

Annual Governance Statement 2017/2018

DRAFT

For the Police and Crime Commissioner
for North Yorkshire and the
Chief Constable of North Yorkshire Police

June 2018

Introduction



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Welcome to the Annual Governance Statement (AGS) for 2017 / 2018. The AGS provides an overview of the governance structures and processes that were in place during the year and outline the findings of the annual review of those arrangements.

Welcome from the Commissioner and Chief Constable

We rely on our people to deliver our services to the public. We rely on our governance arrangements to make sure that this is done properly. We each have a responsibility for ensuring that our governance arrangements remain fit for purpose.

The governance arrangements that were in place during 2017/ 2018 have been subject to refinement throughout the year in line with the areas for development that were identified in the previous year. Based on the review undertaken to inform this AGS the key structures and processes continue to provide a high level of confidence in the governance arrangements.



They can be relied on to make sure that:

- Decisions are ethical, open, honest, and evidence based
- Public money is safeguarded
- Risk is effectively managed
- Transparency comes as a matter of course
- Processes are continually improved

This latest review of the joint governance arrangements and internal control environment has indicated a need to ensure that structures and processes continue to provide a high level of assurance as the collaboration landscape develops. The review has also provided the opportunity for reflection on reporting on benefits realisation and also on decision making and budget management on areas such as overtime. These have been recognised as areas for development during 2018/2019.

Pillars of good corporate governance



Corporate Governance

What is Corporate Governance

Corporate governance refers to the process by which organisations are directed, controlled, led and held to account. In other words, corporate governance is how we make sure we do things properly.

Each year we, the Commissioner and Chief Constable, are required to produce an AGS. The AGS is the formal mechanism we use to report on the effectiveness of our internal control and decision making systems. Our AGS complies with the reporting requirements contained in the CIPFA – Code of Practice on Local Authority Accounting and accompanies our accounts for the financial year. This is a document that describes how well our governance system has functioned during the year ended 31 March 2018 and sets out areas for development for the year ahead.

Good corporate governance helps to put people first in everything we do. This gives us confidence that we are doing the right thing in the right way for those who we deliver services to, for and with.

In April 2016 CIPFA published an updated version of their “Delivering Good Governance in Local Government: Framework” which was followed by specific guidance notes for Policing Bodies. The 2016 Framework sets out seven principles of good governance which are taken from the International Framework: Good Governance in the Public Sector (CIPFA/IFAC, 2014) ('the International Framework') and interprets them for local government. The seven principles are:

- A** – behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law
- B** – ensuring openness and comprehensive stakeholder engagement
- C** – defining outcomes in terms of sustainable economic, social and environmental benefits
- D** – determining the interventions necessary to optimise the achievement of the intended outcomes
- E** – developing the entity's capacity, including the capability of its leadership and the individuals within it
- F** – managing risks and performance through robust internal control and strong public financial management
- G** – implementing good practices in transparency, reporting and audit to deliver effective accountability.

The principles and guidance have again informed the review of governance arrangements for 2017/18. More specifically, the structure of this AGS has been prepared with reference to themes from key elements of the structures and processes referred to in the CIPFA guidance.



Codes of conduct and standards of professional behaviour

Ethics and Standards are core to Corporate Governance Arrangements

The organisation aspires to the highest ethical standards in all of our activities. The policing Code of Ethics sets out the principles and standards of behaviour that promote, reinforce and support the highest standards from everyone who works within the police service.

The Code is founded upon nine policing principles which were built on the Nolan principles for public life, and these principles should underpin every decision and action across policing. In accepting to abide by the Code of Ethics, everyone is committed to the principles and standards of behaviour, and these will assist everyone in doing the right thing when faced with difficult and complex decisions.

Consideration is given to the standards of professional behaviour and the nine policing principles whilst carrying out all our activities. This helps us ensure that everything we do is supported by our values and behaviours.



There is active monitoring of standards and behaviours and our learning bulletin regularly highlights expressions of appreciation from stakeholders recognising the service provided by our officers and staff.

As with any organisation there are times where individual conduct can fall short of the standards of behaviour expected of them. There is however confidence in the management arrangements that were in place for this area during the last year.

