



Indicative Auditor's Annual Report for The Police & Crime Commissioner for Cambridgeshire and Peterborough and the Chief Constable of Cambridgeshire Constabulary

Year-ended 31 March 2025

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Our audit report will be made solely to the members of The Police & Crime Commissioner for Cambridgeshire and Peterborough and the Chief Constable of Cambridgeshire Constabulary (the PCC and CC), as a body, in accordance with Part 5 of the Local Audit and Accountability Act 2014. Our audit work has been undertaken so that we might state to the members of the PCC and CC, as a body, those matters we are required to state to them in an auditor's report and for no other purpose.

To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the PCC and CC and the members of the PCC and CC, as a body, for our audit work, for our auditor's report, for this Auditor's Annual Report, or for the opinions we have formed.

External auditors do not act as a substitute for the PCC's and CC's own responsibility for putting in place proper arrangements to ensure that public business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively.



01

Executive Summary



Executive Summary



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Purpose of the Auditor’s Annual Report

This Auditor’s Annual Report provides a summary of the findings and key issues arising from our 2024-25 audit of the Police & Crime Commissioner for Cambridgeshire and Peterborough and the Chief Constable of Cambridgeshire Constabulary (the “PCC and CC”). This report has been prepared in line with the requirements set out in the Code of Audit Practice published by the National Audit Office (the ‘Code of Audit Practice’) and is required to be published by the PCC and CC alongside the annual report and accounts.

Our responsibilities

The statutory responsibilities and powers of appointed auditors are set out in the Local Audit and Accountability Act 2014 (the Act). Our responsibilities under the Act, the Code of Audit Practice and International Standards on Auditing (UK) (‘ISAs (UK)’) include the following:



Financial Statements - To provide an opinion as to whether the financial statements give a true and fair view of the financial position of the PCC and CC and of their income and expenditure during the year and have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting 2024/25 (‘the CIPFA Code’).



Other information (such as the narrative report) - To consider, whether based on our audit work, the other information in the Statement of Accounts is materially misstated or inconsistent with the financial statements or our audit knowledge of the PCC and CC.



Value for money - To report if we have identified any significant weaknesses in the arrangements that have been made by the PCC and CC to secure economy, efficiency and effectiveness in its use of resources. We are also required to provide a summary of our findings in the commentary in this report.



Other powers - We may exercise other powers we have under the Act. These include issuing a Public Interest Report, issuing statutory recommendations, issuing an Advisory Notice, applying for a judicial review, or applying to the courts to have an item of expenditure declared unlawful.

In addition to the above, we respond to any valid objections received from electors.

Findings

We have set out below a summary of the conclusions that we provided in respect of our responsibilities.

Financial statements and other information	The Code of Audit Practice requires us to issue the Auditor’s Annual Report no later than 30 November of each year. In order for us to comply with this requirement, we have issued this Auditor’s Annual Report prior to the completion of our work in relation to the financial statements and other information. Consequently, we have not reached our conclusions in respect of these areas.
Value for money	Our work to assess the arrangements the PCC and CC have put in place to secure economy, efficiency, and effectiveness in the use of its resources is underway.
Whole of Government Accounts	We are required to perform procedures and report to the National Audit Office in respect of the PCC’s and CC’s consolidation return to HM Treasury in order to prepare the Whole of Government Accounts. As the National Audit Office has not yet informed us that we are not required to perform any further procedures, we are unable to confirm that we have concluded our work in this area.
Other powers	See overleaf. Note that, as we are still performing our procedures in relation to the financial statements, we may choose to exercise our other powers in relation to the 2024-25 audit in the future.

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There are several actions we can take as part of our wider powers under the Act:

Public interest reports

We may issue a Public Interest Report if we believe there are matters that should be brought to the attention of the public.

If we issue a Public Interest Report, the PCC and CC are required to consider it and to bring it to the attention of the public.

As at the date of this report, we have not issued a Public Interest Report this year.

Judicial review/Declaration by the courts

We may apply to the courts for a judicial review in relation to an action the PCC and CC are taking. We may also apply to the courts for a declaration that an item of expenditure the PCC and CC have incurred is unlawful.

