Auditor's Annual Report for South Yorkshire Mayoral Combined Authority - Police and Reform and the Chief Constable of South Yorkshire

Year-ended 31 March 2025

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26 February 2026

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Our audit report is made solely to the members of South Yorkshire Mayoral Combined Authority - Police and Reform and the Chief Constable (the SYMCA P&R and the Force), 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 SYMCA P&R and the Force, 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 Force and the members of Force, 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 SYMCA P&R and the Force'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

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 South Yorkshire Mayoral Combined Authority - Police and Reform and the Chief Constable (the ‘SYMCA P&R and the Force’). 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 SYMCA P&R and the Force alongside the annual report and accounts. This Auditor’s Annual Report supersedes the version dated 25 November, because we have now completed our work in relation to the financial statements.

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 SYMCA P&R and the Force and of its funding 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 and Annual Governance Statement) - 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 SYMCA P&R and the Force.

Value for money - To report if we have identified any significant weaknesses in the arrangements that have been made by the SYMCA P&R and the Force 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	We have issued a disclaimed opinion on the balance sheet (including comparatives) and a qualified opinion on the I&E (comparatives only) on South Yorkshire Mayoral Combined Authority’s financial statements, which now encompass P&R activity, on 26 February 2026. This is because we have been unable to obtain sufficient appropriate audit evidence over the financial statements as we have been unable to perform the procedures that we consider necessary to form our opinion on the accounts. Further details are set out on page 7. We have issued an unmodified opinion on the Force’s financial statements on 26 February 2026. This means that we believe the financial statements give a true and fair view of the financial performance and position of the Force. We have provided further details of the key risks we identified and our response on pages 8 to 11.
Other information	For P&R, whilst in our opinion the content of the other information is consistent with the financial statements, we are unable to determine whether there are material misstatements in the other information. We did not identify any material inconsistencies between the content of the other information, the financial statements and our knowledge of the Force.
Value for money	We identified one risk of significant weakness in respect of the arrangements the SYMCA P&R and the Force has put in place to secure economy, efficiency, and effectiveness in the use of its resources. Further details are set out on page 25.
Whole of Government Accounts	We are required to perform procedures and report to the National Audit Office in respect of the SYMCA P&R and the Force’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.

Executive Summary

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 SYMCA P&R and the Force is required to consider it and to bring it to the attention of the public.

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 SYMCA P&R and the Force is taking. We may also apply to the courts for a declaration that an item of expenditure the SYMCA P&R and the Force has incurred is unlawful.

We have not applied to the courts.

Recommendations

We can make recommendations to the SYMCA P&R and the Force. These fall into two categories:

1. We can make a statutory recommendation under Schedule 7 of the Act. If we do this, the SYMCA P&R and the Force 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 SYMCA P&R and the Force does not need to take any action, however should the SYMCA P&R and the Force provide us with a response, we will include it within this report.

We made no recommendations under Schedule 7 of the Act.

We have not raised any other recommendations.

Advisory notice

We may issue an advisory notice if we believe that the SYMCA P&R and the Force has, 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 SYMCA P&R and the Force is 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.

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 SYMCA P&R and the Force. Where we raise observations we report these to management and the Joint Independent Audit Committee. The SYMCA P&R and the Force is not required to take any action to these, however it is good practice to do so and we have included any responses that the SYMCA P&R and the Force has given us.

02

Audit of the financial statements

Audit of the financial statements

South Yorkshire Mayoral Combined Authority – Police and Reform

Our responsibility is to conduct an audit of the financial statements in accordance with the Local Audit and Accountability Act 2014, Code of Audit Practice and ISAs (UK) and to issue an auditor's report.

However, due to the significance of the matters described below, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the financial statements of South Yorkshire Mayoral Combined Authority, which now encompass P&R activity.

We have fulfilled our ethical responsibilities under, and are independent of the council in accordance with, UK ethical requirements including the FRC Ethical Standard.

Our disclaimer of opinion on the P&R's financial statements

We have issued a disclaimed opinion on the balance sheet (including comparatives) and a qualified opinion on the I&E (comparatives only) on the financial statements of South Yorkshire Mayoral Combined Authority, which encompass P&R activity, on 26 February 2026. We therefore do not express an opinion on the financial statements.

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

Chief Constable of South Yorkshire

KPMG provides an independent opinion on whether the Force's financial statements:

- Give a true and fair view of the financial position of the Force as at 31 March 2025 and of its income and expenditure for the year then ended; and
- Have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2024/25.

We conduct our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. We also fulfil our ethical responsibilities under, and ensure we are independent of the Force in accordance with, UK ethical requirements including the FRC Ethical Standard. We are required to ensure that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Our audit opinion on the financial statements

We have issued an unqualified opinion on the Force financial statements on 26 February 2026.

The full audit report will be included in the Force's Annual Report and Accounts for 2024/25 which can be obtained from the Force's website when available.

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

Audit of the financial statements

The table below summarises the key financial statement audit risks that we identified as part of our risk assessment and how we responded to these through our audit.

Management override of controls (Police and Reform and Chief Constable focus)

Management is in a unique position to perpetrate fraud because of their ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively.

Our procedures

- We assessed accounting estimates for biases by evaluating whether judgements and decisions in making accounting estimates, even if individually reasonable, indicate a possible bias;
- We evaluated the selection and application of accounting policies;
- In line with our methodology, we evaluated the design and implementation of controls over journal entries and post closing adjustments;
- We assessed the appropriateness of changes compared to the prior-year to the methods and underlying assumptions used to prepare accounting estimates;
- We assessed the business rationale and the appropriateness of the accounting for significant transactions that are outside the component's normal course of business, or are otherwise unusual; and
- We analysed all journals through the year and focus our testing on those with a higher risk, such as journals posted with unusual account combinations.

Our findings

We have issued an unmodified opinion on the Force's financial statements on 26 February 2026.

Whilst we have disclaimed our opinion on the balance sheet (including comparatives) and qualify our opinion on the I&E (comparatives only) for South Yorkshire Mayoral Combined Authority, which encompass P&R activities, we are still required to identify our audit findings based on the work performed. We have identified the following audit findings:

We did not identify any material misstatements relating to this risk.

We did not raise any formal recommendations relating to this risk.

Audit of the financial statements

Completeness and accuracy of legal provision (Police and Reform focus)

Provisions and contingent liabilities are required to be calculated and disclosed within the Group financial statements in respect of historic legacy issues connected with Hillsborough, dependent on whether the timing and likely value of associated costs can be reliably estimated.

The high degree of estimation uncertainty associated with determining the likelihood and magnitude of potential compensation payments, if any, that may need to be paid out to individual claimants or in total, increases the risk of error associated with the completeness and accuracy of the provisions and contingent liabilities within the financial statements. We believe that the core assumptions driving this risk relate to the assumptions used in determining the most likely estimate.

