



**Report of the PCC's Chief Finance Officer to the Chair and Members
of the Joint Audit Committee
16th December 2016**

**Executive and Presenting Officer: Michael Porter, CFO
Status: For Information**

PCC's Annual Governance Statement – Actions Update

1 Purpose

- 1.1 Authorities, including Police and Crime Commissioners, are required to prepare an Annual Governance Statement (AGS). The report is about all corporate controls and not confined to financial issues and therefore is no longer published within the Statement of Accounts. Guidance from CIPFA envisages that the statement is reviewed by a Member group during the year (rather than just at year end) as an integral and indeed critical component of the review process.
- 1.2 The Joint Audit Committee has been tasked with 'Considering the Annual Governance Statement for publication with the annual accounts, together with associated action plans for addressing areas of improvement and advising the PCC as appropriate'
- 1.3 The purpose of this report is to update the Committee on the progress against the issues raised in the PCC's 2015/16 AGS which was agreed by this Committee in June 2016.

2 Recommendations

That Members:

- 2.1 Note the current progress against the issues and action points raised in the 2015/2016 Annual Governance Statement.

3 **Reasons**

3.1 Members agreed the 2015/2016 AGS at its meeting in June 2016 for sign off by the PCC. This statement included 2 items that were deemed to be Significant Governance Issues and 3 further items that required further and/or continued focus from the PCC. This report provides an update on all of those items so that Members can see the progress made to date and also so that they can take these items into account when the AGS for 2016/17 is developed.

4 Significant Governance Issues raised in the 2015/16 Annual Governance Statement

4.1 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.

4.2 The Governance arrangements for the scrutiny and holding to account the Chief Constable have changed through 2016-17 and are well embedded now. These will continue to evolve and develop going forward and the OPCC has recently appointed to a newly created role of Performance and Scrutiny Manager to drive this forward.

4.3 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.

4.4 A key feature of the Commissioner's Strategic Direction was a commitment to support – and hold the Chief Constable to account for delivering - a programme of organisational development aimed at:

- Building confidence in Cleveland Police in terms of legitimacy, standards and ethics; and
- Ensuring that Cleveland Police becomes and remains an employer of choice for all who wish to pursue a policing career, and delivering on the aspiration that our workforce more closely reflects the diversity of the communities it serves

The Everyone Matters Programme is underway and is structured around three strategic themes: Serving Our Communities, Supporting Our People, and Organisational Processes. The programme represents a substantial investment and involves significant internal consultation, cultural audit work and community workshops. Some key delivery features of the programme include:

- Work with Equality North East and ACAS
- Cultural awareness activity including interactive staff workshops delivered by community groups and staff access to the BBC I Wonder site.
- Unconscious bias sessions for supervisors.
- ACAS Equality and Diversity sessions for supervisors.
- NCALT Equality and Diversity training packages for all staff.
- Development of a new Cleveland Police Bullying, Victimisation and Harassment policy including staff briefing package
- Work with BME communities in relation to recruitment.
- Mentoring scheme developed in consultation with key groups such as our Staff Equality Forum and the national Black Police Association.
- Development of an Everyone Matters Support Network to provide cross cutting organisational support to the programme.

In relation to overall progress pursuant to the Commissioner's Strategic Direction the PCC has reported to the Police & Crime Panel in July 2016 (accessible at [Stockton Council - Cleveland Police and Crime Panel Minutes](#)) and will continue to prepare and publish further reports at appropriate intervals.

- 4.5 In addition to the Significant Governance issues there are also some areas which require further/continued focus:
- 4.6 **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.
- 4.7 With the new commissioned/contracted service there are significantly better contract governance arrangements in place. There is a quarterly performance meeting, of which 2 have been held since the contract started in April 2016. These are jointly held and attended by both Cleveland and Durham. The Victim Care and Advice Service (VCAS) produce quarterly performance reports. There are also Cleveland only meetings every 6 weeks looking at service development with the aim to identify any gaps or opportunities to improve the service. On a 6 monthly basis the PCC receives a VCAS update at the Cleveland and Durham Collaboration Board Meeting to enable oversight of this key service.
- 4.8 **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.

- 4.9 A further audit has taken place during 2016/17 to further inform where improvements can be made around Commissioning and Grants and since then significantly improvements around the governance and management have occurred in this area.

The required resource for this area of work is now in place and they take a lead in managing all new requests and approvals, monitoring and assisting with the drafting of the associated documentation. The post holder takes responsibility in ensuring signed grants are returned along with managing the purchase orders and spend, ensuring they are in line with what was agreed.

Work will continue to develop and improve this area and while it is likely to continue to be an area of focus for 2017/18 it is expected when Internal Audit revisit this area that improvements will have been made and actions addressed.

- 4.10 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.

- 4.11 Good progress has been made in this area as evidenced by the recent HMIC report into efficiency. The challenges continue, with a significant amount of change planned and happening in the organisation right now. It is likely that this will continue to be an area requiring continued focus into 2017-18.

5 **Risks**

- 5.1 Publication and approval of the Annual Governance Statement is a mandatory requirement. Failure to achieve this would undermine the PCC's progress in promoting corporate governance and driving up performance.
- 5.2 The PCC could also expose itself to risk to its reputation if the External Auditor concluded that proper practices were not being followed in preparing the AGS, and then addressing those issues raised within the Statement and commented on this in a public report.
- 5.3 The arrangements set out in this report seek to mitigate these risks.

6 Conclusions

- 6.1 The purpose of the Annual Governance Statement process is to provide a continuous review of the effectiveness of an organisation's governance arrangements including internal control and risk management systems. Addressing issues raised as part of the AGS process is a vital part of this process to demonstrate and ensure that improvements are being made within the organisation.

Michael Porter
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