



# Annual Governance Statement

Position as at 31<sup>st</sup> March 2024 including plans for the financial year 2024/25.

## 1. Scope of Responsibility

- 1.1 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.
- 1.2 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.
- 1.3 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.
- 1.4 Copies of the Code of Corporate Governance are available on our website at <https://www.cleveland.pcc.police.uk/publications/joint-corporate-governance-framework/>.
- 1.5 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.
- 1.6 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.
- 1.7 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.
- 1.8 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 [Police and Crime Plan](#), which sets the blueprint for policing and community safety in Cleveland was in place throughout 2023/24. The Plan aims to:
- Put the pride back into Cleveland Police
  - Make Cleveland a safe place for those who live and work here.
- 2.3 The Plan acts as a strategic direction for Cleveland Police, who will be measured on their performance against the plan on a regular basis.
- 2.4 The former PCC worked closely with criminal justice agencies, local partners and victim organisations in developing his three-year plan. He also consulted widely with Cleveland's communities, to ensure the Plan best met the needs of our communities.
- 2.5 The Plan had ten key objectives to help reduce crime and support victims in Cleveland.
- 2.6 Whilst all ten objectives are of equal importance, following consultation with Cleveland's communities, they have been listed in order of importance to them.
- 2.7 They are:
- Bringing offenders to justice.
  - Getting tough on drugs and gangs.
  - Tackling anti-social behaviour head-on.
  - Helping to provide an effective police and criminal justice system.
  - Preventing, reducing and tackling serious violence.
  - Putting more police on the streets.
  - Tackling violence against women and girls.
  - Building confidence in Cleveland's communities.
  - Providing effective, quality support for victims and witnesses.
  - Using technology to combat crime.
- 2.8 These objectives help shape the governance framework of the OPCC.
- 2.9 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.
- 2.10 The overall governance framework has been in place at the PCC for Cleveland for the year ended 31 March 2024, and up to the date of the approval of the financial statements.

### **3. The Governance Framework**

- 3.1 In April 2016 CIPFA published an updated version of their “Delivering Good Governance in Local Government: Framework” which was followed by specific guidance notes for Policing Bodies. The 2016 Framework sets out seven principles of good governance which are taken from the International Framework: Good Governance in the Public Sector (CIPFA/IFAC, 2014) ('the International Framework') and interprets them for local government.
- 3.2 The seven principles (A to G) are considered below and have been utilised in our review of governance and in developing this AGS.
- Behaving with Integrity, Demonstrating Strong Commitment to Ethical Values, and respecting the rule of law.
  - Ensuring Openness and Comprehensive Stakeholder Engagement
  - Defining outcomes in terms of sustainable economic, social and environmental benefits
  - Determining the interventions necessary to optimise the achievement of the intended outcomes.
  - Developing the entity's capacity, including the capability of its leadership and the individuals within it
  - Managing risks and performance through robust internal control and strong public financial management
  - Implementing good practices in transparency, reporting, and audit to deliver effective accountability.

#### **4 PRINCIPLE A: BEHAVING WITH INTEGRITY, DEMONSTRATING STRONG COMMITMENT TO ETHICAL VALUES, AND RESPECTING THE RULE OF LAW**

The PCC is accountable not only for how much they spend, but also for how they use the resources under their stewardship. This includes accountability for outputs, both positive and negative, and for the outcomes they have achieved. In addition, they have an overarching responsibility to serve the public interest in adhering to the requirements of legislation and government policies. It is essential that, as a whole, they can demonstrate the appropriateness of all their actions and have mechanisms in place to encourage and enforce adherence to ethical values and to respect the rule of law.

