

Report of the PCC's Chief Finance Officer to the Chair and Members of the Joint Audit Committee
30th March 2023

Executive and Presenting Officer: Michael Porter, CFO
Status: For Information

PCC's Annual Governance Statement – Actions Update

1. Purpose

- 1.1 Authorities, including Police and Crime Commissioners, are required to prepare an Annual Governance Statement (AGS). The report is about all corporate controls and not confined to financial issues and therefore is no longer published within the Statement of Accounts. Guidance from CIPFA envisages that the statement is reviewed by a Member group during the year (rather than just at year end) as an integral and indeed critical component of the review process.
- 1.2 The Joint Audit Committee has been tasked with 'Considering the Annual Governance Statement for publication with the annual accounts, together with associated action plans for addressing areas of improvement and advising the PCC as appropriate'.
- 1.3 The purpose of this report is to update the Committee on the progress against the issues raised in the PCC's 2021/22 AGS which was agreed by this Committee in September 2022.

2. Recommendations

Members are asked to:

- 2.1 Note the current progress against the issues and action points raised in the 2021/22 Annual Governance Statement.
- 2.2 Note that any outstanding actions will continue to be worked on over the coming months and reflected in the draft of the 2022/23 AGS, as needed, which will be brought to this Committee at its meeting in June.

3. Reasons

- 3.1 Members agreed the 2021/22 AGS at its meeting in September 2022 for sign off by the PCC. This statement included 2 items that were deemed to be Significant Governance Issues and 3 further items that required further and/or continued focus from the PCC. This report provides an update on all of those items so that Members can see the progress made to date and also so that they can take these items into account when the AGS for 2022/23 is developed.
- 3.2 The schedule that contained the actions within the Annual Governance Statement has been attached to this report along with updates against the actions.
- 3.3 As referred to in the attachment further details on the value for money aspects are included below:
- 3.4 While most of the national Value for Money indicators produced by the HMICFRS are based around costs per head of population (or per 1,000 of the population) we do not believe that these are truly representative of whether or not a Police Force is delivering Value for Money. This is for several reasons such as, the needs of 'populations' within Police Force Areas vary so significantly, the funding provided to PCC's/Force's is not based solely on population size and therefore comparing Value for Money on this basis provides an inaccurate assessment.
- 3.5 While recognising that there are several factors that impact on both demand and workload within a Police Force area, we undertook some different comparators:
- 3.6 Funding/Costs per Police Recorded Crime
- 3.7 Based on the last nationally produced data on Police Recorded Crime Levels (2021/22) in comparison to projected funding levels for 2023/24 then this provides the following points of note:
- Cleveland has the 20th highest (out of 43) number of Police Recorded Crime in England and Wales.
 - However, Cleveland has the 11th highest (out of 43) level of Funding.
 - Cleveland will therefore have £2,205 of funding per Police Recorded Crime in 2023/24 versus a National Average of £2,854 (so 30% higher than Cleveland)
 - Or Cleveland is therefore dealing with each Police Recorded Crime 30% more efficiently than the average Police Force.
 - Or perhaps Cleveland doesn't have sufficient funding to effectively deal with the level of demand that it has?
 - Cleveland will have funding of £2,205 per police recorded crime in 2021/22, Of the 43 Forces in England and Wales there are only 5 who will receive less funding per police recorded crime and these forces are all significantly larger than Cleveland (the next smallest has twice as much money, with 2 out of

the 5 having more than 4 times as much money as Cleveland) and therefore benefit from significant economies of scale.

3.8 Police Officers per Police Recorded Crime

- 3.9 Cleveland has a Police Officer Uplift Target of 1,465 Police Officers and therefore when compared against the level of Police Recorded Crime this equates to 50 per Officer.
- 3.10 This is the second highest in the country, i.e., on average Police Officers in Cleveland, if using this measure as a proxy for demand, would have the second highest average workload per officer in the country.
- 3.11 The average in England and Wales is 36 – so by this measure Cleveland Officers could be shown to have to deal with over 40% more Police Recorded Crime each than within the average Police Force.
- 3.12 We recognise that value for money is also about effectiveness/outcomes however most assessments of Value for Money and conclusions for Inspections don't reflect that Police Forces are not all funded equally and therefore perhaps this will impact on their effectiveness.
- 3.13 We will continue to explore assessments around Value for Money to demonstrate a more rounded picture for Policing within Cleveland.
- 3.14 In terms of any outstanding actions these will continue to be worked on over the coming months and reflected in the draft of the 2022/23 AGS, as needed, which will be brought to this Committee at its meeting in June.

