

ANNUAL GOVERNANCE STATEMENT FOR THE POLICE AND CRIME COMMISSIONER FOR NORFOLK AND THE CHIEF CONSTABLE OF NORFOLK

1. INTRODUCTION

This Annual Governance Statement reflects the position as at September 2014, including the financial year 2013/14, and plans for the financial year 2014/15.

2. SCOPE OF RESPONSIBILITIES

The Commissioner and the Chief Constable for Norfolk are responsible for ensuring that their 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. Under the Police and Social Responsibility Act 2011, the Commissioner must 'secure that the police force is efficient and effective' and the Chief Constable in exercising his functions must 'secure that value for money is obtained'.

In discharging this overall responsibility, the Commissioner and Chief Constable are also responsible for putting in place proper arrangements for the governance of their affairs and facilitating the exercise of their functions, which includes ensuring a sound system of governance (incorporating the system of internal control) is maintained through the year and that arrangements are in place for the management of risk.

The Commissioner and Chief Constable have each 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 Commissioner's code can be found on the website www.norfolk-pcc.gov.uk/documents/OPPCN/decisions/2013/2013-14CodeOfCorporateGovernance.pdf or obtained from the Office of the Police and Crime Commissioner for Norfolk, Building 8, Jubilee House, Falconers Chase, Wymondham, Norfolk, NR18 0WW.

A copy of the Constabulary code can be found on the website www.norfolk.police.uk ([search for Code of Governance](#)) or obtained from Norfolk Constabulary, Operations and Communications Centre, Jubilee House, Falconers Chase, Wymondham, Norfolk, NR18 0WW.

The Commissioner's and Chief Constable's financial management arrangements conform with 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 (as amended December 2013). However, please see Section 6 below.

This statement also explains how the Commissioner and Chief Constable have complied with the Code and also meets the requirements of regulation 4[3] of the Accounts and Audit (England) Regulations 2011 in relation to the review of the effectiveness of internal controls and the publication of 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 and Chief Constable are directed and controlled, and the activities through which they account to and engage with the community. It enables the Commissioner and Chief Constable to monitor the achievement of their 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 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 an ongoing process designed to identify and prioritise the risks to the achievement of the Commissioner's and Chief Constable'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.

4. THE GOVERNANCE FRAMEWORK

The Chief Constable is responsible for operational policing matters, the direction and control of police officers and police staff, and for putting in place proper arrangements for the governance of the Constabulary. The Commissioner is required to hold the Chief Constable to account for the exercise of those functions and those of the persons under the Chief Constable's direction and control. It therefore follows that the Commissioner must satisfy himself that the Constabulary has appropriate mechanisms in place for the maintenance of good governance, and that these operate in practice.

The following narrative describes the key elements of the systems and processes that comprise the governance arrangements that have been put in place for the Commissioner and Constabulary.

The governance framework has been in place throughout the financial year 2013/14 (ending 31 March 2014) and up to the date of the approval of the Statements of Accounts.

4.1 Planning

The Commissioner published the first Police and Crime Plan for the period 2013-14 to 2016-17 in accordance with the Police Reform and Social Responsibility Act 2011. This established the Commissioner's vision and objectives for residents and service users. Following the Commissioner's first year in office the Plan is being refreshed to make it more user-friendly and accessible. This approach has been endorsed by the Norfolk Police and Crime Panel.

There is a co-ordinated process for strategic and medium-term financial planning that covers the period 2014/15 to 2017/18. This takes into account risk, local and national priorities and meeting efficiency savings and financial resilience criteria in order to produce a medium term view and an annual balanced budget. The work involves liaising closely with operational staff and budget managers followed by a detailed process of scrutiny and challenge by Chief Officers in order to ensure that the plan reflects the strategic aims of the Constabulary and the Commissioner. The financial strategy reflects the corporate and operational objectives of the Constabulary and Commissioner.

Norfolk and Suffolk Constabularies gather data and intelligence from a range of sources to produce an annual Strategic Assessment. The Strategic Assessment takes into account all relevant internal and external factors that might impact upon policing, crime and disorder at county and local level, highlighting emerging issues, risks and threats. This is then used to inform the development/review of Police and Crime Plans, inform the development of local

policing plans and performance frameworks and is shared with partners to aid their decision making and planning.

The Constabularies also undertake strategic analysis in the form of Strategic Profiles. Where relevant, these are produced jointly for Norfolk and Suffolk, highlighting any cross force and single force issues. The profiles cover a range of strategic crime and thematic topics and provide a comprehensive account of the issues, taking into consideration any existing research or 'what works' evidence to inform strategic and tactical action plans and decision making. These strategic profiles are then used to inform the overall Strategic Assessment.

