Annual Governance Statement

Position as at 31st March 2016 including plans for the financial year 2016/17.

1. Scope of Responsibility

1.1 Following the introduction of the Police Reform and Social Responsibility Act (2011) the position of Police and Crime Commissioner has been established as a Corporation Sole. For the purposes of this document the terms Police and Crime Commissioner, PCC, OPCC and OPCCC should be read as one and the same.

1.2 The PCC 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 PCC also has a duty to make arrangements to secure continuous improvement in the way its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

1.3 In discharging this overall responsibility, the PCC 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 PCC places reliance on the Chief Constable of Cleveland Police to support the governance and risk management processes.

1.4 The PCC has an overarching code of corporate governance in place to ensure the governance arrangements are easily accessible with all of the key documents captured in one place. The code is consistent with the principles of the CIPFA/SOLACE Framework: Delivering Good Governance in Local Government and while under constant review to ensure it meets the needs of the organisation is it the subject of formal review and publication annually.

1.5 Copies of the Code of Corporate Governance are available on our website at www.cleveland.pcc.police.uk.

1.6 This statement explains how the PCC has complied with the code and also meets the requirements of the Accounts and Audit Regulations in relation to the publication of a statement on internal control.

1.7 In drafting the PCC Annual Governance Statement reliance has been placed on the governance processes within Cleveland Police, as reflected in the Force's Annual Governance Statement which is published alongside the accounts of the PCC.

1.8 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

1.9 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.

2. The Purpose of the Governance Framework

2.1 The governance framework comprises both the culture and value, and systems and processes, by which the PCC is directed and controlled and their activity through which it accounts to and engages with the community. It enables the PCC 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.

2.2 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 PCC'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.

3. The Governance Framework

3.1 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 PCC and how they adhere to these 6 principles are set out in the sections below.

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

4.1 Under the police reform legislation each Police and Crime Commissioner is required to produce a Police and Crime Plan. This was initially completed with the publication of the Police and Crime Plan 2013 – 2017 in March 2013 following an extensive consultation process; this has since been updated with the latest version of the Police and Crime Plan 2015/17.

4.2 The Police and Crime Plan outline the Police & Crime Commissioner's priorities in Cleveland and how these will be measured and delivered. The Commissioner has maintained five key objectives throughout his term in office:

- Retaining and Developing Neighbourhood Policing
- Delivering a better deal for victims and witnesses
- Diverting people from offending, with a focus on rehabilitation and the prevention of re-offending
- Ensuring better links between agencies to make the best use of resources
- Valuing those who deliver community safety services and encouraging good community and industrial relations

4.3 The original plan clearly set out the PCC's objectives, how these will be supported by the Chief Constable, how they link with Force priorities and how performance will be measured. The Plan defined the PCC's statutory responsibility for oversight of the Force, including budget setting, performance scrutiny and strategy policy development. It also makes clear that operational decision making on day to day policing matters remains the responsibility of the Chief Constable.

4.4 The PCC has 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. While updates to the plan have focussed on the priorities, the underlying core governance principles remain unchanged.

4.5 In line with the requirements of the police reform legislation the PCC produced an annual report for 2014-15 covering progress against the Police and Crime Plan including financial and operational performance information. This was sent to the Police and Crime Panel for scrutiny and also published on the PCC's website. In addition to this the PCC also produced a report covering his Term of Office which was similarly made available to the Police and Crime Panel for comment and scrutiny.

4.6 The PCC has visited every neighbourhood ward within Cleveland, at least once, in order to understand their specific needs, this has aided the process of updating the Police and Crime Plan throughout his time in Office and has helped to create and shape a vision for Policing and Crime services within the local area.

5 Working together to achieve a common purpose with clearly defined functions and roles

5.1 The governance arrangements for the PCC have been developed in line with the 2011 Police Reform and Social Responsibility Act (PRSRA), 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 in place throughout the year which has been developed in accordance with the Financial Management Code of Practice to enable effective accountability and to govern the relationship between the PCC and Cleveland Police. There is a decision making framework which ensures that all PCC decisions are published on the PCC's website and available for public scrutiny. During the calendar year 2015, 111 formal decisions were made by the PCC which are all detailed on the website and a summary of which have been provided to the Police and Crime Panel for their scrutiny and for them to ask questions of the PCC as they feel necessary.

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

5.3 The Code of Corporate Governance which detail the delegations and governance arrangements are reviewed annually to take into account the implications of required changes. The terms of reference for the Audit Committee are also annually reviewable. Under the police reform legislation each Police and Crime Commissioner is required to produce a Police and Crime Plan. This was initially completed with the publication of the Police and Crime Plan 2013 – 2017 in March 2013 following an extensive consultation process; this has since been updated with the latest version of the Police and Crime Plan 2015/17.

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

6.1 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.

6.2 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.

