

# Warwickshire Police and Crime Commissioner's Annual Governance Statement 2016-17

## 1. Introduction

The Annual Governance Statement 2016-17 reflects the governance framework established and delivered by the PCC and his office and provides a review of compliance with that framework during the financial year.

## 2. Scope

The PCC is responsible for ensuring his 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.

In discharging this overall responsibility, the PCC is responsible for putting in place proper arrangements for the governance of his office's affairs and facilitating the exercise of its functions. This includes ensuring a sound system of internal control is maintained through the year and that arrangements are in place for the management of risk.

A Joint Corporate Governance Framework sets out how governance operates for both the PCC and Chief Constable. The framework consists of:

- Statement of corporate governance – outlining the statutory framework and local policy,
- Code of corporate governance – setting out how the core principles will be implemented,
- Scheme of corporate governance – defining the parameters within which the organisations will conduct their business, scheme of delegations etc,
- Separate policy and procedures for each corporation sole, with protocols where they operate jointly.
- Cooperative arrangements - those arrangements by which the Police and Crime Commissioner and the Chief Constable support the exercise of each others' functions.

The Joint Corporate Governance Framework can be found on the PCC's website [www.warwickshire-pcc.gov.uk](http://www.warwickshire-pcc.gov.uk) or can be obtained from the Office of the PCC at 3 Northgate Street, Warwick, Warwickshire, CV34 4SP.

The Chief Constable is responsible for operational policing matters, the direction and control of police officers and police staff, and for putting in place proper arrangements for the governance of the force. The PCC is required to hold the Chief Constable to account for the exercise of those functions and those of the persons under the Chief Constable's direction and control. The PCC must satisfy himself that the force has appropriate mechanisms in place for the maintenance of good governance, and that these operate in practice.

The annual governance statement for Warwickshire Police is published alongside the accounts of the PCC.

This statement explains how the PCC has complied with the code and also meets the requirements of regulation 6 of the Accounts and Audit 2015(England) Regulations in relation to the publication of a statement on internal control.

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

The governance framework comprises the systems and processes, and culture and values by which the PCC directs and controls the activities for which he is accountable, including engagement with communities. It enables the PCC to monitor the achievement of his 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 on-going 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.

The CIPFA/SOLACE *Delivering Good Governance Framework for Public Services* 2016 sets out seven good governance core principles. The governance arrangements that have been put in place for the PCC / OPCC and how they adhere to these seven principles are set out below:

#### **3.1 *Principle A: Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law***

The Police Reform and Social Responsibility Act<sup>1</sup> (the Act) sets out the functions of the Police and Crime Commissioner and Chief Constable.

The Act requires the Police and Crime Commissioner to have a Chief Executive and Chief Finance Officer<sup>2</sup> (the Treasurer). The PCC's interim Treasurer, recruited in 2015 following a competitive process, was appointed on a permanent basis in July 2016. This appointment was subject to a public confirmation hearing by the Warwickshire Police and Crime Panel

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<sup>1</sup> PRSRA11, s5 – 8,

<sup>2</sup> PRSRA11 sch 1 p6

The Policing Protocol 2011 requires all parties to abide by the *seven principles of public life*<sup>3</sup>. Additionally, the Police Code of Ethics<sup>4</sup> combines these values with others enshrined in policing, and sets and provides a framework for upholding high standards of conduct and behaviour. The code also includes two additional principles.

Following his election in May 2016 the PCC signed a code of conduct based on the principles referred to above. This document has been published on the PCC's website, along with the declarations of interest of the PCC and the Protocol for managing conflicts between the Leader of Warwickshire County Council and the Warwickshire Police and Crime Commissioner.

Officers, police staff and staff of the Office of Police and Crime Commissioner operate within:

- Office of the Police and Crime Commissioner and Police Force policy and procedures,
- corporate governance framework,
- conduct regulations and codes of conduct.

Policies, procedures, regulations and the governance framework are reviewed as appropriate. Policy documents are published on the PCC's website.

The joint independent Trust Integrity and Ethics (TIE) Committee have met four times within the financial year and have implemented their agreed work programme seeking to ensure that the two forces within the alliance embrace the highest levels of integrity and ethical standards of behaviour. This is a public meeting and copies of all papers are published on the PCC's website.

On a monthly basis TIE committee members have dip sampled complaints made against the police that are subject to investigation by the Professional Standards Department. The findings are reported to the TIE Committee.