Our procedures

- We critically assessed the competency and objectivity of the internal legal function responsible for dealing with these claims;
- We evaluated the design and implementation of controls in place to determine that all relevant provisions and contingent liabilities are completely and accurately captured, recognised and classified appropriately in the financial statements;
- We evaluated how management has considered previous settlements and adjusted for relevant forward-looking factors when calculating the values to be provided;
- We assessed management's judgements and accounting treatment against underlying evidence, legal advice, information from insurers and other supporting information;
- We performed inquiries of the internal legal function and management to discuss and challenge the draft financial statements position and treatment against ISA 37 principles;
- We assessed the basis for the increase in the legal claim provisions recognised in the draft financial statements and challenged management as to whether this change in estimate is based on new information available in this accounting period (with the change in estimate to be accounted for prospectively), or whether it represents a failure to reasonably apply information known in previous accounting periods which may require the retrospective correction of an error.

Our findings

Whilst we have disclaimed our opinion on the balance sheet (including comparatives) and qualify our opinion on the I&E (comparatives only) for South Yorkshire Mayoral Combined Authority, which encompass P&R activities, we are still required to identify our audit findings based on the work performed. We have identified the following audit findings:

We did not identify any material misstatements relating to this risk.

We did not raise any formal recommendations relating to this risk.

We considered the estimate, for the legal provision in 2024/25, to be balanced based on the procedures performed.

Audit of the financial statements

Valuation of post-retirement benefit obligations (Chief Constable focus)

The valuation of the post retirement benefit obligations involves the selection of appropriate actuarial assumptions, most notably the discount rate applied to the scheme liabilities, inflation rates and mortality base and improvement assumptions. The selection of these assumptions is inherently subjective and small changes in the assumptions and estimates used to value the Police Pension Scheme (PPS) and LGPS liabilities could have a significant effect on the financial statements of the Chief Constable.

Our procedures

- We critically assessed the competency, objectivity of the actuaries;
- We evaluated the design and implementation of controls in place for the Chief Constable to determine the appropriateness of the assumptions used by the actuaries in valuing the liability;
- We performed inquiries of the accounting actuaries to assess the key assumptions made;
- We challenged, with the support of our own actuarial specialists, the key assumptions applied, being the discount rate, inflation rate and pension increase rates against externally derived data;
- We considered the adequacy of the disclosures in respect of the sensitivity to these assumptions; and
- We assessed the level of surplus or minimum funding that should be recognised by the entity.

Our findings

We have issued an unmodified opinion on the Force’s financial statements on 26 February 2026.

We have identified the following audit findings:

We did not identify any material misstatements relating to this risk.

We did not raise any formal recommendations relating to this risk.

We considered the estimate, for the actuarial assumptions in 2024/25, to be balanced based on the procedures performed.

Audit of the financial statements

General Ledger migration (Police and Reform and Chief Constable focus)

During the audit period, Police and Reform migrated from Oracle R12/Origin to Oracle Cloud.

This migration poses a risk of incomplete or inaccurate data having been migrated over and therefore a risk of there being inaccurate ledger balances and inaccurate preparation of the year-end financial statements.

As the timing of the migration was during the financial year, there is also an increased risk relating to the control environment as different processes will have in operation before and after the migration.

Our procedures

- We understood and risk assessed the design and implementation of controls in place around the migration to ensure the complete and accurate transfer of data;
- We considered the impact the migration will have on our understanding of the business processes and performed additional risk assessment procedures to ensure that we have appropriately and sufficiently documented its impact;
- We understood the changes to the IT environment and involved KPMG IT audit specialists;
- We tested the migration of data to ensure completeness and accuracy of the transferred data; and
- We verified the accuracy of the opening trial balance of the new general ledger system and reconciled it to the closing trial balance of the old general ledger system to confirm that the ledger balances have accuracy transferred across.

Our findings

We have issued an unmodified opinion on the Force's financial statements on 26 February 2026.

Whilst we have disclaimed our opinion on the balance sheet (including comparatives) and qualify our opinion on the I&E (comparatives only) for South Yorkshire Mayoral Combined Authority, which encompass P&R activities, we are still required to identify our audit findings based on the work performed. We have identified the following audit findings:

We did not identify any material misstatements relating to this risk.

We did not raise any formal recommendations relating to this risk.

03

Value for Money

Value for Money

Introduction

We are required to be satisfied that the SYMCA P&R and the Force has 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 SYMCA P&R and the Force for the following criteria, as defined by the Code of Audit Practice:

- **Financial sustainability**: How the SYMCA P&R and the Force plans and manages its resources to ensure it can continue to deliver its services.
- **Governance:** How the SYMCA P&R and the Force ensures that it makes informed decisions and properly manages its risks.
- **Improving economy, efficiency and effectiveness:** How the SYMCA P&R and the Force uses information about its costs and performance to improve the way it manages and delivers its services

We do not act as a substitute for the SYMCA P&R and the Force'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 SYMCA P&R and the Force's arrangements are operating effectively, or whether the SYMCA P&R and the Force has 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 SYMCA P&R and the Force.

Summary of findings

Our work in relation to value for money is complete.

	Financial sustainability	Governance	Improving economy, efficiency and effectiveness
Commentary page reference	15	19	28
Identified risks of significant weakness?	✗ No	✓ Yes	✗ No
Actual significant weakness identified?	✗ No	✗ No	✗ No
2023-24 Findings*	No significant risks identified	No significant risks identified	No significant risks identified
Direction of travel	↔	↔	↔

* Findings identified by Grant Thornton UK LLP – predecessor auditor.

Value for Money

National context

Financial performance

In recent years, police forces have faced a challenging environment with increasing demands alongside significant budget reductions. Government funding cuts have forced forces to make difficult decisions about service priorities and resource allocation. This has driven innovation, with forces exploring new partnerships and alternative funding sources to maintain operational effectiveness. Examples include developing social enterprises utilising police expertise, such as security training or cybercrime prevention consultancy. Additionally, forces are actively seeking alternative funding streams, including charitable donations, community fundraising initiatives, and seizing criminal assets to support policing activities.

However, this increased reliance on alternative funding sources presents both opportunities and challenges. There are concerns about over-reliance on these income streams, which could lead to uneven service delivery and vulnerabilities if the funding sources prove unstable. Furthermore, ethical considerations are paramount, ensuring transparency and accountability in the use of alternative funding sources to maintain public trust. In extreme cases, forces may face significant financial challenges, requiring intervention from the Home Office or other external bodies.

Professional standards

Maintaining public trust is paramount for any police force. Financial stability and the responsible use of public funds are crucial for upholding this trust. All financial decisions and activities must be conducted with the highest ethical standards and in accordance with relevant legislation and regulations. Transparency and accountability are essential, with clear and transparent reporting on financial performance and the use of public funds crucial for ensuring public and political accountability.

Local context

South Yorkshire Police is the sixteenth largest police force among the forty-four forces in England, Wales and Northern Ireland. The Force is organised into four policing districts which are aligned with the Metropolitan Boroughs.

On 7 May 2024, Police and Crime Commissioner (PCC) for South Yorkshire was integrated into the Authority by way of a Statutory Order. The South Yorkshire Mayoral Combined Authority (Election of Mayor and Transfer of Police and Crime Commissioner Functions) Order 2024, provided for the PCC to be dissolved and all of its functions, property, rights and liabilities to be transferred to the MCA. Upon transfer, the Mayor became responsible for the maintenance of the Police Fund and compliance with all applicable legal obligations in respect of the same. The Chief Constable of South Yorkshire also transferred as part of this integration. However, the SYMCA P&R and the Force's operating model has remained unchanged and plans for transformation are governed by the Futures Board along with workforce planning.

