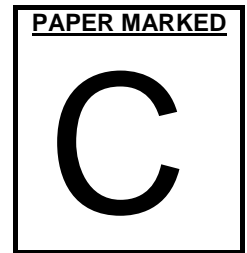


LEICESTERSHIRE POLICE AUTHORITY



Meeting **STANDARDS COMMITTEE**

Date **THURSDAY 25 JUNE 2009 AT 2.00 p.m.**

Report of **CHIEF EXECUTIVE**

Subject **ANNUAL GOVERNANCE STATEMENT**

Purpose of Report

1. To consider the content of the Annual Governance Statement in advance of it being presented to the Police Authority on 30 June 2009.

Commentary

2. At its meeting on 3 March 2009 this Committee considered the Code of Corporate Governance. Members suggested amendments to that paper.
3. The Code of Corporate Governance provides the policy background to governance that is conducted by the Audit Committee. However the full Authority must receive by 30 June each year a statement about the governance arrangements within the Authority. This is called the Annual Governance Statement. A copy of the draft Statement proposed to be presented to the Police Authority on 30 June for approval is appended to this report. Members are invited to comment on it. Members will see that good ethical standards feature in the Annual Governance Statement.

Recommendation

4. Members' views are requested.

Implications

Financial: none. Legal: none. Diversity: none. Risk Management: it is considered sensible for Standards Committee to review the Annual Governance Statement.

Background Papers

None.

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Annual Governance Statement

Position as at June 2009 including plans for the financial year 2009-10

1. SCOPE OF RESPONSIBILITIES

The Leicestershire Police Authority (“the Authority”) is responsible for ensuring its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively. The Authority also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

In discharging this overall responsibility, the Authority 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.

The Authority has approved and adopted a Code of Corporate Governance, which is consistent with the principles of the CIPFA / SOLACE Framework: Delivering Good Governance in Local Government. A copy of the Code is on our website at www.leics-pa.police.uk or can be obtained from the Chief Executive, Leicestershire Police Authority, St. Johns, Enderby, Leicester, LE19 2BX. This statement explains how the Authority has complied with the code and also meets the requirements of regulation 4(2) of the Accounts and Audit Regulations 2003, as amended, in relation to the publication of a statement on internal control.

2. THE PURPOSE OF THE GOVERNANCE FRAMEWORK

The governance framework comprises the systems and processes, and culture and values by which the Authority is directed and controlled and its activities through which it accounts to and engages with the community. It enables the Authority to monitor the achievement of its strategic objectives and to consider whether those 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 a continuous process designed to identify and prioritise the risks to the achievement of the Authority’s policies, aims and objectives, to evaluate the likelihood of those risks being realised, and to manage them effectively, efficiently and economically.

The systems that underpin this governance framework have been in place at the Authority for the year ended 31 March 2009 and up to the date of approval of the statement of accounts.

3. THE GOVERNANCE FRAMEWORK

This section describes the key elements of the systems and processes that comprise the governance arrangements that have been put in place for the Authority and the Force. It includes reference to the overarching structures that have been put in place in both Authority and Force to deal with these areas and indicates how they are linked to each other and held to account by the Authority.

Although the Chief Constable is responsible for operational policing matters, for the direction and control of police personnel, and for putting in place proper arrangements for the governance of the Force, the Authority is required to hold him to account for the exercise of those functions. It therefore follows that the Authority must satisfy itself that the Force has appropriate mechanisms in place for the maintenance of good governance, and that these operate in practice.

