



**Report of the Chief Constable to the Chair and Members of the Audit Committee
25th March 2021**

Executive & Presenting Officer: Mrs Joanne Gleeson, Chief Finance Officer

Status: For information

Annual Governance Statement 2019-20 Update

1. Purpose

- 1.1 This report reviews the Action Plan for 2020-21 that was included within the Annual Governance Statement 2019-20.

2. Recommendations

- 2.1 It is recommended that Members note the actions taken throughout 2020-21 to address the issues raised.

3. Issues/Areas for Concern

- 3.1 There were three significant governance issues and one non-significant governance issue outlined in the Annual Governance Statement as at 31st March 2020, and four issues for continued focus from the previous year. These issues and the most recent update on progress to address them can be seen at Appendix 1.

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 update provided should provide members with the assurance that the identified areas of weakness have been managed effectively throughout the 2020-21 financial year.

Richard Lewis
Chief Constable

Appendix 1

Significant governance issue 1

In September 2019, Her Majesty's Inspectorate of Constabulary and Fire and Rescue Services (HMICFRS) graded the Force as 'inadequate'.

During the 2019 IPA (PEEL) inspection, HMICFRS identified 6 causes of concern which have resulted in the Force being issued with 30 recommendations. The Force has also been given 7 new areas for improvement and have a further 10 which remain outstanding from previous inspections - a total of 17. In addition to this, the Force also has 9 national recommendations to deliver on that relate to a national cause of concern for 'all forces' - a total of 56 individual elements of service improvement to deliver relating to the IPA inspection.

The causes of concern are in the following areas:

- Prevention and problem solving
- Protecting vulnerable people
- Understanding demand and strategic planning
- Public engagement, communication and scrutiny
- Ethical behaviour and culture
- Workforce engagement and communication/ treating the workforce fairly

The Force has therefore embarked upon a Service Improvement Programme and has established a dedicated service improvement team to lead on the delivery of six identified projects. The Force has also developed a robust monitoring and evidencing process to ensure that progress is being made in those areas of service delivery identified by HMICFRS as causes of concern.

Update: February 2021

The causes of concern are managed by the Service Improvement Programme. They formally report on progress bi-monthly to the Futures Board with monthly workstream monitoring through the relevant Delivery and Assurance Groups. We are also subject to quarterly monitoring through the HMICFRS Police Performance and Oversight Group (PPOG) and a detailed progress report has been produced for each meeting. The fifth update is due to be presented to the next meeting on 8th March 2021.

The Service Improvement Programme has completed Stage 0 and is now in Stage 1. A separate report is being progressed with the Audit Committee containing a greater level of detail on progress made to date, closure of Stage 0 and the impact of these changes being implemented.

The move from Stage 0 to Stage 1 has included lessons learnt so far, key issues that have impacted delivery, feedback from frontline staff and then the prioritisation of work for Stage 1 including governance and ownership with Gold, Silver and Bronze commanders. Stage 1 works alongside the wider approach to developing the Force Management Statement which once completed will enable further stages to be clarified for the next 12-24 months. The Force Management Statement

provides a framework for strategic planning and responds to one of the Causes of Concern - Understanding Demand. This process will demonstrate how the demand work completed by the Force has been accounted for and used to drive prioritisation and decision making for the future.

The recent HMICFRS inspection into Vulnerability has further provided independent assessment as to how the force have improved such as the implementation of the Vulnerability Desk and where developments are still required or need to be embedded such as Missing People. The feedback from the inspection has been reviewed by the workstreams across Service Improvement and reconfirmed that the Stage 1 priorities will provide the larger scale change to the improvement journey.

A performance monitoring framework is in place for the causes of concern which has been developed in conjunction with HMICFRS. The framework includes 25 explicit performance outcomes which are tracked against 228 associated performance indicators (a combination of numerical performance measures and evidential based assessments) and 58 service standards or performance 'targets'. Each indicator within the data set, is assessed on a monthly basis in terms of direction and delivery. For example, the directional assessment provides a comparison of performance over time. However, rather than rely on a simple binary comparison (e.g. the current month compared to the last) we use a series of statistical process control charts to identify significant changes or 'exceptions' within our data. The delivery assessment provides a comparison against the required level of performance and an exception will be raised when performance falls below a predefined service standard or a specific performance improvement target. Outcomes associated with the delivery and directional assessments are shared with HMIC on a monthly basis and used to hold to account those responsible for delivery via the Strategic Performance Improvement Board and thematic Delivery and Assurance groups.