6.3 The PCC has clear processes and policies in place throughout 2015-16 to deal with complaints within the organisation. Complaints against the Office of the PCC are dealt with by the Chief of Staff, any complaints against the PCC are the responsibility of the Police and Crime Panel and the PCC is responsible for all complaints against the Chief Constable.

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

7.1 The PCC's decision making process is clearly defined in the PCC's governance framework, and will continue to be reviewed on an annual basis.

7.2 The joint Audit Committee is responsible for overseeing the risk management activity within both the PCC and Cleveland Police, ensuring that risk management processes and programmes operate effectively. They receive regular reports on risk management for both the PCC and Chief Constable throughout the year. The PCC has established its own risk management policy and framework that has been in place throughout 2015/16 and clearly articulates amongst other requirements the appetite for risk within the OPCC.

7.3 The Audit Committee 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 PCC and Chief Constable of Cleveland Police according to good governance principles
- Providing independent assurance on the adequacy and effectiveness of the PCC 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 PCC and Cleveland Police's exposure to risks and weakens the internal control environment
- Overseeing governance and monitoring of governance within the organisation.
- Overseeing the financial reporting process

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

7.5 The PCC has a duty to ensure that it acts in accordance with the law and various regulations. This is fulfilled through the governance framework, contract standing orders and supporting policies and procedures to ensure officers, within both the Office of the PCC and within the Force understand their responsibilities.

7.6 Compliance with them was and will continue to be reviewed. Professionally qualified staff hold key roles within the PCC's Office and professional advice is sought as and when needed. The role of the Monitoring Officer is the responsibility of PCC's Chief of Staff.

7.7 The PCC has adopted a clear decision making policy that requires oversight by both of the statutory officers with his office, i.e. 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.

7.8 A forward plan of decisions is maintained by the PCC which has been developed and further embedded during the year to provide visibility of the decision that the PCC expects to make over the coming months.

7.9 The PCC has held 'Scrutiny Meetings' through the year that focussed on 3 core areas, these are Partners and Commissioning, Finance Resources and Policy, and Performance. These are in addition to the work of the Audit Committee and aid in establishing a comprehensive structure and framework for governance of the organisation. Details of all of these meetings are provided on the PCC website and therefore available to members of the public to aid both transparency of decision making and to make as much information as possible available to the public.

7.10 The overarching aim of these meetings is to enable the Police and Crime Commissioner to discharge their statutory duty and electoral mandate to hold the police to account on behalf of the public. This includes:

- Scrutinising, supporting and challenging the overall performance of the Force;
- Holding the Chief Constable to account for the performance of the Force's officers and staff;
- Holding the Chief Constable to account for the exercise of the functions of the Office of Chief Constable and the function of persons under the direction and control of the Chief Constable; and
- Maintaining an efficient and effective Police Force.

7.11 The Head of Internal Audit provides management with an objective assessment of the adequacy and effectiveness of internal control, risk management and governance arrangements and where appropriate makes recommendations for improvement. This has been provided throughout the 2015/16 financial through a contract with Baker Tilly/RSM. This statement reflects the views in relation to the PCC's system of internal control.

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

8.1 The appraisal process for staff within the office of the PCC is an area that requires development. It is expected that the OPCC will adopt an approach that will ensure that work related and personal development objectives of staff are properly identified, managed and monitored with all staff being set objectives for performance review. This will be part of the on-going process to review the required structure of the OPCC to meet the changing needs of the Office.

8.2 OPCC staffing capacity and structure continues to be under review to ensure it continues to support the PCC in his role. As part of this, an evaluation of the needs of most of the Office has been concluded, the remainder will be concluded post the election of a PCC in May 2016. A revised structure is currently being implemented and some individual roles and responsibilities have been reviewed, which included revised job descriptions, regrading as required, interviewing and appointment. Once completed further work will be needed to develop a training package that supports the delivery of OPCC business needs in a consistent manner.

8.3 The Office is in the process on transitioning to a Work Flow IT package that will improve the effectiveness of the work undertaken within the Office and should enable increases in productivity once the new processes become embedded. This package should enable a more flexible and agile working environment for the staff within the office while ensuring better management and visibility of workloads.

8.4 The development of collaboration initiatives continues to grow and this includes close working between regional PCCs as well as the sharing and pooling of resources on co-commissioned victim services. It is expected that this will continue.

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

9.1 The Office of the Police & Crime Commissioner undertakes a wide range of consultation activities to obtain the views of the people of Cleveland on policing, crime and anti-social behaviour issues. The PCC has a 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 can make better informed decisions to help meet community expectations.

9.2 This ensures that the priorities established through the Police and Crime Plan truly reflects the concerns of local communities.

9.3 Consultation activities range from a large scale telephone survey to face to face meetings with local communities and interactive web chats. The programme of consultation aims to reach all sectors of our communities, including 'hard to reach' groups and young people.

9.4 The PCC engages with the diverse members of Cleveland's communities through Independent Advisory Groups, which are groups of community representatives who regularly meet with the Police and Crime Commissioner and the police to form a two way dialogue and provide an opportunity to give feedback, advice and input a community perspective on a range of local policing issues. The PCC also engages with voluntary sector

organisations, many of whom work with the diverse strands of our communities, through the Safer Future Communities network.

