

# POLICE AND CRIME COMMISSIONER FOR HUMBERSIDE ANNUAL GOVERNANCE STATEMENT 2017/18

This Annual Governance Statement (AGS) covers the governance arrangements in place during 2017/18 and incorporates information on plans for 2018/19 and later years in terms of both the Police and Crime Plan and financial projections set out in the Medium Term Resource Strategy (MTRS).

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| <b>1</b>   | <b>SCOPE OF RESPONSIBILITY</b>                 |
| <p>The responsibilities of the Police and Crime Commissioner (PCC) are set out in legislation and guidance. They include the statutory responsibility for holding the Chief Constable to account and for ensuring that business is conducted in accordance with the law and proper standards, that public money is safeguarded and properly accounted for and used economically, efficiently and effectively. The PCC has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which OPCC functions are exercised, having regard to a combination of economy, efficiency and effectiveness.</p> <p>In discharging this overall responsibility, the PCC is responsible for putting in place proper arrangements for the governance of the affairs of the Office of the Police and Crime Commissioner (OPCC) and facilitating the exercise of its functions which includes arrangements for ensuring that there is a sound system of internal control and for the management of risk. Reliance is placed on the Chief Constable to support the governance and risk management processes to enable the PCC to fulfil these responsibilities and the Chief Constable, as a separate corporation sole, has provided an AGS in connection with Force activities. This AGS and the one produced by the Chief Constable 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 the 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> or can be obtained from the Deputy Chief Executive and Treasurer. This Statement explains how the code has been complied with and met 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 annual governance statement. 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 affairs have been directed and controlled and the activities through which the Commissioner discharges his responsibilities and through which the Police Service accounts to and engages with the community. It enables the PCC to monitor the achievement of his strategic objectives and to consider whether those objectives have led to the delivery of appropriate cost effective services, including achieving value for money.</p> <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</p>  |  |

Commissioner's policies and 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 2018 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 soles 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

#### **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,
- Policing Protocol Order 2011,
- Financial Management Code of Practice for the police,
- Strategic Policing Requirement.

The PCC signed up to a Code of Conduct and the Police Staff Council (PSC) Standards of Professional behaviour have continued to apply to staff.

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 with the Force to foster and maintain good relationships with the Independent Police Complaints Commission (IPCC), now the Independent Office for Police Conduct (IOPC).

The PCC has received briefings on key and emerging issues from senior officers in relation to the oversight of Professional Standards. Work has advanced to form an Ethics Committee building on the work undertaken by the Diversity Panel operating within the OPCC. The Joint Independent Audit Committee (JIAC) appointed in 2017 has continued to meet regularly during the period covered by the AGS.

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 requires the PCC and Chief Constable 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 Police and Crime Panel's (PCP) statutory duties include the responsibility to handle complaints against the PCC. Four complaints have been reported to the PCP during the year, two were not upheld and two are not yet resolved.

Arrangements were in place during the course of the financial year for the PCC and all of the officers of the OPCC to register interests. The registers of interest and the register of gifts and hospitality are available on the PCC website and are updated monthly. Details of staff gifts and hospitality are also available on the website and are also regularly updated.

The Chief Executive has the role of Monitoring Officer with the responsibility for compliance with the relevant laws and regulations and the Treasurer has the responsibility for ensuring that expenditure is lawful.

The decision making arrangements include a standard template that requires the legal implications to be considered in all cases. The financial regulations and standing orders provide the statutory officers with access to legal and external support as required.

The Anti-Fraud and Corruption Strategy and the Fraud Response Plan have 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 Force's Anti-Corruption Unit which links its work with the responsibilities of both Chief Finance Officers and the Head of Audit from the OPCC in West Yorkshire (who provide the Internal Audit Service for the PCC and the Force). Details of a fraud risk assessment carried out during the year have been 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 Chief Constable.

The PCC has continued to develop his plans for working with the four Community Safety Partnerships (CSPs) and with the local authorities in the Force area, Criminal Justice agencies and other partners from all services 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, places greater emphasis on the contributions that partners can make to assist in delivering the desired outcomes. The arrangements for dealing with the financial contributions that the PCC makes to local community safety initiatives, have continued to be developed. The PCC and OPCC staff have been working with the CSPs that have taken control over how monies should be spent in their areas. The PCC has given a commitment to increase the support available with further phases of funding in 2018/19 and 2019/20. This is included within the MTRS.

