

Auditor's Annual Report on the Police and Crime Commissioner and Chief Constable for South Yorkshire

2022-23 VfM arrangements

20 December 2023

FINAL



Contents

Section	Page
1. Executive summary	3
2. Opinion on the financial statements and use of auditor's powers	5
3. Financial sustainability	6
4. Governance	13
5. Improvement recommendations	21
6. Improving economy, efficiency and effectiveness	27
7. Improvement recommendations	34
8. Follow-up of previous recommendations	36
9. Opinion on the financial statements	38
Appendices	
Appendix A – Responsibilities of the PCC and CC	41
Appendix B – An explanatory note on recommendations	42
Appendix C – Sources of evidence	43
Appendix D – Key acronyms and abbreviations	44



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

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



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

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1. Executive summary



Value for money arrangements and key recommendation(s)

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

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

Our conclusions are summarised in the table below. As noted below, no significant weaknesses have been identified which is a good outcome for the organisations, however, we have reported a total of eight improvement recommendations (2022: three improvement recommendations) to strengthen existing arrangements. Recommendations 5 & 6 are important forward looking matters and in our view do not represent weaknesses in current arrangements.

Criteria	2022-23 Risk assessment at planning	2022-23 Auditor Judgement on arrangements	2021-22 Auditor Judgement on arrangements
Financial sustainability	No risks of significant weakness identified.	No significant weaknesses in arrangements identified and no improvement recommendations made.	No significant weaknesses in arrangements identified, however, two improvement recommendations made.
Governance	No risks of significant weakness identified.	No significant weaknesses in arrangements identified, however, six improvement recommendations made.	No significant weaknesses in arrangements identified, however, one improvement recommendation made.
Improving economy, efficiency and effectiveness	No risks of significant weakness identified.	No significant weaknesses in arrangements identified, however, two improvement recommendations made.	No significant weaknesses in arrangements identified.

It is expected that the mayoral commissioning model will be adopted in South Yorkshire, and the communication that the incumbent South Yorkshire Mayor has received from Department for Levelling Up, Housing and Communities and the Home Office is supportive of these plans. Mayoral elections are scheduled for May 2024 and the elected mayor is expected to take on the role as Police and Crime Commissioner at the point of taking office. We understand that there are fluid conversations taking place between the OPCC and SYMCA and various workstreams are ongoing in preparation for the transition planned for May 2024. Given that Senior Leadership and other teams are expected to be 'dual running' their commitments over the next five months, there is a risk that the demands of preparing for the transition and integration, coupled with the need to deliver the 'day job' of the operational performance could place a significant burden on both Senior Leadership and OPCC & SYP officers. It will be important that TCWG and Senior Leadership take a 'temperature check' on officers and teams involved in the SYMCA transactions (and indeed the other ongoing workstreams highlighted overleaf) and review progress against timetable on a regular basis, to ensure effective and timely delivery of all commitments. This is linked with the recommendation raised on page 26.

Executive summary

The PCC's and Chief Constable's arrangements have remained robust during 2022-23 and receipt of the HMICFRS Inspectorate's report assessing the Force as 'good' or 'outstanding' in most areas has been a key achievement. Looking forwards, the PCC and Force have several concurrent workstreams to complete during the remainder of 2023-24 in addition to the South Yorkshire Mayoral Combined Authority transition preparations. These include the Oracle Cloud implementation, the de-collaboration of regional procurement function, deciding on the future delivery model for the IT function, and the realisation of savings identified from Priority Based Budgeting. Senior leadership should ensure that there are appropriate arrangements and structures in place to underpin good governance principles and assure that these workstreams will be delivered to timetable, realising the intended benefits.

Financial sustainability

The PCC and Force continue to demonstrate that there are procedures in place to ensure good grip and control over revenue and capital spend. The useable reserves position remains robust at March 2023, however, comparison with other police bodies needs to be considered in the context of the legacy issues faced by SYP and the reserves required to support settlements. Finally, the savings target to address the budget gap to FY 2028 (c£20m recurrent gap) does appear to be a stretch for the Force, and its ability to deliver on this heavily hinges on whether the Priority Based Budgeting programme can deliver the savings required, whilst avoiding any detriment to the good policing performance recognised by HMICFRS. The first tranche identified recurrent cash savings of £2.9m, with the ability to go up to £4m if required. With a total of three tranches planned and based on a good record of delivering savings, initial signs appear to be positive.

Our work has not identified any evidence which leads us to conclude that there are significant weaknesses present which require recommendations to be raised.

Governance

Robust budgetary discipline continues to be demonstrated by the PCC and Force, with good engagement with households during the budget setting process and a good level of financial scrutiny and accountability in place to ensure delivery of a balanced outturn (or small underspend). From a more rounded governance perspective, there continues to be a good relationship between the PCC and Chief Constable and a joined up approach to delivering on the priorities in the Police and Crime plan.

A continuation of increased scrutiny over the process to establish the future operating model of information systems and procurement is required, and additional governance procedures may be required to support with this. We understand that the review of current arrangements has been extended to enable additional scrutiny and a greater understanding of all potential options, but these considerations need to be balanced with timely decision making. Whilst de-collaboration has only been confirmed for regional procurement at this stage, both functions (IT and procurement) are in a period of uncertainty, which may give rise to increasing staff attrition. Those Charged with Governance should identify the risks associated with a timely decision not being made in respect of the information systems delivery model (regional procurement implementation plan). Any further extension to the timetable may have a detrimental impact on current service provision which needs to be considered.

Our work has not identified evidence of significant weaknesses within the arrangements in place. However, we have identified several areas, including procurement and IT arrangements highlighted here, where the PCC and CC could improve arrangements and as such, have raised a number of improvement recommendations which have been accepted by management. See pages 21-26 for more detail.

Improving economy, efficiency and effectiveness

The ability to deliver high quality policing was evidenced by the HMICFRS Inspectorate in their police effectiveness, efficiency, and legitimacy report with 8 out of 9 areas graded either 'good' or 'outstanding' – this was a significant achievement. Two of the three areas graded 'outstanding' align with the Police and Crime Plan priorities indicating that the Force is able to deploy resources effectively in priority areas.

Whilst the Force appears effective at delivering good policing, it is important to ensure that support functions are effective to underpin front-line services. Several of the non-public facing departments currently find themselves in a review phase including procurement and information systems. Off the back of a good PEEL outcome and with the officer uplift programme broadly delivered, we would expect an increasing focus to be placed on the 'back-office' departments to ensure that arrangements in place and their structures are appropriate and robust.

The procurement function, which plays a key role in delivering economy and efficiency, has been a strong asset of the Force in recent years during which it has won awards and has been seen nationally as an example of best practice. Whilst the creation of BlueLight Commercial has impacted the scope of support required from the local procurement function, Those Charged with Governance should work with the senior officer team and change strategy implementation team to ensure that the effectiveness of the procurement function is not lost post de-collaboration.

Our work has not identified evidence of significant weaknesses within the arrangements in place. However, we have identified matters in relation to performance targets and procurement single tender actions where the PCC and CC could improve arrangements and as such, have raised two improvement recommendations which have been accepted by Management. See pages 34-35 for more detail.

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

We bring the following matters to your attention:

Opinion on the financial statements

Auditors are required to express an opinion on the financial statements that states whether they : (i) present a true and fair view of the PCC and CC's financial position, and (ii) have been prepared in accordance with the CIPFA/LASAAC Code of practice on local authority accounting in the United Kingdom 2021/22

We anticipate issuing an unqualified 'clean' opinion on the PCC's and CC's accounts. Our findings are set out in further detail on pages 38 to 39.

Statutory recommendations

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

We did not issue.

Public Interest Report

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

We did not issue.

Application to the Court

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

We did not apply.

Advisory notice

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

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

We did not issue.

Judicial review

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

We did not apply.

3. Financial sustainability



We considered how the Office of the Police and Crime Commissioner and Police Force:

- identifies all the significant financial pressures that are relevant to its short and medium-term plans and builds them into its plans
- plans to bridge its funding gaps and identify achievable savings
- plans its finances to support the sustainable delivery of services in accordance with strategic and statutory priorities
- ensures 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
- identifies and manages risk to financial resilience, such as unplanned changes in demand and assumptions underlying its plans.

Identification of significant financial pressures and building these into its plans

Annual budgets are approved by the Public Accountability Board in February for the forthcoming financial year. The budget includes Medium Term Resource Strategy (MTRS) covering five years (including the detailed budget for the coming year) which includes key financial assumptions and risks, the Council Tax precept determination, use of reserves balances, the capital strategy, savings programme, and a summary of any inflationary and budget pressures.

The audited body has continued to demonstrate appropriate financial and budgetary management throughout 2022-23 and into 2023-24. This is evident from quarterly revenue and capital budget monitoring reports to the Public Accountability Board (PAB) and the Joint Independent Audit Committee (JIAC). In addition to regular quarterly reporting, both bodies also report the yearly outturn to PAB and JIAC. The quarterly reporting captures emerging budget pressures and any favourable budget variances as they arise, and their estimated monetary impact on the remaining period up to year end. An example during 2022-23 was a change to the workforce plan to reduce the planned increase in officer strength, which created a favourable budget variance.

There is a narrative included in the MTRS to support and explain the assumptions used. The same section of the MTRS also describes how such elements could change in the future and the monetary impact that such changes may have, providing a sensitivity analysis to readers. Relevant inputs highlighted due to uncertainty or items likely to change include the Funding Formula Review, the Uplift Grant, the Oracle Cloud system implementation, the McCloud Pensions remedy and the continuation of Home Office funding to support with legacy issues.

One of the key medium-term budget considerations for the Force is legal costs and settlements associated with the legacy issues of the Hillsborough disaster and child sexual exploitation (CSE). These have been appropriately factored into budgets and the reserves strategy, to the extent that forward looking assumptions can be predicted. It is estimated that additional legacy costs will total £85m by 2027-28, of which £15m will have to be borne by the Police and Crime Commissioner. The £15m figure assumes that the Home Office will continue to offer Special Grant funding. Should the annual funding settlement from the Home Office reduce, then additional reserves pressures are to be expected. In 2022-23, the cost of the legacy issues was budgeted to be £5.4m but some slippage in settlements occurred with actual settlements totalling £2.4m.

Whilst the draft statutory instrument is yet to be finalised and laid before parliament, it is expected that the mayoral commissioning model will be adopted in South Yorkshire during May 2024 and, as such, the function of the Office of the Police and Crime Commissioner will transfer to South Yorkshire Mayoral Combined Authority (SYMCA) at that time.

It is understood that preparatory work has already commenced, with regular liaison taking place between the senior leaders of both SYMCA and the OPCC, which has so far resulted in a project governance structure being agreed. The Combined Authority has recruited a consultant as the programme manager, who has set up a number of workstreams. The programme manager is working on a high level plan that incorporates all workstreams, and the OPCC is working with SYMCA colleagues on each of the workstreams including governance, risk and legal, finance, HR, IT, procurement, estates and fleet. We understand the Combined Authority has set money set aside to fund the project, and has agreed to cover all costs relating to the programme team. Per our understanding, no contributions from SYP will be required in this regard.

Financial sustainability

2022-23 Revenue outturn

The Chief Constable reported an £30k underspend (excluding legacy), which is 0.01% of the total force budget. The 2022-23 savings target was £1.76m of which £1.30m of the initially identified savings were delivered (74%). Further savings were identified in-year totalling £1.62m, bringing the total savings achieved to £2.91m, an over-achievement of £1.15m in year or 165% of the target. Of the £2.91m total, £1.07m is expected to be recurrent. The budget requirement for 2022-23 was set at £310.7m, which included an increase of £10 in the band D precept. The budget also included an amount for the locally funded police officer uplift of 18 to a total of 220 officers, to support with delivery of the Police and Crime Plan and national policing priorities. The 2022-23 core grant amounted to £233.8m, representing a YoY cash increase of 5.8% intended to cover the additional police officer uplift, national insurance increase, and a contribution towards pay inflation.

The consolidated underspend was £5.3m. This includes capital financing costs £1.4m below budget due to continued under-borrowing (below the capital financing requirement) and increased interest on deposits. Some £740k of additional income was recorded within commissioning and partnerships. The £153k underspend on the OPCC's budget is due to several factors, the largest of which is a vacancy factor ahead of budget. The £740k of the additional commissioning and partnerships income has been added to earmarked reserves to support with future activity along with £3m added to the legacy reserve, and the adjusted net surplus was £1.59m.

Overachievement of income in 2022-23 totalled c£2.5m, around half of which has been offset through additional costs being incurred. Increased income has arisen from increases in activity from National Driver Offender Retraining Scheme (NDORS - speed awareness/road safety courses), Vehicle Recovery Income and Police And Crime Act Income. In terms of legacy, including Hillsborough, the Stovewood Enquiry and CSE civil claims, the full year outturn was £2.4m, which represents slippage of £3m from the budgeted position. These settlements are expected to be made in future periods, so this amount does not represent a true underspend.

At the time of drafting the 2022-23 budget, inflation was 5.1%, which contrasts with the 10.5% recorded at the time of drafting the 2023-24 budget. This significant uptick over the course of the 2022-23 financial year has resulted in some non-pay cost pressures, however, in-year fixed contracts with suppliers have gone some way to limit the in-year impact of inflationary pressures. A £1.9k flat pay increase was awarded to both officers and police staff during the 2022-23 year, which was not significantly ahead of expectations. Police officer overtime represented the greatest overspend of £2.3m with the explanation being the temporary backfill of vacant positions. The overspend on overtime was offset by vacant posts included in the budget relating to both existing and growth roles – management has explained that there have been challenges recruiting to these roles and retaining staff. The vacancy factor being ahead of expectations has enabled the force to directly revenue finance £1.2m for the Oracle Cloud project, manage additional costs arising from 'summer surge' activity (increased call volume due to longer daylight hours, holiday period and high number of social events) and fund additional overtime for Her Majesty the Queen's State Funeral. Finally, there has been an increase in insurance provisions this year, leading to expenditure charged ahead of budget of £1.32m, linked with an increased number of liability claims in 2022-23 (40% increase in year on year claims from 137 to 194).

Overall, there has not been a greater draw on useable reserves than planned which is a positive outcome. Regarding the sustainability of the vacancy factor being ahead of budget, management is of the view that that entity can run with a vacancy factor ahead of plan (the vacancy factor for police staff is 188 FTEs on a budgeted total of 2186 FTEs) but these vacancies will move between job posts each year through hiring and staff turnover. Thus, it is considered challenging to remove these from budgets with any certainty. It is envisaged the the work undertaken during tranche one of Priority Based Budgeting (and in subsequent tranches) will aid with identifying unfilled posts that could be permanently removed from the revenue budget.

