



Report of the Chief Constable to the Chair and Members of the Audit Committee 16th December 2016

Executive & Presenting Officer: Mr Graeme Slaughter, Chief Finance Officer

Status: For Information

Annual Governance Statement 2015/16 Update

1. Purpose

- 1.1 This report is to update Members on the progress against the significant governance issues and the specific issues requiring further/continued focus identified in the Annual Governance Statement, approved by Members at their meeting on 23rd June 2016.

2. Recommendations

- 2.1 It is recommended that Members note the content of the report and the progress made against the significant governance issues and the specific issues requiring further/continued focus.

3. Reasons

- 3.1 Following the introduction of the Police Reform and Social Responsibility Act 2011 Chief Constables are required to prepare an Annual Governance Statement (AGS) separate to that of the Police and Crime Commissioner.
- 3.2 In line with their Terms of Reference the Joint Independent Audit Committee approved the Chief Constable's Annual Governance Statement at their meeting on 23rd June 2016.
- 3.3 The AGS 2015/16 identified three significant governance issues, and some specific issues which required further/continued focus, which the Force planned to address to enhance its governance arrangements over the coming year.
- 3.4 The table at Appendix 1 details the Force's progress in addressing the issues identified.

4. Implications

4.1 Finance

There are no financial implications arising from the content of this report.

4.2 Diversity and Equal Opportunities

There are no diversity or equal opportunity implications arising from the content of this report.

4.3 Human Rights Act

There are no Human Rights Act implications arising from the content of this report

4.4 Sustainability

There are no sustainability implications arising from the content of this report.

4.5 Risk

There are no risk implications arising from the content of this report.

5. Conclusions

5.1 The Annual Governance Statement provides a review of the effectiveness of the organisation's governance arrangements including internal control and risk management systems. The Statement gives assurance on the effectiveness or otherwise of these systems resulting in an action plan to address any identified areas of weaknesses.

5.2 This report updates Members on how the Force is addressing the issues raised in the AGS.

Graeme Slaughter
Chief Finance Officer

Progress on actions from the Annual Governance Statement 2015/16

<i>Significant Governance Issues</i>	
Following the 2015 HMIC PEEL (Police Effectiveness, Efficiency & Legitimacy) assessment, the Force was assessed as requiring improvement, with 17 areas for improvement and one cause for concern. The Force has taken immediate steps to address the areas identified by HMIC, but work will continue into 2016/17.	The Force continues to address all of the areas for improvement previously identified by HMIC in the 2015 PEEL inspection. To date significant progress has been made, as demonstrated in the most recent inspection relating to Efficiency, for which the Force was rated as 'Good'. The findings of the remaining elements of this years' PEEL assessment are yet to be published.
The Force is in the early stages of delivering 'Everyone Matters'; ensuring inclusion, equality, diversity and human rights are fully embraced in both our service delivery and employment. This work will continue into 2016/17 and beyond.	<p>The Everyone Matters programme has established a governance structure to provide a robust system of measurement and evaluation to provide assurance that our work in this area is effective. There are 3 strategic themes each led by a chief officer: serving our communities; supporting our people and organisational processes.</p> <p>A number of interventions have been carried out during the year to date:</p> <ul style="list-style-type: none"> • Equality Diversity and Human Rights training for all staff • ACAS supervisor sessions • Words that hurt supervisor sessions • Unconscious bias training • Management Board 'Everyone Matters' strategic development day • Mentor training sessions • Cultural awareness sessions

<i>Specific issues which require further/continued focus</i>	
The integrity of data held by the Force needs to be improved to ensure operational effectiveness and efficiency, and legislative and regulatory compliance.	<p>The Experian Data Quality solution has now been implemented and is being evaluated. Statistics show a reduction in the creation of new records and duplicate nominals. This will be monitored on an on-going basis. The Data Protection Manager is currently working with the Control Room Superintendent to identify data quality standards for new records. Once completed the monitoring of new records will be reviewed against the benchmark agreed with a feedback mechanism implemented.</p>
The Force is reviewing and updating the Effective Management of Property in Police Possession Guidance, to ensure that the controls to manage this area are suitably designed and understood. Further work will continue to be taken to ensure that it is fully embedded across the force and consistently applied.	<p>The work was completed during Spring 2016 and is now circulated via Force Intranet.</p> <p>A PDF version controlled document is maintained so it can be amended based on improvements in practice that are identified through the Force Property Management Group. During the course of the last 18-24 months, the Force has seen a reduction in stored property of over 15,000 items and seen its administrative processes streamlined and improved significantly.</p>
Following CSR 2015 and the 'protection' of police service funding, the Force has worked with the PCC to agree a level of funding that will sustain the Towards 2020 operating model over the lifetime of the plan. Consequently, the Force is projecting a break-even position for each year of the plan without the need to further reduce the establishment subject to delivery of the other strands of the savings programme. It should be noted that the police settlement was for one year only pending introduction of a new funding allocation formula. Until there is clarity in relation to this issue, the current forecast assumes that there is neither a positive nor negative financial impact on the funding received by Cleveland in terms of Government funding. Based on what is currently known of the proposals this is a prudent assumption, however, it does present a potential risk.	<p>The Minister of State for Policing and the Fire Service has indicated that the flat real settlement for policing would continue over the spending review period.</p> <p>The savings programme has been delivered, however, significant cost pressures, many of which are outside the Force's control are emerging.</p> <p>Financial balance will be retained over the lifetime of the plan through continuing the programme of deep dive reviews focussing on effective practice and cash release.</p> <p>The Minister wrote to all Police and Crime Commissioners on 14 September setting out plans for continuing work to review the Police Core Grant Distribution Formula. The Review will take place between October 2016 and February 2017 and comprise a period of detailed engagement with the policing sector and relevant independent experts, which will make recommendations to the Home Office on a new formula for distributing Police Core Grant funding to PCCs (and their London equivalents) in England and Wales. The indicative date for implementation is April 2018.</p>