

## CHIEF CONSTABLE FOR HUMBERSIDE ANNUAL GOVERNANCE STATEMENT 2014/15

This Annual Governance Statement (AGS) covers the governance arrangements in place during 2014/15 and incorporates information on plans for 2015/16 and later years in terms of both the Operational Delivery and Improvement Plans that support the PCC's Police and Crime Plan and financial projections set out in the Medium Term Resource Strategy (MTRS).

1	SCOPE OF RESPONSIBILITY
	<p>My responsibilities as the Chief Constable for Humberside (CC) are set out in legislation and guidance. They include the statutory responsibility as the accountable individual for policing services 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. I also have a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which functions within Humberside Police are exercised, having regard to a combination of economy, efficiency and effectiveness.</p> <p>As Chief Constable I am exclusively responsible and accountable for all operational policing matters, the direction and control of all Police Officers, Police and Community Support Officers, and members of Police Staff working within the Force.</p> <p>I have overall responsibility for ensuring that proper arrangements for the governance of the Force are in place. In discharging this overall responsibility, I am responsible for putting in place proper arrangements for the governance of the affairs of the Force and facilitating the exercise of policing functions which includes arrangements for ensuring that there is a sound system of internal control and for the management of risk. In doing this I work with the Police and Crime Commissioner for Humberside (PCC) to maintain the governance and risk management processes which enable us both to fulfil these responsibilities.</p> <p>I discharge that responsibility principally through my team of Chief Officers and the wider Force Leadership Team. Chief Officers are individually responsible for maintaining a sound system of internal control in their areas of command to ensure the aims and objectives of the Force are achieved, Force and Police and Crime Commissioner plans, governance frameworks and procedures are implemented and resources are used efficiently, effectively and economically.</p> <p>I am committed, through the Corporate Governance Group (CGG) and the very wide array of internal control and assurance mechanisms in the Force, to developing and operating effective governance arrangements. The system of internal controls centred on the Force Business Management Process (FBM) and the Force Leadership Team (FLT) are designed to:</p> <ul style="list-style-type: none"> <li>◆ Identify principal risks to the achievement of the aims and objectives of the Service;</li> <li>◆ Evaluate the nature and extent of these risks;</li> <li>◆ Manage them in an effective manner; and</li> <li>◆ Review principal risks periodically.</li> </ul> <p>The system of internal controls, however, can only manage risk to a reasonable level rather than eliminate all risk of failure to achieve plans, aims and objectives. It is also important to recognise that in the Force a realistic view is taken in that the cost of control should not exceed the expected benefits. This is ever more important as the challenge of reduced and reducing Government funding under successive Comprehensive Spending Reviews deepens and the associated timescale accelerates for making spending reductions in order that the Force on a recurrent basis spends within available funding.</p>

<b>2</b>	<b>THE PURPOSE OF THE GOVERNANCE FRAMEWORK</b>
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The governance framework is comprised of the systems, processes, culture and values by which I direct and control my affairs and the activities through which I have engaged with and led the full time police officers, police staff, special constabulary and volunteers in the Force. The framework has enabled me to monitor the achievement of my plans which underpin delivery of the PCC's strategic objectives and to consider whether those objectives have led to the delivery of appropriate services and value for money.

The system of internal control is based on a continuous process designed to identify and prioritise the principal risks to achieving the Force Delivery and Improvement Plans, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them effectively, efficiently and economically.

I confirm that the governance arrangements have been in place continuously throughout the financial year to 31 March 2015.

In December 2013 the Home Secretary gave an "in principle" approval to a transfer plan setting out which staff and functions would remain with the PCC and those that would transfer to the Chief Constable as part of the second stage of the transition to the new governance arrangements in policing following the enactment of the Police Reform and Social Responsibility Act 2011 (PRsRA). Final formal approval was received in March 2014 and the transfer was effected on 1 April 2014. The shared Corporate Governance Framework was revised by myself and the PCC to reflect the revised arrangements.

The main statutory frameworks most relevant to this AGS, within which the corporations sole have and will continue to operate are:

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

<b>3</b>	<b>THE GOVERNANCE FRAMEWORK</b>
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The corporate governance framework within which I and the PCC, as 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 I and the PCC operate jointly.