The policing principles are:

- Accountability
- Fairness
- Honesty
- Integrity
- Leadership
- Objectivity
- Openness
- Respect
- Selflessness

Further information

-  Commissioner's Ethical Framework
-  NYP Ethics and Standards

Codes of conduct and standards of professional behaviour

Complaints and Compliments

There are new powers within the Policing and Crime Act 2017 in relation to complaints, these changes are due to come in from January 2019 and will allow Commissioners to take on certain responsibilities which include:

- Receiving and recording a complaint
- Assessing and allocating a complaint
- Fact checking and resolving complaints that are appropriate for service recovery
- Acting as a single point of contact and communication for the customer, explaining the process to the customer and acting as the main link between the customer and the complaints system, including where a complaint requires an investigation by the police
- Act as the appeal body in place of the Chief Constable (to be known as 'reviews'). This is the only mandatory responsibility within the Act for the Commissioner

The Policing and Crime Act also changes the definition of a complaint from 'any complaint about the conduct of a person serving with the police' – to a broader scope of any 'expression of dissatisfaction with a force' (the definition and detail is still to be determined).

The Commissioner and Chief Constable are committed to improving the service North Yorkshire Police (NYP) delivers to its diverse communities, and view the complaints and compliments received as an essential barometer in understanding how well policing is being delivered, and most importantly, in improving service both individually and collectively, therefore NYP are looking at proposals for the Commissioner to take certain aspects of the service recovery process.

In the event that change to the complaints regime be implemented during 2018/2019 there will be a need to consider whether new arrangements provide the same level of assurance.

Ensuring Compliance

Code of Corporate Governance

A revised Code of Corporate Governance has been developing throughout the year and was considered at Executive Board in March. This acts as a reference point for the expectations and rules about, for example, who in the organisation can make decisions and on what issues.

Finance Regulations

Aligned to the Code of Corporate Governance is the Finance regulations. These translate into practical guidelines and the framework for decision making on financial matters.

During this year budget management and decision making in some areas of expenditure but particularly overtime has created pressure on other areas. That will be an area that receives attention in any revisions to the Finance regulations. This is recognised as an area for development in 2018/2019.

Sources of Assurance

Various sources of assurance are relied on to test and ensure compliance with laws and regulations, the code of corporate governance and that expenditure is in line with the Finance Regulations.

Internal Audit

Internal Audit Services for the year were provided by RSM. The internal audit plan for the year and regular progress reports detailing the outcome of those assignments in the plan were prepared and reported to the Joint Independent Audit Committee.

The plan is designed with a large degree of flexibility so that changes can be made in order to test emerging areas of concern.

As one example of ensuring compliance with laws and regulations the internal audit service was used to test the preparation plans for the introduction of the General Data Protection Regulation (GDPR) in May 2018.

The audit recognised that the organisation is part way through the process. Since the time of the audit there has been demonstrable investment in appropriate resources to take a phased approach to implementation.

Based on the internal audit assignments completed throughout the year an audit opinion is formed by RSM for both the Commissioner and Chief Constable. This included the conclusion that "Good Progress" is being made towards implementation of internal audit recommendations. As a result both the Commissioner and Chief Constable received positive opinions in the Annual Report for the year 2017/2018.

Areas of Partial Assurance

Four of the assignments completed by internal audit resulted in opinions of partial assurance. Those were "Human Resources - Recruitment", "Exhibits - Seizure, Storage and Disposal of Controlled Drugs", "Integrated Offender Management" and "Data Quality".

The positive opinion of the internal auditors for the year ended March 2018 was used to inform the judgement of the level of assurance provided in the governance arrangements. Ensuring implementation of the recommendations arising from the audit assignments that resulted in opinions of partial assurance will be of particular focus throughout the coming year.

The outcome of the Data Quality assignment mirrored the opinion provided from the previous year whilst Her Majesty's Inspectorate of Constabulary and Fire & Rescue Services (HMICFRS) also reported an "inadequate" grading for Crime Data Integrity. This has been an area of focus and another internal audit assignment is included in the audit plan for 2018/2019. This area is also reflected in the 2018/2019 areas for development.

Further information

- Financial Regulations
- Annual Internal Audit Report 2017-2018

Ensuring Compliance

HMICFRS

Her Majesty's Inspectorate of Constabulary and Fire & Rescue Services (HMICFRS) independently assesses police forces and policing activity in the public interest, ranging from neighbourhood teams through to serious crime and the fight against terrorism.

