

Cambridgeshire Constabulary

ANNUAL GOVERNANCE STATEMENT – 2017/18

1. SCOPE OF RESPONSIBILITIES

- 1.1 The Chief Constable is responsible for delivery of operational policing for the county of Cambridgeshire and for ensuring that public money granted to him to deliver policing is safeguarded and accounted for properly. The Chief Constable also has a duty to secure continuous improvement in the way in which Constabulary functions are exercised, having regard to the economy, efficiency and effectiveness of the police force.
- 1.2 In discharging this overall responsibility, the Chief Constable is also responsible for putting in place proper arrangements for the governance of his affairs and facilitating the exercise of his 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.
- 1.3 The Chief Constable, in conjunction with the Office of the Police and Crime Commissioner, has approved and adopted a revised set of Financial Regulations which includes a Code of Corporate Governance consistent with the principles of the CIPFA/SOLACE Framework: Delivering Good Governance in Local Government. This Annual Governance Statement explains how the Chief Constable has complied with the Code. It also meets the requirements of Regulation 6(1) and 6(4) of the Accounts and Audit Regulations 2015 in relation to conducting a review of the effectiveness of internal control systems at least annually and preparing an annual governance statement in accordance with accounting regulations and proper practices, and Regulations 6(2) and 10(1) (with transitional provisions at Regulation 21) regarding the requirement to approve an Annual Governance Statement in advance of the approval of the statement of accounts and which has to be published alongside the Statement of Accounts and the narrative statement.
- 1.4 The Police Reform and Social Responsibility Act 2011 changed the governance and scrutiny of policing in November 2012 introducing elected Police and Crime Commissioners. The Commissioner holds the Chief Constable to account and the Police and Crime Panel provide support and challenge to the Commissioner. The Policing and Crime Act 2017 received Royal Assent on 31 January 2017, the main area for noting in the AGS is that the act placed a duty on police, fire and ambulance services to work together.
- 1.5 The financial management arrangements for the Constabulary conform to the governance requirement of the CIPFA statement on the "Role of the Chief Financial Officer in Local Government (2010)".

2. THE PURPOSE OF THE GOVERNANCE FRAMEWORK

- 2.1 The governance framework comprises the systems and processes by which the Chief Constable is directed and controlled and the activities through which he is accountable. It enables the Commissioner to monitor the achievements of the Chief Constable through the delivery of the Local Policing Plan and to take account of the delivery of appropriate, cost-effective services, including achieving value for money.
- 2.2 The system of internal control is a significant part of the 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; therefore it can 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 risk to the achievement of the Constabulary'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 purpose of the framework is to give clarity to the way the two legal entities, the Commissioner and the Chief Constable (each one a corporation sole), will govern, both jointly and separately, and do business in the right way, for the right reason at the right time.
- 3.2 The statutory framework within which each corporation sole will operate is:
- Police Reform and Social Responsibility Act 2011, and the Policing and Crime Act 2017
 - Policing Protocol Order 2011,
 - Financial Management Code of Practice,
 - Strategic Policing Requirement,
 - The Police and Crime Commissioner Elections (Declaration of Acceptance of Office) Order 2012.
 - Police Act 1996
 - Duty on the Chief Constable to collaborate with Fire and Ambulance.
- 3.3 This framework further creates a public sector relationship based upon the commissioner provider arrangement but with unique elements such as the single elected Commissioner and operational independence of the police service. It has therefore been appropriate to further consider the corporate governance arrangements and the framework.

3.4 The core principles adopted by the Chief Constable are those highlighted by the good governance standard for public services:

- Focus on outcomes for local people,
- Clarity of roles and functions,
- Promotion of values and demonstrating these through behaviour,
- Informed, transparent decisions and managing risk,
- Developing capacity and capability
- Engaging with local people to ensure robust accountability.

