

Auditor's Annual Report

Office of the Police and Crime
Commissioner for Cleveland and the
Chief Constable for Cleveland – year
ended 31 March 2021

November 2022



Contents

- 01 Introduction
- 02 Audit of the financial statements
- 03 Commentary on VFM arrangements
- 04 Other reporting responsibilities and fees

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01

Section 01: **Introduction**

1. Introduction

Purpose of the Auditor's Annual Report

Our Auditor's Annual Report (AAR) summarises the work we have undertaken as the auditor for both the Office of the Police and Crime Commissioner for Cleveland (PCC) and the Chief Constable for Cleveland ('the CC') for the year ended 31 March 2021. Although this report is addressed to the PCC and CC, it is designed to be read by a wider audience including members of the public and other external stakeholders.

Our responsibilities are defined by the Local Audit and Accountability Act 2014 and the Code of Audit Practice ('the Code') issued by the National Audit Office ('the NAO'). The remaining sections of the AAR outline how we have discharged these responsibilities and the findings from our work. These are summarised below.



Opinion on the financial statements

We issued our audit reports on 14 December 2021. Our opinions on the financial statements for the PCC & Group and CC were both unqualified.



Value for money arrangements

In our audit reports, issued on the 14 December 2021, we reported that we had not completed our work on the PCC or CC's arrangements to secure economy, efficiency and effectiveness in their use of resources and had not reported significant weaknesses in either the PCC's or CC's arrangements at the time of reporting.

Section 3 confirms that we have now completed this work and provides our commentary on the PCC and CC's arrangements. We report a significant weaknesses in arrangements relating to the 'Inadequate' rating of the Force by Her Majesty's Inspectorate of Constabulary and Fire & Rescue Services (HMICFRS) from its report in 2019, and the need to accelerate the progress made in addressing the issues identified.

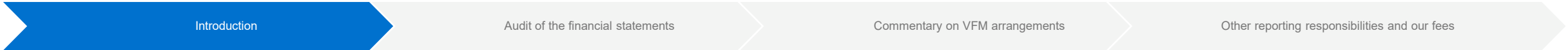
Our conclusions are limited to addressing the outstanding issues in the HMICFRS report, and we have not highlighted any additional issues for either the PCC or CC to address. Although some progress has been made since the original HMICFRS inspection the ratings have not yet changed. This primarily relates to the Chief Constable's arrangements, which were the subject of the HMICFRS inspection, but have implications for the PPC, although the PCC is not subject to assessment by HMICFRS.



Wider reporting responsibilities

We received group instructions from the National Audit Office on 21 July 2022 in relation to Whole of Government Accounts work. The firm has raised a query in relation to these instructions and once this has been addressed, we will be able to complete work on the Whole of Government Accounts return and issue our audit certificate to formally close the 2020/21 audit.

The 2014 Act requires us to give an elector, or any representative of the elector, the opportunity to question us about the accounting records of the PCC and CC and to consider any objection made to the accounts. We did not receive any questions or objections in respect of either the PCC & Group or CC's financial statements.



02

Section 02:

Audit of the financial statements

2. Audit of the financial statements

The scope of our audit and the results of our opinion

Our audits were conducted in accordance with the requirements of the Code, and International Standards on Auditing (ISAs).

The purpose of our audits is to provide reasonable assurance to users that the financial statements are free from material error. We do this by expressing an opinion on whether the statements are prepared, in all material respects, in line with the financial reporting framework applicable to the PCC & Group and CC and whether they give a true and fair view of the PCC & Group and CC's financial position as at 31 March 2021 and of the financial performance for the year then ended. Our audit reports, issued on 14 December 2021 gave unqualified opinions on the financial statements for the PCC & Group and CC for the year ended 31 March 2021.

Our Audit Completion Report, presented to the PCC and CC's Joint Independent Audit Committee on the 11 November 2021 provides further details of the findings of our audits of the PCC & Group and CC's financial statements. This includes our conclusions on the identified audit risks and areas of management judgement, internal control recommendations and audit misstatements identified during our audits of both the PCC and CC.

Qualitative aspects of the PCC & Group and the CC's accounting practices

We reviewed the PCC & Group and CC's accounting policies and disclosures and concluded they comply with the 2020/21 Code of Practice on Local Authority Accounting, appropriately tailored to the PCC & Group and CC's circumstances.

Draft accounts were received from both the PCC & Group and CC on 5 July 2021, in advance of the revised statutory deadlines and were of a good quality. The accounts were supported by good quality working papers, and we received full co-operation from the Finance Team in responding to our queries on a prompt basis.

Significant difficulties during the audit

We did not encounter any significant difficulties during the course of our audits, and we have had the full co-operation of management.

03

Section 03:

Commentary on VFM arrangements

3. VFM arrangements – Overall summary

Audit approach

We are required to consider whether the PCC and CC have made proper arrangements for securing economy, efficiency and effectiveness in their use of resources. The NAO issues guidance to auditors that underpins the work we are required to carry out for both the PCC and the CC and sets out the reporting criteria that we are required to consider. The reporting criteria are:

- **Financial sustainability** - How the PCC and CC plan and manage resources to ensure services can continue.
- **Governance** - How the PCC and CC ensure that they make informed decisions and properly manage risks.
- **Improving economy, efficiency and effectiveness** - How the PCC and CC use information about costs and performance to improve the way services are delivered and managed.

At our planning stage, we undertake work so we can understand the arrangements that the PCC and CC have in place under each of the reporting criteria. As part of this work we may identify risks of significant weaknesses in those arrangements. Where we identify significant risks, we design programmes of work (risk-based procedures) to enable us to decide whether there are significant weakness in arrangements. Although we describe this work as planning work, we keep our understanding of arrangements under review and update our risk assessment throughout the audit to reflect emerging issues that may suggest there are further risks of significant weaknesses.

Where our risk-based procedures identify actual significant weaknesses in arrangements, we are required to report these and make recommendations for improvement.

To put this work into context we outline below the different roles of the PCC and the CC, and also set out the role of HMICFRS.

Role of the Police and Crime Commissioner

We use key extracts from the Association of Police and Crime Commissioners (APCC) to explain the role and key accountabilities:

The role of the Police and Crime Commissioner (PCC) is to be the voice of the people and hold the police to account. They are responsible for the totality of policing.

PCCs aim to cut crime and deliver an effective and efficient police service within their police force area. They are elected by the public to hold Chief Constables and the force to account, making the police answerable to the communities they serve.

PCCs ensure community needs are met as effectively as possible and are improving local relationships through building confidence and restoring trust. They work in partnership across a range of agencies at local and national level to ensure there is a unified approach to preventing and reducing crime.

