

DRAFT Auditor's Annual Report on the Police and Crime Commissioner for Lancashire and Chief Constable of Lancashire Constabulary

2022/23

March 2024



Contents



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

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



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The contents of this report relate only to those matters which came to our attention during the conduct of our normal audit procedures which are designed for the purpose of completing our work under the NAO Code and related guidance. Our audit is not designed to test all arrangements in respect of value for money. However, where, as part of our testing, we identify significant weaknesses, we will report these to you. In consequence, our work cannot be relied upon to disclose all irregularities, or to include all possible improvements in arrangements that a more extensive special examination might identify. We do not accept any responsibility for any loss occasioned to any third party acting, or refraining from acting on the basis of the content of this report, as this report was not prepared for, nor intended for, any other purpose.

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Executive summary



Value for money arrangements and key recommendation(s)

Under the National Audit Office (NAO) Code of Audit Practice ('the Code'), we are required to consider whether the Police and Crime Commissioner (PCC) and Chief Constable (CC) have put in place proper arrangements to secure economy, efficiency and effectiveness in their use of resources.

Auditors are required to report their commentary on the PCC and CC's arrangements under specified criteria and 2022/23 is the third year that we have reported our findings in this way. As part of our work, we considered whether there were any risks of significant weakness in the PCC and CC's arrangements for securing economy, efficiency and effectiveness in their use of resources. Our conclusions are summarised in the table below.

Criteria	2022/23 Risk assessment	2022/23 Auditor Judgement on arrangements	2021/22 Auditor Judgement on arrangements	Direction of travel
Financial sustainability	No risks of significant weakness identified	A No significant weaknesses in arrangements identified, but improvement recommendations made.	A No significant weaknesses in arrangements identified, but improvement recommendations made.	↔
Governance	No risks of significant weakness identified	A No significant weaknesses in arrangements identified, but improvement recommendations made.	A No significant weaknesses in arrangements identified, but improvement recommendations made.	↔
Improving economy, efficiency, and effectiveness	No risks of significant weakness identified	G No significant weaknesses in arrangements identified.	G No significant weaknesses in arrangements identified.	↔

G	No significant weaknesses in arrangements identified or improvement recommendation made.
A	No significant weaknesses in arrangements identified, but improvement recommendations made.
R	Significant weaknesses in arrangements identified and key recommendations made.

Executive summary



Financial sustainability

Through effective financial management, in year savings and efficiencies; for 2022/23 there was an underspend of £4.089 million reported against the revenue budget set, with the PCC underspending by £1.358m (13.8%) and the CC underspending by £2.731m (0.83%).

[We note the combined net revenue budget for this period was £338.243million (2021/22 - £319.391million) which included a 4.4% rise in council tax precept.]

The 2022/23 budget was in part supported by Lancashire receiving the police grant of £230.767million inclusive of the additional funding of £3.436million (2021/22 - £6.786million) received for 204 additional police officers recruited as part of the national 'uplift' programme. The cost of delivering the uplift programme in Lancashire providing an additional 204 officers in 2022/23 was £9.9million.

From a headline perspective, in recent years the PCC has received funding from the government to contribute to the delivery of extra police officers through the Police Uplift Programme (PUP) enabling Lancashire to increase officer numbers by more than 500 over the last three years. To successfully surpass targets set, the PCC has been able to invest resource generated through increases to council tax in 100 more officers over the same period. Overall, payroll costs accommodate the additional officers recruited alongside additional funding agreed with the PCC for recruiting some 45 officers extra in 2022/23.

Whilst our value for money review has not identified any significant weaknesses in the current PCC and Chief Constable arrangements, we have suggested two improvement recommendations. These are both regarding the approach to forecasting of the capital program particularly when we consider that there is a sizeable investment of £148million for the accommodation strategy planned over the next 5 years alone.



Executive summary



Governance

Overall, the senior leadership of the PCC and CC have retained effective governance arrangements throughout 2022/23. We found no evidence of significant weaknesses in the PCC's or CC's governance arrangements for ensuring that they made informed decisions and properly managed risks. Following on from the Internal Audit for 2022/23 which assessed the design and effectiveness of the governance framework in operation as moderate, there have been some revised governance processes recently introduced which are embedding.

In relation to His Majesty's Inspectorate of Constabulary and Fire & Rescue Services (HMICFRS) Inspections, the PCC was advised that Lancashire will be one of the 6 forces being inspected in relation to "the stalking super-complaint." In August 2023, the Commissioner received a presentation setting out the Constabulary's progress against the HMICFRS recommendations and Areas for Improvement and their readiness in relation to the next Police Effectiveness, Efficiency, Legitimacy (PEEL) Inspection expected in 2024.

Whilst our value for money review has not identified any significant weaknesses in the current PCC and Chief Constable arrangements, we have made two improvement recommendations.



Improving economy, efficiency, and effectiveness

For 2022/23 the PCC and the CC of Lancashire Police had effective arrangements in place for improving economy, efficiency, and effectiveness. This is demonstrated by Lancashire Police consistently tracking above the National and Regional averages maintaining their rank in the top 15 of all forces for Burglary and Robbery outcomes.

The Constabulary has delivered sustained reductions in Residential Burglary, Business and Community Burglary and Personal Robbery in comparison to both 2021/22 and the pre-pandemic period. It has delivered continued increases in positive investigative outcomes for acquisitive crime, doubling the proportion of positive outcomes for Personal Robbery between April 2022 and January 2023; and recording the highest proportion of positive Burglary outcomes in the last four years.

Lancashire Constabulary were also highlighted as being the leading force in the country for robotic process automation (RPA) having won a new market entry award for this and having over 70 robots working 24/7 at their HQ automating simple processes, cleansing data and saving staff time.

With these successes and innovation, we found no evidence of significant weaknesses in the PCCs or CC arrangements for improving economy, efficiency of effectiveness.

Opinion on the financial statements and use of auditor's powers

We bring the following matters to your attention:

Opinion on the financial statements

Auditors are required to express an opinion on the financial statements that states whether they : (i) present a true and fair view of the PCC and CC's financial position, and (ii) have been prepared in accordance with the CIPFA/LASAAC Code of practice on local authority accounting in the United Kingdom 2022/23

The draft financial statements for 2022-23 have not yet been published and the audit has been delayed whilst work on the 2021-22 audit has been ongoing. Following discussion between the Department for Levelling Up, Housing and Communities (DLUHC), the Financial Reporting Council (the FRC) and the National Audit Office (NAO), DLUHC is currently consulting on a proposed solution to address the Local Government audit backlog. This would include a backstop date of 30 September 2024 for completion of 2022-23 audits. We are discussing the impact of this on Lancashire Police with management.

Statutory recommendations

Under Schedule 7 of the Local Audit and Accountability Act 2014, auditors can make written recommendations to the audited body which need to be considered by the body and responded to publicly

We did not issue any statutory recommendations.

Public Interest Report

Under Schedule 7 of the Local Audit and Accountability Act 2014, auditors have the power to make a report if they consider a matter is sufficiently important to be brought to the attention of the audited body or the public as a matter of urgency, including matters which may already be known to the public, but where it is in the public interest for the auditor to publish their independent view.

We did not issue a Public Interest Report.

Application to the Court

Under Section 28 of the Local Audit and Accountability Act 2014, if auditors think that an item of account is contrary to law, they may apply to the court for a declaration to that effect.

We did not apply to the court under Section 28 of the Local Audit and Accountability Act 2014.

