

## CHIEF CONSTABLE OF HUMBERSIDE POLICE ANNUAL GOVERNANCE STATEMENT 2016/17

This Annual Governance Statement (AGS) covers the governance arrangements in place during 2016/17 and incorporates information on plans for 2017/18 and later years in terms of both the Police and Crime Plan and financial projections set out in the Medium Term Resource Strategy (MTRS). This AGS and that for the Police and Crime Commissioner (PCC) have both been written in the context of changes in individuals occupying both statutory offices during 2016/17. The new PCC was elected in May 2016 and the activities during the period 1 April to 2016 to 11 May 2016 were carried out under the stewardship of previous incumbent. The former Chief Constable formally departed in May 2017, although the PCC asked the DCC Garry Forsyth to step into the role of Chief Constable from 21 February 2017. Former ACC Lee Freeman has subsequently been appointed as the substantive Chief Constable, with the Police and Crime Panel on 22<sup>nd</sup> June 2017 confirming his appointment by the PCC.

<b>1</b>	<b>SCOPE OF RESPONSIBILITY</b>
<p>The responsibilities of the Chief Constable (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 PCC's website at <a href="http://www.humberside-pcc.gov.uk">www.humberside-pcc.gov.uk</a>. This Statement explains these principles have 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 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 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 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 PCC's policies and aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them effectively, efficiently and economically.

The governance arrangements have been in place throughout the financial year to 31 March 2017 and up to the date of approval of the Statement of Accounts.

### **3 THE GOVERNANCE FRAMEWORK**

The corporate governance framework within which both 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 former CC, who was in post for the majority of the time period covered by this AGS, developed a Force ambition after consultation across the Force. This ambition was that, by working with partners and communities, the Force would:

- Put victims first by reducing crime, anti-social behaviour and catching criminals.
- Ensure that people are at the heart of what we do respecting and promoting diversity.
- Deal with the present, confidently manage risk and actively shape the future.
- Be passionate about protecting, serving and making a difference for our communities.
- Act with integrity and high standards, use professional judgments and do what we say we will.

The new CC is reviewing this ambition following approval of his substantive appointment by the Police and Crime Panel on 22 June 2017.

**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 for the police,
- Strategic Policing Requirement.

The former PCC and the Deputy Police and Crime Commissioner (DPCC) and the current 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 IPCC.

The CC and Force Chief Officers have briefed the PCC on key and emerging issues with Professional Standards. Consideration has been given to setting up an Ethics Committee and to combine its activities with those of the Joint Independent Audit Committee (JIAC), but efforts to do so were unsuccessful. The JIAC has now been established and moves are now being made to incorporate ethical matters into the terms of reference of the Diversity Board.

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 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 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. There were ten complaints against the CC in 2016/17. Three were not recorded and seven were not upheld as a result of local resolution. One of the not recorded decisions was subject to an appeal to the IPCC that was not upheld.

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

**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 indicated that he will work with local authorities, 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 has had extensive discussions with partners and key stakeholders to identify priorities. The Plan places greater emphasis on the contributions that partners can make to assist in delivering the desired outcomes. Revised arrangements have been agreed for dealing with the financial contributions that the PCC makes to local community safety initiatives, which is being significantly increased, with Community Safety Partnerships (CSPs) having a much greater degree of autonomy over how monies should be spent in their areas.

Arrangements are evolving to ensure that clear channels of communication 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.

The OPCC has been reorganised to support greater community engagement with four Engagement Officers being appointed so that there is a dedicated resource to support and work with local community safety partners and directly with local communities.

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 both PCCs ensured that they comply 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, HMIC and other information sources through the Police and PCC websites.

With the change in PCC, an annual report for 2015/16 was published as an end of term report. This was considered by the PCP in December 2016. The annual report for 2016/17 has been prepared and was reported to the PCP on 14 September 2017.

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

The Police and Crime Plan 2013-2017 identified key outcomes of:

- Reducing crime;
- Protecting the public and improving public safety and
- Improving the quality of victims' services

The new Police and Crime Plan 2017-2021 was published in March 2017. This 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 PCC continues to work closely with the Force. The Force has developed and published its individual delivery plan and a delivery plan for the OPCC has been completed and submitted to the Police and Crime Panel. These plans will set out how the Force and the OPCC will work towards delivering the outcomes of the Police and Crime Plan.