Under the terms of the Police Reform and Social Responsibility Act 2011, PCCs must:

- *secure efficient and effective police for their area.*
- *appoint the Chief Constable, hold them to account for running the force, and if necessary, dismiss them.*
- *set the police and crime objectives for their area through a police and crime plan;*
- *set the force budget and determine the precept;*
- *contribute to the national and international policing capabilities set out by the Home Secretary; and*
- *bring together community safety and criminal justice partners, to make sure local priorities are joined up.*

Further detail can be found on their website: <https://apccs.police.uk/role-of-the-pcc/>

Role of the Chief Constable

We use key extracts from the College of Policing website to explain the role and key accountabilities of the Chief Constable using their Professional Role Profile for a Chief Constable:

Role Purpose

The Chief Constable has overall responsibility for leading the Force, creating a vision and setting direction and culture that builds public and organisational confidence and trust, and enables the delivery of a professional, effective and efficient policing service.

3. VFM arrangements – Overall summary

Role of the Chief Constable (continued)

Role Purpose (continued)

The Chief Constable has overall responsibility for leading the Force, creating a vision and setting direction and culture that builds public and organisational confidence and trust, and enables the delivery of a professional, effective and efficient policing service.

Key Accountabilities

- Set and ensure the implementation of organisational and operational strategy for the Force, having due regard to the Police and Crime Plan and Strategic Policing Requirement and any wider plans and objectives, in order to provide an effective and efficient policing service that meets current and future policing demands.
- Develop a mutually productive strategic relationship with the Police and Crime Commissioner in line with the requirements of the Policing Protocol, whilst fulfilling all statutory and legal obligations as Corporation Sole.
- Develop and maintain governance arrangements and processes within the force, to ensure effective decision making and appropriate action at all levels/tiers of the organisation.
- Lead the Force, communicating a clear direction, setting organisational culture and promoting values, ethics and high standards of professional conduct to enable an effective and professional service.
- Lead, inspire and engage the Chief Officer Team; setting and role modelling approaches to a workforce culture that promotes wellbeing, facilitates impactful professional development and performance management to create empowered teams that effectively enable the achievement of the Force vision and goals.
- Hold accountability for Force financial management and determine functional budgets within the agreed framework as issued by the Police and Crime Commissioner, to ensure the effective use of public spending and maximise value for money.
- Fulfil the authorising responsibilities of a Chief Constable e.g. authorisation of intrusive surveillance and maintain operational oversight, holding accountability for effective, compliant policing responses, in order to protect the public and further develop the Force's operational strategies.
- Lead and command the operational policing responses on occasion, in the most high risk and high profile instances, in order to protect the public and ensure an appropriate and effective response.

- Advise national bodies such as COBR on matters of public safety and national security to contribute to effective decision making that protects the public from serious threat and upholds the law.
- Develop and maintain strategic relationships with local, regional and national partners, effectively influencing and collaborating to contribute to improvements and change in the broader operating context and enable the achievement of the Force objectives.
- Represent the Force at a local, regional and national level to the public, media and other external stakeholders to promote visibility, connect with the public and build confidence in policing.
- Lead national thinking, policy and guidance within an area of specialism to enable the continuous improvement of effective policing practice.
- Create and drive a culture of development, change and innovation to ensure enhanced productivity, value for money and continuous improvement in evidence based policing.
- Play an active role in national decision making on the development of the Police Service to enable the effective co-ordination of operations, reform and improvements in policing and the provision of value for money.

Further detail can be found on the College of Policing website:

<https://profdev.college.police.uk/professional-profile/chief-constable/#:~:text=The%20Chief%20Constable%20has%20overall,effective%20and%20efficient%20policing%20service.>

Role of HMICFRS

We use key extracts from the HMICFRS website to explain the work of this independent inspectorate:

For over 160 years, HM Inspectorate of Constabulary independently inspected and reported on the efficiency and effectiveness of police forces– in the public interest.

In summer 2017, HMIC took on inspections of England's fire and rescue services, inspecting and reporting on their efficiency, effectiveness and people.

We ask the questions that we believe the public wish to have answered, and publish our findings, conclusions and recommendations. We use our expertise to interpret the evidence and make recommendations for improvement.

3. VFM arrangements – Overall summary

Role of HMICFRS (continued)

We provide authoritative information to allow the public to compare the performance of their police force and fire and rescue service against others. We also routinely monitor the performance of police forces in England and Wales.

At HMICFRS, we inspect, monitor and report on the efficiency and effectiveness of the police and FRSs with the aim of encouraging improvement.

By providing accessible information on the performance of forces and FRSs, we allow their public, and peers, to see how they are doing. This will place pressure on those forces and FRSs requiring improvement in aspects of policing and fire and rescue to raise their game.

We will always try to see policing and fire and rescue through the public's eyes. We will use consumer 'watchdog' tactics, such as mystery shopping, and ask the public, in surveys, what they think about policing and fire and rescue and where they want to see improvements.

Our reports are clear, jargon-free, accessible, measured, objective, statistically reliable and authoritative.

We also continue to provide high-quality professional advice to the police and FRSs, using experienced officers and other subject-matter experts to identify the best practice from which all forces and FRSs can learn to improve their performance. We encourage operational excellence and a good deal for the public in terms of value for money.

We carry out many police force and fire and rescue service inspections and visits on a regular and rolling basis, and publish our findings on this website. Our reports on broad policing and fire and rescue themes and specific subjects – from terrorism and serious organised crime to custody arrangements – can all be found in the [publications section](#).

Further detail can be found on the HMICFRS website:

<https://www.justiceinspectorates.gov.uk/hmicfrs/about-us/what-we-do/>

Summary

So, the Police and Crime Commissioner has a key role in working with their communities to set the strategic direction for policing, to appoint the Chief Constable and hold them and the Force to account, to set the Force budget and the precept for raising council tax.

The Chief Constable has considerable autonomy and operational independence, but does need to work effectively with the Police and Crime Commissioner and is accountable to the Police and Crime Commissioner for financial management, the effective use of public spending and maximisation of value for money.

HMICFRS provide an independent inspection of police forces, but this does not extend to the work of the Police and Crime Commissioner.

Our assessment of Cleveland Police

We report a significant weaknesses in arrangements relating to the 'Inadequate' rating of the Force by Her Majesty's Inspectorate of Constabulary and Fire & Rescue Services (HMICFRS) from its report in 2019, and the need to accelerate the progress made in addressing the issues identified.

Our conclusions are limited to addressing the outstanding issues in the HMICFRS report, and we have not highlighted any additional issues for either the PCC or CC to address.

Although some progress has been made since the original HMICFRS inspection the ratings have not yet changed.

We report separately on the CC and PCC.

The issues in the HMICFRS inspection report are directly relevant to the CC, and that is where the primary need for action exists. This is because the HMICFRS review is of the Force and not the PCC.

In our view, however, we extend our identification of a significant weakness and recommendation to the PCC as well as the Force, as the existence of such weaknesses in the Force indicates the need to improve the PCC's oversight of the Chief Constable and Force, in terms of holding the Chief Constable to account for their performance.

3. VFM arrangements – Overall summary

It is also important to recognise that although the HMICFRS findings cut across all of our reporting criteria – financial sustainability, governance and improving economy, efficiency and effectiveness – the significant weakness that exists and the recommendation in relation to it does not reflect on all aspects of the respective arrangements of the CC and PCC. It relates to specific aspects of the arrangements as summarised below, for the CC, and on the following page for the PCC.