Work has also commenced with Internal Audit to provide the required evidence for the process and governance for Areas of Improvement (AFI's) and the overall approach to HMICFRS reporting. This audit will report during March to clarify any improvement areas or good practice for the governance currently in place.

Significant governance issue 2

Alignment of operational, workforce and financial planning cycles

Following a period of significant change in leadership and approach to planning, the established Force process for strategic and operational planning have been eroded as highlighted by HMICFRS. The Force is re-establishing a robust and structured approach to strategic planning to ensure that the various elements are in alignment and intrinsically linked. This is reliant on the establishment of a detailed understanding of demand, capacity and capability across the organisation.

Update: February 2021

The Force has re-established its strategic planning process using the FMS process as its core. This will provide an annual assessment of demand, capacity and capability across all business areas. To deliver an evidence-based approach to the analysis and understanding of Force demand we have procured the services of Process Evolution through a consultancy led implementation of practice and software tools. This approach has combined data and professional judgement along with expertise in process analysis, design and improvement ensuring the transfer of knowledge and skills to the Force and will result in the development of a permanent demand analysis function within Corporate Services.

The agreed scope for this ongoing work is as follows:

- To assess the demand and resource requirements of the response and investigative capabilities of Cleveland Police
- Develop a robust baseline of demand, associated workload and performance of current processes
- Work with the Force to develop recommendations for change in the light of the baseline findings
- Support the Force to evaluate its Neighbourhood Policing Model
- Provide progressive transfer of skills to enable the Force's own analysts to deploy the evidence-based approach.

This work has contributed to steps 1 and 2 of the current FMS process and informed the financial planning cycle for 21/22. It will now be further developed across other business areas. Once the FMS is complete, work will continue to further enhance the strategic planning process, building on the lessons learned from this year.

Significant governance issue 3

External Audit Adverse Value for Money Conclusion

In seeking to satisfy themselves that the CC for Cleveland has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources, the External Auditors have considered the reports issued by HMICFRS in relation to Cleveland Police as relevant to their considerations and the functions of the persons under the direction and control of the Chief Constable. The areas that the HMIC reported on cut across many aspects of the VFM conclusion including, informed decision making, sustainable resource deployment and working with partners and third parties. The External Auditors were not able to satisfy themselves that these arrangements were in place and have therefore provided an Adverse Value for Money Conclusion. Further work needs to be undertaken that makes it more explicit what processes are in place to monitor efficiency and value for money, including benchmarking of performance and costs, within the organisation, this should also include development of benefits realisation assessments as needed.

Update: February 2021

The Value for Money Conclusion for 2019/20 has been updated and the sole reason for the qualification of this conclusion was the HMICFRS report.

The National Audit Office have issued new guidance to auditors (in the form of Audit Guidance Note 03- AGN03) for 2020-21 which now requires them to collect evidence from numerous sources and not just place reliance solely on the HMICFRS reports. Consideration will still be needed of such external reports but wider evidence gathering is being undertaken to ensure that the auditor is fully aware of all of the work that the Force and PCC are conducting in order to satisfy the new requirements and to provide Value for Money.

Work commenced in November 2020 when the draft AGN03 was issued and a checklist of the VFM requirements has been created. The VFM conclusion measures the Financial Sustainability, Governance and Improving the Economy, Efficiency and Effectiveness of both the Force and the PCC. Evidence is being gathered from around the Force and OPCC and is being assessed against the VFM checklist requirements. This includes evidence from the Service Improvement team and the Futures Board as well as gathering evidence from the everyday work that is being undertaken. This evidence gathering will continue until the end of the financial year and will be presented initially to the auditors to ensure that they are aware of all the work that is being undertaken. The external auditors will be able to measure the work against specific requirements of AGN03.

Non-significant governance issue 1

Impact of COVID19 on the ability to undertake in depth governance review

The current impact of COVID19 and social distancing has made the process of governance review more difficult to delivery during 2020. The proposal was to undertake structured face to face discussions with senior leaders from each business area to ensure that all good practice and governance issues were identified. This has proved difficult and the process has been undertaken through the exchange of e-mails and we cannot therefore provide assurance that all governance issues have been identified. The process for 2021 will be more interactive and structured.

