

# CHIEF CONSTABLE OF HUMBERSIDE POLICE ANNUAL GOVERNANCE STATEMENT 2018/19

This Annual Governance Statement (AGS) covers the governance arrangements in place during 2018/19 and incorporates information on plans for 2019/20 and later years in terms of both the Police and Crime Plan and financial projections set out in the Medium Term Resource Strategy (MTRS). The Chief Constable (CC) was seconded to the Cleveland Constabulary for a period of three months from 28 January 2019 during which time the Deputy Chief Constable acted as Temporary Chief Constable with the Assistant Chief Constable acting up as Temporary Deputy Chief Constable. The Chief Constable returned on 28/04/2019 when the interim arrangements put in place ceased.

<b>1</b>	<b>SCOPE OF RESPONSIBILITY</b>
<p>The responsibilities of the CC are set out in legislation and guidance. The CC is responsible for ensuring that Force business is conducted in accordance with the law and proper standards and that the use of public money is safeguarded and properly accounted for. The CC has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which Force functions are exercised, having regard to a combination of economy, efficiency and effectiveness.</p> <p>In discharging this overall responsibility, the CC, working with the PCC, is responsible for putting in place proper arrangements for the governance of the affairs of the Force and facilitating the exercise of functions including arrangements for ensuring that there is a sound system of internal control and for the management of risk. The CC fully recognises that reliance is placed by the PCC on him to support the governance and risk management processes that enable the PCC to fulfil his responsibilities. The PCC, as a separate corporation sole, has provided an AGS in connection with his and his office's activities. This AGS and the one produced by the PCC will be published alongside the financial statements for the year.</p> <p>A Code of Corporate Governance has been approved and adopted. The arrangements are consistent with the principles of CIPFA/SOLACE Guidance: Delivering Good Governance in Local Government. A copy of the latest version of the Guidance for Policing Bodies in England and Wales is available on the CIPFA website at <a href="http://www.cipfa.org">www.cipfa.org</a>. This Statement explains how these principles have been complied with and meet the requirements of Regulation 6 of the Accounts and Audit Regulations 2015 in respect of the need to conduct a review of the effectiveness of the system of internal control and the preparation and approval of an AGS. The AGS will be published alongside the Statement of Accounts.</p>	
<b>2</b>	<b>THE PURPOSE OF THE GOVERNANCE FRAMEWORK</b>
<p>Governance comprises the arrangements introduced to ensure that the intended outcomes for stakeholders are defined and achieved. To achieve good governance in the public sector, governing bodies and individuals working for them must try to deliver the objectives of the organisation, while acting in the public interest at all times. Acting in this way implies primary consideration of the benefits to society, which should result in positive outcomes for service users and other stakeholders. Governance is about how decisions are made, focusing on matters such as understanding and clarity of aims, the integrity, fairness and transparency of decisions made by individuals and teams and the effectiveness of controls and accountability mechanisms.</p> <p>The governance framework is comprised of the systems and processes, culture and values by which the Force's affairs have been directed and controlled and the activities through which the responsibilities of the CC have been discharged and through which the Police Service accounts to and engages with the community. It enables both the CC and the PCC to monitor the achievement of shared strategic objectives and to consider whether those objectives have led to the delivery of appropriate cost effective services, including achieving value for money.</p>	

The system of internal control is a significant part of the framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives; it can only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the Chief Constable's and the PCC's policies, aims and objectives. It is also designed to evaluate the likelihood of those risks being realised as well as seeking to manage them effectively, efficiently and economically.

The governance arrangements have been in place throughout the financial year to 31 March 2019 and up to the date of approval of the Statement of Accounts.

### **3 THE GOVERNANCE FRAMEWORK**

The corporate governance framework within which the two corporations sole govern, both jointly and separately consist of:

- A Statement of Corporate Governance setting out the statutory framework and local policy,
- A Code of Corporate Governance describing how the good governance core principles will be implemented,
- A Scheme of Corporate Governance defining the parameters within which the corporations sole will conduct their business,
- Separate policies and procedures for each corporation sole, with protocols where they operate jointly

