

Police and Crime
Commissioner for
Hampshire & IOW,
Hampshire
Constabulary

Value for Money report

Year ended 31 March 2023

07 February 2024



Donna Jones
The Police & Crime Commissioner for Hampshire & IOW
St George's Chambers
St George's Street
Winchester
SO23 8UJ

Scott Chilton
Chief Constable for Hampshire Constabulary
Hampshire Constabulary Police Strategic Headquarters
Leigh Road
Eastleigh
SO50 9SJ

07 February 2024

Dear Donna and Scott

2022/23 Value for Money Report

We are pleased to attach our interim Value for Money report for the Police and Crime Commissioner for Hampshire & IOW and Hampshire Constabulary. The report summarises the findings from our 2022/23 value for money work. The report sets out the risks identified and the findings from our detailed assessment including a commentary on the three reporting criteria and a summary of the arrangements in place.

This report is intended solely for the information and use of the Joint Audit Committee and management. It is not intended to be and should not be used by anyone other than these specified parties.

We welcome the opportunity to discuss the contents of this report at the Joint Audit Committee meeting on 20th February 2024.

Yours faithfully

Kevin Suter

Partner

For and on behalf of Ernst & Young LLP

Encl

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Public Sector Audit Appointments Ltd (PSAA) issued the “Statement of responsibilities of auditors and audited bodies”. It is available from the PSAA website (<https://www.psa.co.uk/audit-quality/statement-of-responsibilities/>). The Statement of responsibilities serves as the formal terms of engagement between appointed auditors and audited bodies. It summarises where the different responsibilities of auditors and audited bodies begin and end, and what is to be expected of the audited body in certain areas.

The “Terms of Appointment and further guidance (updated July 2021)” issued by the PSAA sets out additional requirements that auditors must comply with, over and above those set out in the National Audit Office Code of Audit Practice (the Code) and in legislation, and covers matters of practice and procedure which are of a recurring nature.

This report is made solely to the Joint Audit Committee and management of Hampshire & IOW Police and Crime Commissioner and Hampshire Constabulary in accordance with the statement of responsibilities. Our work has been undertaken so that we might state to the Joint Audit Committee and management of Hampshire & IOW Police and Crime Commissioner and Hampshire Constabulary those matters we are required to state to them in this report and for no other purpose. To the fullest extent permitted by law we do not accept or assume responsibility to anyone other than the Joint Audit Committee and management of Hampshire & IOW Police and Crime Commissioner and Hampshire Constabulary for this report or for the opinions we have formed. It should not be provided to any third-party without our prior written consent.



01

Executive Summary



Executive Summary

Purpose

The purpose of the report is to set out the Value for Money (VFM) work undertaken up to and including the 2022/23 financial year. The report aims to draw to the attention of the Police and Crime Commissioner, the Chief Constable (the “PCC” and “CC”), or the wider public, relevant issues, recommendations arising from the audit and follow-up of recommendations issued previously, along with the auditor’s view as to whether they have been implemented satisfactorily.

We are required to report on whether the PCC and the CC have put in place proper arrangements to secure economy, efficiency and effectiveness in the use of resources. We have complied with the guidance issued to auditors in respect of their work on value for money arrangements (VFM) in the 2020 Code of Audit Practice (2020 Code) and Auditor Guidance Note 3 (AGN 03).

The report sets out the following areas which have been assessed up to the point of issuing this interim report to the PCC and CC, and the Joint Audit Committee:

- Risks of significant weakness and procedures planned to mitigate these
- Findings of our work against the three value for money reporting criteria and the sub-criteria
- Summary of arrangements in place over the period covered by this report.

We will summarise our final view of the value for money arrangements as part of the Auditor’s Annual Report once the audit report has been issued for 2022/23.



Executive Summary (continued)

Risks of Significant Weakness

Our value for money procedures are based on the judgements reached from a combination of:

- our cumulative audit knowledge and experience
- our review of Joint Audit Committee and Police Crime Panel committee reports,
- meetings with the Chief Financial Officers of both the PCC and CC
- and evaluation of associated documentation through our regular engagement with management and the finance team.

We completed our risk assessment procedures and did not identify any significant weaknesses in the PCC and CC VFM arrangements. We have also not identified any significant risks during the course of our audit. As a result, we have no matters to report by exception in this report.

Executive Summary (continued)

Reporting

Our commentary for 2022/23 is set out over pages 9 to 14. The commentary on these pages summarises our conclusions over the arrangements of the PCC and CC in relation to our reporting criteria (see table below) throughout 2022/23.

Appendix A includes the detailed arrangements and processes underpinning the reporting criteria. These were reported in our 2021/22 Annual Auditors Report and have been updated for 2022/23.