Advisory notice

Under Section 29 of the Local Audit and Accountability Act 2014, auditors may issue an advisory notice if the auditor thinks that the authority or an officer of the authority:

- is about to make or has made a decision which involves or would involve the authority incurring unlawful expenditure,
- is about to take or has begun to take a course of action which, if followed to its conclusion, would be unlawful and likely to cause a loss or deficiency, or
- is about to enter an item of account, the entry of which is unlawful.

We did not issue an advisory notice.

Judicial review

Under Section 31 of the Local Audit and Accountability Act 2014, auditors may make an application for judicial review of a decision of an authority, or of a failure by an authority to act, which it is reasonable to believe would have an effect on the accounts of that body.

We did not apply for a Judicial review.

Securing economy, efficiency and effectiveness in the PCC and CC's use of resources

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

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

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

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



Financial Sustainability

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



Governance

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



Improving economy, efficiency and effectiveness

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



Our commentary on the PCC and CC's arrangements in each of these three areas, is set out on pages 8 to 22. Further detail on how we approached our work is included in Appendix B.

Financial sustainability and governance



We considered how the PCC and CC:

- identifies all the significant financial pressures that are relevant to their short and medium-term plans and builds them into their plans
- plans to bridge funding gaps and identify achievable savings
- plans finances to support the sustainable delivery of services in accordance with strategic and statutory priorities
- ensures the financial plan is consistent with other plans such as workforce, capital, investment and other operational planning which may include working with other local public bodies as part of a wider system
- identify and manage risk to financial resilience, such as unplanned changes in demand and assumptions underlying its plans.

Overview of the arrangements to ensure financial sustainability

The funding settlement announced by the Home Office marginally increased for 2022/23 primarily there to support the Police Uplift Programme (PUP). Lancashire Constabulary have completed modelling on the full cost to implement the PUP at pace to accommodate changes in both workforce diversity and training needs of this new resource before they are capable of full deployment. They also recognised a need for over-recruitment to protect and maintain target police officer numbers due to natural attrition rates (pace of employee turnover) whereby a population of officers at any given time are expected to retire each year.

Whilst new officers will come in at an entry level pay grade, modelling of the additional resource cost will also be considering that in future years the increase of pay will be above inflation in recognition of promotions and removal of the lowest grade in Police Officer pay scales. To ensure financial sustainability, arrangements therefore demonstrably focus on the affordability of having sufficient resource to continue to deliver its services effectively with staff costed out at c.80% of the net revenue budget. The robustness of these arrangement was validated in the last PEEL assessment for 2021/22 too which highlighted that the constabulary had adopted a "sophisticated and complex approach to modeling future demands, which predicates likely changes based on a detailed analysis of current activity." The PCC released a consultation survey during 2022/23 and 86% of responses were in favour of a rise in council tax precept to prioritise having 'boots on the ground' for more proactive policing.

Financial management responsibilities were also improved by the introduction of business partnering during 2022/23, to provide better support to the budget holders and help influence the right behaviours.

There is consistency throughout the suite of monitoring reports in terms of format and the budget numbers recorded. The latest forecast is shown next to the budget, and the full outturn view at the end of the year is reviewed against budget. In summary, the simplicity of what has been presented ensures there is a clear and understandable story stakeholders can readily digest in relation to the financial position and needs of the organisation across all financial reports.

As principle, the PCC aims to maintain general reserves at a level between 3% and 5% of the net revenue budget to cover any major unforeseen expenditure (in line with the published reserves strategy). The general reserves held as of 1 April 2023 were £18.695m and represented around 5.2% of the following year budget of £361.127million for 2023/24.

Outturn 2022/23

We highlight that whilst the Accounts and Audit (Amendment) Regulations 2022 require the audited accounts and opinion is published by 30 September 2023, the backlog of audit workload within the Local Government sector has led to delayed scheduling of the audit for 2022/23. This has not impeded the force in releasing an up to date and timely outturn report for the period under review.

For the PCC and CC combined, the outturn position for 2022/23 reported a total net operating expenditure of £334.154million which was £319.391million (c.4.6%) more than 2021/22. The revenue budget was originally set at £338.243million so overall there was an underspend on the of £4.089million reported. The PCC element of the approved budget was £9.842million (2021/22: £8.203million) and the outturn reported a total spend of £8.484million (2021/22: £6.903million). For 2022/23 and the prior year there was an underspend of c.£1.3million but there are a different set of drivers for experiencing a favourable variance. For 2022/23, almost the full variance reported could be attributed to an elevation in interest received due to improved interest rates. For 2021/22, the main variance amounting to c£0.9million was in relation to an underspend on the cost of capital financing.

Financial sustainability and governance

Outturn 2022/23 (Cont.)

From a proportional perspective, the CC variance between the outturn position and budget have been significantly less, being only 0.83% (favourable) and 0.40% (adverse) of the 2022/23 and 2021/22 of the CC budget respectfully. To some degree, this indicates stability and good budgetary control by the Constabulary. The PCC and CC variance combined only equated to there being a 1.21% favourable variance against the approved budget for the Force.

Annual Budget Setting Process

The budget has been derived from an annual rolling MTFS which considers the next four years. The latest MTFS considers 2023/24 through to 2027/28 and as standard is built out from the most recent outturn position reported. Financial reporting during the year is based upon a forecast of the financial year end position. Where there are risks and uncertainties for specific forecasts these are highlighted in the reports. Where applicable links to non-quantitative data are provided e.g. the workforce plan.

The budget setting process is iterative taking up to three months to complete. During this time various development and savings proposals are considered ranging from the micro to the strategic, which are prioritized and either included in the budget or discounted at various stages in the development of the budget. To promote external engagement to support the budget setting process, the Constabulary has recently introduced the following:

- Increasing our community engagement through digital and direct contact with “In the Know” and “Lancashire Talking”.
- Introducing People’s Voice to inform our approach to issues that directly affect you.

The 2022/23 Budget paper dated 17 February 2022 outlined the basis of the 2022/23 Revenue and Capital Budgets, setting a net budget of £338.243million (2021/22 - £319.391million). The consequent council tax requirement of £107.476million (2021/22 - £106.350million) and Band D council tax of £236.45 (2021/22 - £226.45) has been set out. In addition, the Band D precept on the Council Tax was agreed to be uplifted by £10 (2021/22 - £15 uplift agreed).

Lancashire had been allocated police grant of £230.767million. This was inclusive of the additional funding received for additional police officers recruited as part of the national ‘uplift’ programme. The cost of delivering the uplift programme in Lancashire providing an additional 204 officers in 2022/23 was c£9.9million.

The paper sets a balanced budget but also clearly outlines the funding and risks to this and the 2022/23 finances. To achieve a balanced budget there has been an on-going process to review the organization’s activity and identify cost reductions and savings is in place - savings of £7.6million have been identified and are reported within the budget for 2022/23.

The Constabulary develops savings proposals through its 'Business Planning' regime and presented these for agreement by the PCC as part of the annual budget setting process. Cost savings reflected have been tracked in quarterly reports which demonstrate the complexities of the financial position and the savings measures in place. All identified savings fed into the MTFS process and were reflected in the budget at the point they were expected to be realized.

Organisational reviews had been carried out by the Futures Team within Corporate Development. All support departments, including finance, were consulted during these reviews. Any savings identified during the review were ratified and monitored through the Change Board which has been facilitated by Corporate Development.