### **THE CORPORATE PROCESSES WHICH UNDERPIN THIS COMMITMENT**

- The Policing Protocol 2023 requires all parties to abide by the 7 Nolan Principles, these will be central to the behaviour of everyone in the organisation. It also highlights the expectation that the relationship between all parties will be based on the principles of goodwill, professionalism, openness and trust.
- The Financial Management Code of Practice requires the PCC to ensure that the good governance principles are embedded within the way that the organisations operate.
- The PCC has set out their values in the respective corporate and strategic plans.
- The 2024 Code of Ethics for Policing

### **BEHAVIOURS AND OUTCOMES THAT DEMONSTRATE GOOD GOVERNANCE IN PRACTICE**

- Behaving with integrity
- Demonstrating strong commitment to ethical values
- Respecting the rule of law

Last year's review included 2 actions in relation to ethic and standards which were not completed during 2022/23 and were added to the action list for 2023/24, with specific timelines for completion, the actions were as follows:

- To hold to account and scrutinise the Force for the delivery of the 2 Area for Improvements from the HMICFRS that are outstanding in this area.
- Scrutinise the Force against delivery of the 5 management actions that were raised within the review of Whistleblowing by Internal Audit.

The review was pleased to see that both areas were addressed during 2023/24 with the OPCC closely monitoring the HMICFRS Peel causes of concern from the 2019 report, through regular meetings with HMICFRS's force liaison offers. This included the 4 Ethics and Culture causes of concern which were signed off in two stages in August 21 and June 23 respectively.

The Chief Executive and Head of Standards, Scrutiny and Accountability met with the Department of Standards and Ethics Superintendent to ensure the 5 management actions had been signed off - which they had.

The review was pleased to see the continued development of complaints handling during 2023/24, which the OPCC initially took responsibility for in January 2022, implementing 'Model 3' and are now responsible for the initial handling of complaints, service recovery and updating complainants.

This development resulted in the police complaints-handling team from the OPCC being recognised for its customer service excellence during 2023/24. With the Resolution Team being the first OPCC-led complaints team in the country to gain the prestigious Customer Service Excellence Award.

The Centre for Public Excellence rigorously assessed staff against a framework of 57 standards, which included setting and measuring targets for public satisfaction, making sure the service is easy to access and listening to – and learning from – customer feedback.

The review was also pleased to see that to enhance opportunities to bring learning from complaints into the Force, a member of the OPCC now sits on the Local Confidence Board and will take themes and trends to that meeting for discussion.

The previous PCC held a scrutiny meeting to hold the Force to account for their handling of complaints themes and trends. He sought assurance from the Force about how they embed the lessons learnt from complaints and how they ensure staff can reflect on complaints through the Reflective Practice Review Process. The PCC was assured by the information that was provided by the Force.

To further enhance this area of work a review by Internal Audit is planned for 2024/25 and this will be reflected upon in next year's report.

The review noted that the Angiolini Inquiry recommendations were published in February 2024 and that the National Police Chiefs Council have established a three-tier governance structure to deliver against the recommendations and both the College of Policing and Home Office have agreed to report on progress through this single governance route and will have representation at every level.

While many of these recommendations are framed at a national level this review suggests that monitoring the effective local implementation of the Angiolini recommendations, for example, ensuring that when training becomes available it is implemented within the Force.

## **PRINCIPLE B: ENSURING OPENNESS AND COMPREHENSIVE STAKEHOLDER ENGAGEMENT**

Public Services, including the Police, are run for the public good. Organisations therefore should ensure openness in their activities. Clear, trusted channels of communication and consultation

should be used to engage effectively with all groups of stakeholders, such as individual citizens and service users, as well as institutional stakeholders.

### **THE CORPORATE PROCESSES WHICH UNDERPIN THIS COMMITMENT**

- The PCC is accountable to local people and draws on this mandate to set and shape the strategic objectives for the force area in consultation with the Chief Constable, taking into account the Strategic Policing Requirement.
- The Police and Crime Plan clearly sets out what the strategic direction and objectives are to be and how they will be delivered.
- To complement this, the PCC's communication and engagement strategies set out how local people will be involved with the PCC to ensure they are part of decision making, accountability and future direction. This will be a mixture of being part of the yearly planning arrangements and becoming involved in issues of interest to local people as they emerge.
- The PCC has developed arrangements for effective engagement with key stakeholders, ensuring that where appropriate they remain closely involved in decision making, accountability and future direction
- The strength of the PCC's working relationship with the Police and Crime Panel, constituent local authorities and other relevant partners

### **BEHAVIOURS AND OUTCOMES THAT DEMONSTRATE GOOD GOVERNANCE IN PRACTICE**

- Openness
- Engaging comprehensively with institutional stakeholders
- Engaging stakeholders effectively, including individual citizens and service users

This review recognises this area continued to be a key priority for the former PCC. Alongside the Police and Crime Plan sits a [Consultation and Engagement](#) Strategy covering the same period.

