

# Interim Auditor's Annual Report on the Police and Crime Commissioner and Chief Constable for Dorset

2021/22 and 2022/23

4 March 2024



# Contents



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

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



Section	Page
Executive summary	3
Opinion on the financial statements and use of auditor's powers	5
Securing economy, efficiency and effectiveness in the Police and Crime Commissioner (PCC) and Chief Constable’s (CC) use of resources	6
Financial sustainability	7
Governance	13
Improving economy, efficiency and effectiveness	17
Follow-up of previous recommendations	24
Opinion on the financial statements	25
<b>Appendices</b>	
Appendix A – Responsibilities of the PCC and CC	27
Appendix B – Risks of significant weaknesses, our procedures and findings	28
Appendix C – An explanatory note on recommendations	29

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

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# Executive summary



## Value for money arrangements and key recommendations

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

Auditors are required to report their commentary on the force's arrangements under specified criteria. 2020/21 was the first year that we reported our findings in this way. The NAO has issued guidance to auditors which states that a commentary covering more than one financial year can be issued where it is more efficient and effective to do so. We have decided to report a combined commentary on the Dorset Office of the Police and Crime Commissioner's (PCC) and Chief Constable's (CC) arrangements for 2021/22 and 2022/23 because this will allow for our Value for Money assessments to be provided in a more timely 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 its use of resources. Our conclusions are summarised in the table below.

Criteria	Risk assessment	2020/21 Auditor Judgment	2021/22 Auditor Judgment	2022/23 Auditor Judgment	Direction of travel
Financial sustainability	No significant weaknesses in arrangements identified.	No significant weaknesses in arrangements identified.	No significant weaknesses in arrangements identified.	As 21/22	↔
Governance	No significant weaknesses in arrangements identified.	No significant weaknesses in arrangements identified. One improvement recommendation made.	No significant weaknesses in arrangements identified.	As 21/22	↑
Improving economy, efficiency and effectiveness	No significant weaknesses in arrangements identified.	No significant weaknesses in arrangements identified.	No significant weaknesses in arrangements identified.	As 21/22	↔

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

# Executive summary



## Financial sustainability

The PCC and Chief Constable's good track record of sound financial management continues. In both years they delivered an overall underspend in year, after taking into account central Government funding and the planned use of reserves. The PCC and Chief Constable understood the financial risks which they faced and managed these risks by maintaining an appropriate level of reserves. Overall we are satisfied that the PCC and Chief Constable had appropriate arrangements in place to manage the risks they faced in respect of its financial resilience. We have not identified any risks of significant weakness or recommendations as a result of our review.



## Governance

Overall, we found the PCC and Chief Constable's governance arrangements to be effective, and did not identify any significant weaknesses or recommendations during our review. We found that management have addressed our improvement recommendation made in 2020/21.



## Improving economy, efficiency and effectiveness

The PCC and Chief Constable have put in place effective arrangements to improve economy, efficiency and effectiveness. No significant weaknesses or recommendations have been identified as a result of our review.



We have not completed our audits of your financial statements. Further detail can be found on page 25.



# 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 have not completed our audits of your financial statements. Further detail can be found on page 25.

## 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 statutory recommendations.

## Public Interest Report

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

We did not issue a public interest report.

## Application to the Court

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

We did not apply to the Court.

## Advisory notice

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

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

We did not issue an advisory notice.

## Judicial review

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

We did not apply for judicial review.



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

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

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

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

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



## Financial Sustainability

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



## Governance

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



## Improving economy, efficiency and effectiveness

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



Our commentary on the PCC and CC's arrangements in each of these three areas, is set out on pages 7 to 23. Further detail on how we approached our work is included in Appendix B.



# Financial sustainability



## We considered how the PCC and the CC:

- identifies all the significant financial pressures that are relevant to their short and medium-term plans and builds them into their plans
- plans to bridge funding gaps and identify achievable savings
- plans finances to support the sustainable delivery of services in accordance with strategic and statutory priorities
- ensures financial plans are 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 their plans.

## Financial Context

The Comprehensive Spending Review and Government Settlements are reviewed by the Chief Constable's (CC) and PCC's Chief Finance Officers (CFO) on an ongoing basis to try to model future resource envelopes that Dorset Police will operate in. As for all police bodies, annual settlements and the lack of longer-term assurances over funding make financial planning more difficult and short-term in its focus.

The Police Funding Settlement from the Home Office for 2021/22 was received in February 2021. This was split into three categories; Police Grant (including community support grant), Revenue Support Grant and Legacy Council Tax Grants. The grant for Dorset was confirmed as £75.3 million (excluding Pensions Specific Grant). The settlement also confirmed that PCCs could increase their band D Council Tax precept levels by a maximum of £15. After carrying out a public consultation the PCC decided to increase the council tax precept by 6.2%, which represented £15 for a Band D taxpayer.

For 2022/23, the Police Funding Settlement from the Home Office was received in February 2022. Again this was split into three categories; Police Grant (including community support grant), Revenue Support Grant and Legacy Council Tax Grants. The grant for Dorset was confirmed as £78.7 million (excluding Pensions Specific Grant). The settlement also confirmed that PCCs could increase their band D Council Tax precept levels by a maximum of £10. After carrying out a public consultation the PCC decided to increase the council tax precept by 3.9%, representing £10 for a Band D taxpayer.

The graphs overleaf are extracts from the HMICFRS Value for Money profiles and demonstrate how Dorset Police's funding is split. The graphs illustrate that, compared to other Forces, Dorset's funding is geared more toward Council Tax precept.

