

Police and Crime Commissioner West Midlands Annual Governance Statement

Position as at 31st March 2019 including plans for the financial year 2019/20.

Appendix A (1)



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1 Introduction

This Annual Governance Statement demonstrates how the Police and Crime Commissioner for the West Midlands complies with a governance framework. This includes how the effectiveness of the framework is evaluated and monitored. This document also highlights any significant governance issues and any planned changes in the governance framework.

2 Scope of Responsibilities

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

In discharging this overall responsibility, the Commissioner 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 arrangements are in place for the management of risk.

The Commissioner has adopted a Code of Corporate Governance, consistent with the principles of the CIPFA/SOLACE 2016 updated framework: *Delivering Good Governance in Local Government*, a copy of which is on the Commissioner's website at www.westmidlands-pcc.gov.uk or can be obtained by contacting the Commissioner's office, details at <https://www.westmidlands-pcc.gov.uk/contact>. This statement explains how the Commissioner has complied with the Code and also meets the requirements of the Accounts and Audit Regulations 2015, regulation 6(1), which requires all relevant bodies to prepare an annual governance statement.

3 The Purpose of the Governance Framework

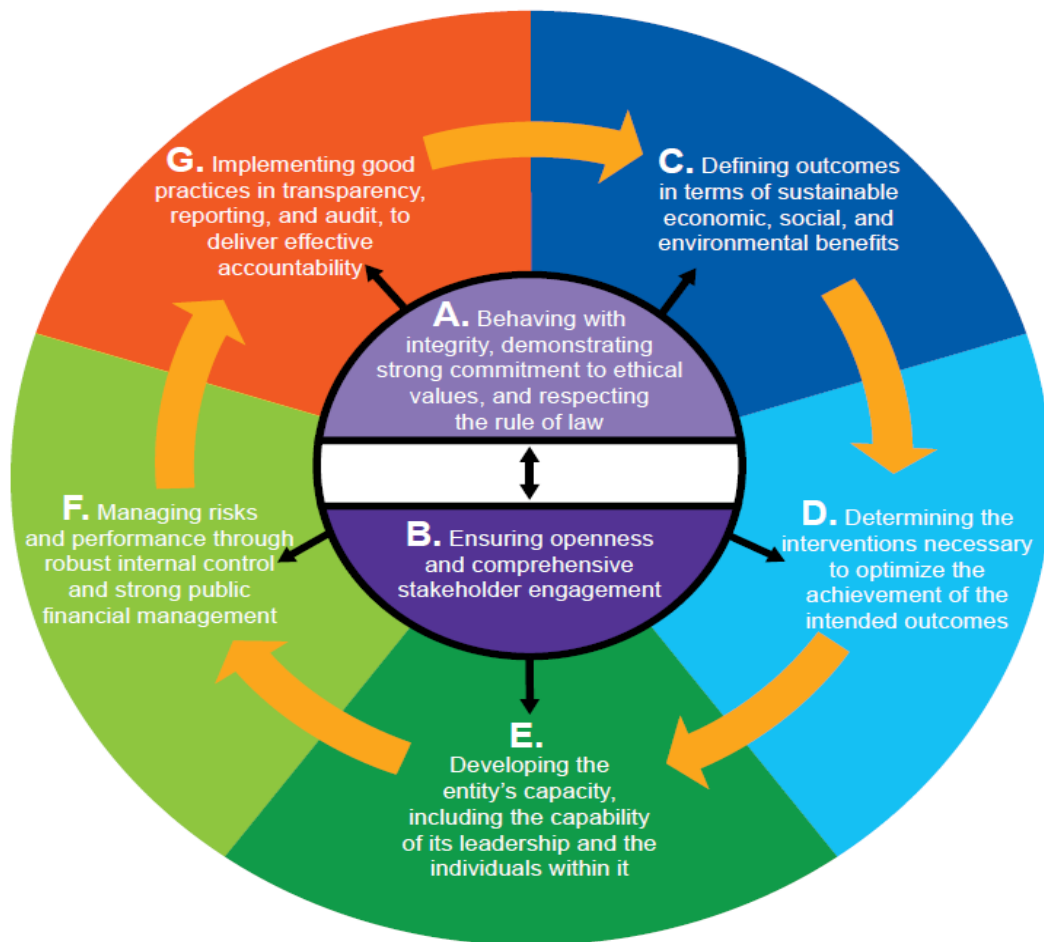
The governance framework comprises the systems and processes, and culture and values by which the Commissioner directs and controls his activities through which he accounts to and engages with the community. It enables the Commissioner to monitor the achievement of his strategic objectives and to consider 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 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; it can therefore only provide reasonable but 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 Commissioner'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 diagram below sets out the core principles of the Police and Crime Commissioner's Governance Framework.