The review noted that formal consultations and surveys, other than for Precept, had been replaced by 'Community Conversations' with the aim to take the opportunity to raise awareness of what is happening in the local area and how we are tackling crime, with a number of partners attending the meeting to provide information.

The former PCC welcomed residents, communities, businesses, and places of worship to share their views and ideas relating to community safety and policing at these events.

In addition, engagement activity has also been enhanced through the greater use of social media channels and the Cleveland Online Policing App (COPA).

The Strategic Policing Requirement (SPR) 2023 requires PCCs to provide evidence of the requirement to pay due regard to the SPR and the threat types within both documents.

The review noted a couple of areas that should be considered in this area, which was to enhance the PCC's scrutiny and accountability programme ensuring due regard to the Strategic Policing Requirement and evidencing that the Force is fulfilling its national responsibilities for tackling national threats at a local level – to inform the development of assurance statement for inclusion in the PCC's annual report, and also ensure the Strategic Policing Requirement is fully considered and referenced in development of a new Police and Crime Plan.

### **PRINCIPLE C: DEFINING OUTCOMES IN TERMS OF SUSTAINABLE ECONOMIC, SOCIAL AND ENVIRONMENTAL BENEFITS**

The long-term nature and impact of many of the PCC's responsibilities mean that they should seek to define and plan outcomes and that these should be sustainable. Decisions should contribute to intended benefits and outcomes and remain within the limits of authority and resources. Input from all groups of stakeholders, including citizens, service users, and institutional stakeholders, is vital to the success of this process and in balancing competing demands when determining priorities for the finite resources available.

### **THE CORPORATE PROCESSES WHICH UNDERPIN THIS COMMITMENT**

- The Act requires the PCC to issue a Police and Crime plan, which defines the police and crime objectives (outcomes) and the strategic direction for Policing. Each corporation sole must have regard to the plan, and the PCC must have regard to the priorities of the responsible authorities during its development.
- Each organisation will have a corporate/strategic plan which sets out how it will operate to support achievement of these outcomes
- Collaboration agreements will set out those areas of business to be undertaken jointly with other forces, local policing bodies and other emergency services, in order to reduce cost, increase capability, and/or increase resilience to protect local people.
- A medium-term financial strategy will be jointly developed and thereafter reviewed regularly to support delivery of these plans. Joint protocols will ensure proper arrangements for financial management
- A commissioning and award of grants framework will be developed by PCCs, incorporating commissioning intentions and priorities.
- A complaints protocol will be jointly agreed to provide clarity over the arrangements to respond to the breadth of concerns raised by local people, whether they be organisational or individual failures. This will complement other statutory arrangements.

### **BEHAVIOURS AND OUTCOMES THAT DEMONSTRATE GOOD GOVERNANCE IN PRACTICE**

- Defining outcomes
- Sustainable economic, social and environmental benefits

The former PCC continued to ensure the finances of the PCC and Force are well managed in overall terms and that the organisation continued to operate within the financial constraints that exist. The review was pleased to note that the former PCC had approved a 4-year medium-term financial plan in February 2024 that was balanced across all 4 years. The review recognised the significant work that had been undertaken over the previous 12 months to ensure this was the case, when it was previously reported that there was only a balanced financial for a 2-year period at this time last year.

The plans continue to be regularly reviewed and the financial performance continues to be robustly managed and scrutinised.

In last year's report it was highlighted that HMICFRS reported that 'The force lacks a detailed financial plan that shows it can meet future demands' and had concluded that the Force continues to be inadequate in terms of Strategic planning, organisational management and value for money.'

During a revisit by HMICFRS in August 2023, they reviewed progress against the two remaining causes of concern in respect of:

- preventing crime and antisocial behaviour; and
- strategic planning, organisational management and value for money.

The revisit [concluded](#) that 'I am pleased with the improvement in Cleveland Police's strategic planning, organisational management and how it achieves value for money. **I am therefore able to discharge this recommendation**'

During 2022/23 Internal Audit undertook a review of the Commissioning process within the OPCC, the Audit concluded that minimal assurance could be taken that the controls upon which the organisation relies to manage this risk are suitably designed, consistently applied or effective and that urgent action is needed to strengthen the control framework to manage the identified risk.