## Financial Performance

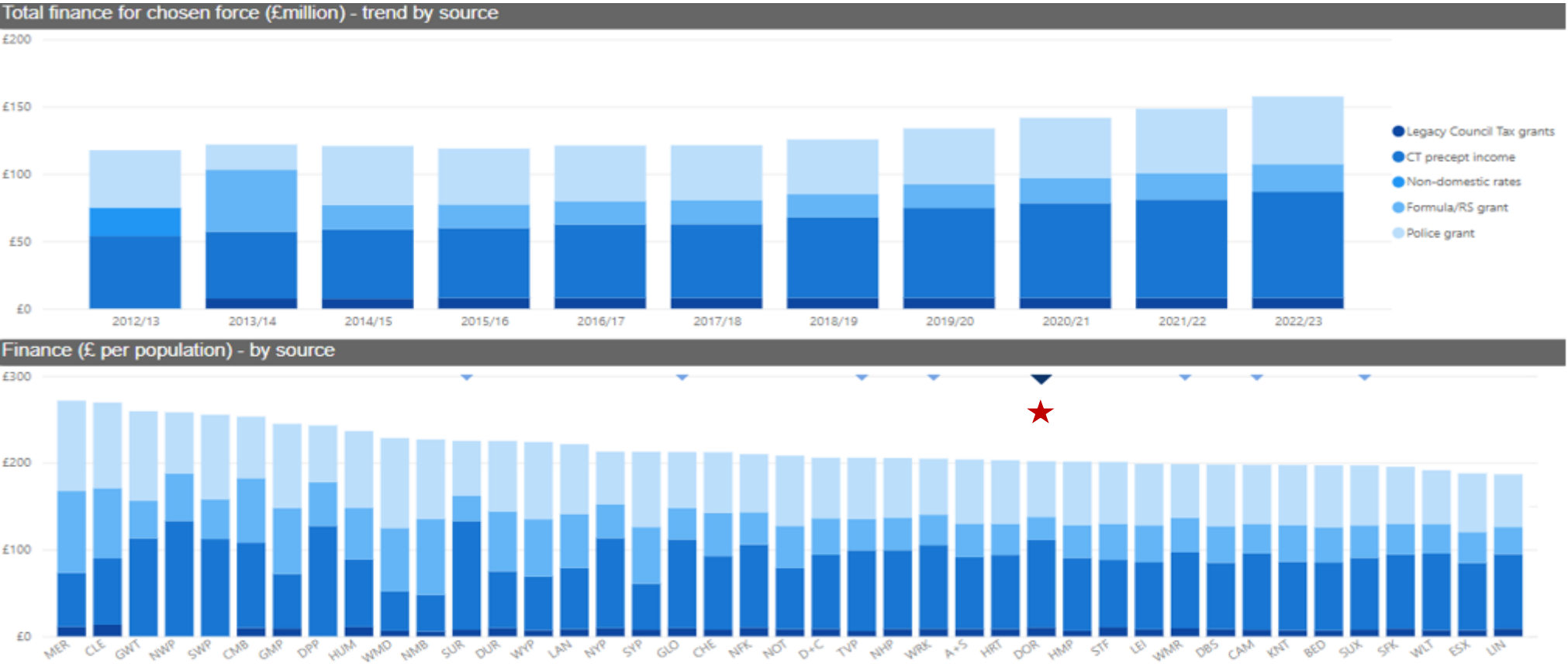
The PCC and Chief Constable's performance against key financial and performance metrics in 2021/22 and 2022/23 are set out in the table opposite. The OPCC and Force have faced financial challenges in each year, and these will continue through to 2023/24 and be exacerbated by the continuing macro economic climate. Despite this, a sustainable financial position has been achieved and for each financial year Dorset Police reported an overall underspend on budget and increased usable revenue reserves balances to support its underlying financial resilience. We note that slippage on the capital programme each year is largely due to the continuing impact of unavoidable external factors on supply chains and contractor availability, as well as the timing of major estates schemes.

	2022/23	2021/22
Planned revenue expenditure	£157.4m	£148.4m
Actual revenue expenditure	£156.7m	£146.9m
Underspend transferred to usable revenue reserves	£689k	£1.5m
Overall net change in usable revenue reserves	£154k	£1.5m
Planned capital spend	£14.1m	£9.3m
Actual capital spend	£9.2m	£4.9m
Underspend	£4.9m	£4.4m
Year-end cash position	£15.9m	£8.9m

# Financial sustainability continued

Extract from HMICFRS Value for Money Profiles

The below graphs demonstrate how Dorset Police’s funding is split. They illustrate that, compared to other Forces, the main source of funding is Council Tax precept.





# Financial sustainability continued

## Overview of the arrangements to ensure financial sustainability

The MTFS is produced covering both the PCC and CC, and clearly articulates the cost of delivering core services and of the financial inputs that are required to deliver these services efficiently.

The MTFS is embedded within the annual budget setting cycle to provide a longer-term view of priorities and demand for services. It sets out the framework for strategic planning over the next three years. The current MTFS covers the period 2023/24 to 2026/27. The PCC updates the MTFS (including the CC allocation) each year. The MTFS sets the environment surrounding finances, identifying the consequences of savings and investments required to improve policing services over the next few years based on assumed funding levels. The MTFS is reported through the governance structure to the Police and Crime Panel.

Workforce planning is incorporated into the budget formation and monitoring at a high level. The budget and MTFS set the establishment requirement within the financial envelope; the workforce plan then delivers these numbers with monthly reviews of officer numbers occurring with recruitment being adjusted based on this.

As for all police bodies, annual settlements and the lack of longer-term assurances over funding have made financial planning more short-term in its focus. The PCC and the CC keep financial plans under review as a result of this continuing uncertainty.

## Key Financial Assumptions in the MTFS

The key assumptions applied in the MTFS for 2021/22 to 2024/25, 2022/23 to 2025/26 and 2023/24 to 2026/27 are set out below:

In February 2021 the MTFS was updated for the period 2021/22 to 2024/25. At this point the settlement and precept for 2021/22 was known.

- Main grant funding - The MTFS assumes that the government grant funding would remain flat in 2022/23 with a 1% increase from 2023/24. Central funding assumptions are deemed reasonable based on the information available at the time the MTFS was developed. The funding assumptions do not build in any changes from the anticipated review of the funding formula. The review has been expected for several years and has been delayed many times which has been further impacted by Covid.
- General inflation is assumed to be 1.5% in 2022/23, 1.9% in 2023/24 and 0.99% in 2024/25.
- Pay is typically the largest area of expenditure for the force, and hence forms a significant portion of the budget allocation from the OPCC. Financial plans are based on pay inflation of 1% for the period 2022/23 to 2024/25. The pay increase assumptions are line with expectations and neighbouring forces and were reasonable at the point the budgets were created.
- Council Tax income – it was forecast that precepts would continue to rise by the maximum levels permitted in future years. The MTFS assumes council tax base increases of 1.25% in 2022/23 and 1.5% in future years.

# Financial sustainability continued

## Key Financial Assumptions in the MTFS continued

In February 2022, the MTFS was updated for the period 2022/23 to 2025/26.

