

**OFFICE OF THE POLICE AND CRIME COMMISSIONER**  
**OFFICE OF THE CHIEF CONSTABLE**

**JOINT AUDIT COMMITTEE**

10<sup>th</sup> December 2020

Present: Mrs D Turner (Chair)  
Mr J Sheppard, Mr A Blackmore, Mr R Leadbeter and Dr J Wademan

Together with: Ms E Thomas Deputy Police and Crime Commissioner (DPCC)  
Mr D Garwood-Pask – Chief Finance Officer (CFO)  
Mrs S Curley – Chief Executive (CEX)  
Mrs N Warren – Governance Officer (GO)  
Ms P Kelly – Chief Constable (CC)  
Mr N Stephens – Assistant Chief Officer, Resources (ACOR)  
Mr N McLain – Head of Continuous Improvement (HoCI)  
Mr M Coe – Head of Finance (HoF)  
Mr M Hassell – Chief Inspector, Civil Contingencies (CC1)  
Ms J Llewellyn – Estates Strategy Programme Manager (ESPM)  
Mrs T Veale – Audit Wales (AW)  
Ms H Williams – Audit Wales (AW)  
Mrs H Cargill – (TIAA)

The meeting was held online via Teams due to Covid19 and commenced at 10:00am.

**APOLOGIES**

**Action**

1. Apologies for absence were received from Mr J Cuthbert, Police and Crime Commissioner, Mrs J Regan, Head of Assurance and Compliance, Ms A Blakeman, Deputy Chief Constable and Ms A Harkin, Audit Wales.

**DECLARATIONS OF INTEREST**

2. There were no declarations of interest.

**The DPCC joined the meeting at 10:12am.**

**MINUTES**

3. The minutes of the meeting held on 7<sup>th</sup> October 2020 were received and confirmed.

We queried if the reconciliation of ICT equipment had been completed. The ACOR informed us that good progress had been made as the majority

of assets had been identified for reconciliation and work was on-going to obtain the location of the remaining assets.

**Action**

We referred to the new Digital Mechanism pilot and asked what protocol was in place in the United Kingdom for Sharing Information with the Crown Prosecution Service (CPS) and if the Force were complying with it. The ACOR confirmed there was a protocol in place in the UK and informed us that the National Police Chiefs Council (NPCC) and CPS had signed an agreement of which the Force were fully compliant. The ACOR agreed to provide a copy to JAC members for review.

**ACOR**

We asked if a decision had been made regarding the establishment of an Issues Register and the CEx informed us that the decision had been deferred until the Chief Officers and OPCC Executive Team had received Joint Risk Management training from the Institute of Risk Management.

## **ACTIONS**

4. We received and noted the actions from the meeting held on 7th October 2020 and actions outstanding from earlier meetings.

**Action 2, 7<sup>th</sup> October 2020, Statement of Accounts 2019/20** The Joint Audit Committee (JAC) queried if it was necessary to expand the narrative of the Summary of Accounts as the document was already complex in nature and the changes would require additional resources. It was suggested that if any changes were to be made, a simplified version of the Accounts would be more suitable for public consumption as recommended in the Redmond Review. The CFO assured us the matter was on the agenda for further discussion at the following Welsh Police and Finance Resources Group in February 2021 and an update would be provided in due course.

**Action 3, 7<sup>th</sup> October 2020, Presentation on Evidential Property Stores** We requested an update on the planned audit on the 14<sup>th</sup> December 2020. TIAA informed us the scope of the audits had been revised into two parts following review. The first part was due to take place on the 14<sup>th</sup> December 2020 to look at existing processes and the second part on the 2<sup>nd</sup> March 2021 to review future plans and processes.

**Action 4, 11<sup>th</sup> June 2020, Minutes** We queried if Forces' had shared the Lessons Learnt throughout the Pandemic with local Universities on the 27<sup>th</sup> November as scheduled and asked when the resulting shared learning outcomes would be available for circulation to the JAC. We were advised the event took place as planned and the data was expected in due course.

**Action 7, 11<sup>th</sup> June 2020, Internal Audit Torfaen County Borough Council (TCBC)**

We asked if further narrative could be provided in relation to the regular attendance of TCBC auditors at JAC meetings. The ACOR explained that TCBC audit attended the SRS Finance and Governance Group meetings on a regular basis for scrutiny by the regional Finance Directors and JAC meetings in Gwent on an annual basis. Dialogue was ongoing to progress the issue but there was a difference in appetite between the Finance Directors regarding TCBC attending Audit Committees' on a regular basis.