In accordance with the NAO's 2020 Code, we are required to report a commentary against three specified reporting criteria:

Reporting Criteria	Risks of significant weaknesses in arrangements identified?	Actual significant weaknesses in arrangements identified?
Financial sustainability: How the PCC and CC plan and manage resources to ensure they can continue to deliver their services	No significant risks identified	No significant weakness identified
Governance: How the PCC and CC ensure that they make informed decisions and properly manage risks	No significant risks identified	No significant weakness identified
Improving economy, efficiency and effectiveness: How the PCC and CC use information about costs and performance to improve the way they manage and deliver services	No significant risks identified	No significant weakness identified



Executive Summary (continued)

Independence

The FRC Ethical Standard requires that we provide details of all relationships between Ernst & Young (EY) and the Police and Crime Commissioner for Hampshire & IOW and Hampshire Constabulary, and its members and senior management and its affiliates, including all services provided by us and our network to the PCC/CC, its members and senior management and its affiliates, and other services provided to other known connected parties that we consider may reasonably be thought to bear on the our integrity or objectivity, including those that could compromise independence and the related safeguards that are in place and why they address the threats.

There are no relationships from 01 April 2022 to the date of this report, which we consider may reasonably be thought to bear on our independence and objectivity.



02 Value for Money Commentary

Value for Money Commentary

Financial Sustainability: How the PCC and CC plans and manages their resources to ensure they can continue to deliver their services

No significant weakness identified

During the year the PCC and CC continued to effectively manage their budgets, and look to the future through their Medium Term Financial Strategy (MTFS). They responded well to cost pressures as they emerged, within the context that effective financial planning does remain difficult due to continuing uncertainties in the funding that will be made available to police forces.

The revenue and capital budget for 2022/23 and Medium Term Financial Strategy were approved by the Police and Crime Commissioner in February 2022. This showed a balanced budget for 2022/23 in the sum of £411.4m and highlighted the below budget deficits in the medium term:

	Forecast Budget Deficit £m
2023/24	9.8
2024/25	12.9
2025/26	22.2

The reported outturn in relation to 2022/23 for the Group was an underspend of £15.957m and this underspend was mainly driven by reduced costs relating to Employees, and posts that weren't filled. The most recent forecast outturn in relation to 2023/24 at the time of writing this report is a £2m underspend. It has been noted that investment income has performed better than originally budgeted for resulting in increased income for the year 2023/24.

In February 2023 the 2023/24 budget and Medium Term Financial Strategy were approved. A balanced budget has been set in 2023/24 i.e. the deficit mentioned above has been reduced and Medium Term position showed that the forecasted deficits in 2024/25 and 2025/26 have been reduced to £6.61m and £16.59m respectively. This highlights the ability to be able to deliver on setting balanced budgets and shows a good track record of planning ahead and reducing the deficit gaps.

In 2022/23, the Organisations implemented a £10 per annum increase for Band D properties. The additional increase was used fully to support local policing, provide increased investment in support of the PCC's Plan and enabled the Chief Constable to have the necessary resources to deliver her operational requirement. In 2023/24, it was announced that PCC's could increase their precept on a one off basis by £15 without the need to hold a referendum. This additional £5 flexibility is to be utilised primarily to support a further increase in 50 new and additional police officers from 2023/24 onwards.

The 23/24 Reserves Strategy (approved in February 2023) forecasted reserves to be £110.6m as at March 2023 however we note that as per the draft Accounts, the useable reserves were £133.23m. This indicates that the Authority has a strong reserves position in order to cover any unexpected costs in the short term.

Both organisations have clear roles and responsibilities set out in relation to their annual budget setting and medium term forecast planning in their Financial Regulations. In addition to these roles and responsibilities, both have monitoring processes in place to help ensure the continuances of their services. In order to

Value for Money Commentary

Financial Sustainability: How the PCC and CC plans and manages their resources to ensure they can continue to deliver their services

No significant weakness identified

ensure these finances support the delivery of services they align to the Police and Crime Plan which sets out the priorities and responsibilities of the organisations. For 2022/23, the organisations were operating under the “More Police and Safer Streets” Plan which sets the strategic direction and priorities for policing across Hampshire and the Isle of Wight.

The organisations are required to have arrangements in place to ensure proper resource management and the primary responsibility for these arrangements and reporting on the design and operation of these arrangements via the annual governance statement rests with management. We identified no risks in this area of our risk assessment.

Conclusion: Based on the work performed, the PCC and CC had proper arrangements in place in 2022/23 to enable it to plan and manage its resources to ensure that they can continue to deliver their services.

Value for Money Commentary (continued)

Governance: How the PCC and CC ensures that they make informed decisions and properly manage their risks

No significant weakness identified

The PCC and CC are required to have arrangements in place to ensure proper risk management and the primary responsibility for these arrangements and reporting on the design and operation of these arrangements via the annual governance statement rests with management.