Capital outturn

The PCC approved a revised 2022-23 capital programme of £17.77m. This was reduced by £9.07m from the £26.84m at budget setting to reflect past trends in spending. This reprofiling in H1 2022-23 aimed to address our previous recommendation highlighting repeated slippage in the capital programme and the need to identify and report this earlier. The final capital outturn amounts to £13.4m in 2022-23 (or 75% of the revised programme), indicating further slippage. The 2023-24 programme is £17.92m (after slippage adjustment of £8.67m). As at quarter 2, £22.50m is the forecast capital outturn at a scheme level with £6.5m spent to date (36% of budget). In the prior year, a recommendation was raised to identify capital slippage early and appropriately manage this. Programme delivery in 2022-23 indicates some improvements but due to continued slippage beyond budget, we have reported as partially implemented on page 36.

Financial sustainability

Plans to bridge the Police body's funding gaps and identify achievable savings

The PCC polled residents and the public regarding the policing priorities and the policing precept for 2023-24. A total of 2,870 residents engaged and expressed their views which is considerably higher than last year (c2,000 responses). Of these, 57% (1,618) of respondents stated they would be willing to pay £10 more per year, and 26% (740) confirming that they would be willing to accept a rise in line with inflation. This consultation was deemed to give the PCC public support on a proposed annual increase in the policing element of the Council Tax (the police body's precept) for 2023-24 of £15 for a band D property. Consultation was conducted mainly online and was promoted across the PCC's social media and that of partners (including local authorities). It was also sent direct to over 55,000 individuals who are signed up to the SYP Alerts system, to over 2,000 recipients of the PCC's weekly Blog, the OPCC's engagement contacts database and to the local media.

The Home Office provisional funding settlement for 2023-24 announced additional funding of £523.4m nationally, with 67% of this increase expected to come from local taxation (£349m). In South Yorkshire, the 2023-24 core grant amounts to £228.6m (YoY increase of £750k) with an additional £9.5m for pensions and ringfenced uplift grants (2023: £6m). A further £88m (37%) is being raised through council tax, with the annual increase of £15 on a band D property.

In order to address the £32m budget gap (£20m recurrent gap) identified from 2023-24 and beyond, savings are being sought to aid with the delivery of a balanced position over the remaining term of the MTRS. Given the focus being pushed from the Home Office around maintaining officer numbers, current saving plans are aiming to minimise the impact on police officer posts. The budget areas where underspends were identified during 2022-23 year have been included in the 2023-24 savings plans. Similarly, we understand overspends have been reviewed by management and where appropriate, additional funding has been built into the 2023-24 budgets for areas of unavoidable cost pressures such as increases in police officer increments and pension contributions.

The 2023-24 savings target is £3.72m of which £3.27m is currently showing as achieved and captured in the savings plan via removal from budgets. The £0.46m of unachieved savings relate to the Criminal Justice Department file build project and the under £50k procurement team. Despite these savings not being on track to be delivered in 2023-24, the projected outturn is an underspend of £3.51m and so no additional draw on reserves is required. The savings identified over the remainder of the MTRS to March 2028 total £1.62m meaning that the majority of the identified savings appear to have been delivered in the early years of the MTRS. The key savings for the remainder of the MTRS comprise £1m recurrent from 2024-25 onwards for police overtime and £350k for Smarter Ways of Working (rationalisation of estate). The assumption of reduced police overtime is linked with the officer uplift programme and allows for a period of training for new recruits, hence the assumed realisation from 2025 onwards. Over the period from 2022-24, the Force has an ambition to realise efficiency savings of £7m to support the achievement of a balanced budget position.

The highest value savings (>£100k) delivered during 2022-23 and to date in 2023-24, comprise reduced IT license costs, the expectation that a reduced volume of ill health retirements and increased volume of vehicle seizures will be sustained, lower business rates levied following revisions to rateable values and a reduction of PCSO shift allowances and overtime (linked with police officer uplift). From our review, we have not noted any significant savings of a transformational nature aside from the Force becoming less reliant on police officer and PCSO overtime arising from the increase in the police officer headcount (uplift). Successfully delivering the PBB programme is therefore critical to identifying additional savings of transformational and recurrent nature to address the budget gap.

The identified savings to be delivered in 2024-25 are particularly low at £290k, which is 5.8% of the £5m of total savings identified (excluding PBB) between 2023 and 2028. This profiling is likely a sensible approach given the focus required on SYMCA transition preparations over the remainder of 2023-24. Whilst the majority of the savings identified relate to the activities of the Chief Constable rather than the OPCC, some synergies and cost efficiencies may be identified following the SYMCA transfer. The change in the commissioner may also trigger a change in the Police and Crime Plan priorities and therefore the departments where savings programmes would be endorsed. The priority based budgeting (PBB) programme being undertaken (further detail on page 10) is expected to enable a more dynamic approach to identifying and delivering savings, however, since tranche 1 has recently been completed and cash savings identified have yet to be realised, no evidence is available at the time of writing to demonstrate its success.

Financial sustainability

Plans its finances to support the sustainable delivery of services in accordance with strategic and statutory priorities

Legacy

One of the key factors to be managed by the Police and Crime Commissioner is maintaining general and earmarked reserves at a level that can appropriately support with legacy settlements. The PCC pays 15% towards settlements with 85% being paid by the Home Office. Whilst there are informal indications that this level of support will continue, the Home Office will only provide formal confirmation covering a period of one year. It is anticipated that the PCC will need to fund up to £15m of historic Legacy costs over the remainder of the MTRS up to 2028.

The Police and Crime Commissioner has set a minimum general reserves level at 5% of the following year's net revenue expenditure. The balance as at 1 April 2022 for the total general and earmarked reserves was £67.7m. From this, general reserves of £36.9m were above 5% of the 2022-23 net revenue budget. The remaining reserves were all earmarked at £30.8m. Total usable reserves rose in the 2022-23 year to £73m at March 2023 (£40.5m general/£29.5m earmarked). Over 75% of earmarked reserves as at March 2023 relate to legacy claims and insurance, which are not considered to be discretionary elements of spending and therefore cannot be released to support annual revenue deficits. Figure 2 on page 11 illustrates how general reserves compare with the minimum 5% of the following year's net revenue budget. The legacy reserve held within earmarked reserves appears sufficient to support with the expected legacy outflows over the remainder of the MTRS, assuming Home Office special grant funding continues and the recurrent budget gap is addressed through delivering savings as opposed to using reserves.

Statutory & Home Office national priorities

With regards to supporting statutory priorities and national policing initiatives, there is a clear focus on increasing police officer numbers in line with national targets. The national police officer uplift target has now been satisfied by SYP, and the PCC has funded an additional local uplift of 220 officers supported by the council tax precept. Overall, funding has been appropriately provided including capital costs, demonstrating SYP's commitment to prioritise Home Office objectives.

Local priorities

In addition to statutory responsibilities, appropriate planning takes place to ensure the organisation's priorities (Police and Crime Plan set by PCC) are supported by its annual and medium-term budget (MTRS). The 2022-23 and 2023-24 budgets included reference to the areas of focus for the Force including additional funding provided. These are also included in the Police and Crime Plan and the 4 key priorities for the Force comprised:

Priority area per Police and Crime Plan	Funding provided in 2022-23 budgets
Violence against Women and Girls, including domestic abuse	Project Perpetrator Programme (£0.5m), Safer Streets from H2 2023-24 onwards (£1m)
Child Sexual Exploitation	Operation Stovewood (10m)
Neighbourhood Policing model and tackling neighbourhood crime	Officer uplift including additional local uplift (£3.4m) & Grip 'hotspot policing' (£1m)
Tackling drugs, organised crime groups and Serious violence	Violence Reduction Unit (£2.8m)

Oracle Cloud migration is also a key objective for the Force aligned with its effective use of technology and data strategic goal. This has also been considered during budget setting with £1.2m of costs being funded from revenue in 2022-23 (2023-24: £nil).

Financial sustainability

Ensures its financial plan is consistent with other plans such as workforce, capital, investment and other operational planning

Priority based budgeting

During 2022-23 the Force began its Priority Based Budgeting (PBB) work programme. The underlying principle of the priority based approach is the allocation of the Force's financial resources in line with established priorities. This contrasts with a more traditional budget setting approach, which focuses on changes from the prior year. During the initial stages of PBB, a number of the business areas of the Force were reviewed in terms of both cost and the service provided. This included in-depth reviews of services and included facilities management, fleet management, the data office and business & administrative support among others. Its aim is to provide an understanding of costs, and of the potential impact on service from reductions in spending in order to distribute resources in the most effective and efficient manner possible. Since the programme's focus is on delivering greater efficiencies, the removal of currently vacant posts from annual budgets is not envisaged to impact overall service delivery. We understand that decision makers have worked to limit any impact on staff currently in post. The diagram (fig. 1 below) provides a generic overview of a Priority Based Budgeting process.

PBB comprises three stages. Phase 1: Service Analysis analyses resources, costs and their application to services. This provides an understanding of how resources are currently utilised and cost drivers. Phase 2: Demand and Productivity identifies and evaluates the impact of external changes in demand for services and opportunities to deliver services in a more efficient way, delivering the same service for less. The final phase, Phase 3: Service Level Options, identifies the options to change the level of service provided and associated risks and savings. This includes scoring the options to prioritise them and then selecting a service level. Aligning service level with priorities is the potential means to balance the budget or potentially reinvest additional efficiencies into emerging investment areas identified.

At the time of writing, all 3 phases of tranche 1 have been completed, which covers 8 business areas. The Strategic Change Board convened in late October to review the recommendations for each business area within tranche 1. Recommendations were categorised as 'those supported' (e.g. realigning a budget, changing a process) or 'those supported in principle' (requires more detailed analysis to inform their implementation). For the latter, further analysis is expected help to identify opportunities to work in the most efficient and cost-effective way possible prior to formalising a decision. Force wide communications were released shortly thereafter to indicate the general decisions reached across each business unit within tranche 1.

PBB tranche 1 has identified possible demand and productivity savings of £2.9m that can be implemented without impacting the level of service delivered. This is reported as a balanced option involving minimal service reductions of a non-public facing nature and reinvestments in other functions to improve service levels. Business areas attracting this reinvestment include the data office, vehicle fleet management and Tactical Support Group. Other scenarios were identified with the potential to deliver additional cash savings of up to £4m, which offer an option for the Force to consider if a worsening of the revenue position were to occur, however, this increased value would likely be to the detriment of service quality, according to PwC in their capacity as management's consultant.

Whilst the initial signs appear to be positive, it may be the case that the £2.9m referenced above is potentially over-optimistic and the actual savings realised may be lower. However, due to the engagement of departmental heads as subject matter experts during the costing and understanding process, there is a good level of accountability built into the programme. Standing back, there appears to be a reasonable chance of identifying savings of £7m (see reference on page 8) across the three tranches of PBB planned, on the basis that tranche 1 alone has identified savings totalling £2.9m.



Financial sustainability

2023-24 Revenue Monitoring

As at September 2023 (quarter 2), the Force is currently projecting a net underspend of £3.51m which is 1.13% of the total budget before legacy costs. This is made up of net underspends of £6.5m plus emerging in year pressures totalling £3.2m.

Broken down this comprises of a a £1.4m underspend on utilities where the actual cost per unit of energy has been lower than budgeted and a £2.5m underspend on pay costs due to the Force accruing for a 3% pay award in the budget with the Home Office funding 5% of the total pay award of 7%. SYP providing for a more prudent 3% estimate in its budget compared with the 2% adopted by some other forces has resulted in a 1% underspend versus budget in relation to the pay award. There are also underspends in growth areas of £1.6m and contract savings in year in respect of IT licences and subscriptions at just under £1m. There are no significant one-off pressures to note and, due to the overall underspend position, these in-year pressures are not expected to jeopardise delivery of a year-end balanced outturn.

Capital spend at quarter 2 of 2023-24 has been reported on page 7 of this report and page 8 reports the progress of the 2023-24 savings programme delivery. There are no significant concerns arising following a review of the Force's 2023-24 quarter 2 revenue and capital position and the Force appears on track to delivered a balance position (or underspend) at the 2024 year-end.

The OPCC is forecasting a small underspend of £150k (or 7.5% of budget) due to vacancies and Home Office funding 5% of the total pay award, being the same scenario as for the Chief Constable noted above. Capital financing costs are forecasted to be £713k (under 50% of amount budgeted), due to increased interest income on deposits and slippage in the delivery of the capital programme reducing the need to take additional external borrowing.

Figure 2 - Analysis of reserves



Financial sustainability

Managing risks to financial resilience

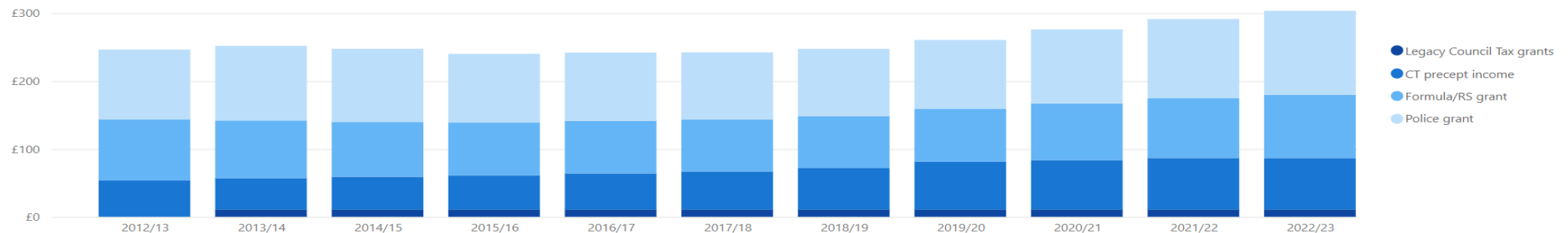
The PCC regularly reviews the key assumptions and risks that underpin its financial resilience (and that of the Force). As part of the annual budget, there is a section headed 'robustness of estimates' which highlights key estimates and uncertainties. It identifies the potential impact should any of the key assumptions change, including an indication of likelihood and the current steps in place to manage these risks, and mitigate where possible. Any key changes to the assumptions in-year are captured in quarterly management accounts reported to Public Accountability Board, which cover actions taken with revised forecasts, as applicable. The PCC's reserves strategy is also planned over the period of the MTRS, bringing together long-term resource projections with the PCC's capital investment proposals. Potential future risks with a financial consequence are also addressed in the reserves strategy.

For the Police and Crime Commissioner, the fundamental risks to financial resilience reported in the budget and reserves strategy include uncertainty around the continuation of special grant (legacy) funding from the Home Office, both bodies' ability to successfully implement Oracle Cloud in 2024, and the Force's ability to make efficiencies and deliver savings of the magnitude required. There are also some other non-SYP-specific risks affecting many police bodies nationally including the government position on future uplift officer funding, council tax precept flexibility, the potential for adverse financial impact from funding formula changes, the affordability of the McCloud and Sergeant judgements resolution (pensions) and the funding settlement following the Comprehensive Spending Review (CSR). The key risks and uncertainties appear to have been appropriately highlighted in the budget with an appropriate level of detail to explain the potential financial risks arising.