Budgetary control

Budget management is through the monthly budget monitoring process. Where budget issues arise, these are generally managed by the finance team in conjunction with the budget holder but can be escalated to senior operational management. Financial management responsibilities were improved by the introduction of business partnering during 2022/23, to provide better support to the budget holders and help influence the right behaviours.

The MTFS links to the budget, as does the PCC Police & Crime Plan. This drives investment and capital programmes, disinvestment is driven by force leads identifying areas that will not compromise strategic priorities. The base budget incorporates on-going strategic priorities and funds new investment, likewise it recognises savings identified through strategic and business planning process. As noted in the outturn section of our review, the Force has successfully operated within its net revenue budget.

For the Capital Program, slippage has been routinely highlighted in the quarterly financial reports presented to the chief officers with overview explanations. It is noted that changes to the profile of capital programmes were confirmed to us were not due to funding issues and were predominantly stemming from delays relating to marketplace pressures particularly for fleet and accommodation, and there have been challenges for recruiting and resourcing the necessary roles to drive projects forward with a lot of competition in the marketplace.

Financial sustainability and governance

Budgetary control (Cont.)

From discussions with CFO of the Constabulary, there has been repeat slippage for the estate strategy over the last few years caused by:

- Major accommodation projects slipping due to issues found on surveys.
- Supply chain issues during COVID affecting vehicle replacements.
- The PCC has been evolving the direction and emphasis of the capital programme;
- Inability to recruit skilled labour to deliver projects.

We have made a recommendation with respect to this. For added context we highlight the scale of slippage through the table below:

Summary of Capital Programme	Forecast (£m)	2022/23 Actual spend (£m)	Slippage (£m)
ICT	8.172	6.973	(1.197)
Estate	11.109	4.343	(6.766)
Vehicle replacement programme	4.758	3.093	(1.665)
Other schemes	1.525	0.670	(0.855)
Total	25.564	15.079	(10.483)

Funding gaps

The MTFs recognises gaps between budget and funding going forward and therefore strengthens these gaps as each new financial year approaches. A combination of business saving targets, confirmation of settlement, precept decisions and inflationary matters such as pay, and non-pay inflation crystallise the budget ahead of this being agreed and concluded. The OPCC annual budget report recognises savings targets for the current year as well as funding gaps for future years and articulates the impact on policing locally. This document is in the public domain and available to local stakeholders.

The Constabulary develops savings proposals through its 'Business Planning' regime and presents these for agreement by the PCC as part of the annual budget setting process. The PCC and CC have a continuous process to identify and deliver savings to support the revenue budget with agreed savings robustly monitored throughout the year. Cost savings are reflected and tracked in quarterly reports which demonstrates the complexities of the financial position and the savings measures in place.

Planned savings are on track for being delivered in 2023/24. Substitute savings are being identified to meet the potential shortfall where a small number of low-level savings cannot be made as previously expected.

There are reserves held if there is a level of overspend or savings cannot be delivered on time or to the scale anticipated. These are a final backstop if all standard financial mitigations fail to bridge the gap. In this respect, a few principles of the MTFs which the PCC adheres to are that; i) the force will maintain general reserves at a level between 3% and 5% of the net revenue budget to cover any major unforeseen expenditure (in line with the published reserves strategy), and ii) The PCC and Chief Constable will aim to balance the revenue budget over the period of the MTFs without reliance on the use of the general reserve.

The usable reserves of the Group are held by the PCC and are available for the CC to utilise in the performance of his duties after consultation and approval of the PCC. Total general reserves form around 3.8% of the 2022/23 total revenue budget of £338.243million. The general reserves (DFM and general fund) held as of 1 April 2023 were £18.695million and represent around 5.2% of the current 2023/24 budget of £361.127million. Other earmarked reserves total £11.380million including £4.102million which is there to support investment in the PCC's capital programme for 2023/24 and beyond. The 2023/24 revenue budget includes a contribution from general reserves of £3.011million which reduces the level of available general reserves in 2023/24 to £15.684million (4.3% of the 2023/24 revenue budget) but is still well within the limits determined by the principles set.

Financial planning

Materially, the Constabulary recognises and very plainly stipulates that; "pay represents the single most significant element of cost for the organisation and any changes have a major impact for the budget." For context they reference that a 1% change in pay reflects approximately £3million noting the following increases:

- Pay award of 5% from September 2022 & 7% from September 2023
- Ongoing impact of PUP recruitment

The Medium-Term Financial Strategy (MTFS) assumes pay award increases of 2.5% in 2024/25 and 2% in subsequent years. For the 2023/24 budget setting, the Force notes that the pay increase of 7% from September 2023 is greater than the amount provided for in the revenue budget. Subsequently the Home Office confirmed they shall provide additional grant funding to meet the pressure of the 7% pay awards for all forces. Effective financial management has identified in year savings and efficiencies. An example of this is the scrutiny applied to overtime, non-pay budgets and careful management of vacancies are predicted to achieve an end of year underspend of approximately £700,000, building reserves for the budget pressures in years to come.

Financial sustainability and governance

Financial planning (Cont.)

The PCC and CCs continuous process in identifying and delivering savings to support the revenue budget has considered the following breakdown of savings are achievable and these total £7.875million for 2023/24:

- Changes to operating model = £2.500million
- Departmental savings = £2.350million
- Reduce establishment = £0.525million
- Vacancy savings = £2.500million

Financial Plan – consistency with other key strategies

The MTFS addresses the best financial information available for the current and following two financial years on a rolling basis. It assumes funding at current levels (grant & precept) and assumes any financial gaps on that basis. Whilst future year financial gaps are not closed immediately, they are used to inform potential saving levels required through the Force business planning during the Autumn period. This relates to revenue and short-term capital investment. Since 2022, there has been a new detailed 2-year rolling savings and efficiency plan that was introduced after a HMICFRS recommendation.

The majority of savings identified are recurring and built into the base position brought forward. Savings delivery has been tracked through budget monitoring performed by the management accounts team and this primarily considers pay savings against budgeted posts, and non-pay against reduced budget provision. There are no concerns with respect to planned savings as these are on track to be delivered on time for 2023/24. From our review, the MTFS clearly articulates what the plans are and how it intends to manage any potential gaps which could arise but also pointing towards salary reductions for police positions. The level of savings sought has been modest as the Force has been operating within its means and has reported a good track record on savings achieved as observed in the last PEEL assessment for 2021/22. The use of reserves seems to have been well considered and the governance around this is mature.

The PCC had noted the pressures faced by the Constabulary in relation to overtime and agency staff budgets. Senior leadership however remained optimistic about the underspend being forecasted and this would support balancing the budget over 2023/24 when there may be a requirement to rely on reserves. The concluded outturn view for 2022/23 confirmed this assessment was right and the plan was robust. Quarterly Accountability meetings are also in place to monitor performance against Lancashire's Police and Crime Plan 2021-2025 priorities. Performance management arrangements including the Management Board and Performance Contracts are being engrained into the process and will be used to manage financial issues by exception.

Managing financial risk

As part of the process, a Local Government Act 2003 report is produced alongside the MTFS to accompany the formal precept and budget paper. This report details the key assumptions, risks which underpin the expenditure and funding used in the preparation of the budget. The key conclusion is that the budget can be balanced in the short term, but an ongoing savings requirement programme is needed which is currently reported up until 2025/26.