The Police and Crime Plans have been supported by a continuously updated Medium Term Resource Strategy (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 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 has been monitored at regular "Reviewing Success" meetings chaired by the Deputy Chief Constable (DCC). The PCC has had representation at these meetings. Reports on performance were also submitted to the Corporate Governance Group (CGG) as well as in individual one to one briefings with the PCC. Every two weeks the Senior Leadership Group of Chief Officers also consider performance information at Force level. There are quarterly performance reviews, chaired by the relevant Chief Officer, to support and probe performance issues in all areas of the Force. These are brought together at a Force performance level in the Reviewing Success meetings.

The relative protection for police funding announced in November 2015, following indications from Government of further significant cuts, was reflected in the grant settlements for 2016/17 and 2017/18. This combined with the development of a detailed Workforce Plan and revised budgeting arrangements in respect of pay have presented the PCC with some flexibility and he has determined that this should be used to support a significant increase in the number of police officers over the next three years.

The CGG involved the PCC and the CC along with statutory officers and Force Chief Officers. The CGG has met regularly, allowing discussion of key business issues requiring joint decisions along with briefings on important operational policing matters and provides a forum to hold the CC to account.

2016/17 was a transitional year with the financial support to community safety partners. Funding continued to be provided by the PCC for a range of initiatives such as Drug Intervention, Drug Testing On Arrest, and support for Youth Offending Teams, incorporating contributions previously made directly by the Force. The Community Safety Fund and the Crime Reduction Fund (CCRF) also continued. Support for the CSPs was held back pending discussions on future funding and the PCC has agreed to contributions for 2017/18, incorporating provision for CCRF. Work is being undertaken with the CSPs seeking their proposals and plans as to how the available funding will be used to tackle crime and address community safety issues. The PCC has also agreed to an additional contribution to partners of £1.5m from reserves and details are being discussed with the CSPs on the use of these funds.

Funding of £1.092m was received from the Ministry of Justice (MoJ) in 2016/17 and this was fully utilised in providing and commissioning support for victims, including an effective referral process, restorative justice services and for the provision of independent sexual violence advisers and other support services. These arrangements will continue in 2017/18 where the MoJ has allocated £1.084m in Victims' Services Grant.

The draft unaudited financial statements have been reviewed by senior staff internally and considered by the JIAC at its meeting on 30 June 2017. The accounts, including the external audit opinion and value for money conclusion will be considered prior to final approval, and sign off by 30 September 2017.

The CC has responded to issues raised in correspondence and from day to day contact with the public. Senior officers across the Force have 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. The CC deals with issues raised by the public with the PCC on operational policing matters

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, 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. Investment in the shared Enterprise Resource Planning (ERP) system has continued. This has gone fully live following the Humberside Police payroll going live in April 2017. Considerable investment is also being made in respect of the crime and intelligence based system, CONNECT, and on SMARTContact projects. CONNECT went live in Humberside Police in June 2017 and is due to go live in South Yorkshire later this year. In terms of operational activity, a new Joint Special Operations Uniform unit (JSOU) has been formed.

At the end of September 2016 the arrangement whereby the Assistant Chief Officer (Support) (ACO(S)) acted as the Director of the Strategic Partnership Programme (SPP) with the South Yorkshire Director of Finance acting as s151 Officer for both forces ceased with the individuals reverting back to their original roles.

More generally, with changes in PCC and CC, the presumption under the SPP that all matters would be looked at first as potential joint issues has changed and, whilst existing projects will continue, new projects will only be progressed on this basis if there is a clear benefit to each of the areas individually. It is expected that there may be changes to the historic arrangements after a full review has been carried out by the new leadership.

A significant new collaborative venture will be brought forward with the Humberside Fire and Rescue Service in the second half of 2017.

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

The CC developed the Force ambition and this is being reviewed.

The Force has now published a delivery plan in relation to achieving the outcomes of the Police and Crime Plan 2017-2021 and an OPCC delivery plan has been completed.

The PCC and the CC jointly maintain a Medium Term Resource Strategy (MTRS) which has consistently received positive comments from external agencies. There is regular resource monitoring that has been extended beyond financial reporting to incorporate assessment of the position in relation to staffing numbers against the detailed Workforce Plan that was used to underpin the 2017/18 budget and MTRS 2017/8 to 2021/22.

The Force has continued to use the Force Leadership Team (FLT) to commission, approve and review strategic plans for Human Resources (People and Leadership), the Workforce Plan, alongside Finance, Estates, IS/IT and Corporate Communications Strategies. FLT is also responsible for oversight of the demand profile against resources and for monitoring performance. Performance is reviewed at monthly Reviewing Success meetings and there are quarterly performance reviews. The Senior Leadership Group (SLG) determines the attitude to risk and scrutinises the risk registers to oversee the effectiveness of the management of the risk within the Force.