4.2 Performance Management

There is a clearly defined corporate performance management framework. Objectives and key performance indicators are established and monitored both at a corporate and local level. Regular reports are made to senior managers, the Command Team and to the Commissioner on performance against objectives. This includes detailed analysis and scrutiny of performance and compares performance against the most similar family of forces.

The Commissioner produces and publishes an Annual Report that details performance for the previous year against the objectives set in the Annual Policing Plan. Financial performance against the revenue budget, capital programme and levels of reserves is reported monthly to the Commissioner.

The Commissioner, assisted by the deputy Commissioner, under the governance framework have responsibilities to review key functions of the Constabulary and assess that the required level of performance is being achieved.

The Joint Performance and Analysis Department (JPAD), under the lead of the Head of Department, undertakes analysis, research, consultation and improvement and evaluation activity across the Constabulary. The collaboration of these distinct areas of business within one department allows for more informed analysis to take place which could relate to any part of the organisation, whether operational or organisational. This collaboration also results in the greater use of a variety of techniques to aid tactical and strategic decision making and to formulate problem solving approaches. The department seeks to use an evidenced based approach to its work ensuring that the best available evidence regarding 'what works' is considered as part of the Constabulary's problem solving activity and evaluations are conducted to ensure lessons are learnt and successes identified.

The department produces analytical work to support a number of forums and groups, including the Tasking and Co-ordination Group meetings and Performance and Accountability meetings, delivering strategic and tactical products which facilitate forward resource planning and the identification and management of threat, risk and harm, thereby minimising costs to the organisation. The department supports the Constabulary in meeting its statutory and legislative requirements regarding information and data provision including the Annual Data Returns as set out by the Home Office and provision of data for a large proportion of Freedom of Information Requests.

In addition to a number of regular and ad-hoc products, the department also manages the Service Framework, a tool that provides a picture of how the Constabulary is delivering effective customer service and performing across a number of key indicators. It is available to everyone within the Constabulary and gives access to data and performance information easily, quickly and in a meaningful manner. It covers the spectrum from protection from harm issues to how the Constabulary interacts with the public on a day-to-day basis.

4.3 Satisfaction

The Constabulary measures the satisfaction of service users through the use of public surveys and reports to the Office of the Police and Crime Commissioner on levels of satisfaction as one of the agreed Police and Crime Objectives. This is done in accordance with Home Office requirements.

4.4 Internal Control and Compliance

The Commissioner is a member of the Association of Police and Crime Commissioners, which acts as an advisory body on legislative changes affecting the police service. The roles and responsibilities of the Commissioner are established predominantly by the Police Reform and Social Responsibility Act 2011.

Roles and responsibilities

The Commissioner and Deputy Commissioner are previous members of the former Norfolk Police Authority and did not consequently require any general governance training. Advice and support has been given by the Commissioner's office to ensure that the Commissioner and Deputy are conversant with the requirements of the Police Reform and Social Responsibility Act 2011 and subsequent guidance.

Roles and responsibilities of the Commissioner and Deputy Commissioner and of the Chief Constable are identified through legislative requirements and role profiles. The Chief Executive is the Commissioner's designated Monitoring Officer, with responsibility for ensuring the legality of transactions. The Commissioner's Chief Finance Officer (CFO) is the designated Section 151 officer with overall responsibility for financial administration and is the Commissioner's Money Laundering Officer. The Chief Executive and CFO each have an annual performance review. The Chief Constable's Chief Finance Officer is the designated Section 151 officer for the Constabulary.

The roles and responsibilities of Chief Officers within the Constabulary are established by the Scheme of Governance and Consent, Financial Regulations, common law, legislative requirements and identified in role profiles.

Each Chief Officer controls a portfolio covering a designated range of activities. The Chief Constable has an annual performance review with the Commissioner. All other Chief Officers have their performance reviewed annually by the Chief Constable.

Codes of Conduct

Codes of Conduct have been developed and communicated for the Commissioner, police officers and staff that define the standards of behaviour. Police officer conduct is governed by the national Police Conduct Regulations. Formal policies exist in respect of whistle blowing, public complaints, anti-fraud and corruption and the need to maintain a register of interests.

Governance Scheme

The Commissioner has adopted Standing Orders, a Scheme of Governance and Consent, including Financial Regulations, Contract Standing Orders and various codes of practice as part of his governance arrangements. These are reviewed periodically in accordance with requirements. The Constabulary has its own in-house legal team to advise on compliance with relevant legislation.