As at the date of this report, we have not applied to the courts

Recommendations

We can make recommendations to the PCC and CC. These fall into two categories:

1. We can make a statutory recommendation under Schedule 7 of the Act. If we do this, the PCC and CC must consider the matter at a general meeting and notify us of the action it intends to take (if any). We also send a copy of this recommendation to the relevant Secretary of State.
2. We can also make other recommendations. If we do this, the PCC and CC do not need to take any action, however should the PCC and CC provide us with a response, we will include it within this report.

As at the date of this report, we made no recommendations under Schedule 7 of the Act.

As at the date of this report, we have not raised any other recommendations

Advisory notice

We may issue an advisory notice if we believe that the PCC and CC have, or is about to, incur an unlawful item of expenditure or has, or is about to, take a course of action which may result in a significant loss or deficiency.

If we issue an advisory notice, the PCC and CC are required to stop the course of action for 21 days, consider the notice at a general meeting, and then notify us of the action it intends to take and why.

As at the date of this report, we have not issued an advisory notice this year

In addition to these powers, we can make performance improvement observations to make helpful suggestions to the PCC and CC. Where we raise observations we report these to management and the Joint Audit Committee. The PCC and CC are not required to take any action to these, however it is good practice to do so and we have included any responses that the PCC and CC have given us.

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Value for Money





Value for money

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Introduction

We are required to be satisfied that the PCC and CC have made proper arrangements for securing economy, efficiency and effectiveness in its use of resources or ‘value for money’. We consider whether there are sufficient arrangements in place for the PCC and CC for the following criteria, as defined by the Code of Audit Practice:



Financial sustainability: How the PCC and CC plan and manage their resources to ensure it can continue to deliver its services.



Governance: How the PCC and CC ensure that it makes informed decisions and properly manages its risks.



Improving economy, efficiency and effectiveness: How the PCC and CC use information about their costs and performance to improve the way they manage and deliver their services

We do not act as a substitute for the PCC’s and CC’s own responsibility for putting in place proper arrangements to ensure that public business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively. We are also not required to consider whether all aspects of the PCC’s and CC’s arrangements are operating effectively, or whether the PCC and CC have achieved value for money during the year.

Approach

We undertake risk assessment procedures in order to assess whether there are any risks that value for money is not being achieved. This is prepared by considering the findings from other regulators and auditors, records from the organisation and performing procedures to assess the design of key systems at the organisation that give assurance over value for money.

Where a significant risk is identified we perform further procedures in order to consider whether there are significant weaknesses in the processes in place to achieve value for money.

We are required to report a summary of the work undertaken and the conclusions reached against each of the aforementioned reporting criteria in this Auditor’s Annual Report. We do this as part of our commentary on VFM arrangements over the following pages.

We also make recommendations where we identify weaknesses in arrangements or other matters that require attention from the PCC and CC.

Summary of findings

	Financial sustainability	Governance	Improving economy, efficiency and effectiveness
Commentary page reference	8-9	10-11	12-13
Identified risks of significant weakness?	✘ No	✓ Yes- See page 14	✓ Yes- See page 14
Actual significant weakness identified?	✘ No	✘ No	✘ No
2024-25 Findings	No significant weakness identified	No significant weakness identified	No significant weakness identified
Direction of travel	↔	↔	↔

Financial Sustainability

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How the Group plans and manages its resources to ensure it can continue to deliver its services.

We have considered the following in our work:

- How the Group ensures that it identifies all the significant financial pressures that are relevant to its short and medium-term plans and builds these into them;
- How the Group plans to bridge its funding gaps and identifies achievable savings;
- How the Group plans finances to support the sustainable delivery of services in accordance with strategic and statutory priorities;
- How the Group ensures that its financial plan is consistent with other plans such as workforce, capital, investment, and other operational planning which may include working with other local public bodies as part of a wider system; and
- How the Group identifies and manages risks to financial resilience, e.g. unplanned changes in demand, including challenge of the assumptions underlying its plans.

Financial Planning:

The Group has a statutory duty to breakeven within the budget. The budget setting process involves stakeholders at all levels of management hierarchy and takes place as part of the annual business planning process.