FLT is supported by a series of functional management meetings and procedures as well as groups linked to the seven strands of success within the Force's current 2020 Vision covering vulnerability, legitimacy, people, connections, problem solving, data and digital and sustainability.

The Strategic Change Board has supported the work of the Senior Leadership Group (SLG). It has representation from the OPCC and is responsible for implementing strategic change on behalf of the FLT. This includes responsibility for reviewing and revising details of the Workforce Plan and MTRS. An Efficiency Plan has also been developed to support the MTRS, including a Savings Plan and the Strategic Change Board will also oversee its implementation which will lead to the formulation of a comprehensive and fully integrated Resource Plan. The Board also coordinates activity in connection with Transformation Fund bids.

This work, together with regular reviews of the Force and OPCC Risk Registers, informs the agendas for CGG in line with revised assurance procedures which followed recommendations in an internal audit report in 2015/16. This involves a pre-meeting of the Corporate Governance Coordination Group to identify and notify officers of reporting requirements based on current information and exceptions identified that need explanation or escalation for decisions. The pre-meetings are held in the week following the CGG.

**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 harmonise best practice and to propose amendments which can be applicable to both Humberside and South Yorkshire forces, including changes to Contract Standing Orders.

The 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 CC is required to appoint a Chief Finance Officer. As indicated above, the ACO(S) reverted back to his role as s151 Officer for Humberside from the end of September 2016 and has the responsibility for delivery of financial services.

Justine Curran left her post as Chief Constable in May 2017 and following a recruitment process, former ACC Lee Freeman was appointed as her successor. This appointment was confirmed at a PCP meeting held on 22 June 2017. Temporary acting up arrangements were put in place during the period of transition with the Deputy Chief Constable acting as Chief Constable before the substantive appointment was made by the PCC. The Deputy Chief Constable has subsequently left the Force and acting up arrangements have been introduced pending a permanent appointment. In addition the ACO(HR) retired in June and the ACO(S) will formally retire on 30 September 2017. The Chief Constable has put interim arrangements in place to cover these posts until the long term position is resolved.

The agreed corporate governance arrangements in place throughout the year set out details of the roles of the statutory officers and those for the Chief Finance Officers 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 CC 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 2016/17.

The Corporate Support Team (CST) was created to provide a shared service and support to both the PCC and to the CC. It has provided capacity to undertake research and assurance activities. It has also provided coordination of information on performance.

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 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 became operational at the start of the year and this arrangement is now being revised.

The collaboration with South Yorkshire is discussed in some detail above.

The term of office of the members of the JIAC appointed in 2012 ended on the date of the PCC elections in May 2016. The intention at that time was to extend the terms of reference of the Committee to include ethics and to have a Joint Independent Audit and Ethics Committee (JIEAC). Attempts were made to recruit to a JIAEC, but these proved unsuccessful. As a result, a decision was taken to revert back to the original JIAC format. In view of the increasingly close working relationship with the Humberside Fire Authority (HFA) and the Humberside Fire and Rescue Service (HFRS), the HFA were approached to assist. Following discussions in early January 2017, the seven independent members of the HFA's Governance, Audit and Scrutiny Committee agreed to act in their individual capacities as the JIAC for the PCC and the CC. They were appointed and briefed in March 2017 and held the first meeting on 22 May 2017.

In the absence of a functioning JIAC during the financial year, audit reports have been considered by the Corporate Governance Group (CGG) with the Annual Accounts and AGSs for 2015/16 being reviewed by the South Yorkshire JIAC prior to approval.

#### **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) reassumed his role as Chief Finance Officer, s151 Officer, for the Chief Constable of Humberside and took back responsibility for all financial activities undertaken within the Force or contracted out under the supervision of the Force. This responsibility rested with the Finance Director, South Yorkshire Police, whilst the ACO(S) was acting as the SPP Director until the end of September 2016.

The Deputy Chief Executive and Treasurer and the ACO(S)/Director of Finance were responsible 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.

The principles outlined in the CIPFA Statement on the Role of Chief Financial Officer have been compiled with

For 2016/17 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 CC and considering survey results on the proposal. It was supported unanimously by the PCP. A proposal for a further increase of 1.99%, taking the cost for a Band D property to £187.33 in 2017/18 was also supported by the PCP.

The MTRS for 2016/17 to 2020/21 was used to support the precept recommendation for 2016/17. It was updated to reflect the better than expected CSR 2015 announcement in November 2015 which was in turn reflected in the Police Grant Settlement for 2016/17.

Consideration continued to be given to the longer term implications of the precept decisions using the mechanism of the MTRS which for 2017/18 to 2021/22 is based on detailed workforce planning assumptions taken from the Workforce Plan.