In addition, there is an approved capital strategy in place which conforms to the Prudential Code, which is fully integrated to the revenue budget and MTFS. The investment strategy and borrowing strategies seek to balance risk and return. Under current market conditions there is a cleared balance towards investment security as investment returns are so poor. The Treasury Management function within the updated 2022/23 strategy comprised of:

- Prudential Indicators to provide a controlling framework for treasury management activities.
- Long-term debt outstanding.
- Prospects for interest rates.
- The Borrowing Strategy.
- The Investment Strategy.
- Policy on borrowing in advance of need.

At a higher level as stipulated in the Financial Regulations for this force, there is a clear demarcation between the responsibilities and authority of the PCC and CC noting that;

- i) The PCC is directly responsible for loans, investments and for borrowing money; AND
- ii) The Chief Constable is not able to borrow.

Conclusion

To ensure financial sustainability there is a clear demarcation of senior leadership responsibilities, and a mature and sensible approach has been defined. The forward planning on use and replenishment of reserves promotes stability and demonstrates a lot of awareness on how to appropriately tackle funding challenges and readily adapt where there is uncertainty.

The area which could benefit from further improvement is with respect to Estate strategy budgeting and monitoring process, so we have made two improvement recommendations as mentioned in the Executive Summary.

Overall, we found no evidence of any significant weaknesses in the PCC and Constabulary's arrangements for planning and managing its resources to ensure it can continue to deliver its services. Lancashire Police plans for the sustainable delivery of services and the revenue budgets, workplace plans, and capital planning are all consistent with the Police and Crime Plan.

Improvement recommendations

For the capital program and particularly for the estate strategy, this could benefit from being split down further by applying a form of the MoSCoW (M - Must have, S - Should have, C - Could have, W - Won't have) approach to enable critical policing infrastructure programmes and other key deliverables to be more of a focal point rather than being submersed in overall strategy slippage.

By disaggregating these balances this would also identify which elements of the PCC plan could be moderated so that the ambition marries up to a realistic timeline rather than being repeatedly re-phased. This would be similar to the 'priorities-based' budgeting approach being considered more broadly across police forces.

The force might benefit from a cultural shift with respect to accepting that the estate strategy does not always translate into the delivery being achievable within the timeline desired. Financial forecasting typically reflects what the most probable outcome will be from up-to-date intel available given by those deploying the projects rather than being 100% aspirational. This is to ensure a more realistic expectation is set to understand what levels of external borrowing should be applied for and would appropriately fund projects being completed at a given point in time.

The Capital programme is approved as part of the annual budget setting process and in recent history the planned expenditure has failed to be delivered. This impacts on both operational and financial efficiencies and as such a focused process needs to be put in place to deliver the programme as near to plan as possible in each financial year.

When comparing the concluded outturn to both the revised budgets and forecasts, it is consistently apparent that spending expectations set at each occasion throughout the year were not being met. This indicates that there may not been sufficient operational engagement between project management delivery and those setting the financial expectation.

It is however worth mentioning that the Force continues to coherently identify how capital expenditure has been financed. For 2022/23 it was reported that the capital element of expenditure totalled £15.079million and was financed from £10.088million of Revenue Resources, £3.675million of Borrowing, £0.670million from Capital Grant/Contributions, and £0.647million from Revenue Reserves.

Improvement Recommendation 1

Summary findings

Criteria impacted



Financial Sustainability

The determination of the capital programme forms part of the wider budget setting process. There are a number of specific reports presented to the PCC to propose the investment for the forthcoming years including specific business cases. This process in reality, focuses ONLY on 'Must haves' and there are no 'shoulds' or 'coulds' included due to the pressure on resources.

Management comments

The process is constantly refined to try to ensure the proposed programme delivery is as realistic as possible and it is mainly the significant accommodation schemes that slip into future years however work continues to minimise slippage through robust challenge and the performance monitoring of the programme throughout the year.

Improvement recommendations

Improvement Recommendation 2

The Constabulary has highlighted in other commentary that it intends to be strategically improving fleet availability and reducing hire car usage to generate savings. To be consistent with this the vehicle replacement programme on the MTFS should reflect this increase in investment.

Through the Police Uplift Programme (PUP) enabling Lancashire to increase officer numbers by more than 500 over the last three years, more devices will be in use and needed. In recognition of this, the ICT programme on the MTFS should reflect the change and impact of resizing of the organization.

In addition to what we have detailed in this report so far, we also observed that the capital programme on MTFS 2021/22 – 2025/26 for the ICT and vehicle replacement programme a fixed sum has been repeated for each of the years. This indicates that no inflationary year on year increase to costs is being considered and there are no adjustments being made to align with changes in demand which would typically be associated with the resizing of the Force as a result of the PUP recruitment drive.

Summary findings

From further discussion, we understand that later MTFS reviews are expecting to reflect some of these changes as the Constabulary becomes more informed about EV options available and for this to align with timings of when new build facilities are bringing online suitable EV infrastructure to support this. It has also been confirmed that there has been a strategic review on usage of vehicles to minimise the number of vehicles required for the re-sized front-line as the PUP resource pool matures.

Criteria impacted



Financial Sustainability

The capital programme reflects the organisational requirements for investment in fleet and ICT within the forecast that has been approved.

Management comments

Governance



We considered how the PCC and CC:

- monitor and assess risk and gain assurance over the effective operation of internal controls, including arrangements to prevent and detect fraud
- approaches and carries out the annual budget setting process
- ensure effective processes and systems are in place to ensure budgetary control; communicate relevant, accurate and timely management information (including non-financial information); supports statutory financial reporting; and ensures corrective action is taken where needed, including in relation to significant partnerships
- ensure they make properly informed decisions, supported by appropriate evidence and allowing for challenge and transparency. This includes arrangements for effective challenge from those charged with governance/audit committee
- monitor and ensure appropriate standards, such as meeting legislative/regulatory requirements and standards in terms of staff and board member behaviour (such as gifts and hospitality or declaration/conflicts of interests) and where it procures and commissions services.

Overview of governance arrangements

Our work has not identified any significant weaknesses in the governance arrangements of the PCC or CC. Each have effective individual and joint governance arrangements in place where responsibilities are well defined and published to percolate throughout the force and raise awareness.

During 2023 the PCC received a report setting out a new approach for the Joint Audit and Ethics Committee (JAEC). In response a meeting was held following a review of the current governance arrangements and based upon the recommendations made it was agreed the JAEC should be disestablished, and a new Joint Independent Audit Committee (JIAC) and a separate Joint Independent Ethics Committee (JIEC) be established.

With respect to the newly established JIAC, its role is to provide an independent review of the effectiveness of governance, risk management and control frameworks, financial reporting and annual governance processes, internal and external audit, and treasury management. The PCC and CC also have a Joint Corporate Governance Framework which sets out a shared approach to ensure appropriate governance and decision-making arrangements are in place and followed. The Joint Code of Corporate Governance sets out how core principles will be implemented, and describes the strategies, arrangements, instruments and controls to ensure good governance in both the PCC and CC corporations sole.

For reference, the PCC has two key statutory responsibilities:

- To secure the maintenance of an efficient and effective local police force.
- To hold to account the CC of Lancashire for the exercise of his functions and those of persons under his direction and control.

The CC has a statutory responsibility for:

- Maintaining the King's peace.
- The control, direction and delivery of operational police services provided by the force.

Monitoring and assessing risk

Both the OPCC and CC have arrangements in place to identify, understand, report and monitor risks. This is done at an operational and strategic level. Operational risks are monitored by the Senior Leadership Team with high risks being escalated to the Strategic Risk Register (SRR) which are assessed at PCC Executive Team meetings. The SRR is reported to and scrutinized by the Joint Audit Committee three times a year.