Upon integration, due diligence performed on the PCC's Treasury Management Strategy identified a significant omission in complying with proper accounting practice with regard to charging the revenue budget with amounts set aside for the repayment of debt (known as the Minimum Revenue Provision or MRP). This has led to a Section 114 Notice being issued jointly by the MCA's section 73 Officer and Monitoring Officer to the Mayor on 27 September 2024 regarding the failure to comply with statutory MRP guidance giving rise to a deficiency to the Police Fund revenue budget in the region of £65m. During 24/25, the MCA has engaged with the Police, the Home Office, KPMG and external parties to resolve this accounting omission.

For 24/25, the SYMCA P&R and the Force reported a revenue outturn of £299.8m which represents an overall underspend of £12.5m compared to the budgeted net expenditure of £312.3m. The majority of this variance to the balanced budget is as a result of capital financing cost underspends, arising from a healthy cash flow, resulting from increased grants and payments in advance and slippages in the payment of claims in relation to the significant legacy costs relating to the Hillsborough Inquests and Child Sexual Exploitation claims. The SYMCA P&R and the Force ended the financial year with a cash balance of £21.1m, usable reserves of £83.4m and unusable reserves of negative £2,230.9m. The SYMCA P&R and the Force had a planned capital spend of £18.5m for 2024/25 and delivered a total capital spend of £16.8m for the 2024/25 year and £15.3m for the reporting period.

The SYMCA P&R and the Force has a budgeted gross revenue expenditure for 2025/26 of £395m and a capital strategy and programme for 2025/26 of £18.9m.

During the year, His Majesty's Inspectorate of Constabulary and Fire & Rescue Services (HMICFRS) carried out a PEEL (police effectiveness, efficiency and legitimacy) inspection of South Yorkshire Police. The recent HMICFRS inspection report on South Yorkshire Police, published in July 25, found the Force had good arrangements in place for prevent crime and adequate arrangements for several other key areas. However, the Force received a "requires improvement" rating for investigating crime and developing a positive workforce.

Financial Sustainability

How the SYMCA P&R and the Force plans and manages its resources to ensure it can continue to deliver its services.

We have considered the following in our work:

- How the SYMCA P&R and the Force 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 SYMCA P&R and the Force plans to bridge its funding gaps and identifies achievable savings;
- How the SYMCA P&R and the Force plans to support the sustainable delivery of services in accordance with strategic and statutory priorities;
- How the SYMCA P&R and the Force 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 SYMCA P&R and the Force identifies and manages risks to financial resilience, e.g. unplanned changes in demand, including challenge of the assumptions underlying its plans.

Financial Planning

- The annual budget setting process is set out is the SYMCA P&R and the Force’s Strategic Planning and Budgeting Timetable. The budget setting arrangements for 24/25 included key stakeholders such as OPCC, South Yorkshire Police (SYP) (currently known as SYMCA P&R), Planning and Efficiency Groups (PEG), Chief Constable, Deputy Chief Constable, Violence Reduction Unit (VRU), Estates, IT, local authorities, CFOs, Chief Exec, Head of Commissioning and Partnerships, Head of Communications and Engagement, Director of Resources and the Home Office.
- The key steps of the budget setting process are performing a horizon scanning exercise, identifying savings schemes, completing an assessment of need, agreeing budget assumptions and any council tax and precepts increases, identifying and managing strategic risks and concerns, developing capital programmes and considering the impact of legacy projections on provisions on the reserves strategy.
- Key assumptions used to produce the annual budgets are clearly included within the respective papers that are presented and discussed at the Polce and Crime Panel and Public Accountability Board meetings, allowing for challenge of these key budget assumptions, such as assumed pay awards, inflation and government grant funding. The Annual Budgets also clearly outline the risks identified in achieving the budget and ensures stakeholders are made aware of these risks within the various reports presented throughout the year.
- After completion of the budget setting process, the final revenue and capital budget paper was presented for approval to the Police and Crime Panel on 5 February 2024 and to the Public Accountability Board on 26 February 2024. The approved budget requirement for 24/25 was £347.0m. The budget requirement included legal costs of £10.3m which were to be fully paid through the planned use of earmarked legacy reserves. The expected funding for 24/25 was £336.9m which left a small surplus of £185k.The capital programme was £18m of which £3.7m was to be funded through capital receipts and the remaining £14.3m to be funded through borrowing. Emerging costs pressures such as non-recurrent growth, inflation and other unavoidable cost pressures had been factored into the Medium-Term Reserves Strategy.

Financial Sustainability

How the SYMCA P&R and the Force plans and manages its resources to ensure it can continue to deliver its services.

We have considered the following in our work:

- How the SYMCA P&R and the Force 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 SYMCA P&R and the Force plans to bridge its funding gaps and identifies achievable savings;
- How the SYMCA P&R and the Force plans to support the sustainable delivery of services in accordance with strategic and statutory priorities;
- How the SYMCA P&R and the Force 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 SYMCA P&R and the Force identifies and manages risks to financial resilience, e.g. unplanned changes in demand, including challenge of the assumptions underlying its plans.

Productivity and efficiency plans

- The savings strategy and plans are developed as part of the strategic and financial planning process. The initial savings strategy and plans are developed early in the planning process and this is reviewed by the OPCC and Chief Constable to ensure that the planned savings are sufficient to cover the assessment of needs. Following this review, the savings plans are submitted to be included in the revenue budget which is then sent onto the Police Crime Panel and Public Accountability Board for final review and approval. Efficiency plans are communicated to budget holders and as part of the Force-wide communications including webinars.
- For 24/25, the savings plan set was £0.4m. The SYMCA P&R and the Force achieved savings of £0.6m which meant that the in-year savings target was exceeded by £0.2m.
- As part of the Financial Recovery Plan, the SYMCA P&R and the Force has embarked on their 3rd tranche of Priority Based Budgeting, which ensures cost reductions are delivered in a planned and considered way following a clear methodology. Timelines are agreed in advance as is the date of implementation to ensure part-year or full-year effect of savings are appropriately captured.
- For 25/26 onwards, the SYMCA P&R and the Force has developed a financial recovery strategy which outlines the approach to financially recover the SYMCA P&R and the Force's position over the medium-term to enable the SYMCA P&R and the Force to deliver a balanced budget whilst maintaining service to the people of South Yorkshire.
- The SYMCA P&R and the Force has an Efficiencies and Savings Board which is chaired by the Deputy Chief Constable which is responsible for the development, discussion and approval of savings plans. The Efficiencies and Savings Board meets monthly and involves a member of South Yorkshire Mayoral Combined Authority (SYMCA). Savings are reported as part of the normal revenue monitoring via Senior Command Team (SCT) and SYMCA meetings.

Financial Sustainability

How the SYMCA P&R and the Force plans and manages its resources to ensure it can continue to deliver its services.