It can be seen in figure 3 below that overall income has increased in recent years, partly attributable to increases in the police grants from the Home Office. With the backdrop of tightening government spending across all departments, future spending reviews may offer a minimal or even no allowance for growth, leading to the need for the Mayor to raise council tax, make transfers from reserves or find additional savings. There is also the expectation for a general election by the end of 2024, which may add additional complexity to forecasting the level of future funding. SYP is one of two forces nationally represented by its PCC at the Strategic Senior Sector Group (SSSG) discussing potential changes to the national funding formula, with representation assumed to place SYP in a comparatively stronger position. Should changes to the formula be implemented, transition arrangements are expected to help cushion the impact of funding reductions in the short-term.

Due to the expected adoption of the mayoral model from May 2024, and the transfer of the PCC's function to the South Yorkshire Mayoral Combined Authority, the soundness of PCC's reserves balances over the long-term is a matter for SYMCA to contemplate. Nonetheless, as part of the PCC's stewardship duties pertaining to taxpayers' funds, it remains imperative that medium- to long-term spending considerations continue to be made including assessing the benefits identified in business cases against the impact that any additional spending would have on the usable reserves position. Continuation of such practices, as currently embedded, should help to ensure that the Force's and PCC's finances remain robust at the time that South Yorkshire Police becomes accountable to the South Yorkshire Mayor.

Figure 3 - Total finance for the Force (£m) – trend by source



Source: [Value for money dashboards - HMICFRS \(justiceinspectors.gov.uk\)](#)

4. Governance



We considered how the PCC and CC:

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

Overview of Governance Arrangements

Within the police sector, the Police and Crime Commissioner and Chief Constable act as ‘those charged with governance’. The PCC is a political appointee and is responsible for appointing a Chief Constable and issuing a Police and Crime Plan (PCP), which summarises the local priorities for policing in South Yorkshire. The PCC holds the Chief Constable to account for delivering high-quality policing services and delivering on the objectives and priorities set out in the Police and Crime Plan (2023-25). The PCC is in turn held to account by the Police and Crime Panel, comprising councillors from each of the four metropolitan areas in South Yorkshire, plus independent members of the public. The Force’s ‘Plan on a Page’ sets out how the Force will deliver on the objectives in the PCC’s Police and Crime Plan and its strategic vision.

During the tenure of the incumbent Police and Crime Commissioner, the Public Accountability Board (PAB) was established. During PAB meetings, the Chief Constable and senior officers present reports to the PCC on the progress being made against the priority areas within the Police and Crime Plan. These meetings, held in public, also enable members of the press and public to attend and to submit their own questions to the Chief Constable, other senior officers or the PCC. The Public Accountability Board has been identified by PCC as a key pillar of the enhanced governance arrangements implemented since Dr Billings took office in 2014 and appears to be robust tool to ensure accountability to local residents and taxpayers.

To reiterate our view in the prior year’s report, Dr Billings being in office for nearly a decade has created the foundations for a strong and effective relationship between the Force and the OPCC. The adoption of the mayoral commissioning model in South Yorkshire from May 2024 does pose a risk to the future effectiveness of this relationship, however, this is a matter for SYMCA to consider and work through under the leadership of the Mayor to be elected in 2024. It should be noted that similar models have been introduced in Greater Manchester and more recently in West Yorkshire.

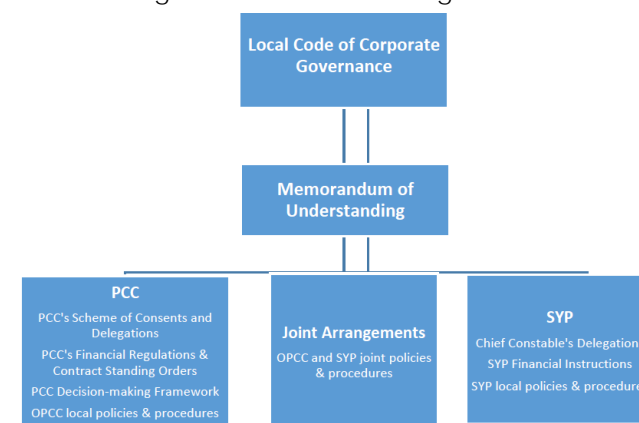
During 2022-23 South Yorkshire Police revised its joint corporate governance framework to ensure that this reflects the current arrangements in place and ensure it aligns to national work recommendations. This document incorporates consents and delegations, financial regulations and contract standing orders. The principal governance framework at is shown in fig. 4.

Financial Scrutiny

The governance arrangements and scheme of delegation enables the discharge of financial scrutiny over decisions that take place. Capital schemes exceeding £250k in value, require consideration and approval from the PCC and additional approvals following cost increases.

The budget is approved by the PCC annually and reported to Public Accountability Board. The Chief Constable has delegated authority to incur expenditure included in the CC’s revenue budget with individual items exceeding £5m requiring explicit approval by the PCC. Input from procurement officers is required for purchase requisitions over £50k. There is also a scheme of delegation in place for settlement of legal claims, particularly relevant to SYP during a period of it paying out legacy settlements.

Fig.4 Governance arrangements



Governance

Assurance Frameworks

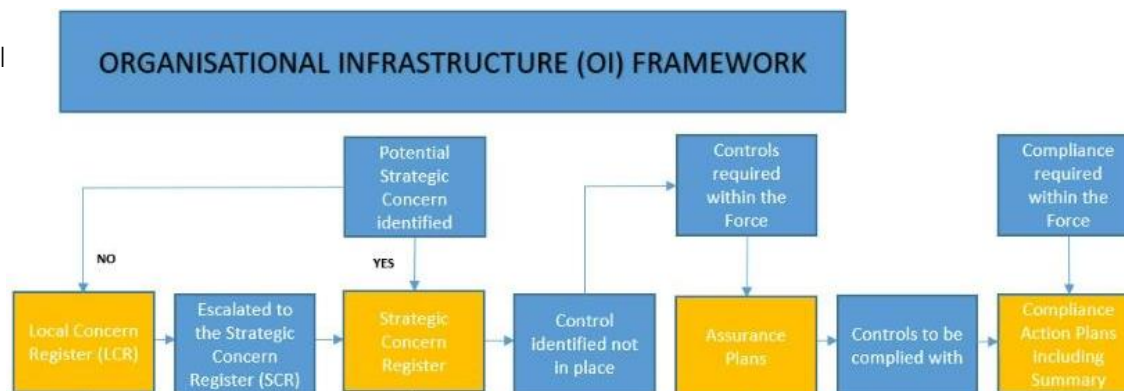
Implemented within the Force is an Organisational Infrastructure (OI) framework, which sets out the arrangements to manage risk and support compliance and accountability. Its overarching aim is to foster a culture of good governance, keeping arrangements in check and ensuring these don't fall by the wayside over time. The composition of this framework is presented in figure 5 below. Key aspects include the maintenance of local concerns and strategic concerns registers with entry in the strategic register dependent on the significance of the risk identified – see page 15 for additional detail. Assurance plans are also completed for key areas and these summarise the risk status along with current actions to mitigate. Each assurance plan is presented to Senior Command Team quarterly and JIAC once per annum. Compliance plans are the final piece of the jigsaw, and these summarise whether the controls identified in assurance plans are implemented and functioning appropriately. Regular updating of assurance and compliance plans is monitored by the Organisational Infrastructure Manager with compliance data posted on the Force's intranet quarterly.

The latest monitoring of compliance with the requirements of the OI framework was completed for August 2023. Instances of non-compliance included 4 assurance plans and 1 compliance action plan not completed or submitted to the Senior Command Team. The overall compliance rate is 80%, which shows no change from the June 2023 monitoring, however, some improvement has been noted in YoY compliance rising from around 72%. Plans that were not submitted for the June or August 2023 reviews included financial management, collaboration and partnerships and corporate finance. Management has indicated that resourcing pressures and vacancies have impacted completion, however, it is of the view that the finance areas do have robust controls, as reported by internal audit. Also, due to the potential for the de-collaboration of arrangements, management has asserted that collaboration is receiving an increased level of scrutiny, compensating for assurance plans not being completed.

The PCC has been developing its own PCC assurance framework (PAF) to assess the appropriateness of arrangements in place for risk, governance and internal control. It has been developed to support delivery of the PCC's legal responsibilities and to achieve the priorities in the Police and Crime Plan. Development has progressed during 2022-23. There are two key objectives as per the above: to properly discharge the PCC's legal responsibilities (1) and to achieve the priorities in the most recent Police and Crime Plan (2). Each activity to support the the two overall objectives has been assessed and a summary provided of the following: controls implemented, sources of assurance, strength of current assurance (low/medium/high), gaps in control and an action plan including action owner and timescales.

Whilst the PAF procedure has been implemented, additional detail continues to be added to strengthen benefits generated by the framework. This appears to be an innovative practice with SYP's OPCC being the first OPCC to implement nationally. We understand that benefits are now being realised as the OPCC has identified a need for a more joined-up approach to the identification of risks, and improvements are set to be implemented in Q4 of the 2023-24 financial year.

Fig. 5
Organisational
Infrastructure
Framework
(Force)






Governance

Risk management and internal controls

The Force and OPCC have arrangements in place to identify strategic risks, understand, record and assess them. There is a Joint Statement on Risk Management in place signed by both the PCC and Chief Constable. All significant strategic risks are captured in the Strategic Concerns Register (SCR) (figure 6) and are reported to the Force's Senior Command Team (SCT) on a quarterly basis. The latest SCR reported to JIAC was on the 27 September 2023. Few changes were noted in the items presented. Some of the concerns highlighted the financial impact from settling legacy issues and integrity and ongoing functioning of key IT systems. These examples demonstrate that the Strategic Concerns Register risk identification process is properly embedded and the concerns (risks) identified are appropriately scrutinised at committee level. Each concern has an action, including an assigned Action Manager, completion/review date and progress/direction of travel to allow for effective monitoring of risk level. Our review of the strategic concerns register confirmed that each risk is rated appropriately based on assessment, status and impact and concern owners are assigned.

Fig.6 Force's Strategic Concerns Register

Ref.	Concern Area	Concern / Issue Description	Assessment	Concern Owner	Current Assessment			Progress Made	Identified Actions	Completion/ Review Date	Action Manager	Progress/ Status	Trend/ Direction of Travel	SCT Comments
URN.	Concern Area.	A description of the concern or issue clearly identifies the potential or actual EVENT that gives rise or has given rise to a CONSEQUENCE that has or has had an IMPACT .	A narrative to explain what is the cause of the concern / issue and its source.	A member of the SCT to show ownership at the highest level.	Status Potential/ Actual.	Impact Potential/ Actual High / Medium / Low.	Rating Critical / Important / Requires Attention.	Specific progress made since the previous quarterly update.	Specific actions to respond to the issue arising or to mitigate the concern to avoid it occurring or minimising its impact.	Specific date for completion or review of the 'Identified Actions' given in the previous column.	The most appropriate manager accountable to the SCT.	Assessment of progress made quarter upon quarter with regard to mitigating this Concern.	Simple graphic to show periodic change.	Comment on degree of confidence that the concern/issue is being managed well.
	Force wide/Specific Area. Date concern / issue raised. Specify which 'Plan on a Page' objective(s) will be achieved by successfully managing this concern / issue. PoaP objectives can be seen by clicking on the hyperlink below: Plan on a Page	Shows that the concern or issue is fully understood in terms of the 3 elements (event, consequence, impact). May relate to an issue that has already happened or one arising from a national influence as well as an SYP specific matter.	Assessment made as to the nature of the controls / actions needed to respond to the concern / issue and/or deal with the implications (reference to OI Assurance Plans). Assessment / analysis of what has gone or may go wrong / what has not been complied with that has resulted in the issue arising (reference to OI Assurance Plans). Has it identified that a control is missing or a non-compliance matter? What needs to be put in place to best deal with the concern to avoid it becoming an issue (reference to OI Assurance Plans)? Determines areas for action and mitigation.	SCT Strategic Lead.	Status column: Assessment based on an analysis of the concern/issue in terms of its potential to occur or if it has actually occurred. Impact column: Assess the impact it has actually had or potentially may have. Impact column colour code: High = Red. Medium = Amber. Low = Green. Rating Column: Assessment based on the Status and Impact columns and therefore how serious the concern is overall.	Focus on the progress made – addressing completed actions.			Need to be clear what the action is, what the intended outcome will be, if it is to minimise the potential impact or reduce the likelihood. Focus on addressing a control adequacy/ existence issue and/or a control application/compliance issue. Must show how the action will influence this concern / issue. Must link to the relevant OI controls to feed into their review and updating of OI Assurance Plans.	Cannot use the terms 'on-going' or 'in progress'.	Likely to be the Tactical Lead.	Red – no/little progress made, Identified Actions require review. Amber – some progress made, Identified Actions may require review. Green – good progress made, Identified Actions are having an effect.	  	Assessment from SCT as to their confidence that the Identified Actions can be delivered and that they will have the desired effect on the concern/issue.

The Force and OPCC have arrangements in place to monitor and assess risk and gain assurance over the effective operation of internal controls. The Joint Management of Risk Statement (signed by both the PCC and Chief Constable in August 2021) sets out the way in which the Force and PCC/OPCC will work together to manage risk, and this is supported by the Joint Corporate Governance Framework. The OPCC has a supplementary Risk Policy that links in with the PCC assurance framework.

The OPCC has Strategic Risk Register (SRR) used to identify strategic risks, which is scrutinised at monthly Senior Leadership Team (SLT) meetings. This is a similar document to the Force's Strategic Concerns register (SCR) but the strategic risks differ. The PCC's risk register is presented each quarter to JIAC for them to provide the PCC with independent assurance on the adequacy and effectiveness of the OPCC's risk management framework.

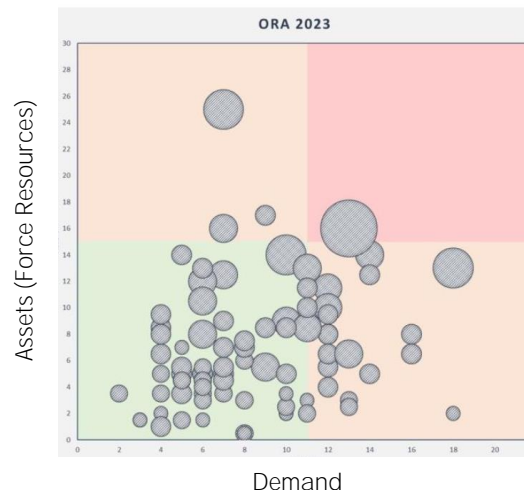
The latest OPCC's SRR was presented to JIAC on 27 September 2023, and this update included the proposal to transfer PCC functions to the South Yorkshire Mayor being added as a strategic risk. Other risks highlighted include OPCC capacity and workload demand and a challenge to balance budgets over the medium-term, linked with a tightening to the annual financial settlement from the Home Office affecting all PCCs and forces nationally. The OPCC capacity risk is linked with a recommendation that we have raised on page 26, which we consider to be a key risk to monitor and manage up to the date of the expected transfer in May 2024.