We agreed the responses to the comments on the reports circulated outside of the October 2020 JAC meeting were satisfactory and suitable for publication on the Commissioner's website.

### **EXCLUSION OF THE PRESS AND PUBLIC**

5. The information contained in the report(s) below has been subjected to the requirements of the Freedom of Information Act 2000, Data Protection Act 2018 and the Office of the Police and Crime Commissioner for Gwent's public interest test and was deemed to be exempt from publication under section 7.

### **HEADQUARTERS UPDATE**

6. We received a verbal update and a presentation on the construction of new Headquarters.

The ACOR informed us that good progress had been made and the project build was still largely to plan. There had been no further slippage to the original six weeks experienced between January and March 2020 and the financial plan had not changed.

We asked what impact COVID19 had on the programme plan. We were informed the build was six weeks behind mainly because of poor weather in January / February 2020 and were not Covid19 related issues. It was expected that some of the lost time would be recovered during the interior design stage in the New Year and it was expected that the build would finish as originally planned.

We asked if the wood used for the outside of the building was from sustainable sources. The ESPM advised us that it was not real wood and agreed to obtain further information for circulation.

**ESPM**

We queried if the impact of Covid19 had been considered during the design layout. We were informed that Covid19 had not been considered during the design stages as the issue was unknown at the time. However, the new airflow system would not use recycled air and agile working practices would support any social distancing requirements should they be needed in light of the forthcoming vaccine rollout. We were assured that the safety of staff was of paramount importance and any required safety measures would be put in place prior to moving into the new building in accordance with Government guidelines.

It was suggested that catering contracts were agreed in advance of the opening of the building to ensure the catering staff could contribute to the design. The ESPM confirmed the contractor had employed a catering specialist to design the kitchen facilities and a sub group had been established to ensure the catering contract was awarded as soon as possible.

We asked if employees were involved in the project to ensure the building met their needs and wellbeing requirements. We were informed that staff engagement had been at the forefront throughout the process. A Headquarters Project Support Board had been established supported by a project support team which consisted of a Single Point of Contact for each department. Work had also been undertaken with the Disability Group, the Independent Advisory Group (IAG), Unison, the Police Federation and the facilities within other Forces had been reviewed. Staff members had also taken part in selecting the furniture by reviewing samples.

The CC thanked the ESPM for her work and assured us that staff members had been involved throughout the process, particularly the Force Control Room (FCR) as the facilities needed to be comfortable and fit for purpose.

The DPCC emphasised the importance of staff and officer engagement throughout the process and thanked all involved for ensuring the project was on plan to ensure the new build was both operationally and cost effective, particularly during the difficult circumstances brought about by Covid19.

We thanked the ESPM for the presentation.

## **JOINT RISK REGISTER**

7. We received the Joint Risk Register.

We noted the format of the Risk Register had been improved and thanked those involved, as it was easier to follow.

We asked if there were any concerns in relation to the Evidential Storage Non-Compliance risk as the activity update indicated that the Force Resource Management Board (FRMB) had agreed to replace resources in July 2020 and the resources had still not been provided. The Shared Resource Service (SRS) were also awaiting information on printer configuration from South Wales Police ICT. The ACOR confirmed the additional resources had since been allocated and the printing issue had been diagnosed and a resolution was imminent, which would enable the printers to be commissioned for deployment with Niche across the force.

We noted the Sexual Assault Referral Centres (SARCs) regionalisation project was being delivered over a ten year period and asked for further

narrative on the timeline. The DPCC advised us that the transformation programme consisted of long, medium and short term objectives; the ISO accreditation being the priority objective; the infrastructure being the medium term and reference to the ten year period related to the long term Workforce Strategy for delivering the appropriate capacity and clinical resource in the relevant areas across Wales.

**Action**

We referred to the document title 'SEB Strategic Risk Register' and asked for clarification as to what the term 'strategic risk' meant in this context. We were informed that this term was used to denote risks of greater significance and not in the strict, technical sense of this term. We were informed that risks were fed through from all areas of the Force into one document for joint scrutiny at the Scrutiny Executive Board (SEB) by Senior Force Officers and the Commissioner's office. The ACOR informed us that day to day operational risks were managed by the Local Policing Team through local management meetings. The register included the service and operational related risks that required organisational support.