Arrangements are evolving to ensure that clear channels of communication are in place so that stakeholders and local people can become engaged with the PCC and the Chief Constable to ensure they are part of the decision making, accountability and future direction setting.

During the year the reorganisation within the OPCC was completed with the appointment of four Community Engagement Officers. This has enabled the PCC to have a dedicated resource working with local community safety partners and directly with communities in each of the unitary authority areas.

Links with an organisation that compares OPCCs on their statutory requirements to be open and transparent, Comparing Police and Crime Commissioners (CoPaCC), have been maintained and the PCC ensured that he complied with the requirements of the Elected Policing Bodies (Specified Information) Order 2011 in relation to the Government's transparency agenda.

Work with the Force 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.

The PCCs annual report for 2016/17 was reported to the PCP on 14 September 2017 and the report for 2017/18 will be considered in due course.

### **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

The OPCC has continued throughout the year to develop its delivery planning and assurance arrangements. The Force has developed and published its individual delivery plan and a delivery plan for the OPCC was also formulated with updates submitted to the PCP.

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 departmental heads to account for the delivery of an efficient and effective service.

Performance is being monitored through a revised Force Governance process and programme of assurance meetings. Reports on performance are 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.

Following indications from Government of further significant cuts, the protection for police funding announced in November 2015 was reflected in the grant settlement 2017/18. This means that although the resources available for policing work was maintained at the same flat cash level all PCCs received a reduction in general grant as those resources were reallocated or top sliced to support national programmes and projects. Ministers' funding assumptions were based on all PCCs maximising the amount that they could raise without requiring a referendum which was once again set at 2% for the majority including the PCC for Humberside. This together with an improved tax base, revised pay budget methodology and additional use of reserves enabled a significant recruitment programme to be commenced. This programme has been extended by the PCC taking advantage of the additional flexibility to raise extra money from the precept in 2019/20.

Funding of £1.084m was received initially from the Ministry of Justice (MoJ) in 2017/18 and this together with an additional £36k received later in the year was fully utilised in providing and commissioning support for victims, including the continuation of an effective referral process, restorative justice services and the provision of independent sexual violence advisers and other support services. These arrangements will continue in 2018/19. The MoJ has allocated £1.078m in respect of the Victims' Services Grant.

The CGG involved the PCC and the Chief Constable along with statutory officers and Force Chief Officer. The CGG met regularly, allowing discussion of key business issues requiring joint decisions along with briefings on important matters.

Decisions have also been made individually by the PCC and information on those decisions has been published on the website as part of meeting the requirement of the Specified Information Order. This ensures that information is readily available to local people (except where operational or legal constraints exist). The PCC website is regularly updated and is used to obtain the views of the public on issues such as the proposed precept increase. It provides a rich source of information for the public and other interested parties.

A report on progress on completing the draft unaudited financial statements was considered by the JIAC at its meeting on 25 May 2018. The accounts, including the external audit opinion and value for money conclusion will be considered prior to final approval, and sign off by 31 July 2018.

The PCC has responded to issues raised in correspondence and from day to day contact with the public. The OPCC has used the internal Sharepoint system to track progress on responses when dealing with complaints and concerns raised by local people where there were allegations of organisational or individual failures.

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.

Regional working has continued, overseen by the Regional Collaboration Board, involving all of the four PCCs with services being delivered on a lead force basis.

Collaboration with South Yorkshire Police has continued, building on the established shared services arrangements for Human Resources, IT/IS and Legal Services and both Forces have utilised the shared Enterprise Resource Planning (ERP) system with payroll going live in Humberside in April 2017. Substantial investment has continued to be made in respect of the crime and intelligence system (CONNECT) which went live in Humberside in June 2017. CONNECT brings together the Force's crime, intelligence, custody, safeguarding and case systems into one place, making it easier and quicker for officers to input and access all the information they need to do their job. The development of the SMARTContact project has also continued but has yet to go live and will benefit from the lessons learned from the phased implementation of CONNECT.