The arrangements for Risk Management are set out in the OPCC Risk Management Strategy and the Constabulary Risk Management Policy. Here it states that there is a requirement to, "put in place effective arrangements to ensure the OPCC and the Constabulary perform to high standards and to identify and deal with failure in service delivery."

The Force has a Risk and Opportunity Management Strategy that includes, "...a risk management methodology to assess the impact of a risk should it materialise...The methodology involves scoring risks based on the likelihood of the risk happening and the impact. It uses a 5x5 matrix that produces a risk score of between 1 and 25." The Force also has a risk likelihood matrix which effectively applies a RAG rating status from in-depth assessments.

The Risk and Opportunity Management Strategy is refreshed biannually in line with developing needs and has defined a reporting framework to escalate risks through the correct channels. The strategy splits Risks and Opportunities into three categories being; i) Strategic, ii) Operational, and iii) Project based. The strategy also considers; learning from the past, customer sensitivity, learning from others, and scenario planning.

During the review it was observed that for 2023/24 the risk management process has a refreshed approach to involve more staff from different disciplines and address a wider range of responses anticipated for pending HMICFRS reviews. Naturally this is in support of the latest 2023-2025 PEEL assessment framework.

Governance (continued)

Monitoring and Compliance with standards

The PCC and CC report that the top-down agenda is through compliance of the Nolan Principles and therefore expect the highest standards of behaviour and performance from everyone without exception. The leadership teams have an aspiration that there is a constructive and open culture through regular engagement which has been conveyed via intranet communications and roadshows for officers and staff.

Both PCC and Constabulary leadership approach their duties in a spirit of openness and transparency, and this is conveyed through the respective annual governance statements of both bodies. The PCC makes it exceptionally clear that; “It is really important that this office complies with the statutory obligations placed upon the Police and Crime Commissioner. This includes making sure we publish all the information we are required to publish in a clear and accessible way. We are determined to make sure anyone looking for information finds what they need quickly and easily.”

The PCC and CC have confirmed that registers of gifts and hospitality are maintained, and these form part of their anti-fraud and corruption arrangements. The registers are reviewed as during the final accounts process and cross referenced to the register of interests and related party disclosures. Anomalies are referred to the CFO's and Chief Executive to determine if follow up action is appropriate. We have observed that the Gift and Hospitality table available on the Police website only reports entries up until 2020 and not all line items clarify the value of the transaction being approved. We have made a recommendation later in this report which also highlights that the value of the transactions should always be declared without exception.

Chief Officers have overall responsibility for delivery of the policing service, senior officers have assigned functional responsibilities for specific aspects of policing, and individual officers have personal responsibility for compliance with regulatory standards. Similarly, senior support staff managers as the subject matter experts have responsibility for ensuring compliance with specific legislation in their respective departmental areas of business.

There are various ways in which this is monitored such as review of KPIs in Chief Officers Group and Boards, specific compliance units in operational policing, the work of the Joint Audit Committee and Ethics and Integrity Panel and the requirement to consult specialist functions when preparing reports for decisions. These arrangements are further enhanced by training in the law, the work of the Professional Standards Dept and Communications through the force intranet. This is more fully documented in the Annual Governance Statements of the PCC and Constabulary.

Informed Decision Making

Within the statement of Corporate Governance for the PCC for Lancashire and the CC of Lancashire, one of the core principles which underpins the arrangements adopted by both corporations sole is: “taking informed and transparent decisions which are subject to effective scrutiny and risk management arrangements.” The principles are set out in more detail in the CIPFA/SOLACE framework, Delivering Good Governance in Local Government, 2007.

Strategic decisions are made by the PCC Executive Team and the Constabulary Chief Officer Groups and on occasion such as budget setting by a Joint Meeting. In addition, the Constabulary ‘decision-making’ is supported by subsidiary boards with decision-making powers which are more limited.

Decisions are supported by papers and business cases, which are required to be consulted on with specialist departments to ensure that implications such as ICT, procurement, financial, legal, HR and risk management are taken into account as part of the process. Decision logs are maintained for both the Constabulary Chief Officer Group and PCC Exec Team, which are shared with relevant stakeholders. The focus is on core service delivery and decisions are taken in the context of the budget and MTFS. The Director of Legal Services, CFO and, where appropriate, functional specialists are consulted on strategic decisions to ensure they are legal. The decision-making process also assesses risks to ensure factors such as reputation are always being considered.

The JAEC reported near the end of 2022/23 that it was; “satisfied that the PCC and CC can take substantial assurance in respect of maintaining effective internal control, reporting on financial and other performance and in respect of risk management arrangements.”

Governance (continued)

Audit Committee Effectiveness

The Joint Audit and Ethics Committee (JAEC) has been regularly assessed against CIPFA best practice guidance on the role of Audit Committees and was fully compliant throughout 2022/23. Whilst members of the Committee have had a wide range of experience, if there were operational issues the Audit Committee has been attended by appropriate senior leaders from the Constabulary and OPCC. The PCC and Chief Constable mandatorily attend for approval of the statement of accounts.

As reported earlier it was recommended that the Joint Audit and Ethics Committee should be disestablished, and a new Joint Independent Audit Committee (JIAC) and a separate Joint Independent Ethics Committee (JIEC) should be established. There has been a consensus that the agendas of the recently disestablished committee had been becoming too broad and less effectiveness over time. In support the PCC and CC have considered a draft Terms of Reference which also incorporates the views of those who were on the committee of the JAEC.

Accordingly, the PCC and the CC agreed to

- 1) Revoke the decision made in September 2015 to set up a JAEC. (Decision 42/2015)
- 2) Approve the establishment of a JIAC
- 3) Approve the Terms of Reference for the JIEC.

Lancashire Constabulary outsource their internal audit function, and Lancashire County Council's Internal Audit Service was the reappointed provider for 2022/23. The Internal Audit (IA) function was subject to an External Quality Assessment (EQA) in February 2023 in line with Public Sector Internal Audit Standards (PSIAS) and was measured in five key areas for 2022/23 being: i) IIA Standards, ii) Focus on performance, risk and adding value, iii) Coordination and maximizing assurance, iv) Operating with efficiency, v) Quality Assurance and Improvement Programme.

Since the previous EQA assessment made in November 2017 the one area which has seen improvement is with respect to 'Operating with efficiency. The other key areas attained the same rating as before. The EQA overall opinion is that the Internal Audit team 'generally conforms' to the IIA Standards as it has done before and confirmed that the IA function "conforms to 56 of the 64 relevant principles, with partial conformance on four principles. Four of the remaining principles were not relevant to Lancashire County Council's Internal Audit Service."

Internal audit reports do not allude to any significant weaknesses in internal controls providing a moderate assurance level overall primarily because the Governance and Decision-Making component of their review was paused and moved to the 2023/24 audit plan in recognition that the revised governance process was being newly implemented and needed to embed. Internal Audit reported that good assurance levels was provided on 73% of audits complete but also more progress was needed for actions agreed from previous audits.

We also note that the Internal Audit function had rightly expanded the scope of work for the 2022/23 to explore controls on banking and Barclaycard payment arrangements and specifically in recognition of new areas of responsibility which have been transferred from Lancashire County Council to the Constabulary as a result of the Oracle V12.2 ERP system being hosted independently.