### **3.2 Principle B: Ensuring openness and comprehensive stakeholder engagement**

The protocol<sup>5</sup> highlights that the Police and Crime Commissioner 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.

The *Police and Crime Plan* sets out what the strategic direction and priorities are and how they will be delivered. The Warwickshire Police and Crime Plan 2016 – 2021 was published in December 2016 following a two phase public

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<sup>3</sup> Standards in Public Life, 2005 as amended by the 14<sup>th</sup> report of the Committee on Standards in Public Life: Selflessness; Integrity

<sup>4</sup> Code of Ethics(College of Policing 2014)

<sup>5</sup> Policing Protocol Order 2011, art14

and stakeholder consultation; phase one on policing priorities and phase two on the draft plan.

In addition to the public consultation on the Warwickshire Plan, the PCC has also consulted on the Precept for 2017/18.

A *consultation and engagement strategy* is being developed and will be implemented by the PCC. This will set out how local people will be involved with the Police and Crime Commissioner and the Chief Constable to ensure they are part of decision making, accountability and future direction.

Social media is widely used by the PCC as well as more traditional methods of engagement. The OPCC actively uses twitter and facebook to engage with communities. Facebook advertising has also been successfully used to promote the public consultations that have taken place.

The PCC's Rural, Business and Cyber-crime coordinators host a range of public engagement events and meetings which the PCC attends, to listen to the concerns and issues of the local community. These roles enable the commissioner to develop a better local understanding of the specific issues that face different types of communities throughout Warwickshire. The community concerns and issues are fed back to relevant partners and dealt with accordingly.

To further improve openness and transparency notes of the discussions and decisions made at the Alliance Governance Group are published on the PCC's website. The PCC has continued the weekly holding to account meeting with the Chief Constable, specifically to look at force performance. Notes from the open part of this meeting are also published on the website. The website also contains details of key decisions made by the PCC and agendas, reports and minutes from the Joint Audit Committee and Trust Integrity and Ethics Committee.

The *annual report* sets out how the PCC has exercised his functions in each financial year and the progress which has been made in the financial year in meeting the police and crime plan objectives set out in the police and crime plan. An annual report was published in May 2016, reporting on the final year in office of the previous PCC.

### **3.3 Principle C: Defining outcomes in terms of sustainable economic, social and environmental benefits**

The PCC has issued a Police and Crime Plan. It outlines the police and crime objectives (outcomes) and the strategic direction for the policing of the Force area.

Collaboration agreements set out those areas of business to be undertaken jointly with other Forces and Local Policing Bodies, whether to reduce cost, increase efficiency or increase capability to protect local

people.

A Medium Term Financial Plan (MTFP) has been developed to support delivery of the new Police and Crime Plan.

Following a positive internal audit of grant schemes, the Police and Crime Commissioner's grant scheme has been further developed to ensure funding is based on identified need, with clear outcomes. Over the coming year a new phased approach to commissioning will be developed alongside co-commissioning partners and with advice from audit, procurement and legal services. The PCC's will publish a commissioning intentions document over the next financial year.

### **3.4 Principle D: Determining the interventions necessary to optimise the achievement of the intended outcomes**

The Police and Crime Commissioner's Police and Crime Plan outlines the police and crime objectives (outcomes) and the strategic direction for the policing and supporting services of the Force area.

The PCC has developed a delivery plan which sets out monitoring and progress against the commitments within the police and crime plan. This programme is subject to scrutiny by the Warwickshire Police and Crime Panel.

The forces' performance management framework has been reviewed to reflect the new Police and Crime Plan. Monthly and quarterly performance reports are produced which enabled both the PCC and Chief Constable to assess and scrutinise force performance.

The PCC and chief constable have a Joint Risk Management Strategy in place.

The development of the commissioning intentions and the grant scheme will ensure the right interventions are used to achieve the intended outcomes set out in the Police and Crime Plan.

### **3.5 Principle E: Developing the entity's capacity, including the capability of its leadership and the individuals within it**

The organisations' training strategies set the climate for continued development of individuals. The respective performance development review processes will ensure that these strategies are turned into reality for officers and members of staff.

This principle is also included within the Police and Crime Plan.

The corporate governance framework provides a clear statement of

respective roles and responsibilities and how they are delegated. The framework was reviewed and a revised version published in December 2016.