In preparing their reports, they ask the questions which the public would ask and publish the answers in an accessible form.

HMICFRS provide the information to allow the public to compare the performance of their force against others and their evidence is used to drive improvements in the service to the public.

As an additional source of assurance HMICFRS outcomes were considered in the review of governance arrangements. As indicated earlier the grading of "inadequate" following the Crime Data Integrity inspection was of concern and progress of the remedial plan is being actively monitored.

The fourth PEEL (police effectiveness, efficiency and legitimacy) assessments resulted in maintenance of "good" gradings in effectiveness and legitimacy. The recommendations arising from the efficiency assessment are being implemented to improve the efficiency grading of "requires improvement".



External Audit

External Auditors work independently of the organisation. They examine records, operating systems and financial accounts and provide assurance around compliance. Our external audit service is provided by Mazars. The appointment is made independently by Public Sector Audit Appointments (PSAA) who manage the arrangements for appointing auditors as set out in section 3 of the Audit Commission Act 1998.

Joint Independent Audit Committee

The Commissioner and Chief Constable operate a Joint Independent Audit Committee (JIAC).

With an independent Chair, the role of the Committee is to provide independent assurance on the adequacy of corporate governance and risk management arrangements that the Commissioner and Chief Constable rely on.

Following on from the review of the JIAC arrangements undertaken in 2016/17 a successful recruitment campaign has been undertaken. This has resulted in an increased and refreshed JIAC membership that provided additional resilience and the required quorum for all of the JIAC sessions since September 2017. Opportunities for increasing awareness and upskilling the new members are actively sought to ensure that the JIAC can effectively carry out its terms of reference.

Further information

- HMICFRS
- Joint Independent Audit Committee

Transparency & Engagement

The view of the organisations is that transparency is one of the pillars of good corporate governance. The stated aspiration is that statutory requirements are not only complied with, but exceeded.

There is a level of corporate confidence in the arrangements that are in place around transparency. Despite that confidence additional assurance has been sought in relation to transparency and an exercise has been included in the Internal Audit plan for 2018/2019.

Active engagement with those communities that we serve helps to create a positive working relationship with them and a more detailed understanding of their needs and issues.

A range of tools are used to help us be aware of and understand the experiences of our communities. For example social media channels are actively used on a daily basis and a range of more traditional engagement events have occurred throughout the year.

At the new Police Headquarters in Northallerton a large meeting room has been made available to community groups. The space is available to community groups free of charge.

Consultation activity has again featured strongly throughout 2017/2018. During the summer of 2017 the Commissioner sought the views of the community in relation to which of the three governance options available in respect of Fire and Rescue Services would be most beneficial in North Yorkshire. Over the winter there was a consultation exercise that sought the views of the public on the options that were available to the Commissioner in relation to police precept for 2018/2019.



How the business was managed in 2017/2018

Police and Crime Plan

A refreshed Police and Crime Plan was launched in April 2017. The comprehensive document was shaped by consultation with members of the public, staff and officers from North Yorkshire Police, partners such as the NHS and local councils, as well as others involved in the criminal justice system.

The plan sets out the vision and priorities for policing and community safety, as well as the objectives and ambitions that the Chief Constable is held to account against.

Code of Corporate Governance

As referred to earlier the recently refreshed code of corporate governance will be the primary point of reference for the corporate decision making framework. It includes a scheme of delegation and consent which sets out the parameters for decision making authority across the business.

Managing performance of services and projects

Oversight of performance is undertaken through the Executive Board. To assist in that purpose, during 2017/2018 the first iterations of a corporate health pack were developed. The corporate health pack contains management information from across the organisation to inform discussion on various aspects of organisational performance.

Over the course of the reporting period there has been a renewed energy invested into the mechanism for reporting on project benefit realisation. This has resulted in a revised schedule of benefit realisation activity to provide assurance that key areas of investment deliver the expected benefits. Developing the process for reporting on benefits realisation is recognised as an area for development in 2018/2019.