Significant weaknesses in CC’s arrangements

The risks of significant weakness we identified in the Audit Strategy Memorandum resulted from the adverse HMICFRS findings in its 2019 inspection report, where Cleveland Police Force was assessed as Inadequate.

In determining the actual weaknesses in arrangements to be reported as part of our review of value for money arrangements in the 2020/21 audit, we have considered the more up-to-date position taking into account follow up work reported by HMICFRS. In all cases, progress has been made, as considered on pages 13 to 19, but more still needs to be delivered.

Reporting criteria	Commentary page reference	Risks of significant weaknesses in arrangements identified?	Actual significant weaknesses in arrangements identified?
Financial sustainability	18	Yes As a result of the HMIC inspection report assessment of Inadequate in 2019	Yes Limited to the aspects of financial sustainability involving the Force’s understanding of demand and allocating resources accordingly.
Governance	20	Yes As a result of the HMIC inspection report assessment of Inadequate in 2019	Yes Mainly related to aspects of ethical standards and culture in the Force.
Improving economy, efficiency and effectiveness	23	Yes As a result of the HMIC inspection report assessment of Inadequate in 2019	Yes Relates to a range of aspects in the Force, including preventing crime and tackling anti-social behaviour, protecting vulnerable people, public engagement, communication and scrutiny, workforce engagement and communication and treating the workforce fairly.



3. VFM arrangements – Overall summary

Significant weaknesses in the PCC’s arrangements

The risks of significant weakness we identified in the Audit Strategy Memorandum resulted from the adverse HMICFRS findings in its 2019 inspection report, where Cleveland Police Force was assessed as Inadequate.

These findings do not relate directly to the PCC, as the PCC is not subject to inspection by HMICFRS. In our view, however, we extend our identification of a significant weakness and recommendation to the PCC as well as the Force, as the existence of such weaknesses in the Force indicates the need to improve the PCC’s oversight of the Chief Constable and Force, in terms of holding the Chief Constable to account for their performance.

As part of our review, we have not identified any specific weaknesses in the PCC’s arrangements, beyond those that exist in the Force and for which the PCC is seeking to hold the CC to account, including accelerating the rate of improvement by the Force.

Reporting criteria	Commentary page reference	Risks of significant weaknesses in arrangements identified?	Actual significant weaknesses in arrangements identified?
Financial sustainability	22	Yes	
		As a result of the HMIC inspection report assessment of the Force as Inadequate in 2019	Yes
		No specific weaknesses in the PCC arrangements, beyond holding the Force to account for further improvement	Limited to the aspects of financial sustainability involving the Force’s understanding of demand and allocating resources accordingly.
Governance	24	Yes	
		As a result of the HMIC inspection report assessment of the Force as Inadequate in 2019	Yes
		No specific weaknesses in the PCC arrangements, beyond holding the Force to account for further improvement	Mainly related to aspects of ethical standards and culture in the Force.
Improving economy, efficiency and effectiveness	27	Yes	
		As a result of the HMIC inspection report assessment of the Force as Inadequate in 2019	Yes
		No specific weaknesses in the PCC arrangements, beyond holding the Force to account for further improvement	Relates to a range of aspects in the Force, including preventing crime and tackling anti-social behaviour, protecting vulnerable people, public engagement, communication and scrutiny, workforce engagement and communication and treating the workforce fairly.

3. VFM arrangements – Risks of Significant Weakness & Work Undertaken

Risks of significant weaknesses in arrangements

We outline below the risks of significant weaknesses in arrangements that we identified as part of our continuous planning procedures and the work undertaken to respond to each of those risks.

Risk of significant weakness in arrangements		Work undertaken and the results of our work
1	<p>HMICFRS Inspections</p> <p>The Force is subject to an extensive inspection regime by Her Majesty's Inspectorate of Constabulary and Fire & Rescue Services (HMICFRS). The most recent report was published in September 2019 with an overall assessment that Cleveland Police's performance was inadequate and had declined considerably since its last inspection. The Force has therefore been placed into their national oversight process.</p> <p>Although we recognise that the Chief Constable has started to address many of these concerns, it will take time to secure the improvements needed, embed them into the normal ways of working within Cleveland Police and ensure that the changes are sustainable.</p> <p>The PCC is responsible for the oversight of the Force and this also represents a significant risk to the PCC.</p> <p>Therefore, we consider this to be a significant risk.</p>	<p>Work undertaken</p> <p>We addressed this risk by considering the progress made by Cleveland Police to address the concerns expressed in HMICFRS' 2019 report, which concluded that "Cleveland Police's performance is inadequate and has declined considerably since our last inspection". In particular, we considered the reports and letters issued by HMICFRS following an Integrated vulnerability inspection post-inspection review in November 2020 and a series of 'Cause of Concern Revisits', undertaken between April and June 2021.</p>

3. VFM arrangements – Risks of Significant Weakness & Work Undertaken

Risks of significant weaknesses in arrangements - continued

Work undertaken and the results of our work - continued

HMICFRS's 2019 report identified 6 causes of concern which resulted in the Force being issued with 30 recommendations. The Force was also given 7 new areas for improvement in addition to the 10 which remain outstanding from previous inspections - a total of 17. The Force also had 9 national PEEL recommendations that relate to a national cause of concern for 'all forces' - a total of 56 individual elements of service improvement. The Force also had 7 outstanding National Child Protection Inspection recommendations and a cause of concern relating to Crime Data Integrity with 3 recommendations. The 56 individual elements formed the focus for service improvement activity within the Force but there were a total of 118 areas for improvement or recommendations highlighted for the Force from all inspection activity; local, national and thematic. The identified causes of concern are summarised below:

- **Prevention (Page 11)** - The force does not appropriately prioritise crime prevention. There is a lack of strategic direction, and the force does not allocate enough resources to prevention work. Staff who carry out prevention work lack an understanding of the priorities they should be tackling.
- **Protecting vulnerable people (Page 12)** - Cleveland Police is failing to respond appropriately to vulnerable people, including children. It is missing opportunities to safeguard them and is exposing them to risk;
- **Understanding demand and strategic planning (Page 13)** - Cleveland Police does not adequately understand the demand it faces. A thorough understanding of demand is required to underpin all strategic planning. This failure means it does not have coherent workforce and financial plans to meet demand and deliver the necessary outcomes;
- **Public engagement, communication and scrutiny (Page 13)** - Cleveland Police does not adequately engage with local communities. This lack of engagement means that public expectations do not sufficiently influence force priorities and changes to the services it provides. The public also has a limited role in scrutinising the force and helping it to improve;
- **Ethical behaviour and culture (Page 14)** - Many senior leaders (superintendent and chief officer ranks, and senior police staff managers) are not consistently demonstrating ethical behaviour. The inappropriate behaviour of senior leaders within Cleveland Police is so profound that it is affecting the efficiency and effectiveness of the force; and
- **Workforce engagement and communication/treating the workforce fairly (Page 14)** - Cleveland Police does not consistently treat its workforce with fairness and respect. It does not effectively communicate with or engage its workforce; its processes are not perceived to be fair and it does not understand its workforce well enough to support them.