We asked if the pilot for sharing digital evidence had been stress tested. The ACOR advised us a decision had been made to use a single mechanism to store all digital evidence from all devices across the Force in one area in conjunction with South Wales Police (SWP). There had been no issues during the pilot stage with the system capturing and categorising the digital evidence and there was sufficient back up and security in place in readiness for the rollout.

We noted there had been a decline in the National Crime Recording Standards (NCRS) compliance rate since the last audit and asked what Information Governance processes were in place to ensure timely data recording processes. The HoCI informed us the decline related to technical issues. Although the Force were good at recording the initial crime at First Point of Contact (FPOC) there was more work to do in relation to the categorisation and recording of additional crimes identified during the course of the investigation itself. We were assured the Force were focussing on resolving the issues through the new Police Operating Model (POM) by allocating sufficient audit resources to monitor and improve compliance. The ACOR agreed to provide details on Force Information Governance processes outside of the meeting

**ACOR**

As the Grange University Hospital had recently opened, we asked what the implications would be on the Emergency Services Network (ESN) as it had not been included in the original risk and was now a new location that required coverage testing. The ACOR agreed to provide details outside of the meeting.

**ACOR**

**The HoCI left the meeting at 11:08**

### **DISASTER RECOVERY UPDATE**

7. We received and noted the Disaster Recovery update report.

Due to technical issues with the Microsoft365 (M365) implementation, Phase Two of the planned Disaster Recovery (DR) arrangements were delayed as resources had to be allocated to resolve the issues with M365 as a priority, so that day to day activities could continue. M365 went live on the 9<sup>th</sup> December and due to the reallocation of resources, the DR schedule had moved to January 2021.

We sought assurance that the specialist consultancy services required to conduct the testing of the hardware would be available by the deadline. The ACOR clarified the consultancy was in place and the issue had been resolved.

## **We reopened the meeting**

### **UPDATE ON BUSINESS DURING COVID19**

8. We received the Update Report on Business during Covid19.

Operation TALLA was established during the onset of Covid19 in March 2020 in order to assess risk and to adapt, abandon, or accelerate processes in order to manage risk throughout the pandemic. A cohesive approach was taken on both a national and local level with other Forces and partner agencies, sharing good practice and lessons learnt. An example being the adaptation of training processes following a Public Order training exercise, as there had been a spike in Covid19 cases which resulted in different training bases being utilised; transportation methods were revised and the Personal Protective Equipment (PPE) was upgraded to prevent risk infection within close contact. This process was subsequently adopted nationally and by regional partners.

The Force had seen a rise in symptomatic Covid19 cases during the recent increase and 141 employees were self-isolating. However, further measures were put in place and the number of people self-isolating had decreased over the past two weeks to 77 with 13 of those being positive cases. Although the infection rate has been rising in the general public, the Force have been able to maintain a lower level by upgrading PPE with over 150 front-line officers attending face mask fitting.

The Force have procured a 6 month supply of PPE to ensure appropriate levels were available should Brexit impact supply chains. A review of fuel reserves had also been conducted, to ensure adequate fuel supply was available in order to maintain provision for front line activity should it be required.

The Force have reserved four hundred spaces at a local testing centre for utilisation, this enables the Force to obtain test results more swiftly should an officer become symptomatic, so that they can return to work more quickly if they have a negative test result and no symptoms.

Safety provisions implemented within the Force had helped to stabilise infection rates such as protective screens; social distancing measures; minimised numbers per room; cleansing stations throughout the estate; and agile working.

A number of wellbeing initiatives had been offered to all members of staff to provide support to manage their mental health; physical fitness; and alcohol use. A flu vaccination programme had been conducted and the Force were in the process of developing positive messaging in order to encourage uptake of the Covid19 vaccination when it becomes available.

The Force have adequate numbers of trained Public Order officers for deployment if required. Contingency plans were being developed to ensure staffing levels could be maintained in Force should mutual aid be required in other Forces.

The Covid19 costs incurred by the Force amounted to £665k the majority of which related to PPE; the wellbeing infrastructure; and overtime to cover additional enforcement patrols. The Home Office had refunded £305k of the £665k for the medical grade PPE. In addition to that, confirmation had been received that a further £14k would be refunded for non-medical grade items.