As previously reported, the changes in PCC and CC gave rise to the previous presumption that all matters would be looked at first as potential joint issues being re-evaluated. It was agreed that existing projects would continue but new projects would only be progressed jointly if there was a clear individual benefit. There have been other significant changes within the Force's senior officer team during the year including both the Joint Head of Human Resources and the Assistant Chief Officer (Support) (ACO(S)) leaving the Force during the year. The Chief Constable implemented interim arrangements to cover these positions with a consultant being appointed as temporary ACO(R) with the Deputy Chief Executive and Treasurer undertaking the S151 role in the short term. A Head of Human Resources has been appointed. A substantive appointment to the position of ACO(R) was made on 28/05/2018.

The successful collaboration with the Humberside Fire and Rescue Service (HFRS) with the joint vehicle maintenance facility has led to further joint working opportunities. The Force's Estates Department has taken over the provision of the estates function for HFRS from 1 April 2018.

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

The Chief Constable has reviewed the Force ambition and has developed a Plan on a Page.



The PCC and the Chief Constable jointly maintain a MTRS. In developing the 2017/18 to 2021/22 MTRS a decision was taken to revise the basis for budgeting for pay, building on the developments in workforce planning. A combination of this and the investment of reserves has allowed the PCC to commit to an increase in police officer numbers when the budget for 2017/18 was set. During the year the PCC and the Chief Constable agreed to increase the pace of recruitment. The PCC supported this approach and agreed that the additional costs could be met from further use of reserves.

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. This will allow the number of police officers to be increased further to between 1900 and 1925, an increase of 279-304 officers over the 31.03.17 establishment figure of 1621.

The Workforce Planning arrangements included the development of a target operating model. This is being informed by extensive demand analysis and work to assess skills and abilities.

The Senior Leadership Group (SLG) has determined the attitude to risk and scrutinises risk registers to oversee the effectiveness of the management of risk within the Force

The Force Leadership Team (FLT) was supported by a series of functional management meetings and procedures as well as groups linked to the seven strands of success within the 2017/18 Force vision covering vulnerability, legitimacy, people, connections, problem solving, data and digital and sustainability.

The Strategic Change Board (SCB) supported the work of the SLG and had representation from the OPCC. The SCB has been responsible for implementing strategic change on behalf of the FLT. The MTRS, workforce plan and target operating model have been reviewed at the SCB meetings together with in year resource monitoring i.e. finance and staffing. In addition work has been undertaken to examine proposals for savings which will lead to the development of a detailed and risk managed Savings Plan. This work will continue and will inform any updates to the MTRS in advance of making budget proposals for 2019/20 and later years.

Regular reviews of the Force and OPCC Risk Registers have been undertaken and have informed the agendas for CGG together with revised assurance procedures. The Corporate Governance Coordination Group has met to identify and notify officers of reporting requirements for CGG meetings. Current information is reviewed and exceptions identified that need explanation or escalation for decisions. The pre-meetings are held ahead of the CGG to allow time for report preparation.

Towards the end of the financial year, the Force has moved to review and enhance its corporate development capacity and capability with a review of the Corporate Development Branch. Work is also underway to revise and streamline the Force's internal governance arrangements.

The OPCC has implemented revised assurance arrangements which sees the Commissioner receiving briefings from senior officers on their areas of work.

**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. Work is continuing to review these arrangements by the Humberside and South Yorkshire OPCCs given the need for consistent governance for joint functions, including changes to Contract Standing Orders.

The Police Reform and Social Responsibility Act (PRsRA) 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 PCC is required to have a Chief Executive and Chief Finance Officer. The Chief Executive is the head of paid service and undertakes the responsibilities of Monitoring Officer. The Commissioner appointed the new Chief Constable in June 2017. The Chief Constable is required to appoint a Chief Finance Officer. Since the ACO(S) left the Force in September 2017, the PCC's Deputy Chief Executive and Treasurer has undertaken S151 responsibilities for both the OPCC and the Chief Constable in the interim.

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.

The Scheme of Corporate Governance highlights the parameters for key roles in each of the corporations sole including delegations or consents from the Chief Constable and PCC, Financial Regulations and Contract Standing Orders. The previously established arrangements for the submission of information and supporting materials for decisions and a recording system for decisions has remained in place throughout 2017/18.