- *The Authority and Force should identify and communicate their vision of purpose and intended outcomes for citizens and service users.* The Constabulary strives to be “Second to None”. It seeks to achieve this by three specific elements – getting personal with communities; getting personal with criminals; and getting personal with our people. The Authority supports this vision. The vision has been reviewed by the Chief Officer Group in 2008. The vision appears on the Constabulary website. It also appears in the statutory publications issued by the Authority such as the local policing summaries. In 2008 a new communications strategy was prepared.
- *The Authority and Force should review their vision and strategy and the implications for governance arrangements. The Authority and Force should have systems for setting objectives and targets outlined in the policing plan including decision making structures.* Following a prompt from an audit inspection, the Police Authority has adopted a new approach to strategic business planning. This will ensure that members are involved at the initial stage of the planning process as well as throughout the formation of the draft policing plan. In 2008/09 the new process was applied by engaging more fully with the Constabulary in Autumn 2008. This is further underpinned by a report taken to the Police Authority on 30 June 2009.
- *The Authority and Force should monitor performance against operational, financial and other strategic plans including how key issues are identified and tasked.* The Authority monitors Force performance against volume crime and key performance indicators at each of four quarterly meetings throughout the year. Additionally its Performance Panel meets quarterly to examine performance in greater detail. Its Human Resources Committee considers performance data relating to the staffing elements of the organisation. Professional Standards Committee meets three times a year and considers a comprehensive performance report on complaints made about police staff and police officers. Financial performance is within the remit of the Finance and General Purposes Committee and the Treasurer monitors the debts owed to the organisation. Performance against the local policing plan is undertaken by the full Authority with a report to its November meeting indicating any key areas at risk of not being fulfilled by the end of the year.
- *The Authority and Force should measure the quality of service for users to ensure services are delivered in accordance with the Authority’s objectives and represent the best use of resources.* The Authority undertakes a comprehensive consultation cycle to seek the views of the people of Leicester, Leicestershire and Rutland on a number of issues. Its main quantitative source of data is a questionnaire it puts on the council tax leaflet with a prepaid reply facility. The questions on this questionnaire are reviewed annually by the Consultation and Communications Committee. In January 2009 the Committee decided to adapt the questionnaire to include the Confidence question. As well as the MSF (most similar group of forces) data on satisfaction, the Force and Authority also utilise their own data from the CRAVE surveys (Confidence, Reassurance, Accessibility, and Visibility Evaluation) to inform direction of travel. The full implementation of Neighbourhood Policing throughout Leicester, Leicestershire and Rutland also means that local priorities are efficiently and effectively managed and communicated.
- *The Authority and Force should have systems to risk manage their business and identify ways in which key risks are mitigated.* The Authority has approved a Leicestershire Police risk management strategy and facilitated the purchase of the Orchid Risk Register

software. This has been implemented and training has been provided to key personnel across the organisation. This software enables the key strategic risks to be examined by authorised persons on a daily basis. Key Force risks are reviewed by the Audit Committee at each meeting, as well as the specific Police Authority Risk register. In 2008/09 the Audit Committee decided to review the grouping of the risks on the register to make it more effective. These were then ranked afresh by members for impact and likelihood.

- *The Authority and Force should define and document the roles and responsibilities of the Authority and Force and the officers within each setting out clear delegation arrangements and protocols for effective communication and arrangements for challenging and scrutinising Force activity.* The roles and responsibilities of the Authority and its members have been defined and appear in the members' allowances scheme and other recruitment documentation. It also appears on the web. This forms a chapter in the Members' handbook which is kept for reference by each member. Also in the handbook is a list of powers that have been delegated to the Authority officers and the Chief Constable and the Finance Director by the Police Authority. This is updated regularly in line with new developments. The terms of reference of committees and their role are set out in the members' handbook.
- *The Authority and Force should develop communicate and embed codes of conduct defining the standards of behaviour for members, officers and staff.* The code of conduct for members was adopted on 3 May 2007. An annual report on standards matters was provided to the Standards Committee on 3 February 2009 and the Chairman of that Committee made a formal report to the full Authority on 5 May 2009. Members are reminded of conduct and governance issues through a "tip of the week" appearing on each weekly members' newsletter. The staff code of conduct for the Police Authority staff, agreed by Human Resources Committee on 21 November 2007, has been replaced by the Code applying to all police staff which became effective from 1 December 2008. Codes of conduct for police staff and police officers are dealt with through regulations and the Independent Police Complaints Commission has a role in overseeing this as well as the Authority.
- *The Authority should review and update standing orders, standing financial instructions, scheme of delegation, contract regulations and supporting procedure notes which clearly define how decisions are taken and processes and controls required to manage risks.* A set of Financial Regulations, updated at intervals of two years, is maintained by the Authority. The most recent review was in March 2009. A guide to the Regulations is published for the benefit of employees responsible for incurring expenditure on behalf of the Authority and Force. A set of Financial Instructions is also published, aimed at employees concerned with financial aspects of the organisation. The Delegated Powers list is being reviewed by the Police Authority at its meeting on 30 June 2009.
- *The Authority should maintain a set of Contract Standing Orders, updated at intervals of two years.* The Contract Standing Orders were revised in March 2009 together with an easy to follow summary guide for the benefit of employees responsible for entering into contracts on behalf of the Authority and Force.
- *The Authority should undertake the core functions of an Audit Committee, as identified in CIPFA's Audit Committee – practical guidance for local authorities.* An Audit Committee, comprising members of the Authority, meets on a quarterly basis. It is independent from the Authority and its terms of reference are in line with the guidance provided by the Chartered Institute of Public Finance and Accountancy. Training is provided for members of the Committee on a regular basis. The Committee reviews its own effectiveness annually, and from 2009 will provide the Authority with an annual report of its work.
- *The Authority and Force should ensure compliance with relevant laws, regulations, internal policies and procedures and that expenditure is lawful.* The Authority has