Risk Management

The Commissioner and Chief Constable have risk management policies and procedures in place to ensure that the risks facing the Commissioner and Chief Constable in achieving objectives are identified, evaluated and reported.

In addition, the Chief Constables of Norfolk and Suffolk have adopted a Risk Management Framework. This is employed in respect of all collaborative, Norfolk-only and Suffolk-only activities. This ensures that officers and staff from both forces can access and employ one set of transferable skills and processes. The Risk Management policy and processes are being further reviewed to ensure that they meet the latest best practice and are sufficiently user-friendly.

A robust approach is in place to ensure the continuing achievement of Corporate Objectives and Performance Priorities.

All legal requirements for insurance are met and insurance policies are reviewed as part of agreed regional consortium arrangements.

4.5 Accountability to the Community

Communication and engagement

The Commissioner's website contains details of the meetings the Commissioner holds with the public, partners, Chief Constable, Audit Committee and Police and Crime Panel. Agendas, reports and minutes are available for public scrutiny where appropriate.

The Constabulary offers regular, direct updates via its social and digital channels including Twitter, Facebook, the force website, and indirectly via the local media. In addition, members of the public can sign up to the free Police Direct service to receive details of local crimes, initiatives and engagement opportunities via e-mail, voicemail or text.

The Constabulary Community Engagement Strategy sets out how the Constabulary will make arrangements for providing information and obtaining the views of people within each neighbourhood in accordance with Section 34 of the Police Reform and Social Responsibility Act 2011.

Representatives of the Commissioner attend meetings regularly to ensure that the arrangements the Constabulary has in place are effective. The Commissioner's Office (OPCC) also has its own Communications and Engagement Strategy setting out how it will obtain the views of the community and victims of crime regarding policing. This is being updated for 2014-2016.

The Commissioner held a countywide budget consultation asking Norfolk people whether they agreed to a 2% precept rise for 2014/15. More than 1,000 people responded. Political groups and key partners were also consulted. The Commissioner has changed the name of his regular public meetings holding the Chief Constable to account from the Bi-Lateral Meeting to the Police Accountability Panel to make their purpose clearer. These panels no longer take place at the Commissioner's offices only but are taken around Norfolk.

The Commissioner has established a Victims' Panel which will enable him to consult directly with victims on a wide range of subjects and issues. The OPCC manages a number of independent advisory panels including the Lesbian Gay Bisexual and Transgender (LGBT) Group, the Disability Forum and the Independent Advisory Group (IAG).

Partnerships

Norfolk Constabulary collaborates extensively with Suffolk Constabulary as it has done since 2008. This formal collaboration is across a range of services including operational policing and back office functions. The PCC is required to give approval to collaborative opportunities before they can commence. The PCCs of Norfolk and Suffolk meet regularly during the year along with the Chief Constables to consider issues impacting on the organisations and to discharge the governance responsibilities between Norfolk and Suffolk. In addition to this there are governance arrangements that cover operational managers and Chief Officers. The main driver has been to maintain the effectiveness of operational and organisational support but to drive out savings through economies of scale in order to protect front line resources wherever possible.

There are also services that are subject to ongoing regional collaboration. An example of this is the establishment of a six force collaboration for serious and organised crime which is being delivered through a formal agreement. Other regional opportunities are being explored and should opportunities arise will be subject to PCC approval before commencing.

The Commissioner and Constabulary work closely with partners in order to deliver county-wide objectives around community safety issues. Each of these partnerships is subject to its own governance arrangements.

5. REVIEW OF EFFECTIVENESS

The Commissioner and Chief Constable have responsibility for conducting an annual review of the effectiveness of the governance framework, including:

- The system of internal audit
- The system of internal control

This review has been informed by the work of the Constabulary, internal auditors, and also officers of the Commissioner who have the responsibility for the development and maintenance of the governance environment. In addition, comments made by the external auditors and other review agencies and inspectorates have informed this review.

The roles and processes that have been applied in maintaining and reviewing the effectiveness of internal control include the following:

Corporate Governance Assurance Group

This group has been established to review the corporate governance framework and systems of internal control and to prepare the Annual Governance Statement for consideration. The group comprises the Chief Executive of the Commissioner, the Commissioner's and Chief Constable's Chief Financial Officer, the Chief Constable's Assistant Chief Officer (Resources), and the Head of Joint Finance. These officers have involvement in the oversight of the governance framework and its processes and therefore the review of its effectiveness. During 2013/14 the Group assessed assurance against each of the major activities undertaken within the Office of the Commissioner and the Constabulary and compliance with the Codes of Corporate Governance. As part of this the Group has taken account of the information described in more detail in this section.