The information below illustrates how the six 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) Focusing on the purpose of the PCC and the Force, and on outcomes for the community, and creating and implementing a vision for the local area.
- b) Leaders, officers and partners working together to achieve a common purpose with clearly defined functions and roles.
- c) Promoting values for the Force and demonstrating the values of good governance through upholding high standards of conduct and behaviour.
- d) Taking informed and transparent decisions which are subject to effective scrutiny and managing risk.
- e) Developing the capacity and capability of the Force to be effective.

f) Engaging with local people and other stakeholders to ensure robust public accountability.

**3.a. Focusing on the purpose of the PCC and the Force, and on outcomes for the community, and creating and implementing a vision for the local area**

The PCC approved and published his Police and Crime Plan 2013 – 17, which identified key outcomes of reducing crime, protecting the public and improving public safety and improving the quality of victims' services.

Key strategic drivers to deliver these outcomes are the Force Aim and Ambition and Operational Delivery and Improvement Plans. My Aim and Ambition for the Force states plainly that working with partners and communities, we will:

- Put victims first by reducing crime, anti-social behaviour and catching criminals.
- Make sure 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 judgement and do what we say we will do.

Our Operational Delivery Plan communicates what is important to the Force and what they need to deliver for local communities. It identifies how we will know success and provides toolkits for operational staff comprising of simple overviews and links to more detailed policy and guidance.

The Force Improvement Plan sets out the key areas of business that will be changing over time, ensuring that lessons are learned and good practice is shared across the Force. Crucially it links the five key enabling force strategies and the governance forums through which these are overseen and delivered. These are our strategies for Medium Term Resourcing, People, Estates, Information Services and Life of a Crime.

Connecting themes underpinning all of these plans, which govern day to day operations in my Force and the very significant change programme that has been transforming operational policing services in 2014/15, are:

- Making a difference.
- Being outcome and victim focussed.
- Protecting vulnerable people.
- Promoting collective leadership and workforce well-being and engagement.
- Rigorous use of national frameworks including the Code of Ethics, National Decision making model and THRIVE (Threat, Harm, Risk, Investigation, Vulnerability & Engagement) assessment framework.
- Effective resource management and planning.
- Continuous improvement and innovation.

Humberside Police strives to ensure that its resources are aligned as effectively as possible to the demand for its services in order to optimise the service provided to the public. This is achieved through the development and implementation of an integrated Medium Term Resourcing Strategy (MTRS), which identifies the available and planned financial and human resources and sets out how the organisation will maximise the impact of those resources in order to deliver the Police and Crime Plan.

Our MTRS is and has been for more than a decade a five-year planning tool. Moreover it is used as a five-year tool in planning organisational change and latterly in generating savings plans. The financial planning model and organisational action related to it spans the full five years. Our MTRS is also in use a dynamic tool allowing scenario modelling in real time and direct interaction in key meetings with senior stakeholders in building planning assumptions, modelling their outcomes and driving savings plans that result.

The MTRS has been informed by a series of Building the Future (BTF) Blueprints, service specification documents defining the resources required to deliver the Police and Crime Plan in each of the four operational Commands, as defined by the Strategic Review of the organisational structure that was undertaken in 2013. The resource requirements identified by the BTF Blueprints are based on a detailed analysis of experienced and projected demand extrapolated from two demand analysis exercises, Operation Check and Operation Balance.

The resource requirements defined in the BTF Blueprints determine the workforce plan, which is further underpinned by a minimum number of operational officers defined by a holistic Operational Resilience Model. The latter is designed to assess the ability of the Force to respond to abnormally high demand from critical incidents at the same time as delivering normal services and models the floor for the number of police officers in the Force. These two parameters define the scope of the workforce requirement in each of the next five years, which is assessed for affordability against the available financial resources.

This financial viability test is three-fold:

- Will the planned level of resources balance the budget over the medium term and what is the resulting savings gap to be closed?
- Can any costs of savings or bridging in-year funding gaps be met from planned levels of usable revenue reserves?
- Does the Force have the scope within the statutory regime governing borrowing to refinance past capital investments previously internally funded from reserves in addition to the current and forward capital requirements of the Force in order to maintain a liquid cash position?

If the financial viability test is not passed, the workforce plan is re-modelled to meet the demand requirements within the available financial resource. Multiple scenarios can be tested within the integrated MTRS model, including real-time modelling and pre-defined scenario planning, to enable decision-makers to be fully informed about the resource impacts of changes both within and outside of their control. This scenario modelling can be done in real time in key executive meetings, which has proven to be particularly powerful in helping to make difficult decisions in challenging times.