3.5 The Chief Constable is responsible for operational policing matters, the direction and control of Constabulary personnel and for putting in place proper arrangements for the governance of the Force. The Commissioner is required to hold the Chief Constable to account for the exercise of those functions. Therefore it follows that the Chief Constable must satisfy himself that the Force has appropriate mechanisms in place for the maintenance of good governance and that these operate in practice.

3.6 This Annual Governance Statement provides a summary of the extent to which the aspirations set out in the Code of Corporate Governance are currently being met. This statement is informed by assurances on the six principles of the Code and by on-going audit and inspection.

3.7 The reliability of financial reporting and internal financial controls are also reported as part of this statement. See (7) below.

(1) Focus on outcomes for the local people.

3.8 The Chief Constable is responsible for the delivery of the Local Policing Plan which is derived from the Police and Crime Plan which the Commissioner widely consulted upon. The Plan sets out the policing priorities to be delivered and how they will be measured. The Plan includes both local priorities and those informed nationally by government.

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

3.9 As set out above, the governance arrangements have been developed in line with the Police Reform and Social Responsibility Act 2011 and The Policing and Crime Act 2017, the statutory Policing Protocol and the Home Office Financial Management Code of Practice.

3.10 The Scheme of Governance includes details of the various duties delegated to senior officers. Financial Regulations (including Contract Standing Orders) have been updated to ensure that the financial responsibilities of the Chief Constable are clear as more collaboration with Bedfordshire and Hertfordshire progresses.

- 3.11 The Commissioner has a good working relationship with the Chief Constable. On a regular basis the Business Coordination Board, comprising senior leaders of both organisations, meets to review activities and take decisions relating to strategy, governance, business and holding the Chief Constable to account.
- 3.12 The Commissioner continued to endorse Section 22 (of the Police Act 1996) collaboration agreements with Strategic Alliance partners in 2017/18 and mechanisms to hold these collaborated services to account are in place. The governance arrangements for the BCH strategic alliance was subject to an external review in 2016/17 to ensure they were still fit for purpose and findings of this review have been accepted and good progress has been made with the implementation.
- 3.13 The strategic direction of the strategic alliance is managed via the Strategic Alliance Summit (SAS), which is made up of the six corporation soles of the organisations. The operational implementation of the collaboration units are managed via the Joint Chief Officers Board (JCOB) which is made up of the three Chief Constables.
- 3.14 In addition, Collaboration across Bedfordshire, Cambridgeshire, Hertfordshire, Norfolk and Suffolk, Essex and Kent known as 7Force has established a programme to progress consideration of joint working across the region and to collaborate specific business cases as agreed.
- 3.15 The Cambridgeshire Joint Audit Committee have endorsed a joint strategic risk register and continue to review the risk register to ensure a shared understanding of strategic risks including collaboration and transition. A forward-looking Board Assurance Framework, linking objectives to key risks, is being developed and will be reviewed by the Joint Audit Committee.
- 3.16 Partnership arrangements are in place with local authorities, including an overarching Countywide Community Safety Board and Criminal Justice Board. Looking to the future, partnership governance arrangements will be reviewed and advanced in the light of the development of devolution and increasing Criminal Justice responsibilities.
- 3.17 Emergency service collaboration arrangements are being progressed through the interoperability board.

(3) Promoting values for the authority and demonstrating the values of good governance through upholding high standards of conduct and behaviour.

- 3.18 The Professional Standards Department (PSD) look after all of the conduct and behaviour policies for the Force. This is a tri-force unit under the director and control of the Cambridgeshire Chief Constable. The policies are designed to encourage prevention, promote detection and identify a clear pathway for investigation of fraudulent and/or corrupt activities or behaviour.
- 3.19 The policies include: confidential reporting, anti-corruption and bribery, public complaints, conduct cases, business interests, gifts and hospitalities, domestic abuse reporting and welfare.