4 The Governance Framework

Although the Chief Constable is responsible for operational policing matters, the direction and control of police personnel, and for putting in place proper arrangements for the governance of the Force, the Commissioner is required to hold him to account for the exercise of those functions and those of the persons under his direction and control. The relationship between the Commissioner, the Chief Constable, the Police and Crime Panel and the Home Secretary is guided by the [Policing Protocol Order 2011](#).

It therefore follows that the Commissioner must satisfy himself that the Chief Constable has appropriate mechanisms in place for the maintenance of good governance. For these to operate in practice, the Commissioner and the Chief Constable, as separate corporations sole, have separate

but complimentary governance structures. These facilitate the achievement of effective governance arrangements, including the monitoring and assessment of performance in line with statutory responsibilities.

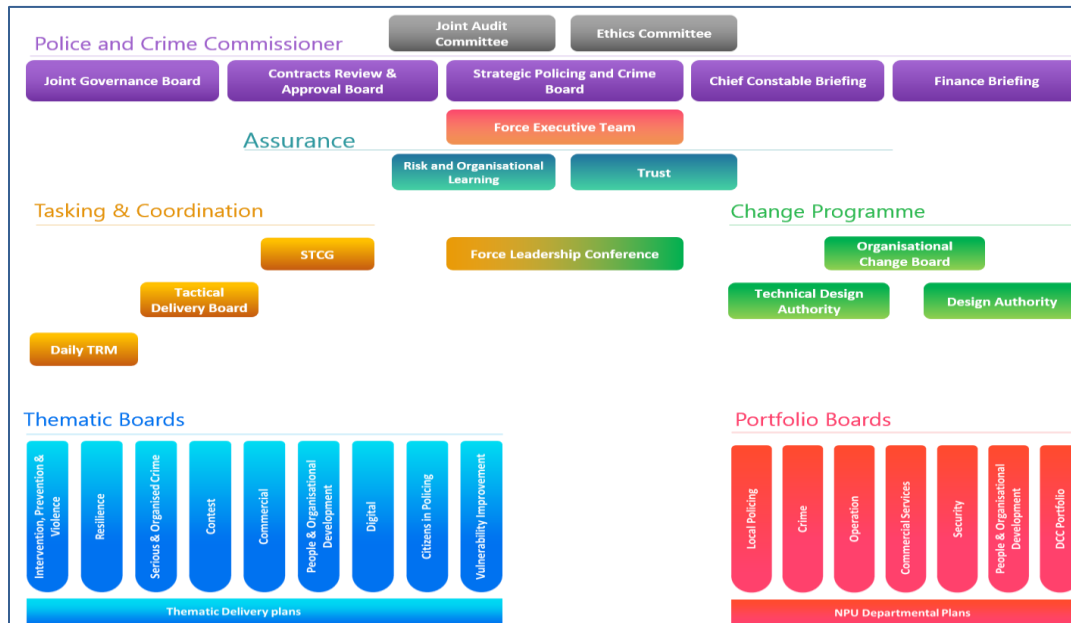
The Commissioner has adopted a number of systems and processes which comprise the Commissioner's current governance arrangements, the key elements of which are detailed below:

- The West Midlands Police and Crime Plan 2016 – 2020 sets out the Commissioner's objectives for policing and community safety, the policing to be provided, the financial and other resources that will be available, how performance will be measured, what grants will be made and how the Chief Constable will be held to account.
- Translating the Commissioner's objectives into delivery plans.
- The operation of the Strategic Policing and Crime Board that provides effective engagement, strategic direction and assists the Commissioner in holding to account West Midlands Police.
- The Commissioner works with the Chief Constable to ensure there are processes and systems in place to deliver the Police and Crime Plan. This allows the Commissioner to be satisfied the Chief Constable has regard to the Police and Crime Plan through the operational plans of the Force, including the Force's Ambition Plan.
- Measuring the quality of services, to ensure they are delivered in accordance with the Commissioner's objectives and represent the best use of resources and value for money.
- Defining and documenting the roles and responsibilities of the executive, non-executive, scrutiny and officer functions, with clear delegation arrangements and protocols for effective communication, in respect of the Commissioner and partnership arrangements.
- Ensuring effective arrangements are in place for the discharge of the head of paid service and monitoring officer functions.
- Ensuring the Commissioner's financial management arrangements conform to the governance requirements of the CIPFA Statement on the Role of the Chief Finance Officer of the Police and Crime Commissioner and the Chief Finance Officer of the Chief Constable (2014).
- Ensuring compliance with the Commissioner statutory responsibilities, including:-
 - Setting the budget and precept
 - Issuing a Police and Crime Plan
 - Publication of an Annual Report
 - Publication of specified information
 - Duties to consult with victims of crime, the population as a whole and ratepayers
 - Safeguarding of children and promotion of child welfare
 - Having regard to the Strategic Policing Requirement
 - Duties relating to equality and diversity



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- Procedure rules, policies and internal management processes are established for Financial Management, Procurement, Health and Safety, Confidential Reporting (“Whistleblowing”), Complaints Handling, Anti-Fraud, Bribery and Corruption and Records Management, including security of information and information sharing.
 - Codes of conduct, defining the standards of behaviour for the Commissioner, Assistant Police and Crime Commissioners, Members of the Strategic Policing and Crime Board, Statutory Officers and Staff.
 - The Joint Scheme of Corporate Governance sets out in detail the respective roles and functions of the Commissioner and Chief Constable, outlining all significant decisions which are consented or delegated and which are of a statutory, financial or management nature.
 - A Decision Making Policy is in place which establishes the approach and principles of decision-making. All decisions made by the Commissioner are recorded and published on line for transparency.
 - A Joint Audit Committee (with the Chief Constable) is responsible for independent assurance on the adequacy of the risk management framework and the associated control environment, the independent scrutiny of the Chief Constable’s and PCC’s financial performance to the extent that it affects the Chief Constable and PCC’s exposure to risk and weakens the control environment. The Joint Audit Committee has an independent Chair, as identified by the Home Office’s Code of Practice for Financial Management and CIPFA’s Audit Committee – Practical Guidance for Local Authorities and Police. An independent member has also been appointed to the Joint Audit Committee.
 - The PCC has a Corporate Risk Strategy and Register, prepared and reviewed by senior management. The Joint Audit Committee is responsible for independent assurance on the adequacy of the risk management framework.
 - Procedural rules, policies and internal management procedures are established for financial management.
 - Oversight of the management of change and transformation within the Force.
 - Ensuring the Commissioner’s assurance arrangements conform to the governance requirements of the CIPFA Statement on the Role of the Head of Internal Audit (2010) and, where they do not, explain why they deliver the same impact.
 - An External Audit function reports to “those charged with governance” in respect of the Annual Accounts.
 - Ensuring compliance with relevant laws and regulations, internal policies and procedures, and that expenditure is lawful.
 - Identifying the development needs of members and senior officers in relation to their strategic roles, supported by appropriate training.
 - Establishing clear channels of communication with all sections of the community and other stakeholders, ensuring accountability and encouraging open consultation. An example of this is the development of the Commissioner’s Gangs and Violence Commission.
 - Developing good governance arrangements in respect of partnership and other joint working arrangements.
 - The Commissioner provides information to External Audit to enable them to provide assurance.
 - The Commissioner also ensures External Audits recommendations are implemented.