Conclusion

Overall, we found no evidence of any significant weaknesses in the PCC or CC arrangements for making decisions in the right way. There are some minor improvements and suggestions we make to support some continuous refinement of processes and reporting. These are in relation to the Gifts and Hospitality register and ensuring transparency can be adequately facilitated.

Improvement recommendations

Improvement Recommendation 3

The Force would benefit from having a more vigorous housekeeping routine for ensuring the literature on the website is accessible, up to date, and complete. To promote transparency and as best practice, this should be adequately facilitated with scheduled checks to ensure the publications being made available are current and still relevant.

Summary findings

In recent years we have continued to highlight that minutes of past meetings on the PCC website should be reviewed for completeness and should be kept up to date. Whilst we have been advised that resources have been assigned by the OPCC to deliver this action, the website does have some areas which have not been brought up to date with a few instances where some links are no longer in operation.

We also observe that the contents of the PCC website are not reflecting the changes agreed regarding the Joint Audit and Ethics Committee (JAEC) being disestablished and replaced by a new Joint Independent Audit Committee (JIAC) and a separate Joint Independent Ethics Committee (JIEC).

We understand further steps have been taken to address this to ensure there is more resilience in this activity moving forward.

Criteria impacted



Governance

Management comments

A process of regular review has been introduced and resource has been made available to ensure the timeliness of the publication of information.

Improvement recommendations

Improvement Recommendation 4

For consistency and context of what is being approved and what is not, the value of the transactions reported for Gifts and Hospitality should always be declared and visible without exception.

Summary findings

From our initial review in February 2023, we observed that the Gift and Hospitality table available on the Police website was not particularly current as this only reported entries up until 2020. From this record is apparent that not all line items clarify the value of the transaction being approved. Since then, we understand there have been recent updates providing more current detail and there is an intention to identify if the spend is below £50, above £50, or above £100.

Criteria impacted



Governance

Management comments

This has now been addressed

Improving economy, efficiency, and effectiveness



We considered how the PCC and CC:

- use financial and performance information to assess performance to identify areas for improvement
- evaluate the services they provide to assess performance and identify areas for improvement
- ensure they deliver their role within significant partnerships and engage with stakeholders they have identified, in order to assess whether objectives are being met
- where they commission or procure services assess whether they are realising the expected benefits.

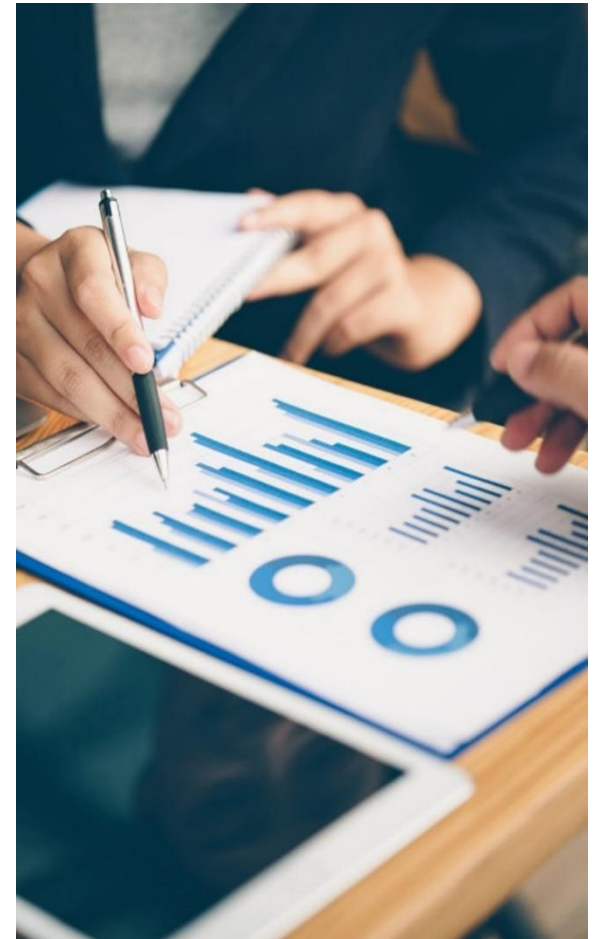
Overview of Arrangements for improving economy, efficiency and effectiveness

The PCC and CC have put in place effective arrangements to improve economy, efficiency, and effectiveness. Their spending consistently aligns to delivery of the statutory service with the Lancashire's Police and Crime Plan 2021-2025 identifying five key priorities being:

1. Getting Tough on Anti-Social Behaviour.
2. Disrupting and Dismantling Organised Crime.
3. Tackling Domestic Abuse and Sexual Violence.
4. Cracking Down on Burglary and Robbery.
5. Targeting Dangerous Driver .

The constabulary's expenditure is directed towards the CC's responsibility in maintaining the King's Peace and delivery of an effective policing service which is a key element of the Police and Crime Plan.

The PCC also has a Plan-on-a-Page that aims to prioritise the dedication and commitment of the constabulary in delivering victim focused solutions and outcomes. This Plan-on-a-Page also directly reflects many of the priorities outlined in the PCC's Police and Crime Plan reinforcing that there remains an underlying consistent joined-up ambition in leading the fight against crime and protect the safety of local communities.



Improving economy, efficiency, and effectiveness (continued)

Performance Reporting

Regional 'Heads of Performance' meet bi-monthly, and the 'All-Forces Performance Group' provides opportunities to learn from others. The quality of performance data is assured through scrutiny and testing by corporate analysts, the utilisation of Power BI dashboards and their reports. There is also reality testing by the operational Senior Management Teams and Constabulary's Auditors.

Performance is mainly benchmarked against other forces via the Digital Crime and Performance Pack (DCPP) collectively developed by HMICFRS and key policing partners. The web-based service iQuanta is another valuable data source for benchmarking activity for the police operational staff, Community Safety Partnerships (CSPs) and HMIC. Assessments are reported monthly and are accompanied by a performance framework to identify areas of concern and continue driving through improvements. Data is also shared via the Multi-Agency Data Exchange (MADE) with Local Authorities, Ambulance and Fire Services. Audits are routinely carried out in collaboration with Local Authorities to identify both potential gaps and areas for improvement. The Joint Audit and Ethics Committee (JAEC) had oversight and provided the governance around these processes.

As a more operationally based constructive example of a performance review, the constabulary has relatively new internal and external scrutiny groups that monitor 'Stop and search' and the 'Use of force'. For this there is a panel which has selected random incidents when stop and search powers or force were used, and these are scrutinised through review of connected documents and the Body-Worn Video (BWV) footage. Feedback given to officers has resulted in the purchase of different BWV holders for officers that do not wear uniforms and improvements to the system that play back footage.

HMICFRS PEEL report

The 'HMICFRS PEEL Inspection was undertaken in 2022 and ahead of this, HMICFRS raised concerns in relation to Investigative Standards, Keeping People Safe and Force Control Room.' Subsequent improvements were made resulting in "one of the best PEEL reports in the country" demonstrating how the Force reacts accordingly and directs resources to address concerns.

In the 2021/22 the PEEL report noted that it was impressed by how the constabulary "responded positively to the inspectors' feedback and quickly worked to address any issues raised."

It also highlighted that some areas of improvement would have been swiftly dealt with prior to publication of findings. In August 2023, the Commissioner received a presentation setting out the Constabulary's progress against the HMICFRS recommendations and Areas for Improvement and their readiness in relation to the next PEEL Inspection expected in 2024.