The Organisations have a number of arrangements in place to ensure that appropriate decisions are made. There is a clear decision policy to provide clarity of the role and expectations of all involved in the process to ensure that any decision reached by the Commissioner is done so in an open and transparent way. We note that during 2021/22 the previous 'decision window' approach was replaced by a more responsive approach whereby decisions can be requested from the PCC at any time. This process has allowed decisions to be made more quickly and has continued to be in place throughout 2022/23.

To ensure effective leadership throughout the entity, members and officers work together to deliver agreed plans with defined functions and roles. These roles and responsibilities are set out in the Constitution including those for the Police and Crime Panel and the rules under which they operate. The Police and Crime Panel met 4 times throughout 2022/23. In addition to this, the Joint Audit Committee operates to ensure that both the PCC and CC are supported in effective governance and risk management.

The Organisations have an effective corporate risk management framework in place to identify, mitigate and monitor the risks in delivering strategic objectives. This includes both financial and non-financial risks. The risk register is reviewed throughout the year by the Joint Audit Committee. Risk management is embedded throughout Hampshire and IOW Police and in its partnership working arrangements.

Quarterly reports are received from the internal auditors highlighting work carried out including a breakdown of fraud investigations with any significant issues detailed in summary format. The internal audit plan incorporates both reactive and proactive fraud work along with fraud thematic reviews to identify and mitigate fraud risk. The 2022/23 Internal Audit Opinion stated that sufficient assurance work had been carried out to form a reasonable conclusion on the adequacy and effectiveness of the internal control environment.

The Organisations have a sound management philosophy, demonstrates clarity of purpose and focus, with emphasis on performance and risk management.

We identified no risks against this criteria.

Conclusion: Based on the work performed, the PCC and CC had proper arrangements in place in 2022/23 to make informed decisions and properly manage its risks.

Value for Money Commentary (continued)

Improving economy, efficiency and effectiveness: How the PCC and CC uses information about its costs and performance to improve the way it manages and delivers its services

No significant weakness identified

The Organisations produce a Police and Crime Plan which sets out the priorities and responsibilities of the Organisations.

In November 2021 an updated Plan was developed called "More Police and Safer Streets". This plan sets the strategic direction and priorities for policing across Hampshire and the Isle of Wight for the next three years. It is the Organisation's statutory responsibility to ensure that a Police and Crime Plan is fit for purpose. The plan gives strategic direction for the future and has been developed in consultation with their key stakeholders.

Through this plan the strategic objectives and priorities are stated, showing the steps to be taken in order for these to succeed. This then links back to the budget and the financial information available i.e. MTFS to show how these strategic objectives and priorities can be achieved.

Progress in relation to the actions and intended outcomes in the Delivery Plan are presented to the Police and Crime Panel. Through this information, and other supporting methods, the PCC and CC can evaluate and improve their services.

HMICFRS Inspection

Her Majesty's Inspectorate of Constabulary and Fire & Rescue Services (HMICFRS) independently assesses the police forces in the public interest. During 2022/23, the most recent report was published. The current inspection for Hampshire is the 2021/22 inspection which was published in April 2023. The PEEL (Police Effectiveness, Efficiency and Legitimacy) assessment inspected how well the force performed in 10 areas of policing.

The majority of these areas were graded either "good" or "adequate". 2 areas were given the rating of "requires improvement" and no areas were graded as "inadequate". The 2 areas relating to "requires improvement" were Preventing Crime and Responding to the Public. We discussed both areas with management and note that appropriate actions have been put in place to improve these areas going forward. These are summarised below:

Preventing Crime:

This related mainly to neighbourhood policing and noted that the Force had had to use neighbourhood policing in times of pressure. During the period, neighbourhood police officers were moved into response therefore reducing the time spent in neighbourhoods. We note that through the Uplift Programme, the Force is currently on track to deliver 650 additional officers by April 2024. This should alleviate any pressure on neighbourhood policing going forward. In addition to this, there has been a change in operating model whereby the area commander now has the responsibility for all resources so they can get neighbourhood teams out with named officers on those teams so that the public can engage with them.

Responding to the Public:

This was largely due to the contact centre in Southampton (that deals with 101 calls) being understaffed which led to large delays and pressure on staff. Management have implemented a number of measures to improve this going forward. This includes opening a new contact centre in Portsmouth which has resulted in a healthy pipeline of recruitment as this is a new labour market. In addition to this, the Force has introduced a new 101 app which enables victim's of crime to access

Value for Money Commentary (continued)

Improving economy, efficiency and effectiveness: How the PCC and CC uses information about its costs and performance to improve the way it manages and delivers its services

No significant weakness identified

Case updates through and online portal. This takes a large amount of traffic away from 101 call lines and should alleviate pressure on the contact centres.