4. Risks

- 4.1 Publication and approval of the Annual Governance Statement is a mandatory requirement. Failure to therefore address actions arising from this process in a timely manner would undermine the PCC's progress in promoting corporate governance and driving up performance.

5 Conclusion

- 5.1 Addressing issues raised as part of the AGS process is a vital part of this process to demonstrate and ensure that improvements are being made within the organisation and good progress has been made in several actions included within the Annual Governance Statement, with further work in progress to continue this development.

Michael Porter
PCC Chief Finance Officer

Significant Governance Issues	Action	Owner	Target Implementation Date	Update
Adverse Value for Money Conclusion	In seeking to satisfy themselves that the PCC for Cleveland has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources, the External Auditors, in 2019/20, considered the reports issued by HMICFRS in relation to Cleveland Police as relevant to their considerations, given the role of the PCC to hold the CC to account for the performance of the force's officers and staff and for the exercise of the functions of the office of Chief Constable and the functions of the persons under the direction and control of the Chief Constable.			
	The External Auditors were not able to satisfy themselves that these arrangements were in place and therefore provided an Adverse Value for Money Conclusion.			
	While the 2020/21 Value for Money conclusion from the External Auditors has not yet been formally provided the Adverse Value for Money conclusion will remain until the HMICFRS Causes for Concern have been addressed and removed.			
	While the PCC cannot address the Causes of Concern directly the PCC will continue to hold the Chief Constable to account for the rectification and resolution of those issues raised by HMICFRS through his Scrutiny Programme during 2022/23.	PCC and Chief Executive	Continuous throughout 2022/23	The PCC has continued to robustly challenge force performance linked to the areas highlighted in the PEEL inspection 2019 throughout his scrutiny programme, this has included for example, how the Force understands its demand, its use of resources in the control room and how it responds to vulnerable people. Findings from the recent Integrated PEEL inspection, published in March 2023, will also be programmed into the scrutiny work programme for 2023-24. The PCC will also continue to closely monitor recommendations arising from all HMICFRS Inspections.
	In addition to the scrutiny of the Causes of Concern the PCC's CFO will work further with the Force to evidence and improve the economy, efficiency and effectiveness of the Force, to demonstrate and improve the Value for Money assessments of the Force.	PCC CFO	Mar-23	Significant work continues to be undertaken in this area to demonstrate both internally and externally that Cleveland Police performs well in terms of value for money relative to the volume of demand and work that the Force is required to undertake with the funding available to it. Further details of some of these measures are contained within the report.
Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law	To Oversee and hold to account the Force for the Professional Standards and Ethics within the Force and the implementation of the actions resulting from all reviews in this area.			
	Use the Complaints data that the OPCC is now capturing as part of their enhanced role within the complaints process to hold the Chief Constable to account for embedding the learning from this process to drive improvements within this area of the Force.	Chief Executive and Monitoring Officer	Mar-23	The Standards and Scrutiny Manager is a member of the Organisational Learning Board and the Organisational Learning Board working group. As a result, themes from complaints will be presented to the group and the OPCC will have an active role in monitoring how lessons learnt are being embedded within the Force. The PCC has also been able to use complaints trends to assist with questioning within the scrutiny programme, for example, using complaints from people affected by retail crime and developing complainants' feedback to the Force into the line of questioning.
	To hold to account and scrutinise the Force for the delivery of the 2 Area for Improvements from the HMICFRS that are outstanding in this area	PCC and Chief Executive	Jan-23	This will be added to the work programme for 2023/24
	Scrutinise the Force against delivery of the 5 management actions that were raised within the review of Whistleblowing by Internal Audit	Chief Executive and Monitoring Officer	Jan-23	This will be added to the work programme for 2023/24