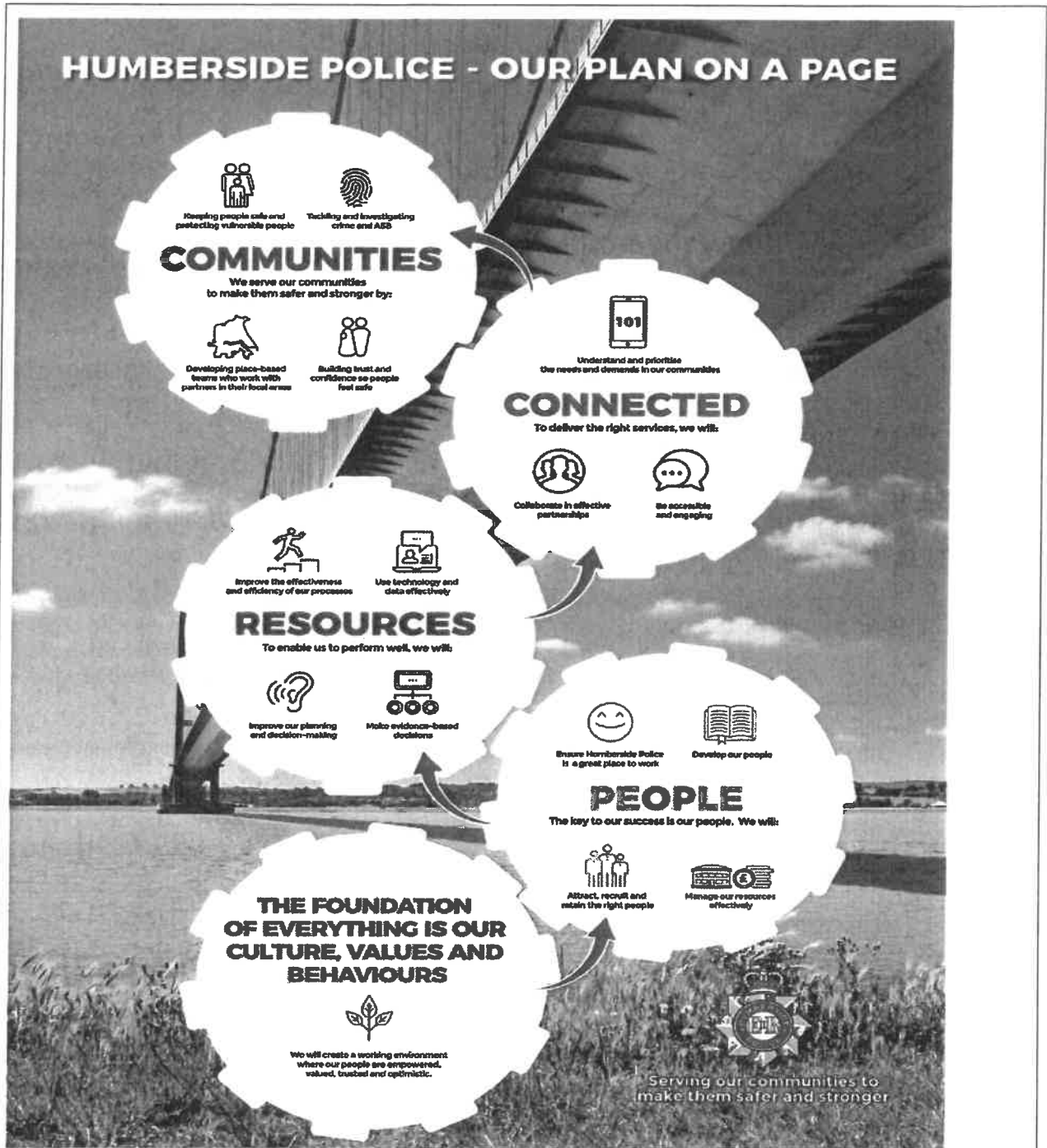
The information below illustrates how the principles of good governance have been reflected in the arrangements in place and provide evidence to demonstrate how these have been complied with throughout the financial year.

These principles are:

- A. Behaving with integrity, demonstrating strong commitment to ethical values and respecting the rule of law
- B. Ensuring openness and comprehensive stakeholder engagement
- C. Defining outcomes in terms of sustainable economic, social and environmental benefits
- D. Determining the interventions necessary to optimise the achievement of the intended outcomes
- E. Developing the entity's capacity, including the capability of its leadership and the individuals within it
- F. Managing risks and performance through robust internal control and strong public financial management
- G. Implementing good practices in transparency, reporting and audit to deliver effective accountability

The CC, has been in post throughout the financial year but was seconded to Cleveland Police between 28/01/2019 and 28/04/2019 during which time acting up arrangements were in place.

The CC's Plan on a Page developed in the previous year continued to be implemented in 2018/19.



**A. Behaving with integrity, demonstrating strong commitment to ethical values and respecting the rule of law.**

The main statutory framework within which the corporations sole have and will continue to operate i.e.

- Police Reform and Social Responsibility Act 2011 (PRSRA),
- Policing Protocol Order 2011,
- Financial Management Code of Practice,
- Strategic Policing Requirement.

The Force has adopted the Code of Ethics and the PCC supported the ethical framework developed by the Association of Police and Crime Commissioners (APCC).

Work has continued to foster and maintain good relationships with the Independent Office for Police Conduct (IOPC).

The CC and Force Chief Officers have briefed the PCC on key and emerging issues with Professional Standards. Building on the work undertaken by the Diversity Panel, operating within the OPCC, an Ethics Panel has been established and arrangements are in place to scrutinise use of force, equality and diversity and matters such as stop and search. A Domestic Abuse Panel is also now in place. The Independent Custody Visiting Scheme operated by the OPCC has continued and an appropriate adult scheme has been established with the Hull University Social Services Organisation (HUSSO) to support vulnerable adults in custody.

The Joint Independent Audit Committee (JIAC) met on five occasions during the financial year.

The Governance arrangements in place are in line with the Policing Protocol 2011, which requires all parties to abide by the seven Nolan Principles.

These arrangements are central to the conduct and behaviour of all. The Protocol highlights the expectation that the relationships between all parties will be based upon the principles of goodwill, professionalism, openness and trust.

The Financial Management Code of Practice, which was updated in July 2018, requires the PCC and CC to ensure that the good governance principles are embedded within the way the organisations operate with core values detailed in corporate and strategic plans. The changes are in response to the governance arrangements where PCCs have taken responsibility for fire and rescue services in their areas.

The Police and Crime Panel's (PCP) statutory duties include the responsibility to handle complaints against the PCC and the PCC deals with complaints against the CC.

Arrangements were in place during the course of the financial year for all of the senior officers of the Force to register interests. The register of interests and the register of gifts and hospitality are available on the Force website and are updated regularly.

The Anti-Fraud and Corruption Strategy and the Fraud Response Plan remained in place throughout the year and are incorporated within the Financial Regulations. These set out details of whistle blowing arrangements and are supported by a protocol in respect of the activities of the Professional Standards Department which links its work with the responsibilities of the Chief Finance Officer and the Head of Audit from the OPCC in West Yorkshire (who provide the Internal Audit Service for the PCC and the Force). A fraud risk assessment is carried out annually with results reported to the JIAC.

