duration limits to its investments at all times, unless otherwise approved by the Chief Finance Officer.

2.5 Credit ratings will be monitored on a regular basis. If a rating downgrade results in the counterparty or investment scheme no longer meeting the NCFRA's minimum criteria, its further use as a new investment will be withdrawn immediately. In addition, extreme market movements (which may be an early indicator of financial distress) may result in the removal of a counterparty from new investment.

2.6 The NCFRA will also use market data, financial press, and information on any external support for banks to help support its decision-making process.

2.7 The NCFRA recognises that responsibility for treasury management decisions always remains with the organisation and so to enable the effective management of risk in relation to its investments, the Chief Finance Officer shall have the discretion during the year to:

- Strengthen or relax restrictions on counterparty selection.
- Adjust exposure and duration limits.

2.8 Where this discretionary NCFRA decision-making is exercised, records will be maintained, and details reported in the next available Treasury Management update report.

3 Banking Services

3.1 The NCFRA currently uses NatWest to provide day-to-day banking services. The NCFRA may continue to use its own bankers for short term liquidity requirements if the credit rating of the institution falls below the minimum credit criteria set out in this report, monitored daily. A pragmatic approach will be adopted, and rating changes monitored closely.

4 Investment Position and Use of NCFRA's Resources

4.1 The application of resources (capital receipts, reserves etc.) to either finance capital expenditure or other budget decisions to support the revenue budget will have an ongoing impact on investments unless resources are supplemented each year from new sources (asset sales etc.).

4.2 Investments will be made with reference to the core balances and cash flow requirements and the outlook for interest rates.

4.3 The NCFRA will primarily utilise business reserve accounts, notice accounts, low-volatility money market funds (known as LVNAV class) and short-dated deposits. This strategy will be reviewed and developed in future years.

4.4 The PFCC has the scope to support local communities with funding of social projects.

5 Specified Investments

5.1 The NCFRA assesses that an investment is a specified investment if all of the following criteria apply:

- The investment is denominated in sterling and any payments or repayments in respect of the investment are payable only in sterling.
- The investment is not a long-term investment (ie. up to 1 year).
- The making of the investment is not defined as capital expenditure by virtue of regulation 25(1)(d) of the Local Authorities (Capital Finance and Accounting) (England) Regulations 2003 [SI 3146 as amended].
- The investment is made with a body or in an investment scheme of high credit quality (see below) or with one of the following public-sector bodies:
    - The United Kingdom Government.
    - An Authority in England or Wales (as defined under section 23 of the 2003 Act) or a similar body in Scotland or Northern Ireland.
    - High credit quality is defined as a minimum credit rating as outlined in this strategy.

<table>
<tr><th>Instrument</th><th>Minimum ‘High’ Credit Criteria</th><th>Maximum Amount</th></tr>
<tr><td>Debt Management Agency Deposit Facility (DMADF)</td><td>-</td><td>No maximum</td></tr>
<tr><td>Call Accounts with the NCFRA’s bankers</td><td>-</td><td>No maximum</td></tr>
<tr><td>Certificate of Deposits</td><td>A / A3 / A</td><td rowspan="3">£8m per UK banking group.</td></tr>
<tr><td>Term Deposits - Banks and Building Societies</td><td>A / A3 / A</td></tr>
<tr><td>Term Deposits - Local Authorities and Housing Associations</td><td>Considered on an individual basis</td></tr>
<tr><td colspan="3">Collective Investment Schemes structured as Open-Ended Investment Companies (OEICs):</td></tr>
<tr><td>Money Market Funds (CNAV, LVNAV or VNAV)</td><td>AAA MMF rating</td><td>£2m per individual/ group in total</td></tr>
</table>

5.2 The NCFRA may enter into forward agreements up to 1 months in advance of the investment commencing. If forward agreements are made, the forward period plus the deal period should not exceed the 1 year to be classified as a specified investment.

5.3 Maximum counterparty limits may be temporarily exceeded by small amounts and for very short periods where interest is compounded by the counterparty to the principal investment amount. In such instances the interest amounts will be withdrawn as soon as reasonably practicable.

6 Non-specified investments

6.1 Non-specified investments are defined as those not meeting the specified investment criteria above (including investments exceeding 1 year).

6.2 At this point in time, the NCFRA has no plans to invest in any non-specified investments.

7 Investments Defined as Capital Expenditure

7.1 The acquisition of share capital or loan capital in any corporate body is defined as capital expenditure under Regulation 25(1)(d) of the Local Authorities (Capital Finance and Accounting) (England) Regulations 2003. Such investments will have to be funded from capital or revenue resources and will be classified as 'non-specified investments'.

7.2 Investments in "money market funds" which are collective investment schemes and bonds issued by "multilateral development banks" – both defined in SI 2004 No 534 – will not be treated as capital expenditure.

7.3 A loan, grant or financial assistance provided by this NCFRA to another body will be treated as capital expenditure if the NCFRA would define the other bodies use of those funds as capital had it undertaken the expenditure itself.

8 Provisions for Credit Related Losses

8.1 If any of the NCFRA's investments appear at risk of loss due to default (ie. this is a credit-related loss and not one resulting from a fall in price due to movements in interest rates) the NCFRA will make revenue provision of an appropriate amount.