adopted, and reviews regularly, a set of Financial Regulations and Contract Standing Orders. The organisation is subject to external audits by its external auditors currently PricewaterhouseCoopers. The organisation also has its internal audit provision undertaken by an external firm, currently Bentley Jennison. The service is provided within a collaborative contract with four other Police Authorities, thus providing opportunities to benefit from best practice elsewhere. Further external inspection arises by Her Majesty's Inspectorate of Constabulary and by the Independent Police Complaints Commission all of whom have statutory access to documentation and provide for a robust auditing mechanism. The Police Authority inspection regime will start in 2009.

- *The Force should have systems for whistle blowing and receiving and investigating complaints from the public and handling citizen and other redress.* The Professional Standards Department (PSD) has both a reactive and pro-active capability which means that complaints made by the public are fully investigated when reported, and any concerns over integrity and corruption issues are equally followed through. An anonymous anti-corruption reporting line is available to staff via a separate Crimestoppers number which is then fed through to the PSD to investigate any issues or individuals of concern. A full record is kept of all complaints, including outcome and resolution, diversity aspects and any significant trends. This information is reported back to APEX as well as the Strategic Equality and Confidence Board which reviews any disproportionate aspects arising.
- *The Authority and Force should determine the conditions of employment and remuneration of senior officers and staff.* Police officer remuneration and conditions of service are largely the remit of regulations. The Authority's Remuneration Committee considers issues each January. The police staff is not regulated. The Authority has recognised that its lack of job evaluation scheme is a risk which appears on its risk register and is monitored through that process.
- *The Authority and Force should identify the development needs of members and senior officers in relation to their strategic role supported by appropriate training.* Police Authority members receive induction training on starting their roles with the Authority. Training needs are identified and implemented. In March 2009 every member undertook a development interview. These, and a skills audit, have fed into the Member Training Plan, agreed on 5 May 2009, which the Standards Committee will monitor. Police Authority staff are also inducted into their role and training needs are identified through performance and development reviews. Senior police officers are subject to performance development reviews undertaken with the assistance of HMIC and limited involvement by the Authority Chairman. The organisation has also introduced leadership training.
- *The Authority and Force should establish clear channels of communication with all sections of community and other stakeholders ensuring accountability and encouraging open consultation.* The Authority undertakes a cycle of consultation each year which includes a public meeting in every local policing unit. The Authority has a designated Performance Analyst and an Engagement and Communications Officer. The Force has a Corporate Communications Team. Members of the public are able to ask questions of the Authority at its quarterly meetings.
- *The Authority and Force should incorporate good governance arrangements in respect of partnerships and other group working.* The community safety programme board acts as a strategic body above the CDRPs in the police area.

4. REVIEW OF EFFECTIVENESS

The Authority has responsibility for conducting, at least annually, a review of the effectiveness of the governance framework, including the system of internal audit and the system of internal control.

These reviews have been informed by the Audit Commission's external auditors and the Authority's internal auditors. The internal auditors carried out a number of reviews into activities within both Force and Authority.

