



Annual Governance Statement

During 2012/13 Cleveland Police Authority (CPA) was abolished and replaced by the Office of the Police and Crime Commissioner for Cleveland (OPCCC). This annual governance statement reflects both the governance framework in place up until November 21 2012 when the CPA was abolished and the new governance framework put in place for the PCC for the year ended 31 March 2013 including plans for the financial year 2013-14.

Scope of Responsibility

The OPCCC is responsible for ensuring its business is conducted in accordance with the law and proper standards, and that public money is safeguarded, properly accounted for, and used economically, efficiently and effectively. The OPCCC also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

In discharging this overall responsibility, the OPCCC is also responsible for putting in place proper arrangements for the governance of its affairs and facilitating the exercise of its functions, which includes ensuring a sound system of internal control is maintained through the year and that arrangements are in place for the management of risk. In exercising this responsibility, the OPCCC places reliance on the Chief Constable of Cleveland Police to support the governance and risk management processes.

On election to office the PCC for Cleveland approved the constituent parts of the governance arrangements that were to be adhered to, these included:

- Scheme of delegation
- Financial Regulations
- Contract Standing Orders
- Anti Fraud and Corruption Strategy
- Whistle-blowing Policy
- Decision Making Protocol

The OPCCC is currently reviewing the need for incorporating all of these documents into an overarching code of corporate governance to ensure it reflects the new governance arrangements and so that all documents are captured in one place. The code, as with the current arrangements, will be consistent with the principles of the CIPFA/SOLACE Framework: Delivering Good Governance in Local Government.

Copies of the above documents are available on our website at www.cleveland.pcc.police.uk or can be obtained from the Office of the PCC, Police HQ, Ladgate Lane, Middlesbrough, TS8 9EH.

This statement explains how the OPCCC has complied with the code and also meets the requirements of regulation 4(2) of the Accounts and Audit 2011 (England) Regulations in relation to the publication of a statement on internal control.

In drafting the OPCCC Annual Governance Statement reliance has been placed on the governance processes within Cleveland Police (CP), as reflected in the CP Annual Governance Statement which is published alongside the accounts of the PCC.

The two AGS's complement each other by:

- outlining the key methods of assurance which operate in each body to ensure that, overall effective control is exercised
- showing which key documents/reports of Cleveland Police are scrutinised by the PCC as part of wider accountability
- demonstrating how the Police and Crime Plan is delivered by Cleveland Police and is underpinned by public consultation on the part of the PCC as part of wider accountability

Both the PCC and Cleveland Police must produce separate accounts which are then consolidated into group accounts. This ensures that both individual and collective financial stewardship of public money is effective and is underpinned by annual external audit.

The Purpose of the Governance Framework

The governance framework comprises both the culture and value, and systems and processes, by which the OPCCC is directed and controlled and its activities through which it accounts to and engages with the community. It enables the OPCCC to monitor the achievement of its strategic objectives and to consider whether these objectives have led to the delivery of appropriate, cost effective services, including achieving value for money.

The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable and foreseeable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the OPCCC's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them effectively, efficiently and economically.

The Governance Framework

The Good Governance standard for public services set out the 6 good governance core principles. The key elements of the systems and processes that comprise the governance arrangements that have been put in place for the OPCCC and how they adhere to these 6 principles are set out below:

1. ***Focusing upon the purpose of the PCC, and on outcomes for local people, and creating a vision for the local area.***

Under the previous statutory arrangements, Cleveland Police Authority (CPA) members were responsible for the vision, strategic direction and priorities for the Authority and were advised by the senior management team who also advised and supported members in influencing and shaping the strategic direction and priorities for the policing of Cleveland. In addition relevant panels met regularly to consider the strategic direction, plans and progress, and review specific policy areas of the CPA.

The PCC has made his commitments and objectives for policing clear in his manifesto and in his Police and Crime Plan which has been widely consulted upon. The Police and

Crime Plan will be finalised by the end of March 2013 indicating how the PCC will take these forward. The plan also pays due regard to the Strategic Policing requirement.

The PCC has also developed action plans to support the delivery of the objectives set out within the Police and Crime Plan which have an allocated owner within both the Office of the PCC and the appropriate partner organisation. In addition to this the PCC is developing a business plan for the Office which will describe the mechanism for monitoring the implementation of the PCC's strategic objectives together with defining activities that are routine business, i.e. fulfilling the legal obligations of the PCC, and will be delivered in parallel to the developmental work.

The PCC has clear contact details on the website for members of the public to raise issues or concerns with him. A process is in place to respond to them therefore aiding the focus on outcomes for local people. The PCC has begun a process of visiting every neighbourhood ward within Cleveland in order to understand their specific needs which will aid in creating a vision for the local area.