- 3.20 The Code of Ethics was embedded within the Constabulary by the Ethics Board chaired by the Deputy Chief Constable, this board was set up to implement the code. The Constabulary now has an Ethics, Equality and Inclusion Group with external members that offer external scrutiny of the Constabulary's compliance with the Code of Ethics in support of the organisation's overriding commitment to ethical decision-making, integrity and standards.
- 3.21 To supplement the Ethics, Equality and Inclusion Group, the Constabulary uses a virtual participation group called 'The 100 Club' which aims to get public opinion via surveys on a variety of topics.
- 3.22 Force policy is developed and assessed for equality impact. This ensures that compliance with legislation and the interest of stakeholders are considered prior to producing policy. Policy is managed corporately and individual policies are the responsibility of Heads of Business or the collaborated units.

(4) Taking informed and transparent decisions which are subject to effective scrutiny and managing risk.

- 3.19 All decision making is carried out in accordance with the Governance framework.
- 3.20 The Governance arrangements ensure that the key decisions taken by the Chief Constable are made in the light of all necessary information and analysis and are made public (unless exempt under the Provision of Access to Information rules). Appropriate legal, financial, human resources and other professional advice is considered as part of the decision-making process. The Chief Constable has appropriate oversight and scrutiny of Constabulary decision-making through the Force Executive Board with minutes of meetings posted on the Constabulary website.
- 3.21 The Constabulary is subjected to an extensive internal and external inspection regime and the results of these inspections are published to ensure appropriate scrutiny of decision-making.
- 3.22 Risk management is embedded into the work of the Constabulary on an ongoing and continuous basis. A Joint Strategic Risk Register is in place and endorsed by the Joint Audit Committee. The aim of this strategy is to ensure that risk management is embedded into the governance structure and that it effectively underpins and enables the business
- 3.23 The Constabulary maintains its own corporate Risk Register and the risk management process is managed by the Corporate Development Department through the Risk Review Board chaired by the Deputy Chief Constable. This is a monthly meeting and risk owners are called in to update as required. A highlight risk report goes to Force Executive Board monthly. The Joint Audit Committee oversees the risk management arrangements of the Force and ensures that the Constabulary's processes are aligned with the Commissioner's.

(5) Developing the capacity and capability of staff and officers to be effective.

- 3.24 The Chief Constable takes a pro-active approach to staff development. The tri-force People Board, chaired by the Deputy Chief Constable, oversees these arrangements.
- 3.25 During 2016/17 Cambridgeshire Constabulary undertook a staff survey using the Durham University Business School Staff Survey, which is used by 28 forces nationally. This survey is currently running again.
- 3.26 All officers and staff complete a regular Personal Development Review process with their named line manager. This process will continue to identify training requirements for individuals.

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

- 3.27 The corporate communications strategy was a two-year plan to help us build confidence and trust across our workforce, our partners and the people who live and work in Cambridgeshire.
- 3.28 Aligned to the force mission, vision and values, the strategy was developed to support a culture of transparent and open approach to communications, making the most of a variety of channels to help us communicate effectively and efficiently with people in the county.
- 3.29 Now completed, good progress has been made against the priorities, and continues to be developed into the force visibility strategy.
- 3.30 The new force website went live in October 2017. The new site was built around demand, focusing key areas of the site on those types of business that reduce demand in the PSC by shifting people to digital first. While the back end of the shift in demand still needs more work, due to the implementation of Athena, the uptake of online services has been impressive.
- 3.31 Social media continues to be a significant channel of communication. A social media review was conducted in summer 2017, which asked users of our channels how they prefer us to use social media. This has, and will continue to shape how we use social media as a communications tool, specifically how we reach key audiences, and will form part of the social media training planned for 2018/19.
- 3.32 The focus for the communications team has been on the force priorities, with campaigns running for each of the strategic priorities. There have been a number of examples where campaigns have resulted in significant operational outcomes, such as an increase in specials applications, following a recruitment campaign and an increase in intelligence submissions for county lines.

3.33 Telephone research regarding public confidence levels is carried out by the Constabulary's Corporate Performance Department. Citizens attending neighbourhood panels are able to set local priorities for their local policing teams.

(7) Reliable financial reporting and internal financial controls.