The review was pleased to see that all of the actions arising from this internal audit review had been implemented during the year and incorporated into the Commissioning Policy.

The review recommends that this is an area of continued focus until this area has been revisited by Internal Audit as part of their 2024/25 Internal Audit Plan which will consider how the OPCC has revised processes to address previous audit findings.

## **PRINCIPLE D: DETERMINING THE INTERVENTIONS NECESSARY TO OPTIMISE THE ACHIEVEMENT OF THE INTENDED OUTCOMES**

Local Government, including the Police, achieves its intended outcomes by providing a mixture of legal, regulatory and practical interventions. Determining the right mix of these courses of action is a



critically important strategic choice that local government has to make to ensure intended outcomes are achieved. They need robust decision-making mechanisms to ensure that their defined outcomes can be achieved in a way that provides the best trade-off between the various types of resource inputs while still enabling effective and efficient operations. Decisions made need to be reviewed continually to ensure that achievement of outcomes is optimised.

### **THE CORPORATE PROCESSES WHICH UNDERPIN THIS COMMITMENT**

- The PCC and the Chief Constable will maintain a medium-term financial strategy which will form the basis of the annual budgets, and provide a framework for evaluating future proposals
- There will be a comprehensive process of analysis and evaluation of plans, which will normally include option appraisal, techniques for assessing the impact of alternative approaches on the service's outcomes, and benefits realisation
- Processes will be in place to monitor efficiency and value for money, including benchmarking of performance and costs
- The PCC and the Force should maintain effective workforce development and asset management plans (e.g. Estate, ICT)

### **BEHAVIOURS AND OUTCOMES THAT DEMONSTRATE GOOD GOVERNANCE IN PRACTICE**

- Determining interventions
- Planning interventions
- Optimising achievement of intended outcomes

In 2020/21, the External Auditors reported a significant weakness in arrangements for Value for Money relating to the 'Inadequate' rating of the Force by HMICFRS from its report in 2019, and the need to accelerate the progress made in addressing the issues identified.

In August 2023, HMICFRS revisited the Force to review progress against the remaining two causes of concern. They concluded that the Force had made significant improvements in both areas and were reassured by the plans in place to continue on this trajectory.

As a result, both causes of concern and their associated recommendations were discharged and the Force was removed from the 'engage' phase of monitoring.

However, given the timing of the review by HMICFRS, the significant weaknesses remain in place for 2022/23.

The Annual Auditors Report relating to 2022/23 is however due to report that 'we recognise that HMICFRS has now discharged both causes of concern and removed the Force from the 'engage' stage and therefore **the significant weakness has been addressed in 2023/24.**'

This review reflects on the significant progress made in relation to the work required from the HMICFRS findings and that all parties are expected to confirm that this significant weakness has been addressed.

This review is therefore happy that this Significant Governance issue can now be closed.

### **PRINCIPLE E: DEVELOPING THE ENTITY'S CAPACITY, INCLUDING THE CAPABILITY OF ITS LEADERSHIP AND THE INDIVIDUALS WITHIN IT**

The PCC and the Police Force need appropriate structures and leadership, as well as people with the right skills, appropriate qualifications and mindset, to operate efficiently and effectively and achieve

their intended outcomes within the specified periods. A public organisation must ensure that it has both the capacity to fulfil its own mandate and to make certain that there are policies in place to guarantee that its management has the operational capacity for the organisation as a whole. Both the individuals involved and the environment in which the Police operates will change over time, and there will be a continuous need to develop its capacity as well as the skills and experience of the leadership and individual staff members. Leadership in the Police service is strengthened by the participation of people with many different types of background, reflecting the structure and diversity of communities.

### **THE CORPORATE PROCESSES WHICH UNDERPIN THIS COMMITMENT**

- The 'People' and personal development strategies of the Office of the PCC and the Force set the climate for continued development of individuals. The respective performance development review processes will ensure that these strategies are turned into reality for members of staff.