Governance

Risk management and internal controls (continued)

The Force uses an Organisational Risk Assessment Model (ORA) to map demand levels with available capacity to identify pressures. The leadership team asks business and operational leaders to contribute to the ORA by sharing position statements on current demand, capacity, capabilities, scanning challenges on the horizon and identifying opportunities for the future. Risks are scored using a RAG-rating based on an assessment of demand and the capacity of the workforce and other assets. The rating is provided through a four quadrant matrix which aligns all areas of context.

The largest circle predominantly in the red quadrant represents a key area of concern and relates to the regional procurement function. This function has been earmarked for de-collaboration and has been considered in greater detail on page 18. To this end, identifying this function as red-RAG rated does not fall outside of expectations and is consistent with wider evidence and enquires made. Improvements have been noted in respect of the Force Control Room which has seen this move from red to green during the year to March 23. With only one function identified as red-RAG rated, the Force appears to be providing appropriately capacity to meet demand and deploying resources in an effective manner.



Arrangements to prevent and detect fraud

The responsibilities of the Police & Crime Commissioner and Chief Constable in respect of preventing and detecting fraud are set out in the Joint Corporate Governance Framework. The controls in place to manage fraud risks include the confidential reporting (whistleblowing policy), registers of business interests, gifts, and gratuities and hospitality, financial regulations and also the activities of the Professional Standards Department. The work of internal audit also plays a key role in suppressing the risk of fraud.

From a finance perspective, the financial regulations are a key tool in reducing the risk of fraud combined with segregation of duties in process flows and counter-fraud training. The Counter Corruption Unit (CCU) within PSD takes responsibility to managing the risk of fraud, however, it should be noted that nationally fraud is not considered to be a key vulnerability for counter corruption units. The key priorities for the Professional Standards Department are STUDIOS (further explained on page 19), which have been developed to address known risks and concerns of the public. Following several high-profile incidents in the press, the public clearly take an elevated interest in relation to certain types of misconduct and corruption and therefore, it does not appear unreasonable for the CCU to focus activities on responding to the nationally prescribed STUDIOS priorities.

Governance

Budget Setting Process

There is an established budget-setting process in place for agreeing the budget each year. The budget-setting process is thorough, with several stages. The budget is considered and approved by the Police and Crime Commissioner each February at the Public Accountability Board (PAB) along with the reserves, capital, and treasury management strategies. The Chief Constable is consulted during the budget setting process to ensure that the overall budget that the Force signs up to is deliverable from a Force perspective. Routine monitoring of the budget takes place through the budget monitoring reports which are presented to PAB and Joint Independent Audit Committee (JIAC) on a quarterly basis.

The budget and Medium Term Resource Strategy (MTRS) are considered and approved at the same time during February. The MTRS is incorporated into the budget report and considers a five year time horizon. Routine reporting including of longer-term projections and any risks to the medium term are incorporated into the quarterly budget monitoring reports considered by PAB and JIAC.

Budgets are updated post budget setting when significant changes are identified in assumptions or run rates that are expected to continue. An example from 2023-24 is the pay award, for which 3% was budgeted. The Home Office confirmed an award of 7% and pay budgets were updated for the actual award. Budget holders are held accountable for any changes made in-flight by the Senior Command Team. This practice means that the year-end comparison to budget presents a more robust basis to challenge budget holders should under-delivery against the budgeted outturn position occur.

The Police and Crime Commissioner's and Chief Constable's track record of delivering a balanced (or underspend) outturn position confirms that budget setting processes are appropriate and the assumptions adopted reasonable.

Budgetary control

All cost centres are linked to a budget holder. The head of each district or department is a principal budget holder with 25 in total. Senior police officers usually of Superintendent or Detective Chief Inspector rank are accountable for budgets and are supported by the business manager in their department. Each Assistant Chief Constable (or above) and the ACO – Resources, are responsible for a group of functions with the budget holders reporting into this group of chief officers.

Finance officers access financial information using the Oracle Business Intelligence (BI) module of the enterprise resource planning system. The Oracle BI module shows financial performance in real-time with actuals and the budgeted position shown. Any revisions to budgets are shown as they are made, which captures up-to-date projections from budget holders. The focus of monitoring is always the projected outturn position, which is informed by the actual spend to date.

Following monthly closedown and updating budgets for revised projections, a budget monitoring report is produced by finance for each budget holder of the 25 functions. Summary reports are also produced for the chief officer Senior Command Team. Budget holders will be held to account for unplanned variances by the senior officer team. Similar monitoring procedures are carried out within the OPCC, however, less granular detail is included considering their annual revenue budget is much smaller than that of the Force and there are fewer short-term operational pressures that may influence spend within the OPCC.

Quarterly budget monitoring reports for the Force and OPCC showing the projected outturn position are presented to JIAC and the PAB for their consideration and to promote accountability and robust challenge. These reports also provide an update on capital spend, the treasury position and the achievement of budgeted savings. Accompanying narrative is presented alongside variance analysis to enable readers to understand the reasons behind variances from budget. Monthly budget monitoring reports are also presented to Planning and Efficiency Group (comprising the Force's SCT and OPCC's SLT).

Processes are in place for in-year budget virement if required in accordance with the body's Financial Regulations.

Governance

Information Systems Collaboration and potential move towards de-collaboration

The Force has formal collaboration arrangements in place with Humberside Police, the largest of which by annual budget is the Joint Information Systems service which attracted a contribution of nearly £7m from South Yorkshire Police in 2022-23. This collaboration arrangement began in 2011, linked with the national agenda at that time. The effectiveness of collaboration arrangements is monitored using the Collaboration Effectiveness Dashboard, explained in greater detail on page 31. This monitoring procedure identified challenges in respect of the service delivery, effectiveness and SYP identified a value for money risk. The main reason cited is the divergence in systems and IS priorities since inception leading to IS resource being thinly spread with capacity challenges to deliver 'the wants' of each Force.

De-collaboration was considered but was not the preferred option due to the potential risks involved, uncertainty over benefits realisation and the potential for implementation costs to spiral. This led to an extensive review taking place which focussed on either making the collaboration arrangements work for both parties or adopting a hybrid with collaboration continuing for specific IT functions. However, we understand that since the report authors had not experienced de-collaboration or hybrid-model adoption, and there existed a potential self-interest threat, risks were identified in placing reliance on the report to inform decision making.

To better understand cost/benefit, the two Chief Constables opted to engage an independent third-party consulting firm, Credera, working with Police Digital to create a roadmap of how de-collaboration could be executed and the likelihood and scope of potential benefits, with the report expected November 2023. Credera has previously led a Force in the Midlands through the de-collaboration process. We understand the fee for the consultant's services is £50k and Senior Leadership has identified potential costs that could arise though a failed implementation to exceed this amount and therefore, we understand this spend has been committed as a tool to manage risk. Senior Leadership has communicated that they are wanting to make a decision based on an appropriate level of evidence.

Whilst it is noted evidence-based decision making procedures may support with securing economy, efficiency and effectiveness, at the time of writing there is no timetable for de-collaboration or implementation of one of the other options. This is likely to create ongoing uncertainty and there remains the potential for no decision in 2023 potentially creating additional pressures in early 2024 alongside other competing demands such as the SYMCA transaction. Governance and performance monitoring arrangements remain in place whilst the successor future delivery model is being considered – these are summarised in figure 7. We have raised an improvement recommendation in relation to IT arrangements (page 21).

Fig.7 IS Governance Arrangements



De-collaboration of joint procurement function (South Yorkshire, West Yorkshire, Humberside and North Yorkshire)

The joint procurement function is being de-collaborated, with this decision being taken by all Chief Constables of the four collaborating Forces. Part of the context behind this decision was the establishment of BlueLight Commercial Limited by the Home Office in 2020. SYP experienced a loss of procurement specialists to BLC and the type of procurement activity required of local specialists has since evolved. In addition, greater local control was also demanded by the Forces. External consultants were sought via external tender to advise on an exit strategy but no responses were received after two rounds of procurement. Local resource has now been committed with the West Yorkshire Director of Digital Policing leading on the exit strategy and timetable, expected to be finalised in November 2023. The SYP business case outlining the strategy and model for local delivery, to be implemented post breakup, has been approved by the Senior Command Team and the PCC.

The joint function is experiencing challenges in retaining staff and managing demand. Procedures are in place to manage these risks, which include the request for priority lists highlighting the complex and urgent procurement assignments from the four police forces. The ACO - Resources has completed this list for SYP. Similarly, HR function is also considering retention strategies to support with maintaining appropriate capacity with the procurement service. The target for de-collaboration and implementation of local arrangements is March 2024, however, due to the number competing objectives, there exists a risk of slippage. We have raised an improvement recommendation in relation to procurement arrangements on page 22.

Governance

Monitoring and Compliance with Standards

The Chief Constable has adopted the College of Policing's National Code of Ethics, which applies to all police officers and police staff. This is the principal means by which management communicates its views about acceptable business practices and ethical behaviour. This national code is supported by other locally implemented practices such as the key organisation values of **fairness**, **integrity** and **trust** on the Force's Plan on a Page and the Force's Values & Behaviours Framework. There is also a range of published policies used to communicate the Force's expectations and procedures that must be adhered to such as Contract Standing Orders & supporting Procurement Policy, Gifts, Gratuities and Hospitality Policy and the Business Interests/Secondary Employment Policy.

Our financial statement audit procedures performed on the related party disclosure note identified that a declaration of interest/related party form had not been completed by a Temporary Assistant Chief Constable on secondment from another force. Whilst no transactions either influenced by a related party relationship or not at arm's length were identified in respect of this officer, the instance identified indicates a gap in internal controls. Such declarations should be completed by all of the chief officer and senior leadership team and we have raised an improvement recommendation on page 23 for the Force to enhance controls to ensure that seconded individuals also undertake this procedure in future years.

The Force has a Confidential Reporting Line ('whistleblowing' tool) on the intranet accessible by all police officers and staff, which has been recently updated. Any concerns reported will be investigated by the Counter Corruption Unit, with a focus on the national counter-corruption priorities, referred to as STUDIOS: sexual misconduct, theft, unauthorised disclosure of data, drugs, inappropriate/notifiable associations, organised crime infiltration and social media.

Training and monitoring is also provided by the Professional Standards Department. For new recruits and as part of the promotions process, training is provided by PSD incorporating standards, inappropriate associations, information misuse, standards of professional behaviour. Other responsibilities include investigating complaints and allegations of misconduct against any member of the Force. Counter Corruption (incorporated in PSD) also analyses information and intelligence on unethical activities, identifying risk and any potential harm arising from corruption.

Arrangements for vetting

Forces' vetting arrangements nationally have been under significant scrutiny following a series of high profile incidents. Whilst many of these incidents highlighted in the press involve other police bodies, the public's interest to scrutinise effectiveness in this area affects all forces, including SYP. In September 2023, HMICFRS reported on the effectiveness of the Force's vetting arrangements, following an inspection in April 2023. The report gave an overall conclusion of 'adequate'. The review identified 152 people in post without the correct level of vetting for their roles because it had expired. The improvement areas identified are shown to the left.

Area for improvement

The force should improve its vetting arrangements to make sure that:

- it has a clear understanding of the level of vetting required for all posts and that all members of the workforce have been vetted to a high enough level for the posts they hold; and
- it has a clear understanding of the vetting required for all non-police personnel and that they are all vetted to a high enough level for their roles.

Internal audit conducted a follow up review which focussed on the action plan developed in response to the HMICFRS findings and the timetable for implementation. This reported that an action plan had been drafted and the required outputs were understood by key officers. Recommendations were raised to update key policy documents past their review dates and there was a need to review and order cases in the existing Notifiable Associations (NAs) backlog according to priority to ensure that there are no immediate concerns evident / potential inappropriate conduct cases to address. The target implementation date for both of these follow up recommendations was set at 31 August 2023.

As at November 2023, a historic data wash has been completed and the identified backlog of NAs has been significantly reduced through a collaborative process between CCU and Force Vetting Unit. We also understand that the NA procedure within Force has been strengthened off the back of the HMICFRS recommendations. Overall, progress appears to be being made in this area to address recommendations.

Governance

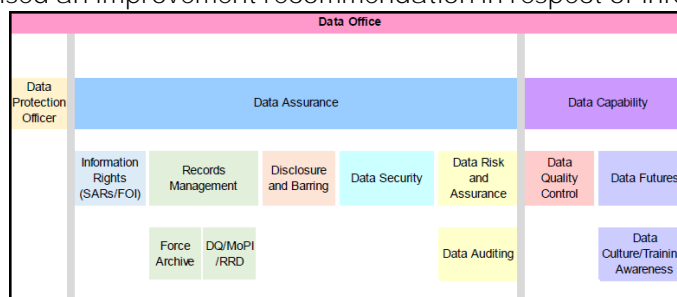
Data Loss & Information Governance

The Force has invested in a new data office to expand capability and effectiveness in managing, utilising and safeguarding data (fig. 8). The initial phase comprises a scoping of data and identifying actions that need to take place to cleanse datasets and improve data integrity, with a focus on crime data. This investment follows a review of Information Governance/Data Management with the aim of bringing about improvements in how the Force manages risk (including data protection) and generates additional value from data. The PEEL report recognises good performance in the recording of crime and reports the integrity of crime data as ‘good’. The 3-phase data migration project will now progress following confirmation from the Savings and Efficiencies Board that funding is available to launch the project.

In terms of data security, there have been three data breaches reported to the ICO during the year with the third described in detail below. The first two data breaches reported to the ICO have been closed with no consequences arising. A reappraisal of the review, retain and disposal (RRD) policies is also ongoing, and it is envisaged that the transfer to Microsoft 365 and Oracle Cloud will enhance data security arrangements. Information Asset Owners (IAOs) have also received additional training and more systems have been brought into the scope of internal security and compliance audits. Finally, a Data Risk and Assurance Manager began in post in June 2023, and whilst this postholder is expected to bring about positive change, benefits are expected to take some time to be manifested.

Data loss incident: In August 2023, the Force announced that it has noticed a significant and unexplained reduction in data stored on its systems and had lost body worn video footage recorded by officers between July 2020 and May 2023 linked with 69 cases awaiting trial. It is understood that specialist digital forensic experts have been engaged by the force to undertake a detailed forensic investigation and identify the causes behind the data loss. At the time of producing this report, the progress and findings of this investigation had not been made public or furnished to us as external auditors. As a result, there is a limited ability for us to formally comment on this event and its causes, however, it is expected that the outcome of the investigation will be properly considered by those charged with governance and that any deficiencies in the control environment appropriately remedied so as to reduce the risk of such an event reoccurring. We will monitor this issue as part of our 2023-24 VFM work. We have raised an improvement recommendation in respect of information governance and the data loss incident (page 24).