We have considered the following in our work:

- How the SYMCA P&R and the Force 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 SYMCA P&R and the Force plans to bridge its funding gaps and identifies achievable savings;
- How the SYMCA P&R and the Force plans to support the sustainable delivery of services in accordance with strategic and statutory priorities;
- How the SYMCA P&R and the Force 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 SYMCA P&R and the Force identifies and manages risks to financial resilience, e.g. unplanned changes in demand, including challenge of the assumptions underlying its plans.

Assessing Risks to Financial Sustainability

- From our review of the Strategic Concern Register, we have confirmed that the Committee discusses strategic and operational risks through their review and challenge of the Strategic Concerns Register. We have also confirmed through our review of the annual budgets for 2024-25 and the Quarterly Outturn Updates, that risks to the achievement of the financial targets are regularly monitored and reviewed throughout the year. Quarterly Budget Updates provide an update to members on where progress is up to year-to-date along with any significant risks that may impact the achievement of both the budget for the year in question from both a revenue, capital and reserves perspective, together with actions being taken to mitigate these risks.
- We have reviewed the South Yorkshire Police Force Management Statement which explains the key issues facing South Yorkshire Police in 24/25. These key issues are the delivery of the Priority Based Budgeting (PBB) project, the transition from the previous Office of the Police & Crime Commissioner (OPCC) to the new South Yorkshire Mayoral Authority and the HMICFRS PEEL inspection of South Yorkshire Police.
- Through our review of the relevant strategic and operational plans and inquiries of management, we have confirmed that these key organisational changes have been reflected within the SYMCA P&R and the Force 's financial plans, governance structure, risk management procedures and strategy. The financial plans also detail the SYMCA P&R and the Force 's reserves strategy, capital strategy and treasury management policies.
- Upon integration, due diligence performed on the PCC’s Treasury Management Strategy identified a significant omission in complying with proper accounting practice with regard to charging the revenue budget with amounts set aside for the repayment of debt (known as the Minimum Revenue Provision or MRP). This has led to a Section 114 Notice being issued jointly by the MCA’s section 73 Officer and Monitoring Officer to the Mayor on 27 September 2024 regarding the failure to comply with statutory MRP guidance giving rise to a deficiency to the Police Fund revenue budget in the region of £65m. During 24/25, the MCA has engaged with the Police, the Home Office, KPMG and external parties to resolve this accounting omission. This issue is explored further in the subsequent Governance section of our report.

Financial Sustainability

Managing Risks to Financial Sustainability

- The SYMCA P&R does not have a distinct Finance Committee and therefore all financial risk reporting is done so directly to the SCT and Joint Independent Audit Committee (JIAC). Through our review of JIAC papers, we have confirmed that the papers presented include sufficient detail for members to take informed decisions and detail the required action requested from the Committee (to approve, recommend, note etc). Agenda items are accompanied by front sheets offering a summary of the report objectives, recommendations and background information. There are also sections requiring completion in relation to whether the report has any links to the SYMCA and/or SYMCA P&R strategic objectives and/or links to other key reports, decisions, standards or frameworks as well as any financial and VFM implications or implications for service delivery including HR, equality, legal, partners and public.
- The summaries included are appropriate and provide a concise high-level overview of the papers so that Committee members are able to identify the key messages discussed in the wider report.

Performance in 24/25 against the financial plan

- For 24/25, the SYMCA P&R and the Force reported a revenue outturn of £299.8m which represents an overall underspend of £12.5m compared to the budgeted net expenditure of £312.3m. The majority of this variance to the balanced budget is a result of capital financing cost underspends arising from a healthy cash flow resulting from increased grants and payments in advance and slippages in the payment of claims in relation to the significant legacy costs relating to the Hillsborough Inquests and Child Sexual Exploitation claims. The SYMCA P&R and the Force ended the financial year with a cash balance of £21.1m, usable reserves of £83.4m and unusable reserves of negative £2,230.9m. The SYMCA P&R and the Force had a planned capital spend of £18.5m for 2024/25 and delivered a total capital spend of £16.8m for the 2024/25 year and £15.3m for the reporting period.

Performance in 25/26 against the financial plan

- The SYMCA P&R and the Force has a budget requirement for 2025/26 of £359.1m and a capital strategy and programme for 2025/26 of £18.9m. The budget requirement has subsequently been revised to £394.3m following Quarter 1 reporting and as at Quarter 1, the SYMCA P&R and the Force is reporting an underspend of £0.7m.

Conclusion

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

Key financial and performance metrics:	2024-25*	2023-24
Planned revenue outturn	£312.3m	£363.4m
Actual revenue outturn	£299.8m	£361.2m
(Underspend)/Overspend against planned revenue outturn	(£12.5m)	(£2.2m)
Usable reserves	£83.4m	£73.1m
Gross debt compared to the capital financing requirement	0.19 : 1	0.22 : 1
Year-end borrowings	£26.5m	£28.2m
Year-end cash position	£21.2m	£8.6m

Gross debt compared to the capital financing requirement: Authorities are expected to have less debt than the capital financing requirement (i.e. a ratio of under 1 : 1) except in the short term, else borrowing levels may not be considered prudent.

** 2024-25 refers to the period 7 May 2024 – 31 March 2025 and 2023-24 refers to the period 1 April 2023 – 6 May 2024.*

Governance

How the SYMCA P&R and the Force ensures that it makes informed decisions and properly manages its risks.

We have considered the following in our work:

- how the SYMCA P&R and the Force 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 SYMCA P&R and the Force approaches and carries out its annual budget setting process;
- how the SYMCA P&R and the Force 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 SYMCA P&R and the Force ensures it makes properly informed decisions, supported by appropriate evidence and allowing for challenge and transparency; and
- how the SYMCA P&R and the Force monitors and ensures appropriate standards, such as meeting legislative/regulatory requirements and standards in terms of management or Board members' behaviour.

Risk Management

- South Yorkshire Police has an Organisational Infrastructure (OI) Framework which outlines the high-level strategic approach designed for the handling of the SYMCA P&R and the Force's Risk Management and Internal Control Systems. The framework illustrates the practicalities required to ensure the effective execution of the OI methodology and supports the Chief Constable's delivery of the Plan on a Page and therefore the Mayor's Police and Crime Priorities.
- The Deputy Chief Constable, supported by the Chief Finance Officer, is SCT Lead and has overall responsibility for the Organisational Infrastructure Framework.
- All staff in SYMCA P&R can identify a risk, however it more typically will be a member of a District/Department Management Team or a member of the SCT. When a risk is identified, it is firstly determined whether it is a strategic concern or a non-strategic concern. Strategic concerns are placed on the Strategic Concern Register (SCR) whereas non-strategic concerns are put on a local concern register. District Commanders and Department Heads are responsible for maintaining a local concern register for their particular business area, to ensure current assessment, progress and actions are reviewed on a regular basis and to make decisions in respect of concerns facing their business area. District Commanders and Department Heads are able to elevate concerns to the strategic concern register as appropriate.
- Where concerns are included on the strategic concern register, they are assigned action managers who are responsible for completing the updates on the SCR and monitoring the concerns quarterly. The severity of a concern is assessed on the status and the impact.
- Risk scores are not assigned to risks in SYMCA P&R . Challenges and assessments of risks take place at least quarterly by the nominated Action Manager, overseen by the Concern Owner and reviewed at least quarterly by a District/Department Management Team, or SCT at the Strategic level.