A “Medium Term Financial Strategy” (MTFS) has been formulated encompassing the financial implications of the known challenges encountered to maintain current operations whilst pursuing the goals and objectives. The MTFS takes into account the financial forecast, encompassing both internal and external resources, over the medium term, and serves as the foundation for compiling the budget for the ensuing years.

A revenue budget is prepared alongside a capital program that are both strategically aligned with the aims and objectives outlined in the MTFS. This process takes into consideration local pressures as well as efficiency savings necessary to achieve the aims and objectives. It is seamlessly integrated into the annual budget setting process.

The budgets and MTFS undergo review and approval by the Force Executive Boards (FEB), the Police and Crime Panel (PCP) and Business Coordination Board (BCB). On 18 January 2024, the BCB approved a budget of £188,667k for FY2024/25, allocating £190,832k to the Force and £1,431k to the OPCC. For 2025/26, a budget of £205,244k was approved on 24 February 2025, with £199,947k designated for the Force and £1,716k for the OPCC.

This multi-tiered approval process ensures thorough consideration of the budgets by key stakeholders across all levels within the organisation. Presenting reports at these meetings facilitates open discussion, allowing for issues to be raised, deliberated upon, and appropriate actions agreed upon. Subsequently, these actions are monitored for implementation through the Committee action takers.

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Financial Sustainability

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Monitoring of ongoing financial performance:

Various stakeholders including the FEB and BCB closely monitor and scrutinise the financial position. On a monthly basis, budget stakeholders receive a comprehensive package detailing year-to-date expenditures, commitments, previous month's forecasts, and current allocations. Subsequently, they convene with their financial counterparts to scrutinize forecasts and address any emergent fiscal pressures. The variances are documented in the FEB report, necessitating detailed action plans from budget stakeholders to rectify identified issues.

Monthly financial reports are presented to the FEB by the Chief Financial Officer (CFO) from P3, encompassing funding budgets, capital allocations, and treasury management components such as cash flow, borrowing status, and reserves. Additionally, these reports are furnished to BCB on a quarterly basis for review and strategic considerations.

The 25/26 MTFS outlined a balanced financial stance for 24/25 and 25/26, while also highlighting budget gaps in the magnitude of several £million that may necessitate utilising budget assistance reserves from 2026/27. These gaps arise from several challenges, notably the operational landscape and reduced central funding. Plans for implementing savings and efficiencies are in place and actions to improve funding prospects such as augmenting base funding through a precept increase, aligning with government allowances for flexibilities, have been proposed.

The approved FY2024/25 MTFS projected a balanced funding position, assuming £79k contributed from the budget assistance reserve. The final FY2025 revenue outturn revealed an underspend of £761k within the Group's budget for 24/25 position reducing the risk of utilising funding reserves. Furthermore, capital expenditure shows an underspend of £1.1m, primarily attributed to delays in relevant projects but despite these challenges, the capital plan continues to undergo regular review and updates in the MTFS. Consequently, the overall financial position of the Group for 24/25 is deemed to be robust.

Risk assessment conclusion

Based on the risk assessment procedures performed we have not identified a significant risk associated with financial sustainability.

Governance

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How the Group ensures that it makes informed decisions and properly manages its risks.

We have considered the following in our work:

- how the Group monitors and assesses risk and how the body gains assurance over the effective operation of internal controls, including arrangements to prevent and detect fraud;
- how the Group approaches and carries out its annual budget setting process;
- how the Group ensures effective processes and systems are in place to ensure budgetary control; to communicate relevant, accurate and timely management information (including non-financial information where appropriate); supports its statutory financial reporting requirements; and ensures corrective action is taken where needed, including in relation to significant partnerships;
- how the Group ensures it makes properly informed decisions, supported by appropriate evidence and allowing for challenge and transparency; and
- how the Group monitors and ensures appropriate standards, such as meeting legislative/regulatory requirements and standards in terms of management or Board members' behaviour.