HMICFRS's report provides a good level of assurance for us regarding Hampshire and IOW Police's efficiency and effectiveness.

We identified no risks in relation to this criteria.

Conclusion: Based on the work performed, the PCC and CC had proper arrangements in place in 2021/22 to enable it to plan and manage its resources to ensure that it can continue to deliver its services.



03 Appendices

Appendix A - Summary of arrangements

Financial Sustainability

We set out below the arrangements for the financial sustainability criteria covering the year 2022/23.

Reporting Sub-Criteria

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

Findings

Regarding financial planning, HPCCC is working to refine budgets and the Medium Term Financial Strategy (MTFS) to respond to cost pressures as they emerge, and recognise that effective financial planning remains difficult due to continuing uncertainties in the funding that will be made available to police forces. Both PCC and CC (which we will refer to as “The Organisations”) review their budgetary position annually and produce a rolling five year plan, known as the Medium Term Financial Strategy (MTFS). This plan considers the financial climate at both the local and national level together with available resources and budgetary pressures in arriving at a financial strategy. The Commissioner and Chief Constable share a responsibility to provide effective financial and budget planning for the short, medium and longer term.

Medium Term Financial Strategy (MTFS):

The Organisations produce a MTFS every year on a rolling basis that revises the current financial year and sets out financial estimates for the following 4 years, with most of the focus on the budget for the following year. The strategy that the Organisations follow involves planning ahead of time, releasing resources in advance of need and using those resources to help fund transformational change.

Based on current assumptions, the MTFS currently shows that for 2023/24 the PCC is able to set a balanced budget, but for the years 2023/24, 2024/25 and 2025/26 the budget currently shows a shortfall/budget in excess of forecast income of:

	Forecast Budget Deficit £m
2024/25	6.61
2025/26	16.59
2026/27	27.41

As currently presented, it is likely that further savings will be necessary in future years to balance the budget in 2024/25 and beyond, but this will be firmed up in later iterations of the MTFS and annual budget process (we note the most recent budget for 2024/25 shows a balanced budget). In the event that the MTFS were to remain unbalanced in future years post confirmation of funding for the years 2024/25 onwards, the PCC and Chief Constable would need to review planned expenditure and propose mitigating reductions to balance the budget position. We note that potential areas where savings could be made have already been identified.

Appendix A - Summary of arrangements

Financial Sustainability

We set out below the arrangements for the financial sustainability criteria covering the year 2022/23.

Reporting Sub-Criteria	Findings
How the body ensures that it identifies all the significant financial pressures that are relevant to its short and medium-term plans and builds these into them (cont.)	<p><u>Annual Budget Setting Process:</u></p> <p>The revenue budget provides an estimate of the annual income and expenditure requirements for the police service and sets out the financial implications of the Commissioner's strategic policies.</p> <p>The Commissioner should consult with the Chief Constable and other relevant partners and stakeholders in planning the overall annual budget which will include a separate force budget. This will take into consideration funding from government and from other sources, and balance the expenditure needs of the policing service against the level of local taxation. The main responsibilities for the key individuals throughout the CC and PCC are shown below.</p> <p>Responsibilities of the Commissioner:</p> <ul style="list-style-type: none">• To consult the Chief Constable on the planning timetable• To obtain the views of the local community on the proposed expenditure (including capital expenditure) in the financial year ahead of the financial year to which the proposed expenditure relates• To present the proposed budget and council tax recommendations to the Police and Crime Panel to decide whether they wish to veto the proposed precept or no• To approve the budget and precept <p>Responsibilities of the Commissioner's CFO:</p> <ul style="list-style-type: none">• To determine the format of the revenue budget to be presented to the Commissioner. The format is to comply with all legal requirements and with latest guidance issued by CIPFA.• To obtain timely and accurate information from billing authorities on the council taxbase and the latest surplus/deficit position on collection funds to inform budget deliberations• To advise the Commissioner on the appropriate level of general balances, earmarked reserves or provisions to be held <p>Responsibilities of the Chief Constable and Chief Constable's CFO:</p> <ul style="list-style-type: none">• To prepare detailed budget estimates for the forthcoming financial year in accordance with the timetable agreed with the Commissioner's CFO.• To submit estimates in the agreed format to the Commissioner for approval, including details of council tax implications and precept requirements

Appendix A - Summary of arrangements

Financial Sustainability

We set out below the arrangements for the financial sustainability criteria covering the year 2022/23.