The MTRS also links into the Force's People Strategy, which is designed to ensure that the organisation supports and develops its people in order to promote Humberside Police as a valued employer and also to deliver the most efficient and effective workforce possible. The People Strategy drives the Workforce Development Plan, which is itself an extension of the Workforce Plan generated as part of our MTRS.

A key part of the Force governance arrangements bringing finance, people and operations together is our Resource (People) Oversight Group. The express purpose of this key meeting is to align our corporate resourcing plans with our MTRS and Building The Future model. Here the short and medium term demands for resources are reconciled on a monthly basis with the level of available finance and the dynamic management of establishment related activity.

In this way, Humberside Police can ensure that it is able to deliver the right resources, at the right time and in the right place in order to respond to demand, both responsive and proactive, in order to deliver the Police and Crime Plan and make Humberside a safer place for all who live, work and visit here.

Using this tried and tested methodology it has been possible to reconcile the need to meet the PCC's and my wishes for operational delivery and business change with the need in an extending and deepening age of austerity to make savings and, going forward, to be in a position to continue to do so at a pace which is reasonable, realistic and therefore achievable. Latterly there has been an explicit and by design use of revenue reserves to allow time for planning and design of the new Force Operating Model and post go live on 15/4/15 to protect it in order for the very significant changes to become established.

Despite the reoccurrence of annual financial settlements from the former Coalition Government with no forward view on funding beyond the immediately following financial year, our enduring focus has always been on a five-year financial planning horizon, as embodied in our five year MTRS. As a result each annual budget is generated by the MTRS building process and refined as we get (usually in late December) the funding settlement for the next financial year.

The annual budgets are therefore the result of a detailed reconciliation of our actual and projected spending and funding totals with achievement of our continuing recurrent savings plans, taken together with our long term strategy on use of reserves. This budget building process takes advantage of the foresight we had in building up reserves both to fund change, including invest to save initiatives, and to spread the challenge of the Comprehensive Spending Review across financial years to ensure that change can be properly planned and managed to minimize the impacts of reductions in funding on our capacity and capability to deliver services to our local communities.

In 2014/15 and 2015/16 there has also been an explicit strategy to use our accumulated financial strength, following my arrival, to allow time for the design and build of our new Force operating model under our Building The Future Programme. Following launch of the new model in December 2014 (The Hub) and all other Commands on 15/4/15, we are explicitly using reserves in line with the requirements set out by the PCC and myself to cushion the impact of budget reductions so that we "soft land" the new model and allow it to bed in.

If we had not foreseen the difficult times ahead and built reserves with a purpose, the reductions in grant funding would have had to be very largely faced down as they arose (both Budget related and in-year reductions). This would have resulted in a significant loss of police officers and police staff. Whilst it is not possible to replay the past, for example, we have in the financial years 2010/11 to 2014/15 budgeted to use £10.8m of reserves to support the change programmes in Force and to spread the challenge of grant reductions. This sum is the equivalent at our prevailing standard cost rates of the cost over the same period of 265 police constables at mid-point in the pay scale or 496 scale 3 level police staff. A combination of this level of reduction would have placed the Force in a very much more difficult position now in terms of service delivery and business continuity and set a more challenging task of having to design and build our new operating model in the last two years against the shifting sands of Government funding reductions with a lower resource base, and whilst at the same time having to make further substantial reductions in spending.

The ability to use reserves both to fund the difficult choices to be made, particularly with large scale redundancy programmes, and to spread the challenge across financial years is a significant strength and more so as the funding scenario becomes more challenging and is expected to be so especially over the next three financial years.

In 2014/15 we budgeted to spend £180m of which £5.5m (3%) was funded through reserves. Integral to the outturn position is the successful delivery, through our savings programme, of the targeted level of savings of £6.8m.

In 2015/16 we have budgeted to spend £172.8m of which £2.6m (1.5%) is planned to be funded from reserves. The cumulative impact of the savings delivered by our new operating model and our Building The Future II Savings Plan (see below), taken together with our planned use of reserves delivers a balanced budget.

Beyond the next two financial years our MTRS demonstrates that we have a combination of change programme generated savings and a managed use of reserves to deliver balanced budgets right through to 2019/20. The former includes our own Building The Future Phase I and II Programmes and our new Strategic Partnership Programme with South Yorkshire Police that encompasses all services and functions except those of PCC, CC, DCC and local policing.