Chief Finance Officer Protocol

The Chief Finance Officer protocol is designed to recognise our commitment to the Home Office Financial Management Code of Practice for the Police Service in England and Wales. The Chief Finance Officer arrangements have also considered

the CIPFA Code of Practice recommendation that the Commissioner's Chief Finance Officer reports directly to the Commissioner. If different arrangements are adopted the reasons should be publicly reported in the Annual Governance Statement. Due to the nature of the arrangements in North Yorkshire the arrangements are considered annually.

The Commissioner's Chief Finance Officer reports via the Chief Executive Officer to the Commissioner. This provides an effective solution for him to engage on all material matters via a dedicated line manager. The Commissioner's Chief Finance Officer also has direct access to the Commissioner as well as the Chair of the Joint Independent Audit Committee. The Commissioner's Chief Finance Officer remains satisfied that these arrangements enable him to effectively deliver the statutory functions of his role.





The role of Commissioner's Chief Finance Officer continues to be provided by way of a collaborative arrangement with the Police and Crime Commissioner for Cleveland.

Monitoring Officer Protocol

The Monitoring Officer Protocol explains how the function of statutory Monitoring Officer operates within the working arrangements that are in place. During 2017/2018 Interim Chief Executive and Monitoring Officer arrangements have been in place through a collaboration arrangement with the Police and Crime Commissioner (PCC) for West Yorkshire.

The protocol recognises the need to fulfil this statutory role during Monitoring Officer absence or other circumstances that may mean that they are unable to act in certain cases. Such circumstances are provided for by making arrangements for a Deputy Monitoring Officer.

Further information

-  Police and Crime Plan
-  Executive Board
-  Chief Finance Officer Protocol
-  Monitoring Officer Protocol

Scrutiny Arrangements

There are various scrutiny arrangements in place for the organisations which reflect the respective statutory roles.

Police and Crime Panel

The Panel has the statutory responsibility for scrutinising the performance of the Commissioner and is a joint committee of the local authorities in the area. The Panel undertakes its scrutiny function through a range of mechanisms and considers such matters as:

- Reviewing the Commissioner's proposals for the amount of council tax local people pay towards policing. It has the power to veto these proposals if it considers the amount is inappropriate.
- Considering the Commissioner's Police and Crime Plan and Annual Report.
- Considering the Commissioner's proposals for the appointment of a new Chief Constable, with the power to veto.
- Investigating non-criminal complaints about the Police and Crime Commissioner
- Investigating non-criminal complaints about the Deputy Police and Crime commissioner



Holding the Chief Constable to Account

This is the statutory role of a Police and Crime Commissioner and can be done in a number of ways. Locally the Commissioner uses a mix of public meetings, reports and research; partnering organisations such as Her Majesty's Inspectorate of Constabulary; and formal complaints to assess the Chief Constable against expectations.

In North Yorkshire the philosophy is to focus on the following five areas:

- Performance
- Quality of work
- Value for money
- Using feedback and evidence to improve services
- Examining performance

The Commissioner actively seeks the input of the public in order to effectively carry out the scrutiny function. Whether formal or informal scrutiny is informed by public views, needs and feedback.

Public Accountability Meeting

The formal meeting that performs this important role is the monthly Public accountability meeting.

The meeting is made up from members of the Executive Board, other Chief Officers and Heads of Department. It is supported by performance and change management / planning staff.

The Commissioner and the Chief Constable chair the meeting jointly because both expect the police service to be performing at its best and both have a role in ensuring actions are delivered by the teams reporting into them.

Further information

- Police and Crime Panel
- Public Accountability Meeting

Working with others

Collaboration Governance

The Commissioner has a statutory duty to collaborate and so it is important that good governance arrangements are incorporated for oversight of collaboration activity.

The agreements that underpin collaboration activity are published as a matter of routine. In addition the notes from the formal meetings that oversee collaboration activity are also made readily available in the spirit of transparency.

The oversight arrangements for functions that are delivered on a collaborative basis are designed in such a way as to build in the principles and behaviours of good governance.

During 2017/2018 there was an additional focus on police collaboration for the seven Commissioners and Forces in the North East Region. As a result in the future there will be some revision to the related governance arrangements in order to streamline and recognise efficiencies. These will be monitored to ensure that they provide a suitable level of assurance in relation to collaborative effort.

