

Lancashire Constabulary Annual Governance Statement 2017 - 18



Scope of Responsibility

Lancashire Constabulary is responsible for ensuring that its business is conducted in accordance with the relevant law and proper standards relating to financial management and corporate governance. It also has a statutory duty to secure value for money in the use of public funds.

The Chief Constable is responsible for operational policing matters, the direction and control of police personnel and for putting in place proper arrangements for the governance of the Constabulary, including the effective exercise of its functions and ensuring appropriate arrangements for the management of risk.

The Police and Crime Commissioner (PCC) for Lancashire is responsible for holding the Chief Constable to account for the exercise of those functions. This statement reports on the governance arrangements in place.

A joint Constabulary and OPCC 'Scheme of Consent/Delegation' sets out both the broad legislative context and local regulatory framework, within which the Chief Constable and PCC will work to fulfil their statutory function of securing an efficient and effective police force.

A Code of Corporate Governance has been approved and adopted which also outlines how the Chief Constable and PCC will ensure robust and effective governance arrangements to support the exercise of those functions.

This statement explains how the Constabulary has complied with the governance framework, and also meets the statutory requirement for it to undertake an annual review of arrangements and publish findings in an Annual Governance Statement.

Purpose of the Governance Framework

Governance is about how the Chief Constable and PCC ensure that they are doing the right things, in the right way, for the right outcomes, in a timely, inclusive, open, transparent and accountable manner. A framework of governance and internal control has been established, comprising the systems and processes, culture and values by which the Constabulary is directed and controlled, and the activity through which it accounts to and engages with communities. It enables the Constabulary to monitor achievement against the strategic objectives, agreed with the PCC and outlined in the Police and Crime Plan, to consider whether those objectives have delivered efficient, effective services and value for money.

The system of internal control is a significant part of that framework and is based on an ongoing process designed to provide reasonable (rather than absolute) assurance of the effectiveness of risk management protocols. It is based on a dynamic process designed to identify and evaluate the risks to achievement of the Constabulary's priorities, aims and objectives and to ensure that they are managed and mitigated in an efficient, effective and economical way.

The governance framework has been in place up to and including the year ending 31 March 2018 and up to the date of approval of the Statement of Accounts.

The Governance Framework

The Chartered Institute for Public Finance and Accountancy (CIPFA) has identified the six principles of good governance for public services; those specifically relating to local policing services are:

1. Focusing on the purpose of the PCC and the Constabulary and on outcomes for the community, and creating and implementing a vision for the local area.

2. Leaders, officers and partners working together to achieve a common purpose with clearly defined functions and roles.
3. Promoting the values of the PCC and the Constabulary and demonstrating the values of good governance by upholding high standards of conduct and behaviour.
4. Taking informed and transparent decisions which are subject to effective scrutiny and managing risk.
5. Developing the capacity and capability of the workforce to be effective.
6. Engaging with local people and other stakeholders to ensure robust public accountability.

1. Focusing on the purpose of the PCC and the Constabulary and on outcomes for the community, and creating and implementing a vision for the local area.

The Constabulary has established a clear Purpose, Objective, and set of values. The Purpose is to keep people safe and feeling safe and when needed, we can be trusted to consistently deliver competent and compassionate service 24/7. The Constabulary has a commitment to its core policing services; Contact and Response, Local Policing and Serious Crime and Investigation and is underpinned by the expectation that officers and staff adhere to a set of values that are outlined in the Code of Ethics.

The overall assessment for the Constabulary in the PEEL (Police, Efficiency, Effectiveness and Legitimacy) Inspection of 2017 by Her Majesty's Inspectorate of Constabulary, Fire and Rescue Service (HMICFRS) was :-

Lancashire Constabulary is judged to be good in the efficiency with which it keeps people safe and reduces crime. Our overall judgment this year is the same as last year. The Constabulary has maintained a good understanding of demand; its use of resources to manage demand is judged to be good; and its planning for future demand is also judged to be good.