Update: February 2021

The process for undertaking the governance review in 2020/21 was intended to be significantly more interactive and structured than previously; however that has not wholly happened due to the ongoing Covid-19 pandemic.

The process commenced in October 2020 using a governance questionnaire covering all areas of assurance. Each area of business was briefed on the process, and asked to complete the questionnaire and return to Corporate Services. Support was provided through some face to face meetings, but much of the process took place over video calls, phone calls and finally through the exchange of emails. Throughout the process full version controls were maintained and assistance given in ensuring the questionnaires were complete and quality checked. The questionnaires were updated as needed and signed off as final versions throughout February/March.

Despite the different routes of communication, the process was successful overall and provides a baseline for 2021/22 as a method of collating the governance assurances and evidence required, from the business areas, for the AGS.

Issue for continued focus 1

Leadership values and behaviours

The Force has undergone a significant amount of change, both structurally and in terms of individual post holders with a number of senior and middle managers, and frontline supervisors, being newly promoted or new to the organisation. We must ensure that the framework of expected values and behaviours, as set out by the College of Policing, are communicated clearly to all levels and fully embedded within the Force. We must ensure that appropriate leadership training and support is available to enable leaders at all levels to work within this framework.

Update: February 2021

During 2020/21 the force has undertaken processes to understand its leadership capability. This has included a Leadership Training Needs Analysis which was completed in October 2020, and a Leadership Audit which was completed in January 2021.

The Leadership Audit was accessible to all officers and staff, to help us understand our leadership capacity and capability at all levels. The audit was underpinned by the Force Values and leadership behaviours and skills, as set out by the College of Policing, and encompassed the principle that leadership is about taking responsibility for the success of those around us, and is not about the foundation of rank or seniority.

A Force Independent Coach is now in place and has facilitated circa 150 'health check' diagnostic conversations across the force. A 'health check' report is scheduled March 2021.

Developing Leadership Capability

The Chief Constable's Pledge has been produced and communicated to all senior leaders and now forms an integral part of the promotion process for all newly promoted officers. A Silver Command course has also been produced and delivered to C/Inspector rank and above.

The Leadership Audit data results once published in March 2021 will enable us to recognise where we excel and what our areas for development are. A three-phase plan to build a Leadership Development Framework will commence in March 2021 and will communicate what leadership, management and operational command training and development is available to both officers and staff. The framework will be aligned to the Force Values, CVF and leadership skills in accordance with the College of Policing.

In February 2021 the process to develop the Leadership brand and culture began in conjunction with the Force Leadership coach. This process will ensure a clear leadership vision with a definition of language/narrative of each level of leadership. This will underpin the Leadership Development Framework. A Cleveland Police Leadership Academy is scheduled to commence in summer 2021 which will encompass and enhance the Cleveland Police Leadership 'brand'.

The Leadership Development Framework will include five modular leadership programmes that will be available to Cleveland Officers and Police Staff based on

the people demand plan and outputs of the Leadership Skills Audit. This will ensure that staff and officers can upskill within their current role, and be provided with learning opportunities to enable success in future roles. A first line and second line managers leadership programmes will be delivered as pilots and evaluated March 2021 with subsequent programmes due to commence in April 2021.

Our leadership capability will be enhanced by continuing to embed the brand and culture within the PDR process using the behavioural survey based on the Force Values and Leadership behaviours and skills as determined by the Collage of Policing CVF. In addition, a new pilot induction will take place in late March following consultation that took place on the existing induction programme in October 2020 ensuring the new induction is aligned to Force Values and leadership behaviours (CVF) and skills as determined by the College of Policing.

The outcomes of this process to understand and develop our leadership capability will be as follows:

- Embed the Force values and Leadership behaviours/skills at **all** levels
- Facilitate the transfer of learning of the code of ethics
- Ensure no critical leadership skills gaps
- Increase leadership capabilities and capacity
- A more diverse leadership which reflects the communities we serve
- Ensuring Leadership learning at Cleveland Police is recognised as 'ongoing' beyond 'training'
- Embedding the Force Values and CVF in performance, learning and development, talent development and promotion

Everyone Matters

The Force continues to deliver the 'Everyone Matters Equality Diversity and Human Rights Strategy 2017–2020'; ensuring inclusion, equality, diversity and human rights are fully embraced in both our service delivery and employment, and is a key priority for the Force.