Risk Management:

The OPCC has a risk management process in place, which allows the OPCC to identify and monitor risks. The Impact and Likelihood assessment is performed for each identified risk. This allows prioritisation of the risk or opportunity on a 5x5 matrix. All identified risks are subject to scrutiny and challenge to ensure an appropriate risk score and mitigations in place. Our review of the risk register found this was sufficiently detailed to effectively manage key risks, and sufficient actions identified which set out how the PCC intends to achieve a target risk level. Relevant reporting of current and open risks takes place on a regular basis to Joint Audit Committee.

Financial Planning/Monitoring

The Group has established a thorough process for monitoring performance, as detailed on page 8 and 9. Management prepares performance monitoring reports on a monthly basis, which are then consolidated by the Chief Finance Officer. These consolidated reports are presented to the BCB members for review and consideration on a quarterly basis. Our inspection of the meeting minutes confirms that performance scrutiny and challenge have been effectively conducted.

Framework of control and audit arrangements

The Group have in place the Corporate Framework and Cambridgeshire specific Force Financial Instructions alongside BCH financial regulations, which are align to best practice and show clear delegated responsibilities. There are Terms of References for each sub-committee and board which are reviewed on regular basis to ensure they remain fit for purposes.

The Group conducted an internal anti-fraud audit last year, resulting in actionable recommendations currently being implemented. These measures include training personnel in key departments and establishing a fraud risk register. Additionally, an annual fraud report is presented to the Joint Audit Committee for oversight.

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Governance

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The Group maintains a robust internal control system to prevent and detect fraud. Annually, a comprehensive threat assessment is conducted to evaluate misconduct and corruption risks, encompassing theft, fraud, financial vulnerabilities, and other misconduct themes. This assessment informs strategic priorities for the upcoming year.

Internal audit services are outsourced by the Group, covering both Cambridgeshire specifically and BCH level reviews. Detailed management responses and action plans are devised to address any deficiencies identified in the audit recommendations.

Policies and frameworks

The Group has a number of policies and frameworks in place, including abuse of authority and gifts and hospitality policies. These are regularly updated and ensures compliance with expected behaviours throughout the Group.

Decision Making

The OPCC operates under the oversight of governance boards responsible for managing and approving critical decisions. The only Decision Board run by the OPCC is the BCB. The Terms of Reference (ToR) governing BCB's operations undergo regular review to ensure compliance and effectiveness in monitoring processes.

In terms of business case development, the Group adheres to the principles outlines in the Treasury Green Book to ensure thoroughness and consistency. Decision making processes are subject to scrutiny by PCP, and the Group maintains transparency by allowing public attendance at meetings. Moreover, all decision notices are promptly disseminated on the public website to uphold transparency and accountability. We have observed this in respect of the approval process for the 2025/26 MTFS. Initially, it received approval from FEB, followed by further endorsement from the BCB.

Following the conclusion of FY2024/25, a joint decision was made at the BCH level in May 2025 to cancel the joint training centre program at Monks Wood. The training centre was a significant capital project that was to be developed in partnership with Bedfordshire and Hertfordshire Police. From the inspection of meeting minutes and decision notes, we noted that the cancellation of the project and decision-making process took place post FY2024/25's year end. As such, we do not consider this present a VFM risk in relation to FY2024/25.

Response to reports from regulators

The most recent HMICFRS PEEL Assessment was released in March 2024. The report highlighted two areas rated as 'Inadequate'. One of these areas was closed as a cause for concern due to swift action from the Group on the issue highlighted. For the remaining area, the Group has developed an improvement plan in response to the findings.

Risk assessment conclusion

Due to the importance of proper governance arrangements over an improvement plan and based on the outstanding nature of the 'Inadequate' rating, we have determined there **is a significant risk** in relation to the Governance domain. See page 14 for details.

Improving economy, efficiency and effectiveness

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How the Group uses information about its costs and performance to improve the way it manages and delivers its services

We have considered the following in our work:

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

Planning and delivery of efficiency plans

The identification of cost improvements and efficiency requirements stem from CAMSTRA proposals and the discussions with budget managers and Senior Leadership Team (SLT) members. A dedicated segment of SLT meetings is allocated to discuss identified savings and efficiencies. The Chief Officer Team (COT) provides strategic guidance, shaping planned savings through collaborative efforts, which are then integrated into the financial planning stage. These plans are developed through various meetings, including FEB.