Internal Audit

Internal audit (delivered under contract by PricewaterhouseCoopers) provides independent and objective assurances across the whole range of the Commissioner's and Constabulary's activities and regularly presents findings to the joint Audit Committee of the Commissioner and Chief Constable. They take a managed audit approach in conjunction with external audit to ensure that all necessary areas of compliance are covered. The programme is prepared and agreed with the Commissioner and Chief Constable following a risk-based assessment. The managed audit approach has been developed successfully over past years, in agreement with external audit to bring further efficiency to audits.

The external auditor (Ernst and Young LLP, appointed by the Audit Commission in 2012) is able to place reliance on the work of internal audit and has assessed that they provide an effective system overall. Internal audit is required to give an overall opinion on the adequacy and effectiveness of the framework of the internal control and risk management environment. For 2013-14 each audit finding has been given a points scoring for Control Design and Operating Effectiveness which provides an overall report classification of 'Low', 'Medium', 'High' or 'Critical' Risk. The overall opinion from the Head of Internal Audit was:

"We have completed the programme of internal audit work for the year ended 31 March 2014. Our work identified low, medium, high and critical rated findings. Based on the work we have completed, we believe that there is considerable risk that the system of control will fail to meet management's objectives on some of the areas subject to audit review within the year. Significant improvements are required in those areas to enhance the adequacy and / or effectiveness of governance, risk management and internal control."

The Audit Committee, Commissioner and Chief Constable have reviewed the audit findings and accept that in some specific audits there are issues to address, but that the overall governance for the two corporations sole is good, as indicated through the rest of this document. Section 6 gives more details of the high and critical risk recommendations and actions taken.

External Audit and Other External Review Bodies

External audit provide a further source of assurance by reviewing the annual accounts and value for money assessment and reporting upon internal control processes and any other matters relevant to their statutory functions and codes of practice. The last external audit annual audit letter, issued in October 2013, identified some deficiencies in budgetary control arrangements. These have been addressed by ensuring that there is effective challenging of budget holder projections by the management accountants.

The Constabulary is subject to review by Her Majesty's Inspector of Constabulary (HMIC) and a number of inspections were carried out over the period. Most of these were national thematic inspections, the most significant being the Responding to Austerity (Valuing the Police 4) Review, which sought to establish whether the Commissioner and Constabulary were prepared to meet the significant financial challenges ahead. The published report included the following summary "Norfolk Constabulary's response to the financial challenge of the spending review is outstanding. The constabulary is determined to continue to provide a high quality policing service to the public. It is planning for the long-term, taking the necessary steps today, so it is ready to meet future funding challenges in this ongoing era of austerity." See also further comments in Section 6.

Police and Crime Panel

The Police and Crime Panel provides checks and balances in relation to the performance of the Commissioner and scrutinises the Commissioner's exercise of his

statutory functions. The Panel is independent of the Commissioner and consists of 3 county councillors, 7 district councillors and 2 independent co-opted members.

The Panel has two powers of veto in relation to the Commissioner's proposed precept and the appointment of the Chief Constable.

Since being elected, the Commissioner has engaged fully with the Panel in all relevant matters.

Audit Committee

The Audit Committee for the Commissioner and Chief Constable was formed in January 2013 and consists of 3 members. Under its terms of reference, the Committee provides proactive and effective advice on audit and governance issues and champions both audit and the embedding of risk management. Specifically, it receives and scrutinises the reviews on the system of internal audit and the system of internal control, and agrees and monitors any action plans resulting from those reviews.

In addition to this the Committee also examines and considers the draft Annual Governance Statement, and reviews the draft accounts of the Commissioner and Chief Constable to make recommendations in this respect. Also, they examine the annual draft Treasury Management Strategy, monitor its application during the year and make any recommendations as appropriate.

Recently the membership of the committee has been increased by 2 members to 5 in total. The committee will be reviewing its terms of reference, roles and responsibilities and assessing its performance over the next few months.

Collaborative Governance

Proposals for collaboration go through a detailed process, designed to ensure that all options are considered and that all parties can sign up to formal agreements in the knowledge that future policy, performance and resource levels are recognised at the offset. Dedicated resources are in place to support those units subject to Norfolk / Suffolk collaboration, including the formulation of detailed business cases. The business cases are subject to review by senior officers and the Joint Chief Officer Teams of the two constabularies. Proposals are further discussed before final sign off by the two Commissioners. This is underpinned by formal agreements covering the legal aspects of collaboration. A similar process applies to regional proposals.