Fig. 8 Proposed data office structure



Reserves Governance

As at 31 March 2023, the PCC held £73m of useable revenue reserves representing just under 23% of annual gross expenditure or just over 13% based on general reserves, with the difference representing reserves that have been earmarked. Over three quarters of earmarked reserves as at March 2023 relate to legacy claims and insurance, which are not considered to be discretionary elements of spending. Due to expected change that commissioning responsibilities will transfer to the South Yorkshire Mayor and the Police and Crime Commissioner will cease to exist as a separate statutory body, there exists a potential risk of the PCC incurring excess expenditure and/or relaxing budgetary control discipline which would reduce its reserves position in its final year. Therefore, it is important that the good performance on financial and budgetary controls is maintained throughout the remainder of FY 2023-24 up to the point of the transfer of the PCC function to the South Yorkshire Mayor and SYMCA, expected to occur in May 2024. Management and Those Charged with Governance still have a fiduciary duty to public monies and the local taxpayer up to May 2024, so resources should continue to be prioritised based upon key needs and any additional non-statutory expenditure should be scrutinised appropriately prior to being committed. We have raised a recommendation in this regard on page 25.

5. Improvement recommendation 1



Governance – Establishment of information systems future delivery strategy

Recommendation	<i>The Force should ensure arrangements are in place to collate the necessary information to be able to reach a decision on the future delivery model for information systems (IT) in a timely manner.</i>
Why / impact	<p>The service options appraisal was first presented in December 2022, with a continuation of the current collaborative approach and the adoption of a hybrid approach being apprised in the first half of 2023. Costed business cases were presented to the Chief Constable and probing questions have been asked of the IT team on several occasions in order for TCWG to better understand the risks and costs involved along with the likelihood of benefits being realised.</p> <p>Whilst the detailed interrogation of the options on the table has been positive on the one hand, it has created a period of uncertainty for the current IT shared service and we note that there has been an increase in IT staff attrition during this period. An external consulting firm has now been engaged to work up the options and present to the Chief Constables and PCC in late 2023. We consider there to be a risk that if no decision is made following receipt of this report, this would lead to greater level of uncertainty and to the detriment of the current IT shared service capacity and its quality of delivery.</p>
Auditor judgement	A robust governance process in analysing the costs, risks and potential benefits of changing a delivery model is important. Consideration needs to be given as to how this can be balanced with delivering a timely decision.
Summary findings	<p>Noting that the initial options appraisal was first presented in December 2022, almost 12 months ago, there appears to have been a degree of hesitance in determining future arrangements. We note that the engagement of an external consultant, Credera, with experience of this process at another force should enable the Chief Constable and PCC to consider all relevant information in the options proposal from Credera in an informed manner, and determine their decision thereafter.</p> <p>It should be noted that if staff attrition further increases, there may be a risk that the option of de-collaboration is no longer practicable if there are no longer a sufficient number of experienced IT personnel to lead separate teams. If such a scenario were to occur, then outsourcing may be the only option left, which we understand to be the least favoured option.</p>
Management Comments	<i>The progress made to date does not represent hesitation by management but a strong focus being placed on obtaining enough detailed information to provide the Chief Constable and PCC with detailed and accurate information to be able to make an informed decision. The level of investment required to take any of the available options necessitates a fully costed business case, which is underway. Credera presented initial findings to the Chief Constable in late November 2023, with further detailed costings being worked up at this time. Monitoring is taking place both on performance of the day-to-day shared service and the timetabling of the decision making process around future service delivery options.</i>

The range of recommendations that external auditors can make is explained at Appendix B.

Improvement recommendation 2



Governance – Timely exit of regional procurement collaboration arrangements and implementation of local delivery model

Recommendation	<i>Now the decision has been made to de-collaborate the regional procurement function, the Force should work with partner forces to carry this out in a timely manner and ensure there are proper governance and delivery structures in place thereafter to support local delivery of the procurement function.</i>
Why / impact	The length of time elapsed since the decision to de-collaborate, has created a period of uncertainty for the regional procurement function and we note that there has been an increase in staff attrition during this period. Since the exit-strategy remains in development, current staff have not been informed of the grade of post and also the location of posts that may be on offer to them once the function has been de-collaborated. As a result, it appears that some procurement staff have sought positions with other organisations not associated with such a degree of uncertainty. This increased attrition, combined with a loss of experienced staff to BlueLight Commercial has led to increased workload and delivery pressures within the regional procurement team.
Auditor judgement	As time continues since the decision to de-collaborate was made but the local delivery model is yet to be implemented, the risk of procurement staff leaving the Force may increase due to the uncertainty. We understand that existing procurement staff have not been allocated posts with each regional force for local delivery at the time of writing.
Summary findings	<p>The Force should aim to progress the arrangements to de-collaborate and work with partners to implement the exit strategy on which West Yorkshire Police is leading. It should be noted that the timeliness of implementation has not been helped by no interest from external consultants to lead on this process, which was advertised twice by BlueLight Commercial, which is no direct fault of SYP or the other partner forces.</p> <p>We also note that action has been taken to mitigate risks in the short-term including establishing priority lists from all forces party to regional arrangements. It would likely be beneficial to implement any other tools that may be at the Force's disposal to aid with managing delivery of the service, and we understand that loyalty incentives are being considered at present.</p>
Management Comments	<i>Completion of this work programme remains ongoing with an appropriate period of time required to complete steps in a proper manner and following the due governance process. Procurement staff have been kept informed throughout. There is a timeline in place and monitoring is ongoing to check the project remains on track for the April 2024 implementation date for local delivery. The de-collaboration project lead has now presented the outline exit strategy to the Chief Constable and the Force's senior management has worked up local options to work with in implementing local provision. Management is currently consulting with internal human resources colleagues with the aim to present options and principles of new job roles before the end of the calendar year.</i>

The range of recommendations that external auditors can make is explained at Appendix B.

Improvement recommendation 3



Governance – Ensure all senior officer related party declarations are obtained

Recommendation	<i>The Force should obtain declarations of interest (referred to by the Force as related party declarations) from all senior officers, including those that are in a temporary role or on secondment from another force.</i>
Why / impact	<p>A conflict of interest could be defined as any situation in which an individual's personal interests or responsibilities may, or may appear to, influence their decision-making.</p> <p>When a conflict of interest is identified, it is the responsibility of the individual to disclose the interest. At meetings the individual must make a declaration if there is a conflict of interest and in most instances it is appropriate for that individual to be removed from the decision making on that particular issue.</p> <p>Since a declaration has not been provided for a senior police officer on secondment with SYP in a temporary capacity, conflicts of interest may not be identified and appropriately dealt with. <i>We do note that all other senior officers made an appropriate declaration.</i></p>
Auditor judgement	It is important to hold current declarations of interest as a matter of course for all senior officers. Through not doing this, the Force is potentially hindering transparency in the decision making process of members and committees, and exposes the Force and OPCC to reputational damage. This is also not compliant with the Force's Business Interests policy.
Summary findings	The OPCC and Force has provided declarations for all senior officers except for one so this missing declaration is not considered to be a pervasive deficiency. However, as a matter of good and proper practice, procedures and controls should be strengthened to ensure that declarations from officers in temporary roles and from those on secondment from another force will be obtained in future instances.
Management Comments	<i>There are robust year-end closedown procedures in place around appropriately obtaining declarations from senior officers, however, it is noted that in-year leavers may not be captured by existing processes. Consideration will be given to add this step to leavers checklists to increase the robustness and effectiveness of internal controls in this area.</i>

The range of recommendations that external auditors can make is explained at Appendix B.

Improvement recommendation 4



Governance – Information governance arrangements to be strengthened and respond to findings identified from body worn video data loss report

Recommendation

Plans for a standalone Data Office function should continue to be considered with the overarching aim of strengthening governance and accountability in relation to information governance. Training to police staff and officers should be provided in line with ICO comments to ensure they are properly exercising their responsibilities in relation to information governance and data protection. Finally, any recommendations identified from the body worn video data loss investigation should be implemented in full.

Why / impact

The Force recorded two data breaches that were reported to the Information Commissioner's Office and the data loss of body worn video in relation to 69 ongoing cases reported in August 2023. The two data breaches were not taken any further by the ICO and the investigation in relation to the BWV data loss remains ongoing at the time of writing. Such incidents pose a reputational risk to SYP along with the potential for fines and / or sanctions from the ICO.

Auditor judgement

It is important to protect data, in order to safeguard the integrity of criminal investigations in the course of the body worn video data loss. Furthermore, such incidents jeopardise the trust and confidence that stakeholders and the public have in SYP, which would likely have a detrimental impact on the overall effectiveness of the organisation.

Summary findings

In terms of data security, there have been three data breaches reported to the ICO during the year, with two closed by the ICO with no further action being taken. We understand that the Force has already identified the need for improvements in this area and is aiming to implement a Data Office function and has recruited a Data Risk and Assurance manager to lead this function. We would recommend that regular updates into TCWG and the senior officer teams be sought to ensure that training and data safeguarding improvements are being implemented so as to minimise the risk of such incidents reoccurring.

Management Comments

Information governance including the Data Office has been identified by management as a priority and as a result, the function has been protected in its current form and has been granted additional investment during the priority based budgeting process. This additional investment being made is expected to strengthen arrangements, with improvements starting to be realised in the early part of 2024-25. In respect of the body worn video data loss, the Force is continuing to co-operate and respond to questions posed by the ICO. The investigation into the data loss remains ongoing and is expected to conclude in the first quarter of the 2024 calendar year. Initial investigative procedures have assured that no criminality was involved in the loss of this data.

The range of recommendations that external auditors can make is explained at Appendix B.

Recommendation 5



Governance – The need to maintain appropriate financial oversight and controls over the PCC’s useable reserves and the fiduciary duty to local taxpayers up to May 2024

Recommendation	<i>We recommend that any requests for additional use of reserves and/or increases to expenditure prior to May 2024, should be reviewed against clear business cases, ensuring that appropriate due process and governance checks are maintained prior to the cessation of the Police and Crime Commissioner in May 2024.</i>
Why / impact	Management and TCWG still have a fiduciary duty to public monies and the local taxpayer up to May 2024, so resources should continue to be prioritised based upon key needs and any additional non statutory expenditure should be scrutinised appropriately prior to being committed.
Auditor judgement	There exists a risk that since the PCC will cease to exist as a separate entity from May 2024, there may be a reduced incentive to properly manage financial affairs exercise proper governance over reserves balances in the interim.
Summary findings	This recommendation is not an indication of a deficiency identified in arrangements in place but represents a forward looking manner, to which due consideration should be given by management and TCWG. As noted in the financial sustainability section, we concluded that there is good grip and control over revenue and capital spend and useable reserves balances remain robust as at March 2023.
Management Comments	<i>There are good and robust governance processes in place prior to capital and revenue spend being committed and these processes will continue to be followed up to the demise of the OPCC expected in May 2024. Businesses cases are required to support requests for growth and additional spend and senior management will ensure that this process continues to be followed as part of good governance.</i>

The range of recommendations that external auditors can make is explained at Appendix B.

Recommendation 6



Governance – Managing the challenges arising from ‘dual running’ the two key strategic commitments of:

- a) preparations for transfer of the OPCC function;
- b) the continuing day to day operational duties of the OPCC to May 2024

Recommendation

We consider there should be a clear support for and monitoring against the project plan in place for the OPCC (and affected Force departments), which sets out tasks to support the SYMCA integration and the ongoing requirements of the Force and OPCC from now until May 2024. The two workstreams comprising planning for the integration on the one hand, and the continuing requirements the OPCC and Force on the other, should be mapped against the availability and capacity of the senior officers and their teams. Any concerns regarding officers ability to have the time to efficiently manage both workstreams should be reported to TCWG on a timely basis and options to reduce and mitigate any risks should be highlighted.

Why / impact

As highlighted by other forces who have been through this process, it is highly involved with many workstreams and decision-making required in short-space of time, with a hard deadline expected in South Yorkshire due to the mayoral election. There are additional complexities in place at SYP with the introduction of a new Oracle enterprise resource planning currently scheduled for April/May 2024 and arrangements in respect of regional collaboration to work through including de-collaboration in the case of procurement.

These workstreams all taking place concurrently are expected to place additional pressures on officers, some of whom are in teams with a number of vacant posts. In summary, there could be significant pressures in managing workloads and balancing the ‘day job’ with implementing transition arrangements.

Auditor judgement

The integration of the OPCC into South Yorkshire Mayoral Combined Authority could pose challenges to the OPCC’s (and Force’s) governance arrangements and operational capacities in the period up to May 2024 as the OPCC transitions into SYMCA.

Summary findings

This recommendation is not considered to represent a deficiency in arrangements identified from our work but represents a key forward looking matter that warrants attention and monitoring from senior officer teams and TCWG. It is noted that an OPCC capacity risk has already been identified as a strategic risk on its Strategic Risk Register in September 2023. We also note that a similar risk has been identified in November 2023 in respect of the Force’s finance team, who are set to lead on finance and accounts transition-related workstreams. Whilst risks have already been identified, it will be important that appropriate steps are in place to manage and report on these risks.

Management Comments

A project plan is in place to support the transition, adoption of the mayoral commissioning model and integration with South Yorkshire Mayoral Combined Authority. The programme manager is also now in post supporting and liaising with the OPCC and SYMCA. The plan in place sets out a number of different workstreams with senior officers involved in the task groups for each function’s workstream.

The range of recommendations that external auditors can make is explained at Appendix B.

6. Improving economy, efficiency and effectiveness



We considered how the Police body:

- uses financial and performance information to assess performance to identify areas for improvement
- evaluates the services it provides to assess performance and identify areas for improvement
- ensures it delivers its role within significant partnerships and engages with stakeholders it has identified, in order to assess whether it is meeting its objectives
- where it commissions or procures services assesses whether it is realising the expected benefits.

Performance review, monitoring and assessment

The Force recently underwent a Police Effectiveness, Efficiency and Legitimacy (PEEL) inspection by His Majesty’s Inspectorate of Constabulary and Fire & Rescue Services with the report published February 2023. Out of the nine areas of policing graded, the Force was identified as being ‘outstanding’ in three areas, ‘good’ in a further six, with one area identified as ‘adequate’. This was a very good outcome for the Force and demonstrates continued improvements in policing effectiveness since the PCC initially took office in 2014. It is understood that this outcome represents the strongest set of grades the Force has ever achieved.