We asked when Police officers would be eligible for the Covid19 vaccine in terms of priority. It was confirmed that the Force were waiting to hear from Public Health Wales where the police would be on the priority list for vaccinations.

As there had been rumours in the media that there could be a further lockdown announced on the 17<sup>th</sup> December 2020 in Wales, we asked if the Force had sensed any unease in the community. We were informed that the Force had established groups to communicate on a weekly basis with the community in order to gauge public mood and to identify any tension or unease. There had been 34 protests since March 2020 and another was planned for the coming weekend, indicating that the general public were frustrated with the lockdown. However, the Force had not been informed of any announcement on the 17<sup>th</sup> December 2020.

We referred to the Information Sharing Agreement between the Force and Public Health Wales and asked if individuals were aware that their data was being shared between the organisations. We were informed that the individuals were aware of the checks and the sharing process was introduced to prevent Covid19 infection, by ensuring the appropriate checks could be conducted quickly by the Health Board for the Force. Prior to the implementation of the agreement, the Force had to wait for 5 or 6 days for confirmation as opposed to the current time of 24 hours.

## **EXTERNAL AUDIT**

9. We received and noted the following reports:

**a) Update Report**

A productive Post Project Learning session had taken place with the Finance Team and actions agreed to ensure the audit process ran more effectively and efficiently at the end of this financial year.

The Draft Annual Audit letter had been completed following receipt of the required information from the Force.

Two workshops had been conducted in relation to the Audit Review of SRS and there was one workshop outstanding with the Strategic Board, which had been delayed due to Covid19 related issues. Therefore, an outcome was expected in March 2021.

Stage one of the Collaboration of Emergency Services in Wales review had begun and data collection was underway. It was expected that Gwent would have completed this element of the process by January 2021.

We received confirmation that the fee rates for 2021-22 were unchanged from the current year. Audit Wales had published Fee Scales consultations on the 24<sup>th</sup> November 2020. We asked if the Chief Finance Officers would draft a response to the consultation request. The CFO agreed to draft a response for circulation to JAC members for review prior to submitting the final version to AW.

**CFO****b) Management Letter**

Some improvements had already been made in accordance with the resulting action plan from the Post Project Learning session.

We noted the old outstanding items in the bank reconciliation were to be cleared between November and December 2020 and asked if the process had been completed. The HoF informed us that the outstanding items had been identified and two resources had been allocated to clear them by January 2021.

**HoF**

We noted the Fully Integrated Resource Management System (FIRMS) Service Level Agreement was presented for approval in December 2019 and asked why it had been not been approved. The ACOR advised us he was in the process of finalising the service agreements and agreed to complete the process in due course.

**ACOR**

We acknowledged the Management Letter had improved this year and thanked the Finance Department and AW for their hard work, particularly under difficult circumstances brought about by Covid19.

The CFO reiterated the importance of the Post Project Learning sessions in order to improve the process further and the expectation that the



process would run even smoother in the next financial year, with the additional resources resulting from the Finance restructure.

**Action**

### **EXCLUSION OF THE PRESS AND PUBLIC**

10. The information contained in the report(s) below has been subjected to the requirements of the Freedom of Information Act 2000, Data Protection Act 2018 and the Office of the Police and Crime Commissioner for Gwent's public interest test and was deemed to be exempt from publication under section 7.

### **EXTERNAL AUDIT BRIEFING PAPER – VALUE FOR MONEY CONCLUSION WORK – ACTION PLAN**

11. We received the Value for Money Conclusion work and Action Plan.

We were advised the audit findings had been presented to the All Wales Policing Group in September 2020. The audit reviewed the collaborative arrangements to ascertain if good governance for efficient and effective processes were in place between Forces in Wales. The audit focussed on existing collaborative services including the Joint Firearms Unit, which was initially used as a tool to gauge the processes used.

The audit required completion of a Self-Assessment by the four Welsh Forces (led by Gwent). Evidence was gathered through interviews and the comments received from individuals during the process were used to inform the improvement plan, resulting in 17 actions. The Value for Money Profiles Report was expected to be published by the HMICFRS in February 2021, this was delayed from October by virtue of Covid19. As in previous years, Forces now need to take quality assurance of the data in the profiles and this in turn has delayed the JAC Deep Dive from March to June. Therefore, AW advised us that the briefing paper had been drafted for JAC without having sight of the HMICFRS report.