- Main grant funding - The MTFS incorporates the assumption that the Core grant increase in the period is based on the Comprehensive Spending Review figures for 2023/24 and 2024/5 and 2% in 2025/26. The funding assumptions again do not build in any changes from the anticipated review of the funding formula.
- General inflation is assumed to be 2% in 2023/24, 0.9% in 2024/25 and 1.98% in 2024/25.
- Financial plans are based on pay inflation of 2.5% for each year. The pay increase assumptions are line with expectations and neighbouring forces.
- Council Tax income – it is expected that precepts will continue to rise by the maximum levels permitted in future years. The MTFS assumes council tax base increases of 1.5% in 2023/24 and 1.5% in future years.

In February 2023, the MTFS was updated for the period 2023/24 to 2026/27, at which point the settlement and precept for 2023/24 was known. Key assumptions have been used for 2023/24 onwards. Key assumptions included in the MTFS are as follows:

- Main grant funding - The MTFS incorporates the assumption that the Core grant increase in the period is based on the Comprehensive Spending Review figures for 2024/25 and an increase of 2% for 2025/26 and 2026/27. The funding assumptions also do not build in any changes from the anticipated review of the funding formula.
- General inflation is assumed to be 1.5% in 2022/23, 1.9% in 2023/24 and 0.99% in 2024/25.
- Financial plans are based on pay inflation of 1% for the period 2022/23 to 2024/25.
- Council Tax income – The MTFS assumes that precepts will continue to rise by the maximum levels permitted in future years, and that the overall Council Tax base will increase by 1% in each year. This is in line with our knowledge of Dorset as there is a large focus on housing development to match demand.

All of the above assumptions are in line with our knowledge of Dorset Police, the wider police sector and the economic outlook. The assumptions appear to be prudent and reasonable based upon this and other relevant supporting documents. We are satisfied that appropriate consideration has been given to the key pressures that will be faced, and that prudence has been applied in relation to income streams.

# Financial sustainability continued

## Savings schemes

As part of the MTFS process, savings are identified to balance the budget. A balanced MTFS with identified savings and no funding gap has been approved in each of the last three years, although budget gaps are identified for later years in the MTFS. Work is in train to address these, and we will review progress as part of our 2023/24 review. These savings have been incorporated within the budget and monitored intrinsically via the main budget monitoring process.

£1.1 million of savings were delivered in 2021/22 and £2.4 million of savings in 2022/23. The achievement of these savings contributed to the overall breakeven financial performance for 2021/22 and 2022/23. An overall underspend of £1.5 million representing 1% of the net expenditure budget of £148.4 million was achieved in 2021/22 and an underspend of £689k representing 0.4% of the net expenditure budget of £157.5 million in 2022/23. Financial performance in both years was achieved after planned use of reserves and increasing reserves balances overall.

Savings of £7.3 million are included in the 2023/24 budget. The Efficiency Board oversees delivery of the savings programmes and progress is monitored by the Resource Control Board. As at September 2023, £6.2 million (85%) of savings have been achieved leaving £1.1 million to deliver. We consider that this is adequate progress to date. It is envisaged that £876k will be delivered as part of the 2024/25 budget, and £219k are considered unachievable and will be removed from the 2024/25 budget process.

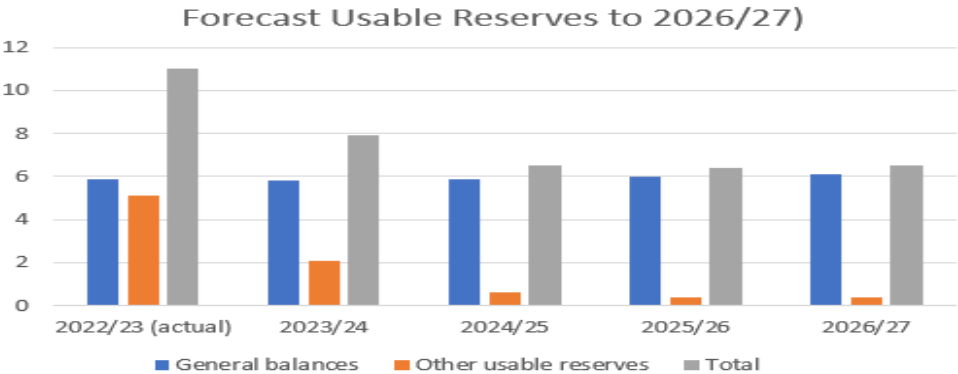
## Reserves

The PCC has a Reserves Strategy to maintain general balances at between 3% and 5% of net revenue expenditure which will be supported by an annual budget risk assessment which will also identify the need for any specific earmarked reserves.

Total usable reserves in the 2021/22 financial statements increased by £11.5 million from the prior year and stood at £10.9 million. The balance in the 2022/23 financial statements increased by £154k standing at £11 million. This includes a general fund balance of £5.9 million.

The MTFS for 2023/24 to 2026/27 projects total usable reserves (general balances plus other usable reserves) reducing year on year to £6.5 million by 31 March 2027, primarily due to the planned use of earmarked reserves to support identified areas of expenditure. Despite this planned reduction, the level of general balances is maintained projected to increase to £6.1 million.

It is the responsibility of the PCC’s Chief Financial Officer to ensure that adequate reserves are held, which they have confirmed within the Reserves Strategy 2023/24 to 2026/27.



# Financial sustainability continued

## Capital Planning and Treasury Management

Capital planning is linked to delivery of the priorities contained within the Police and Crime Plan. The Police and Crime Plan 2021-2029 sets the overall direction for policing in Dorset. The use of capital resources supports delivery of the Plan.

The Capital Strategies for 2021/22 to 2024/25, 2022/23 to 2025/26 and 2023/24 to 2026/27 (these are refreshed annually during the refresh of financial plans for the medium term) reflect this link, stating that the Capital Strategy is led by the priorities outlined in the PCC's Police and Crime Plan. It translates these priorities into a programme of projects in the PCC's Capital Programme that will achieve the intended outcome. For example, the Police and Crime Plan states that the PCC will review the current use of police estates, to ensure that front desks are accessible and being used effectively, that key facilities are suitably located, and that officers have a footprint within each of Dorset's towns. This is part of the priority to make policing more visible and connected. This is reflected in the capital programme by the inclusion of £23.7 million expenditure on building works.