#### **B. Ensuring openness and comprehensive stakeholder engagement.**

The Policing Protocol Order makes it clear that the PCC is accountable to local people and can draw on the electoral mandate to set and shape the strategic objectives for the Force area in consultation with the CC.

The PCC has continued to collaborate with the four Community Safety Partnerships (CSPs) and with the local authorities in the Force area, Criminal Justice agencies and other partners from all sectors to achieve alignment of resources and effort to improve the safety of individuals and communities whilst supporting delivery of partners' broader objectives.

In developing his Police and Crime Plan, the PCC had extensive discussions with partners and key stakeholders to identify priorities. The Plan, which was published in March 2017, placed emphasis on the contributions that partners can make to assist in delivering the desired outcomes.

Clear channels of communication are in place so that stakeholders and local people can become engaged with the PCC and the CC, to ensure they are part of the decision making, accountability and future direction setting. This has been extended with the successful development of MyCommunity Alert, Humber Talking and increasing use of social media. The OPCC has engaged the Police Foundation to seek to better understand the public's expectations of and priorities for modern policing.

Work has continued to encourage access to information on local activity as well as promoting access to information via links to Home Office, Her Majesty's Inspectorate of Constabulary, Fire and Rescue Services (HMICFRS) and other information sources through the Police and PCC websites.

### **C. Defining outcomes in terms of sustainable economic, social and environmental benefits.**

The Police and Crime Plan 2017-2021 was published in March 2017. The Plan is outcome based and there are three key aims (outcomes):

- To deliver increasingly self-sustaining and safe communities in the Humber area;
- To build public confidence in the agencies involved in creating safer communities; and
- To provide services to victims and the most vulnerable that meet their needs

Delivery planning and assurance arrangements have continued to be developed and the Plan on a Page referred to above has become embedded.

The resources to deliver the Police and Crime Plan have continued to be modelled using the MTRS so that budget and spending decisions are set in the context of the medium term (5 year time horizon) and investment in priority areas and savings can be achieved in a measured and managed way.

The process for reviewing and updating policing objectives is integrated within the overall planning cycle, based on the PCC's Police and Crime Plan, which sets out details of the PCC's priorities. Central to this is a robust financial planning and budgetary control procedure, which reflects the Force's commitment to devolved financial management and is underpinned by a comprehensive MTRS.

In working to the Commissioner's priorities, the Force uses a Performance Framework supported by well-established performance management processes to hold Commanders and Heads of Department to account for the delivery of an efficient and effective service.

Performance is being monitored through Force Governance processes and programme of assurance meetings. Reports on performance were submitted to the Corporate Governance Group (CGG) regularly and the PCC has had individual one to one briefings on key issues, as and when necessary. With effect from January 2019, the CGG was re-designated as the Accountability Board and assurance meetings have been placed on a more formal footing. This Board provides a formal bi-monthly between the PCC and the CC to ensure proper governance of the Force and the OPCC through open constructive debate on their respective statutory duties and the efficiency and effectiveness of the Force.

For 2018/19, the PCC recommended an increase in the precept for a Band D property of £11.99, a 6.40% rise. This recommendation was supported by the Medium Term Resource Strategy (MTRS) for 2018/19 to 2022/23 detailing the resources available to support the delivery of the PCC's Police and Crime Plan and sought to ensure that the decision in the context of medium term financial and staffing projections.

The MTRS reflected the Police Grant Settlement for 2018/19 and information on the Government's assumptions in relation to precept increases. The settlement confirmed that all PCCs would receive the same amount of General Grant as they had in 2017/18. However, after a number of years when the maximum increase in a Band D precept for most PCCs, including the PCC for Humberside, was 2%, without requiring a referendum, Ministers announced that all PCCs could increase their precepts by up to £12.

There would be a proviso however that this arrangement would be subject to significant progress being made towards achieving efficiency and productivity targets and that there would be greater transparency in relation to reserves. The Government indicated that in its forecasts it had been assumed that all PCCs would increase the amount that they could raise from the Council Tax by the maximum amount possible without requiring a referendum.

The budget proposals included a commitment to the enhanced support for community safety initiatives. This together with the cost associated with the full year costs of the restructuring of the OPCC in order to provide additional resources for community engagement and provided for funding for victims' services, utilising the grant from the MoJ.

Although there was a lack of clarity over the conditions as associated with the guidance on funding in 2019/20, like most PCCs, the PCC for Humberside assumed a £12 increase in precept for a Band D property in 2019/20, together with the same level of Government Grant. In the absence of any information on the referendum principles beyond that, 2% increases were assumed for later years.

In response to the Home Office requirements for more transparency over reserves held by PCCs, Humberside's Reserves Strategy, setting out details of the reserves held and their intended use was updated and approved.

The draft unaudited financial statements were completed and signed off by 31 May 2019 in line with requirements. They were subsequently reported to the JIAC on 7 June 2019. The accounts, including Mazars' audit opinion and value for money conclusion were considered by the Committee on 29 July 2019 prior to final approval and sign off by the 31 July deadline.

The CC has responded to issues raised in correspondence and from day to day contact with the public. Senior officers across the Force track progress on responses when dealing with complaints and concerns raised by local people, where there were allegations of organisational or individual failures. The CC deals with issues raised by the public with the PCC on operational policing matters together with internal complaints, grievances etc.