9 End of Year Investment Report

9.1 At the end of the financial year, the NCFRA will report on its investment activity as part of its Annual Treasury Outturn Report.

10 Governance Arrangements

10.1 By approving this strategy, the NCFRA is setting the framework from which treasury activity will be conducted and reported.

10.2 The Chief Finance Officer has delegated powers through approval of this strategy to take the most appropriate form of borrowing from approved sources, and to make the most appropriate form of investments in approved instruments. Paragraph 2.7 above delegates powers to the Chief Finance Officer giving discretion during the year to lift or increase the restrictions on the counterparty lending list and/or to adjust the associated lending limits on values and durations should it become necessary, to enable the effective management of risk in relation to its investments.

10.3 The Chief Finance Officer may delegate powers to borrow and invest within the confines of this strategy to members of the Joint Finance Team, who will provide regular updates on treasury activity. In the absence of the Chief Finance Officer his deputy can approve the investments, who will report any investments placed.

10.4 Any other amendments to this strategy must be approved in line with the NCFRA's Corporate Governance Framework.

Joint Independent Audit Committee

19th March 2025

AGENDA ITEM: 9

REPORT BY	**OPFCC/NCFRA Chief Finance Officer**
SUBJECT	**Joint Independent Audit Committee (JIAC) - Agenda Plan 2024/25**
RECOMMENDATION	To discuss the agenda plan

1. Background

1.1 The agenda plan incorporates statutory, good practice and agreed scrutiny items.

ROLLING AGENDA PLAN 2025

		Frequency required	4th December 2024	19th March 2025	Workshop	9th July 2025	October 2025	November accounts workshops	December 2025
	Confirmed agenda to be circulated		25/10/2024	7/02/2025		30/05/2025			
	Deadline for reports to be submitted		22/11/2024	7/03/2025		27/06/2025			
	Papers to be circulated		27/11/2024	12/03/2025		02/07/2025			
Public	Apologies	every meeting	Apologies	Apologies		Apologies	Apologies		Apologies
Public	Declarations	every meeting	Declarations	Declarations		Declarations	Declarations		Declarations
Public	Meetings log and actions	every meeting	Meetings log and actions	Meetings log and actions		Meetings log and actions	Meetings log and actions		Meetings log and actions
	JIAC annual report	Annually				JIAC annual report			
Restricted	Meeting of members and Auditors without Officers Present	once per year	Meeting of members and Auditors without Officers Present			Meeting of members and Auditors without Officers Present			Meeting of members and Auditors without Officers Present
Public	External Auditor reports EY	every meeting Once a Year – Plan, Once a Year ISA260 and one a Year Annual Audit Letter (timescale Accounts dependent)	External Auditor reports	External Auditor reports		External Auditor reports – written End Annual report	External Auditor reports		External Auditor reports
Public	External Auditor Reports – Grant Thornton	Every meeting	External Auditor reports			External Auditor reports	External Auditor reports		External Auditor reports
Public	Internal Auditor reports (progress)	every meeting	Internal Auditor progress reports	Internal Auditor progress reports		Internal Auditor progress reports	Internal Auditor progress reports		Internal Auditor progress reports
Public	Internal Audit Plan and Year End Report	Once a year for NFRS and PFCC & CC				Year End Reports 2023/24			
						Internal Audit Plans 2024/25 NCFRA, PFCC and CC			
Public	Update on Implementation of internal audit recommendations	twice a year for NFRS and PFCC & CC	Audit implementation update of internal audit recommendations NFRS	Audit implementation update of internal audit recommendations PFCC and CC		Audit implementation update of internal audit recommendations NFRS	Audit implementation update of internal audit recommendations PFCC and CC		Audit implementation update of internal audit recommendations NFRS

		Frequency required	4th December 2024	19th March 2025	Workshop	9th July 2025	October 2025	November accounts workshops	December 2025
Public	HMICFRS updates	2 per year per organisation	NFRS – HMICFRS Update	CC - HMICFRS update		NFRS – HMICFRS Update	CC - HMICFRS update		NFRS – HMICFRS Update
Restricted	Risk register update (including current risk policy as an appendix)		CC Risk register (including current risk policy as appendix)	NCFRA Risk Register (including current risk policy as an appendix)			PFCC Risk register (including current risk policy as appendix)		CC Risk register (including current risk policy as appendix)
Public	Fraud and Corruption: Controls and processes	Once a year for NFRS and PCC & CC	Policing - Fraud and Corruption: Controls and processes				NFRS - Fraud and Corruption: Controls and processes		Policing - Fraud and Corruption: Controls and processes
Public	Budget plan and MTFP process and plan update and timetable	annually for all					NFRS, CC and PFCC - Budget plan and MTFP process and plan update and timetable		
Public	Statement of accounts	annually for all (subject to audit timescales)	External Audit Update	External Audit Update		External Audit Update	External Audit Update		External Audit Update
Public	Treasury Management Strategy	annually for all		NCFRA, CC and PFCC - Treasury Management Strategy					
Public	Attendance of PCC, CC and CFO	annually for all							
	Disaster Recovery Update					Disaster Recovery Update			
	Complaints procedure		Complaints procedure						Complaints procedure
	Chief Constable Recruitment Update		Chief Constable Recruitment Update						Chief Constable Recruitment Update
						Climate change and sustainability			