The Treasury Management Strategy is closely linked to the Capital Strategy and the Reserve Strategy. The Treasury Management Strategy is updated annually and reflects the requirements of the CIPFA Code of Practice on Treasury Management and the Prudential Code for Capital Finance in Local Authorities. Treasury Management performance (investments and borrowing) is reported on a quarterly basis to the Resource Control Board as part of the overall arrangements for budget monitoring.

## Conclusion

Overall, we have found no evidence of significant weaknesses in the arrangements for ensuring financial sustainability. The PCC and the CC have a track record of sound financial management and managing risks to financial resilience. Work is in train to address the future budget gap and we will review progress as part of our review in 2023/24. Financial plans clearly link to plans outlined in the Police and Crime Plan and the investments required to secure sustainable delivery of good policing services to the citizens of Dorset and its visitors.



# 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
- approach and carry out the annual budget setting process
- ensures effective processes and systems are in place to ensure budgetary control; communicate relevant, accurate and timely management information (including non-financial information); support their statutory financial reporting; and ensures corrective action is taken where needed, including in relation to significant partnerships
- ensures they make properly informed decisions, supported by appropriate evidence and allowing for challenge and transparency. This includes arrangements for effective challenge.
- 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 they procure and commission services.

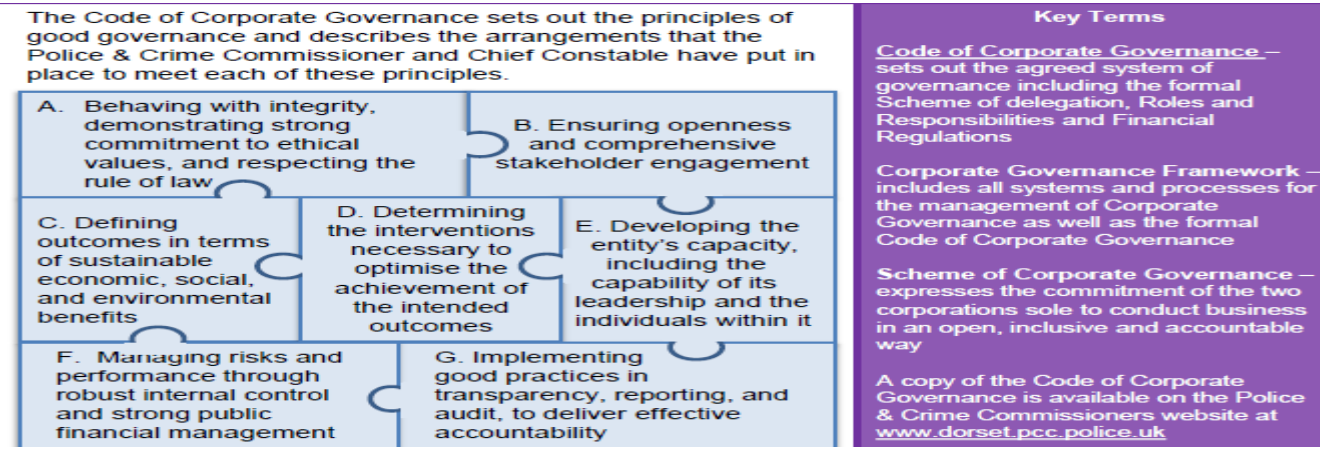
## Overview of Governance Arrangements

The PCC and CC have an appropriate scheme of governance which outlines the scheme of delegation and decision making processes. This governance and meeting structure ensures that papers and business cases are routed through the appropriate channels for scrutiny, challenge and agreement before being presented for approval by the PCC and the CC.

Within the police sector the PCC and CC act as ‘those charged with governance’. The Independent Audit Committee (IAC) is a key component of the PCC and CC’s arrangements for corporate governance. It is a joint committee that covers both Dorset Police and Devon & Cornwall Police. It provides an independent and high-level focus on the audit, assurance and reporting arrangements that underpin good governance and financial standards. The purpose of the Committee is to provide independent assurance to the PCC and the CC regarding the adequacy of the risk management framework and the associated control environment within Dorset Police and the Office of the PCC. It considers the reports of internal and external audit and has oversight of general governance matters. It also provides comment on any new or amended policies and strategies with regard to financial risk and probity.

The Chair and Vice-Chair of IAC have informal dialogue with the Chief Financial Officers for the PCC and the Chief Constable and also have direct access to the PCC and Chief Constable, as we would expect.

An illustration of the Code of Governance principles included in the joint PCC and CC Annual Governance Statements for 2021/22 and for 2022/23, is illustrated below.





# Governance continued

## Management of Risk

The force has a joint Risk Management Policy and joint risk procedure with Devon and Cornwall Police which is applicable to all Dorset and Devon and Cornwall police officers, police staff, special constables and volunteers. The policy outlines definitions and roles and responsibilities in relation to risk, the procedure extends this to reporting, governance and the role of the Independent Audit Committee.

There are separate registers for the Force and the OPCC. These risk registers set out the key mitigating actions, are RAG rated and allocated to a named senior officer. These are updated and refreshed during the year as we would expect to ensure that they are relevant.

Risks are reported to the Deputy Chief Constable's Board and the Independent Audit Committee alongside a statement which provides an overview of the risks including those whose scores have changed, details of new strategic risks etc. This facilitates focus on key issues.

## Monitoring and Compliance with Standards

The PCC and CC have a Code of Corporate Governance in place which sets out the systems, processes and values by which the business of the PCC and CC is directed and controlled, and through which they account to and engage with their communities. They are committed to ensuring individuals in their employment have a mechanism to report any suspected illegal or unethical conduct, without suffering any detrimental impact on themselves, their current or future employment and career opportunities. The Protected Disclosure (Whistleblowing) and Support to People Reporting/Witnessing Suspected Wrongdoing Policy supports this.

There is a Gifts and Gratuities policy available and a central register. The PCC and CC have arrangements in place for officers to make declarations of interest. Staff, Officers and IAC members are required to complete a Declaration of Interests form each time a potential conflict of interest arises. This is also confirmed at the start of every meeting based on the agenda items that are being discussed. There is no evidence of interests not being declared.

## Vetting

Vetting is in place for all police recruits and new starters. Officers are re-vetted following every change of posting, promotion or the conclusion of misconduct proceedings. Most have vetting three times in any ten-year period, which is more than the college of policing national guidelines suggest. There is no evidence of backlogs in vetting for serving officers.