2. ***Working together to achieve a common purpose with clearly defined functions and roles***

The roles and responsibilities of each of CPA's Panels were clearly defined in their individual terms of reference, and included arrangements for challenging and reviewing the Force's activity. The CPA's Standing Orders, provided for the delegation of CPA functions and decision making to panels and senior officers and included a scheme of delegation that set out those decisions that the CPA had delegated to its officers and the Chief Constable.

The CPA also had in place a statement of members' role, responsibilities and expectations which increased members' awareness of their roles and responsibilities, thereby improving their effectiveness.

The governance arrangements for the OPCCC have been developed in line with the 2011 Police Reform and Social Responsibility Act (PRORA), statutory Policing Protocol, Home Office Financial Management Code of Practice (FMCP) and existing guidance on financial and governance matters which continue to apply. A scheme of delegation, financial regulations and contract regulations has been developed in accordance with the FMCP to enable effective accountability and to govern the relationship between the OPCCC and Cleveland Police. There is a decision making framework which ensures that all OPCCC decisions are published and available for public scrutiny.

There are agreed terms of reference for the Joint Audit Committee and also agreed role profiles for the Chair, Vice Chair and Members of the Committee.

3. ***Promoting the values for the PCC and Force and demonstrating the values of good governance through upholding high standards of conduct and behaviour***

CPA members were bound by the statutory Code of Conduct that formed part of Standing Orders, and the Standards Committee was responsible for ensuring that members were aware of their responsibilities under the code and received guidance on ethical standards and behaviour.

The CPA also had in place a set of Standards which were designed to help all officers build positive working relationships, ensure high performance, and to help in challenging bad behaviour.

Following the creation of the OPCCC the PCC has signed up to a Code of Conduct that incorporates the 7 Nolan principles relating to Public Life. In addition to this the Members of the Audit Committee have also signed up to a similar Code of Conduct. A Code of Conduct has also been agreed for the staff of the Office of the PCC setting out what is expected from them in terms of their conduct.

The PCC has approved and adopted a policy on anti-fraud and corruption which clearly sets out the anti-fraud and corruption procedures which will be operated by the PCC for the Cleveland Police area. The anti-fraud and corruption policy is designed to encourage prevention, promote detection and identify a clear pathway for investigation of fraudulent and/or corrupt activities or behaviour

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

The CPA's decision making process was clearly defined in standing orders and supporting financial and contract regulations. These were reviewed on an annual basis as part of the review of the Code of Corporate Governance to ensure they were fit for purpose.

These have now been replaced by the OPCCC's governance framework, and will continue to be reviewed on an annual basis.

The Audit and Internal Control Panel was responsible for risk management activity within the CPA and Cleveland Police, ensuring that risk management processes and programmes operated effectively. The joint PCC and Cleveland Police Audit Committee have now taken on this responsibility, and continue to receive reports on risk management. The OPCCC has continued to use the risk management policy and framework that was previously used within CPA.

Under the previous CPA governance arrangements the Audit and Internal Control Panel provided the core functions of an Audit Committee and in line with CIPFA guidance considered issues relating to internal control, risk management and financial reporting. The Panel also provided a forum to discuss areas of concern raised either by internal or external audit.

The Panel has now been replaced by an independent joint PCC/Force Audit Committee which is responsible for enhancing public trust and confidence in the governance of the Office of the PCC and Cleveland Police. It also assists the PCC in discharging statutory responsibilities in holding the Police Force to account. This is achieved by:

- Advising the OPCC and Chief Constable of Cleveland Police according to good governance principles
- Providing independent assurance on the adequacy and effectiveness of the OPCCC and Cleveland Police internal control environment and risk management framework.
- Overseeing the effectiveness of the framework in place for ensuring compliance with statutory requirements (and in particular those in respect of health and safety and equalities and diversity.)
- Independently scrutinising financial and non-financial performance to the extent that it affects the OPCCC and Cleveland Police exposure to risks and weakens the internal control environment
- Overseeing governance and monitoring of governance within the organisation.
- Overseeing the financial reporting process

The Committee is being served by 5 independent Members who were jointly appointed after the roles were advertised and interviews had taken place.

The CPA and now the OPCCC have a duty to ensure that it acts in accordance with the law and various regulations. Under the CPA this responsibility was fulfilled through standing orders and supporting policies and procedures were produced to ensure officers, within CPA and the Force understood their responsibilities. These have now been replaced by the OPCCC governance framework.

Compliance with them was and will continue to be reviewed. The role of the Monitoring Officer was formally the responsibility of the CPA's Chief Executive and is now the responsibility of PCC's Chief of Staff.

The PCC has adopted a clear decision making policy that requires oversight by both of the statutory officers with his office, ie the Monitoring Officer and the Chief Finance Officer, before they are signed this ensures that both legal and financial implications are clearly stated before any decision is made. All decisions made by the PCC are formally recorded and made available on the PCC's website for public information and scrutiny. A report listing all decisions made by the PCC is also provided to the Police and Crime Panel for their scrutiny.