Governance

How the SYMCA P&R and the Force ensures that it makes informed decisions and properly manages its risks.

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- how the SYMCA P&R and the Force 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 SYMCA P&R and the Force ensures it makes properly informed decisions, supported by appropriate evidence and allowing for challenge and transparency; and
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- Action Managers are responsible for completing the updates on the SCR and monitor the concerns quarterly. The Strategic Concern Register, Assurance Plans and Compliance Action Plans are monitored by the SCT and then reported to the Joint Independent Audit Committee quarterly. This process is facilitated by the Organisational Infrastructure Officer.
- The SYMCA P&R and the Force also has assurance plans and compliance action plans. Each Assurance Plan, which contains the framework of controls that the SYMCA P&R and the Force has in place and aspires to, contains an assessment from the Action Manager about which controls exist and are complied with, a narrative to explain the basis of the assessment and actions to ensure the controls exist and/or are complied with. The Compliance Action Plans list relevant Assurance Plan controls and contain an assessment from the person identified as the Action Manager typically this is the District Commander / Head of Department to confirm their compliance with that control, a narrative to explain the basis of the assessment and any actions necessary to embed full, consistent and reliable compliance with that control. These plans are reviewed and updated as appropriate, at least quarterly, by the Action Managers for the Assurance Plans and Compliance Action Plans
- Strategic concerns are reported quarterly to the JIAC. Any monitoring or challenge feedback from the JIAC will filter down to the Corporate Finance Organisational Infrastructure Team to be actioned.

Decision making

- The Financial Instructions are owned by the Chief Constable and set out requirements in relation to the detailed application of Financial Regulations thereby ensuring that day-to-day financial administration is conducted in a proper and effective manner which safeguards both public funds and those officers involved in their management.
- SYMCA P&R is also required to adhere to the Financial regulations owned by the SYMCA, which forms part of the overall regulatory and governance arrangements for the offices of the SYMCA and the Chief Constable. They are designed to confer duties, rights and powers, determine accountabilities and explain the financial relationships between these office holders and their senior staff, including the SYMCA's Chief Executive and both Chief Finance Officers.
- The Financial instructions outlines both financial limits in place for various processes within the SYMCA P&R and the Force, as well as operational delegations to ensure both financial and non-financial authorisations and reviews are escalated appropriately.

Governance

How the SYMCA P&R and the Force ensures that it makes informed decisions and properly manages its risks.

We have considered the following in our work:

- how the SYMCA P&R and the Force monitors and assesses risk and how the body gains assurance over the effective operation of internal controls, including arrangements to prevent and detect fraud;
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- how the SYMCA P&R and the Force 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 SYMCA P&R and the Force ensures it makes properly informed decisions, supported by appropriate evidence and allowing for challenge and transparency; and
- how the SYMCA P&R and the Force monitors and ensures appropriate standards, such as meeting legislative/regulatory requirements and standards in terms of management or Board members' behaviour.

- Where a key decision needs to be made, a Senior Command Team Decision Paper must be prepared. Whilst there are a number of governance boards, decisions can only be made or ratified by a member of the SCT. For each decision, the report must indicate who the SCT Chief Officer sponsor is, and pre-approval is required by that sponsor as the portfolio holder. The SCT sponsor will determine whether it is a decision which they can make or if it needs to come to the full SCT.
- The contents of the decision papers are an executive summary, recommendations, background information, summary of business benefits, savings and risks, summary of financial implications, SYMCA decision record (if applicable), priorities linked to the Force Management Strategy, additional investment, whether the decision has been considered by another forum, equality impact assessment, sustainability impact assessment, interdependencies and consultation, confidentiality and authorised signatories. We are satisfied that the SYMCA P&R and the Force 's decision-making process evidences sufficient consideration of financial matters as well as quality and performance and ensures compliance with relevant legislation such as equality and sustainability.
- A major IT software upgrade to Oracle Cloud went live 31st October 2024. This upgrade was required to ensure that arrangements are in place to collate the necessary information to be able to reach a decision on the future delivery model for information systems in a timely manner. However, issues with the implementation caused significant disruption to the reporting and data provided by Finance and HR. We acknowledge that work has been ongoing post-implementation to resolve the challenges in relation to the information and reporting.

Budget setting and monitoring

- There are various governance reporting mechanisms which assess operational performance delivery. The Deputy Chief Constable chairs the Force Performance Day and the Assistant Chief Constable/Portfolio leads hold their quarterly performance meetings (QPRs) within which relevant operational performance is evaluated. KPIs referenced will vary dependent on the area of business under review, and dependent on the results of the KPIs, actions will be set to understand/take action in support of improvements. Agendas, action plans, and meeting presentations can be provided on request to show that link from performance measure to questions asked to action being taken.

Governance

How the SYMCA P&R and the Force ensures that it makes informed decisions and properly manages its risks.

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- how the SYMCA P&R and the Force 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 SYMCA P&R and the Force ensures it makes properly informed decisions, supported by appropriate evidence and allowing for challenge and transparency; and
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- Performance is understood through qualitative and quantitative mechanisms to ensure that specific required standards for successful delivery are fully understood, especially in areas of compliance. In other areas where policing can be influenced my many factors, benchmarking against other forces or the national delivery is used to understand what good looks like and to understand long-term direction. Evaluation is always considered as linked to sustainable delivery, and the Performance Management Framework Hallmarks remain the guidance from which the SYMCA P&R and the Force's approach aligns to.
- The SYMCA P&R and the Force's Performance Management Framework is currently being reviewed following the publication of the new force Plan on a Page. Once the priority measures have been confirmed within the framework, there is then work to develop the appropriate enabling frameworks and governance requirements, and underlying strategies will form part of the progress mapping against the framework outcomes. All strategies in place across the areas of the Force will have identified measures by which successful delivery can be monitored and assessed.

Compliance with laws and regulations

- The Force has its own Financial Instructions, but it adheres to South Yorkshire Mayoral Combined Authority's Financial Regulations. We have confirmed that these detail the roles, responsibilities and delegation of key officers and committees/groups, thus giving an appropriate escalation framework for making key decisions.
- The Yorkshire & the Humber Regional Police and Crime Commissioners Procurement Policy defines the approach to be followed to competitive tendering to ensure value for money is obtained and also includes the procedures for obtaining written quotations and competitive tenders from suppliers for the provision of supplies, services and works.
- As part of the governments' commitment to greater transparency, Local Government Transparency Code 2015, the Force is required to regularly publish procurement information. This means the Force publishes details of all contracts over £500. This can be seen on the SYMCA's website.
- The Professional Standards Policy is the Force's equivalent of the Code of Conduct and is available to all employees. This policy applies to all South Yorkshire Police Officers, Police Staff and Members of the Special Constabulary. The policy ensures that South Yorkshire Police adheres to all relevant legislation in relation to the conduct of its staff, and that the Professional Standards Department deal with issues in a consistent manner in line with such legislation.