AW concluded that overall good governance arrangements were in place, although some of the processes could be improved and formalised. Communication could sometimes be an issue in what was a complex process, with many people involved. The report demonstrated where improvements could be made going forward.

Following a discussion on the publication of the report, the Governance Officer agreed to contact the other collaborative parties to ensure that a consistent approach was taken, as AW had advised other Forces had not published it.

**GO**

JAC referred to question 1.5 in the report 'Are there effective assurance arrangements in place for collaboration with Welsh Forces' and welcomed the audit recommendation for JAC to have greater scrutiny of collaborative arrangements.

AW acknowledged that the JAC were committed to providing further scrutiny and explained that the reference was made regarding evidencing the process. We were advised that the action plan would be monitored through the All Wales Policing Group and the developments resulting from those meetings would be raised at the next JAC Training day.

**Action**

The CFO advocated the requirement for a consistent approach across Wales and welcomed a discussion on scrutiny of collaborative arrangements at the next JAC training day.

**HoAC/  
GO**

We noted the Collaboration Register appeared to be a key document within the action plan in terms of evidencing for improvements. We therefore asked who would be responsible the upkeep of the register and the ACOR confirmed maintenance and monitoring of the actions was undertaken by the Finance Directors in conjunction with the All Wales Collaboration Team.

The CFO informed us that the Welsh Police Finance Resources Group managed the Collaboration Register and the information was also reported to the Policing in Wales Board (the new name for the All Wales Policing Group).

As there was limited monthly reporting undertaken at present and the level of investment in collaborative projects was increasing, it was suggested that a bi-annual report be provided to JAC on collaborative project expenditure to support JAC in adhering to the Terms of Reference and provide further evidence regarding the scrutiny on VfM. The ACOR advised us that the Force received Quarterly Finance Reports from the All Wales Police Collaboration Programme Board which provided the required evidence. An element of the report could potentially be included in the Quarterly Finance Performance Report to ensure transparency.

**ACOR**

The CEx advised us a Joint Away Day had recently taken place to discuss the benefits of collaborative working and the value of improving governance processes in order to realise those benefits. The Board Assurance Framework developed by the HoAC had previously identified this area of work as requiring improvement for both the Force and the Commissioner's Office. The JAC would have local oversight of any improvements which should provide them with assurance in this area.

We asked if the initial specification of new collaborative projects would receive a higher level of scrutiny at the outset to ensure the outcome was as expected. The ACOR confirmed that all collaborative projects were supported by a Business Case, focussed on both financial and non-financial business benefits. It was confirmed that many of the large collaborative projects between 2010 and 2013 delivered significant immediate finance benefits and only after the services were embedded, did the business benefits begin to emerge.

**We reopened the meeting**

## **INTERNAL AUDIT (TORFAEN COUNTY BOROUGH COUNCIL)**

## **Action**

12. We received the TCBC progress report on the 2020/21 internal audit plan for the SRS.

The JAC were disappointed that TCBC were not in attendance to present the report.

The ACOR informed us that the report had been presented to the Finance Governance Board (FGB) by the TCBC Auditors and SRS Management were also in attendance at the meeting. Discussions took place regarding the progress against the planned audit programme and SRS gave an overview of the actions. The FGB were satisfied that the programme was on schedule to meet the plan and the actions were being progressed.

Our attention was drawn to event log ISS.3 where it specified there was no assurance available to confirm that logs containing sensitive data and personally identifiable information were sufficiently protected; so there was a potential risk of a financial penalty from the Information Commissioner's Office (ICO).

We were concerned the risk could not be addressed until the FGB had agreed to fund the resources. Funding delays also appeared to be an issue regarding IT Service Continuity Management within the SRS Update report, resulting in 15 of the 19 actions remaining open. We asked if this could affect the Gwent DR programme. We were informed the Force were in the process of implementing the SIEM (The National Management Centre for Policing); an event logger for the whole network within the Force, which was part of the National Enabling Programme (NEP) M365. The Force contributes annual revenue to the SIEM to protect the Force network. An example being a recent attempt by Russia to attack the Force network, which was foiled as the SIEM was able to identify over 200 logs and act swiftly to close down the firewalls. Local partner organisations had completed a business case and were in the process of procuring the SIEM. Once the SIEM was implemented, SRS would require resources to manage the logs in order to close down any risks.