Value for money is a strategic priority for the Constabulary and the financial context in which the Constabulary operates makes achieving value for money and delivering the necessary savings a critical objective for the force. HMICFRS have consistently found, in their Valuing the Police (VtP) Inspection programme and the PEEL Inspections, that the Constabulary is well prepared to deal with financial challenges.

The local policing priorities for the County, on which the Constabulary focuses each year, are determined by the PCC in consultation with the Constabulary, its partners, stakeholders and the communities of Lancashire. In addition, the Constabulary and PCC are required to maintain a regional and national policing capability, in compliance with the Home Office Strategic Policing Requirement.

The Constabulary works closely with the OPCC in taking forward key areas of business and joint monthly strategic planning meetings are held.

The strategic and local policing priorities of the Constabulary and PCC are communicated to the public, partners and stakeholders via the Police and Crime Plan for Lancashire. The Plan is reviewed and updated annually, with outturn performance scrutinised at the year end.

The budget and medium term financial forecast (MTFF) are set by the PCC, with regular updates around budget monitoring and progress provided throughout the year. The Statement of Accounts will be approved by the PCC and Chief Constable in May 2018.

The Constabulary routinely surveys members of the community and victims of crime to assess levels of satisfaction and confidence with the service provided. Quality of service issues are identified and tracked at both team and individual officer level, to allow remedial action to be taken where necessary. Complaints and Satisfaction and Confidence data are monitored as part of the core performance framework and are routinely reported to the PCC, through the Strategic Scrutiny meeting and the Joint Audit and Ethics Committee.

2. Leaders, officers and partners working together to achieve a common purpose with clearly defined functions and roles.

The Police Reform and Social Responsibility Act 2011 (PRSR), the Strategic Policing Requirement and the national Policing Protocol Order outline the key roles and responsibilities of the Chief Constable and PCC.

The PCC and Chief Constable have approved a suite of documents, which set out the local governance arrangements. These include Standing Orders, the Financial Regulations and a Scheme of Consent/Delegation.

The Chief Officer team of the Constabulary have specific areas of responsibility, including key elements of internal control, which are outlined within job descriptions and reviewed via annual appraisal and Continuous Professional Development (CPD) activities. A review will be undertaken in 2018/19 of the internal scheme of responsibility, which outlines the financial responsibilities of relevant Constabulary officers.

The policing priorities agreed with the PCC form part of the Lancashire-wide community safety priorities, which are identified each year by the Lancashire Community Safety Partnership. The Lancashire County Community Safety Strategy Group (LCCSSG) was established to govern the pan-Lancashire approach to community safety and ensure a more co-ordinated effort; the Constabulary is a key partner within that group. There is also a regular series of meetings held with Lancashire local authority chief executives and senior leads from other public sector agencies such as Fire and Rescue and North West Ambulance service, at which information on joint priorities and common issues is shared.

Performance against priorities is tested through a robust framework, which ensures that the Chief Constable and PCC are kept informed about crime, resource and financial management performance. Performance information is monitored and scrutinised by Chief Officers and the PCC Executive at a range of forums, including the monthly Operations Board, Management Board and the quarterly Strategic Scrutiny meeting, at which the PCC formally holds the Chief Constable to account. A record of the Strategic Scrutiny meeting is published on the OPCC website.

The PCC also meets regularly with the Chief Officers of the Constabulary on a less formal basis, to receive updates and discuss issues around organisational and operational performance.

In accordance with the requirements of the Financial Management Code of Practice, a Joint Audit and Ethics Committee has been established.

Code of Ethics training and awareness has been provided to all officers and staff and written into job application forms and statement of particulars.

3. Promoting the values of the PCC and the Constabulary and demonstrating the values of good governance by upholding high standards of conduct and behaviour.