9.5 Obtaining the views of victims of crime is a key priority for the Police and Crime Commissioner. The PCC conducts telephone surveys with victims of specific crime and incident types, in line with Home Office statutory guidance and also undertakes customer satisfaction surveys with a random sample of those who contact the organisation regarding crime and anti-social behaviour incidents. The PCC also engages with victims through the Teesside Victims Strategic Planning Group which is formed of organisations who work with and on behalf of victims.

9.6 The views of young people can often be overlooked in traditional consultation methods and the PCC is keen to ensure that the views of the young people in Cleveland are taken into consideration and that their views and aspirations are incorporated into the strategic planning process. The PCC uses a range of methods to engage with young people including the use of interactive voting technology and the creation of a Cleveland Youth Forum.

9.7 There are opportunities for members of Cleveland's communities to put their views directly to the Police and Crime Commissioner through a variety of methods including interactive web chats, open meetings and community crime and anti-social behaviour walkabouts.

9.8 The PCC has a comprehensive programme of community engagement through the 'Your Force Your Voice' initiative which involves the PCC meeting with communities in each of Cleveland's 79 wards on an annual basis to hear the public's community safety concerns and their priorities for future policing.

9.9 Quarterly consultation and engagement reports covering the results of all consultation undertaken are produced as part of the performance scrutiny process.

9.10 The PCC also holds regular engagement events with partners from within the private, public, and voluntary sector. This has included a specific event focusing on the proposed Police and Crime Plan refresh and the proposed precept increase. This was accompanied with an online consultation focusing on the Police and Crime Plan to obtain the views of the general public.

10 Review of effectiveness

10.1 The PCC 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

10.2 The governance framework within the PCC has been reviewed, and continues to be reviewed for its effectiveness by both the PCCs Chief of Staff and Chief Finance Officer.

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

PCC

10.4 The PCC 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 is the responsibility of the joint audit committee which will 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

10.5 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 Chief Constable's Chief Finance 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 2015/16 the officers of the PCC have placed reliance on this review and the Force's resulting Annual Governance Statement.

Joint Audit Committee

10.6 The joint Audit Committee receives regular reports on governance issues. This includes the review of the Annual Governance Statement and update reports on progress made in addressing significant governance issues included in it.

Head of Internal Audit

10.7 In maintaining and reviewing the governance framework, the PCC's 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 2015/16 the Internal Audit is of the opinion that,

10.8 For the 12 months ended 31 March 2016, the head of internal audit opinion for the Office of the Police and Crime Commissioner for Cleveland is as follows: The organisation has an adequate and effective framework for risk management, governance and internal control.

10.9 However, our work has identified further enhancements to the framework of risk management, governance and internal control to ensure that it remains adequate and effective.

External Audit

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

10.11 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.

11 Significant Governance Issues

The following matters are to be considered significant:

11.1 Force Performance – The PCC has a statutory duty to 'maintain an efficient and effective police force'. The recent HMIC PEEL (Police, Effectiveness, Efficiency and Legitimacy) assessment of the Force highlighted 16 areas requiring improvement and one area of concern, the PCC will need to ensure that appropriate Governance arrangements are in place to ensure improvements are made during 2016-17.

11.2 Overseeing the implementation of the Strategic direction provided to the Force in relation to the outcomes from the recent Employment Tribunal of Saddique v The Chief Constable of Cleveland Police and the wider organisational change resulting from this. In particular the implementation of a broad programme of organisational development which strengthens and embeds appropriate behaviours across the organisation; and which demonstrates the value of difference and prevents individuals feeling isolated or unsupported within the organisation.

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

11.3 Victim Referral Services – The PCC took responsibility for Victims Referral Services within Cleveland on the 1st April 2015. During 2015/16 this service has been recommissioned in collaboration with Durham PCC. A number of issues with the service previously provided have been identified and close supervision and holding to account of the new provider will need to be put in place to ensure that performance is as required for this vital area of work.

11.4 Commissioning and Grants. There continues to be a need to ensure that in developing solutions and commissioning services that the commissioning, granting and procurement processes that enable these to happen are well managed, with appropriate governance arrangements in place. The area has developed well over the previous 12 months and further continued focus should help further embed the governance and controls that sit around this important and developing area.

11.5 Service Delivery. In 2015/16 the Annual Governance Statement referenced the need for continued focus on Financial Planning, Service Delivery and Savings given the uncertainty particularly around future funding settlements. Given that the PCC has set a balanced plan for the next 4 years based on current assumptions and based on the Force's current expectations on need and demand the focus now needs to be on ensuring that the required services are delivered.

11.6 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:

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Barry Coppinger	Simon Dennis
Police and Crime Commissioner for Cleveland	PCC Chief of Staff

Date: 23rd June 2016