Procedures are in place to ensure that FOI requests are dealt with in a timely manner and to ensure compliance with the Government's deadlines. The Force's responses to FOI requests have continued to be monitored by the OPCC.

Regional working has continued to be overseen by the Regional Collaboration Board involving all of the PCCs and Chief Constables in the Yorkshire and the Humber Region, with services being delivered on a lead force basis. This collaboration has been extended with closer working with the other PCCs and Force from Cleveland, Durham and Northumbria under the auspices of the North East Transformation, Innovation and Collaboration (NETIC) with the work of the Regional Collaboration Board now being subsumed into the North East Collaboration Board (NECB) involving all of the PCCs and Chief Constables from the seven force areas. Its aim is to seek out opportunities for collaboration on issues such as intelligence, firearms, cybercrime, IT and data convergence and links with national initiatives.

The close working relationships with the South Yorkshire PCC and with South Yorkshire Police have continued governed by the Joint Collaboration Board. The single IT platform has been maintained with continued development of joint multi-functional systems such as the crime recording, CONNECT, and contact management, SMARTContact as well as the shared Enterprise Resource Planning (ERP) platform. Back office functions in relation to Information Technology, Human Resources and Legal Services continued to operate on a shared basis throughout 2018/19.

However, it has been agreed that the shared Human Resources function will be disaggregated in 2019/20 and implementation plans are well advanced. The implementation of these plans is being overseen by the Assistant Chief Officer (Resources), whose substantive appointment was confirmed on 28 May 2018, and the Head of Human Resources appointed in 2017/18 and her counterpart in South Yorkshire.

Collaboration with the Humberside Fire and Rescue Service and the Humberside Fire Authority has been evident and the PCC is a non-voting member of the Authority. Fully integrated Fleet and Estates Management functions with the Humberside Fire and Rescue Service are now established with the latter overseen by a Joint Estates Programme Board. Careful consideration is now being given to further joint working on the provision of other services such as Health and Safety.

The arrangements implemented in 2017/18 with the Deputy Chief Executive and Treasurer undertaking the s151 role for the CC have continued throughout 2018/19.

**D. Determining the interventions necessary to optimise the achievement of the intended outcomes.**

The CC reviewed the Force ambition last year and developed the Plan on a Page as detailed above.

The PCC and the CC have continued to jointly maintain a MTRS. As part of the formulation of the MTRS for 2018/19 to 2022/23, the PCC took advantage of the ability to utilise the flexibility afforded by the Government's decision to allow an increase in precept of up to £12. It was assumed in the MTRS at that time that similar arrangements will apply in 2019/20, allowing the number of police officers to be increased further to between 1900 and 1925. Increased emphasis continued to be placed on Workforce Planning to manage the process underpinned by the development of the CC's target operating model. This has been supported by extensive demand analysis and work to assess skills and abilities.

The Strategic Change Board (SCB) is responsible for implementing strategic change and has representation from the OPCC.

The MTRS is based on the workforce plan and target operating model with recruitment overseen by a recently established Resource Management Group, chaired by the Assistant Chief Officer (Resources). This aims to ensure that the required staff reductions are achieved and there is robust oversight of recruitment activity.

Work has also been undertaken to improve the arrangements for recognising and delivering savings. The Force has reviewed the savings programme requirements in the MTRS and a Corporate Efficiency Review and Continuous Improvement Programme has been developed. This will be a key driver in delivering the savings required. There has also been a strong focus on procedures for delivering business benefits of investment decisions.

An HMIC Governance Group has been established. This has met throughout the year to maintain focus on all of the elements of the Integrated PEEL Assessment process, to monitor HMICFRS activity in general and to receive reports on progress in completing the Force Management Statement. The Group has representation from Internal Audit and the OPCC, and monitors implementation of recommendations on improvement from all sources. JIAC members have also been engaged in the activities of this Group with members attending in rotation.

Regular reviews of the Force and OPCC Risk Registers have been undertaken and during the year this has informed the agendas for CGG together with revised assurance procedures. Risk will continue to be an issue considered at the Accountability Board.

The Force is currently completing a review of the Corporate Development Branch to strengthen planning, development, organisational change/continuous improvement and demand management arrangements.

**E. Developing the entity's capacity, including the capability of the leadership and the individuals within it.**

The Scheme of Corporate Governance, which incorporates the Financial Regulations, Standing Orders and Scheme of Delegation, defines the roles of the statutory officers and Chief Officers. They are currently under review.

The Police Reform and Social Responsibility Act clearly sets out the functions of a Police and Crime Commissioner and Chief Constable. The Policing Protocol Order 2011 sets out how these functions are undertaken to achieve the outcomes of the Police and Crime Plan.

The Chief Constable is required to have a Chief Finance Officer, the S151 Officer. The Deputy Chief Executive and Treasurer has carried out the role in 2018/19, working with the Assistant Chief Officer (Resources) pending a permanent appointment.

The agreed corporate governance arrangements in place throughout the year set out details of the roles of the statutory officers, including those for the Chief Finance Officers, and reflect the arrangements detailed in the Financial Management Code of Practice which was updated in July 2018.

The Scheme of Corporate Governance highlights the parameters for key roles in each of the corporations sole including delegations or consents from the CC and PCC, Financial Regulations and Contract Standing Orders. The established arrangements for the submission of information and supporting materials for decisions and a recording system for decisions has remained in place throughout 2018/19.

There has historically been a shared Corporate Support Team (CST) between the OPCC and the Force. In the spirit of strengthening the ability of the OPCC to hold the Force to account, this team has been disbanded with the Finance Team, the last element of the CST, transferred back to the employment of the Chief Constable with effect from 1 April 2019.