These arrangements have demonstrably served the Force and PCC well. There is clear evidence with the CSR related financial challenges affecting all public bodies that our approach has been as robust as any in signalling the need to change and manage retraction, thereby buying the Force much needed time for implementation of business change to deliver budget savings. This has been supported by the planned accumulation of reserves as the timescale over which large scale reductions have to be planned and implemented has contracted. It is expected to do so again under the new Government.

Much more detail is available on all of these plans and how they were drawn up on the Humberside Police website.

The force is involved in or planning a number of key changes that together secures the financial future whilst still proving the opportunities to develop our service to the public. This section provides a brief overview of the various change elements, and how they fit together into a coherent plan for the future of Humberside Police. The change programme consists of the following key elements:

- Building the Future – a holistic redesign of the force operating model, shift patterns and culture to deliver resources where and when they are required and eliminate barriers to excellent service, whilst delivering significant financial savings. The new One Force model went live in April 2015.
- Building the Future II – a second phase of the programme that addresses discrete medium term areas for change, including supervision/ management levels, custody provision and staff terms and conditions. This work commenced early 2015 and the majority of it scheduled to be delivered by mid-2016. More detail is included in Section 4 of the PEEL report.
- Strategic Partnership with South Yorkshire Police – building on existing collaboration and shared service provision in IS/IT, HR, Estates, Finance and Legal Services, this ambitious programme seeks to deliver significant savings for both forces in all areas of operational policing, policing support and business support across the Forces. This 'Strategic Partnership' will be developed over the next two to three years building on existing work and taking advantage of shared IT and HR platforms between the two Forces.
- Collaboration with other police forces – Humberside is an active member in the Yorkshire and Humberside (YatH) Collaboration that delivers a number of operational and back office services through a lead force model. In addition a number of discrete operational matters are delivered at a seven force regional level. The YatH collaboration has been in existence since 2007.
- Local Collaboration – the force has recently established a joint vehicle workshop with the fire service and actively seeks collaborative opportunities with other local partners, especially in estates issues.

As well as these key areas there are a number of other major change initiatives covering joint ICT provision and shared infrastructure, Mobile Data, and replacement of Key operational systems which

form part of the ICT strategy and support the Strategic Partnership with South Yorkshire Police.

Performance and corporate risk are both managed and monitored on my behalf by the Deputy Chief Constable (DCC), the former at regular “delivering success meetings” at which the PCC was represented. Performance and corporate risks are also considered at the Integrated Supply stage of the Force Business Management Model (FBM), where again the PCC is represented.

The CGG involving myself and the PCC and our key officers with statutory responsibilities has met regularly to discuss and be briefed on key business issues which require joint decisions.

Work has been completed on the new building at Melton, near Hull, which incorporates a shared fleet management facility for the Force and for the Humberside Fire and Rescue Service (HFRS). A new joint venture company (JVC) has been established to oversee the running of the combined fleet management arrangements. The JVC, Emergency Services Fleet Management (Humberside) Ltd., became operational on 1 April 2015.

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

The level of activity in the collaboration on a two force basis with South Yorkshire continued and following the existing arrangements, which created shared services for Human Resources and Information Services. Further shared services have been established such as Legal Services and Estates & Facilities Management; together with the investment in a shared Enterprise Resource Planning (ERP) system and successful joint Innovation Fund bids.

The PCCs and Chief Constables, as corporations sole, have now agreed to form a Strategic Partnership overseen by a Joint Collaboration Board. The Strategic Partnership will explore all opportunities for joint working on all activities with the exception of Local/Neighbourhood Policing. The Assistant Chief Officer (Support) for Humberside Police has been appointed as the Director to lead the Strategic Partnership Programme (SPP).

### **3.b. Leaders, officers and partners working together to achieve a common purpose with clearly defined functions and roles**

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 and was amended to reflect completion of the stage 2 transfer.

The PRSRA clearly set out the functions of Police and Crime Commissioners and Chief Constables and the Policing Protocol Order 2011 set out how these functions are undertaken to achieve the outcomes of the Police and Crime Plan.

The PRSRA requires that I, as Chief Constable, am required to appoint a Chief Finance Officer (CFO). The Chief Finance Officers for both myself and the PCC who is also required to appoint a CFO have s151 powers. From 5 May 2015, following the appointment of the Assistant Chief Officer (Support) as SPP Director, the Director of Finance, South Yorkshire Police, assumed the role of s151 officer for Humberside and now has the responsibility for delivery of financial services across both forces.

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 set out 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 PCC or myself. These are codified in Financial Regulations and Contract Standing Orders.

