

Lancashire Constabulary Draft Annual Governance Statement 2015 - 16



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 Governance' 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. It also outlines how they 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

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 2016 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 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 in their roles.
6. Engaging with community, partners and 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 mission, vision and values and determined its five strategic priorities¹, which outline the key focus of the force in ensuring that it is able to deliver the most efficient and effective policing service for the people of Lancashire. Supporting these are the “3Ps” (People, Partnerships and Performance) which are seen as the key “enablers” to allow the Constabulary to deliver its Ambition.

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. HMIC have consistently found, in their Valuing the Police (VtP) Inspection programme and the new PEEL (Police, Efficiency, Effectiveness and Legitimacy) inspections, that the Constabulary is well prepared to deal with the challenges of the financial cuts. In the PEEL Inspection of 2015, HMIC found that:

Lancashire Constabulary is exceptionally well prepared to face its future financial requirements. It has a good understanding of the main elements of demand and uses its resources well. It is taking clear and effective steps to tailor its future workforce plans to meet longer-term changes in demand, as well as future organisational and financial requirements. It has an excellent track record of robust financial management to achieve planned savings and has well developed plans for future savings. In last year's value for money inspection, which considered how forces had met the challenge of the first spending review period, Lancashire was judged to be outstanding

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.

Internally, the Constabulary Chief Officer team utilises the annual programme of ‘roadshows’, in addition to a range of internal media, to directly communicate its approach and priorities to the workforce.

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 August 2016.

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

¹ Neighbourhood Policing, Diversity, Quality, Value for Money and Protecting People

core performance framework and are routinely reported to the PCC, through the Strategic Scrutiny Meeting and the joint PCC and Constabulary 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 Governance (SOG).

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. The Chief Constable's Chief Finance Officer (CFO) has implemented an 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 Management Boards, at Constabulary Quarterly Performance Reviews 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 in September 2015 to replace the Joint Audit Committee.

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 (2010) 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 (July 2012)'. The CC'S Chief Finance Officer 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 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, which has an action plan to oversee the implementation of recommendations arising from HMIC 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 new 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. There is an Integrity and Standards Board which governs and monitors integrity related issues; 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 will be supported by two newly established Ethics Groups within the Constabulary, based at tactical and strategic levels within the organisation, which will consider and advise 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 HMIC 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.

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.

Items outside of the delegated authority of the Chief Constable's CFO are submitted to the monthly 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 CFO 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 Audit Committee prior to approval by the Chief Constable and the PCC and publication in September each year.

The Constabulary has an established risk management policy and procedures, which were reviewed in 2014. As a result of that review, the Deputy Chief Constable has established a new 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.

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

A costed HR Plan is produced by the Constabulary each year and outlines the workforce numbers of the organisation; 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 People Strategy and 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 Continuous Professional Development (CPD) process, which assumes competence but offers 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.

The Performance Improvement Unit 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 an on-line resource known as the 'Big White Wall' provides a safe and anonymous community for people to share issues and get support.

In the PEEL Inspection of 2015 (Legitimacy element), HMIC also found:

a positive and supportive culture within Lancashire Constabulary and the wellbeing of officers and staff is considered very important.

6. Engaging with community, partners and stakeholders to ensure robust public accountability.

In the PEEL Inspection of 2015 (Legitimacy element), HMIC also found:

The constabulary is outstanding in the way in which it engages with its communities to understand their concerns

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, starting with a new 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 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 regular public meetings, known as PACT, to allow members of the community to voice concerns, highlight issues and influence priorities. The Constabulary is also developing 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 introduced 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.

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 2015 - 2016 is considered to be both satisfactory and effective.

Ensuring Effective Governance of Organisational Risks

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

1. Financial Pressures

Medium term financial planning for 2015/16 -2019/20 indicates that the Constabulary must make cash savings of around £30m, in addition to the £63m saved since 2011-12. In addition, it is likely that the period of cuts in public spending will continue over the period of the current parliament to 2020.

This 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. The successful award of 4.2m from the Home Office Police Innovation Fund will provide helpful seedcorn investment to deliver sustainable early action interventions to reduce demand.

Chief Officer Lead: Deputy Chief Constable/Director of Resources

2. Management of Police Information

Recent audit and Inspection work has highlighted some challenges around ensuring compliance with data management legislation and guidance. There is an acknowledged risk of regulatory enforcement action, fines and reputational damage as a result.

Action to address: The Constabulary is monitoring this issue as part of a wider Gold Group and is in the process of appointing a dedicated Records Manager to deliver stronger leadership

and compliance in this area. In addition temporary resourcing solutions are in place, prior to completion of a full Futures Review of Support Services, supported by systems thinking, to determine and build a more resilient structure.

Chief Officer Lead: Director of Resources

3. 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 secured additional funding from the PCC of £1m to reduce the backlogs. Additionally, 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.

Chief Officer Lead: Deputy Chief Constable

4. Corporate Governance Monitoring

An unprecedented amount of inspection activity by HMIC and its fellow inspectorates has resulted in the identification of both national and force specific areas for improvement across a range of business areas. The force has developed a number of action plans to address those issues and this has highlighted a need to ensure that there is a process for appropriate governance of ongoing improvement activity.

Action to address: The Constabulary is developing a new governance intranet site which will facilitate corporate level monitoring of action plans, policies and a range of associated governance issues. Although significant work has already been done, it is clear that an automated system is required to support this work, particularly in the context of the reducing workforce. Whilst the software is already available, staff require training on utilising it effectively; this is scheduled to take place in June 2015.

Chief Officer Lead: ACC (Territorial Operations and Criminal Justice)

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.

Signed:

13 June 2016

Appendix A

Item 9

TO BE APPROVED AND SIGNED PRIOR TO
SIGN OFF OF THE AUDITED FINANCIAL
STATEMENTS

TO BE APPROVED AND SIGNED PRIOR TO
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STATEMENTS

.....
Chief Constable
Steve Finnigan CBE QPM

.....
Chief Finance Officer
Ian Cosh

Date

Date