The Corporate Support Team (CST) within the OPCC was created to provide a shared service and support to both the PCC and to the Chief Constable. It provided capacity to undertake research and assurance activities. It also provided coordination of information on performance. The Performance Team within the CST transferred to the employment of the Chief Constable with effect from 1 January 2018.

As indicated earlier, the PCC has appointed four Community Engagement Officers. This has enabled the PCC to have a dedicated resource working with local community safety partners and directly with local communities in each of the unitary authority areas.

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.

Information on the PCC website keeps the public up to date on Force performance issues. Information on HMICFRS inspections, a Crime and Policing Comparator and information on Open Justice in relation to re-offending has also been detailed on the website along with initiatives such as Track My Crime.

The PCC discharged the responsibilities for the commissioning of Victims' Services which involved the provision of a referral service, continued capacity building, supporting service and Restorative Justice services.

Collaboration with other Forces/PCCs on a regional and sub-regional basis has continued addressing capacity and capability issues in key areas in relation to operational issues and also in respect of key functions. Regional activity has continued to focus on operational activities on a lead force basis.

The JSOU arrangement with South Yorkshire Police, which had become operational in 2016/17, was reviewed and it was agreed that it should be disbanded with each Force creating its own individual units. This change occurred during 2017/18.

The other aspects of the collaboration with South Yorkshire are discussed in some detail above.

The seven forces in the North East region have recently reinvigorated their collaboration programme NETIC. A range of areas are under consideration ranging from specialist operational areas linked to national programmes as well as IT and data convergence and co-ordinating a major project on domestic abuse.

The seven independent members of the Humberside Fire Authority's Governance, Audit and Scrutiny Committee agreed to act in their individual capacities as the JIAC for the PCC and the Chief Constable in January 2017. They were appointed and briefed in March 2017 and have met regularly throughout the financial year.

Proposals are progressing for the development of an Ethics Committee which will be an extension of the Diversity Panel operating within the OPCC.

## **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.

The Deputy Chief Executive and Treasurer has certain statutory obligations and the Chief Executive is the Monitoring Officer and Head of Paid Service. 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 Force itself has a system of devolved financial management to local budget managers with key strategic budgets, including pay, being controlled centrally.

The statutory duties of the Deputy Chief Executive and Treasurer, the PCC's Chief Finance Officer, include having overall responsibility for the financial administration and he is the professional adviser to the PCC on financial matters.

During the year the ACO(S) left the organisation and his role as s151 Officer, for the Chief Constable of Humberside, has been undertaken by the Deputy Chief Executive and Treasurer pending a permanent appointment being made.

The Deputy Chief Executive and Treasurer and, until his leaving date the ACO(S), have 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 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 and OPCC risks are managed by the Senior Management Team within the OPCC. Risk issues are considered at each meeting of the CGG and an update on the risks currently being managed have been provided to the JIAC.

The principles outlined in the CIPFA Statement on the Role of Chief Financial Officer have been complied with. The statement is currently in the process of being updated.

For 2017/18 the PCC proposed a precept increase of 1.99%, just below the limit that would trigger a referendum. This decision was taken again after consultation with the Chief Constable and considering survey results on the proposal. It was supported unanimously by the PCP. This took the cost for a Band D property to £187.33. The PCC proposed an increase in precept for 2018/19 of £11.99 for a Band D property taking the cost to £199.32 maximising the flexibility afforded by the Government allowing and assuming an increase of £12 for all PCCs.

The MTRS for 2017/18 to 2021/22 was used to support the precept recommendation for 2017/18. It was based on the information available at the time of the release of the Police Grant Settlement 2017/18.

Close attention was paid to monitor budget and workforce plans throughout the financial year and a formal financial review was undertaken mid-way through the year.

The MTRS 2018/19 to 2022/23 reflected information from these exercises. It also took into account the fact that the Minister for Policing and the Fire Service had confirmed that all PCCs would have the flexibility

to increase precepts by up to £12 and they would receive the same level of grant as in 2017/18. The Minister also indicated that, providing certain as yet unspecified targets are met in respect of productivity and efficiency and transparency regarding reserves, the same arrangements will apply in 2019/20. The MTRS assumed that this flexibility will be maximised once again next year with increases in precept falling back to normal levels seen in recent years thereafter.