# Governance continued

## Internal Audit

Internal Audit is provided by the South West Audit Partnership, which also provides services to several other police bodies in the region. The Public Sector Internal Audit Standards (PSIAS) external review of this service was last carried out in February 2020 and the service was awarded the highest rating available.

Internal Audit report to the Independent Audit Committee on a quarterly basis through the form of progress reports which summarise the work of each review as well as key recommendations. Internal Audit publish an annual report which summarises the results of their work during the financial year and, as required by the Accounts and Audit Regulations 2015, give an overall opinion of the control environment that operated during the year in respect of the PCC and Chief Constable. On the basis of the majority of the assurance opinions provided and giving consideration to the adequacy and effectiveness of the wider governance and risk management arrangements at the Force and OPCC in 2021/22 and 2022/23, the Head of Internal Audit gave a ‘reasonable’ annual opinion, with no significant issues that Internal Audit considered required inclusion within the Annual Governance Statement in either year as illustrated below:

	2021/22	2022/23
Annual Governance Statement (control deficiencies)	0	0
Head of Internal Audit opinion	Reasonable assurance	Reasonable assurance

# Governance continued

## Annual Budget Setting Process and Budgetary Control

The annual budget and Medium Term Financial Strategy (MTFS) are developed in parallel each year. We have considered financial plans for 2021/22, 2022/23 and future years in the financial sustainability section of this report.

The PCC and Chief Constable share a responsibility to identify and agree, in consultation with partners and stakeholders, MTFS which includes funding and spending plans for both revenue and capital. The budget is built up with input from individual budget holders. For the purposes of 2021/22 and 2022/23 budget setting there were informal budget discussions between the OPCC and the Force with the resulting budget proposals being presented to the joint OPCC and Force Resource Control Board for approval. We note that during 2022/23 the Force Efficiency Board (on which the OPCC Chief Finance Officer sits as an observer) was set up as part of the 2023/24 budget setting arrangements.

The council tax precept contributing to the funding of the expenditure budget and MTFS is then ultimately approved by the Police and Crime Panel.

As part of developing the budget and the MTFS, the PCC undertakes consultation with the people of Dorset to obtain their views around support for additional police funding in Dorset and the precept level.

Budget management ensures that once the PCC has approved the budget, resources allocated are used for their intended purpose and are properly accounted for. Budgetary control is a continuous process, enabling both the Chief Constable and PCC to review and adjust their budget targets during the financial year. Financial performance is a key objective for senior managers. The Code of Corporate Governance sets out the responsibilities of budget holders in managing their budgets.

Budget holders and their senior management team receive monthly budget monitoring reports, with the Revenue Budget Monitoring Report being considered by the Resource Control Board on a monthly basis. The Revenue Budget Monitoring Report includes financial and non-financial information, including workforce data, and contains detailed explanations and analysis of budget variances. Action is identified where necessary to address forecast overspending. Monitoring of the budget also includes capital expenditure and the level of investments and borrowing supporting delivery of both the revenue and capital programmes. Capital expenditure is monitored quarterly by the Resource Control Board in a separate report.

Our previous report reflected significant reliance on a key officer within the finance team for the production of the financial statements and to deal with public queries. We raised an improvement recommendation that capacity of the team should be reviewed to address reliance on one officer. We found that the capacity of the team has been increased, hence this recommendation has been addressed.

## Conclusion

The OPCC and Chief Constable have generally put in place effective governance arrangements. Our prior year improvement recommendation has been addressed.

# Improving economy, efficiency and effectiveness



We considered how the PCC and the CC:

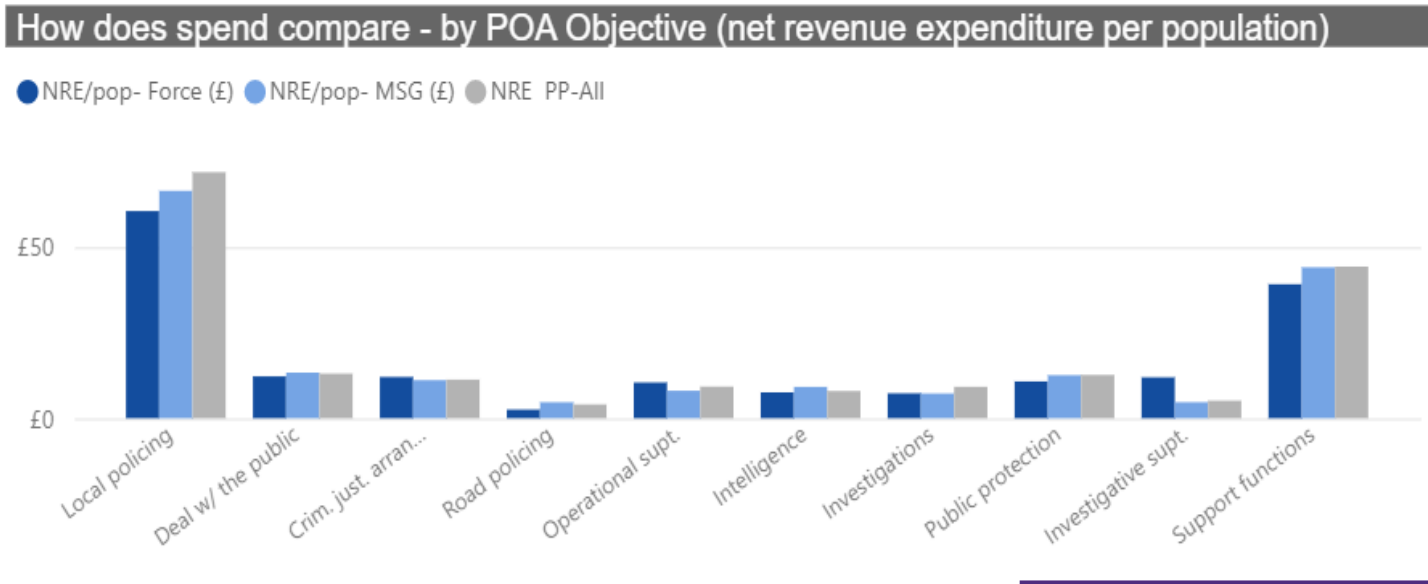
- use financial and performance information to assess performance to identify areas for improvement
- evaluate the services they provide to assess performance and identify areas for improvement
- ensure they delivers their role within significant partnerships and engage with stakeholders they have identified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

Using Performance Reporting to Assess Performance and Identify Improvement

The PCC presents a quarterly performance monitoring to each Police and Crime Panel (PCP) meeting which reports performance against the Police and Crime Plan key indicators, with performance direction of travel also provided. Narrative is also provided on actions being taken to improve. An extract from the report is illustrated overleaf.