Reporting Sub-Criteria	Findings
How the body plans to bridge its funding gaps and identifies achievable savings	<p>As noted above, the Organisations operate a Medium Term Financial Strategy in order to conduct their financial planning. The Organisations recognise that a gap may be identified between available resources and required resources post 2023/24. Requirements should be prioritised by the Chief Constable to enable the Commissioner to make informed judgements as to future funding levels and planning the use of resources.</p> <p>In 2022/23, the Organisations implemented a £10 per annum increase for Band D properties. This was supported by the PCP in February 2022. The additional increase was used fully to support local policing, provide increased investment in support of the PCC's Plan and enabled the Chief Constable to have the necessary resources to deliver her operational requirement.</p> <p>In 2023/24, it was announced that PCC's could increase their precept on a one off basis by £15 without the need to hold a referendum. This additional £5 flexibility is to be utilised primarily to support a further increase in 50 new and additional police officers from 2023/24 onwards.</p> <p>The budget for 2023/24 does however include savings/efficiencies in the sum of £6.42m and are split between the PCC and Constabulary (£2.1m for PCC and £4.31m for the Constabulary).</p> <p>We note that the Organisations do not publish any plans in relation to closing any funding gaps identified. During the autumn, chief officers for the OPCC and Constabulary meet on a regular basis to discuss the MTFs and to adjust for emerging information. Those discussions also seek to understand efficiency opportunities for reinvestment and budget cuts should they be necessary to balance the budget.</p>
How the body plans finances to support the sustainable delivery of services in accordance with strategic and statutory priorities	<p>As mentioned above, the Organisations have financial planning and monitoring processes in place to help ensure the continuances of their services. In order to ensure these finances support the delivery of services the Organisations produce a Police and Crime Plan which sets out the priorities and responsibilities of the Organisations.</p> <p>In November 2021 a new Plan was developed called "More Police and Safer Streets". This plan sets the strategic direction and priorities for policing across Hampshire and the Isle of Wight for the next three years. It is the Organisation's statutory responsibility to ensure that a Police and Crime Plan is fit for purpose. The plan gives strategic direction for the future and has been developed in consultation with their key stakeholders. Throughout this plan, the strategic objectives and priorities of the Authority are stated showing the steps to be taken in order for these to succeed. This then links back to the budget and the financial information available i.e. MTFs to show how these strategic objectives and priorities can be achieved.</p>

Appendix A - Summary of arrangements

Financial Sustainability (continued)

We set out below the arrangements for the financial sustainability criteria covering the year 2022/23.

Reporting Sub-Criteria	Findings
How the body ensures that its 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	<p>We note that throughout the financial planning process i.e. budget and MTFS, consideration of other plans such as capital and treasury management also take place. The Capital and Investment strategy and Reserves strategies all form part of the annual budget setting process. These strategies are appended to the budget and precept report presented to the Police and Crime Panel and are approved by the PCC as part of her approval of the budget, MTFS and Precept.</p> <p>This Capital and Investment strategy gives a high-level overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of the services within the PCC's remit, including policing, and provides an overview of how associated risk is managed and the implications for future financial sustainability.</p> <p>The MTFS ensures that the PCC continues to invest in the existing assets and deliver a programme of new assets in line with overall priorities. The Treasury Management strategy involves keeping sufficient cash available to meet spending needs, while managing the risks involved. Surplus cash is invested until required, while a shortage of cash will be met by borrowing, to avoid excessive credit balances or overdrafts in the bank current account.</p> <p>The Organisations also operate a Reserves Strategy. The Chief Finance Officers have a responsibility to ensure that the level of reserves maintained is sufficient. The Police Reform and Social Responsibility Act 2011 states that only the PCC, and not the Chief Constable, is permitted to hold reserves. The Reserves Profile shows that existing planned commitments will result in a forecast reduction of useable reserves by March 2027 to £30.6m (down from £106.8m at the end of March 2022).</p> <p>The PCC continues to use reserves to pay for the cost of change that is required to deliver the Police and Crime Plan priorities, and to meet both the financial challenge and the necessary investment to ensure that the Constabulary remains a modern, operationally effective Police Service.</p> <p>We have considered whether the reduction in reserves, and the budget gaps identified in the medium term financial strategy, represent a risk of significant weakness in the organisations' arrangements regarding financial sustainability. We have concluded they do not. The arrangements in place clearly identify these issues, including the relevant risk, uncertainties and assumptions made. The arrangements in place have a clear track record of addressing the budget gaps.</p>

Appendix A - Summary of arrangements

Financial Sustainability (continued)

We set out below the arrangements for the financial sustainability criteria covering the year 2022/23.

Reporting Sub-Criteria	Findings
How the body identifies and manages risks to financial resilience, e.g. unplanned changes in demand, including challenge of the assumptions underlying its plans	Throughout the preparation of each of these, risks are taken into consideration in order to see how they impact certain areas and what the financial implications of these risks might be. The Organisations have an effective corporate risk management framework in place to identify, mitigate and monitor the risks to the Organisations in delivering strategic objectives. This includes both financial and non-financial risks. The elements of the Authority's risk management's framework are outlined on their website. The risk register is reviewed throughout the year by the Joint Audit Committee.