3.34 Financial control involves the existence of a structure which ensures that all resources are used as efficiently and effectively as possible to attain the overall objectives and targets. Internal financial control systems are in place to minimise the risk of loss, unlawful expenditure or poor value for money, and to maximise the use of the assets and limited resources.

3.35 The Constabulary's financial management framework follows national and/or professional best practice and its key elements are set out below:

- The corporation sole has a Chief Finance Officer (CFO) with responsibility under Section 151 of the Local Government Act 1972 to ensure that there are arrangements in place for the proper administration of financial affairs. The CFO also has certain statutory obligations under Section 114 of the Local Government Finance Act 1988 which cannot be delegated, namely, reporting any potentially unlawful decisions by the Constabulary on expenditure and where a loss or deficiency may arise. The CFO must also report in the event that spending in the year is likely to exceed available resources. The organisations fully comply with the CIPFA Statement on the Role of the Chief Financial Officer in the Police Service).
- The finance function is governed by the Financial Regulations which are framed under the Home Office Code of Financial Management. The Chief Constable is responsible for adherence to Police Regulations and the Constabulary is monitored for additional compliance by HMICFRS and HM Revenue and Customs,
- Responsibility and accountability for resources rests with managers who are responsible for service provision,
- The Commissioner has adopted the CIPFA Code of Practice on Treasury Management requiring approval of an annual Treasury Management Strategy including an annual investment strategy to which the Constabulary adheres,
- In accordance with the CIPFA Prudential Code and best accounting practice a four-year medium-term financial plan (MTFP) and a four-year capital programme are produced,
- The revenue budget provides an estimate of the annual income and expenditure requirements for the police service (Commissioner and Constabulary) and sets out the financial implications of the Police and Crime Plan. It provides chief officers with the authority to incur expenditure and the basis on which to monitor the financial performance,
- The Commissioner is required to set the budget and precept,
- Capital expenditure is an important element in the development of the policing business since it represents major investment in new and improved assets. The Commissioner approves the capital programme each year and monitors its implementation and funding closely. The Commissioner has required a policy of

no borrowing to finance capital spending unless it is for long term structural change. The Chief Constable has adhered to this policy.

4. REVIEW OF EFFECTIVENESS

- 4.1 The Chief Constable's role in maintaining the effectiveness of the governance framework extends to ensuring that there is an approved Code of Corporate Governance and that the Code includes the arrangements for review thereof.
- 4.2 The Chief Constable manages the Force through a series of Boards. The Force Executive Board (FEB), which is responsible for governance and strategic direction, is chaired by the Chief Constable. All Heads of Business are members of the FEB, which meets monthly. The Board has responsibility for financial management, corporate governance and the risk management process and also oversees areas of business such as Professional Standards, Human Resources, and the Change Programme. Performance is monitored and managed through the monthly Force Performance Board. As part of tri-force arrangements there are various organisational boards i.e. People Board which report to Organisational Support Governance Board. Matters such as HR and ICT that affect Cambridgeshire are still discussed at the FEB with representative attendees from the departments.
- 4.3 Collaboration Boards are in place for the three areas of collaboration with each of the three Forces chairing the area of business for which they are responsible. Cambridgeshire is responsible for Organisational Support which comprises HR, Finance, ICT, Procurement and Information Management. The Board is chaired by the DCC with OPCC officers in attendance.
- 4.4 The Constabulary is subject to regular external scrutiny of the quality of service by Her Majesty's Inspectorate of Constabulary and Fire & Rescue Services (HMICFRS). The annual assessment of Police Effectiveness, Efficiency and Legitimacy (PEEL) was published in November 2016. Cambridgeshire Constabulary was assessed as GOOD for Efficiency and Legitimacy and Requires Improvement Effectiveness.
- 4.5 *Expectations for Police Custody'* is a joint inspection between HM Inspectorate of Prisons (HMIP) and HM Inspectorate of Constabulary and Fire & Rescue Services (HMICFRS). This was not a graded judgement but the Constabulary had a number of recommendations to progress.
- 4.6 The Joint Audit Committee undertook the core functions of an audit committee in accordance with the guidance set out in the CIPFA publication 'Audit Committees – Practical Guidance for Local Authorities'.
- 4.7 The Joint Audit Committee played a pivotal role in the system of internal control through its oversight of audit arrangements. The Committee approved the external audit plan and received the annual audit letter from the external auditor. The Committee also approved the annual internal audit plan, received regular internal audit reports and monitored management performance against agreed action plans to

address any weaknesses identified. In addition, the Committee oversaw progress on Risk Management and related issues.