Governance

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- how the SYMCA P&R and the Force monitors and ensures appropriate standards, such as meeting legislative/regulatory requirements and standards in terms of management or Board members' behaviour.

- As South Yorkshire Police and the Chief Constable of South Yorkshire are now part of the South Yorkshire Mayoral Combined Authority group, the entity adheres to the SYMCA Constitution.
- The Anti-Fraud and Corruption Strategy sets out the SYMCA P&R and the Force's arrangements to prevent and detect fraud and irregularities. The Fraud Response Plan appended to the Anti-Fraud and Corruption Policy provides direction and guidance to employees in dealing with suspected cases of theft, fraud and corruption. Employees are required to raise concerns about possible theft, fraud, corruption or irregularities to line managers for further investigation, which are escalated to the Chief Constable and Head of Internal Audit where necessary. These are complemented by the Whistle Blowing Policy where employees are encouraged to raise concerns in confidence. The policies are prepared in accordance with the Code of Practice on Managing the Risk of Fraud and Corruption and are included within the Constitution.
- Through inquiries of management, we have confirmed that there have been no reported significant or repeated departures from key regulatory or statutory requirements, as well as no departures from professional standards such as CIPFA Financial Management Code, Prudential Code or Treasury Management Code. This has also been confirmed through our review of the 2024-25 Treasury Management Outturn Report in which compliance is reported to the Board on a quarterly basis.
- On 7 May 2024, the functions of the Police and Crime Commissioner for South Yorkshire transferred to the Mayor of South Yorkshire pursuant to the South Yorkshire Mayoral Combined Authority (Election of Mayor and Transfer of Police and Crime Commissioner Functions) Order 2024 ("the 2024 Order") and all property rights and liabilities of the PCC were transferred to the MCA. Upon transfer, the Mayor became responsible for the maintenance of the Police Fund and compliance with all applicable legal obligations in respect of the same. The accounts for the PCC, including the Police Fund, now form part of the consolidated accounts of the MCA.
- Upon integration, due diligence performed on the PCC's Treasury Management Strategy identified a significant omission in complying with proper accounting practice with regard to charging the revenue budget with amounts set aside for the repayment of debt (known as the Minimum Revenue Provision or MRP). This has led to a Section 114 Notice being issued jointly by the MCA's section 73 Officer and Monitoring Officer to the Mayor on 27 September 2024 regarding the failure to comply with statutory MRP guidance giving rise to a deficiency to the Police Fund revenue budget in the region of £65m. During 24/25, the MCA has engaged with the Police, the Home Office, KPMG and external parties to resolve this accounting omission.

Governance

How the SYMCA P&R and the Force ensures that it makes informed decisions and properly manages its risks.

We have considered the following in our work:

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- how the SYMCA P&R and the Force ensures it makes properly informed decisions, supported by appropriate evidence and allowing for challenge and transparency; and
- how the SYMCA P&R and the Force monitors and ensures appropriate standards, such as meeting legislative/regulatory requirements and standards in terms of management or Board members' behaviour.

- There is a mandatory requirement that a significant VFM risk is identified if a Section 114 notice has been issued.
- In Grant Thornton's 2023-24 Auditor's Annual Report, an improvement recommendation on the progress being made to respond to the reprimand received from the Information Commissioner's Office (ICO) in respect of the body-worn video (BWV) data loss in 2023. In the 2024/25 financial year, progress was made in meeting the ICO requirements for Freedom of Information (FOI) requests and to address the backlog of Subject Access Requests (SARs). Relevant training was delivered, and the SYMCA P&R and the Force's risk register was kept up-to-date, effectively demonstrating mitigations to FOI-related risks. Ownership by Information Asset Owners was strengthened through targeted training for key leads, with an emphasis on individual responsibility for information management. Strong governance structures are in place, supported by regular SIRO meetings and a Strategic Quarterly Data Board, ensuring ongoing assurance and strategic direction across SCT portfolio areas.
- The data storage array containing the missing BWV files is now in the possession of OnTrack (Data Recovery Specialists). OnTrack were contracted to interrogate the data storage array in January 2025 with the focus being on recovering the missing video files. OnTrack are currently foregoing payment as it is uncertain whether the data is retrievable but in the eventuality that the data is recovered, there is a risk that the cost may be prohibitive. The missing BWV files has only impacted a very small number of criminal cases and did not impact their outcome.
- We have noted that the SYMCA P&R and the Force could be liable to future legacy costs following the Government's announcement in June 2025 to hold a national inquiry into the Battle of Orgreave.

Conclusion

As a Section 114 notice was issued in relation to the failure to comply with statutory MRP guidance, we have identified a significant risk associated with governance. See page 25.

	2024-25	2023-24
Significant governance issues reported in the Annual Governance Statement	Four significant governance issues outstanding	Five significant governance issues outstanding
Head of Internal Audit Opinion	Reasonable assurance	Reasonable assurance
HM Inspectorate of Constabulary and Fire and Rescue Services rating	Adequate	Good

Significant Value for Money Risk - Governance

1 Historical non-compliance with Minimum Revenue Provision Requirements

Risk that value for money arrangements may contain a significant weakness linked to Governance

Significant Value for Money Risk

Following the integration of the former Office of the Police and Crime Commissioner (OPCC) and SYMCA on 7 May 2024, there was a period of consolidation including a review of the OPCC's Treasury Management Strategy.

During this review, it was identified that there was a gap between the planned Minimum Revenue Provision payments and the total Capital Financing Requirements (past and future capital expenditure assumed by the schedule), largely related to capital expenditure between 2019/20 and 2023/24. This highlighted that no (MRP) charges relating to £65m of capital investment financed through borrowing principally over this period had been recorded within the audited accounts.

To ensure MRP for the former OPCC complies with statutory requirements to make a provision to repay debt, a significant increase in MRP payments would have been required.

This resulted in a Section 114 Notice being issued jointly by the MCA's section 73 Officer and Monitoring Officer to the Mayor on 27 September 2024.

There is a significant risk that the Authority is unable to implement appropriate governance arrangements to be able manage this financial pressure sustainably without compromising on protecting front line policing.

Our response

To assess whether the Authority has appropriate and sufficient governance arrangements in place:

- We have obtained an understanding of the accounting omissions which resulted in the non-compliance with the statutory requirement to charge a minimum revenue provision for the financial year to a revenue account.
- We have reviewed the actions taken by the Authority in response to the omission of MRP payments between 2019/20 to 2023/24 and the outcome of these actions.
- We have reviewed the calculation of the omitted MRP for the years 2019/20 to 2023/24 and any third party, independent corroboratory support for this value to assess the judgement surrounding the non-compliance with statutory guidance.
- We have assessed the impact of this omission on the 2024/25 financial statements and its impact on the 2025/26 budget setting and beyond.
- We have assessed the Authority's approach to return to a compliant approach on MRP.