The Force has undertaken a significant amount of work to address the causes of concern and recommendations, setting up six workstreams within a dedicated improvement programme. Delivery of the improvements is monitored through the Futures Board and the Managing Demand Board, with oversight from the HMICFRS led Police Performance Oversight Group (PPOG). We have reviewed the PPOG 'Road to Improvement' reports and other related reports and also discussed progress with officers and HMICFRS. We have also considered the most recent HMICFRS reviews of Cleveland Police in 2020 and 2021, which are summarised on pages 11 to 14 of this report.

3. VFM arrangements – Risks of Significant Weakness & Work Undertaken

Risks of significant weaknesses in arrangements - continued

Work undertaken and the results of our work - continued

Preventing Crime and Tackling Anti-social Behaviour ([Cleveland Police cause of concern revisit – Preventing crime and tackling anti-social behaviour](#))

HMICFRS reviewed progress against this cause of concern between 7 June and 24 June 2021. The HMICFRS letter to Cleveland Police on 19 August 2021 highlighted progress with all four cause of concern recommendations. While it is taking more time to implement than some of the other concerns, HMICFRS recognised that progress had been impacted by the COVID-19 pandemic. HMICFRS highlighted progress in several key areas including:

- Improved strategic direction communicated through the force’s crime priorities, identified in its annual assessment of crime and threat.
- Further guidance and direction through a range of new and revised strategies, policies, guidance and toolkits.
- Putting in place improved governance through strategic performance meetings, senior leadership meetings and working groups.
- The reintroduction of a more consistent approach to problem solving.
- Better publishing messages about crime prevention.
- Effort to better understand the needs of its local communities.

However, further progress is needed in several areas, including:

- The overall co-ordination of prevention activity. A superintendent had recently been appointed to provide this co-ordination from within the community safety team.
- The content and quality of problem-solving plans.
- Developing a co-ordinated approach in prioritising the volume of messages and other prevention activity from across the force, and ensuring that they align to both force and local priorities.
- Understanding how effective approaches are in *solving problems longer term, and which approaches are having the most positive impact to sustain a reduction in calls, crime and harm.*
- Using information and intelligence to determine; the purpose of each set of information, how it all works together, and how to best use this to keep neighbourhood teams and the community safety team informed about policing the local areas.
- Ensuring that local concerns reflect all communities living in Cleveland.

3. VFM arrangements – Risks of Significant Weakness & Work Undertaken

Risks of significant weaknesses in arrangements - continued

Work undertaken and the results of our work - continued

Integrated Vulnerability Inspection Post-Inspection Review ([Integrated vulnerability inspection post-inspection review](#))

Between 2017 and 2019, HMICFRS carried out three inspections into various areas of Cleveland Police's work. These inspections all raised serious concerns about how the Force kept people safe and reduced crime, and the poor service the force was providing to vulnerable people was a common theme. In November 2020, HMICFRS returned to review the progress the force had made in responding to the recommendations from all three inspections that specifically relate to how the force protects vulnerable people.

As noted in the report, HMICFRS found that the Force has made progress in most areas relating to the protection of vulnerable people, but it needs to continue to improve to achieve a good standard of service. HMICFRS recognise the scale of the task for the Force, and that some areas will take longer to address. However, they remain concerned about the limited progress made in some areas, despite the Force's efforts to improve.

In terms of next steps, HMICFRS noted that Cleveland Police must continue with the positive improvements it has made to ensure that the service provided to all victims of crime is of a good standard in all respects. It has made good progress in most areas but it must do more to provide consistently good outcomes for vulnerable people, including children, who need help and protection.

3. VFM arrangements – Risks of Significant Weakness & Work Undertaken

Risks of significant weaknesses in arrangements - continued

Work undertaken and the results of our work - continued

Understanding Demand and Strategic Planning ([Cleveland Police cause of concern revisit – understanding demand and strategic planning](#))

HMICFRS reviewed progress against this cause of concern between 11 May and 21 June 2021. The HMICFRS letter to Cleveland Police on 3 September 2021 highlighted progress with all three cause of concern recommendations. HMICFRS highlighted that the Force now better understands the demand it faces but had not reviewed all of its operational areas. Senior leaders are involved in the annual process of understanding demand and resourcing, which informs its force management statement. It now has a more structured approach but recognises that there is still more to be done in this area. It now has all the documents required for strategic planning, including: a strategic threat and risk assessment; a force management statement; an operating model informed by an understanding of most operational demand (but not yet all); a workforce plan for police officers; and a long-term financial plan. HMICFRS highlighted the need to incorporate all these documents and plans into an overarching strategic planning cycle to allow it to set crime and organisational priorities together, and sooner, before the next financial year begins.

Public Engagements and Scrutiny ([Cleveland Police cause of concern revisit – public engagement and scrutiny](#))

HMICFRS reviewed progress against this cause of concern between 7 June and 29 July 2021. The HMICFRS letter to Cleveland Police on 2 September 2021 highlighted progress with all four cause of concern recommendations and acknowledged that any engagement with local communities, and scrutiny by people outside the force, have been affected by COVID-19 and the restrictions brought in regarding face-to-face contact. HMICFRS highlighted progress in several key areas including:

- Improvements in the way it communicates with the public, communicating more frequently and openly, and using a variety of methods.
- A new engagement strategy setting out what is expected of officers and staff.
- More work to understand its local communities and exploring ways it can better communicate and engage with the public.
- Improving local scrutiny of stop and searches.

However, further progress is needed in several areas, including:

- Ensuring its plans reflect the specific communities that live across its area.
- Improving data quality to ensure it is comprehensive, reliable and accurate before it is provided to an independent group for scrutiny and used as an accurate assessment of performance.

3. VFM arrangements – Risks of Significant Weakness & Work Undertaken

Risks of significant weaknesses in arrangements - continued

Work undertaken and the results of our work - continued

Ethics and Culture ([Cleveland Police cause of concern revisit – ethics and culture](#))

HMICFRS reviewed progress against this cause of concern between 12 April and 25 May 2021. The HMICFRS letter to Cleveland Police on 17 August 2021 highlighted progress that has been made and that this is starting to show in the positive culture and behaviours displayed by many in the workforce. As a result of the review, two of the four cause for concern recommendations have been signed off. The HMICFRS recognised the positive progress made and the commitment it has taken from most of Cleveland Police's workforce to make this happen. They noted that while there is still more to do, there has been significant investment in embedding new governance, changing processes, adding additional posts, and training and communication with the workforce.

Workforce, Communication and Fair Treatment ([Cleveland Police cause of concern revisit - workforce, communication and fair treatment](#))

HMICFRS reviewed progress against this cause of concern between 12 April and 25 May 2021. HMICFRS' letter of 29 June 2021 highlighted progress the Force has made and that this is reflected in the workforce's experiences. As a result of the HMICFRS review, five of the seven original cause for concern recommendations have been signed off. HMICFRS also recognised the commitment it has taken from Cleveland Police's workforce to make this happen, not least during the COVID-19 pandemic and that there has been significant effort in getting some of the human resource basics in place and working. This includes moving 244 staff returning from a private provider back under Force supervision. HMICFRS also noted the workforce's willingness to engage, which has helped the Force make these improvements. There is a need for further progress in ensuring that, when staff are asked to provide their views, they can see what has happened as a result.