The CC's financial management arrangements conform to the governance requirements of CIPFA's Statement on the Role of the Chief Financial Officer in Local Government as set out in the CIPFA Statement on 'The role of the Chief Finance Officer of the Police and Crime Commissioner and the Chief Finance Officer of the Chief Constable'. The CC's Chief Finance Officer is the Director of Resources who is the Constabulary's professional advisor on financial matters.

The Constabulary has a robust complaints process, managed by the Professional Standards Department (PSD), which is responsible for the receipt, recording and investigation of public complaints and misconduct allegations. The PSD also has specific responsibilities to support the Independent Office for Police Conduct (IOPC) (formerly Independent Police Complaints Commission (IPCC)) in discharging their statutory role.

The Department routinely analyses complaints and misconduct data to identify emerging trends and lessons to be learned, which are disseminated to the workforce through a range of internal communications media.

Police Officers and Staff are subject to relevant codes of conduct and the standards of behaviour expected by the Constabulary, in line with its stated values and the College of Policing Code of Ethics. Discipline, grievance and conduct matters are governed by appropriate policies, including whistle blowing, and the Constabulary has a counter corruption strategy, which defines how it will manage corruption issues within the Force.

Professional standards matters are monitored by the Constabulary, with an action plan to oversee the implementation of recommendations arising from HMICFRS inspections of integrity and legitimacy.

The Constabulary has established processes for registering business interests and an electronic recording system for gifts and hospitality, which are routinely audited.

The Constabulary has introduced the national Code of Ethics for policing as part of its established overall approach to values led behaviour, supported by the existing standards it has outlined in the code of conduct. The PCC and Constabulary have also extended the remit of the Audit Committee to incorporate governance over ethical matters for both organisations. The Committee comprises an Independent chair and members to provide independent scrutiny and assurance over the ethics framework. This is supported by a Tactical Ethics Committee within the Constabulary, which considers and advises on ethical dilemmas.

The Constabulary has arrangements in place to address fraud and corruption and to enable officers and staff to report any issues of concern in confidence.

4. Taking informed and transparent decisions, which are subject to effective scrutiny and managing risk.

At the start of each financial year, the Constabulary and PCC agree a programme of internal and external audit work, which is reported back through the Joint Audit and Ethics Committee, responsible for enhancing public trust and confidence in the governance of the PCC and the Constabulary. It also assists the PCC in discharging his statutory responsibility for holding the Chief Constable to account. Minutes of the Joint Audit and Ethics Committee are published on the OPCC website.

The Constabulary is subject not only to internal and external audit procedures, but also to an extensive and intrusive inspection regime, through HMICFRS and its fellow criminal justice inspectorates; the results of these inspections are published nationally. The Constabulary responds to any issues highlighted during this process by developing action plans to address areas for improvement.

The Constabulary takes an inclusive, consultative and transparent approach to corporate decision making, with appropriately documented scrutiny around the operational need and organisational implications of decisions taken, including the financial costs and the organisational and operational risks and consequences, in every case. These are published on the Constabulary's intranet sharepoint site.

The Constabulary has an internal scheme of responsibility, which outlines the relevant financial authority to each budget holder. There is an internal process for submitting business cases to the Director of Resources, where amounts exceed approved responsibility limits. Devolved budgets are routinely monitored and reported upon to ensure financial efficacy, and the Director of Resources provides regular updates on the financial position and scenarios for budget planning. In addition, the Chief Constable, as a corporation sole, makes decisions and raises issues in his own right, governed by a similar robust process.

The Strategic Spend Board monitors levels of non-pay expenditure to ensure spend is contract compliant. The Board also considers any areas of non – compliance where procurement plans need to be put in place and endorses new procurement legislation and policies.

The Strategic Resourcing Board provides organisational direction to ensure the most efficient, effective, flexible and responsive use of officers and staff across the County The Board receives requests for

changes to structures (outside the Futures Programme) and considers the impact of turnover of officers and staff alongside the restructuring required within the organisation and the impact this has on establishment levels.