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

The PCC's decisions and actions are scrutinised by the PCP. Decisions made by the PCC are published with supporting information (unless there are operational or confidentiality issues). The requirements of the Specified Information Order have been met and the PCC's website has continued to receive CoPACC awards for transparency.

Both the PCC and the Chief Constable have dedicated resources committed to Corporate Communications, both internal and external. The PCC and the Chief Constable 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 Chief Constable 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 are subject to external audit by KPMG 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 Chief Constable, PCC and the PCC Group.

The PCC and the Chief Constable 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 Chief Constable and any of their staff.

The internal audit and external audit plans are agreed and progress against implementation has been considered by the JIAC. This includes ensuring that recommendations are implemented.

The Force is in the process of finalising its Force Management Statement for HMICFRS.

**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 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.

## **Humberside Police**

### **The Chief Constable**

The responsibilities of the Chief Constable as set out in the PRSRA are also reflected in the Corporate Governance Framework. The previous Chief Constable stood down from the role in May 2017 and the new Chief Constable was appointed in June 2017. This was confirmed at the PCP on 22 June 2017. The DCC and other Chief Officers acted up during the period of transition.

### **The Assistant Chief Officer (Support)**

The responsibilities of the ACO(S) are set out in legislation and guidance relating to the role of the Chief Constable's Chief Finance Officer (CFO). They are also detailed in the Corporate Governance Framework. The ACO(S) left the organisation on 30 September 2017. The Chief Constable employed a consultant to act as ACO(R) in the interim with the Deputy Chief Executive and Treasurer carrying out the S151 officer role during this period. A permanent ACO(R) was appointed on 28/05/2018 and the Deputy Chief Executive and Treasurer will continue as the S151 Officer for the Chief Constable until a new Force CFO appointment is made.

### **Corporate Governance Group**

The Corporate Governance Group includes the Commissioner and the Chief Constable together with their officers with statutory responsibilities. It provides a forum to discuss key business and to hold the Chief Constable to account. It meets every six weeks.

### **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 2017/18 by the Internal Audit team from the West Yorkshire OPCC. This arrangement will continue under a S22A agreement.

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

The JIAC was formally appointed in March 2017.

Reports from the Head of Internal Audit on audit activity carried out in 2017/18 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 during the year. This report comments on the overall adequacy of the organisation's control environment based on his knowledge of the systems and procedures in place. Overall Internal Audit considered that there has been a recent positive direction of travel in respect of areas of concern and that an audit opinion in two parts is the most accurate and fair assessment of the internal control environment and so he has provided a mixed annual opinion. This highlights areas of limited and reasonable assurance. The areas of concern are covered in the issues raised in 2017/18 listed in this AGS.

The annual report and opinion statement was considered by the JIAC at its meeting on 25 May 2018.

### **Overview and Assurance Mechanisms**

The Interim ACO(R), ACO(S) and CFO to the PCC 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.

#### 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. The HMICFRS do not have a role in inspecting PCCs and will only have a direct relationship in exceptional circumstances where their services are requested by a PCC. Details of the HMICFRS PEEL and other reports regarding the Humberside Force are set out in the narrative report within the annual accounts.

#### KPMG

KPMG have acted as external auditors for both corporations sole. In September 2017, KPMG issued a clean audit opinion on the annual accounts for 2016/17 together with an unqualified value for money conclusion.

All KPMG reports issued during the financial year were considered by the JIAC.

### **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, funding uncertainty beyond 2017/18, Emergency Services Mobile Communications Programme (ESMCP) and CONNECT. The current position on these issues is as follows:

#### Funding Uncertainty beyond 2017/18

Following strong lobbying in advance of the grant settlements for 2018/19 the service convinced Ministers that forces were facing significant demand pressures and recognised the need for more certainty in relation to future funding. As a result the Government agreed that PCCs would have the ability to increase their precept by up to £12 without requiring a referendum. In addition the Minister confirmed that this flexibility would be available in 2019/20 subject to certain conditions on productivity, efficiency and transparency in relation to reserves. He also confirmed that the proposed review of the police funding formula would not now take place until after the end of the current Comprehensive Spending Review (CSR).