Significant Value for Money Risk - Governance

Our findings

Findings

- The Local Authorities (Capital Finance and Accounting) England Regulations 2003 were made under section 21(1) of the 2003 Act. Regulation 27(1) places a duty on local authorities to charge a minimum revenue provision for the financial year to a revenue account. Regulation 28(1) requires local authorities to determine an amount of minimum review provision which it considered to be prudent.
- Statutory Guidance on Minimum Revenue Provision made under section 21(1A) of the 2003 Act requires a local authority to prepare a statement of its policy on for making MRP for approval before the start of every financial year and states that statement should describe how it is proposed to discharge the duty to make MRP during that year. The statutory guidance further provides for methods of making prudent provision and allows local authorities to depart from those recognised methods should it decide that it is more appropriate to do, subject to conditions.
- On review of the published 2024/25 OPCC Treasury Management Strategy, it was identified by the MCA that although historical capital expenditure had been identified, the OPCC loans capital financing requirement did not get repaid between 2019/20 to 2023/24. This resulted in a difference of £65.2m between the total planned MRP of £146m and the required prudent MRP to match the future Capital Financing Requirements of £211.2m.
- In response to this omission, the Authority held briefings between the Chief Constable and Mayor and made briefings to Audit Committee Chairs, Audit Committee Members, Government Departments and External Auditors. A Section 114 Notice was jointly issued by the Authority's Section 73 Officer and Monitoring Officer to the Mayor. The Mayor commissioned an independent review of the issue (being undertaken by CIPFA) and commissioned an independent assessment of the MRP policy and calculated (completed by Link (MUFG) Group). The Authority initiated discussions with the Home Office around funding and a capitalisation direction to help alleviate the pressure caused by this omission.
- We have reviewed the Link (MUFG) Group report and agree with the conclusions presented in the report which supports the initial findings and identified that the remaining gap related to unfunded capital expenditure from 2019/20. The report from CIPFA is still outstanding at the time of this Auditor's Annual Report.
- Work has been ongoing with Police and Reform colleagues and the Home Office to manage the budget impact since the issuance of the Section 114 notice. This culminated in a report to the Home Office on 14 November 2024 presenting several scenarios to set out the impact of mitigations requested by the Authority. Weekly meetings continued with the Home Office Finance Team leading to a formal response indicating support for the majority of asks on 7 March 2025 which included commitment of new funding, release of annual Police Grant in full each April and the agreement for the Authority to repay the pension abatement liabilities over an extended period. However, a finalised capitalisation direction letter for legacy payments has not been issued by the Home Office yet, although it is expected by 1 December 2025.
- Alongside seeking government support, the MCA's Police and Reform has initiated a budget recovery plan to review existing capital programme commitments and deliver revenue savings to meet the increased budget gap. As part of this, the Authority has engaged with South Yorkshire Pension Fund to explore options to reduce employer pension contributions in light of an improved fund position. This is likely to generate significant ongoing savings from 2026/27.

Significant Value for Money Risk - Governance

Our findings

- Due to the extended 23/24 year end the £65m was increased to £66m to account for capital expenditure between 1st April and 6th May. One of the mitigations was to spread the impact of the MRP omissions over 25 years. This is the working assumption for all assets with an asset life below 25 years (those with longer asset lives are being profiled over the relevant period on an asset-by-asset basis). The MRP repayment has been delayed until 2025/26 to support the overall reserves position of the Police Fund. Legacy costs and pension abatement costs have been capitalised with MRP repayments over 20 years from 2025/26. This included capitalising £5.4m of abatement costs associated with 2023/24. The 2025/26 budget and Medium-Term Reserves Statement (MTRS) factored these assumptions in with a fully compliant approach for new capital expenditure from 2024/25.
- It is the Authority's intention to move to a compliant approach on MRP. However, to fully provide for the omission of MRP and increased charges for 2024/25 (onwards) capital expenditure in line with the guidance would not be sustainable without a significant impact on the front-line policing service. The Authority has presented proposals to mitigate the impact of the £65m MRP omissions. This further proposal looks to address 2024/25 (onwards) capital expenditure and associated MRP which presents a further significant challenge to the MTRS. The Authority is aiming to move towards full compliance with the MRP guidance over the next 5 years. Whilst the resolution to this issue is not technically correct from an accounting standards perspective, it is not deemed to be qualitatively material.
- This "glidepath" to compliance would increase the asset lives used for short life assets to calculate MRP for capital expenditure in years 2024/25, 2025/26, 2026/27, 2027/28 and 2028/29. The Authority would expect that by the time they calculate the MRP for 2029/30 capital expenditure, it would be using actual asset lives and be fully compliant with the MRP guidance.
- To forecast the impact, the Authority increased the asset lives of short life assets (those with a 10-year life and under) by 5 years (2024/25), 4 years (2025/26), 3 years (2026/27) and so on until 2029/30 (no adjustments to actual asset lives). This approach would reduce the cost in the immediate term and allow for sufficient time to move to a sustainable MTRS. It would also be a significant step towards closer compliance with the MRP guidance that MRP should be charged over a period based on an asset's useful life rather than the 50 years used by the OPCC in prior years.

Conclusion

There is a mandatory requirement that a significant VFM risk is identified if a Section 114 notice has been issued. We have therefore, identified a significant risk in relation to this issue.

However, we note that the Authority issued a Section 114 notice as a result of the failure of the OPCC to comply with statutory minimum revenue provision guidance giving rise to a deficiency in the Police Fund revenue budget. We also note that the Authority had no responsibility nor authority to challenge existing practices of the OPCC statutory entity before transfer and its subsequent implementation of governance arrangements in reaction to the identification of this, including the timely engagement of external advisors to quantify the extent of this omission and open communication with Central Government to seek a resolution to address this error.

Based on the findings above we have not identified any significant weaknesses in relation to the historical non-compliance with Minimum Revenue Provision requirements.

Improving economy, efficiency and effectiveness

How the SYMCA P&R and the Force 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 SYMCA P&R and the Force evaluates the services it provides to assess performance and identify areas for improvement;
- how the SYMCA P&R and the Force 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 SYMCA P&R and the Force commissions or procures services, how it assesses whether it is realising the expected benefits.

Identification of cost savings and areas of improvement

- Management monitors cost performance via the budget monitoring process outlined within the financial sustainability section above in which explanations are obtained for year-on-year movements as well as variances between budget and actuals.
- SYMCA P&R has paused the benchmarking process in 24/25 due to other priorities and factors such as staffing vacancies and implementation of the Oracle Cloud system which has reduced the capacity for the Police to effectively benchmark against other bodies. However, in a usual year, benchmarking is considered as part of the Priority Based Budgeting process which analyses the costs and benefits. SYMCA P&R also contributes to a range of national policing benchmarking information to enable areas of high costs to be examined. Appropriate data used for benchmarking is gathered on a national policing basis via National Police Chiefs' Council or VFM Profile statistics via CIPFA.
- The SYMCA P&R and the Force has considered the impact of cost-of-living pressures, including price inflation on cost drivers such as energy costs, pay awards and vacancy factors within the budget, and variances continue to be monitored during the year.