Officers and police staff are required to operate within:

- Force policy and procedures,
- the Corporate Governance Framework,
- Discipline Regulations and
- All relevant professional codes of conduct.

Collaboration with other Forces/PCCs on a regional, sub-regional and seven force basis has continued addressing capacity and capability in relation to operational issues and also in respect of key functions. The collaboration with South Yorkshire is discussed in more detail above, as is the work of NETIC and the NECB.

The seven independent members of the Humberside Fire Authority's Governance, Audit and Scrutiny Committee continued to act in their individual capacities as the JIAC for the PCC and the CC throughout 2018/19. The Committee met on five occasions during the financial year.

The activities of the Diversity Panel, Independent Custody Visiting Scheme and the new Appropriate Adult Scheme organised by the OPCC are set out above.



## **F. Managing risks and performance through robust internal control and strong public financial management.**

The corporate governance arrangements include the following:

- A decision making protocol setting out the principles behind how decisions are taken and the standards to be adopted.
- Planned activities to bring together the business planning cycles of the OPCC and the Force with the aim of ensuring proper governance and that the right information is available at the right time to make timely and informed decisions e.g. needs assessments, costs, and budgets.
- Applying the national decision-making model to spontaneous incidents or planned operations, by officers or staff within the Force as individuals or teams in both operational and non-operational situations.
- Parameters for decision making, including the delegations, consents, financial limits for specific matters and standing orders for contracts.
- Risk management arrangements throughout the various elements of corporate governance of the corporations' sole, whether operating solely or jointly.
- Communication and engagement protocols which demonstrate how the CC and the PCC will ensure that local people are involved in decision making.

Within the terms of the policy framework agreed by the PCC, financial management within the Force has been delegated as far as possible to the CC.

The statutory duties of the Deputy Chief Executive and Treasurer, the PCC's Chief Finance Officer acting in his capacity as s151 officer for the PCC and the CC include having overall responsibility for the financial administration and he is the professional adviser to the PCC on financial matters. He has worked closely with the Assistant Chief Officer (Resources) and senior Finance staff in discharging the responsibilities for the CC.

The Deputy Chief Executive and Treasurer has had the responsibility for interpreting the Financial Regulations and ensuring that the operation of services were efficient and effective.

The internal audit function has continued to be provided by the team from the West Yorkshire OPCC. The arrangements comply with Public Sector Internal Audit Standards (PSIAS) and guidance on the Role of the Head of Internal Audit.

The Force and the OPCC have separate risk registers maintained by the Force's Risk Manager and Policy Officer. Risk management is embedded within the Force. Risk issues are considered at each meeting of the CGG/Accountability Board on an exception basis and an update on the risks currently being managed has been considered at each meeting of the JIAC.

The principles outlined in the CIPFA Statement on the Role of Chief Financial Officer have been complied with. The statement is still in the process of being updated. Roles within the Force and the OPCC will be reviewed when this is issued.

As indicated above for 2018/19 the PCC approved an increase in precept for 2018/19 of £11.99 for a Band D property taking the cost to £199.32 p.a. This maximised the flexibility afforded by the Government which allowed for and assumed increases of £12 for all PCCs. For 2019/20, after taking into account the issues raised within the MTRS 2019/20 – 2023/24 and comments from the Police and Crime Panel that supported his proposals, the PCC approved a 12.04%/£23.99 increase in precept for 2019/20. This makes the Council Tax for policing for a Band D property in the Force area £223.31 p.a.

The MTRS for 2018/19 to 2022/23 was used to support the precept recommendation for 2018/19. It was based on the information available at the time of the release of the Police Grant Settlement 2018/19.

Detailed budget monitoring reports were considered throughout the financial year at the CGG and also at the JIAC and a formal financial review was undertaken mid-way through the year.

The MTRS for 2019/20 to 2023/24 reflected information from these exercises together with information on the Police Grant Report for 2019/20 and Ministerial statements. In these statements Ministers recognised the need for the police to have the right capabilities and resources to respond to the changing nature of crime. This followed strong lobbying from PCCs and forces and close collaborative working between the Service and the Home Office.

The Minister confirmed that the Service had delivered on the conditions set out in the Settlement for 2018/19. It was on track to deliver the commercial and back office savings targets by 2020/21 and all PCCs had published their reserves strategies in line with the guidance issued by the Home Office.

It was acknowledged that demand pressures on the police had risen with major increases in the reporting of high harm crimes such as sexual exploitation and modern slavery along with growing threats from serious and organised crime and a spike in serious violence and knife crime.

Prior to the Settlement there had been considerable concerns over the impact of changes to employers' police officer pension contributions identified in the autumn that had not been anticipated in forces' existing financial plans. The Settlement took into account £153m of specific grant from Government reserves, distributed according to a methodology agreed with the Service to offset the associated cost increases. However, after taking account of Humberside's share of this and the additional general grant in the Settlement, there remains an estimated additional cost in excess of £300k in 2019/20.

The Minister also announced proposals to double the flexibility available to PCCs to enable them to increase precepts by £24 as opposed to the £12 suggested earlier and that once again the Government were assuming all PCCs would raise the maximum amount possible from Council Tax without requiring a referendum. This assumption meant that more than 50% of the total increase in funding for policing in 2019/20 would have to come from local taxes via PCCs. The Government indicated that it expected to see further efficiencies, progress in improving investigations, improved productivity and serious and organised crime being addressed.