Chief Constable

The Chief Constable reports annually to the Police and Crime Commissioner on progress against delivering on the Police and Crime Plan. Key elements of the 2022-23 annual report include acknowledging the good inspection outcome and highlighting that in the Chief Constable’s opinion the areas deemed as ‘outstanding’ in the report are of particular significance as these have been key areas of challenge in the past. These include *Preventing crime and anti-social behaviour, protecting vulnerable people, and strategic planning and value for money*. The ‘outstanding’ areas align with the priorities in the Police and Crime Plan in two out of three cases, demonstrating that resources are being deployed effectively in the priority areas. The three PCP priorities are:

1. Protecting Vulnerable People	2. Tackling Crime and Antisocial Behaviour	3. Treating People Fairly
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The Protecting Vulnerable People theme is linked with the Jay report published in 2014, and it is positive to note the progress that the Force has made in implementation of the specific actions, which have contributed to the achievement of the ‘outstanding’ grading awarded by HMICFRS.

To manage non-financial performance, the Senior Command Team (SCT) have a dashboard and other performance information at their disposal to inform operational decision making. The Force has a Performance Management Unit (PMU) who are responsible for all statutory and corporate performance management and policy issues.

The PMU produce a bi-weekly performance summary for SCT which summarises occurrences and trends in inbound calls, response times, incidents, crimes recorded, suspects, outcomes and victim satisfaction. Actual data is presented alongside comparable data from the two weeks prior in the bi-weekly report. Graphics and charts are presented to ensure the data and trends are understandable, however, no RAG-rated summary is included which necessitates a full review of the report to identify areas of challenge. We have not opted to raise a formal recommendation given this is a minor point, however, management may wish to consider implementing a RAG-rated summary to make it easier to identify the main points. The data used to compile this report is taken from Microsoft’s Power BI which interfaces with the Force’s Connect system used for recording data. All officers have access to the Power BI performance summary dashboards in real-time via the Force’s internal network. Data accessed via the intranet is also summarised on the dashboards in graph and chart form, clearly displaying current run rates for easy understandability. There is also regular reporting of progress in delivering the Plan on a Page and wider performance factors into JIAC and PAB.

Police and Crime Commissioner

The PCC uses the OPCC Performance Framework to monitor delivery of the Police and Crime Plan. The Framework incorporates certain National Crime and Policing Measures set by the Home Secretary. Using this Framework, the OPCC produces the *Police and Crime Plan Performance Report* quarterly, which is taken to the Police and Crime Panel for scrutiny and is published on the PCC’s website. The reporting structure is consistent with the three main priorities in the Police and Crime Plan shown above whilst also reporting on the principles of putting victims first and achieving value for money. Its presentation is straightforward with appropriate charts and trend indicators to accompany the narrative.

Fig 9. PEEL report:

Outstanding
Preventing crime
Protecting vulnerable people
Good use of resources

Improving economy, efficiency and effectiveness

Evaluates performance and identifies areas for improvement

Several sources are used to evaluate performance and identify improvement, including benchmarking against Most Similar Forces (MSFs), reports from the HMICFRS Inspectorate and feedback from the public. The three key PCC priorities are set out below alongside some of the recent actions delivered by the Force against these strategic priorities. Overall there appears to be a good level of focus demonstrated by the Force to deliver on the local priorities in the PCC's Police and Crime Plan.

1. Performance - Protecting vulnerable people (PVP)

The PEEL report graded SYP as 'outstanding' in protecting vulnerable people and presented the overall picture of the Force adopting a proactive approach to dealing with child sexual exploitation and domestic abuse. Good governance and a positive understanding of the scale and nature of vulnerability were highlighted as key positive findings. The Force acknowledges the areas of innovative practice identified such as the Force identifying vulnerable citizens and implements steps to proactively safeguard; displaying a good implementation of Domestic Violence Protection Orders (DVPOs) as a tool to tackle domestic abuse and the use of GPS devices to help locate vulnerable people who regularly go missing.

In a drive for continued improvements, the Force launched a new Exploitation Destroys Childhoods campaign in 2023 targeting child exploitation with key goals being the identification of early warning signs and increasing awareness of the reporting channels. Sheffield district is trialling a Multi-Agency Safeguarding Hub (MASH) with the aim of increased information sharing relating to adults and enabling better recognition of vulnerability and early intervention where required. Child safeguarding teams across the force also attend multi-agency child exploitation (MACE) meetings with local authorities in the region where young people vulnerable to exploitation are discussed. There are processes in place to assess the quality of all CSE investigations via the Quality Assurance Thematic Testing process. The process enables reviewers to deconstruct investigative actions and ensure that all process steps are being undertaken and principles appropriately applied.

Having implemented several learnings as recognised by the PEEL inspection, the Force is taking steps to adopt a similar multi-agency engagement approach across its other metropolitan centres, to bring knowledge sharing and intelligence capability up to the level that has been developed in the Rotherham borough. Whilst these appear to be positive developments, it remains important to note that the Force continues to be on an improvement journey and the Force remains committed to this area of policing, especially considering the evolving nature with an ever increasing volume of child exploitation occurring online.

2. Performance - Tackling Crime and Antisocial Behaviour

HMICFRS found the force to be 'outstanding' at preventing crime and anti-social behaviour and recognised numerous examples of innovative practice from the force. The PEEL report notes that the Force's approach to neighbourhood policing and problem-solving is effective and one of the cornerstones of this approach is the engagement and joined up working approach from neighbourhood teams, working with partner organisations, which was described as excellent.

HMICFRS' inspection of serious organised crime is yet to be published however the Force appears to be committing resources to deal with serious organised crime. The PEEL report commended the implementation of SARA (scanning, analysis, response and assessment), which led the Force and local authority partners to identify a link between power outages with the cultivation of controlled drugs, and take action to disrupt the supply of drugs in the local community. The August 2023 HMICFRS Homicide Prevention Inspection report also commented favourably on several of SYP's practices including pre-emptive tactics and management of potentially dangerous persons. Other innovation schemes include the multi-agency Operation Fortify, 'Clear, Hold, Build' (CHB) Projects to reclaim and rebuild affected communities and an N8 Partnership research project with University of Sheffield evaluating the impact of policing drugs markets.

It is our understanding that the PCC and Chief Constable remain committed to the neighbourhood policing model and will use the officer uplift to further support delivery. Through the recruitment of additional officers, officer strength now totals 3,113 exceeding the uplift target of 3,039, however, due to training requirements and time taken to build up experience, it may take some for the time for the additional officers to have a tangible impact in the communities that they serve.

Improving economy, efficiency and effectiveness

3. Performance - Treating People Fairly

An overall rating of 'good' was provided by HMICFRS in respect treating people fairly and with respect. Good practice was reported as regards Force's work in building an understanding of how to engage better with communities who wouldn't previously interact with the police. The inspectorate concluded that positive outcomes have materialised from the initiative helping to reduce crime and anti-social behaviour, clean up local areas and build cohesion in communities where there had previously been friction. Further improvements are targeted including reaching harder to reach communities and adopting technology to improve engagement.

Other areas of strength emphasised in the PEEL report include how the Force engages with specific audiences and seeks the views of the community that it serves. The recently established independent advisory group used to inform work streams on preventing violence against women and girls was commended by HMICFRS as an area of innovative practice. Overall victim satisfaction was stable with 72 per cent of victims 'at least fairly satisfied' with the Force in the 12-month period ending March 2023. Domestic abuse (violence against women and girls is a PCP priority) remained stable YoY with 82% of victims 'at least fairly satisfied' in the 12 months to March 2023, however, satisfaction around follow up is weaker at 68%. Satisfaction appears to have remained stable post March 2023 into the 2023-24 period. The *Your Voice Counts* survey which polls a small random selection of households in South Yorkshire, shows markedly lower satisfaction at around 30%, however, this survey is heavily-based on the public perception as opposed to experience of actual interactions with the Force.

There is a Victim Satisfaction Strategy in place which aims to improve victim satisfaction across the force. An area for improvement identified by the Force is to communicate more fluidly with victims, updating on the progress of investigations and ensuring there is appropriate follow up after officers attended a scene. Technology is being rolled out including online victim support packs and the 'Good Sam' app, which enables a live video call response to domestic abuse calls.

Stop and Search is scrutinised by the Independent Ethics Panel, including reviewing body worn video footage. Action taken post search ranged from 30-40% which is in line YoY. One fifth of searches in the year to June 2023 did not have ethnicity recorded and HMICFRS also identified no reasonable grounds were recorded in a quarter of searches. These are both linked with HMICFRS *Areas for Improvement* and the Force has implemented an action plan to generate improvements.

Several independent panels continue to be utilised by the Force and championed by the PCC as a mechanism to achieve public accountability. Independent panels include an Independent Ethics Panel (IEP) as a means of providing independent, and effective challenge and assurance about the integrity, standards and ethics of decision making in policing. Another panel, the Public Accountability Board (PAB) enables the public to submit questions and receive a response from senior police officers during the public meeting, ensuring the Force is answerable for what it is doing. In addition, an IT tool utilised during scrutiny meetings and commended in the PEEL report, enables members of the stop and search scrutiny panel to review body-worn footage remotely, recording their observations and their feedback given to officers. These independent forums enable proper scrutiny and challenge of decision making and actions within the Force. Independent Custody Visitors (ICVs) is another tool used to promote accountability; these public volunteers inspect custody suites unannounced and observe treatment of detainees over several hours, feeding back any concerns to the PCC.

Whilst fair treatment of the public is rightly a key priority of the Force, adequately supporting police staff and officers is important to be able to deliver high-quality public services. The 2022 Police Federation survey for SYP identified that 90% of respondents felt that morale within the force is 'low' or 'very low' compared with 87% nationally. The number of respondents from SYP who voiced that police are not respected by the government and public were both representative of the national picture, at 94% and 77% respectively. More positively, HMICFRS rated SYP as 'good' at building and developing its workforce and highlighted that in its view, the departmental well-being dashboards enables command teams to understand the 'temperature' in different areas of the Force. Lower than national average sickness levels were another positive reported by the Inspectorate. Whilst the positives drawn out in the PEEL report indicate that the Federation survey responses may have been overly influenced by the perceived national mood, there is potentially further work for the Force to undertake in this area, reflecting on any decisions that can be taken locally to support officers in the performance of their duties and with maintaining their well-being. Any such improvements will also likely aid with retention. The Force has also identified a self-development goal for its workforce to become more representative of the communities it serves, in order to further build trust and engagement across communities in the region and there are plans in place to support this.

Improving economy, efficiency and effectiveness

Benchmarking – Burglary

It has been identified from ONS data to year ended 31 March 2022, that South Yorkshire force area experienced a residential burglary rate of 5.6 per 1,000 population, which is the second-highest rate nationally. This is 39% higher than the rate recorded in the West Yorkshire force area, which is identified as a comparable force (Most Similar Group) by HMICFRS. This also represents an increase of 7% from year ended 2021, however, this is consistent with the national picture, and it is acknowledged that lockdown measures had a dampening effect on residential burglaries.

Specific areas of good practice were identified in a burglary-focussed PEEL report relating to how the Force deals with integrated offender management (IOM). This includes how related (IOM) situation reports are discussed at THRIVE (threat, harm, risk, investigation, vulnerability and engagement) risk management meetings and forensic marking solutions are offered to households in hotspot areas. In this thematic PEEL report, published August 2022, the Force asserted that its problem-solving interventions in burglary hotspots had contributed to a 31% decrease in burglaries in 2021, compared to 2019 (pre-lockdown) levels, however, it is now evident from force performance data that this level of reduction has not been sustained with 2023 data only showing a reduction below 20% against the 2019 baseline.

When reporting against a baseline position, it should be considered whether relevant factors remain consistent between the reported and baseline position. For example, officer numbers are now increasing, and whilst it is acknowledged that the most recent recruits are currently in the training and learning phase, an increase in officer strength should enable an increase in both proactive and reactive measures to combat domestic burglaries. The Force should consider setting forward-looking SMART targets for its priority areas, in addition to reporting on historic rates and trends. We have raised an improvement recommendation in this regard (p35).

Crime type	Crime Volumes for Force	Compared to MSG
Domestic burglary	7,990	3,619
Criminal damage	16,269	1,954
Theft or unauthorised taking of motor vehicle	4,152	1,828
Miscellaneous crimes against society	4,885	1,351
Theft from vehicle	5,118	1,313
Non-domestic burglary	2,736	894
Public order offences	16,469	806
Violence with injury	15,601	721
Trafficking of drugs	1,711	650
Robbery of personal property	1,528	605
Possession of weapons offences	1,692	518
Interfering with a motor vehicle	1,620	513
Other theft	10,710	481
Arson	1,127	381
Theft from the person	1,048	27
Robbery of business property	132	23
Homicide	19	5
Aggravated vehicle taking	111	-56
Rape	1,589	-119
Bicycle theft	1,104	-192
Possession of drugs	2,483	-239
Other sexual offences	2,855	-324
Shoplifting	7,903	-527
Violence without injury	39,713	-2,491

From analysis conducted by SYP, it has been identified that the cost of responding to a burglary closely equates the cost of proactive police intervention in a hotspot (source: HMICFRS - *The police response to burglary, robbery and other acquisitive crime – Finding time for crime published August 2022*). As the Force begins to benefit from increased officer strength and additional capacity freed up from the implementation of Right Care, Right Person, there may be additional proactive actions that can be implemented by expanding successful practices already used by SYP or those trialled successfully elsewhere such as West Mercia's *We Don't Buy Crime*, which it believes to have contributed to double-digit percentage decreases in burglaries over several years.

The table shows how many extra crimes (violet) or fewer crimes (blue) that SYP has compared to its most similar group (MSG). The dark violet shown for domestic burglary indicates that SYP experiences a comparatively higher level of domestic burglary than its peers. Whilst it is noted that burglary is not a priority area per the Police and Crime Plan, the neighbourhood policing model favoured by the Force does appear to offer an appropriate policing model with officers out in the communities to tackle the high number of domestic burglaries. The PEEL report was overwhelmingly positive on policing performance, however, the Force should continually be looking for areas to improve and strive for better performance. The additional capacity that neighbourhood policing teams should see as the trainee officers start to be deployed on independent patrol is expected to aid with delivery of performance improvements.

Source: [Value for money dashboards - HMICFRS \(justiceinspectorates.gov.uk\)](#)

Improving economy, efficiency and effectiveness

Partnership working

The Force currently has 74 sets of collaboration arrangements in place, comprising both primary collaborations and some lower-value regional arrangements. The Force's primary collaborations have section 22a agreements attached, which is a formal legal agreement governing the arrangements and prescribed by statute (Police Act 1996). A collaboration effectiveness dashboard is maintained and updated quarterly by the Force, which includes a snapshot of each arrangement's main attributes including current year's budget, lead officer, status and RAG rating. The rating is marked red for those arrangements where overall value for money is in doubt. There is also the date last reviewed date, and date of next review due in addition to a summary of benefits/concerns noted on the dashboard. The document has not been completed for all of the main arrangements, however, we note that completion has been prioritised for the arrangements where effectiveness and value for money is considered to be most at risk, which does not appear to be an unreasonable approach. Nonetheless, comprehensive completion would be beneficial, however, we have opted not to raise an improvement recommendation at this time on the basis that it will likely be most beneficial to focus resources on dealing with the three RAG-rated arrangements.