### **BEHAVIOURS AND OUTCOMES THAT DEMONSTRATE GOOD GOVERNANCE IN PRACTICE**

- Developing the entity's capacity
- Developing the capability of the entity's leadership and other individuals

The review continues to recognise the importance of the stability that the Force now has from a continued substantive and complete Chief Officer Team being in place, however, is mindful that this might change over the coming year and therefore the new PCC will need to start considering how the stability and improvements of the last 2 years are built upon during a period of change.

The OPCC underwent and concluded a review of its staffing structure during 2022/23, which is now broadly implemented. Once fully staffed it will be important to ensure the required training and development plans are in place so that this investment can be maximised.

The review is also pleased to see that a Team Survey specifically for the OPCC has been developed which should further enhance the development of the OPCC, as an organisation, further. The review is interested to see how this work, aligns with the work on an OPCC specific PDR process and perhaps OPCC specific values.

As happens as part of the election cycle, a new PCC has recently been elected for Cleveland, and it will be important that the plans of the organisation are developed to reflect priorities on which the new PCC was elected. In addition to this, it will be important for the new PCC to be fully inducted into how the organisation works and is governed to continue progressing and improving the services delivered. The review looks forward to reflecting on the new Police and Crime plan in next year's report.

### **PRINCIPLE F: MANAGING RISKS AND PERFORMANCE THROUGH ROBUST INTERNAL CONTROL AND STRONG PUBLIC FINANCIAL MANAGEMENT**

Public bodies need to ensure that the organisations and governance structures that they oversee have implemented, and can sustain, an effective performance management system that facilitates

effective and efficient delivery of planned services. Risk management, business continuity and internal control are important and integral parts of a performance management system and crucial to the achievement of outcomes. They consist of an ongoing process designed to identify and address significant risks involved in achieving outcomes. A strong system of financial management is essential for the implementation of policies and the achievement of intended outcomes, as it will enforce financial discipline, strategic allocation of resources, efficient service delivery, and accountability.

#### **THE CORPORATE PROCESSES WHICH UNDERPIN THIS COMMITMENT**

- The decision-making protocol sets out principles for how decisions will be taken by the PCC and the standards to be adopted
- It requires a combined forward plan of decisions, which brings together the business planning cycles for the Police and Crime plan, the Office of the PCC, and the Force integrated business management process. This will ensure proper governance by bringing together the right information at the right time
- The scheme of governance highlights the parameters for decision making, including consents, financial limits for specific matters, and standing orders for contracts
- The risk management strategy establishes how risk is embedded throughout the various elements of corporate governance of the organisation
- The Communications and Engagement strategies demonstrate how the PCC and Chief Constable will ensure that local people are involved in decision making
- The information publication scheme ensures that information relating to decisions will be made readily available to local people, with those of greater public interest receiving the highest level of transparency, except where operational or legal constraints exist
- The forward plan of decisions combined with open and transparent information schemes enables the Police and Crime Panel to be properly sighted on the decisions of the PCC

#### **BEHAVIOURS AND OUTCOMES THAT DEMONSTRATE GOOD GOVERNANCE IN PRACTICE**

- Managing risk
- Managing performance
- Robust internal control
- Managing data
- Strong public financial management

The review is satisfied that most of the areas covered by this principle continue to be well covered by the OPCC and well embedded.

The review does however note that in both 2022/23 and 2023/24 there have been unexpected financial impacts from costs relating to legal and insurance claims with the Force, that only materialised at the end of each financial year.

To ensure that a system of strong financial management is maintained this review is pleased to see that it is expected that the Force brings a paper to the Joint Strategic Board setting out how the Force plan to manage the financial aspects of legal and insurance claims against the Force going forward so that there are no financial surprises as the end of the financial year.

#### **PRINCIPLE G: IMPLEMENTING GOOD PRACTICES IN TRANSPARENCY, REPORTING, AND AUDIT TO DELIVER EFFECTIVE ACCOUNTABILITY**

Accountability is about ensuring that those making decisions and delivering services are answerable for them. Effective accountability is concerned not only with reporting on actions completed but also ensuring that stakeholders are able to understand and respond as the organisation plans and carries out its activities in a transparent manner. Both external and internal audit contribute to effective accountability.