3. VFM arrangements – Risks of Significant Weakness & Work Undertaken

Risks of significant weaknesses in arrangements - continued

Work undertaken and the results of our work – continued

Overall conclusion

Notwithstanding the Force’s progress in securing improvement since the 2019 HMICFRS report, in our view HMICFRS inspection activity during 2020 and 2021 continues to highlight significant weaknesses in the Chief Constable’s arrangements to fully address recommendations in several significant aspects of its operations, particularly the pace of change in fully addressing the weaknesses identified in HMICFRS reports. This is also an issue for the PCC who holds the CC to account. A significant weakness has therefore been identified in relation to Financial Sustainability, Governance and Improving Economy, Efficiency and Effectiveness, which is covered in more detail on page 16 and page 17 of this report. Recognising the different roles of the CC and PCC, we have reported a different significant weakness and recommendation for each party.

3. VFM arrangements - Identified significant weaknesses and our recommendations

Identified significant weaknesses in arrangements and recommendations for improvement - Chief Constable for Cleveland

We have identified significant weaknesses in both the PCC and CC's arrangements to secure economy, efficiency and effectiveness in their use of resources. The table below sets out the identified significant weaknesses relating to the Chief Constable along with our recommendations for improvement.

Identified significant weakness in arrangements	Financial sustainability	Governance	Improving the 3Es	Recommendations for improvement	Our views on the actions taken to date
<p>Financial Sustainability, Governance and Improving Economy, Efficiency and Effectiveness</p> <p>In 2019 HMICFRS assessed the Force as 'Inadequate'. The overall assessment from HMICFRS was that Cleveland Police's performance was inadequate and had declined considerably since the last assessment. Key causes of concern were identified as prioritising crime prevention, protecting vulnerable people, understanding demand and strategic planning, community engagement, ethical behaviour and treatment of the workforce. As a result of the assessment, Cleveland Police have been placed into HMICFRS's national oversight process.</p> <p>Since the 2019 inspection, HMICFRS has carried out further inspections, including a series of 'Cause of Concern Revisits' between April and June 2021, to assess the progress the Force has made in addressing the causes of concern highlighted by HMICFRS. HMICFRS' Reports and Letters, issued after these visits, highlighted improvements in many areas since the initial report in 2019 but also noted that the pace of improvement has not been as quick as expected and more work is required to address the outstanding areas for improvement and embed new arrangements that have been put in place.</p> <p>In our view, HMICFRS' concerns around the Chief Constable's progress in addressing the wide-ranging identified weaknesses represent a significant weakness in arrangements in relation to Financial Sustainability, Governance and Improving Economy, Efficiency and Effectiveness.</p> <p>The Chief Constable needs to fully address the weaknesses identified in the 2019 HMICFRS inspection, and subsequent revisits, as these weaknesses adversely impact upon the quality and safety of services provided to service users, the wider public, police officers and police staff, and may lead to further action by HMICFRS.</p>	●	●	●	<p>We recommend that the Chief Constable should increase the pace of its response to the HMICFRS report, to:</p> <ul style="list-style-type: none"> • address the causes of concern, recommendations and areas for improvement within the HMICFRS report; and • review and improve arrangements for ensuring appropriate action and progress is achieved against improvement recommendations raised by HMICFRS. 	<p>The CC has been working through HMICFRS' recommendations and has made some good progress to date. However, there is much still left to complete.</p> <p>As part of our 2021/22 audit, we will follow up progress in implementing further actions to address the weaknesses identified by HMICFRS.</p>

Introduction

Audit of the financial statements

Commentary on VFM arrangements

Other reporting responsibilities and our fees

3. VFM arrangements - Identified significant weaknesses and our recommendations

Identified significant weaknesses in arrangements and recommendations for improvement – Police and Crime Commissioner for Cleveland

We have identified significant weaknesses in both the PCC and CC's arrangements to secure economy, efficiency and effectiveness in their use of resources. The table below sets out the identified significant weaknesses relating to the Police and Crime Commissioner along with our recommendations for improvement.

Identified significant weakness in arrangements	Financial sustainability	Governance	Improving the 3Es	Recommendations for improvement	Our views on the actions taken to date
<p>Financial Sustainability, Governance and Improving Economy, Efficiency and Effectiveness</p> <p>In 2019 HMICFRS assessed the Force as 'Inadequate'. The overall assessment from HMICFRS was that Cleveland Police's performance was inadequate and had declined considerably since the last assessment. Key causes of concern were identified as prioritising crime prevention, protecting vulnerable people, understanding demand and strategic planning, community engagement, ethical behaviour and treatment of the workforce. As a result of the assessment, Cleveland Police have been placed into HMICFRS's national oversight process.</p> <p>Since the 2019 inspection, HMICFRS has carried out further inspections, including a series of 'Cause of Concern Revisits' between April and June 2021, to assess the progress the Force has made in addressing the causes of concern highlighted by HMICFRS. HMICFRS' Reports and Letters, issued after these visits, highlighted improvements in many areas since the initial report in 2019 but also noted that the pace of improvement has not been as quick as expected and more work is required to address the outstanding areas for improvement and embed new arrangements that have been put in place.</p> <p>HMICFRS' concerns around the Chief Constable's progress also represent an issue for the Police and Crime Commissioner who is elected by the public to hold the Chief Constable and the Force to account. In our view, HMICFRS' concerns over progress in addressing the wide-ranging identified weaknesses also represent a significant weakness in the arrangements of the Police and Crime Commissioner in relation to Financial Sustainability, Governance and Improving Economy, Efficiency and Effectiveness.</p>	●	●	●	<p>We recommend that the Police and Crime Commissioner continues to ensure that robust monitoring and reporting processes are in place, and that challenge, scrutiny and escalation arrangements drive the required improvements to the Force.</p> <p>These arrangements should both sustain the progress made to date and also increase the pace of change in implementing the actions taken by the Chief Constable to address the issues raised by HMICFRS</p>	<p>The CC has been working through HMICFRS' recommendations and has made some good progress to date. However, there is much still left to complete. The PCC has a role in driving further improvement.</p> <p>As part of our 2021/22 audit, we will follow up progress in driving further improvement.</p>

Introduction

Audit of the financial statements

Commentary on VFM arrangements

Other reporting responsibilities and our fees

3. VFM arrangements – Financial Sustainability

Overall commentary on the Financial Sustainability reporting criteria

How the PCC and CC identify significant financial pressures that are relevant to short and medium-term plans

HMICFRS identified understanding demand and strategic planning as a cause for concern. In September 2021 HMICFRS noted that the Force had made progress in respect of their cause of concern recommendation and better understands the demands it faces but that it had not reviewed all of its operational areas. In our view this is evidence of a significant weakness in arrangements for planning finances to support the sustainable delivery of services.

The PCC and CC is required to set a balanced budget on an annual basis and to agree a reserves strategy to manage longer-term risk. The PCC and CC has developed a Long Term Financial Plan (LTFP) covering a 4 year timeframe from 2021/22 to 2024/25. The primary aim of the plan is to 'maintain financial stability and protect service provision'.

