

ANNUAL GOVERNANCE STATEMENT 2008/09

INTRODUCTION

Governance is about how police authorities ensure they are doing the right things, in the right way for the right people, in a timely, inclusive, open and accountable manner. It comprises the systems, processes, culture and values by which police authorities are directed and managed and also the activities through which they account to, and engage with, the communities they serve. This joint annual Governance Statement between Cheshire Police Authority and Cheshire Constabulary describes how the Authority can show it has discharged its two overarching statutory duties during 2008/09:

- to secure an effective and efficient local police service and
- to hold the Chief Constable to account for the exercise of his functions and those of officers and staff under his direction and control

The Statement also demonstrates the assurances the Chief Constable relies upon to control, direct and deliver effective and efficient operational policing services.

SCOPE OF RESPONSIBILITY

The Cheshire Police Authority (the Authority) is responsible for ensuring its business is conducted in accordance with the law and proper standards and that public money is safeguarded, properly accounted for and used effectively, efficiently and economically. The Authority also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised and deliver an effective, efficient and economic service.

In discharging this overall responsibility, the Authority is also responsible for putting in place proper arrangements for the governance of its affairs and facilitating the exercise of its functions, which include a sound system of internal control and effective arrangements for the management of risk.

In April 2008 the Authority updated its local Code of Corporate Governance, which is consistent with the principles of the CIPFA/SOLACE Framework: *Delivering Good Governance in Local Government*. A copy of this is on the Police Authority website at www.cheshirepa.police.uk or can be obtained from the Authority's offices. This Statement explains how the Authority has complied with the Governance framework and also meets the requirements of regulation 4(2) of the Accounts and Audit Regulations 2003, as amended by the Accounts and Audit (Amendment) (England) Regulations 2006 in relation to the publication of an Annual Governance Statement.

THE PURPOSE OF THE GOVERNANCE FRAMEWORK

The governance framework enables the Authority to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost effective services and the achievement of value for money.

The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable and foreseeable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives; it can 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 Authority's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, to manage them effectively, efficiently and economically.

The governance framework has been in place for the year ended 31 March 2009 and up to the date of approval of the Statement of Accounts on 29 June 2009.

THE GOVERNANCE FRAMEWORK

Although the Chief Constable is responsible for operational policing matters, the control of police personnel and for the governance of the Constabulary, the Authority is required to hold him to account for the exercise of those functions and for delivering efficient and effective policing service to the public. It therefore follows that the Authority must satisfy itself that both the Authority and the Constabulary has appropriate mechanisms in place for the maintenance of good governance and that these operate in practice.

A framework of governance and internal control has been created which pulls together all the processes that form both the governance arrangements and the key internal controls. Within this framework are a number of sources of assurance available to the Authority that ensure the arrangements and controls operate effectively and efficiently. The following sections cover the main processes within the assurance framework.

Establish, communicate & monitor the achievement of the Authority's Vision

The Authority's key priorities have been developed following public consultation and consideration of national priorities. The Authority's vision, mission, aims and values are set out in its 2008/09 and 2009/10 business plans which are available via the Police Authority website. The 2009/10 plan contains a commentary on progress in delivering the 2008/09 actions plan and the key actions for 2009/10.

The Policing Plan 2008-11 setting out the objectives and targets for 2008/09 was approved by the Authority and a local summary was distributed to residents in a newspaper format, and through the website. Local policing summaries to be published in July 2009 will report on the extent to which the objectives outlined in the Policing Plan were achieved locally.

Performance scrutiny takes place via regular reporting to the Performance Panel, which in turn reports to the full Authority. In addition, Area Commanders monitor performance on a regular basis using the Performance Management System. Internally, Constabulary managers receive regular update reports on performance issues and are held to account through normal line management and at the monthly Strategic Management Meetings. The meetings review the performance of areas, support and protective services.

Performance Monitoring and scrutiny is also conducted by the Authority through Audit and Staff Committees and through Service Improvement and Finance Panels. Her Majesty's Inspector of Constabulary (HMIC) regularly conducts reviews of performance.

Ensure compliance with established policies, procedures, laws and regulations

The business of the Authority is conducted in accordance with defined processes and responsibilities as set out in Standing Orders and Financial Regulations, which have been fundamentally revised and updated, and were approved by the Authority on 7 April 2009.