From the PEEL inspection, HMICFRS recognised that across all of the areas inspected, the forces approach to working with partner organisations and charities is extremely positive. However, per the collaboration effectiveness dashboard, there are three collaboration arrangements currently identified as red-RAG rated indicating that these arrangements may not be delivering value for money. These three arrangements include Information Systems (IT), Legal Services and Joint Community Safety Department, with the annual IT collaboration budget approximately 20 times greater than the other two combined at around £8m pa.

Having identified value for money risks, the Force is in the process of considering potential changes to arrangements including the possibility for de-collaboration, as discussed previously in this report. Its intention is to collaborate only when supported by a sound business case. This aligns with the PCC's Police and Crime Plan and Force's Plan on a Page as both make reference to adopting collaborative practices, however state that collaboration must be effective and deliver value for money.

Right Care, Right Person (RCRP)

Right Care, Right Person is a strategy that has been in place at Humberside for several years, initially implemented in 2019. The project's aim is to channel mental health cases to be dealt with by trained mental health professionals in order to achieve good outcomes for those in need. The secondary objective from a Force perspective is to manage demand such that the Force is able to provide an appropriate level of police officer hours to focus on tackling and investigating crime.

SYP launched phase one of the 'Right Care, Right Person' (RCRP) initiative on the 20 March 2023. Phase 1 relates to SYP's response to requests to carry out welfare checks. Call handlers assess whether the information given meets the threshold for police to be deployed, based on whether there is a legal duty or statutory responsibility to attend. Should the threshold not be met, callers are informed that officers will not be deployed. It is understood that SYP officers will still attend in cases deemed to involve an immediate threat to life.

Phase 2 of the initiative went live in July 2023, which focuses on the Force's response to patients who walk out of healthcare facilities. RCRP requires joined up working with partners and consistency in the application of the toolkit to achieve good outcomes for those service users in need. Phase 3 relates to SYP's response to mental health patients who are AWOL from care facilities, use of S136 powers (taking to a place of safety) and transportation. This phase went live in November and is expected to be the most contentious, due to required decision making being entwined with ethical judgements and the risks to which such decisions may give rise.

The approach implemented at SYP's contrasts with a more unilateral implementation approach adopted elsewhere. According to the Deputy Chief Constable, South Yorkshire police has adopted a more collaborative approach and engaged with key stakeholders to get their 'buy-in' to commitments and priorities from the start. Interaction with partners began in September 2022 and as a result of forward planning, there are now governance structures in place at a tactical and strategic level with partners meeting regularly to update, brief and contribute to conversations around the approach.

Demand for police attendance has reduced by over 1% to date. The PCC highlighted in the PCP that non-crime work is best dealt with by medically trained public sector professionals to best support the mentally unwell and free up officer time to focus on tackling crime and anti-social behaviour. Reductions in demand observed to date demonstrate progress, however, maintaining momentum and implementing phase 3 are expected to be crucial to the programme's success.

Improving economy, efficiency and effectiveness

Procurement and Contract Management

The Force and OPCC use the Yorkshire and Humber Police Forces Procurement Strategy 2020-2023, which is in place across South Yorkshire, Humberside, West Yorkshire and North Yorkshire. The Force procures services in accordance with the relevant legislation, professional standards and internal policies including the Regional Procurement Regulations, the Public Contract Regulations 2015 and the EU Treaty Principles. The Regional Procurement Unit for Yorkshire and the Humber is managed by South Yorkshire Police and overseen by the Assistant Chief Officer Resources. The unit has been recognised by Chartered Institute of Procurement and Supply (CIPS) and awarded with the CIPS Procurement Excellence standard in addition to the Corporate Ethics Standard. This external recognition by the professional institute evidences a commitment to maintain professional standards in the Regional Procurement Team.

As at October 2023, the procurement function held records of 138 single tender actions (STAs) being in place with an estimated value of £16m, compared with total contracted spend of £196m (or 8%). These are defined as the selection of a supplier to provide works, goods or services without a competitive tender process and are akin to a waiver. Of this total, £5m had been permitted since only one supplier was able to carry out the work, a further £10.5m has been noted as an extension to an existing contract and £0.5m permitted on the grounds of urgency. Whilst there is a scheme of delegation in place for approvals, the total number of STAs and estimated gross value does not appear to be consistent with the contract standing orders which permit their use only in 'very exceptional circumstances'. We have therefore raised an improvement recommendation on page 34 to bring this to the attention of TCWG and JIAC for their consideration as to whether arrangements are appropriate and effective in respect of single tender actions.

The joint procurement service has been earmarked for de-collaboration, with the exit strategy currently being drawn up. The decision was taken jointly by the four forces. We understand that a greater level of local control and time spent on contract management has been demanded by the forces, and it is considered that local procurement delivery will be most effective in delivering these desires. Placing greater focus on the management of contracts over the full commercial lifecycle, including engaging in more in depth pre-market activity is expected to improve supplier accountability and overall value for money. Pre-procurement activities will entail gaining a greater understanding from the market on whether the tender specification is appropriate and most cost-efficient. Increased commercial management post-procurement is expected to ensure fulfilment of key performance indicators and realisation of the agreed benefits. Whilst it is reasonable to seek these improvements, the crucial focus in the short-term needs to be on continuing to manage risks and implementing the exit strategy in a timely manner.

Climate and Sustainability

The body has a sustainability policy in place that was developed to cover the period up to 2025, which encompasses a range of wider factors in addition to climate change. A suite of 14 targets are aligned has been aligned to the seven UN Sustainable Development Goals selected by SYP. There is a Sustainability Advisory Group (SAG) to oversee the development of policies and practices for sustainability, with progress reported against targets annually. The overarching climate goal is to achieve a 75% emissions reduction by 2035 and be net zero by 2050. The Force is working towards building out it electric vehicle charging infrastructure as part of its 2023-24 capital programme and a strategy to transition to electric vehicles is currently being developed with the transition expected to commence before 2030. There are also sustainability action plans embedded which have identified 861 actions. Of this total 16% (138) have been completed and 29% (250) are in progress.

SYP won an award for its sustainability actions in 2022 as Public Sector Organisation of the year in South Yorkshire, which demonstrates a good level of engagement within the organisation to achieve its sustainability goals.

The seven UN Sustainable Development Goals selected by SYP



Improving economy, efficiency and effectiveness

Oracle Cloud implementation

The entity's enterprise resource planning (ERP) is set to be upgraded to Oracle Cloud currently scheduled during March/April 2024. Implementation was programmed in 2020, however, the process was aborted following identification of critical and pervasive issues at that time. A lessons learnt exercise was conducted and a revised implementation plan developed. Since that time, work has been undertaken to better understand risks and potential points of failure with mitigating steps implemented to address these. Two of the key steps taken include establishing a dedicated project team comprising experienced finance and change management professionals and engaging Oracle Consulting. The partnering arrangements with Oracle are reported to have been good throughout with an excellent level of support received. Oracle consultants have also worked on creating issues logs and an action plan, comprising identified and forward looking potential issues for SYP to address prior to going live next April. We understand that progress in addressing these issues is being reviewed and scrutinised by the programme board as part of governance arrangements, which also include monthly meetings between the ACO – Resources and the Programme Director from Oracle.

Whilst absolute assurance that implementation will be successful cannot be reported, it appears that the entity has enhanced its implementation plans and governance arrangements following the previous attempt. Bringing Oracle specialists onboard with experience of undertaking this process elsewhere does provide an additional level of assurance ahead of the implementation date and we would note that Oracle does have an incentive for success as part of protecting their reputation as technology change specialists. Standing back from the Oracle Cloud implementation, we think it is important that the Force and OPCC ensures that there remains an appropriate level of officer capacity, of both an operational and governance nature, considering that there are likely to be several competing demands in quarter 1 of the 2024 calendar year.

NEC Connect system

Connect was jointly implemented by South Yorkshire Police and Humberside as a central records central management system in June 2017. We understand that benefits realisation post implementation has been challenging and this is evidenced by the Connect system migration remaining present as a red-RAG rated risk on the Force's strategic concerns register. Upgrading to a newer software version was explored to resolve some of the problems identified, however, this has been impeded by the presence of Humberside's data within core layers of the system, which needs to be removed before the upgrade. The removal of data has been unsuccessful thus far, which we understand is due to the unique situation of two forces initially using the software with now only SYP continuing with its use.

It is understood that the establishment of the Technology Enabled Change Team in 2021 has enabled progress to be made in integrating key systems including Connect. The teams overarching objective is to utilise a toolbox of available IT solutions to solve specific problems faced by operational officers and staff giving expert advice to resolve issues and facilitate others to solve their own in order to drive and fully derive the benefits from IT solutions.

Whilst end to end integration was the original strategy pursued, discussions with officers have indicated that there has been greater successes achieved by designing workarounds and creating intermediate steps to ensure data is in the correct format for each system, and to maintain that the integrity of datasets and parameters following software updates. The remit of the Technology Enabled Change Team has increased since its inception and it is anticipated that this team will play a role in the next procurement exercise, which should offer additional scrutiny of software suppliers from a technical perspective to assess compatibility and assure that benefits communicated by the suppliers can be realised following purchase and implementation of the chosen solution.

We have not raised an improvement recommendation at this time but would highlight that this area should continue to be progressed and monitored by Senior Officers, including TCWG and JIAC probing and scrutinising progress as they consider appropriate. We understand that contract discussions will be going on over next few years and therefore the effectiveness of the records management system is something that we expect to explore further in our value for money work in future years.

7. Improvement recommendation 7



Improving economy, efficiency and effectiveness – review volume of single tender actions in place and evidence of approvals

Recommendation

A review should be conducted on live single tender actions to ensure their usage is consistent with the contract standing orders and approvals have been obtained in line with the scheme of delegation and approval limits set out in the contract standing orders.

Why / impact

Single tender actions (STAs) are the selection of a supplier to provide works, goods or services without competition. When only one supplier is sought to quote, there exists a risk that the Force may pay above the open-market price for a good or service, thereby not securing value for money.

Auditor judgement

Whilst there is a scheme of delegation in place for approving STAs, with those over £50k requiring chief officer approval, the total number of STAs (138) and estimated gross value (£16m) does not appear to be consistent with the contract standing orders which permit their use only in 'very exceptional circumstances'. Whilst approvals may have been duly sought and given for these STAs, the level of usage within the organisation does not appear to be consistent with the contract standing orders.

Summary findings

As at October 2023, the procurement function held records of 138 single tender actions (STAs) being in place with an estimated value of £16m. These are defined as the selection of a supplier to provide works, goods or services without a competitive tender process and are akin to a waiver. Of this total, £5m had been permitted since only one supplier was able to carry out the work, a further £10.5m has been noted as an extension to an existing contract and £0.5m permitted on the grounds of urgency.

Management Comments

There have been improvements made in terms of compliance which has resulted in a greater number of STAs being logged and similar improvements to the completeness of data collated and reported. The prioritisation procedures implemented in respect of the joint procurement function have led to an increased number of STAs in the short-term, nonetheless, it should be noted that there remains proper governance procedures in place with all STAs requiring approval from senior officers and therefore, management is of the view that the risks continue to be managed in respect of procurement and compliance with financial instructions and governance procedures.

The range of recommendations that external auditors can make is explained at Appendix B.

Improvement recommendation 8



Improving economy, efficiency and effectiveness – setting targets based on forward looking assumptions and measuring performance against such targets as opposed to a historic baseline

Recommendation

The Force should consider setting performance targets based on forward looking assumptions (such as a given level of officer strength) and then reporting actual performance against such targets.

Why / impact

There are improvements flowing through into police officer capacity (such as police officer uplift and Right Care, Right Person implementation) that should mean that crime prevention and investigation performance could be further improved. It may also be reasonable to assume that the Home Office will expect to see performance improvements in due course given the national investment in the police officer uplift programme. Adjusting historic data for the latest assumptions (greater officer strength), may be a useful approach to adopt in order to hold district teams accountable for realising improvements in local policing performance.

Auditor judgement

Using backward looking performance baselines and targets may potentially result in police officers and teams are not being appropriately stretched to adopt a strong performance culture to realise such performance improvements.

Summary findings

Consideration of benchmarking data against most similar forces (MSFs) identified that burglary numbers in South Yorkshire are higher than at comparable forces (defined as similar to SYP by HMICFRS). This appears to be a area of crime dealt with by neighbourhood policing teams and given the increase in officer numbers, we would recommend setting forward-looking stretch targets for district and neighbourhood teams as part of the Force's overall ambition to realise continuous improvements in its performance.

Management Comments

It is expected that performance reporting will be expanded to report on the impact of additional officers on crime numbers and policing outcomes, including additional reporting to the Home Office. Senior management will work with the Performance Management Unit in the coming year to consider how forward looking metrics can be added to current performance reporting arrangements to more accurately assess the Force's performance in light of the increase to police officer numbers.

The range of recommendations that external auditors can make is explained at Appendix B.

8. Follow-up of previous recommendations

The table below sets out progress against the three improvement recommendations raised in our 2021-22 Value for Money report published February 2023.