Within the Force, performance is monitored and reported through to the Force Executive Board, chaired by the Chief Constable, and the Deputy Chief Constable's Board. The reports indicate where improvement is required. Further commentary is provided on subsequent pages.

The HMICFRS value for money datasets are used by the finance department to identify possible areas for follow up where Dorset Police are an outlier. The intelligence is used primarily to inform business cases and saving plans, providing a useful reference point for investment and areas of focus for efficiencies. The information has been used to inform the current savings plans and efficiency programmes, indicating potential areas for consideration. This information is reported to the Independent Audit Committee on an annual basis. An example table for Dorset Police is illustrated below. The report narrative explains that investigative support shows as high spending as it includes the costs, but not the grant funding received for the Forensic Capability Network for which Dorset is the national lead.



# Improving economy, efficiency and effectiveness continued

## Using performance reporting to assess performance and identify improvement (continued)

The below illustration is an extract from the Police and Crime Plan Scorecard reported to the Police and Crime Panel in February 2023



### Police and Crime Plan Monitoring Quarter 3 Report 2022/23 Fight Violent Crime and High Harm

RAG Status	
This Period	Last Period



In the Spotlight	Measures of Success	Target	Current	Additional Key Indicators		Q2	Q3
<p>"I am proud to support White Ribbon Day [and] I am committed to creating an environment where women and girls are safe and feel safe from violence, intimidation and harassment by influencing and supporting change within communities, partners and policing."</p> <p>PCC, 25 November 2022</p>	Most Serious Violence (from 2019 baseline)	↓	↓ -10.8%	Domestic Abuse Crimes	-14.3% (-1,061)	✓	✓
				Domestic Abuse Incidents	-15.5% (-1,391)	✓	✓
	Domestic Abuse Crime and Incident Reports	↑	↓	Violence Against the Person	-2.3% (-356)	✓	✓
				Domestic Violence, Sexual Harm and Stalking Prevention Orders 22/23	185	✓	✓
	Effectiveness assessment by HMICFRS	ADQ.	ADQ.	Commissioning: Reducing Reoffending 22/23	£630k	✓	✓

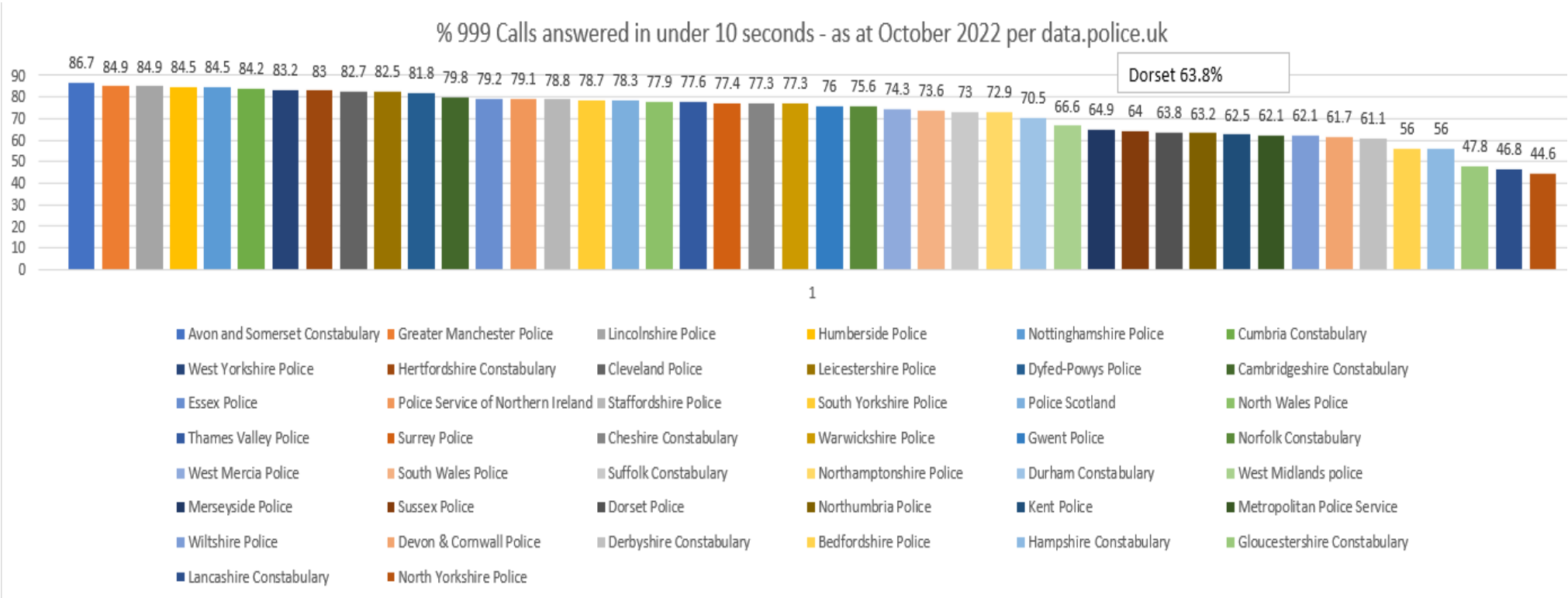
Theme	RAG Q2	RAG Q3	Detail	Theme	RAG Q2	RAG Q3	Detail
Addiction and Substance Misuse	✓	✓	Alongside chairing the <b>Combating Drugs Partnership</b> , which has led on producing a strategic needs assessment, the PCC continues to <u>raise awareness</u> of the dangers of addictive substances, <u>highlighting 'recreational' drug use</u> and also issuing a blog on the misuse of <b>Nitrous Oxide (NOX)</b> . The <u>latter</u> comes following local analysis that indicates increased usage in Dorset. The latest Op Scorpion <u>update</u> was also provided.	Child Abuse	✓	✓	The PCC opened a <b>conference</b> at Bournemouth University on <b>Child Exploitation</b> , bringing together police, social care, schools, youth workers, nurses, GPs, and support workers, aiming to train professionals and raise awareness on child exploitation.
			The PCC responded to the Home Office ' <b>New Consequences for Drug Possession</b> ' White Paper Consultation. He was supportive of the proposals.	Violence Against Women and Girls [VAWG]	✓	✓	The <b>Op Soteria Bluestone</b> Team visited Dorset for a full assessment of how the Force manages <b>rape</b> and <b>serious sexual offence</b> cases. This included interviews with key stakeholders and service providers. A Report with recommendations is due in Q4.
Violence Reduction	✓	✓	The PCC was briefed on the <u>Home Office Serious Violence Duty Fund</u> , which launched on 19 December. The OPCC is now engaging with the statutory bodies to ensure best use of this fund.	Domestic Abuse & Stalking	✓	✓	The PCC <u>supported</u> the " <b>16 days of action</b> " against gender-based violence including <b>domestic abuse</b> and sexual violence. He invited a Victim Support employee to explain the support available in Dorset.