A forward plan of decisions expected to be made by the PCC has been developed but will need to be embedded and developed over the coming months.

The PCC has developed a framework and timetable for 'Scrutiny Meetings' that will focus on 3 core areas, these are Partners and Commissioning, Finance Resources and Policy, and Performance. These will add to the work of the Audit Committee in establishing a comprehensive structure and framework for governance of organisation.

As part of the CPA arrangements the Head of Internal Audit provided management with an objective assessment of the adequacy and effectiveness of internal control, risk management and governance arrangements and where appropriate making recommendations for improvement. This will continue to occur but in accordance with the new statutory arrangements these assessments and recommendations will be in relation to the effectiveness of the OPCCC's and the Police Force's systems separately. This statement reflects the views in relation to the OPCCC's system of internal control.

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

The Office of the CPA implemented a restructure of the Office so that staff roles were realigned to support the transition from the Police Authority governance arrangements to those required under a PCC. A significant amount of time and development was allocated to ensuring that Officers of the Authority had access to the necessary seminars and training events to ensure that they were given the tools to succeed in their new roles and so they could support and help the transition to the new organisation and governance structures that came into effect with the election of the Police and Crime Commissioner in November 2012.

Under the CPA Member annual reviews were undertaken and personal objectives set. The objectives considered the role individual members played within the Authority and also the more corporate role with generic objectives. The reviews also considered training had been undertaken.

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

The Authority had in place a Consultation Strategy that was updated and developed regularly, the overarching aim of which was to engage with all sections of the community so that the Authority could continue to improve on the services it provided. The Operational Policing Panel had the responsibility to 'review and hold the Force to account for its consultation and engagement with the public and partners and in particular how the views of the local people and the priorities of other agencies were taken into account'

Research was done via telephone regarding public confidence levels on behalf of the Authority (and now on behalf of the PCC). The survey is conducted on a monthly basis and reported on the Authority, now PCC, and Force websites. If results indicate an area of particular issue then further consultation is arranged in this area to explore the matter in greater depth.

Neighbourhood Police Teams hold regular public meetings allowing the local communities to influence the policing priorities that their teams will focus on.

Face the People Sessions took place where senior members of the Community Safety Partnerships, including BCU commanders and Police Authority Members, met with the public to hear their issues and let them know about action they have taken, or will take, to address them.

The PCC and Force have a joint Consultation and Engagement strategy in place which sets out how they will seek the views and opinions of others to gain a broader understanding of the needs and experiences affecting people. By listening to people's views through effective dialogue the PCC and Force can make better informed decisions to help meet community expectations.

Within the limited time available from the election of the PCC to having to produce a Police and Crime Plan the PCC undertook an online consultation on the Executive Summary of the Plan with members of the public through the PCC website. In addition to this representatives from partnership organisations took part in a consultation event focused on the full draft Police and Crime Plan.

The feedback from both of these areas has informed the final Police and Crime Plan which has been presented to the Police and Crime Panel in line with legislative requirements.

The PCC is heavily engaged with many strategic partnership groups such as IAG's, Youth Services Strategic Planning group, Teesside Victims Strategic Planning Group. All of whom had a chance to comment on the development of the Police and Crime Plan.

The PCC communicated the changes made to the plan as a result of the consultation via the website and to those partners who attended the consultation event. With the following changes being specifically made as a result of the consultation:

- Specific mention of the strategic groups created to assist the PCC with his consultation and commissioning duties – Teesside Victims Strategic Planning Group, Young People's Strategic Planning Group and Safer future Communities Network
- Youth Forum to be included in the Neighbourhood Policing priority
- Specific mention of the effects of alcohol on offending

- Hate crime summit to be held to input into the Victims priority
- Widening of performance data to include partnership information
- Business crime to have a wider focus than retail crime
- The outcome of the victims priority changed from 'Reduce the number of victims' to 'Improve victim satisfaction.'

Going forward quarterly reports covering the consultation undertaken by both the PCC and Force will be produced covering all aspects of consultation such as Your Force Your Voice. Local Public Confidence, User Satisfaction, Control Room call backs and Crime Survey for England and Wales will also feed into the strategic planning cycle to ensure that the views of those consulted continue to influence the strategic delivery of the PCC priorities.

Review of effectiveness

The OPCCC has responsibility for conducting, at least annually, a review of the effectiveness of the governance framework, including:-

- The system of internal audit
- The system of internal control

The governance framework within the OPCCC has been reviewed, and continues to be reviewed for its effectiveness by both the PCCs Chief of Staff and Chief Finance Officer. This was further informed by an Internal Audit review that looked at the governance arrangements post the election of the PCC and the work of the External Audit over the coming months as part of their Annual Audit work.