We queried when the Risk Management audit was issued and received confirmation that it was planned in Quarter One and issued in Quarter Three. We sought assurance that the audits would be completed in time and were assured that SRS Management and TCBC Auditors were on track to conclude the work, as confirmed at the recent FGB.

## **MEDIUM TERM FINANCIAL PLAN 2021/22 – 2025/26**

13. We received and noted the Medium Term Financial Plan 2021/22 – 2025/26

We were advised that the CC's formal Budget Bid for 2021/22 had been presented to the Commissioner at the Strategy and Performance Board

(SPB) on the 24<sup>th</sup> November 2020 for scrutiny and challenge. The Bid was based on a Force delivery plan to meet the expectations of Government; the Commissioner's Priorities within the Police and Crime Plan; and the CC's vision in order to deliver the required services.

The CC was to provide a presentation on the Operational Context of the bid to the Police and Crime Panel as part of the budget setting process for 2021/22 on the 11<sup>th</sup> December 2020. The final budget report requesting agreement on the precept level would be discussed at the Police and Crime Panel meeting in January 2020.

We were informed that the bid had been founded on a number of assumptions, with the most significant risks related to the uncertainty in the level of Government Grant funding from the Home Office and the impact on precept funding due to the expected 1% decrease in collection rates as a result of Covid19.

The CFO explained that the context was somewhat different to previous years with the inclusion of a number of heightened financial and strategic risks such as Covid19 issues; unknown Brexit implications; civil unrest such as Black Lives Matter protests; uncertainty around the Comprehensive Spending Review announcements; additional Force demands such as Cybercrime and Serious and Organised Crime; and uncertainty in relation to Operation Uplift funding. It was noted that some, but not all of these risks, were reflected in the Strategic Risk Register considered earlier in the meeting.

We were informed that crime had reduced by 9% compared to the same time in the previous year, which could be attributed to significant investment made in the Force. The benefits of investment in ICT were also realised during the onset of Covid19, as agile working practices were able to commence sooner than planned.

However, with a planned release of £3.778m efficiency savings and based on the assumptions built in over the 5 year MTFP, there would be a deficit of £3.749m by 2025/26. The plan accommodated the £86m Capital Strategy including: the new Headquarters build project; digital provisions and the Emergency Services Network (ESN). In order to fund the Capital Strategy there was an annual borrowing requirement of £4.0m over the 5 year period leaving a revenue funding gap of £3.295m for 2021/22.

In order to fund the gap it was proposed to utilise £0.676m of Identified Savings; transfer £2.619m from reserves funding; and to increase the precept to 6.99%.

We were advised that the growth in Precept would need to be taken into context against English counterparts and Government capping requirements; and also the ability for tax payers to pay.

There was also a pay freeze expected as a result of the economic impact of Covid19, which could have funding implications. National expenditure also posed a risk to the Force, such as the change in discount rates on pensions which had to be funded locally by the Force.

**Action**

We thanked all involved for the report and acknowledged the bid was based on a number of assumptions and uncertainty and therefore limited the level of assurance given by JAC on the robustness of the budget setting exercise. It was also noted there had been a vast shift in funding from Central Government to the local tax payer over the last few years which was evident over the MTFP. The CFO agreed there had been a shift in the proportion of funding provided by the Government and it was likely to reach a 50/50 ratio within the next few years, which would change the political landscape in terms of stakeholders.

We asked if there could be a Deep Dive on the Police Operating Model, the ACOR agreed it could potentially take place in June or July 2021.

**HoAC/  
ACOR**

Following a discussion, we agreed the following points could be addressed in a briefing prior to or at the next JAC meeting in March 2021:

We asked if the ambitious change programme for delivery services could be achieved with a limited amount of resources.

We requested narrative on the decision making process in relation to potential short term cuts of preventative schemes in the Force as the implications could have long term impact.

We queried what opportunities were there for new services offering development.

We asked for information on the risks and costs of the National ICT Programme.

**CFO/  
ACOR**

We noted the £48 million of investible (Cash) assets was invested in secure counterparties with the consequence that the ongoing rate of return continued to less than the headline inflation rate resulting in the real value of these assets continuing to decrease. JAC re-iterated its continuing concerns with the low performance of this investment approach. JAC asked if the assets could be invested in other areas in order to close the expenditure gap. The CFO informed us that due to lower interest rates the return had dropped to £200,000 as opposed to £1.8m over the last 15 years and adopting a less risk adverse strategy may not always outweigh the benefits.