**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 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 CC, PCC and the PCC Group.

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 Corporate Governance Group and will be considered by the JIAC as the year progresses. This includes ensuring that recommendations are implemented.

The Force is in the process of finalising a Force Management Statement within the Corporate Development Branch which is a new requirement from HMIC.

**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 Chief Constable as set out in the PRSRA are also reflected in the Corporate Governance Framework. Justine Curran stood down as Chief Constable in May 2017 and the appointment of Lee Freeman as her replacement was confirmed at the PCP on 22 June 2017. Temporary acting up arrangements were in place during the transitional period whereby the DCC Garry Forsyth occupied the role of CC.

The Assistant Chief Officer (Support)

The ACO(S)'s responsibilities are set out in legislation and guidance relating to the role of the Chief Constable's Chief Finance Officer. They are also detailed in the Corporate Governance Framework. The ACO(S) reverted back to this role following a period of nearly two years acting as the SPP Director during with the Director of Finance for South Yorkshire acted as the s151 Officer for both Forces.

**Humberside Police And Crime Commissioner**

The PCC

The PCC has the 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. Keith Hunter replaced Matthew Grove as PCC with effect from 12 May 2016 following the PCC election held earlier that month.

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. Rachel Cook was appointed to this position in November 2016 replacing Martin Scoble.

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 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 2016/17 by the Internal Audit team from the West Yorkshire OPCC.

Joint Independent Audit Committee (JIAC)

The term of office of the members of the original JIAC ended on the date of the PCC election in May 2016. The JIAC was reconstituted in March 2017 with the appointment of the seven independent members of the HFA's Governance, Audit and Scrutiny Committee, acting in their individual capacities.

Reports from the Head of Internal Audit on audit activity carried out in 2016/17 were considered by the Corporate Governance Group in the absence of a functioning JIAC and by the newly formed JIAC in May, June and September 2017.

The annual report from the Head of Audit indicated that the level of coverage during the year was considered sufficient to be able to offer an opinion on the overall adequacy of the organisation's control environment. Based on his knowledge of the systems and procedures in place, the extent of the work undertaken by Internal Audit, and as a result of the responses to recommendations contained in action plans, the overall assessment was that Internal Audit could provide reasonable assurance that the CC and PCC had adequate control and governance arrangements in place. It must be acknowledged however that this statement is given to provide reasonable and not absolute assurance of the effectiveness of the system of control.

The annual report and opinion statement was considered by the JIAC at its meeting on 25 September 2017.

Overview and Assurance Mechanisms

The 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.

HMIC (Now HMICFRS) Inspections

The PCC has responded to reports and issues raised in HMIC inspections within the required deadlines. The HMIC 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.

KPMG

KPMG acted as external auditors for both corporations sole. In September 2016, KPMG issued a clean audit opinion on the annual accounts for that 2015/16 together with an unqualified value for money conclusion.

All KPMG reports issued during the financial year were considered by the Corporate Governance Group or 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 further budget reductions, Force collaboration, Force performance/HMIC, along with the Policing and Crime Bill. The current position on these issues is as follows:

Issues raised in 2015/16Further budget reductions

There were fears that, whilst announcements as part of the November 2015 CSR were encouraging in terms of the protection being afforded to policing, as opposed to the widely forecast significant budget reductions of between 25% to 40%, that this position might change and that PCCs could be affected by top-slicing of monies available to them for national initiatives and for the creation of a more substantial Police Transformation Fund. The lack of certainty over the future funding formula arrangements was a further concern, together with the overall quantum of funding available to policing as opposed to other public services and spending needs of central Government. When last year's AGS was considered, matters were overshadowed by the decision on 23 June 2016 to leave the EU, so-called BREXIT.

The position for 2017/18 was clarified to the extent that the statement from the Chancellor of the Exchequer in November 2016 confirmed that the Government would carry on with the spending plans set out a year earlier. The position was confirmed in the Police Grant Settlement for 2017/18. This is based on the assumption that if all PCCs increase their precepts by the maximum amount possible without requiring a referendum then "policing" as a whole would receive a "flat cash" settlement when compared with the position in 2015/16.

PCCs all received a 1.4% reduction in grant in 2017/18. In arriving at this position, the Government were able to support additional top slicing by taking into account higher council tax revenues due to increases in tax-base being more than forecast. BREXIT has yet to have an impact, with Article 50 not being triggered until March 2017 signalling the start of the 2 year process before the country leaves the EU.

