



**Report of the Chief Constable to the Chair and Members of the Audit Committee  
8<sup>th</sup> March 2022**

**Executive & Presenting Officer: Simon Hart, Acting Chief Finance Officer**

**Status: For information**

**Annual Governance Statement 2020-21 Update**

**1. Purpose**

- 1.1 This report reviews the Action Plan for 2021-22 that was included within the Annual Governance Statement 2020-21.

**2. Recommendations**

- 2.1 It is recommended that Members note the actions taken throughout 2021-22 to address the issues raised.

**3. Issues/Areas for Concern**

- 3.1 There were two significant governance issues and one non-significant governance issue outlined in the Annual Governance Statement as at 31<sup>st</sup> March 2021, and four issues for continued focus from previous years governance issues. 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

All of the issues that have been identified have been risk assessed and if required will be included in the risk register of the Force.

**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 2021-22 financial year.

Helen McMillan  
Acting Chief Constable

## Appendix 1

### Significant governance issue 1

#### **CDSOU withdrawal**

The Chief Constable has given notice in May 2021 that the Force will be withdrawing from the Cleveland and Durham Special Operations Unit (CDSOU) collaboration but will continue with the firearms training element. This will take a number of months to achieve and will result in road policing being provided solely by the Force within its boundaries. This withdrawal will mean a change in the governance of the function which is currently undertaken by the JOG and will be dealt with during the transition period.

Update: February 2022

The Chief Constable gave notice in May 2021 that the Force will be withdrawing from the Cleveland and Durham Specialist Operations Unit (CDSOU) collaboration, but stated an intention to remain within the training collaboration (subject to terms being agreeable to both forces). Negotiations and planning for the withdrawal are at the final stage. Governance structures have been addressed to ensure compliance with the Code of Practice on Armed Policing and Police use of Less Lethal Weapons. Governance of finance, HR and fleet have been enhanced. Increased levels of supervision have been added to the Cleveland operational and training structures, with further additionality agreed. Policies, procedures and plans have been updated and implemented incrementally throughout the process.

### Significant governance issue 2

#### **Adverse Opinions from Audits**

Three negative opinions were issued for the following: ICT, Overtime and Domestic Abuse. These three audits will be reviewed again during the annual audit review cycle for assurance that the recommendations are being taken forward in a timely fashion.

Update: February 2022

The audit recommendations are monitored by the Chief Constables Audit and Performance Board and the results of the follow up audits are presented to this Committee.

**IT Asset Management:** In June 2021, the auditors RSM, carried out a review of IT Asset Management. At the time they graded the Force 'Partial Assurance' and issued eight controls, one high, six medium and one low; meaning they required immediate Management Attention (H), Timely Attention (M) and Scope For Improvement for the Low control. All eight actions remain live; two actions have

been identified as complete on the Force action plan and are due to be reviewed by RSM in their follow up review at the end of February 2022.

**Overtime:** In the report received in August 2020, Partial Assurance included five medium (including two merged) and two low graded actions. All actions were closed by RSM in their follow up reports; in November 2020 one medium and in the August 2021 report four medium and two low. Therefore all actions were closed by August 2021.

**Domestic Abuse:** In January 2021, the auditors RSM, carried out a review of Domestic Abuse. At the time they graded the Force 'No Assurance' and issued five controls; four high and one medium; meaning they required immediate Management Attention (H) and Timely Attention for the Medium control. One of the actions was closed as implemented during the auditors follow up in review in March 2021. The remaining four actions have been identified as complete on the Force action plan and are due to be reviewed by RSM in their follow up review at the end of February 2022.

## Governance issue 1

### Expected changes in Chief Officer Team

The pending retirement of the ACC (Crime) and the CFO for the Chief Constable will result in the appointment of new staff to these posts. This may result in a period during which the new staff will need to be familiarised with the governance structures and processes of the Force, and the interdependencies of the decision making and assurance structures, particularly the CFO.

#### Update: February 2022

In September 2021 the Chief Officer Team identified a series of action to improve the stability and resilience of the Executive and Senior Management team. This was as a result of one ACC retiring one year ahead of expected succession plans; one ACC commencing a period of long-term absence, retirement of the CFO at the end of December 2021, and the unexpected transfer of the Chief Constable back to Wales.