### **THE CORPORATE PROCESSES WHICH UNDERPIN THIS COMMITMENT**

- Legislation sets out the functions of the PCC and the Chief Constable. The Policing Protocol describes how these functions will be undertaken to achieve the outcomes of the Police and Crime Plan.
- The Police Reform and Social Responsibility Act requires the PCC to appoint a Chief Executive and a Chief Financial Officer. It prescribes that the Chief Executive will act as head of paid service and undertake the responsibilities of monitoring officer.
- The Act requires the Chief Constable to appoint a Chief Financial Officer
- The Financial Management Code of Practice sets out the responsibilities of the CFOs for both the PCC and the Chief Constable
- Internal audit, reflecting published guidance on standards
- The Scheme of corporate governance highlights the parameters for key roles in the organisation including consents from the PCC or Chief Constable, financial regulations and standing orders
- Officers, Police support staff and staff of the OPCC will operate within
  - OPCC or Force policies and procedures
  - The corporate governance framework
  - Disciplinary regulations
  - Codes of conduct
  - Code of Ethics
- A joint assurance protocol ensures effective monitoring of the organisations to ensure they are achieving their priorities
- A joint independent Audit Committee operates within the CIPFA guidance and in accordance with the Financial Management Code of Practice

### **BEHAVIOURS AND OUTCOMES THAT DEMONSTRATE GOOD GOVERNANCE IN PRACTICE**

- Implementing good practice in transparency
- Implementing good practices in reporting
- Assurance and effective accountability

The review didn't highlight any areas within this principle that were worthy of note within the Annual Governance Statement, although it did note that the Independent Audit Committee currently only have 3 permanent Members, after an unexpected leaver during 2023/24.

The review is pleased that recruitment is underway, and that offers have been made, to return the Committee to full membership and looks forward to this happening in the coming months.

## **5 Review of effectiveness**

- 5.1 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

5.2 The governance framework within the PCC has been reviewed and continues to be reviewed for its effectiveness by both the PCCs Chief Executive and Monitoring Officer and Chief Finance Officer.

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

#### **PCC**

5.4 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 most 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 when required.

#### **Cleveland Police**

5.5 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 2023/24 the officers of the PCC have placed reliance on this review and the Force's resulting Annual Governance Statement.

#### **Joint Audit Committee**

5.6 Chaired independently, the PCC and Chief Constable operate a Joint Independent Audit Committee. The role of the Committee, in part, is to provide independent assurance on the adequacy and effectiveness of the internal control environment and risk management framework, advising the PCC and CC according to good governance principles and overseeing governance and monitoring of governance within the organisation.

5.7 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**

5.8 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 the 12 months ended 31 March 2024, the Head of Internal Audit opinion for 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. 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**

5.9 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 Auditor's Annual report providing comment on financial sustainability, governance and economy, efficiency and effectiveness.

5.10 In relation to the previous financial year 2022/23, and the current financial year 2023/24, our External Auditors, Mazars, are reporting that:

5.11 **Audit opinion – 2022/23**

5.12 At the time of preparing this statement, the External Auditors have reported that 'we anticipate being able to issue an unqualified audit opinion, without modification, on the 2022/23 financial statements.'

5.13 **Value for Money (VFM) arrangements – 2022/23**

5.14 The External Auditors have reported that 'We report a significant weakness in arrangements relating to two areas of the Force assessed as inadequate by Her Majesty's Inspectorate of Constabulary and Fire & Rescue Services (HMICFRS) from its report in March 2023. **We note that the latest HMICFRS report is a significant improvement on the previous assessment in 2019.**'

5.15 **Audit Opinion – 2023/24**

5.16 'In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion section of our report, the financial statements:

- give a true and fair view of the financial position of the PCC and Group as at 31st March 2024 and of the PCC and Group's expenditure and income for the year then ended; and
- have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2023/24.

5.17 The PCC and CC are both employers within the Teesside Pension Fund. The audit opinion for the Teesside Pension Fund will be disclaimed for 2023/24. As a consequence, there has been an impact on the audit report issued for the PCC and CC. This is completely out of the control of the organisation and something that the organisations have no control over.