The diagram below details how the Commissioner’s governance structure is aligned to the governance structure of West Midlands Police.



5 Review of Effectiveness

The Commissioner has responsibility for conducting, at least annually, a review of the effectiveness of the governance framework.

The review of effectiveness is informed by the work of the executive managers within the Commissioner’s Office, who have responsibility for the development and maintenance of the governance environment, the Head of Internal Audit’s Annual report, and also by comments made by the External auditors and other review agencies and inspectorates.

In maintaining and reviewing the effectiveness of the governance arrangements, the following roles are undertaken:

- **The Commissioner**

The Commissioner is overall responsible for the maintenance and review of the governance arrangements and has asked his Statutory Officers, together with the Head of Internal Audit to continue with the review of the corporate governance arrangements, designed to assess and monitor:

- Code of Corporate Governance
- Review of the System of Internal Control

- Performance / Assurance Protocols and associated information
- Production of the Annual Governance Statement

- **The Joint Audit Committee**

The Commissioner's and Chief Constable's Joint Audit Committee is responsible, on behalf of both Corporations Sole, to:

- Advise the Commissioner and the Chief Constable according to good governance principles.
- Provide independent assurance on the adequacy and effectiveness of the Commissioner's and Chief Constable's internal control environment and risk management framework.
- Oversee the effectiveness of the framework in place for ensuring compliance with statutory requirements.
- Independently scrutinise financial and non-financial performance to the extent that it affects the Commissioner's and Chief Constable's exposure to risks and weakens the internal control environment.
- Oversee the financial reporting process and consider the arrangements to secure value for money
- Ensure the Force is implementing agreed actions resulting from Her Majesty's Inspectorate of Constabulary and Fire & Rescue Services (HMICFRS) inspections.

The Terms of Reference of the Committee, encompasses and reflects these duties by defining that they:

- Be the conduit through which the Governance work is channelled.
- Provide assurance on risk management arrangements on behalf of the Commissioner.
- Recommend approval of the Statutory Accounts of the Commissioner and Chief Constable.

To ensure that it is ably qualified, assessments of its abilities in line with best practice are undertaken confirming that the Committee is well suited and equipped for such responsibilities. Members of the Committee will undergo regular training when required to ensure the Committee is effective in its role in advising the Commissioner and the Chief Constable.

- **Internal and Audit**

The system of Internal Audit is a primary tenet of corporate governance and is the joint responsibility of the Commissioner. The provision and maintenance of an effective Joint Internal Audit Service, has been delegated to the Chief Finance Officer (CFO). The Audit Committee oversees the provision of this service, reviewing associated plans and work outputs.

The standards of Internal Audit are assessed against the Public Sector Internal Audit Standards (PSIAS) and an external assessment of Internal Audit against the PSIAS standards was undertaken in 2017/18. The results of the assessment were positive and the service continues to implement the recommendations from the review.

During 2018/19 Internal Audit has continued the approach of concentrating on the major risks faced by the PCC and the Force. This revised approach has allowed the Commissioner to have increased confidence in the governance, risk management and control processes.

- **The Corporate Governance Working Group**

A joint Corporate Governance Working group has been established with West Midlands Police to provide advice to the Commissioner and the Chief Constable on the application of the statutory requirements and guidance relating to corporate governance. The group will also provide feedback on the effectiveness of the corporate governance systems. The Corporate Governance Working Group has also reviewed this Annual Governance Statement for the Commissioner.

- **Police and Crime Panel**

The West Midlands Police and Crime Panel (WMPCP) scrutinises the work of the Commissioner. The Panel acts as a critical friend to the Commissioner - assisting him through independent challenge.

The Panel has a number of powers and responsibilities, including:

- Reviewing the draft Police and Crime Plan to ensure local priorities have been considered
- Scrutinising the Commissioner's Annual Report
- Scrutinising the decisions and actions of the Commissioner
- Reviewing, and potentially vetoing, the Commissioner's proposed policing precept (the part of Council Tax collected for policing)
- Holding confirmation hearings for the proposed appointment of a Chief Constable, Deputy Police and Crime Commissioner and senior support staff

The Commissioner is compliant with all requests from the Panel including information and attendance at meetings. The Panel has also supported the Commissioner's precept proposals and the appointment of the Chief Constable and statutory officers in the Commissioner's office.