# Improving economy, efficiency and effectiveness continued

Using performance reporting to assess performance and identify improvement (continued)

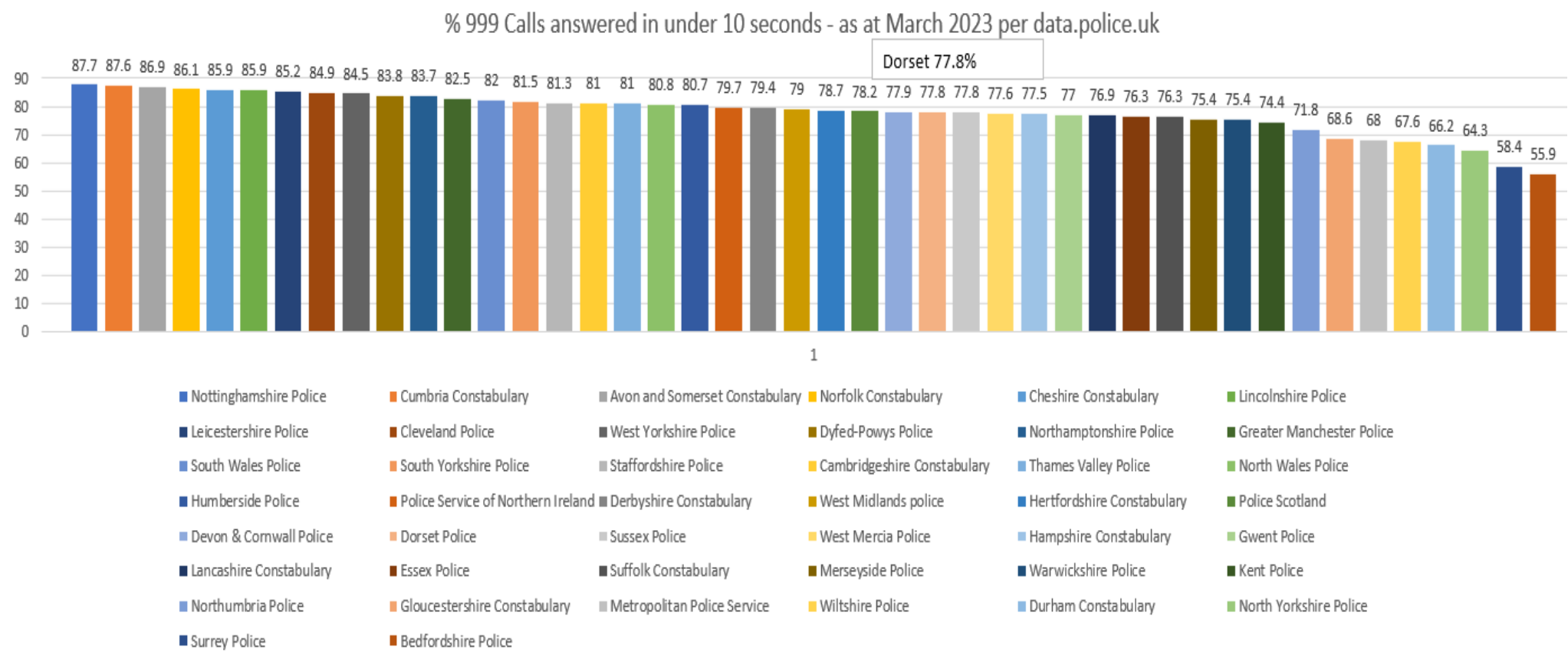
The charts below and overleaf taken from data from police.uk, shows that actions taken by Dorset Police are resulting in improved performance in the % of 999 calls answered in less than 10 seconds. Performance at October 2022 was 63.8% and this had improved to 77.8% as at November 2023.




# Improving economy, efficiency and effectiveness continued

Using performance reporting to assess performance and identify improvement (continued)

March 2023 call handling performance



# Improving economy, efficiency and effectiveness continued



HMICFRS

His Majesty’s Inspectorate of Constabulary and Fire and Rescue Services (HMICFRS) independently assesses the effectiveness and efficiency of police forces and fire and rescue services in the public interest.

They:

- Inspect and monitor the 43 territorial police forces in England and Wales reporting on their effectiveness, efficiency and legitimacy via PEEL assessments
- Work with other inspectorates within criminal justice and more broadly to address problems involving more than one agency. For example, the programme of police custody inspections with the Care Quality Commission [CQC]
- Assess and report on the efficiency, effectiveness and people of the 44 fire and rescue services in England.

External Auditors consider the outcome of PEEL assessments when performing our VFM work. Particularly in assessing Police Bodies’ arrangements to assess performance and identify areas for improvement in outcomes.

## Responding to His Majesty’s Inspectorate of Constabulary and Fire & Rescue Services (HMICFRS) PEEL Report

HMICFRS published its PEEL inspection report for Dorset Police in April 2022. Dorset Police has made adequate progress in responding to the inspection findings.

The inspection graded the Force as Good in 2/8 graded areas of policing; Adequate in 4/8 areas; and Requires Improvement in 2/8 areas. No areas were rated as inadequate. Areas for improvement are included within performance indicators and progress monitored at the Deputy Chief Constable Board monthly meetings which considers progress on actions from HMICFRS alongside items from the Force Continuous Improvement Board, ICT and wellbeing issues.

