



AGENDA ITEM 08

**JOINT AUDIT COMMITTEE
14 December 2023**

Corporate Governance Framework

1. PURPOSE OF REPORT

- 1.1 To inform Joint Audit Committee of the planning approach being taken to proposed changes to the Police and Crime Commissioner's (PCC's) and the Chief Constable's (CC's) joint Corporate Governance Framework in light of future potential governance changes. In addition, the report comments on actions highlighted in the 2022/23 Annual Governance Statements (AGS).

2. BACKGROUND

- 2.1 This Committee's terms of reference includes reviewing the Corporate Governance Framework of the PCC and CC. The Framework sets out how the Commissioner and the Chief Constable conduct their organisation's business both jointly and separately, in accordance with policy contained within the Statement of Corporate Governance. To do this, the Framework highlights key enablers for ensuring good governance.
- 2.2 The purpose of the Statement of Corporate Governance, is to give clarity to the way the two corporations sole, the PCC and the CC, will govern both jointly and separately, to do business in the right way, for the right reason and at the right time.
- 2.3 The Levelling Up and Regeneration Act 2023 enabled the Mayor of the West Midlands to seek the transfer of Policing powers without the consent of the Combined Authority Board and he has sought that transfer of powers. The transfer of powers does not diminish the need for the existing Joint Audit Committee to consider its future decision making and governance although acknowledging that those final decisions may be taken outside of the existing framework.
- 2.4 This paper updates the Committee on the planning approach to developing a new code of governance should the transfer of powers occur in May 2024.
- 2.5 It is important to note that the policing powers would transfer to the Mayor and not to the Combined Authority and that therefore future decision making would need to be taken through separate routes than those of the existing Combined Authority committee structure.

3 PROPOSED APPROACH

- 3.1 The principle which has been adopted has been to ensure that decisions could continue to be made in a confident and agile way without presupposing the decisions of an incoming Mayor and potentially a Deputy Mayor.
- 3.2 The proposed approach is a pragmatic one and if required, will involve three drafts of the governance framework, to come into place over a period of 1-2 years as directed by a future Mayor with policing powers.
- 3.3 Version 1 has been discussed by the Corporate Governance Working Group and provides for minimum changes to acknowledge the replacement of a Commissioner with a Mayor and the dissolution of a separate corporation sole of an oPCC.

We propose that this is considered between now and January by those with experience in this matter, i.e. the existing Joint Audit Committee. It cannot be adopted by this Committee because the future governance code will belong to the Combined Authority, however it can be proposed to them.

- 3.4 Version 2 will be prepared by the Combined Authority and we expect that it will make minimal changes necessary to incorporate the entire joint code of governance as an appendix to their existing code of governance.

We expect that the Monitoring officer of the Combined Authority would request delegated authority in January 2024 to enable them to adopt this version, should the transfer of powers take place and would instigate this new code of governance in May 2024 if a Mayor with policing powers is elected.

- 3.5 Version 2 would last for as long as the Mayor and Deputy Mayor needed in order to consider their future desired operating model alongside the Chief Constable. At which point Version 3 would be prepared.

4. ROLE OF THIS COMMITTEE

- 4.1 In the event that a transfer of powers did take place, the oPCC staff, workload and expenditure would move to the Combined Authority. The cost of this would therefore be shown in the Combined Authority single entity accounts.
- 4.2 Although the Combined Authority has a single settlement from 2025 and can spend as a government department, this would not apply to the Police Fund which would remain separate, with the costs of the oPCC continuing to be charged to the Police Fund.
- 4.3 The expenditure and income of the West Midlands Police, and the costs relating to the exercise of police and crime functions by a Mayor, would then be incorporated into the group accounts of the Combined Authority.
- 4.4 The West Midlands Police would still prepare a single set of accounts for their own activity as corporation sole.
- 4.5 It is proposed that in future if so required by a transfer of powers, there will need to be a separate Police Audit Committee to discuss matters pertaining only to WMP. There would then need to be a subcommittee of members drawn from the Police Audit Committee and Combined Authority Audit Committee which considered matters pertaining to the Police Fund. The Combined Authority Audit Committee would then

need to place assurance on the work of that subcommittee as will the Police Audit Committee in matters of financial control.

4.6 As now, the future framework will continue to include the following sections:-

- Joint Statement of Corporate Governance
- Joint Code of Corporate Governance
- Core Principles of Effective Governance (Annex to Joint Code of Corporate Governance)
- Joint Scheme of Corporate Governance
 - Annex A: PCC Contract Standing Orders
 - Annex B: Financial Regulations

5 Annual Governance Statements as at 31 March 2023 and Plans for 2023/24 - Actions

5.1 Progress has been made on addressing the significant governance issues highlighted in the AGS referred to above. This includes: -

- During 2022/23 Internal Audit completed a review of Child Abuse which considered the arrangements in place to investigate child abuse allegations following the recommendations made from the Joint Targeted Area Inspection (JTAI) for Solihull and the National Child Safeguarding Practice review.
- The audit identified significant risks within Force Contact in respect of the quality of THRIVE+ assessments and lack of compliance with escalation processes that should be used when target response times for P2 calls look like they may not be achieved. The lack of trained and experienced officers within the Child Abuse Investigation Teams and high workloads per officer was also raised which impacts not only on the early identification of the threat and risk of a child being at risk of harm, but also the progression of investigations, the level of service delivered to victims, as well as the wellbeing of staff.
- Although a minimal opinion was given, the audit recognised the positive work being undertaken to improve child abuse investigations. Whilst the direction of travel is positive the audit concluded that the Force has more to do to protect children from harm.
- Internal Audit are in the process of following up on the progress of implementing the actions from this review and are seeking evidence to support management responses to confirm implementation.
- 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. PCC and Chief Constable meetings to date during 2023/24 have included consideration of the Force's Corporate Risk Register and the Force Management Statement to obtain additional assurance in these areas. Moving forward these meetings will also consider HMICFRS findings.

6 FUTURE DEVELOPMENTS OF THE FRAMEWORK

- 6.1 The paper has described the proposed process should a transfer of powers take place.
- 6.2 If the transfer does not take place then the Framework will be kept under regular review through the Corporate Governance Working Group to ensure it remains fit for purpose. This is to ensure it reflects the role of the PCC and WMP from a statutory and organisational perspective.

7 RECOMMENDATION

- 7.1 The Committee are asked to comment on the planned approach in the event of a transfer of policing powers to the Mayor of the West Midlands.

Jane Heppel
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