The announcements on the support for pensions, provided the framework for formulating the budget for 2019/20, but considerable uncertainty remains over the position for future years. The Government is in the process of carrying out a Spending Review in 2019 and this will be followed by the long awaited review of the funding formula for the distribution of resources in policing. The latest possible timing for the formula review is now expected to be in the autumn of 2019 with consultation in 2019/20 and implementation in 2021/22 at the earliest. There will be little clarity therefore over the funding position in the short term and Government support for 2020/21 will not be confirmed until December 2019. The position is exacerbated the lack of certainty in relation to support for pensions in future years which will be considered as part of the Spending Review.

After taking into account the additional costs of pensions, pay awards, inflation, demand pressures, growth in officer numbers and increased capital costs the MTRS forecasts that the Force will still need to make savings of c£3.7m to balance the budget in 2019/20.

#### **G. Implementing good practices in transparency, reporting and audit to deliver effective accountability.**

Both the PCC and the CC have dedicated resources committed to Corporate Communications, both internal and external. The PCC and the CC both report at least annually with an assessment of the principles contained within the Delivering Good Governance Guidance with separate annual governance statements, including highlighting any matters of concern.

The PCC and the CC ensure that the information used to compile the financial statements is prepared in an accurate, consistent and timely manner. The annual accounts of both corporations sole are open for inspection by local electors and interested parties. The accounts for 2018/19 are subject to external audit by Mazars LLP, who provide a value for money opinion, in addition to the formal opinion on whether the accounts represent a true and fair view of the activities of the CC, PCC and the PCC Group. Mazars succeeded KPMG as external auditors to the PCC and the CC following appointments made by PSAA Ltd.

The PCC and the CC act on the recommendations from the external auditors which require corrective action.

The internal audit function is provided by the Internal Audit Team from the Office of the Police and Crime Commissioner in West Yorkshire. Internal audit staff have direct access to the PCC, Chief Executive and CC and any of their staff.

The internal audit and external audit plans are agreed and progress against implementation has been considered by the JIAC as the year progressed. This included ensuring that recommendations are implemented. Internal audit issues have also been discussed at the HMIC Governance Board.

The Force submitted its Force Management Statement (FMS) to HMICFRS in May 2018 and a second FMS is in the process of being completed.

The HMICFRS Integrated PEEL Assessment for 2018 was issued in May 2019. In this inspection, Humberside Police received an overall grading of 'Good', and "Good" across all key areas. This compares with the previous 3 years, when the Force was graded as Inadequate in 2 out of the 3 areas and assessed as inadequate / requires improvement in 5 out of the 9 areas 12 months later.

YEAR*	Q1	Q2	Q3	Q4	Q5	Q6	Q7	Q8	Q9	Q10
	EFFECTIVENESS				EFFICIENCY		LEGITIMACY			
2015	-	-	RI	-	-	I	I	-	-	-
2016	G	RI	I	G	-	RI	RI	G	G	RI
2017	G	RI	RI	G	-	RI	G	G	G	G
2018	G	G	G	G	-	G	G	G	G	G

\*Q = HMICFRS questions

The overall grade of 'Good' reflects HMICFRS's assessment of each individual area of policing, with a common thread of how forces are keeping people safe and reducing crime.

#### 4. REVIEW OF EFFECTIVENESS

There is a requirement to conduct a review of the effectiveness of the governance framework, including its system of internal control, at least annually. The review of the effectiveness is informed by the work of the statutory and senior officers within the Force and the OPCC who have the responsibility for the development and maintenance of the governance environment and the annual report of the Head of Audit (West Yorkshire OPCC) together with comments made by external auditors and other review agencies and inspectorates.

##### Humberside Police

##### The Chief Constable

The responsibilities of the CC as set out in the PRSRA and are also reflected in the Corporate Governance Framework. The CC was in post throughout 2018/19 but was temporarily seconded at the request of the PCC to Cleveland Police between 28/01/19 and 28/04/19. The DCC and ACC (Operations) acted up during this period.

##### The Chief Constable's s151 Officer

The responsibilities of the CC's s151 Officer are set out in legislation and guidance relating to the role of the Chief Finance Officer in Policing. They are also incorporated into the Corporate Governance Framework. The Deputy Chief Executive and Treasurer has continued to act as the s151 Officer for the CC until a new Force CFO appointment is made.

## **Humberside Police And Crime Commissioner**

### **The PCC**

The PCC has responsibility for ensuring that adequate governance arrangements are in place as defined in the PRSRA, Policing Protocol Order and the Financial Management Code of Practice.

### **The Chief Executive**

The Chief Executive is the Head of Paid Service and carries out the statutory role of Monitoring Officer. These responsibilities are set out in the Corporate Governance Framework.

### **The Deputy Chief Executive and Treasurer**

The Deputy Chief Executive and Treasurer is the Chief Finance Officer for the PCC with responsibilities set out in legislation and guidance. These are also reflected in the Corporate Governance Framework.

### **Corporate Governance Group**

The Corporate Governance Group included the Commissioner and the Chief Constable together with their officers with statutory responsibilities. It provided a forum to discuss key business and to hold the Chief Constable to account. It has now been re-designated as the Accountability Board.

### **Senior Officers**

Senior Officers are responsible for their actions in implementing and maintaining the system of internal control operating within the Force.

### **Internal Audit**

Internal Audit services were provided throughout 2018/19 by the Internal Audit team from the West Yorkshire OPCC under a S22A agreement.

### **Joint Independent Audit Committee (JIAC)**

Reports from the Head of Internal Audit on internal audit activity carried out in 2018/19 were considered at each meeting of the JIAC held during the financial year.