We acknowledged that the investment criteria is bound by a combination of regulation, guidance and 'professional judgement', and asked if there was scope to take a more innovative approach, as it could provide substantially higher return than the current rate. The CFO agreed the return rate was low but investment was made in accordance with the Treasury Management and Prudential Codes, to ensure security of

investment above yield recognising that this approach has resulted in the real value of assets reducing over time. Investment in property was considered in order to increase the rate of return prior to the onset of Covid19, however rates on return for property had fallen due to the economic downturn. The CFO confirmed that the £48m would not be available to invest within the next two years.

We noted the significant change in cash position from £48m of current investments to £50m of external borrowing by 2025/26. The CFO confirmed the change was due to the delivery of the substantial Estate Strategy, including the new Headquarters and the establishment of the Torfaen Hub.

Dr Wademan suggested the Force considered approaching a University Business School to ascertain if there was a pilot project that could be developed to measure public value in order to attract funding opportunities. The CFO agreed to discuss the matter with Dr Wademan outside of the meeting.

### **2019/20 ACCOUNTS - LESSONS LEARNT ACTION PLAN**

14. We received and noted the action plan on the lessons learned from the closure of the 2019/20 accounts.

The HoF confirmed the Post Project Learning session had taken place and improvements had already been made as a result.

The report consisted of improvements made over the past two years and the Finance Team were working on implementing any outstanding changes.

We sought assurance that the responses in the Management Letter were addressed. The HoF assured us AW would be following up their responses in the Management Letter as part of their interim audit. However, a number of the responses had already been addressed prior to the release of the letter, as a result of internal learning sessions. The responses would also be followed up when completing the closedown plan later this month, in preparation for the year-end.

### **RESERVES STRATEGY**

15. We received and noted the Reserves Strategy Report.

The CFO advised us that the Strategy remained consistent with previous years and that changes would occur as a result of the budget setting process in due course.

We asked how the Force safeguarded against delays imposed upon them, such as the Airwave replacement programme. The CFO explained Airwave was one of many national programmes monitored by

Professional Finance Leads through various forums and platforms, to gain intelligence from the national network. This intelligence informed decision making in terms of the next steps both nationally and locally.

**Action**

Unfortunately, costs were often incurred if delays occurred due to outside circumstances, an example being the new Police National Computer (PNC) and Police National Database (PND), where there was a delay in the delivery of the system, resulting in a £9m cost being passed onto Commissioners. The CC and PCC had strongly lobbied the Government and the HO as part of their CSR submission, to request funding when the Government had failed to deliver national technology programmes on time.

**The DPCC left the meeting at 12:55**

### **TREASURY MANAGEMENT SIX MONTH UPDATE REPORT 2020/21**

16. We received the 2020/21 Treasury Management Strategy Six-month update report.

We were informed that the report was presented for our consideration and comment before it was approved by the PCC.

We were advised there was nothing of concern that the CFO wished to bring to our attention.

### **TREASURY MANAGEMENT STRATEGY 2021/22 TO 2023/24**

17. We received the Treasury Management Strategy for 2021/22 to 2023/24 for consideration and comment prior to approval by the PCC.

We noted large investments had been made with a small number of Local Authorities (LAs) and questioned whether it would be better to invest smaller amounts in a larger number of LAs, particularly in light of the issues with Southampton and Croydon LAs. The CFO explained the brokers advertised the investment available on a daily basis and the LAs submitted their request with specified rates in response. The number of LAs who came forward with acceptable rates, determined the number invested in. There had never been an issue with any of the investments defaulting.

It was suggested that further narrative be included on page 4 of the report at 2.4.3 with an explanation as to why there was an external borrowing requirement in 2023/24 for Capital finance.

**CFO**

We asked the CFO to clarify if the term in 5.2, 'the ratio of net financing costs (financing income less finance interest expense)' correlated with the table on page 6.