Immediate actions taken included:

1. Full ranks promotions processes, top down, from Chief Superintendents appointments
2. Temporary appointment of Temporary ACC
3. PNAC support programme
4. Appointment of Interim CFO
5. Reallocation of core duties
6. Additional mandatory training relating to senior Chief Officer requirements e.g. Firearms
7. Chief Officer Succession planning

The induction / onboarding process has been enhanced and is supporting interim, temporary and substantive appointments into the Force in relation to governance. The current position regarding Executive stability and resilience is as follows:

- New Chief Constable appointed with a start date of 4<sup>th</sup> April 2022;
- The recruitment process for a substantive Chief Finance Officer; rebadged Director Finance and Assets is taking place in March/April 2022;
- Recruitment for an ACC is awaiting the new Chief Constable approval;
- The Force is supporting PNAC this year to ensure ongoing succession for operational senior officers is in place.

### Issue for continued focus 1

#### **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 subject to a small cashable savings target of £667k per annum. 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 2022

The budget for 2022/23 has been agreed with the PCC and this will allow the operating model to be sustained. The Force is predicting a break-even position for 2022/23 but there is a savings gap of £382k which will be allocated across the Force and monitored monthly. It is expected that there will need to be further savings in future years to ensure a balanced budget, but as central funding is still only confirmed on a one year basis this position will be kept under review.

There is a predicted break-even position for 2021/22. The current budget monitoring report shows an underspend of £70k but there are pressures in relation to Covid expenditure which is no longer reimbursed by the government and is unbudgeted. The £70k underspent on normal activities is therefore being offset against the covid expenditure to provide a break even position.

## Issue for continued focus 2

### 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 the next two 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 2022

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 planned to continue over the next two years (22/23 – 23/24) but should the funding cease then further savings will have to be made for the Force to continue to allocate resources to this operation.

## Issue for continued focus 3

### 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 2022

The Causes of Concern from the PEEL inspection were previously managed by the Service Improvement Programme but following progress being made and the re-

establishment of the Force Audit & Inspection team these are now factored in with all inspection activity. The Programme continues to work towards these in terms of specific recommendations and periodically across senior teams to confirm strategically the latest position. The Programme 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 latest update was presented on 1<sup>st</sup> March 2022.

The Service Improvement Programme has completed 2 stages and has now developed into the Force Change Programme following the re-establishment of the force planning process, this has brought together all change activity into one programme attempting to support prioritisation, resourcing and oversight for change. A separate report is being progressed with the Audit Committee containing a greater level of detail on progress made to date which now focuses on the change programme rather than the Causes of Concern which is reported separately through update on the wider Audit & Inspection regime.

The outcomes of the Stages delivered in respect of the Causes of Concern were reviewed by HMICFRS through the Vulnerability Inspection in November 2020 and all remaining Causes of Concern over the summer 2021. An updated position was confirmed and letters published signing off 11 out of the 30 recommendations. The scale of change and progress was recognised including the factors that impact the force's speed by which the issues are addressed and change embedded. These factors many of which are impacting policing nationally include resource availability due to CoVID abstractions, increases in demand, the impact of an inexperienced workforce in terms of the scale of training and coaching required to embed change, and the development of a single team following the return of Sopra Steria colleagues. Plans are in place to mitigate these issues but can result in additional time being required to implement and embed change for some of the workstreams that have to be tolerate.

The current position will be tested through the PEEL Continuous Improvement Programme during 2022/23 and already additional recommendations are awaiting ratification for the Inspectorate to sign off across all Causes of Concern.

A performance monitoring framework is in place 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.

#### Issue for continued focus 4

##### **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 Force.

Update: February 2022

The development of an integrated strategic planning cycle continues with activity to develop the 2022-23 plan and produce FMS4 currently taking place. Steps 1 and 2 of the four step process are complete and the prioritisation of bids for growth is being finalised. Briefings have been delivered to all business areas and senior leaders on the next steps of the process. Integration with the workforce plan, capital programme and financial plan is being achieved through the newly revised strategic planning process. The delivery of the agreed demand analysis programme continues to progress with activity being undertaken by the Demand Analysis Team alongside business areas. It is expected that the projects for roads and armed policing functions, dog section and custody will be concluded during March 2022 with work for Learning and Development commencing during February 2022, in support of the associated Towards 2025 reshaping project. Planning for the demand analysis programme for 2022-23 will take place in the coming months when the FMS information becomes available to establish priorities.