4.8 The Head of Internal Audit's Annual Report for the year ended 31 March 2018 has been received and will be considered by the Joint Audit Committee on 25th July 2018. The Report includes an opinion on the internal financial control framework.

4.9 The opinion 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.

4.10 The Head of Internal Audit noted that the following factors and findings informed the opinion above:

- Governance – our Cambridgeshire only review of governance focused on arrangements for the PCC that supported the delivery of the Police and Crime Plan. The conclusion was a substantial assurance
- Our BCH collaborative governance follow-up review identified that Good Progress had been made to implement the agreed actions across the BCH collaboration. We identified that some actions were either implemented or adopted into new actions by governance changes approved in September 2017. Although, we reviewed evidence of these changes, it was too early to assess how these changes were operating so we have not provided an opinion on this aspect.
- Our BCH collaborative governance review focused on the governance structures in plan including arrangements for the Professional Standards Department (PSD). This review concluded with a Reasonable Assurance opinion and identified some areas for improvement in relation to the lack of adequately detailed actions, and review dates within both delivery plans as well as the action log.
- Risk Management – our audits of Risk Management with the OPCC and Force included a review of the Risk Register update, review and monitoring and reporting. These both concluded with a substantial assurance opinion.
- Control – we have undertaken seven Cambridgeshire specific assurance reviews (excluding governance and risk management), that contributed to the control opinions. Three of these audits concluded with substantial assurance opinions, four concluded with reasonable assurance and one concluded with no assurance. The no assurance opinion was in the area of Seized Property and Controlled Drugs, and we noted there were a number of key areas requiring significant improvement to ensure this area is effectively managed. We agreed 1 high recommendation and nine medium priority actions which were accepted by management.

- Six further reviews were also undertaken in relation to collaboration activity across BCH (excluding Governance Follow-up), of these one concluded with substantial assurance, four with reasonable assurance and one advisory review was undertaken on cyber security with 10 medium priority actions being agreed.

4.11 The most recent external audit annual audit letter was issued by Ernst & Young in October 2017. This noted an unqualified opinion on the financial statements and that proper arrangements were in place to secure value for money in the use of resources. There were not matters of public interest to report and that the information published with the financial statements was consistent with the Annual Accounts.

4.12 Both internal and external audit have detailed audit plans upon which assurance is gained and these are available on our website.

5. SIGNIFICANT GOVERNANCE ISSUES

5.1 In 2017/18 no major governance issues were identified.

5.2 There was one no assurance audit report for Seized Property and Controlled drugs

Management Response – The Chief asked for an action plan to be drawn up to address the findings of no assurance from the auditors. The action plan, with completed and partially completed actions, was presented to the Audit Committee in April 2018 and they recorded that good progress had been made. The audit report highlights significant areas of improvement required but at no time has any property or drugs been identified as missing or lost as part of the process.

5.3 Based on the opinion of the Chief Internal Auditor and our own ongoing work, we are satisfied that our arrangements for governance, risk management and control are adequate and effective. However, we recognise that Seized Property needs to show sustained improvement and is kept on the radar of senior management.

5.4 Looking ahead, the Chief Constable considers that external financial pressures and complexity in crime will be our two biggest pressures; however the performance and governance arrangements we have in place will ensure they are well monitored.

Signed



Alec Wood MA
Chief Constable



Niki Howard CPFA
Chief Finance Officer to the Chief Constable

Date: 30th May 2018