**CFO**

We requested clarity on the 'Maturity Structure of fixed interest rate borrowing 2021/22' in table 12.1. The CFO explained the table indicated the borrowing term length. The aim was for long-term borrowing to be around 90% of the total debt, in order to match borrowing with the investment in the long-term assets. **Action**

The JAC reiterated the importance of maximising returns on investment and following consideration the CFO agreed to review the Treasury and Prudential Codes, in order to provide assurance that investment opportunities for the cash reserves were being maximised or to identify if there was any scope for flexibility in terms of investment, prior to approval of the Strategy by the Commissioner. **CFO**

### **JAC SELF-ASSESSMENT ACTION PLAN**

18. We received and noted the JAC Self-Assessment Action Plan.

We agreed the following updates:

Page 1, Assurance Framework to remain on the action plan until JAC had sight of the final copy. JAC requested greater oversight of 'Whistleblowing' at their meetings and suggested it formed part of the Assurance Framework. **HoAC**

The CEx informed us that Joint Legal Services were in the process of reviewing the Whistleblowing policies in order to provide an update and the final Assurance Framework would be presented to JAC at the March 2021 meeting. **GO**

Page 2, Audit Committee Purpose and Governance to remain on action plan for monitoring purposes in light of forthcoming elections for Police and Crime Commissioners. JAC would expect continuity of attendance should a new Commissioner be elected. **HoAC**

The CEx confirmed the request for attendance at JAC would form part of the induction of a new Commissioner.

Action 4(a), Counter-fraud and Corruption to be presented as a Deep Dive in 2021. **HoAC**

Action 4(b), to remain on the plan for JAC to continue being informed of response to pressures such as Covid19 Updates, which had become a standard item on the agenda. **HoAC/GO**

Action 5(a), to remain on the plan to ensure sufficient time was given to the following standard agenda item 'identify any risks arising from the meeting'. **HoAC**



JAC requested further oversight of information governance within the agenda. The CEx informed us the Commissioner's office could share their reports and those received from the Force with JAC members.	<b>Action GO</b>
Action 5(c), agreed action to be closed as the cover sheet for the Risk Register had been provided as requested.	<b>HoAC</b>
Action 6, agreed action to remain on plan as oversight of governance arrangements for change and key collaboration was included in JAC's Terms of Reference.	<b>HoAC</b>
Action 7, JAC members requested circulation of a list containing all external regulators and the link to the HMICFRS inspection reports.	<b>HoAC/ HoCI</b>
Action 8, a Deep Dive was requested on the roles of the OPCC/Force and their relationships, to include the new Police and Crime Plan.	<b>HoAC</b>
Action 9, it was agreed the action was complete.	<b>HoAC</b>
Action 12(c), it was agreed the action could be closed as sufficient meetings had been conducted and appropriate lines of communication were in place.	<b>HoAC</b>
Action 20, it was agreed the action could be closed as JAC's evaluation of adding value could be evidenced through various avenues such as the Self-Assessment process, JAC Annual Report, the Minutes of the meeting and the resulting actions.	<b>HoAC</b>
Action 23, it was agreed the action could be closed.	<b>HoAC</b>
Action 24, it was agreed the decision should be made by the HoAC/GO as the amendments to the agenda would create additional workload.	<b>HoAC/ GO</b>
Action 26, it was agreed the action could be closed.	<b>HoAC</b>
General Feedback,	
It was suggested that JAC members received an update on staffing issues at their meetings, including the impact on recruitment, Learning and Development, the results from the recent staff/officer survey and in particular how Management were supporting staff with the shift in culture in light of the Covid19 pandemic.	<b>ACOR</b>
It was suggested that the CC and the PCC provided assurances that the CFO and ACOR continued to perform as expected and that adequate succession plans were in place, given they were critical roles.	<b>CC/PCC</b>

**ANY OTHER BUSINESS**

**Action**

19. AW requested the letter from the Auditor General on Data Analytics be circulated to JAC members.

**GO**

We asked that the reports on the agenda for comment outside of the meeting be circulated to JAC members again with a deadline for completion.

**GO**

**TO IDENTIFY ANY RISKS ARISING FROM THIS MEETING**

20. We queried what oversight JAC had with regards to the overall risk to the Force, when considering the combination of all the risks, including the more sensitive risks which JAC may not have sight of. The ACOR suggested a presentation was arranged outside the meeting to provide assurance on how the Force conducted future planning and scoping in response to risk.

**ACOR**

We noted the risk presented to the Force by various National Programmes such as Airwave due to uncertainty in relation to resource and funding implications.

**The meeting concluded at 13.45**