Recommendation	Progress to date per management	Addressed?	Further action?
1 The Force and OPCC should ensure that financial plans clearly set out how the sustainability of minimum reserves balances will be sustained. The Force/OPCC will only be able to maintain its 5% of net revenue budget reserves level until the end of 2025-26 based on current projections. It will be important to ensure that medium term plans incorporate realistic plans for replenishment of reserves where one-off measure are expected to cover budget gaps. The focus should be on creating savings plans that address the gaps identified and therefore ensure the financial sustainability of the force.	The Force has invested in a dedicated Savings and Efficiencies Team who have produced a savings plan to balance the medium-term resource strategy. To support the delivery of this plan, it has procured a delivery partner to work with to implement phase 1 of a Priority Based Budgeting methodology. The expectation is that learning will take place and that the Force will continue with this approach in future budget setting. As the PBB work progresses it is expected that the savings plan will crystallise which will reduce reliance on reserves. The OPCC reviews it's budgets annually with a zero based approach, so savings are identified at this point and monitored monthly. The joint monthly PEG meeting has savings and efficiencies as a standing agenda item, and savings targets, plans and delivery will be monitored through this route. The MTRS is kept under review so that new spending pressures are also identified and the longer term position updated. Due to our legacy issues some use of reserves has been planned throughout the MTRS period, and these will not be replenished. A new 'invest to save' reserve has also been created to 'pump prime' investment projects in order to realise savings. PBB tranche 1 has concluded and decisions have been made at Strategic Change Board to 'support' or 'support in principle' the recommendations put forward. Further work is being done as part of implementation and estimates will be included in the budget/MTRS. The Force now has PCC support to progress tranche 2 with the same delivery partner. This is a journey progressing at pace and we expect the PBB methodology to support the identification and delivery of the savings required to balance the medium term plan. Savings and Efficiencies are reviewed and monitored monthly at the Savings and Efficiencies Board, chaired by the DCC and at PEG, chaired by the PCC. This is business as usual and the force is on track to deliver the in year savings target.	Yes	We have concluded that this has been addressed but savings identification and priority based budgeting actions remain ongoing as the Force and OPCC looks to deliver on the savings requirement over the medium term.
2 Slippage of capital projects continues to be an area of improvement. The Force/OPCC has made progress against the governance of the capital programme, however, there still remains to be a high percentage of slippage. We recommend that the Force reviews and evaluates how it requests capital from the PCC and the PCC review how it sets its capital budget to ensure it can set a realistic budget from the outset. High capital budget setting at the start of the financial years coupled with low outturn cast doubt on the Force/OPCC's ability to accurately forecast expenditure and present and deliver a realistic capital programme. Prudent budget setting would involve the Force/OPCC and prioritising consideration of the prior year and reprofiled budget and outturn as opposed to rolling forward an ambitious capital plan.	In recent years there has been greater focus and challenge on the capital programme to ensure it is deliverable and affordable and it supports the CC and PCC in meeting strategic objectives. The capital programme is reviewed throughout the strategic planning process where appropriate challenge is carried out in relation to the current year and future years. In light of ongoing slippage, it was made clear during this recent planning round that requests for capital investment were expected to be minimal to allow a period of consolidation and catch up. Capital is also considered in the light of affordability, in line with the prudential code. Annual check and challenge meetings are in place early in the financial year with the ACO (Resources) and both CFOs which provides a further opportunity to review deliverability. The PCC continues to set a capital budget which reduces by one third to allow for slippage due to unforeseen circumstances and plan changes. Throughout the year, the capital programme is monitored and Heads of Service are held to account at the Strategic Resourcing Board, and the PCC challenges progress at the Estates Board. Capital monitoring is also presented and discussed at the joint monthly PEG where it is a standing agenda item. Capital financing is reviewed on a quarterly basis. The ACO and both CFOs feel that they have reviewed how the force/PCC sets its capital budget to ensure it is realistic from the outset and continues to be throughout the year. Management also confirms that this process has continued throughout the 2022-23 financial year.	Partially	Management has communicated that this remains an area of focus and additional procedures have been implemented to bring about further improvements. These include monthly monitoring of capital scheme projections into Strategic Resourcing Board introduced in 2022-23. In addition, a dedicated board for capital is set to be introduced from April 2024 for monitoring purposes and to promote accountability from project managers and business leads for capital delivery.

Follow-up of previous recommendations

The table below sets out progress against the three improvement recommendations raised in our 2021-22 Value for Money report published February 2023.

Recommendation	Progress to date per management	Addressed?	Further action?
3 Ensuring a strong governance culture: <ul style="list-style-type: none">The Force should create a whistleblowing policy that includes reference to its prevention and detection of Fraud. The Force does not have a whistleblowing policy, though it is in progress but not yet finalised.Additionally, the Code of Conduct makes no explicit reference to the prevention and detection of fraud. While police officers might be aware of the confidential reporting line, there is currently no guidance in circulation at the organisation that outlines the process of reporting fraud.	Both CFOs have linked in with the Head of Professional Standards during the year. She has pointed out that the Confidential Reporting Line is a tool to confidentially report any concern which includes fraud. Since then the intranet link has been updated to specifically refer to fraud.	Yes	No

9. Opinion on the financial statements

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

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

We conducted our audit in accordance with:

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

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

Audit opinion on the financial statements

We plan to issue an unqualified 'clean' opinion on the PCC and CC's financial statements in December 2023.

Our full opinion, once issued, will be included in the PCC and CC's Annual Report for 2022-23, which will be obtainable from the PCC and CC's website, once published.

Further information on our audit of the financial statements is set out overleaf.

Audit Findings (ISA260) Report

More detailed findings can be found in our ISA260 Report, which was published and reported to the PCC and CC's Joint Independent Audit Committee on 27 September 2023. An updated IAS260 Report confirming finalisation of the audit is expected to be published at the time of issuing the audit opinion.

Whole of Government Accounts

To support the audit of the Whole of Government Accounts, we are required to examine and report on the consistency of the Service's consolidation schedules with their audited financial statements. This work includes performing specified procedures under group audit instructions issued by the National Audit Office.

The WGA threshold for detailed procedures is set to remain at £2bn for 2022-23, and therefore only a brief summary WGA return will be required for SYP. This work will be undertaken following the audit opinion being issued.

Other information

A reference was added in the Annual Governance Statement to the data loss of body worn video announced in August 2023. Reference to the transfer of the PCC's function to the South Yorkshire Mayor expected to occur in May 2024, is being added to the 'events after the reporting date' note to the accounts and to the Narrative Report to highlight this to readers.

Opinion on the financial statements

Timescale for the audit of the financial statements

- We presented our Audit Plan to the Joint Independent Audit Committee in April
- We completed our initial planning and interim audit work in March through April and our audit fieldwork procedures took place from July through to October
- The PCC and CC provided draft financial statements in line with the national timetable – which was a good achievement given only c30% of bodies achieved the deadline
- We anticipate issuing an unqualified 'clean' opinion on the PCC's and CC's accounts in December 2023.

Findings from the audit of the financial statements

Significant risks as detailed in our Audit Plan and ISA260 Report:

Management override of controls – our audit work has not identified any issues in respect of management override of controls

Provisions – our audit work has not identified any issues in respect of provisions, however, as was the case in the period period, we expect to draw readers attention to the contingent liability disclosure with an 'emphasis of matter' paragraph in our audit opinion. Note this does not constitute a qualification of the audit opinion.

Closing valuation of land and buildings – following appointment of a new external valuer in 2022-23, a significant uplift in the valuation of specialised (DRC) assets was identified of £45m (113% of prior year's carrying value). A significant audit challenge process took place involving the finance team, building & estates surveyors, management's external valuer and a second valuer engaged as an 'auditor's expert' by the audit team. This process was rigorous and culminated in management being able to sufficiently evidence that it is appropriate to account for the year-on-year change in the valuation of specialised assets on a prospective basis as a change in accounting estimate with reference to IAS8 accounting principles. One immaterial adjustment was identified from our work in respect of the valuation of land totalling £0.3m, management has opted not to adjust on the ground of materiality.

Valuation of the pension fund liability for Police Pension Scheme (PPS) – the significant fall in the gross PPS liability YoY of nearly £1bn, reducing to £2.5bn is consistent with our expectations. It has been identified that GAD has applied an interim inflation assumption and our calculations have indicated that allowing for actual inflation up to 31 March 2023 is likely to result in a material change to the IAS19 position. Revised IAS19 calculations were requested from GAD to capture the impact of actual known inflation up to 31 March 2023. The adjustment has now been calculated and processed by management, and increases unfunded PPS liabilities by c£50m. No further matters were identified from our work on the PPS liability.

Valuation of the pension fund net surplus for Local Government Pension Scheme (LGPS) - the pension fund net balance has moved from a net liability of £177m in 2021-22 to a net surplus of £19m in 2022-23. As a result, IFRIC14 - the limit on recognition of a defined benefit has been considered for the first time in 2022-23. Management has acknowledged a need to present this LGPS pension balance as an asset on the balance sheet as opposed to offsetting against the gross PPS liability, as it was presented in the draft accounts. An IFRIC14 calculation has been presented by the actuary on the basis that a minimum funding requirement exists (continued obligation to make contributions) over the remaining life of the LGPS scheme, which is deemed to be appropriate. The audit team posed further challenge of management following auditor consultation with Grant Thornton's internal actuary. Detailed audit procedures and challenge of management resulted in two IFRIC14 pension asset ceiling calculations being undertaken with the second and final iteration identifying a negative asset ceiling of -£10m. Management has adjusted for this in the accounts, capping the pension asset ceiling at £nil in line with IFRIC14 accounting principles and evidence has been obtained from management to support this judgement and assumptions. This is detailed further in our final Audit Findings (ISA260) report to be re-released alongside our opinion. An additional asset state price adjustment of £2.07m was identified by the pension fund auditor, and management has opted not to adjust the accounts for this on the grounds of materiality.

Four recommendations were made following the performance of our audit procedures:

- I. Force and OPCC to revisit and assess the sufficiency of its existing procedures for completion and retention of starter and leaver forms
- II. Consideration to be given to strengthening arrangements for communication and collaboration between the finance function, legal and IT
- III. A plan should be developed to prepare for the expected transfer of PCC's function to South Yorkshire Mayoral Combined Authority
- IV. Consideration should be given to aligning the Oracle Cloud implementation date with the date of transfer of the PCC's function to SYMCA

Full details on the key findings from our 2022-23 accounts audit are set out in our ISA260 Audit Findings Report, which was presented to the PCC and CC's Joint Independent Audit Committee on 27 September 2023. An updated IAS260 Report confirming finalisation of the audit is expected to be published at the time of issuing the audit opinion.

Appendices

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

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

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

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

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

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

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



Appendix B – An explanatory note on recommendations

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

Type of recommendation	Background	Raised within this report?	Page reference
Statutory	Written recommendations to the PCC and CC under Section 24 (Schedule 7) of the Local Audit and Accountability Act 2014.	No	N/A
Key	The NAO Code of Audit Practice requires that where auditors identify significant weaknesses as part of their arrangements to secure value for money they should make recommendations setting out the actions that should be taken by the PCC and CC. We have defined these recommendations as 'key recommendations'.	No	N/A
Improvement	<p>These recommendations, if implemented should improve the arrangements in place at the PCC and CC, however, they are not a result of identifying significant weaknesses in the PCC and CC's arrangements.</p> <p>A total of eight improvement recommendations have been raised in this report – six in relation to governance and two on the 3Es.</p>	Yes	Pages 21 to 26 (governance) and pages 34 to 25 (3Es)

Appendix C

Sources of evidence



Staff involved

- Dr Alan Billings, Police and Crime Commissioner
- Michelle Buttery, Chief Executive, OPCC
- Sophie Abbott, Chief Financial Officer, OPCC
- Sally Parkin, Governance and Compliance Manager, OPCC
- Lauren Poultny – Chief Constable, SYP
- Jackie Bland, Assistant Chief Officer – Resources, SYP
- Debbie Carrington, Chief Financial Officer, SYP
- Sheryl Hawley, Head of Financial Accounting, Exchequer, Insurance & Organisational Infrastructure (OI), SYP
- Dan Lennox, Insurance & Organisational Infrastructure Manager, SYP
- Matt Bradshaw, Head of Business Change and Innovation, SYP
- Harry Hardiker, Savings and Efficiencies Programme Manager, SYP
- Efe Eruero, Deputy Chief Finance Officer, OPCC
- Julie Howell, Head of Regional Procurement (Temporary)
- Mike Verdun - Cyber Security Manager (regional)
- DCI Gary Magnay – CSE Thematic Lead
- Erika Redfearn – Head of Governance, OPCC



Documents Reviewed

- Public Accountability Board Papers & Minutes
- Joint Independent Audit Committee Papers & Minutes
- Cash Flow 2023-24
- South Yorkshire PCC Police and Crime Plan 2023-25
- Budget Monitoring Reports 2022-23 and 2023-24 to date
- Strategic Concerns Registers (SYP) 2022-23 and beyond
- Strategic Risk Registers (OPCC) 2022-23 and beyond
- SYP Organisation Infrastructure Framework
- Financial Regulations 2022
- Code of Conduct in relation to Gifts, Gratuities and Hospitality
- Appropriate Relationships and Behaviours in the Workplace guidance
- External Audit Findings (ISA260) Report
- Force Management Statement 2023
- Internal Audit Charter 2021-24
- Internal Audit Plan 2023-24
- Head of Internal Audit Report 2022-23
- Planning and Efficiency Group Minutes
- Strategic and Financial Planning timetable
- SYP Plan on a Page – March 2023
- PCC Crime Performance Report – Q1 2023-24
- Public Accountability Board Papers & Minutes
- Live Contracts Register (October 2023)
- Single Tender Actions Report (October 2023)
- Digital Forensics Unit Business Case
- ICT Delivery Options Strategy – Credera
- Sustainability Annual Report 2022
- Sustainability Strategy 2020-25
- PBB Final Report v0.3
- Strategic Change Board Action and Decision Log
- Medium Term Resourcing Strategy 2023-28
- HMICFRS Value for money dashboards
- HMICFRS Police Effectiveness, Efficiency, and Legitimacy report 2021-22
- HMICFRS Vetting Effectiveness Report
- Joint Accountability Board Minutes
- Joint IS Programme Board Minutes
- Regional Procurement Briefing and Options Report
- Regional Procurement Plan
- Right Care, Right Person Programme Summary
- Joint Corporate Governance Framework 2023
- Regional Contract Standing Orders
- Information Governance reports to the ICO

Appendix D - Key acronyms and abbreviations

The following acronyms and abbreviations have been used within this report

AGS – Annual Governance Statement

AFR/ISA260 – Audit Findings Report

NAO – National Audit Office

‘the Code’ – Code of Audit Practice

PCC – Police & Crime Commissioner

CC/Force – Chief Constable

AGN – Auditor Guidance Note

CFO – Chief Financial Officer

MTRS – Medium Term Resource Strategy

CSE – Child Sexual Exploitation

FMS – Force Management Statement

SCR – Strategic Concern Register

ORA – Organisational Risk Assessment

OI – Organisational Infrastructure

PMU – Performance Management Unit

PAB – Public Accountability Board

JIAC – Joint Independent Audit Committee

QATT – Qualitative Audit Thematic Testing

CIPS – Chartered Institute of Procurement and Supply

ACO – Assistant Chief Officer

ERP – Enterprise Resource Planning (business insights and accounting)

IS – Information Systems

RCRP – Right Care, Right Person

ICO – Information Commissioner’s Office

NA – Notifiable Association

SRR – Strategic Risk Register

SYMCA – South Yorkshire Mayoral Combined Authority

TCWG – Those Charged with Governance

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

PEEL – Police Effectiveness, Efficiency and Legitimacy

NDORS – National Driver Offender Retraining Scheme

PCSO – Police Community Support Officer

CSR – Comprehensive Spending Review (HM Treasury)

PCP – Police and Crime Plan

SCT – Senior Command Team (Force)

SLT – Senior Leadership Team (OPCC)

STUDIOS – sexual misconduct, theft, unauthorised disclosure of data, drugs, inappropriate/notifiable associations, organised crime infiltration/corruption and social media

BI – Business Intelligence

SYP – South Yorkshire Police (‘the organisation’/group)