Non-financial performance monitoring

- For non-financial performance, the SYMCA P&R and the Force has a Plan on a Page and Performance Management Framework from which performance is reviewed. Governance includes a monthly Force Performance Day and assurance within Quarterly Performance Reviews within business areas. The SYMCA P&R and the Force also supports delivery against the SYMCA Police and Crime Plan, for which performance is monitored, scrutinised and challenged. SYMCA colleagues attend SYMCA P&R internal performance meetings to further support assurance for the Mayor. Nationally there is a performance framework and the HMICFRS PEEL inspection process which reviews each force’s delivery in supporting their graded judgements.
- Although current data is not available, the SYMCA P&R and the Force is aware as a Department, that in 2025/26 there will be an increase in both complaints and allegations due to the discovery of a previous mis-recording of data on Centurion. This does not represent a spike in behaviour attracting complaints but reflects accurate recording processes.

Improving economy, efficiency and effectiveness

How the SYMCA P&R and the Force 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 SYMCA P&R and the Force evaluates the services it provides to assess performance and identify areas for improvement;
- how the SYMCA P&R and the Force 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 SYMCA P&R and the Force commissions or procures services, how it assesses whether it is realising the expected benefits.

- To ensure that the listing of complaints is complete and accurate, the Independent Office for Police Conduct (IOPC) recording standards are fully adhered to, the correct Home Office and national factors are selected and Quality and Assurance checked by the Professional Standards Department Admin Manager. The governance and monitoring of these figures is captured on the Centurion case management system.
- The SYMCA P&R and the Force is fully compliant with all escalations which is managed by the Appropriate Authority who triages all new cases and establishes if the criteria is met for a statutory referral, but the complaints has not been raised to the IOPC. The SYMCA P&R and the Force also voluntarily refers if the Appropriate Authority feels that it is an appropriate escalation. This can relate to matters involving public confidence.
- Where a compliant is considered significant and escalated to the IOPC, to reduce the risk of re-occurrence, the SYMCA P&R and the Force engages in the EVOLVE process to ensure lessons learned are captured and actioned. This function is managed by a dedicated Complaints Review and Liaison Officer within Professional Standards Department who consults with all partners to ensure learning is captured and developed via the EVOLVE process.
- In terms of responding to PEEL inspections and the subsequent Areas for Improvement (AFIs), these are monitored via an internal HMIC Tracker. This tracker is owned by the HMIC Lead. Each action is chased quarterly for updates and accountability held at relevant Assistant Chief Constable chaired boards and Quarterly Performance Reviews.
- Each AFI is assigned an action owner, who in turns provides updates and evidence for their recommendations, AFIs and/or Causes of Concern. Each action is risk assessed by the owner and where nearing completion, will be quality assessed by a member of the Shared Data Unit team and approved by the Head of Performance and Governance.
- Where new actions come in, they are raised immediately at a follow-up meeting with SCT to generate initial oversight and continue through relevant channels to work on progression. From an external point of view, these actions are also stored on the Monitoring Portal which is a HMICFRS based platform. The Force Liaison Lead and HMIC Officers monitor this platform and link in with the force monthly to report back on any updates and queries. They also support forces to ensure all objectives are met or where clarity is required around updates to support closure. There are various levels attached to these recommendations/AFIs, predominantly level 2 which are self-certification and Level 3 which require HMICFRS sign-off. Naturally, those from PEEL inspections are recorded at Level 3.

Improving economy, efficiency and effectiveness

How the SYMCA P&R and the Force 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 SYMCA P&R and the Force evaluates the services it provides to assess performance and identify areas for improvement;
- how the SYMCA P&R and the Force 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 SYMCA P&R and the Force commissions or procures services, how it assesses whether it is realising the expected benefits.

- When it comes to closure, this involves preparing a sign-off letter agreed by the Chief Constable and uploaded to the monitoring portal for HMICFRS to review. HMIC will close actions when they agree with completion but for those recommendations or AFIs at Level 3, this would either be via fieldwork or at the next inspection.

Monitoring of outsourced services

- The SYMCA P&R and the Force collaborates with other Forces for services such as IT provision and Uniform supply. However, there are no issues with these collaborations, so the SYMCA P&R and the Force does not have any outsourced services which have had significant financial loss or failures.

Partnership workings

- Following the integration of the PCC into SYMCA, the distribution of responsibilities between the PCC and CC has been updated and documented in the SYMCA Constitution. The Authority owns all the assets used by both the Mayor (in connection with PCC functions) and the Force and all contracts will be entered into in the name of the Authority.
- In 24/25, RSM UK Risk Assurance Services LLP (internal audit) conducted an audit to assess the governance framework and associated controls around the integration between the MCA and the Office of the Police and Crime Commissioner. The primary objective was to ensure that the Joint Corporate Governance Framework (JCGF), which governs the relationships and delegated authorities between the SYMCA and the Chief Constable of South Yorkshire Police, is being adhered to effectively. The audit reviewed the policies and processes around key decision making, delegation of authorities, financial management, contract approval and alignment to established governance structures. The audit concluded that there was substantial assurance that the controls relied upon to manage this risk are suitably designed, consistently applied and effective.
- The Mayor has responsibility for the financial administration of PCC functions, and for ensuring the financial probity of the Force. The Authority is the recipient of funding, including the government grant and precept, and other sources of income, relating to policing and crime reduction. By law, all funding for the Force must come via this route. The Police and Crime Panel is a check and balance on the Mayor in exercising PCC functions through reviewing or scrutinising their decisions, but not those of the Chief Constable.

Improving economy, efficiency and effectiveness

How the SYMCA P&R and the Force 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 SYMCA P&R and the Force evaluates the services it provides to assess performance and identify areas for improvement;
- how the SYMCA P&R and the Force 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 SYMCA P&R and the Force commissions or procures services, how it assesses whether it is realising the expected benefits.

- The Chief Constable is responsible for maintaining the King's Peace, for the direction and control of the Force and for the delivery of operational policing services. The Chief Constable holds office under the Crown and is appointed by the Mayor. As a separate corporation sole, the Chief Constable may operate independently in specific areas. The Chief Constable is accountable in law for the exercise of police powers, and to the Mayor for delivery of efficient and effective policing, management of resources and expenditure by the Force. At all times, the Chief Constable, and his/her police officers and staff remain operationally independent of the Mayor and the Authority in the service of the communities they serve. The Chief Constable has legal responsibility for all employment matters relating to police officers and police staff.
- The Authority (acting by the Mayor for PCC functions) and the Chief Constable reviews its corporate governance arrangements on an annual basis against the principles of the Chartered Institute of Public Finance and Accountancy (CIPFA) / Society of Local Authority Chief Executives (SOLACE) Framework Delivering Good Governance in Local Government 2016.
- There are also other partnerships and collaboration governance arrangements, namely the Shared Services for IT and Legal Services with Humberside Police and Shared Services for Procurement (up to 30 June 2024) and Forensics across the four Yorkshire and Humber Forces, South Yorkshire Police & Fire Collaboration Board, Chief Constables' Operating Board, Community Safety Partnerships and Safeguarding Boards.

Conclusion

Based on our procedures performed we have not identified a significant risk associated with improving economy, efficiency and effectiveness.

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