Whilst this additional flexibility is welcome, the substantial element of the additional revenue will be used to meet additional pay costs given that the Government's police pay offers will be in excess of the 1% public sector pay limit of 1% p.a.

Uncertainty of future funding has been addressed to some extent but the PCC remains at risk as a result of the conditions not being satisfied and as a result of the possibility of more top slicing for projects such as ESMCP, the replacement of the Emergency Services Network.

As outlined last year, BREXIT remains a concern whilst negotiations continue and the implications for policing and other public services are established.

#### ESMCP

This remains an issue given that the programme has slipped leading to a reassessment of the implementation programme. Details have still to emerge but given the delays involved this will lead to the requirement for additional expenditure on extending contracts for replacing equipment which was scheduled to be incorporated within this programme.

#### CONNECT

The CONNECT crime system has been implemented in Humberside and is due to go live later this year. The implementation has given rise to a number of operational issues that are continuing to be addressed.

As discussed previously delays in the ESMCP could lead to additional costs and risks given the delay in implementation.

#### The Policing and Crime Act 2017

The Policing and Crime Act 2017 will lead to the PCC taking responsibility for hearing appeals against the outcome of complaints against police staff that are currently considered by the Humberside Police Appeals Body. The implications for the OPCC and for the Force area continuing to be monitored. Whilst the PCC could take on other powers in connection with complaints he has chosen not to do so at this stage.

#### Issues Raised in 2017/18

##### Finance

Although 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 is widely seen as not being sufficient to address the demands on forces. These demands stem from increases in crime, particularly in complex areas as well as the prospect of higher pay awards. Savings will still be required to balance the budget in the long term. There is no information at the present time on the likely referendum limits and grant projections beyond 2019/20. The conditions for a continued broadly flat grant and the same Council tax flexibility remain to be fully confirmed and the Force and the PCC will have to ensure that they make their contribution to what will be regarded as national long term targets and requirements.

The Force remains vulnerable in relation to the impact of national issues. The principal issue remains the uncertainty over the ESMCP programme but there are further worries over issues surrounding forensics and other inquiries and claims which could have local impacts.

##### New Technology

The Force still has issues with CONNECT and there have been delays in the implementation of SMARTContact in South Yorkshire. This will impact within Humberside. The Head of Internal Audit has raised issues in his annual report on the impact of historical and ongoing issues in relation to the collaborative working with South Yorkshire in his opinion. Whilst there has been significant engagement with senior officers in both the Force and the OPCC giving rise to a positive direction of travel, this work needs to continue to mitigate the risks.

##### Recruitment/Workforce Planning

There has been significant change during 2017/18 with the creation of an entirely new Chief Officer Team within the Force. The latest step in this was the appointment of a permanent ACO(R). This will require a review of the CFO arrangements for the Chief Constable at a time when succession planning within the OPCC has been identified as a key risk. It is essential that these issues are addressed at an early stage.

In terms of workforce planning generally, the Force has responded well with the planned increase in police officers being implemented successfully. The ongoing programme will need to be carefully managed against what may be a changing financial picture given the comments above regarding uncertainty beyond 2019/20.

Signed

Keith Hunter  
Police and Crime Commissioner

Rachel Cook  
Chief Executive

## 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    | Humber Fire and Rescue Service                                    |
| HMICFRS | Her Majesty's Inspector of Constabulary, Fire and Rescue Services |
| IOPC    | Independent Office for Police Conduct                             |
| IPCC    | Independent Police Complaints Commission                          |
| JIAC    | Joint Independent Audit Committee                                 |
| JSOU    | Joint Special Operations Uniformed                                |
| MoJ     | Ministry of Justice   |
| MTRS    | Medium Term Resource Strategy                                     |
| NETIC   | North East Transformation Innovation and Collaboration            |
| OPCC    | Office of Police and Crime Commissioner                           |
| PCC     | Police and Crime Commissioner                                     |
| PCP     | Police and Crime Panel  |
| PEEL    | Police Efficiency Effectiveness and Legitimacy                    |
| PRSRA   | Police Reform and Social Responsibility Act                       |
| SCB     | Strategic Change Board  |
| SLG     | Senior Leadership Group   |