The Head of Audit has produced an annual report based on the work undertaken. This report indicates that the review of scores in respect of internal control led to an overall opinion of "reasonable assurance", demonstrating a positive direction of travel. There were caveats however in relation to financial systems and governance arrangements in connection with the shared Information Services arrangement with the South Yorkshire PCC and South Yorkshire Police.

The Head of Audit indicated that there was recent assurance about the direction of travel in relation to key financial system controls and this needs to be realised and to become embedded. Audit work to assess progress is ongoing. Significant issues had been highlighted in the payroll and finance review which were recurring themes and indicative of fundamental lack of governance and control, particularly in the payroll function. The concerns in respect of Information Systems will form part of a joint audit which will be undertaken in conjunction with the South Yorkshire Internal Audit Team in 2019/20. In addition, further work will also be undertaken in respect of the overarching issue of data quality. The concerns here fall into the widely accepted data quality characteristics of completeness, consistency, accuracy, validity and timeliness involving a range of issues and with data being housed across a multitude of operational systems and applications.

The annual report and opinion statement was considered by the JIAC at its meeting on 7 June 2019.

### **Overview and Assurance Mechanisms**

The Assistant Chief Officer (Resources) and the Deputy Chief Executive and Treasurer have provided an assessment of the development and maintenance of the governance environment and systems of internal control within the Force in the AGS produced by the Chief Constable.

### Risk Management

The Force and the OPCC maintain separate Risk Registers which are updated and reviewed regularly. These reviews inform the consideration of items for escalation and consideration at the Corporate Governance Group/ Accountability Board.

### Business Continuity

Business continuity arrangements are in place within the Force and the OPCC. Business continuity matters are overseen by a Steering Group on which the OPCC is represented.

### HMICFRS Inspections

The PCC has responded to reports and issues raised in HMICFRS inspections within the required deadlines. Future inspections will be informed by consideration of Force Management Statements. The Integrated PEEL Assessment for the Force for 2018 was published on 2 May 2019 with Humberside receiving a "Good" rating overall and "Good" ratings in all of the key areas of the inspection.

### Mazars LLP

Mazars were appointed as external auditors for 2018/19 succeeding KPMG. Their opinion for 2018/19 on the financial statements and value for money arrangements were reported to the JIAC on 28/07/19. All external audit reports are considered by the JIAC.

### KPMG

In September 2018, KPMG issued a clean audit opinion on the annual accounts for 2017/18 and gave an unqualified value for money opinion.

## **5 SIGNIFICANT GOVERNANCE ISSUES**

In the course of preparation of this Statement certain issues have been identified which merit mention. A number of issues were identified last year. Namely, finance, new technology and workforce planning. The current position on these issues is as follows:

### Issues Raised in 2017/18

#### Finance

The Grant Settlement and announcement in respect of 2018/19 provided some additional flexibility to generate additional income with an increased precept of £12 and the prospect of allowing a similar rise in 2019/20 subject to conditions being met. This was widely seen as not being sufficient to address the demands on forces. Concerns were raised about the uncertainty of funding beyond 2019/20 due to the lack of clarity over grant and precept referendum limits in later years together with the review of the funding formula continuing to be put back. In addition there were concerns over the impact of costs in relation to the ESMCP which could have led to higher levels of top slicing. It was also recognised that the Force could be exposed to higher costs in respect of forensics.

The issues raised in the Grant Settlement for 2019/20 and associated Ministerial statements meant that the certainty which the Government sought to provide on future budget assumptions was overtaken by events. This was as a result of further recognition of the continuing increasing demands on the service together with the impact of unbudgeted costs in respect of police pensions identified mid-year following announcement by the Government Actuaries Department on discount rates. In addition concerns over the inability to deliver on ECMCP continue. This has been the subject of a recent highly critical NAO report. The level of top slicing was maintained at the level originally envisaged in 2019/20 for this.

As indicated below uncertainty remains as a result of confirmation that a number of budget pressures will be considered as part of the CSR, the timing of which is still uncertain and also confirmation that the funding formula review will not now be implemented before 2021/22 at the earliest.

## New Technology

Last year concerns were expressed regarding delays in the implementation of CONNECT and SMARTContact as part of the shared IT/IS arrangements with South Yorkshire. At that stage the impact on Humberside was uncertain. As previously reported, there has been significant senior officer engagement from both Forces. CONNECT has been implemented but SMARTContact has been the subject of further delays in South Yorkshire and as a result the dates for implementation in Humberside have been deferred and are still subject of discussions with the supplier. The Head of Audit raised issues in the opinion in his annual report on the impact of historical and ongoing issues in relation to the collaborative working with South Yorkshire and has done so again this year.

## Recruitment/Workforce Planning

Issues were also raised last year in relation to the entirely new Chief Officer Team within the Force including the interim arrangements in respect of the CC's CFO position. The interim arrangement with the Deputy Chief Executive and Treasurer performing this role have continued throughout 2018/19. The Force Finance structure, including addressing s151 officer responsibilities is being reviewed. The new Chief Officer team has had a significant impact as evidenced by the 2018 PEEL assessment results. There is further evidence of this with Chief Constable's secondment to Cleveland Police and with the Deputy Chief Constable and Assistant Chief Constable (Operations) acting up in his absence.

The Force has continued to successfully implement the planned increase in police officers numbers and has developed arrangements for the introduction of the Police Entry and Qualifications Framework (PEQF) which was considered a risk last year and a preferred delivery partner has now been selected.