The Constabulary change programme is overseen by the Futures Assurance Board with a bi monthly governance structure that considers risk management and benefits realisation with bespoke programme management attached to the change delivery.

Items outside of the delegated authority of the Chief Constable's CFO are submitted to the Joint Management Board (JMB) for approval by the PCC. In addition, and to strengthen the transparency of decision making, those items approved by the Constabulary's Director of Resources/ Head of Finance, Procurement & Transactional Services are reported to the PCC for information and to ensure that he remains informed of decisions being made under delegated authority.

Statutory accounts, including opinion from External Auditors, are prepared in accordance with relevant legislation and are scrutinised by the Joint Audit and Ethics Committee prior to approval by the Chief Constable and the PCC and publication in July.

The Constabulary has an established risk management policy and procedures. The Deputy Chief Constable has established a Risk Management Group, to provide a dedicated forum for consideration of significant organisational and operational risks. The Group raises actions for mitigation and reports identified risks, via the Risk Register, to the chief officers and wider command teams. The Corporate Risk Register is reported through all management boards for information and action as appropriate.

The Head of Legal, who is also the Monitoring Officer, is part of the Strategic Management Group and is involved in key strategic decision making process which strengthens the scrutiny of decision-making.

5. Developing the capacity and capability of the workforce to be effective.

Costed HR Plans are produced by the Constabulary each year which outline the workforce numbers of the organisation and its training provision; it is presented to the PCC on an annual basis. HR data is scrutinised by the PCC at the monthly Management Board Meeting and quarterly at the Strategic Scrutiny Meeting.

The Constabulary has a Workforce Development Plan, with a framework of governance meetings that support their implementation, across a range of key people themes. This is designed to ensure that the organisation makes appropriate investment in its people, even as resources are becoming increasingly stretched. A rigorous approach to matching resources to demands is also carried out through detailed resourcing to ensure that sufficient resources are in place to provide capacity to meet operational requirements.

The Constabulary has established a Professional Development Programme (PDR), which supports the management of performance and is introducing a new Continuous Professional Development (CPD) process that will offer the opportunity for both development and improvement where these are applicable. This offers value for money in reducing bureaucracy at the frontline, whilst ensuring that performance and quality are appropriately managed and maintained.

A HR Case Management process has been introduced to support managers in challenging and managing under-performance, to ensure that the Constabulary is achieving best value for money from its workforce, whilst providing appropriate support for officers and staff to achieve their best. This is part of an early intervention approach by the constabulary to identify early signs of staff vulnerability and address these before they emerge in more problematic ways.

Training needs analysis informs an annual Costed Learning and Development Plan, which outlines training costs, needs and commitments. Evaluation is undertaken at the point of delivery with service users. The Constabulary is committed to ensuring that leaders at all levels have the right skills to deliver

effective leadership in the challenging environment they face and that they can deliver the leadership commitment to “**know your staff, know your stuff, know yourself**”.

The Constabulary is continuing to take an innovative approach to supporting both the physical and emotional well-being of its workforce; the Well-being Strategy is designed to support the Constabulary's wider activity in implementing cultural change. Well-being Ambassadors have been introduced across the force, in all divisions and departments, to support officers and staff in need and recent further investment has been agreed for the Health Services function to ensure that the capacity, capability and condition of employees is maintained.

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

In the PEEL Inspection of 2017 (Legitimacy element), HMICFRS also found:

Lancashire Constabulary is judged to be good at how legitimately it keeps people safe and reduces crime. For the areas of legitimacy we looked at this year, our overall judgment is the same as last year. The constabulary is judged to be good at treating all of the people it serves with fairness and respect and ensuring that its workforce behaves ethically and lawfully but is judged to require improvement in some aspects of how it treats its workforce with fairness and respect.