Appendix A - Summary of arrangements

Governance

We set out below the arrangements for the governance criteria covering the year 2022/23.

Reporting Sub-Criteria

Findings

How the body monitors and assesses risk and how the body gains assurance over the effective operation of internal controls, including arrangements to prevent and detect fraud

The Organisations have an effective corporate risk management framework in place to identify, mitigate and monitor the risks in delivering strategic objectives. This includes both financial and non-financial risks. The risk register is reviewed throughout the year by the Joint Audit Committee. Risk management is embedded throughout Hampshire Police and in its partnership working arrangements. The effective scrutiny of risk management is split between, at the highest and national level, the Constabulary's Chief Officer Group and at a local level for PCC and HC at each quarterly Joint Audit Committee.

Quarterly reports are received from the internal auditors highlighting work carried out including a breakdown of fraud investigations with any significant issues detailed in summary format. The internal audit plan incorporates both reactive and proactive fraud work along with fraud thematic reviews to identify and mitigate fraud risk.

Cases of alleged or proven incidents of fraud are investigated or tracked by internal audit and reported to the Police and Crime Panel. Relevant trends are also reported to Audit Committee as would any incidents of fraud detected through internal audit checking procedures.

The year end report stated that no significant issues relating to fraud or corruption were brought to internal audit's attention that would impact on the system of governance, risk management or control.

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

Annual Budget Setting Process:

The revenue budget provides an estimate of the annual income and expenditure requirements for the police service and sets out the financial implications of the Commissioner's strategic policies.

The Commissioner should consult with the Chief Constable and other relevant partners and stakeholders in planning the overall annual budget which will include a separate force budget. This will take into consideration funding from government and from other sources, and balance the expenditure needs of the policing service against the level of local taxation. This should meet the statutory requirements to achieve a balanced budget (Local Government Act 2003) and be completed in accordance with the statutory timeframe. The main responsibilities for the key individuals throughout the CC and PCC are shown below.

Responsibilities of the Commissioner:

- To consult the Chief Constable on the planning timetable

Appendix A - Summary of arrangements

Governance

We set out below the arrangements for the governance criteria covering the year 2022/23.

Reporting Sub-Criteria	Findings
<p>How the body approaches and carries out its annual budget setting process (cont.)</p>	<ul style="list-style-type: none"> To obtain the views of the local community on the proposed expenditure (including capital expenditure) in the financial year ahead of the financial year to which the proposed expenditure relates To present the proposed council tax precept to the Police and Crime Panel to determine whether the Panel wishes to veto the proposal <p>Responsibilities of the Commissioner's CFO:</p> <ul style="list-style-type: none"> To determine the format of the revenue budget to be presented to the Commissioner. The format is to comply with all legal requirements and with latest guidance issued by CIPFA. To obtain timely and accurate information from billing authorities on the council taxbase and the latest surplus/deficit position on collection funds to inform budget deliberations To advise the Commissioner on the appropriate level of general balances, earmarked reserves or provisions to be held <p>Responsibilities of the Chief Constable and Chief Constable's CFO:</p> <ul style="list-style-type: none"> To prepare detailed budget estimates for the forthcoming financial year in accordance with the timetable agreed with the Commissioner's CFO. To submit estimates in the agreed format to the Commissioner for approval, including details of council tax implications and precept requirements
<p>How the body ensures effective processes and systems are in place to ensure budgetary control; to communicate relevant, accurate and timely management information (including non-financial information where appropriate); supports its statutory financial reporting requirements; and ensures corrective action is taken where needed</p>	<p>We note that within the Financial Regulations of the organisations there are processes and procedures in place to ensure the body have effective processes and systems in place to ensure budgetary control, to communicate relevant, accurate and timely management information; to support its statutory financial reporting requirements and to ensure the body is taking corrective action where needed.</p> <p>Budget management ensures that once the Commissioner has approved the budget, resources allocated are used for their intended purpose and are properly accounted for. Budgetary control is a continuous process, enabling both the Chief Constable and Commissioner to review and adjust their budget targets during the financial year.</p> <p>The key controls for managing and controlling the revenue budget are that:</p> <ul style="list-style-type: none"> there is a nominated budget manager for each cost centre heading who is accountable for the budgets under his/her direct control the management of budgets must not be seen in isolation. It should be measured in conjunction with service outputs and performance measures.

Appendix A - Summary of arrangements

Governance

We set out below the arrangements for the governance criteria covering the year 2022/23.