### **3.6 Principle F: Managing Risks and performance through robust internal control and strong public financial management**

The PCC and Chief Constable each have a Strategic Risk Strategy in place to ensure that the risks facing the force and PCCs office are effectively and appropriately identified, evaluated and reported. The Treasurer, on behalf of the PCC has reviewed the strategic risks on a quarterly basis. The strategic risks have been subject to scrutiny on a quarterly basis by the Joint Audit Committee.

The *scheme of governance* sets out the parameters for decision making, including the delegations, consents, financial limits for specific matters and for contracts.

The Joint Audit Committee has met on a quarterly basis; agendas, papers and minutes are published on the PCC's website. As part of its work programme the committee receives regular updates on internal and external audit, HMIC inspections and treasury management. The Committee operates in line with Chartered Institute of Public Finance and Accountancy (CIPFA) guidance and within the guidance of the Financial Management Code of Practice<sup>6</sup>.

The Warwickshire and Worcestershire County Council Law and Governance Service are commissioned by the PCC and Chief Constable to conduct independent and impartial audits of alliance processes.

The PCC has a publication and FOI scheme in place. All FOIs are dealt with by the PCC's office or passed onto the force by agreement as appropriate.

### **3.7 Principle G: Implementing good practices in transparency, reporting and audit to deliver effective accountability.**

The PCC has produced and published an *annual report* which details performance against objectives for the previous year.

Information published on the PCC's website is in accordance with the Elected Local Policing Bodies (Specification Information) Order 2011.

The PCC's website is kept up to date with the publication of key decisions, performance reports and details of HMIC inspections including the PCC's response to the Home Secretary on the reports. Additionally, the PCC

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<sup>6</sup> Financial Management Code of Practice for the Police, s11.1.3

publishes notes from the Alliance Governance Group and Holding to Account meetings.

The PCC and Chief Constable have appointed internal and external auditors. Audit recommendations are reported to the Joint Audit Committee. Further details on audit outcomes are in section 4 below.

#### **4. Review of effectiveness**

The PCC's office 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 OPCC is reviewed regularly and influenced by the internal and external audit reviews for its effectiveness by the PCC, Chief Executive and Treasurer. The roles and processes applied in maintaining and reviewing the effectiveness of the governance framework are outlined below.

##### **4.1 PCC**

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 effectiveness, review and maintenance of the governance framework is undertaken by the Joint audit committee who discuss governance issues, referring reports to the PCC when necessary.

##### **4.2 Warwickshire 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 senior officers and managers, the 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.

##### **4.3 Joint Audit Committee**

The Joint Audit Committee receives 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.

##### **4.4 Joint Trust Integrity and Ethics Committee**

The Joint Trust Integrity and Ethics Committee receives regular reports on policy and procedure, decision making, leadership, culture, people, performance and conduct. This also includes update reports on progress made in addressing any significant issues identified.

#### 4.5 Head of Internal Audit

In maintaining and reviewing the governance framework, the Treasurer places reliance on the work undertaken by Internal Audit and in particular, the Head of Internal Audit's independent opinion on the adequacy and effectiveness of the system of internal control. The Head of Internal Audit's annual report is of the opinion, taking into account all available evidence that internal control environments give "substantial assurance". The internal audit service is compliant with all CIPFA and industry requirements and standards. The Audit Committee reviews (and will review) internal audit performance. The Corporate Governance Framework was last reviewed in December 2016 in accordance with the framework itself and good practice. The Corporate Governance Framework has been subject to an internal audit resulting in an opinion of substantial assurance.

#### 4.6 External Audit and other external review bodies

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

An unqualified audit report was issued on the 2015/16 Statement of Accounts at the end of September 2016 together with an unqualified value for money conclusion. The External Auditor's Annual Audit Letter issued in October 2016 did not identify any matters to be addressed.

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 are relied upon by the PCC.

### 5. Significant governance issues

#### 5.1 Strategic risks

The AGS referred to the Strategic Risk register earlier in the report. The register is compiled by the Treasurer in conjunction with the PCC and Chief Executive. It is reviewed quarterly. A supporting narrative is provided for each risk and the Register is reviewed by the Joint Audit Committee. Reported position as at December 2016 shown below.