Force Collaboration

On Force collaboration, there were concerns over demand and capabilities, with uncertainty over the way in which local, regional and national policing would be funded and over the increasing impact of the Transformation Fund. The funding issues in policing remain. The funding formula review is still at the consultation stage and the work of the Police Reform and Transformation Board in respect of Transformation Fund allocations have both being affected by the General Election on 8 June 2017.

The partnership with South Yorkshire Police was, as anticipated, affected by changes at PCC and Chief Constable level in South Yorkshire. The position has now been clarified with existing projects being completed and any new initiatives being required to demonstrate specific benefits for the local areas.

Force Performance/HMIC

Last year there was a particular focus on the HMIC Efficiency grading and on the reputational impact of HMIC activity. HMIC have been heavily involved in inspections within the Force throughout the year. The Force have continued with revised internal arrangements to support and respond to HMIC inspections during the year. The CC's and PCC's responses to HMIC reports robustly addressed the issue of the impact of their involvement and communications impacted on local confidence in the services being provided.

Policing and Crime Bill

The Policing and Crime Bill received Royal Assent on 31 January 2017. Some parts of the Act have already been implemented but have not yet had a significant impact. Details have been discussed at the CGG and the full implications of this legislation are continuing to be assessed.

Issues for 2016/17

The concerns for 2016/17 are for the most part interlinked insofar as they are mainly concerned with the political turmoil and the associated uncertainty around the direction of policing generally and police funding and police systems in particular.

Funding Uncertainty beyond 2017/18

Whilst the budget information for 2017/18 was confirmed, there is significant uncertainty surrounding the funding that is likely to be available in future years. Reference has already been made to the impact of top-slicing and ever increasing amount of the settlement for policing being set aside for the Transformation Fund. These worries undoubtedly continue. There is also increasing concern over delays in the implementation of the Emergency Services Mobile Communications Programme (ESMCP) as the replacement Emergency Services Network and the implications for forces and for related assumptions on savings at a national level. During the year a new threat emerged with the Government's proposed Efficiency Review, a cross-Government initiative looking for £3.5bn in savings by 2020, where the Home Office is expected to make its contribution. Departments have been asked to identify the implications of savings of between 3% and 6%.

In addition, the Home Office has not yet published its consultation on proposals for a new funding formula for the distribution of resources for policing. Announcements were intended to be made in March 2017 with a proposed implementation date of 2018/19 however a combination of factors as led to the original timetable slipping. Details of the consultation was intended to be released in July but there is still no information at this stage on the timetable and the potential outcomes. The delay means almost certainly that it will not be feasible to introduce a new formula, or commence transition, in 2018/19.

The concerns have been exacerbated by the result of the General Election that has given rise to a hung Parliament just ahead of the commencement of negotiations on BREXIT. At this stage the implications of the result on Government policies in relation to Policing and other public services cannot be established. If the Government is unable to sustain its commitments to support policing at cash standstill when compared with 2015/16 then this could result in budget reductions being required. This could have a significant impact on services, particularly in terms of inhibiting plans to increase the number of police officers and the ability to meet the changing face of demand in policing.

ESMCP

The concerns in relation to the ESMCP have the potential to affect the amount of money available to PCCs in the years ahead in terms of both additional costs and the importantly on the impact on forces and where they are in the plans for implementation. The concerns are currently around coverage, including ground to air and the Underground and that at this stage devices are not available. A gateway review has been carried out in relation to the process. Discussions on the project are continuing and the outcome could have operational and financial implications nationally and at individual force level.

CONNECT

The Force has just implemented the CONNECT crime system, The initial feedback was that go live at the beginning of June 2017 in Humberside went well. The system will be implemented in South Yorkshire later in the year. There are immediate issues in that there are constraints regarding the transfer of data to the Police National Database (PND) which are subject to a time delay which is out of the Force's control. This is likely to be addressed following the trialling of three months' worth of data which is a PND requirement. There are also concerns as the timetable for the introduction of CONNECT was linked to the scheduling of moves for this region on to the new ESMCP. At this stage, whilst the final implementation date for ESMCP remains 2019, consideration is being given to adjusting the way in which it is implemented and this could have local consequences.

The Policing and Crime Act 2017

The Policing and Crime Act 2017 received Royal Assent in January of this year. The changes involved will lead to the PCC taking responsibility for hearing appeals against the outcome of complaints against police officers and staff that are currently considered by the Humberside Police Appeals Body. The implications for the OPCC and for the Force are currently being established. There are other powers which the PCC could take on in connection with complaints but he has chosen not to do so at this stage.

The governance arrangements of the Chief Constable and the PCC will remain under continuous review during the year ahead.

Signed

Lee Freeman  
Chief Constable of Humberside Police

Phil Goatley  
Assistant Chief Officer (Support)