The Constabulary has a range of strategies, adapted to ensure the most appropriate and effective communication and consultation is achieved with both the public and partners. This approach embraces a range of traditional and new media, including social media platforms, such as Twitter, Facebook and Instagram.

The Constabulary has a system of online engagement, called 'In the Know' (ITK), which circulates updates on crime and incidents at a very local level. Members of the public can sign up to receive the information most relevant to them, in the format of their choice. There are also ambitious new plans in place to improve digital engagement with the communities, through the external facing website which facilitated much greater self-service and access to information. This is being further enhanced to enable digital services such as tracking of crimes and uploading of digital evidence to take place.

The Constabulary is a key partner in Community Safety Partnerships (CSPs) in every local area, engaging with partner agencies to ensure best value for public money in delivering community safety outcomes for the public. In addition, the Constabulary has been recognised as a service leader in developing and implementing co-located partnership place based working, to deliver more effective interventions in safeguarding the most vulnerable victims and dealing with the most prolific offenders and challenging families.

Independent surveys assess both confidence of the general public and victim satisfaction with the Constabulary, providing useful perception data to support hard performance statistics relating to policing in a local area, including the performance of teams at a local delivery level. The results are reported through the performance and scrutiny mechanisms outlined above.

Neighbourhood policing teams hold community engagement events to allow members of the community to voice concerns, highlight issues and influence priorities. The Constabulary is also delivering digital engagement opportunities to improve levels of engagement with the community. This information is also included as part of the wider priority setting process for the force.

Internally, the Constabulary has an innovative staff engagement tool known as 'The Buzz'. This provides a forum for staff to raise issues of concern directly to chief and senior officers and colleagues across the organisation and gives the opportunity for direct responses in return. It has proved to be a popular platform for myth and rumour-busting on a range of issues and Buzz Ambassadors enable anonymous posting for those who are reluctant. The Constabulary has also recently supplemented 'The Buzz' with a 'Buzz-o-meter', a quick quarterly survey to encourage even more staff to have their say.

Overall Assurance Summary

No system of internal control can provide absolute assurance against material misstatement or loss.

However, on the basis of the review of the sources of assurance set out in this Statement, we are satisfied that the Chief Constable has in place satisfactory systems of corporate governance and internal control which facilitate the effective exercise of their functions and which include arrangements for the effective management of risk.

The Constabulary have been audited in 2017/18 on both governance and risk management by Internal Audit and the following audit opinions were made;

*“We consider that the controls surrounding the production of the corporate risk register to be adequate to reflect key risks facing the Constabulary, and can therefore provide **substantial** assurance.”*

*“We have completed a review of the processes and controls in place surrounding Constabulary decision making; including transparency, rationale and Board roles and responsibilities. Overall, we can provide **full** assurance. There is a sound system of internal control which is adequately designed to meet the service's objectives and is effective in that controls are being consistently applied.”*

Review of Effectiveness

The Chief Constable is responsible for conducting an annual review of the effectiveness of the governance framework, including the system of internal control and audit. The review has been conducted by the Chief Officer team and takes account of comments from both internal and external audit and inspectorate reports.

The review involves gathering examples of effective controls, mitigation of risks and the overall efficiency and effectiveness of the organisation. The evidence gathered is documented in a separate record which is used to support the certificates of assurance signed by each of the chief officer team.

Taking all these factors into account, the Constabulary system of internal control for 2017-2018 is considered to be both satisfactory and effective.

Ensuring Effective Governance of Organisational Risks

Through the annual governance review and on-going risk management processes, the Constabulary has identified a number of key organisational risks which it considers prudent to monitor going forward. These are described below, along with the action being taken to address them.

1. Financial Pressures

It is clear that the period of austerity will continue for a number of years and a total of more than £102m of savings are likely to be required over the period 2011/12 – 2021/22 of which £84m has already been identified.