The financial position throughout the year was reported to the Scrutiny, Delivery & Performance Meetings as evidenced by our review of minutes. The overall position for the group was an underspend of £0.997m (PCC £0.91m and the CC £0.08m). Overall, this represents a total underspend of 0.64% against the group budget.

How the PCC and CC plan to bridge funding gaps and identify achievable savings

The current 4 year LTFP incorporates savings of £0.747m but there remains a funding gap of £0.667m (0.46% of the gross budget). These savings are to be allocated across the Force and this will be monitored as part of the monthly financial reporting cycle. Previous performance has shown that the CC has been able to deliver the savings programme and successfully balance their budgets.

Total usable reserves as at 31 March 2021 (including grants) was £17.6m comprising the general fund of £5.05m, earmarked reserves of £8m and grants and capital receipts of £4.6m. Based on the LTFP, general fund balances are expected to remain at £5.042m to the end of 2024/25 in line with policy. Therefore, any additional budget pressures will be expected to be addressed within the existing resources unless there are specific earmarked reserves set aside. The total of earmarked reserves was forecast to reduce to £4.7m by the end of 2024/25, however this was originally based on a projected balance of £6m as at 31 March 2021 whereas the actual balance was £8m so the overall position has improved. There is expected to be minimal grants and capital grants remaining by the end of 2024/25. In the current uncertain environment, clarity on future funding is essential and this will still require careful monitoring given the projected levels of reserves set out in the LTFP.

How the PCC and CC plan finances to support the sustainable delivery of services in accordance with strategic and statutory priorities

The PCC and CC have strategic and statutory priorities in the Force Management Strategy, Police and Crime Plan and Operational Plan as well as Estates and ICT plans. The LTFP is subject to consultation to ensure that all budget pressures are identified and is signed off by the Executive. It sets out the revenue and capital spending plans that underpin delivery of the Force's Towards 2025 strategy - The Road to Improvement and the key objectives set out within the Police and Crime Plan.

In-year monitoring reports detail the pressures faced by the PCC and CC, whether savings are being achieved, and if resources need to be redirected to areas in need and to meet priorities. Our review of the LTFP did not identify a reliance on significant 'one off' measures to balance the budget or unplanned use of reserves.

How the PCC and CC ensure that financial plan and other plans are consistent

The PCC and CC have strategic and statutory priorities in the Force Management Strategy, Police and Crime Plan and Operational Plan as well as Estates and ICT plans. Capital and investment plans are prepared at the same time as the LTFP and are linked to the revenue budget.

The LTFP includes the capital financial plan which is also linked to the capital strategy and has direct links with other plans such as the Estates Strategy and Digital Policing Strategy. The strategy provides a mechanism by which the capital investment and financing decisions can be aligned and this forms a key part of the LTFP and the Treasury Management Policy.

Other operational planning and its impact on the LTFP is also considered, together with the impact of working with other public bodies. Risk management is also considered in terms of financial plans and risk-registers are updated and reported to the Joint Independent Audit Committee throughout the year.

The PCC and CC consider the updated financial position at various stages throughout the year and this allows for Member scrutiny and challenge. The latest LTFP update was considered at the February 2021 budget setting meeting and included a review of the PCC's reserves.

3. VFM arrangements – Financial Sustainability

Overall commentary on the Financial Sustainability reporting criteria - continued

How the PCC and CC identify and manage risks to financial resilience

Within the LTFP, there are a number of key risks identified including changes in key assumptions and also changes in demand or activity which may impact on the overall LTFP. We note that there are mitigations in place and reserves available that could cushion the organisation from immediate financial issues. Our review of the LTFP identified no evidence of significant reliance on reserves to cover unplanned spend. Planned use of reserves is mainly for capital purposes to reduce reliance on long term borrowing.

The PCC and CC have an established risk management framework and the Joint Independent Audit Committee receives risk management updates as evidenced by our review of minutes and our attendance at meetings during the year.

We reviewed the reports presented to the Scrutiny, Delivery and Performance Committee during 2020/21 which reported the monthly and yearly forecast outturn position. These reports contain evidence of a summary of the PCC and CC's performance, detailing significant variances and providing explanations of the causes.

There remains a significant weakness in the CC's arrangements for understanding demand and allocating resources according to those demands. Although there have been steps taken to improve arrangements, this significant weakness will only be removed when HMICFRS report a change in its assessment level from Inadequate.

The significant weakness in relation to the PCC is limited to holding the CC to account for improvement in this aspect of the Force's arrangements.

We have highlighted significant weaknesses in arrangements and made recommendations for improvement, as outlined on pages 20 and 21.

It is important to recognise that there are many positive findings in relation to the CC and PCC's arrangements for financial sustainability, and the significant weaknesses are limited to the aspects highlighted above.

3. VFM arrangements – Governance

Overall commentary on the Governance reporting criteria

How the PCC and CC monitor and assess risk and how the PCC and CC gain assurance over the effective operation of internal controls, including arrangements to prevent and detect fraud

The Force has a joint corporate governance framework with the PCC which sets out the way that the two organisations govern, both jointly and separately and is subject to review on an annual basis. The framework includes Contract Standing Orders, Financial Regulations and the Scheme of Delegation and clarifies the roles and responsibilities of chief officers.

Decisions are required to adhere with the Police and Crime Commissioner for Cleveland and Cleveland Police Corporate Governance Framework including Contract Standing Orders, Financial Regulations and Schemes of Delegation. The governance arrangements require that the Force considers the appropriate legal, financial, human resources and other professional advice as part of the decision-making process.

The PCC and CC have approved a code of corporate governance, which is consistent with the seven principles of good governance as identified in the CIPFA/SOLACE 2016 Framework – “Delivering Good Governance in Local Government”. The Code sets out the mechanisms for monitoring and reviewing the PCC and CC’s Corporate Governance arrangements underpinning the PCC and CC’s Annual Governance Statement. As part of our audit procedures we considered the PCC and CC’s Annual Governance Statement. In their letter on 17 August 2021 HMICFRS revisited the causes of concern they had identified in respect of ethics and culture and confirmed they were not yet satisfied that the Code of Ethics principles and behaviours are embedded. This is evidence of a significant weakness in arrangements for ensuring appropriate standards in of behaviour.

The PCC and CC have a shared outsourced internal audit service (RSM) and agree a programme of internal audit work at the start of each financial year. Internal Audit report to the Chief Finance Officers for the PCC and CC and the Joint Independent Audit Committee. Internal audit work is planned using a risk-based approach that aims to provide an effective internal audit service and ensure that the Chief Finance Officers’ responsibilities under Section 151 are fulfilled.

The Joint Independent Audit Committee received regular updates on the audit plan throughout the year and has responsibility for monitoring and reviewing the risk, control and governance processes and associated assurance processes to ensure internal control systems are effective and that policies and practices are in compliance with statutory and other regulations and guidance. This includes considering the work of External Audit and Internal Audit and making recommendations concerning relevant governance aspects of the Constitution. The Joint Independent Audit Committee monitors management actions in response to recommendations and this is reported on a regular basis. The Committee challenges management if recommendations are not implemented within the agreed timeframe.