- **West Midlands Police Change Programme**

The Innovation and Improvement Partner (IIP) that was appointed in 2014 works with the Chief Constable and the Commissioner to design and deliver a change programme, known as

WMP2020, to address the service delivery and financial challenges over the medium term to long term. A Target Operating Model (TOM) has been developed and is amended when required to ensure it reflects how the police force will operate. This will inevitably result in changes to some existing governance arrangements, and pose new challenges for the Commissioner in holding the Chief Constable to account. To manage the WMP2020 programme governance arrangements have been put in place to make sure the Commissioner has effective oversight of the project. These arrangements include:-

- (i) Members of the Commissioner's office and the Strategic Policing and Crime Board participating in the following boards:-
 - Organisational Change Board
 - Design Authority
 - Performance Operation and Review Forum

This ensures the Commissioner is well sighted on the delivery of WMP2020 and ensures the programme is in line the priorities of the Police and Crime Plan.

- (ii) Members of the Commissioner's office and the Strategic Policing and Crime Board are embedded in schemes at programme and project levels.

The continued significant changes to ICT infrastructure, organisational structure and procedures and the Corporate Estate, requires continued programme management. These are overseen by the Organisational Change Board and individual project boards.

Alongside other changes the Commissioner continues to be responsible for the direct and indirect commissioning of services.

6 Collaborative Working

The Commissioner has in place a number of collaborative arrangements to deliver services in conjunction with both national and neighbouring Police and Crime Commissioners. These include:-

- A collaboration agreement in place for the counter-terrorism policing network.

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- The Commissioner is the chair of the National Counter Terrorism Strategic Board, which supports the governance of counter-terrorism policing nationally.
 - The National Ballistics Intelligence Service (NABIS) where the West Midlands Police is the co-host force. The arrangement also being subject to a collaboration agreement and the Commissioner is represented on the NABIS governing board.
 - The West Midlands Regional Organised Crime Unit is the subject of a four-force collaboration agreement (Staffordshire, Warwickshire, West Mercia and West Midlands).
 - A West Midlands wide Community Safety Partnership enabling crime reduction activities to be commissioned more effectively and efficiently.

For the arrangements detailed above, governance is conducted in compliance with the relevant collaboration agreements. Also collaborative working is supported by the appointment of two Regional Policy Officers working with the four West Midlands regional forces.

There is also a two-force Central Motorway Policing Group arrangement in place between Staffordshire and West Midlands.

The Commissioner is also a signatory to the National Police Air Service collaboration agreement and is working with regional PCCs to develop appropriate and proportionate oversight.

There are further collaborative arrangements that may come into effect through national programmes. This includes the specialist capabilities programme.

Through working with the West Midlands Combined Authority the Commissioner is collaborating on a wide range of issues this includes mental health and youth offending services.

The Commissioner is also in collaboration with other bodies this includes West Midlands Fire Service and local councils through the estates programme where policing is being delivered in shared buildings.

7 Significant Governance Issues

Significance governance issues are defined as:

- An issue which has prevented or seriously prejudiced achievement of a principal objective
- An issue where additional funding has had to be sought in order to resolve it
- An issue which has resulted in a material impact on the accounts
- An issue which the Head of Internal Audit has specifically highlighted in the annual audit opinion
- An issue which has attracted significant public interest and has damaged the reputation of the Commissioner

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- An issue which has resulted in formal action being taken by the Chief Finance Officer and/or the Monitoring Officer.

Using the above criteria to determine significant governance issues the Commissioner has continued to hold the Chief Constable to account where reductions in funding have had potential impact on business as usual activities of the Force. This has included areas such as the Force's Response Service and Force Contact. Reductions of funding have coincided with recent increases in violent crime, where again the Commissioner has held the Chief Constable to account.