Reporting Sub-Criteria

Findings

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

The financial regulations also set out the key responsibilities of the key individuals:

Responsibilities of the Chief Constable and Chief Constable's CFO:

- To provide appropriate financial information to enable budgets to be monitored effectively
- To ensure that each element of income or expenditure has a nominated budget manager to take responsibility for that part of the budget
- To ensure that total spending for operational policing remains within the overall allocation of resources and takes corrective action where significant variations from the approved budget are forecast
- To submit a budget monitoring report to the Commissioner on a regular basis throughout the year, containing the most recently available financial information

Responsibility of the Commissioner's CFO:

- To coordinate a joint budget monitoring report for presentation to the Police and Crime Panel, as necessary, containing the most recently available financial information.

How the body ensures it makes 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

The Organisations have a number of arrangements in place to ensure that appropriate decisions are made. The entity has created a decision policy to provide clarity of the role and expectations of all involved in the process to ensure that any decision reached by the Commissioner is done so in an open and transparent way. It is noted within this policy that "carrying out the functions of the Police and Crime Commissioner requires the making of a wide range of decisions. These include decisions of a strategic nature, and/or for the commitment of significant resources, to matters of a more routine nature on day to day business".

Anyone seeking a Decision from the PCC can submit it at any point throughout the year as and when required. It is submitted to a central point, i.e. the Programme Office, who will log and circulate it for consultation to the PCC Senior Leaders Team and other key stakeholders. This provides an opportunity to review and comment on each Decision Request prior to it being presented to the PCC thus providing the PCC with assurances that the Decision has been widely circulated.

The Requester will then brief the PCC personally on the Decision Request. This provides the opportunity for the individual/team requesting the Decision to make the case for the Decision to the PCC in person.

Appendix A - Summary of arrangements

Governance (continued)

We set out below the arrangements for the governance criteria covering the year 2022/23.

Reporting Sub-Criteria

How the body ensures it makes 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 (cont.)

Findings

All decisions will be signed by the PCC; however, in some cases signing may be delegated by the PCC to the Deputy Police and Crime Commissioner or Chief Executive in accordance with the delegated powers set out in the Scheme of Delegation and Consent.

Hampshire Police and Crime Panel (Statutory Joint Committee)

The Hampshire Police and Crime Panel (PCP) is responsible for scrutinising and supporting the Police and Crime Commissioner (PCC) for Hampshire. The PCC, sets key policing priorities through his/her Police and Crime Plan, and determines the policing element of council tax, amongst other responsibilities.

Meeting formally around four times per year, the PCP examines and makes recommendations on various aspects of the PCC's activity. Powers include:

- Reviewing the draft Police and Crime Plan
- Reviewing the PCC's proposed Council Tax precept levels
- Reviewing and scrutinising decisions and actions by the PCC
- Scrutinising the PCC's Annual Report
- Confirming the Chief Constable's appointment
- Confirming senior office and political roles in the PCC's office
- Reviewing the PCC's conduct
- To appoint an acting PCC, if required

Joint Audit Committee

The Joint Audit Committee was established to support both the PCC and Chief Constable in ensuring effective governance and risk management arrangements are in place and functioning effectively.

The Committee also scrutinises the draft statement of accounts, and considers whether appropriate accounting policies have been followed, and makes recommendations for improvements to anti-fraud and corruption strategies.

The Joint Audit Committee (JAC) is supported by the Internal Audit function.

Our attendance at the JAC indicates that the process is carried out and that any reports brought to the attention of the JAC are appropriately challenged and scrutinised.

Appendix A - Summary of arrangements

Governance (continued)

We set out below the arrangements for the governance criteria covering the year 2022/23.

Reporting Sub-Criteria	Findings
How the body monitors and ensures appropriate standards, such as meeting legislative/regulatory requirements and standards in terms of officer or member behaviour (such as gifts and hospitality or declarations/conflicts of interests)	<p>We have inspected the website of the Hampshire Police and identified the various policies in place regarding the integrity, ethical values and behaviour of key executives. A code of conduct is in place to ensure that the intended outcomes for stakeholders are defined and achieved.</p> <p>To ensure effective leadership throughout the entity, members and officers work together to deliver agreed plans with defined functions and roles. These roles and responsibilities are set out in the Constitution including those for the Police and Crime Panel and the rules under which they operate. In particular, it looks at how decisions are made and how procedures are to be followed to ensure that actions are efficient, legal, transparent and accountable to the community. Many of these processes are required by statute and regulations by Governmental and other bodies (e.g. CIPFA) while the Organisation has determined others locally.</p> <p>The Organisations have a sound management philosophy, demonstrates clarity of purpose and focus, with emphasis on performance and risk management. Our experience and knowledge of senior management is that they act with integrity, have good standards of behaviour and performance and lead by example.</p> <p>The Organisations have adopted a number of codes and protocols that govern the standards of behaviour expected of members and officers. These include codes of conduct for both officers and members of staff and cover conflicts of interest and gifts and hospitality and appropriate policies for partnership working.</p> <p>There are appropriate policies and procedures for ethical and behavioural standards, declaration of and protocol for conflicts of interest, and security practices that are adequately communicated throughout the organisation.</p>

Appendix A - Summary of arrangements

Improving economy, efficiency and effectiveness

We set out below the arrangements for improving economy, efficiency and effectiveness criteria covering the year 2022/23.