The established arrangements for the submission of information and supporting materials for decisions and a recording system for decisions has remained in place, both in the Force and in the office of the PCC

The Police and Crime Plan continues to provide the strategic direction for the Force partners, the community and for the OPCC.

The Joint Independent Audit Committee (JIAC) appointed by both the PCC and myself operated throughout 2014/15. It met quarterly, working to an agreed business planning cycle. Minutes of JIAC meetings are now considered by the CGG.

The JIAC has considered reports on the effectiveness of internal audit and the away day sessions have involved members in examining how to assess their own performance and effectiveness. They have reviewed the terms of reference of the Committee and adopted the recommended version in the latest CIPFA guidance and agreed to produce an annual report. Training needs are being considered with a view to agreeing a training and development plan. There has been greater networking with other committees and audit committee members and the Chair has met with his opposite number at South Yorkshire to agree a timetable of regular meetings to explore opportunities for joint working, particularly in connection with the SPP. The Committee have continued to hold private meetings with both external and internal auditors without officers present. In addition, members have continued to have access to reports and other information via a secure area of the PCC's website.

**3.c Demonstrating the values of good governance through upholding high standards of conduct and behaviour**

The Code of Ethics developed by the College of Policing has been adopted by the Force.

Chief Officers and the force are committed to the national police service integrity model and statement of vision and values, and we have publicised this. Corruption within the Force is taken very seriously as we recognise how it significantly damages trust and legitimacy.

Lessons learned from all our key Professional Standards Branch (PSB) enquiries are published internally and externally on the force website. IPCC learning is also promulgated and PSB representatives attend training courses to spread good practice and lessons learned. The Force's PSB currently goes beyond this approach; looking proactively at methods to prevent misconduct and looks at cultural / environmental concerns to be addressed. This approach also informs anti-corruption posters and messages to staff. Sexual misconduct is an example of this and is widely referred to in the Force as 'PC Chancer' for example. The next campaign planned is misuse of force information systems.

We also have a regular conduct and capability meeting with Legal services, ACU, HR, Occupational Health, Operational Management and PSB to identify risk around individuals and teams, based upon organisational intelligence from various sources (Misconduct, Complaints, Grievance, Capability, Attendance, Health & Wellbeing, Business Interests, Confidential reporting etc.). These regular meetings are supported by case conferences, as required, to ensure appropriate remedial interventions are taken.

The Force and the PCC have worked to maintain good relationships with the Independent Police Complaints Commission.

We have just implemented and launched in April 2015 a new whistleblowing policy. The policy complements our work under the ACU and professional standards, with the Bad Apple system being fully incorporated into the policy. The policy was fully consulted upon with the Union, Federation and Superintendents Association. The policy will be promoted through our force on-boarding/ induction process and through a rolling programme of actions and updates via professional standards.

We are also the only force across the UK who has publicly committed to the Charity Public Concern at Work – PCAW (this is a whistleblowing/ public disclosure charity set up after a series of national disasters such as Piper Alpha and Free Enterprise). This offers another confidential route for individuals to contact and seek advice. PCAW also offer us training courses, and external audits and inspections along with advice.

The Force has recently changed our Gifts, Gratuities and Hospitality policy and practice to build trust and demonstrate culture change. The change is also intended to release PSB capacity to proactively assess risk around this area. Gifts of 'Thanks' from members of the public under £20 can now be self-authorised within the parameters of the new policy changes (in line with national policy on the matter). A new database has been designed to be quick and user friendly. It auto populates applicants details and places the entries on a PSB database. It rejects cases where it is not straight forward such as a gift from a supplier or suspect or is over £20, forwarding it for further assessment by Head of PSB, with an email to the applicant advising them thus. Alongside the go live of this process is an awareness message from the head of PSB and will be announced in staff association publications alongside the feature on misconduct prevention messages, and on the force intranet. The database will be audited annually under the anticorruption audit. As already indicated, the time saved in administration means that the entries can be monitored by PSB more routinely for risk rather than merely compliance and that areas of risk are also incorporated into the annual audits too.

All Gifts, gratuities and hospitality are published on the Force's external website. Publication is also being explored in terms of good news alongside the 'Good Egg' data-base which captures thanks directly from the public via our force web page, and where staff can register letters and emails of thanks. The database was piloted by a large and varied group of our people and went live in May 2015.

Until recent months Business interests were checked every two years to ensure that they were up to date. A broader examination by PSB highlighted some areas of risk and installed an annual review of Business Interests within an anti-corruption audit timetable. The annual audit has just taken place and has highlighted strategic areas for the force to consider.