## Issues Raised in 2018/19

### Finance

Finance remains a key concern. The increase in the referendum limit has provided the PCC with a permanent source of income in future years and in its planning the Government is now consistently assuming that all PCCs will apply the maximum possible increase. However, there is no information at this stage on the referendum limits that will apply in future years. It is widely anticipated that increases in Council Tax so significantly above inflation are unsustainable and so it has been assumed that precept rises in future years will be no more than the level of inflation. In addition, as the public sector pay cap has been broken in recent years, pay awards could be higher than anticipated with suggestions of front loaded multiyear pay awards.

The Government found a solution to the unbudgeted pension's pressure in 2019/20 with a combination of additional grant and the increased flexibility to raise precepts but there is no confirmation of how the ongoing pension costs will be addressed. The Government has indicated that this will be considered as part of the Spending Review although the timing and duration of any review period remains uncertain and is linked to the outcome of BREXIT negotiations. Ministers have also confirmed that the review of the funding formula for the distribution of resources in policing will not now take place until after the Spending Review and that there will then be a period of consultation leaving 2021/22 as the earliest year in which any new formula could be implemented. Based on past experience this is also likely to involve a period of damping whilst full transition from the old to the new formula takes place.

Other issues could also impact on the level of funding available for PCCs in the short term such as the continuing worries over the delays in implementing plans for the replacement ESN. This has been the subject of a recent NAO report highlighting the extra costs and the impact of the delay on operational capacity and the postponement of opportunities to make savings at national and local level. The delay has also created problems in terms of the useful life of the existing equipment which should have been replaced by this time.

In formulating his MTRS the PCC assumed that the support for pensions will be baselined and that for 2020/21 onwards there will be flat cash settlements with limited opportunity to increase the precept in future years.

The risks associated with uncertainty are largely outside of the control of the PCC and Force but officers will look to mitigate the risks by ensuring that they are fully engaged whether directly or with colleagues who are involved in negotiations that are ongoing as part of the increasingly close working relationship between the Home Office and the NPCC and APCC.

At a practical level the Head of Audit has raised issues in respect of financial systems which results from a combination of difficulties in terms of the introduction of new IT systems and processes, staffing issues and succession planning. Specific reference was made to payroll following a series of errors within the exchequer function giving rise to concerns about the checks and balances operating in this area. This has now been escalated to a strategic risk. Action has been taken with an external company being brought in to work with the Force to review processes and IT functionality and to develop a manual of guidance. The Assistant Chief Officer (Resources) is holding regular review meetings with the staff. A draft report has been produced and is being actively considered together with implementation arrangements. A peer review by another force is planned. Underpinning technical solutions within the ERP and payroll are being examined. Interim measures have been introduced to deal with current staffing issues and a fundamental review of the function and its senior leadership is underway. The IT systems and data quality issues are being addressed as part of the new technology issues discussed below.

#### New Technology

New technology was highlighted as an issue last year and this also remains the case in 2018/19. The Head of Audit has also raised the issue in his annual report. Last year the concerns related to CONNECT and SMARTContact. Whilst progress has been made in respect of CONNECT, SMARTContact has still not been implemented. This is the subject of discussions with the supplier at the highest level given the impact of delays in South Yorkshire and the knock on effect on implementation plans in Humberside.

A new IT/IS Strategy is being developed and work has been ongoing to look to improve other of the shared platform such as the ERP system where there have been difficulties which in part have also created problems in respect of day to day financial systems and processes. Action plans have been developed but a potential move to cloud technology could mitigate some of the issues. This is actively being considered.

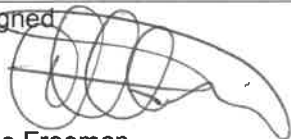
#### Action Plan

In relation to the finance issue highlighted above, officers will continue to maintain close oversight of developments regarding matters that are likely to impact on the financial resources available to the PCC and the Force in future years. Implementation of the IT/IS strategy and associated action plans will be closely monitored and scrutinised.

#### Conclusion

The CC has reviewed the above information in respect of the key governance practices in operation during the financial year together with the PCC. They are satisfied that this provides them with high level assurance that appropriate governance arrangements are in place to support them in discharging their responsibilities.

Signed



Lee Freeman

Chief Constable of Humberside Police



John Bates

Deputy Chief Executive and Treasurer

## Glossary

ACO(R)	Assistant Chief Officer (Resources)
ACO(S)	Assistant Chief Officer (Support)
AGS	Annual Governance Statement
APCC	Association of Police and Crime Commissioners
CGG	Corporate Governance Group
CC	Chief Constable
CFO	Chief Finance Officer
CoPaCC	Comparing Police and Crime Commissioners
CSP	Community Safety Partnership
CSR	Comprehensive Spending Review
CST	Corporate Support Team
ERP	Enterprise Resource Planning
ESMCP	Emergency Services Mobile Communications Programme
FLT	Force Leadership Team
HFRS	Humberside Fire and Rescue Service
HMICFRS	Her Majesty's Inspector of Constabulary, Fire and Rescue Services
HUSSO	Hull University Social Services Organisation
IOPC	Independent Office for Police Conduct
JAC	Joint Independent Audit Committee
JSOU	Joint Special Operations Uniformed
MoJ	Ministry of Justice
MTRS	Medium Term Resource Strategy
NECB	North east Collaboration Board
NETIC	North East Transformation Innovation and Collaboration
NPCC	National Police Chiefs' Council
OPCC	Office of Police and Crime Commissioner
PCC	Police and Crime Commissioner
PCP	Police and Crime Panel
PEEL	Police Efficiency Effectiveness and Legitimacy
PEQF	Police Entry and Qualifications Framework
PRSRA	Police Reform and Social Responsibility Act
PSIAS	Public Sector Internal Audit Standards
SCB	Strategic Change Board
SLG	Senior Leadership Group