There will also be a need to establish suitable arrangements for Fire and Rescue Service collaboration governance although these will be dependent on the outcome of Home Office consideration of the Commissioner's business case for Fire and Rescue Service oversight.

As a consequence of those changes collaboration governance is recorded as an area for development in 2018/2019.



What we said we would develop in 2017/18

Areas for Development from the 2016/2017 AGS

Area for Development	Owner	Progress
<p>1. Develop the Local Framework of Corporate Governance to consolidate the existing governance instruments and reflect the levels contained within the CIPFA Guidance notes for Policing Bodies on Delivering Good Governance.</p>	CEO	<p>The first and second areas for development were led by the Commissioners CFO. The target date for both areas was carried forward in order to incorporate feedback received from key stakeholders on the proposed revisions however both have now been completed and the Code of Corporate Governance is now published and incorporates a revised Scheme of Delegation.</p>
<p>2. Review and adjust where appropriate the current "scheme of delegation and consent" to reflect the introduction of a Deputy Police and Crime Commissioner. This will be renamed the "scheme of corporate governance" and made available to staff and stakeholders.</p>		
<p>3. Undertake a review of the Financial Regulations, Contract Regulations and Property Procedure rules and attendant protocols. Adjust where necessary to ensure proportionate levels of empowerment and responsibility.</p>	CFOs	<p>This area has a level of interdependency and naturally follows on from the Code of Corporate Governance work. The levels of assurance drawn from Internal Audit work on financial controls provide confidence that the regulations are sufficiently robust. It is intended however that a detailed review of the instruments referred to is undertaken by the end of September 2018 this will be carried forward as a new area for development with particular focus on decision making and budget management in relation to areas such as overtime.</p>
<p>4. Ensure that internal meetings are timely, effective and reflect the responsibilities of delegates or those charged with specific functions</p>	CEO	<p>This has been completed but where necessary refinements will be made to meeting arrangements in order to reflect emerging requirements.</p>

Governance Arrangements

The review of our governance arrangements

The review of effectiveness of the joint governance arrangements in place during 2017 / 2018 indicated that the framework that was in place provided a high level of assurance. Based on reflection of the key structures and processes which comprise those arrangements it can be judged that appropriate mechanisms existed to:

- promote and monitor codes of conduct and professional behaviour
- ensure compliance with internal and external requirements
- promote transparency and acting in the public interest
- develop channels of communication with all sections of the community
- manage the business to deliver the organisational vision of being synonymous with exemplary service
- apply good governance arrangements to collaboration activity and partnerships
- appropriately scrutinise performance

In comparison to the previous review of these arrangements, much progress has been made in updating our model for governance, decision-making and delegation. It is recognised that there is still some work to be done in order to empower decision makers and add value to the role of scrutiny. Good governance principles will continue to be considered as the arrangements are refined.

The areas for development detailed overleaf have been identified from the review process. The implementation of these will be monitored and reported in our AGS for 2018/2019.



Summary

Areas for Development for 2018/19

The key areas for development during 2018/19 are summarised below:-

Area for Development	Owner	Target date
1. Undertake a review of the Financial Regulations, Contract Regulations and Property Procedure rules and attendant protocols. Adjust where necessary to ensure proportionate levels of empowerment and responsibility and enhance decision making and budget management in relation to areas such as overtime.	Commissioners Chief Finance Officer	September 2018
2. Monitor the implications for the governance framework arising from changes to both police sector collaboration and collaboration with the fire and rescue service.	Interim Chief Executive Officer	December 2018
3. Refine the process for reporting on benefits realisation to ensure an appropriate level of oversight and awareness.	Interim Chief Executive Officer	March 2019
4. Monitor the implementation of management action arising from audit and inspection outcomes on "Data Quality" and "Crime Data Integrity" to ensure improvement in those areas.	Deputy Chief Constable	March 2019



We hope that this document provides you with some helpful insight into how we decided to lead North Yorkshire Police, the systems we have put in place to ensure our decisions are open and accountable, and that your money is safeguarded.

Julia Mulligan
Police and Crime
Commissioner for
North Yorkshire

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Temporary Chief Constable
North Yorkshire Police

Fraser Sampson
Interim Chief Executive Officer

Michael Porter
Commissioner's
Chief Finance Officer

Jane Palmer
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