The PCC and the CC has a Counter Fraud and Corruption Policy which was updated in February 2020 and takes part in the National fraud Initiative.

The Head of Internal Audit Opinion concluded in 2020/21 that *“The organisation has an adequate and effective framework for risk management, governance and internal control. However, our work has identified further enhancements to the framework of risk management, governance and internal control to ensure that it remains adequate and effective”*

There were three negative opinions issued in 2020/21 and we are informed that these will be followed up during 2021/22 to ensure that recommendations are being actioned as required.

The PCC and CC maintain a strategic risk register along with operational risk registers for each business area. Strategic risks are reviewed on a bi-monthly basis at the Risk and Governance Board with further scrutiny by the Joint Independent Audit Committee.

How the PCC and CC approach and carry out annual budget setting

The LTFP recognises the risks and uncertainties facing the PCC and CC in terms of future cost pressures, funding arrangements, volatile income levels and potential variations in the costs of the delivery of services. We have considered the budget setting arrangements through review of minutes and discussions with officers.

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

A plan and timetable is agreed and followed, with the annual preparation of a detailed revenue budget and Long Term Financial Plan in February/March each year. See the Financial Sustainability section above for further detail of our review of the LTFP.

Monthly budget monitoring reports are provided to all budget holders and regular meetings are held with Finance staff to discuss variances. Quarterly forecast of outturn reports are produced and presented to the Scrutiny, Delivery and Performance committee.

3. VFM arrangements – Governance

Overall commentary on the Governance reporting criteria - continued

As part of the response to the HMICFRS Report, a performance management strategy and performance measurement framework has been developed which includes performance indicators alongside additional qualitative information. The Force undertakes a detailed monthly performance assessment which is presented to the bi-monthly Strategic Performance Improvement Board and multiple thematic delivery and assurance groups in the form of exception reports.

We have reviewed the PCC and CC's minutes and confirmed there was regular reporting of the financial position during the 2020/21 financial year. This included detail of movements in the budget. The PCC and CC has a good record of delivering against the budget.

Our audit of the financial statements did not identify any matters to indicate a significant weakness in the accuracy of the financial information reported or the process for preparing the accounts. It is our experience that management takes action to address audit matters in a timely and appropriate manner.

How the PCC and CC ensure properly informed decisions are made, supported by appropriate evidence and allowing for challenge and transparency

The Force has a joint corporate governance framework with the PCC. Decision making is carried out in accordance with the Police and Crime Commissioner for Cleveland and Cleveland Police Corporate Governance Framework including Contract Standing Orders, Financial Regulations and Schemes of Delegation. In their letter on 3 September 2021, HMICFRS revisited the causes of concern they had identified in respect of understanding demand and strategic planning and confirmed they were not yet satisfied that senior leaders were provided with the relevant information, support and skills to inform their understanding of demand. This evidence of a significant weakness in arrangements for ensuring properly informed decisions are made.

The Force's Chief Officer Team meets on a weekly basis and the Executive Management Board meets on a bi monthly basis. For each meeting the decisions made and actions allocated are recorded. The OPCC maintains oversight and scrutiny of the Force decision making through weekly meetings with the Chief Constable, the receipt of update reports to the scrutiny meetings and by attending the Strategic Performance Improvement Board. Reports presented to the OPCC are available on the PCC's website.

Since March 2020 the PCC and CC, in common with the whole of the UK, has been affected by the Covid 19 pandemic. A COVID-19 plan was produced and a command approach was used across all areas such as communities, people and HR, operations, crime, logistics, and the Control Room. This has enabled the continuation of the PCC and CC's governance arrangements and enabled its internal system of controls to continue to function.

As noted in the PCC's Annual governance Statement, one of the areas which requires continued focus is the need to ensure openness and comprehensive stakeholder engagement. Engagement with the public and external scrutiny of the force is a cause of concern reported by HMICFRS and, while progress was noted in the follow up letter on 2 September 2021, the Force's response to the recommendations is still in progress. This is evidence of a significant weakness in arrangements for taking informed decisions allowing for challenge and transparency.

How the PCC and CC monitor and ensure appropriate standards are maintained

The PCC and CC's Joint Governance Framework sets out how the PCC and CC operates, how decisions are made and the procedures which are followed to ensure that decisions are transparent, and accountable to local people. As noted above, HMICFRS inspection and follow up correspondence confirms the significant weakness in arrangements for making informed decisions and monitoring and ensuring proper standards are maintained.

The Force has a Standards and Ethics Department and operates a Whistle-blowing Policy. Declarations of interests and gifts are expected to be declared to the Standards and Ethics Department. Related parties are recorded on an annual basis and disclosed in the statement of accounts as well as senior officer remunerations. As we noted previously, HMICFRS revisited the causes of concern they had identified in respect of ethics and culture and confirmed they were not yet satisfied that the Code of Ethics principles and behaviours are embedded. This evidence of a significant weakness in arrangements for ensuring appropriate standards in of behaviour.

The Annual Governance Statement (AGS) is published and reviews the effectiveness of the PCC and CC's Governance Framework.

3. VFM arrangements – Governance

Overall commentary on the Governance reporting criteria - continued

There is regular reporting of treasury management activity that details the PCC and CC's investments, cash and borrowing positions. The Treasury Management Strategy was approved ahead of the 2020/21 financial year and sets out the PCC and CC's measures against which treasury management can be assessed. The measures include those designed to mitigate risk to the PCC and CC's finances.

One of the significant governance issues raised in the 2018/19 AGS, and also in 2019/20 and 2020/21, was that significant doubt had been raised on the extent to which the PCC can place reliance on the governance processes within the Force, with particular emphasis on the assurance around operational performance and the information subsequently provided. Further work will be undertaken by the PCC and CC to strengthen this moving forward through the development of the new performance focused Police and Crime Plan incorporating the new requirement for PCCs to measure performance against the National Crime and Policing Measures.

In addition, the PCC has also highlighted a significant governance issue in terms of 'behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law'. The PCC will continue to oversee and hold to account the Force for the Professional Standards and Ethics within the Force and the implementation of the actions resulting from all reviews in this area. It is also now noted that the awareness, mechanisms, processes and comfort for people to raise concerns within the Force should be reviewed to ensure that they are fit for purpose. This specific area will therefore be looked at within the Internal Audit programme as part of the review of Whistleblowing. As noted in the PCC's Annual Governance Statement, this is a large area of work that is likely to extend across multiple financial years.

Due to identified weaknesses in the PCC's and the CC's arrangements, particularly the pace of change in fully addressing the recommendations identified in the 2019 HMICFRS report and subsequent 'Cause of Concern' letters, we have highlighted significant weaknesses in arrangements and made recommendations for improvement, as outlined on pages 16 and 17.