Review of performance reports provided to the Deputy Chief Constable Board and review of external performance indicators as evidenced on pages 19 and 20 of this report evidence adequate progress in addressing improvement.

The summary of the HMICFRS PEEL Inspection findings is illustrated below:

Outstanding	Good	Adequate	Requires improvement	Inadequate
	Preventing crime	Treatment of the public	Investigating crime	
	Developing a positive workplace	Protecting vulnerable people	Responding to the public	
		Managing offenders		
		Good use of resources		

# Improving economy, efficiency and effectiveness

## Working with Partners and key stakeholders

The Police and Crime Plan 2021-29 specifically refers to co-operation and collaboration naming the key partners with whom the PCC and Force will work to deliver the vision of making Dorset the safest county in England and Wales. The Plan specifically commits to continuing to work in collaboration with a number of partnerships to achieve the vision of the safest place to live, work and visit, and the strategies of the OPCC and Force align with this. An example of cooperation and collaboration arrangements for the PCC are illustrated in the PCC's Annual Report for 2022/23 thus:

## FOCUS ON COUNTRY WATCH

**Through engagement with rural communities and businesses the PCC identified the need for a forum for partner agencies and those living and/or working in rural communities to discuss key issues, common themes and tackle the crime affecting them.**

Due to this, in April 2022, the Rural Crime Reduction Board (RCRB) was created by the PCC and met for the first time. The Board, now known as the Dorset Partnership Against Rural Crime (DPARC), focuses on key topics such as; fly-tipping, wildlife crime, heritage crime and rural resources. One of the first actions agreed was to establish a Country Watch campaign and 'one stop shop' website.

The purpose of Country Watch is to promote the work of the DPARC and to bring together rural communities and relevant agencies so that crime, ASB and disorder issues affecting rural areas can be best addressed.

The Country Watch website was launched in September 2022 and acts as a resource to help rural residents find proactive advice, support if they are a victim of crime, information on reporting crimes, and to find out more about volunteering opportunities.

The website includes an introduction to Country Watch and also features information surrounding four key priorities:

- **Fly-tipping** has a definition, and information on the extent, responsibilities, penalties, and how to report incidents to the correct authority
- **Rural Resources** highlights the work of the Force to tackle rural crime, gives prevention advice, outlines the Force's strategy, and how people can get involved in preventing and tackling rural crime
- **Wildlife Crime** includes definitions and examples, legislation and enforcement powers, and how to report incidents
- **Heritage Crime** features definitions, legislation and enforcement powers, and how to report
- **News** - The website provides updates on the work that DPARC partners do to tackle rural crime and ASB

The Country Watch owl logo is used on publicity, campaigns and initiatives targeting rural crime in Dorset such as the recent campaign by Forestry England to encourage dog walkers to help protect rare nesting birds on their sites in Dorset.

[www.countrywatchdorset.co.uk](http://www.countrywatchdorset.co.uk)



# Improving economy, efficiency and effectiveness

## Working with Partners and key stakeholders (continued)

The work of partnerships is fed back through the governance and delivery structure. The South West Police Collaborations Strategic Board provides strategic governance and oversees collaborations across the region, with the Regional Operations Board managing the day to day oversight of the operations. The most significant collaboration areas are the Regional Organised Crime Unit and South West Forensics. Both the PCC and Chief Constable have extensive networks through national forums which encourage shared learning and improvement.

The PCC and Chief Constable also work closely with local authorities, NHS bodies and other community organisations in the local areas to ensure a joined-up approach when delivering services to residents. An example of this is illustrated in the PCC's performance update report to the Police and Crime Panel in February 2022 where the impact of working with Community Safety Partnerships in improving road safety is reported.

The PCC undertakes consultation of the public and key strategic partners throughout the year. The key consultation that takes place on an annual basis is in regards to the budget and the precept. A range of channels are used to engage the public and raise awareness including social media awareness campaigns, community messaging and engagement with local media and press statements. The PCC's Annual Reports include a specific section on engagement reporting activity undertaken during the year.

## Procurement and Commissioning

The Police and Crime Commissioner procures all services and goods on behalf of the Chief Constable. The PCC is responsible for setting the direction of policing and to support this has a Commissioning Intentions Plan which is presented to the Police and Crime Panel each year as part of the budget process. Dorset Police are part of the South West Police Procurement Department (SWPPD). The SWPPD was launched in 2012 to provide a collaborative procurement service for the four regional forces of Devon & Cornwall, Dorset, Gloucestershire and Wiltshire. The professionally qualified team has a wealth of specialised public and private sector experience. This approach was established to ensure that through increased collaboration and a more strategic approach to procurement, significant savings are delivered.

A bi-monthly Procurement Board monitors performance across the forces in the procurement collaboration. SWPPD produce an annual report each year which outlines the projects plans and savings achieved through collaborative procurement. No issues were flagged in the 2021-22 Annual Report., and we are not aware of any pertinent issues being flagged in the 2022-23 report currently proceeding through review.

## Conclusion

The PCC and Chief Constable have appropriate arrangements in place to improve economy, efficiency and effectiveness. No significant weaknesses or recommendations have been identified as a result of our review.



# Follow-up of previous recommendations

	Recommendation	Type of recommendation	Date raised	Progress to date	Addressed?	Further action?
1	The Chief Financial Officers for the PCC and Chief Constable should ensure that the capacity of the finance team responsible for the production of the financial statements is reviewed to ensure that the process is not over reliant on one key officer.	Improvement	January 2023	Additional officers have been recruited into the finance team.	Yes	No

# Opinion on the financial statements



## Audit opinion on the financial statements

We have yet to issue audit opinions for the 2021/22 or 2022/23 financial statements of the PCC and Chief Constable.

Key reasons for the delay include the national challenges in Local Audit. Our work on 2021/22 accounts is largely complete and we await some external assurances in respect of pensions. A detailed findings report was taken to the Independent Audit Committee in December 2023. Our 2022/23 financial statements audit is due to start shortly.



# 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.



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# Appendix B – Risks of significant weaknesses, our procedures and findings

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As part of our planning and assessment work, we considered whether there were any risks of significant weakness in the PCC and CC's arrangements for securing economy, efficiency and effectiveness in their use of resources that we needed to perform further procedures on. We did not identify any risks of significant weakness, therefore there were no areas where we needed to perform further procedures.



# Appendix C – An explanatory note on recommendations

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

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