Update: February 2021

Equality, Diversity and Inclusion

Building upon the achievements of our 'Everyone Matters Equality Diversity and Human Rights Strategy 2017–2020' we are now progressing our Equality, Diversity and Inclusion 2020 - 2025 Strategy. This strategy has three strategic outcomes we are working toward:

Our People & Organisation: Create a working environment that is supportive and inclusive of all, enabling officers and staff to develop, feel supported and able to be themselves at work.

Our Communities: Deliver policing services that are accessible, responsive and needs led to ensure services meet the requirements of all our communities.

Our Partners: Partners have confidence that Cleveland can have effective joint service delivery underpinned by equality and inclusion through improved opportunities for collaborative working.

The delivery of these are a key enabler for our Toward 2025 vision to deliver outstanding services for our communities and continuously improve the ways we care for and support our team mates too.

Issue for continued focus 3

Police service funding

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 operating model over the lifetime of the plan. Consequently, the Force is projecting a break-even position for each year of the plan. The financial balance is dependent upon aligning our work streams with the agreed establishment. The Force predicts a break even position for 2021 onwards using the assumption that the establishment stays within agreed limits. Should this not be the case it will present a potential financial risk to the Force.

Update: February 2021

During the 2020/21 financial year there have been several areas of unexpected spend including extra costs associated with policing within a global pandemic, to increased in year costs associated with numerous major incidents.

In February 2021 the force received confirmation by the Government of further Covid-19 Surge Funding which has meant that the forecast extra costs that Cleveland Police has had to fund to cover extra patrols, extra PPE, extra cleaning for example has been fully covered by the Government.

In terms of alignment to the agreed establishment recruitment has continued throughout the pandemic with police officer recruitment keeping apace. Police staff recruitment has been slightly slower which has enabled further investment in areas of leadership training, localised policing through extra summer operations (Operation Phoenix 2) and investment in major incidents.

Overall this has meant that the force has forecast a small overspend of approximately £227k (0.16% of the revenue budget) for the year which reflects in the main the extra costs the force has had to invest in due to the number of new and continuing major incidents.

In terms of the next iteration of the long term financial plan - work is underway to marry up the extra staffing requirement as identified by our external demand workstream. This will be wholly achievable from the start of the third year of the new plan with year 1 and year 2 being 50 and then 25 FTE below required police officer establishment with small savings required against non-pay costs each year. Work is ongoing to ensure those areas with the greatest need and risk are assigned the officers first leaving vacancies in the lower risk areas.

Issue for continued focus 4

Historical investigations

The Force has been awarded a special grant for its Historical Investigation Unit (HIU). This funding is provided on an annual basis. The work is likely to continue over a number of years but should the funding cease then further savings will have to be made for the Force to continue to allocate resources to this operation.

Update: February 2021

The funding for the HIU was successfully secured for the 2020/21 financial year. This has ensured that the establishment of 81 FTE has been able to continue to investigate the historic murders that are encapsulated under the umbrella of Operation Pandect.

It is expected that the Home Office funding will start to reduce over the next 24 months and as such the long term financial plan 2021/22-2024/25 has included 50 Police Officer FTE for 2021/22 and 25 Police Officer FTE for 2022/23. The funding is then forecast to be wound up in 2023/24 with the return of the police officers back into force. All the police staff have been employed on fixed term contracts and hence their roles will be deleted as soon as the funding ceases.

The financial risk remains as the grant must still be applied for on an annual basis and the work has yet to be concluded. Therefore, even without the funding the force would need to continue with the investigations albeit within the current structures of the Crime and Justice division.

During the current year the force received a letter of praise from the Home Secretary, Priti Patel, who was greatly impressed by the work of the HIU in gaining a lengthy sentence for an offender in regard to one of the murders. The HIU has also been independently reviewed by the HMICFRS in October 2020 who were very positive about the work being undertaken. Both of these recommendations should ensure that the grant request for both financial years (2021/22 and 2022/23) are looked upon favourably.