A Programme Management Office has been established to oversee all collaborative activities on a day-to-day basis, monitor progress against the agreed programme and report upwards into a Joint Norfolk and Suffolk Programme Co-ordination Board and onwards to the Joint Chief Officer Team and the Commissioners.

For 2013-14 Norfolk and Suffolk Commissioners had their own set of Financial Regulations and Contract Standing Orders although these documents were very closely aligned. Fully Joint Financial Regulations and Contract Standing Orders have been signed off by both Commissioners that apply for 2014-15.

The Corporate Governance Assurance Group has concluded that the arrangements continue to be regarded as fit for purpose in accordance with the governance framework. Some areas to be specifically addressed with new actions planned are outlined below.

6. SIGNIFICANT GOVERNANCE ISSUES

Significant governance issues identified in the 2013 Annual Governance Statement have been addressed as described in that Statement. These covered covert operations, "Stage 2 Transfer", and budgetary control.

Arising from the decision by the Suffolk Police and Crime Commissioner and Suffolk Chief Constable no longer to agree to the sharing of a single Chief Officer to act in a dual capacity as Chief Financial Officer for both the Suffolk Chief Constable and the Norfolk Chief Constable, with effect from 1st April 2014 the Norfolk Commissioner's Chief Financial Officer (CFO) has acted as such in a dual capacity for both the Norfolk Commissioner and the Norfolk Chief Constable. The CIPFA Code says that a joint CFO is not 'envisaged' in view of the separate corporations sole, so in that respect it is acknowledged that this is not best practice. There are two contracts in place for the two roles and the CFO works very closely with the ACO (Resources) as regards the discharge of his functions for the Chief Constable. Options for a permanent solution are being considered

Of the 12 internal audit reviews carried out during the year one was rated as overall critical risk (physical access) and two as overall high risk (use of consultants and fire regulations and safety). All other internal audit reviews undertaken in 2013/14 were rated overall low (including nine out of ten processes reviewed in the Key Financial Controls audit) or medium risk.

Physical Access – issues raised by the auditor were discussed by the Audit Committee and have been addressed.

Use of Consultants – consultants are not always recruited in accordance with the proper procurement process and expenditure is not being always coded to 'consultants'. Action taken: A definition of 'consultant' is being developed and improvements have been made to procurement procedures as regards consultancy spend.

Fire Regulations and Safety – arrangements for Fire Risk Assessments (FRA) (completion/action/monitoring) were not satisfactory. Action taken: Fire Management documentation redrafted to include FRA responsibilities and mandatory training for 'responsible persons' will be provided. Overall Health and Safety reporting will be sharpened up, including a set agenda item at Joint Chief Officers Management Team meetings.

The financial outlook remains extremely challenging. Austerity is expected to continue to the beginning of the next decade. The budget 'gap' (how much we need to spend compared to our total income) depends on, demand for policing services, pay/price inflation, how much the government will be reducing our grant and any scope the Commissioner has for increasing the policing part of the council tax. The Medium Term Financial Planning process is well understood and effectively used in Norfolk. The Plan includes use of Reserves over the next 4 years to ensure the budget is reduced in a planned way (a glide path). The Commissioner and Chief Constable wish to protect the 'front line' for as long as possible and further and wider collaboration will be necessary. It is recognised that core governance and internal control routines will need to be safeguarded during this period.

Following the arrival of a new Chief Finance Officer (OPCC) in January 2014 the financial processes in the OPCC are being overhauled and improved. New arrangements for commissioning, including grant approval and payment are being developed; this has been particularly necessary because of additional grant funding streams coming on line from the Ministry of Justice for Victim Services. The OPCC for Norfolk is recognised by the Home Office as having an exemplary websites setting out information in accordance with both 'transparency' and Freedom of Information requirements.

We propose over the coming year to take steps to address the above matters to further enhance our governance arrangements. We are satisfied that these steps will address the need for improvements that were identified in our review of effectiveness and will monitor their implementation and operation as part of our next annual review.

Signed

Stephen Bett
Police and Crime Commissioner for Norfolk

Simon Bailey
Chief Constable of Norfolk

Mark Stokes
Chief Executive
Office of the Police and Crime Commissioner

John Hummersone
Chief Finance Officer

Signed on behalf of the senior staff of the Police and Crime Commissioner for Norfolk and on behalf of the chief officers of Norfolk Constabulary.