The roles and processes applied in maintaining and reviewing the effectiveness of the governance framework are outlined below: -

CPA/OPCCC

The CPA and now OPCCC has overall responsibility for the discharge of all the powers and duties placed on it and has a statutory duty to 'maintain an efficient and effective police force'. The review and maintenance of the governance framework was previously undertaken by the CPA's Audit and Internal Control Panel who referred reports to the CPA's Full Authority when it was felt necessary. The joint OPCCC/Police Force audit committee has now taken on this responsibility and will continue to discuss the majority of governance issues, referring reports to the PCC when it is felt necessary. Given that the ultimate responsibility for Governance rests with the PCC and CC the Audit Committee requires a Member of the management team of each organisation to attend each Audit Committee meeting. This provides the Committee with a direct opportunity to engage at the right level in the organisation but also develop strong working relationships. In addition to this and to further strengthen their role the Audit Committee has direct access to both the PCC and CC if and when required.

Cleveland Police

The Chief Constable has responsibility for conducting a review of the effectiveness of the governance framework within the Force at least annually. This review is informed by the work of the Assistant Chief Officer, Head of Internal Audit and the Risk and Assurance managers within the Force who have responsibility for the development and maintenance of the governance environment. In preparing the Annual Governance Statement for 2012/13 the officers of the OPCCC have placed reliance on this review and the Force's resulting Annual Governance Statement.

Audit and Internal Control Panel/ Joint Audit Committee

The CPA had delegated responsibility for reviewing and maintaining the effectiveness of the governance framework to the Audit and Internal Control Panel, with the Panel receiving regular reports on governance issues at its meetings.

The Panel has now been replaced by the PCC/Cleveland Police joint Audit Committee and will continue to receive regular reports on governance issues. This will include the review of the Annual Governance Statement for inclusion in the Annual Statement of Accounts and update reports on progress made in addressing significant governance issues included in it.

Head of Internal Audit

In maintaining and reviewing the governance framework, the PCC Chief Finance Officer places reliance on the work undertaken by Internal Audit and in particular, the Head of Internal Audits independent opinion on the adequacy and effectiveness of the system of internal control. For 2012/13 the Head of Internal Audit is of the opinion, taking into account all available evidence that the OPCCC and Cleveland Police internal control environments, governance arrangements and risk management arrangement are adequate and effective. Areas for improvement were highlighted in the Internal Audit Annual Report for 2012/13.

External Audit

External Audit are an essential element in ensuring public accountability and stewardship of public resources and the corporate governance of the OPCCC's services, with their annual letter particularly providing comment on financial aspects of corporate governance, performance management and other reports.

In addition to the above other review/assurance mechanisms such as Her Majesty's Inspectorate of Constabulary who are charged with promoting the effectiveness and efficiency of policing, improving performance and sharing good practice nationally and the Health and Safety Inspectorate are also relied upon.

Significant Governance Issues

The following matters are to be considered significant:

- The Police Reform and Social Responsibility Act 2011 created 2 new corporations sole, the PCC and the Chief Constable. In November 2012 a 'Stage 1 Transfer' occurred that transferred all staff (excluding Police Officers), assets and contracts from the responsibility of the Police Authority to the PCC. There is a legislative requirement for a 'Stage 2 Transfer' to take place. This scheme needs to be submitted to the Home Secretary for approval by the 16th September 2013 and implemented by the 1st April 2014. The impact, implications and issues that could arise if this 'Stage 2 Transfer' is not appropriately planned, managed and implemented have the potential to create significant issues in terms of governance for 2014/15 and beyond.

In addition to the Significant Governance issues there are also some areas which require further/continued focus:

- Develop a policy/protocol for the Office of the PCC to govern responding to correspondence with the public.
- Embed and develop the 'Scrutiny Meeting' plan of the PCC to improve governance and enable scrutiny of both the Force and Partners in an open and transparent way.
- Embed and develop the forward decision plan of the PCC to improve visibility of decision making within the organisation.
- Develop an overarching Code of Corporate Governance which is then reviewed at least annually.
- Over the last couple of years a criminal investigation has been, and continues to be, undertaken by Warwickshire Police 'into a number of people with current or past associations with Cleveland Police Authority and the manner in which the Authority may have conducted some of its business'. It is important that the organisation continues to learn from and improve governance and controls, which may come to light as a result of this investigation, in the same way as it has done with Credit Card processes and policies and Gifts and Hospitality registers and policies.

We propose over the coming year to take steps to address the above matters to enhance our governance arrangements further. We are satisfied that these steps will address the need for improvements that were identified in our review of effectiveness and will monitor their implementation and operation as part of our next annual review.

Signed:



Barry Coppinger
Police and Crime Commissioner for Cleveland



Ed Chicken
PCC Chief of Staff

Date:

27/6/13