Internal Audit continued to complete pieces of assurance work in relation to operation of the new financial systems that were implemented in July 2017. A number of recommendations were made to management and the Force have implemented a series of action plans to improve the operation of the systems. This includes ensuring the benefits of the systems are maximised and the control framework is improved. Also advisory work is planned to be completed on the implementation of new Force wide systems during the year.

During 2018/19, Internal Audit reported on weaknesses in the legacy systems of West Midlands Police. These systems are due to be replaced over the next year which will resolve these weaknesses.

The Commissioner's office and the Force have put in place project plans and implemented actions to ensure there is compliance with the General Data Protection Regulations (GDPR) introduced in May 2018. Internal Audit reviewed the arrangements for GDPR across both organisations in 2018/19 and recommended a number of improvements which management will introduce and will be subject to future Internal Audit follow up reviews.

During 2017 the Commissioner was informed by the Force of a serious data breach. This led to a disciplinary hearing in 2018 for the police officer concerned. The Force has now introduced further processes and procedures to prevent further data breaches.

The Commissioner is sighted on any significant issues arising from the work of Internal Audit and will, where necessary, question the Chief Constable on any actions being taken to address the issues raised.

8 Delivering the Police and Crime Plan 2016-2020

During 2019/20 work will continue to deliver the Police and Crime Plan 2016-2020. The detailed delivery plan to support the Police and Crime Plan is monitored by senior managers within the Commissioner's office on a regular basis. The delivery of the Police and Crime Plan assists the Commissioner to secure and maintain efficient and effective policing services across the West Midlands. The Commissioner will continue to work with West Midlands Police in the delivery of the Force's ambition plan.

The Commissioner's delivery plan is aligned to the risk register and acts as an action plan for the achievement of the Commissioner's priorities.

9 Issues Raised in Previous Year's Annual Governance Statements

The Commissioner's Annual Governance Statement of the 31st March 2018 included the continued implementation of the WMP2020 programme to ensure the Force operates efficiently and effectively within limited resources. The implementation of Force systems as part of the change programme has continued during 2018/19. Work will continue to ensure the benefits of these systems are maximised which includes cashable and non cashable benefits. The achievement of the overall WMP2020 benefits will continue to be monitored and reported to the Commissioner through the OCB and Quarterly Relationship Management Forum.

During 2018/19 the Commissioner's board and Joint Audit Committee received reports on the security of systems and the improvements that have been made. Both the board and JAC felt assured by the updates provided. Further improvements will be made through the continued investment in the change programme during 2019/20.

10 Future Developments

Looking forward there are several initiatives that will potentially impact on the role and remit of the Commissioner that may require governance arrangements to be amended. These include:-

- Changes to the Commissioner's oversight role of police complaints including the option for PCCs to take on the responsibility for the front end of the complaints systems.
- The introduction of an independent Ethics Committee that will advise the Commissioner and the Chief Constable on whether proposed data analysis projects meet high ethical standards.
- Further collaborative working with police forces in areas such as serious and organised crime, counter terrorism, roads policing and uniformed operations, with a concurrent requirement to develop effective collaborative governance arrangements based on formal collaboration agreements.
- The Comprehensive Spending Review planned for 2019 and the impacts on funding for the policing of the West Midlands.
- The future implementation of a revised funding formula for policing will have implications on the level of resources available for policing services across the West Midlands.
- Impacts on policing from the United Kingdom's exit from the European Union.
- The implementation of an Estates strategy that was approved in March 2018. This includes the investment in new facilities and releasing vacant properties.
- The continued introduction of Force Management Statements that may impact on how the Force operates.
- Continue to work with the West Midlands Combined Authority on joint projects to assist in the prevention of crime in the West Midlands.

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- The duty to cooperate across police, fire and ambulance services.
 - Consider the future delivery of the WMP2020 programme when the existing IIP contract ends in July 2019.

11 Monitoring the Implementation of Actions

The systems the Commissioner has in place to monitor the implementation of the Police and Crime Plan through the delivery plan and the risk register will ensure activities detailed in this statement are implemented. Progress of the implementation of actions will be reported in next year's Annual Governance Statement.

Signed

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