Consideration has been given to the creation of an Ethics Committee. An Ethics Committee has been established and is operating in South Yorkshire and as part of the increased level of joint working the use of that Committee for Humberside is being explored.

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 that I and the PCC ensure that the good governance principles are embedded within the way the Force and OPCC operate with their values being set out in our respective corporate and strategic plans.

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 ACU, which links its work with the responsibilities of both Chief Finance Officers and the Head of Audit and Risk (West Yorkshire OPCC).

**3.d. Taking informed and transparent decisions which are subject to effective scrutiny and managing risk**

The corporate governance arrangements include the following:

- A decision making protocol setting out the principles behind how decisions are taken by myself and the PCC and the standards to be adopted.
- Planned activities to bring together the business planning cycles for the Police and Crime Plan, the OPCC and the Force Business Management Model(FBM) process with the aim of ensuring proper governance and that the right information such as needs assessments, business benefits, savings plans, costs and budgets are available at the right time to make timely and informed decisions.
- 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 I and the PCC ensure that local people are involved in decision making.

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

In 2014/15, the Force has its own legal advice through the Head of Legal Services and the PCC also has access to this resource. This resource has predominantly worked across both Humberside and South Yorkshire Police Forces in the year.

The Financial Regulations and Standing Orders provide for both the Force and the OPCC to have access to counsel's advice should this be required.

**3.e. Developing the capacity and capability of the Force to be effective**

The Stage 2 transfer came into effect on 1 April 2014 implementing the agreement between the PCC and myself of the transfer of functions and employment of police staff and the scheme was approved by the Home Secretary.

Under these arrangements the PCC retained the employment of a very small number of staff to deliver direct support and a shared service team, the CST, providing services to both the PCC and myself.

The CST has supported the PCC and myself providing capacity to undertake research and assurance activities and risk management support in addition to providing coordinated information on performance.

Collaboration with other Forces 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.

Chief Officers and PCCs from both Forces have a clear vision to build a shared structure, culture and way of working. A formal 'Strategic Partnership' has been established, which will be developed over the next two to three years founded on our current programme to create shared IT platforms and adding to existing successful collaboration arrangements between the two Forces. To this end a Strategic Vision

for the partnership has been agreed.

Humberside and South Yorkshire Police Strategic Partnership will:

- Place public safety and the needs of victims at the centre of our activities.
- Ensure that all opportunities to improve resilience, reduce cost and improve service to the public are evaluated. Where evidence demonstrates a clear public benefit, we will act quickly to improve services across our organisations.
- Continue to deliver core policing services such as the protection of life and property, maintain order, and prevent and detect crime in order to make a difference to our communities.
- Meet the challenge of the Comprehensive Spending Review and in so doing insulate forces against major shocks and short term funding driven changes. This will ensure sustainability of service delivery and as much certainty about the future as possible for those committed public servants, police officers and police staff, who are and will remain at the heart of our organisations.

In order to do this the two forces will, wherever possible:

- Develop common policies, procedures and governance to deliver both operational and business functions.
- Do things once for both forces.
- Work to common standards, using the best people and skills from either organisation to lead and deliver policing services.
- Share the assets that make each force excellent; people, knowledge, systems, buildings and equipment.
- Reduce costs and increase or maintain service levels to the public.
- Concentrate collaborative activity across the two forces with the intention to achieve success from the Strategic Partnership. Current and future wider collaboration arrangements will be pursued jointly wherever these are to the benefit of the public.

### **3.f. Engaging with local people and other stakeholders to ensure robust public accountability**

The Policing Protocol Order makes it clear that the PCC is accountable to local people and that he draws on this mandate to set and shape the strategic objectives for the force area in consultation with the Chief Constable. The accountability to local people is discharged through meeting the public and victims on a regular basis and through the open and transparent sharing of information via the website and through the media.

The Police and Crime Plan clearly sets out what the strategic direction and priorities are and how they will be delivered.

An annual report is being produced and this will be considered by the Police and Crime Panel in September 2015.

During the year arrangements have been introduced to ensure that there are clear channels of communication so that stakeholders and local people can become engaged with the PCC and myself to ensure they are part of the decision making, accountability and future direction setting. Both the PCC and I are committed to developing these arrangements.

The Force and the PCC have once again promoted access to information and provided links to Home Office, HMIC and other information sources on the website to ensure that the public are well informed on

local issues.