- The full **Police Authority** is responsible for receiving and approving the annual governance statement.
- The **Constabulary** has various systems through which assurance is provided throughout the year including :
 - The framework of regular management information.
 - Extensive internal audit reviews, compliance checks, and progress reports (National Crime Recording Standard /NSIR / Victim Code / HOCR etc)
 - Performance monitoring arrangements (APEX / PDG)
 - Management of data (Freedom of Information / Management of Police Information)
 - The role of the Professional Standards Department.
 - Policy Guidance and retention
 - Project Management and Governance
 - Business Continuity / Risk Management
- The **Audit Committee** meets quarterly, and considers reports from both internal and external auditors. Progress on the implementation of recommendations from audit reports is monitored against the timescales set. The Committee is also responsible for Risk Management and reviews at each meeting both the Police Authority and Force Risk Registers. The Audit Committee is responsible for amending the code of corporate governance and for checking progress against the areas for improvement identified in the annual governance statement.
- The **Standards Committee's** terms of reference include promoting high ethical standards of conduct by members, advising members in relation to matters of conduct and making recommendations to the Authority on the revision of the code of conduct, and arranging training and development for members on all matters relating to standards, ethics and probity. It receives an annual report on the governance of ethical standards each year. On 3 March 2009 the Committee agreed an action plan for 2009/10. These are detailed in the Areas for Improvement set out below.
- **Internal Audit** services are outsourced on a contract basis. The current auditors are RSM Bentley Jennison. Audit briefs are considered by the Police Authority Treasurer, the Force Finance Director, and the Deputy Chief Constable. Audit reports are considered in detail by the Audit Committee. Governance issues feature in the annual audit plan.

In addition both the Chief Executive and the Treasurer to the Authority, and the Deputy Chief Constable and his staff all have responsibility for the development and maintenance of the governance environment. Comments by other review agencies and inspectorates inform this review.

In the Governance Statement for 2007-08 three areas for improvement were identified. These, together with progress in implementation, are detailed below.

ITEM	PROGRESS
Prepare new Communications Strategy	A new Strategy was prepared and adopted during 2008.
Ensure Strategic Business Planning with full member	Members' Discussion Day on 16 October 2008, followed by discussions through to March 2009 on Policing Plan

involvement	and budget.
Monitor risk of absence of job evaluation scheme through Risk Register	Review of JES currently taking place This review includes identification of risk associated with implementing new scheme and/or equal pay claims under current scheme.

During 2008 the Audit Committee received an internal audit report on Governance Arrangements at the Authority and Force. In the opinion of the auditors substantial assurance can be given that the risks material to the achievement of objectives within this area of activity are adequately managed and controlled. One significant recommendation was made. This is detailed below for implementation during 2009-10.

5. AREAS FOR IMPROVEMENT 2009-10

ITEM	WHO	WHEN
<p>Review and update the documented procedures relating to Partnerships to ensure they reflect the organisational requirements and any statutory requirements and are in line with recommended good practice.</p> <p>Ensure that for new partnerships appropriate Terms of Reference are agreed.</p> <p>Prepare a list of all current partnerships and critically appraise why the Authority is a member of these partnerships and how they help achieve organisational objectives. The Authority should consider withdrawing from those partnerships where the benefit of membership cannot be identified.</p>	Chief Executive	<p>May 2009</p> <p><i>(LPA Circular 07/2009 issued to members highlighted the partnership links and advocating that all current partnerships should continue)</i></p>
As new members join the Standards Committee their training needs for this role should be formally reviewed. Review needs of individual member.	Chief Executive.	Within month of joining committee – as part of induction or after AGM.
Maintain training in Code and Ethics for all members. Training session offered. Follow up by Chief Executive for any members not attending.	Chief Executive and Standards Committee	31 October 2009.
Business Interests Form. Standards Committee to review the form to check accuracy and ease of use by members.	Chief Executive	Standards Committee June 2009.
Business Interests. Standards Committee to monitor how up to date forms are.	Standards Committee	Each meeting
Member training. Standards Committee to monitor implementation of member training plan.	Standards Committee	Each meeting
Member Development Interview process to be reviewed in the light of Standards Committee's comments.	Police Authority	November 2009