3. VFM arrangements – Governance

Overall commentary on the Improving Economy, Efficiency and Effectiveness reporting criteria

How financial and performance information has been used to assess performance to identify areas for improvement

HMICFRS identified understanding workforce, communication and fair treatment as a cause of concern and while their letter on 29 June 2021 recognises that improvements have been made, they note that the Force's response to some recommendations are still in progress. One such recommendation focuses on the need to involve the workforce in decision making, listening to their feedback, acting on it, and communicating action taken. This is evidence of a significant weakness in arrangements for using performance information to improve the way the Force manages and delivers its services.

As part of the response to the HMICFRS Report, a performance management strategy and performance measurement framework has been developed for 2021/22 which is supported by performance indicators which are tracked and monitored alongside other performance information. A formal Strategic Performance Outcome Framework has been produced which seeks to provide greater clarity around aims and areas of focus.

The Force undertakes a detailed monthly performance assessment which reviews current performance against strategic policing priorities. The results of the performance assessment are presented to the bi-monthly Strategic Performance Improvement Board and multiple thematic delivery and assurance groups, in the form of an 'exception report' with current and emerging 'performance threats' identified in terms of both direction (over time) and delivery (against a specified level of service delivery).

We reviewed the reports presented to the Scrutiny, Delivery & Performance Meetings during 2020/21 which reported the monthly and yearly forecast outturn position. These reports contain evidence of a summary of the PCC and CC's performance, detailing significant variances and providing explanations of the causes.

How the PCC and CC evaluate services to assess performance and identify areas for improvement

As noted in our response to the significant risk, HMICFRS rate Cleveland Police as inadequate. External inspection activity has identified 118 areas of improvement or recommendations for action. The identified causes of concern cover a wide range of functions and service activity. This is evidence of a significant weakness in both the PCC's and the Force's arrangements assessing performance and identifying areas for improvement.

The actions arising from the HMICFRS Report are monitored by the Service improvement Team and by the PPOG. There are many examples within the PPOG programme where improvements have been made but as noted in our response to the significant risk, there is much work left to do.

How the PCC and CC ensure they deliver their roles within significant partnerships, engage with stakeholders identified, monitor performance against expectations, and ensure action is taken where necessary to improve

There are 4 geographic Independent Advisory Groups (IAG) covering each local authority area, and a Strategic IAG (SIAG) including senior police officers and staff and the PCC to discuss strategic issues that affect the whole of the Cleveland policing area.

The Force has a number of collaborative agreements with other police forces to increase resilience and effectiveness and reduce costs.

The response to the pandemic has included involvement in local and regional collaboration with the Local Resilience Forum (LRF), other emergency services and local authorities. A series of command meetings at both a regional and Force level were established to ensure an effective multi agency response as shown in the AGS.

The Chief Constable has regular meetings with each of the Chief Executives of the local councils, and the Chief Fire Officer. In addition, the Force works in partnership with the local authorities, and other stakeholders, e.g. health, education and social care on a range of issues, for example: multi-agency children's hub, community safety partnerships, local safeguarding boards, health and wellbeing boards, youth offending boards and the strategic contest delivery group.

All partnership and collaboration decisions are published by the PCC on the website.

3. VFM arrangements – Governance

Overall commentary on the Improving Economy, Efficiency and Effectiveness reporting criteria

How the PCC and CC commission or procure services, how the PCC and CC ensure this is done in accordance with relevant legislation, professional standards and internal policies, and how the PCC and CC assess whether the expected benefits are realised

Procurement is undertaken through the use of contract standing orders which set out the processes that must be followed including value for money and there is a procurement team in place.

All major schemes are monitored through project boards.

In 2020/21, Cleveland Police brought Sopra Steria back in house (October 2020) and this was subject to a business appraisal. A further example is the fleet contract management work on vehicle maintenance.

Due to identified weaknesses in the PCC’s and the CC’s arrangements, particularly the pace of change in fully addressing the recommendations identified in the 2019 HMICFRS report and subsequent ‘Cause of Concern’ letters, we have highlighted significant weaknesses in arrangements and made recommendations for improvement, as outlined on pages 16 and 17.

04

Section 04:

**Other reporting responsibilities and
our fees**

4. Other reporting responsibilities and our fees

Matters we report by exception

The Local Audit and Accountability Act 2014 provides auditors with specific powers where matters come to our attention that, in their judgement, require specific reporting action to be taken. Auditors have the power to:

- issue a report in the public interest;
- make statutory recommendations that must be considered and responded to publicly;
- apply to the court for a declaration that an item of account is contrary to the law; and
- issue an advisory notice.

We have not exercised any of these statutory reporting powers.

The 2014 Act also gives rights to local electors and other parties, such as the right to ask questions of the auditor and the right to make an objection to an item of account. We did not receive any such objections or questions.

Reporting to the NAO in respect of Whole of Government Accounts consolidation data

The NAO, as group auditor, requires us to complete the WGA Assurance Statement in respect of its consolidation data.

We received group instructions from the National Audit Office on 21 July 2022 in relation to Whole of Government Accounts work. The firm has raised a query in relation to these instructions and once this has been answered, we will be able to complete work on the Whole of Government Accounts return and issue our audit certificate to formally close the 2020/21 audit.

4. Other reporting responsibilities and our fees

Fees for work as the PCC's and the CC's auditor

We reported our proposed fees for the delivery of our work under the Code of Audit Practice in our Audit Strategy Memorandum presented to the Joint independent Audit Committee in March 2021. Having completed our work for the 2020/21 financial year, we can confirm that our fees are as follows:

PCC and Group

Area of work	2019/20 fees	2020/21 fees
Planned fee in respect of our work under the Code of Audit Practice	£26,045	£26,045
Recurring increases in the base audit fee arising from regulatory pressures for the PCC (recurring)	£5,242	£5,242
One-off fee increases for 2019/20 specific issues	£2,724	£nil
Additional fees in respect of the new VFM approach (recurring)	£nil	£6,000
Additional fees in respect of new ISA540 requirements in relation to Accounting estimates and related disclosures (recurring)	£nil	£1,900
Total fees	£34,011	£39,187

Additional fees are subject to Public Sector Auditor Appointments (PSAA) approval. Amounts are excluding VAT.

4. Other reporting responsibilities and our fees

Fees for work as the PCC's and the CC's auditor - continued

CC

Area of work	2019/20 fees	2020/21 fees
Planned fee in respect of our work under the Code of Audit Practice	£11,550	£11,550
Recurring increases in the base audit fee arising from regulatory pressures for the CC (recurring)	£2,360	£2,360
One-off fee increases for 2019/20 specific issues	£2,254	£nil
Additional fees in respect of the new VFM approach (recurring)	£nil	£5,000
Additional fees in respect of new ISA540 requirements in relation to Accounting estimates and related disclosures (recurring)	£nil	£600
Total fees	£16,164	£19,510

Additional fees are subject to Public Sector Auditor Appointments (PSAA) approval. Amounts are excluding VAT.

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Mazars is an internationally integrated partnership, specialising in audit, accountancy, advisory, tax and legal services*. Operating in over 90 countries and territories around the world, we draw on the expertise of 40,400 professionals – 24,400 in Mazars' integrated partnership and 16,000 via the Mazars North America Alliance – to assist clients of all sizes at every stage in their development.

*where permitted under applicable country laws.