#### **4 FINANCIAL MANAGEMENT ARRANGEMENTS AND ISSUES**

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 for 2014/15, financial management within the Force has been delegated to me as far as possible. The Force itself has a system of devolved financial management to commanders and branch managers with key strategic budgets, including pay.

The Deputy Chief Executive and Treasurer, has statutory duties which included having overall responsibility for the financial administration and he is the professional adviser to the PCC on financial matters. The Assistant Chief Officer (Support), was a member of the Force's Chief Officer Group (COG), acted as the designated Chief Finance Officer, s151 officer, for me throughout the financial year, with responsibility for all financial activities undertaken within the Force or contracted out under the supervision of the Force. From 5 May 2015 this responsibility was transferred to the Director of Finance, South Yorkshire Police, who also has the s151 officer role for the Chief Constable of South Yorkshire Police.

The Deputy Chief Executive and Treasurer and the Assistant Chief Officer (Support)/Director of Finance are responsible for interpreting the financial regulations and ensuring that the operation of services are efficient and effective. Work is now underway to compare the standing orders and financial regulations in Humberside and South Yorkshire with a view to compiling a common set of regulations that reflect best practice and which are designed to support the SPP and the work that is ongoing to implement a shared ERP system. The review of standing orders includes the three s151 officers, the Heads of Finance in each Force and the Heads of Internal Audit for both Humberside and South Yorkshire.

The PCC proposed a precept increase of 1.99% in 2015/16, just below the limit that would trigger a referendum. This decision was taken, again after consultation with me and carrying out a public consultation exercise using a local independent company. Consideration continued to be given to the longer term implications of the precept decision. For the strategy for 2015/16 to 2019/20 which modelled the options of the increase and a council tax freeze demonstrating the savings requirement and the implications for the use of reserves, the medium term financial strategy (MTFS) document produced in previous years was extended to provide more explicit information on the staffing implications of the budget reductions, hence the change to a medium term resource strategy (MTRS).

The precept decision was considered and endorsed by the Police and Crime Panel in February 2015. After considering the views of the PCP the PCC declared a precept/Council Tax of £180.08, 1.99% more than in 2014/15 which was £176.57.

The principles outlined in the CIPFA Statement on the role of Chief Financial Officer in Local Government have been compiled with.

The arrangements also comply with guidance on the role of the Head of Internal Audit.

#### **5 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, the annual report of the Head of Audit (West Yorkshire OPCC), together with comments made by external auditors and other review agencies and inspectorates.

##### 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. The details are set out in the Corporate Governance Framework which was amended for 2014/15 to reflect the Stage 2 transfer.

The Chief Constable

The responsibilities of the Chief Constable as set out in the PRSRA are also reflected in the Corporate Governance Framework.

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.

The Assistant Chief Officer (Support)

The ACO(S)'s responsibilities set out in legislation and guidance relating to the role of the Chief Constable's Chief Finance Officer are once again detailed in the Corporate Governance Framework.

Corporate Governance Group

The Corporate Governance Group includes the Chief Constable and PCC and their officers with statutory responsibilities and meets bi-monthly to discuss key business and decision making protocols.

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 have been provided throughout 2014/15 by the Internal Audit team from West Yorkshire OPCC. The team have been awarded the contract for the provision of the service to October 2016 following a competitive tender exercise carried out in mid-2014.

Joint Independent Audit Committee

The Joint Independent Audit Committee met quarterly throughout 2014/15 and is made up of the Chair and four members. There have been no changes to the membership of the Committee. In June 2015 the Committee received reports from the Head of Audit on audit activity carried out in 2014/15, the effectiveness of internal audit and his opinion on the internal control environment. The JIAC have also carried out exercises to establish the mechanism by which it can assess its own effectiveness.

The annual report from the Head of Audit indicated that the level of audit coverage during the year was considered sufficient to be able to offer an opinion on the overall adequacy of the organisation's control environment. A number of audits were identified as providing limited assurance including risk management and assurance mapping and these have been identified as significant issues in this Statement. However based on his knowledge of the systems and procedures in place, the extent of 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 PCC and the Chief Constable 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.

Other review and assurance mechanisms

Whilst there is no longer a formal requirement for statements of internal control the Assistant Chief Officer (Support) has provided an assessment of the development and maintenance of the governance environment and systems of internal control within the Force as set out in the AGS produced by the Chief Constable.

HMIC Inspections

The PCC has made responses where appropriate to the issues raised in HMIC inspections. 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 the PCC.