No	Risk	Mitigating activity
1	The risk of the Police and Crime Commissioner not meeting his statutory responsibilities	A lot of activity to mitigate this risk is already in place. The activity continues to be monitored and reviewed on a regular basis.
2	The risk that the Strategic Alliance fails	Formal structures are in place and reviewed regularly. Informal

		relationships have been built and are maintained
3	The risk of failing to manage our finances effectively	There is a significant amount of activity to mitigate against this risk. The lack of a medium term settlement from central government means this comes under scrutiny every autumn but activity continues throughout the year to ensure that we can meet any challenges and manage the risk accordingly
4	The risk that the Police and Crime Commissioner does not hold the Chief Constable to account	An OPCC assurance programme is being developed to set out what issues are to be considered when to ensure that the CC is held to account for all key matters.
5	The risk of inadequate commissioning of Victims Services	A large part of the Commissioners 'and crime' agenda and this could potentially increase. A lot of activity is being undertaken to mitigate this risk. Additional scrutiny provided by MoJ returns for grant expenditure.
6	The risk that we do not manage our partnerships effectively could lead to our objectives not being achieved, poor value for money and adverse impact on the reputation of the Police and Crime Commissioner	A number of formal and informal processes in place to mitigate this risk. Although it is recognised that the OPCC can only mitigate against some of the risks.
7	The risk of failure in performance by external partners including the Force impacting negatively on the delivery of the Police and Crime Plan	A lot of ongoing activity to ensure that external partners including the Force achieve or exceed the level of performance expected. Where this is not achieved there is a clear understanding of the issues that inhibited performance.
8	The risk of the Police and Crime Commissioner failing to engage with the community	A consultation and engagement strategy is being developed to ensure that the PCC fully engages with the community

## 5.2 Significant Governance Issues 2016-17

In the last AGS no *significant governance issues* as defined by CIPFA were identified, however a number of areas were identified to be addressed during 2016 – 17. These were:

Issues identified	Mitigating activity
Further developing and supporting the roles of the Joint Trust Integrity and Ethics Committee	<ul style="list-style-type: none"> <li>Review of work programme.</li> <li>Members given lead areas of responsibility</li> </ul>
Further developing and supporting the role of the independent joint audit	<ul style="list-style-type: none"> <li>Review of effectiveness of Audit Committee was undertaken and an</li> </ul>

committee particularly in relation to procurement and value for money and their review of key policies	action plan developed
Further developing the commissioning process for victims' services and community safety activities.	<ul style="list-style-type: none"> <li>External review of Victim Support Services commissioned.</li> </ul>
Development of actions resulting from the CIPFA Delivering Good Governance consultation	<ul style="list-style-type: none"> <li>Review of corporate governance framework undertaken.</li> </ul>
Developing an awareness of the implications of the new Police and Crime Bill, published February 2016 (since receiving Royal Assent in January 2017) including the proposals on Commissioners taking a prominent role in Fire and Rescue services and changes to the arrangements for dealing with complaints	<ul style="list-style-type: none"> <li>CEx engaged at a national level through APACE in developing awareness of legislative changes for both fire authorities and complaints.</li> <li>APCC involvement by PCC and CEx</li> <li>PCC actively engaged with Warwickshire Fire Authority and Fire and Rescue service.</li> </ul>
Strengthening and Deepening the Alliance	<ul style="list-style-type: none"> <li>Governance of the alliance through AGG</li> <li>Governance of the Change Programme through the Transformation Board</li> </ul>

### 5.3 Potential significant governance issues 2017-18

Although we do not consider there to be significant governance issues in accordance with the CIPFA definition, during 2017-18 the following areas will be addressed:

- Potential transfer of Fire and Rescue Authority responsibilities to the Police and Crime Commissioner under the Policing and Crime Act 2017
- Preparation for the changes in the arrangements for dealing with police complaints
- Implementation of the alliance transformation programme.
- Successful recruitment of new Joint Audit Committee members who have the skill and knowledge to undertake the function.

## 6. Conclusion and commitment statement

I am satisfied that this report is an accurate summary of the governance arrangements in place and of their effectiveness during 2016-17.

I shall continue to ensure all the necessary steps are taken to implement and scrutinise effective governance during 2017-18 and that the areas identified in 5.3 are suitably addressed.

Signed

Philip Seccombe TD  
Police and Crime Commissioner

Neil Hewison  
Chief Executive  
Warwickshire OPCC

Elizabeth Hall  
Treasurer  
Warwickshire and Warwickshire OPCC