

Issue	Panel Update	Actions/Recommendations
Monthly Financial Monitoring	<p>The Panel received a summary financial and capital expenditure performance report for the last 12 months.</p> <p>The Group's financial performance for the year at £196.5m shows an underspend of circa £440k against the 2019/20 budget.</p> <p>The underspend is largely the result of lower than budgeted staff costs - £3.5m less than budget. This is only partly offset by non-pay costs (including contracted and capital financing) that are £0.5m over budget. Pleasingly income is also some £4.1m more than budgeted.</p> <p>This significant improvement in performance has meant that the group has been able to top up general and earmarked reserves to the tune of £7.7m. This means we end the year with our target 3% in general reserve plus £7.1m in earmarked and specific reserves.</p> <p>This welcome improvement reflects the relative success of the cost reduction programme and the day to day strong budget management performance by directorates and operational teams.</p> <p>In relation to capital the Group spent £10.1m against a £21m programme. The underspend largely reflects spending on the Niche records management programme where circa £8m of spend has just slipped over in 2020/21.</p> <p>The Panel warmly welcomed the improving picture in the Group's financial position. In particular, the opportunity it provided to improve reserves. The contrast with recent years was noted as was the improved budget management across the group's operations and the more consistent reporting by the finance team.</p>	<p>The Panel thanked the Force and Group staff for the improved financial performance.</p> <p>Looking ahead the Panel will continue to closely monitor the underlying financial performance, the revenue reserves position and the demands of the capital programme.</p>
Current operations	<p>The Panel received a verbal update on the impact of Covid-19 on the Group's operations. Clearly there is significant change in ways of working across operational and support teams. The implications for crime and law enforcement were discussed. The HR implications were also explored particularly in relation to the finance team.</p> <p>The financial consequences were also considered alongside any additional Home Office funding.</p>	<p>The Panel will continue to monitor the impact of the current crisis on the financial position.</p>
Internal Audit	<p>The Panel received three reports from internal audit including two in draft form. It also received the year end Head of Internal Audit opinion report. This showed a welcome assurance rating that the Group has "Adequate and effective framework for risk management, governance and internal control".</p>	<p>The Panel will continue to review internal audit reports.</p>

	The Panel welcomed this level of assurance.	
External audit	<p>The Panel received a letter from the external auditor explaining some of the pressures on the audit firms from regulators, staffing and market challenges and the potential implications for the audit timetable and fees. A verbal update on the changed year end reporting timetable was also received from the SCO Director of Finance.</p> <p>The Panel welcomed the finance team's commitment to maintaining the original year end timetable and noted the contrast with earlier years.</p>	The Panel will continue to monitor the impact of the current crisis and the wider regulatory changes on the audit market.
Annual Governance Statement	<p>The Panel received a near final draft AGS for the SCO. The Panel noted the additional content in relation to the impact of the current crisis and the consequential significant shift in the actions after the deferral of the Commissioner's election.</p> <p>The Panel welcomed the clarity and readability of the AGS.</p> <p>The Panel also received a verbal update on progress with the Chief Constable's AGS and noted the impact of the current crisis on its content and production.</p>	The Panel will review actions arising from the Annual Governance Statement.
Strategic Risk Register	The Panel received an updated SCO risk register which included risks arising from the current crisis. A verbal update on the Chief Constable's risk register was also received and noted.	The Panel will monitor the risk implications arising from the current crisis.

Alan Edwards

ETAP Finance Panel Chair