KPMG

KPMG acted as external auditors for the PCC and for the Chief Constable. In September 2014, KPMG issued a clean audit opinion on the annual accounts for that 2013/14 together with an unqualified value for money conclusion.

All KPMG reports have and will be considered by the Joint Independent Audit Committee.

**6 | SIGNIFICANT GOVERNANCE ISSUES**

In the course of preparation of this Statement a number of issues have been identified which merit mention. A number of issues were identified last year, namely CSR and further budget reductions, collaboration, partnerships and Victims' Commissioning.

The implications of the continuing and deepening requirements for budget reductions remains a matter of concern with budget projections requiring further significant savings in the cost of policing and with partners having to face similar if not greater challenges. The new Force model, which was implemented on 15 April 2015, aims to improve and maintain service provision based on a better understanding of demand whilst concentrating on reducing the budget.

Collaboration at both Regional and Sub-regional levels remain an issue. Reliance continues to be placed on the Region to provide essential high level operational services involving serious and organised crime and following the transfer to a lead force model in 2013/14 these arrangements have now become embedded. At the same time the level of collaboration with South Yorkshire has intensified with the SPP.

Partnership working is another issue which remains a concern as it continues to be difficult to bring together key stakeholders to focus and come together to address the wider issues in light of the individual challenges that they face.

CSR and further Budget Reductions

The PCC has continued to make precept decisions in the context of the medium term and has placed emphasis on the implications of staff numbers. The new Force operating model has been implemented and whilst this will make a significant contribution towards the savings requirements there is still a gap. Work is being undertaken to examine options to close this gap, including the benefits from increased collaboration through the SPP and joint working at an operational level.

At the present time the financial projections are based on limited information on Government support beyond 2015/16 given the uncertainty over the general election. The projections will need to be revised as and when information becomes available on the new Government's intentions on public spending. The first opportunity for this to be articulated will be the Chancellor's Budget statement on 7 July 2015 although this is unlikely to provide detailed information at individual service or PCC level. This is unlikely to become clearer before a CSR announcement later in the year with detailed allocations only being made available in November or December 2015. There are also worries about the possible targeting of reserves. Careful planning and prudent use of reserves to cushion the impact of budget reductions and to enable them to be implemented in a planned and managed way has been a successful strategy in the past but this is becoming increasingly difficult to maintain if as expected the pace and extent of reductions increases.

Force Collaboration and Local Partnerships

See the narratives above about in particular working across the Yorkshire and The Humber Region the new fleet management joint venture with the Humberside Fire and Rescue Service and the new Strategic Partnership with South Yorkshire Police.

Risk Management

Given the number of interdependencies within the Police Service risk is complex. The arrangements for risk management and assurance mapping have been identified as issues by Internal Audits areas for improvement. Following consideration by the JIAC, risk management processes have been considered by the CGG and actions have been taken to modify and improve the arrangements in the Force and the OPCC. The DCC, CEO and the Force Risk Manager consider the risk issues at all levels to identify and assign-priority. Following these changes the current arrangements for assurance mapping will be reviewed and redesigned to establish better links with the risk management process and close alignment with existing performance frameworks.

Sickness Absence Reporting

The review of governance arrangements 2014/15 has raised one new issue regarding sickness absence reporting. A draft Internal Audit report of June 2015 states that "... there is an adequate framework of internal control in relation to the processes for capturing, recording and reporting employee sickness absence. However, the processes in operation at South Yorkshire and Humberside are different and this should be reviewed to provide for a more efficient, effective and consistent approach to sickness management. The audit has identified some shortfalls in relation to compliance with the established processes, which directly impact on the ability to ensure data is captured accurately, completely, in a timely manner and subsequently to ensure performance management information and published statistics are robust and fit for purpose."

Force Operating Model

The new Force operating model generated by our Building The Future Programme went live on 15th April 2015 following a long period of design, testing, scrutiny and communications. The Force re-design was conceived to improve operational delivery whilst concurrently achieving financial savings. The new model has been a success by more accurately matching resource to demand. Although initial teething issues have been experienced in our large scale change programme, these are subject to an improvement plan and at no point is public safety being compromised. The issue of staff and public confidence is required to be reinforced along with the on-going assurance derived from scrutiny of operational service delivery to the public.

Signed

Justine Curran QPM  
Chief Constable for Humberside

Phil Goatley BA CPFA  
Assistant Chief Officer (Support) Humberside Police