Currently, the performance and efficiency plan for the 2024/25 remains on track, based on actuals to date. However, given the economic uncertainty and the Group's challenging financial landscape, achieving planned efficiencies in future periods may prove more arduous. Monitoring savings through budget monitoring reports plays an important role in overseeing delivery, with the SLT Part 2 meeting maintaining its focus on savings delivery.

Budget savings are reported through monitoring reports presented to the monthly FEB meetings and quarterly BCB meetings. To streamline operations, the Group has developed a Corporate Change and Benefits Management Framework, covering the entire project lifecycle, including post-implementation reviews at the 6-month and 12-month mark.

A comprehensive review of the 2025/26 MTFS, indicates that savings and efficiencies are progressing well for the upcoming year, with ongoing efforts to develop saving proposals for future years also underway. A saving tracker has been developed to delineate these proposals, accompanied by a risk assessment by the owner. The risk rating is integrated into the tracker and discussed during the SLT Part 2 meeting and Resource Board in the development of the MTFS.

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Improving economy, efficiency and effectiveness

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Performance reporting

The Group employs a rigorous performance monitoring framework, starting with daily local meetings where specific actions are assigned to address low-level issues. Monthly performance meetings are conducted across all departments, contributing insights to the overarching monthly Force Performance Board (FPB). These gatherings are focused on evaluating performance against the Constabulary Corporate Plan Objectives, leveraging a blend of high-level performance indicators and granular management information to identify obstacles to performance and areas requiring improvements.

The FPB convenes to receive comprehensive updates from department heads, strategic priority owners, and lead officers. These updates are presented in both written and verbal formats. The FPB assumes an active role in driving improvement by initiating necessary actions. Monthly, the FPB delivers a strategic high-level report to the FEB, providing a summary of current performance delivery, thereby ensuring alignment with the Group's goals and objectives.

Response to reports from regulators

As highlighted on page 14, the most recent HMICFRS PEEL Assessment report was released in March 2024. The report highlighted two areas rated as 'Inadequate'. One of these areas was closed as a cause for concern due to swift action from the Force on the issue highlighted. For the remaining area, the Force has developed an improvement plan in response to the findings.

Risk assessment conclusion

Based on the risk assessment procedures performed and due to the outstanding nature of the 'Inadequate' rating, we have identified a **significant risk** associated with improving economy, efficiency and effectiveness. See page 14 for details.

Significant Value for Money Risk



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1 HMICFRS PEEL Assessment findings

Risk that value for money arrangements may contain a significant weakness linked to governance, improve economics, efficiency and effectiveness

Significant Value for Money Risk

From inspection of the most recent PEEL Assessment, two areas are highlighted as “Inadequate”.

Whilst one has since been removed as a cause for concern, the other remains, citing call pick-up and call response times as factors of concern.

Without improvement this could lead to a significant impact on the quality and effectiveness of the services the Group delivers.

Our response

We performed the following actions:

- We gained an understanding of the governance arrangements in place to respond to the inspection report, including identifying key actions, ensuring they are responded to, and that actions are regularly followed up with responsible individuals and due dates;
- We gained an understanding of how the Group works with the inspectorate to assess progress made;
- We gained an understanding of how identified key actions relating to the improvement of services provided are fed into the budget setting process.

Our findings

Findings

Our work is still ongoing however based on the work to date, we have noted that the Service have developed action plan for the PEEL inspection report which was managed via the Business Assurance Meeting. The annual improvement plan was presented to the Business Coordination Board. We noted that there is sufficient details disclosed in the 24/25 Annual Governance Statement for the Chief Constable. As such, we do not make a recommendation on this.

We inspected the 2025-26 MTFS and noted that the budget considered the PEEL inspection finding from operational perspective. As per the action plan the Group also plan to improve respond to the public finding by utilising new technology and this is budgeted within the 2025-26 MTFS

Conclusion

Based on the testing performed to date, we have not identified any significant weaknesses in arrangement.

We will provide an update on the commentary and conclusion on this risk once the work is complete.



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