Service improvement

Whilst there is a clear focus on serious criminality, in the last twelve months Lancashire has been one of only a small number of forces nationally who have seen a reduction in all crime reported, and on a year-to-date basis this equates to 1,800 less victims of crime. The Constabulary has delivered sustained reductions in Residential Burglary, Business and Community Burglary and Personal Robbery in comparison to both 2021/22 and the pre-pandemic period. The Constabulary can also proudly report that in their jurisdiction there was a 13% reduction of all crime and 21% reduction of serious violence observed in hotspots compared with the same period in the previous year.

As an example of a service improvement initiative in place, to tackle established criminality, 'Operation Warrior' was launched by the Constabulary as a force-wide approach for tackling Serious and Organised Criminality. For this, 'Designated Lead Officers' effectively assume a project management approach embracing media campaigns to raise awareness linked to Crimestoppers for the public to report relevant intelligence. A targeted intelligence-based approach to tasking ensures that criminal behaviour is addressed consistently and in a co-ordinated way to achieve the best outcome.

Economy and success in multi-agency safeguarding hub (MASH) arrangements has been elevated by the Constabulary's emphasis on ensuring police gain consent from families prior to referral to children's social care (CSC). To demonstrate this is an effective approach, it has also been reported that individual officer workloads have also been significantly reduced by a focus on reducing open investigations.

Improving economy, efficiency, and effectiveness (continued)

Service improvement (Cont.)

To achieve this there has been a drive to ensure victims are updated quickly with regards to solvability of crimes, and known offenders are dealt with expeditiously with outstanding enquiries brought to a conclusion. As a result of this initiative, it was reported that open investigations have gone down by c45% from 28,800 to 15,700.

To help ensure that officers and staff can continue to focus on key priority areas, the PCC committed to reducing demand on Police services. Lancashire Constabulary adopted Right Care Right Person (RCRP) which is now seen as national best practice and is being supported by the College of Policing who are overseeing its roll out across England and Wales.

The benefits of RCRP are wide ranging both for the Constabulary and service users. A question set allows the call taker to identify callers who would be better served by contacting partner agencies direct. This process removes the unnecessary deployment of officers, creating additional capacity so that officers can spend more time improving the quality of their interactions with victims, and enhancing investigation standards. It is estimated 4,278 hours of officer time has already been released by signposting service users to lead agencies and not deploying police officers unnecessarily.

The Constabulary is also seeing a reduction in calls for service as partners and the public become more comfortable with calling the appropriate lead agency in the first instance instead of defaulting to call the Police.

Partnership working

Lancashire Constabulary prides itself on effective collaboration and its joint approach to tackle threat, harm, and risk. The Lancashire Violence Reduction Network (LVRN) has made significant impact across Lancashire and is a great example where partnership arrangements improve services to the communities of Lancashire. LVRN supports a more effective first response to incidents by locating independent domestic violence advisors closer to scene. Multi-agency risk assessment conferences (MARACs) have been established across the three police divisions for Lancashire Constabulary which raises awareness and promotes engagement from partner organisations. MARAC meetings in Blackburn with Darwen Borough Council were held daily as a pilot and due to the success of this, this has been replicated throughout Lancashire.

The Chief Officer Team (COT) has overall responsibility for the monitoring of these partnership arrangements and accountability for delivery.

Partnership working (Cont.)

They provide updates that consider ramifications of plans of action and financial impact working closely with Chief Executives across all councils and districts in Lancashire to improve service delivery to the public via Community Safety Partnership Boards, Safeguarding Boards, Lancashire Criminal Justice Boards, and many other strategic meetings.

Examples of other prominent partnerships the Constabulary is involved with in delivering significant benefits include;

- The Multi Agency Safeguarding Hub (MASH) in conjunction with local councils for a collaboration with the University of Central Lancashire for delivery of the police apprenticeships training
- A partnership collaboration with the University of Central Lancashire for Lancashire Forensic Science Academy (LFSA, student developments in forensic science), AND
- Recent investment with other North West forces in relation to providing joint forensic capability, including Regional Drugs Facility (RDF), Regional Toxicology Facility (RTF).

Over the period the constabulary has also continued to work with the National Farmers Union (NFU) and RSPCA to engage with rural communities to understand the crimes they are affected by benefiting from training and joint operations. The last PEEL report published may have been in relation to 2021/22 but the partnership arrangements referenced above are still relevant for 2022. The latest PEEL report considered this rural crime taskforce initiative to be “innovate and effective.”

During 2022/23 there was notably:

- Continued academic collaborations to embed evidence-based practices.
- Working with Lancashire Resilience Forum to deliver Operation Goshawk and Operation London Bridge.
- Supporting Lancashire Violence Reduction Network
- Delivering Street Triage in collaboration with NHS colleagues for a multi-agency approach to protecting people in crisis.

Improving economy, efficiency, and effectiveness (continued)

Commissioning and procurement

For procurement there is a practical and detailed 'Guide to Tendering Procedures- PCC Scheme of Governance/Consent' flowchart in place. There is also a Procurement Strategy recently refreshed consistent with CIPFA arrangements adopted and PEEL recommendations which influence this area.

The overarching responsibility for reviewing and advising on the effectiveness of the financial control framework rests with the PCCCFO. The financial control framework effectively follows the hierarchy listed below:

- Standing Orders Approved by PCC.
- Financial Regulations Approved by PCC.
- Financial Instructions Approved by PCC/CC.
- Lancashire Constabulary Scheme of Devolved Financial Management (DFM) Approved by the CC
- Manuals of Guidance/Work Procedures Approved by the CC

What has been verified here is that procurement regulations are in place governing both PCC and CC, and no challenges to the OPCC / Constabulary procurement processes or contract awards have been identified. The most recent audit of procurement provided substantial assurance that an effective process has been in place for 2022/23.

From the last Procurement Strategy some key stats from the function were attained which provided a good indication that the spread of arrangements has been monitored and well understood. To facilitate this there is also a clear Guide to Tendering Procedures which walks through approval process of the PCC Scheme of Governance/Consent. With the Force now Hosting Oracle V12.2. ERP system independently from the Lancashire County Council, it will no doubt be worthwhile establishing how this has potentially enhanced the arrangements in place to monitor performance of key service providers more effectively.

Conclusion

During 2022/23 Lancashire Constabulary has successfully supported local and national policing operations including London Bridge following the death of her Majesty the Queen and the Commonwealth Games held in Birmingham. In general, there has also a lot of progress for the Force particularly with examples such as the reported 13% reduction of all crime and 21% reduction of serious violence observed in hotspots compared with the same period in the previous year.

The Constabulary has proactively sought opportunities to extract the benefits of working collaboratively to not only reduce costs but increase resilience contributing towards the ongoing improvements in driving through better economy, efficiency, and effectiveness. There are mature arrangements in this respect and more recently there has been innovative joint working with the University of Central Lancashire to develop improved evidence-based practice. All service delivery decisions including these are then made through the Chief Officer Team following submission of appropriately budgeted templates, with accompanying rationale justifying the service delivery benefits associated with any investment.

The Constabulary has also recognised that the PEQF (Policing Educational Qualification Framework) training programme must be undertaken by all new officers. This essentially means that there are invariably going to be delays in the PUP resource being deployed to the frontline and taking up posts that will contribute to building a more effective force. To address this, the IPLDP (Initial Police Learning and Development Programme) entrance route has been reintroduced to accept additional posts from the PUP. It is worth noting that this has provided a natural opportunity to offer an entry route to a wider group of applicants helping increase representation, whilst primarily facilitating a shorter period to operational deployment.