5.18 **Value for Money (VFM) arrangements – 2023/24**

5.19 The External Auditors have reported that 'We have completed our work in respect of the PCC and CC's arrangements for the year ended 31 March 2024 and we have not identified any significant weaknesses in arrangements that have required us to make a recommendation'

## **6 Evaluation**

6.1 Following this review, governance and decision-making arrangements within the Office of the Police and Crime Commissioner (OPCC) continue to be regarded as fit for purpose, in accordance with the governance framework. This conclusion is broadly mirrored by the reviews, conclusions and opinions provided by Internal Audit.

6.2 The significant areas of concern within the Force, as highlighted previously by HMICFRS, have now been addressed and provide a validation of the revised scrutiny framework that was put in place by the OPCC which has continued to be improved and embedded.

6.3 The key roles and work of the PCC and the Office of the PCC has continued throughout the year and delivery on all aspects of the former PCCs work, including oversight, scrutiny and governance has been developed and embedded throughout the year.

6.4 Alongside this the OPCC has made significant progress, working closely with the Force, to set out a balanced financial plan for the next 4 years.

6.5 2023/24 has been a significant year of progress in addressing all of the significant governance issues that have previously been highlighted within the AGS for many years. While there continues to be much work to do and many areas that can be improved upon and some that require continued focus, this review has not found any Significant Governance issues that the OPCC/PCC currently needs to address.

6.6 To continue the improvement of the last couple of years the review has highlighted some areas for continued focus/further action, and these have been set out in the section below.

## 7 Governance Issues:

### Action Plan for 2024/25 to set out below.

- 7.1 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 continue to 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.

Areas which require further/continued focus	Action	Owner	Target Implementation Date
Defining outcomes in terms of sustainable economic, social and environmental benefits	In relation to Commissioning within the OPCC - In 2022/23 Internal Audit concluded that minimal assurance could be taken that the controls upon which the organisation relies to manage this risk are suitably designed, consistently applied or effective and that urgent action is needed to strengthen the control framework to manage the identified risk. All of the actions resulting from this report have been implemented and a further review is planned for 2024/25  <b>ACTION:</b> Continue to embed the Commissioning Policy within the OPCC, and prepare for, and engage with Internal Audit to ensure that the the OPCC can evidence that the revised processes, procedures and policies are being adhered to and are now embedded.	Chief Finance Officer	31st March 2025
Managing risks and performance through robust internal control and strong public financial management	The review reflected that in both 2022/23 and 2023/24 there were unexpected financial impacts from costs relating to legal and insurance claims with the Force, that only materialised at the end of each financial year.  <b>ACTION:</b> To ensure that a system of strong financial management is maintained a paper should be provided to the Joint Strategic Board setting out how the Force plan to manage the financial aspects of legal and insurance claims against the Force going forward so that there are no financial surprises as the end of the financial year and that there is full oversight, and authorisation, within the Force of all of the costs being incurred in this area.	Chief Finance Officer	30th September 2024
Ensuring openness and comprehensive stakeholder engagement	The Police Reform and Social Responsibility Act 2011 stipulates that PCCs create Police and Crime Plans and publish Annual Reports. The SPR 2023 legislation requires PCCs to provide evidence of the requirement to pay due regard to the SPR and the threat types within both documents.  <b>ACTION:</b> Enhance the PCC's scrutiny and accountability programme ensuring due regard to the Strategic Policing Requirement and evidencing that the Force is fulfilling its national responsibilities for tackling national threats at a local level – to inform the development of assurance statement for inclusion in the PCC's annual report. <b>ACTION:</b> Ensure the Strategic Policing Requirement is fully considered and referenced in development of a new Police and Crime Plan.	Chief Executive	30th June 2024 30th September 2024
Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law	The Angiolini Inquiry recommendations were published in February 2024 with the National Police Chiefs Council establishing a three-tier governance structure to deliver against the recommendations and both the College of Policing and Home Office have agreed to report on progress through this single governance route and will have representation at every level.  <b>ACTION:</b> Monitoring the effective local implementation of the Angiolini recommendations through the PCC scrutiny programme.	Chief Executive	31st March 2025

Signed:

*Matt*

-----  
Matt Storey  
Police and Crime Commissioner for Cleveland

*L Oldroyd*

-----  
Lisa Oldroyd  
Chief Executive and Monitoring Officer

*M. Porter*

Michael Porter  
PCC Chief Finance Officer

Date: 19.02.25