The longer term financial position is reviewed on a regular basis and further savings of around £18m are currently forecast to be required for the period 2019/20 to 2021/22. This is a significant challenge for the PCC and the Constabulary and work is already underway to develop plans on how these can be achieved. The PCC and the Constabulary have a proven track record, as recognised by both HMICFRS and external audit reports, in their ability to identify and deliver financial savings and it is anticipated that this will continue. However, as the economic position becomes more difficult, it will be increasingly challenging to find savings on the scale required.

There is also an expectation that a new funding formula will be introduced in the future which represents a significant challenge given the scale of reductions already made and the structural changes made to the Constabulary's operating model. This presents the risk of a negative impact on service delivery and organisational resilience.

Action to address: in addition to the measures outlined within this review, the Constabulary has a well-established change programme, which has been systematically developing a future policing model for Lancashire. The programme is designed to take account of future resourcing levels, determined by financial scenario planning, and ensures that the Constabulary is configured in such a way that it can sustain a high quality, efficient and effective policing service for the county. The Constabulary will also continue to lead public sector services in developing multi-agency working arrangements, which deliver improved outcomes and better value for money

Chief Officer Lead: Deputy Chief Constable/Director of Resources

2. Demand Pressures

The Constabulary recognises that the changing nature of demand on policing, including the rise in the volume of historic and current sexual offences places a significant strain on resources, particularly as a result of the massive rise in the analysis of digital media. This results in backlogs in analysis which results in delays in case management. In order to mitigate the risk associated with this the Constabulary has previously secured additional funding from the PCC of £1m to reduce the backlogs. However, the demand for further resources in this area is huge and has already been identified as a significant risk and will require capacity and capability building over the medium term to manage the risk. These elements have been developed through the Core Services Change Programme, ensuring the commitment to contact and response, local policing and serious crime and investigations during 2018/19. They are also being addressed through the development of the Force Digital Strategy.

The Government decision to allow "fracking" in Lancashire has already had an impact on the Constabulary's finances in 2016/17 and 2017/18 with a significant policing demand continuing into 2018/19. Whilst this places financial pressure on the Constabulary the impact on resources is also significant causing pressure in operational service delivery.

Action to address : The Constabulary's SMT receive monthly reports as part of the operational review of risk, threat and demand. The Constabulary is also placing significant emphasis in understanding its demand and dealing with it through a combination of preventative, early action measures and better partnership working across the public sector.

The PCC will continue to lobby support for additional special grant to offset costs of anti fracking protests.

Chief Officer Lead: Deputy Chief Constable

3. Staff Capacity , Capability and Condition

The Constabulary faces significant challenges arising from the continuing requirement to meet financial challenges and the demanding nature and complexity of police demand. The ability to ensure that employees have sufficient capacity, sufficient skills and good wellbeing is essential to ensure that the challenges which the organisation face can be met and that the organisation continues to deliver on the priorities set by the PCC and the Chief Constable.

Action to address : Specific focus has been placed on Organisational Development to ensure that the capacity and capability issues are identified and addressed and in terms of wellbeing additional investment has been agreed for Health Services which will assist with helping employees to better deal with health challenges. A Workforce Capabilities Board has also recently been established to provide oversight of strategic workforce capabilities to ensure the Constabulary is able to get the best

out of its people and effectively develop the skills and capabilities it will need for the future. In addition a new PDR system will be in place during 2018/19

Chief Officer Lead: Deputy Chief Constable

Summary

The Constabulary has been advised on the implications of the review of effectiveness of the governance framework by the Joint Audit and Ethics Committee, and that they continue to regard the arrangements as being fit for purpose.

The Constabulary proposes to take steps over the coming year to address the matters outlined above to provide further assurance of its governance arrangements. The Force is satisfied that these steps will address the issues highlighted during the review of effectiveness, and will monitor their implementation as part of the next review.

Will be signed when the accounts have been audited before the end of July.

Signed:

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Chief Constable
Andy Rhodes

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Chief Finance Officer
Ian Cosh

Date :

Date :