Follow-up of previous recommendations

#	Recommendation	Type of recommendation	Date raised	Progress to date	Addressed ?	Further action?
1	Given the current economic uncertainties a formal and more frequent review and update of the assumptions underpinning the MTFS (Medium Term Financial Strategy) should be undertaken. This would include sensitivity analysis and scenario planning on key assumptions and estimates. This should be undertaken at least mid-year and more often if possible.	Financial Sustainability Improvement	December 2022	Financial strategy and mid-year report both now published. PCC and Chief Constable briefed on updated assumptions alongside quarterly financial monitoring reports. Any specific changes to assumptions outside regular reporting system reported to the PCC and Chief Constable when they occur. For example, 'new' additional funding announcements.	Yes	None required
2	The Capital Programme regularly underspends with multiple changes in year and slippage rolled forward into subsequent financial years. More robust programme management arrangements are required.	Financial Sustainability Improvement	December 2022	Capital programme scrutinised through quarterly monitoring and revised during year as required. Uncertainties remain, and profiling of major accommodation schemes will always be subject to fluctuations in timing, process allows programme to be flexed to reflect this.	Not fully	Upgraded recommendation made
3	The Capital Programme regularly underspends with constant changes in year and slippage rolled forward into subsequent financial years. More robust programme management arrangements are required.	Financial Sustainability Improvement	December 2022	As above	Not fully	As above
4	There should be a consistent approach to the dating and setting of review dates for all Strategies and policies within both the PCC and Constabulary.	Governance Improvement	December 2022	Financial Strategies reviewed and published by 31st March each financial year.	Yes	None required
5	Minutes of past meetings on the PCC website should be reviewed for completeness. Minutes on the website should be kept up to date.	Governance (2020/21) follow up improvement	September 2022	Resources have been put in place in the OPCC to deliver this action.	Not fully	Refer to latest recommendation

Opinion on the financial statements



Grant Thornton provides an independent opinion on whether the PCC and CC's financial statements:

- give a true and fair view of the financial position of the PCC and CC as at 31 March 2023 and of its expenditure and income for the year then ended; and
- have been properly prepared in accordance with the CIPFA/LASAAC Code of practice on local authority accounting in the United Kingdom 2022/23

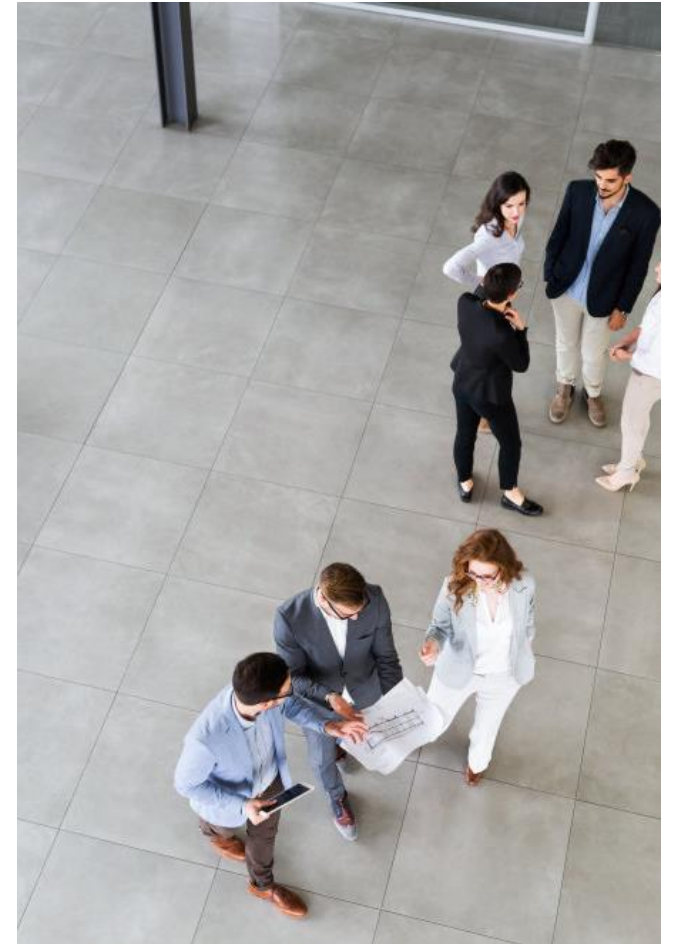
We conducted our audit in accordance with:

- International Standards on Auditing (UK);
- the Code of Audit Practice (2020) published by the National Audit Office; and
- applicable law.

We are independent of the PCC and CC in accordance with applicable ethical requirements, including the Financial Reporting PCC and CC's Ethical Standard.

Audit opinion on the financial statements

We highlight that whilst the Accounts and Audit (Amendment) Regulations 2022 require the audited accounts and opinion is published by 30 September 2023, the backlog of audit workload within the Local Government sector has led to delayed scheduling of the audit for 2022/23.



Appendices

Appendix A – Responsibilities of the Police and Crime Commissioner and Chief Constable

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

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

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

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

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

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



Appendix B – An explanatory note on recommendations

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

Type of recommendation	Background	Raised within this report	Page reference
Statutory	Written recommendations to the PCC and CC under Section 24 (Schedule 7) of the Local Audit and Accountability Act 2014.	No	N/A
Key	The NAO Code of Audit Practice requires that where auditors identify significant weaknesses as part of their arrangements to secure value for money they should make recommendations setting out the actions that should be taken by the PCC and CC. We have defined these recommendations as 'key recommendations'.	No	N/A
Improvement	These recommendations, if implemented should improve the arrangements in place at the PCC and CC, but are not a result of identifying significant weaknesses in the PCC and CC's arrangements.	Yes	12 – 13, 17-18

Appendix C: Key acronyms and abbreviations

The following acronyms and abbreviations have been used within this report

AAR – Auditor’s Annual Report

COT – Chief Officer Team

CC – Chief Constable

CIPFA – Chartered Institute of Public Finance and Accountancy

CJICIG – The CJ Chief Inspectors Group

DCPP – Digital Crime and Performance Pack

DVPOs – Domestic Violence Protection Orders

HoIA – Head of Internal Audit

HMIC – His Majesty's Inspectorate of Constabulary

HMICFRS – His Majesty's Inspectorate of Constabulary and Fire & Rescue Services

IA – Internal Audit

IPCC – Independent Police Complaints Commission

JAC – Joint Audit Committee

JAEC – Joint Audit and Ethics Committee

MADE – Multi-Agency Data Exchange

MARACs – Multi-agency risk assessment conferences

MRP – Minimum Revenue Provision

MSPPB – Merseyside Strategic Policing and Partnerships Board

MTFP – Medium Term Financial Plan

MTFS – Medium Term Financial Strategy

NAO – National Audit Office

NOF – National Outcomes Framework

OPCC – Office of the Police and Crime Commissioner

PEEL – Police Effectiveness, Efficiency, Legitimacy (assessment)

PCC – Police Crime Commission

PCP – Police and Crime Panel

PIDA – Public Interest Disclosure Act 1998

PUP – Police Uplift Programme

PSAA – Public Sector Audit Appointments

PWLB – Public Works Loads Board

ROCUs – Regional Organised Crime Units

SIAS – Shared Internal Audit Service

SOC – Serious and Organised Crime

TCWG – Those Charged with Governance

VfM – Value for Money