Reporting Sub-Criteria	Findings
How financial and performance information has been used to assess performance to identify areas for improvement	<p>The Organisations are currently operating under the Police and Crime Plan. In November 2021 a new Plan was developed called "More Police and Safer Streets". This plan sets the strategic direction and priorities for policing across Hampshire and the Isle of Wight for the next three years. It is the Organisation's statutory responsibility to ensure that a Police and Crime Plan is fit for purpose. The plan gives strategic direction for the future and has been developed in consultation with their key stakeholders.</p>
How the body evaluates the services it provides to assess performance and identify areas for improvement	<p>Throughout this plan, the strategic objectives and priorities of the Authority are stated showing the steps to be taken in order for these to succeed. This then links back to the budget and the financial information available i.e. MTFs to show how these strategic objectives and priorities can be achieved.</p> <p><u>HMICFRS Inspection</u> Her Majesty's Inspectorate of Constabulary and Fire & Rescue Services (HMICFRS) independently assesses the police forces in the public interest. The current inspection for Hampshire is the 2021/22 inspection which was published in April 2023. The PEEL (Police Effectiveness, Efficiency and Legitimacy) assessment inspected how well the force performed in 10 areas of policing.</p> <p>The majority of these areas were graded either "good" or "adequate". 2 areas were given the rating of "requires improvement" and no areas were graded as "inadequate". We have discussed the 2 "requires improvement" areas with management and note that appropriate actions have been put in place to improve these areas going forward.</p> <p>HMICFRS's report provides a good level of assurance for us regarding Hampshire Police's efficiency and effectiveness.</p>
How the body ensures it delivers its role within significant partnerships, engages with stakeholders it has identified, monitors performance against expectations, and ensures action is taken where necessary to improve	<p>The Commissioner and Chief Constable are party to a number of joint working arrangements, all detailed within Note 13 of the Accounts. These joint working arrangements provide a wide range of operational policing and business support services both within Hampshire and throughout the South East Region. The key collaborations are as follows:</p> <ul style="list-style-type: none">• Joint working for support services - The Integrated Business Centre (IBC) is hosted by Hampshire County Council and was launched in 2014/15 for the provision of shared financial and HR services across a number of entities including Hampshire Police. We note that this arrangement was in place during the 2022/23 financial year however in October 2023, the finance function and some of Recruitment for Hampshire Police have transferred back to the Constabulary, and HR will withdraw in April 2024. Transactional services (such as, invoice processing, payroll etc.) will remain in the Shared Service Centre.

Appendix A - Summary of arrangements

Improving economy, efficiency and effectiveness

We set out below the arrangements for improving economy, efficiency and effectiveness criteria covering the year 2022/23.

Reporting Sub-Criteria	Findings
How the body ensures it delivers its role within significant partnerships, engages with stakeholders it has identified, monitors performance against expectations, and ensures action is taken where necessary to improve (cont.)	<ul style="list-style-type: none">• Joint ICT/Information Management Department - Shared ICT services hosted by Thames Valley Police (TVP)• South East Organised Regional Organised Crime Unit - The South East Regional Organised Crime Unit (SEROCU) is a Police unit responsible for delivering specialist capabilities to Hampshire, Surrey, Sussex and Thames Valley police. It comprises of police officers and staff drawn from police forces across the country and it's aim is to effectively target and disrupt serious organised crime.• Joint Operations Unit - This is a collaboration arrangement with TVP to provide joint operations units for protective services.
Where the body commissions or procures services, how the body ensures that this is done in accordance with relevant legislation, professional standards and internal policies, and how the body assesses whether it is realising the expected benefits	<p>In all of these, Governance arrangements are in place which means that each party can influence the work and priorities of each activity and will have a role in budget setting and overall strategic direction.</p> <p>The Organisations have in place "Contract Standing Orders" which have been issued in accordance with section 135 of the 1972 Local Government Act. These are intended to promote good purchasing practice and public accountability and deter corruption. The Orders detail the minimum requirements and procedures appropriate for the acquisition and disposal of all goods, services and works undertaken on behalf of the Police and Crime Commissioner for Hampshire and Isle of Wight and the Chief Constable.</p> <p>The Organisations have also developed a Procurement Strategy which sets the framework in which the Organisations will work to ensure that procurement delivers value for money across all services and directly contributes to the achievement of their strategic goals.</p>

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