Authority and Constabulary officers use their professional knowledge to ensure that decisions taken by the Authority comply with all Standing Orders, Regulations and with relevant laws, standards and regulations. Key officers include the Authority's Chief Executive (Monitoring Officer), the Treasurer (Section 151 Officer), the Chief Constable and the Constabulary's Assistant Chief Officer.

Internal Audit conduct an agreed programme of reviews to assess compliance with established policies, procedures, laws and regulations and this is reinforced by Her Majesty's Inspector of Constabulary (HMIC), external audit and when appropriate, the Independent Police Complaints Commission.

The Constabulary regularly reports to the Authority, including the Audit Committee and the Finance Panel as means of ensuring compliance. The Authority has its own Standards Committee to monitor compliance. The Constabulary has developed its approach to Risk Management whereby risk assessments and action plans are reviewed quarterly and challenged by the Strategic Risk Management Group, comprising Constabulary managers and the Chairman and Vice Chairman of the Audit Committee. Progress is regularly reported to the Audit Committee. The Authority also established its own separate risk register in March 2008, and updates this on a quarterly basis via the Audit Committee.

Ensure the effective, efficient and economical use of resources

The Authority has an Audit Committee which meets on a quarterly basis and receives reports from the Constabulary, the Authority's Officers and Internal and External Audit. The Constabulary has three Programme Boards which oversee development projects and reviews and have Authority Members and Officers as members. These Boards report outcomes through the Chief Officer Group to the Service Improvement Panel and onwards to the Authority for approval.

During 2008/09 the Authority undertook a base budget review of Learning and Development, a scrutiny review of the 'Green Agenda' and Member training to ensure increased effectiveness. The review of Learning and Development was a fundamental appraisal of activities, costs, performance and efficiency and identified significant areas for improvement. The result was a comprehensive action plan that is driven by the Head of Learning and Development, and will be overseen by Staff Committee..

Currently the Authority is undertaking scrutiny reviews of the Performance Management Framework and the effectiveness of the Authority's partnership working, engagement and consultation processes.

A key source of assurance within the Governance Framework is the independent review by the external auditors. As in previous years, the external auditors undertook a Police Use of Resource Evaluation (UoR) covering managing finances, governing the business and managing resources. As part of the development of this assessment, the criterion on which an organisation is judged has raised the standards which need to be achieved for assessment purposes. The results published in 2008/09 are based on 2007/08 data and assigned the Authority with an overall '3' maintaining the score achieved in 2007/08. Progress against the UoR action plan is reported to the Audit Committee quarterly and used to ensure continuous improvement. The Authority is currently awaiting the outcome of the Audit Commission's UoR assessment for 2008/09 although it is recognised that the

overall process has become more difficult and now forms part of the overall Comprehensive Area Assessment.

Regular reports are also brought to the Authority detailing progress against efficiency targets and savings approved as part of the budget.

Ensure appropriate financial and performance management and reporting

Standing Orders and Financial Regulations define the respective roles and responsibilities of the Authority, its Members and officers on financial matters. Collectively they provide a framework of rules and procedures within which the Authority conducts all its financial affairs. They embody relevant legislation and national standards of best practice in public authority financial management. Financial Regulations and Scheme of Delegation have been fundamentally revised and updated, and were approved by the Authority on 7 April 2009.

Budgets are monitored by the Constabulary, through Chief Officer Group and Members receive quarterly monitoring reports. The Treasurer continually monitors the financial position and works closely with Constabulary officers. Officers are building an increased level of quality assurance to provide expanding checks and balances including financial misreporting.

Annual Statutory Accounts are prepared in accordance with professional guidance and the statutory timetable for publication and are approved by the external auditors and Members prior to publication.

A performance management framework has been put in place for operational policing which is monitored on a regular basis by Area Commanders using an intranet system. Monthly meetings with all their senior staff are held to check performance against national and local targets. The achievement of targets in line with the specified national and local policing objectives of the Authority is monitored and reported upon regularly to the Authority.

A performance management framework with service standards for support departments has been implemented, with measures to assess performance against these standards. Further work is in hand to refine this and develop the process of monitoring further.

REVIEW OF EFFECTIVENESS

The Authority has responsibility for conducting, at least annually, a review of the effectiveness of the governance framework which culminates in production of the Annual Governance Statement. It includes:-

- the system of internal audit
- the system of internal control

These reviews have been undertaken by a multi-disciplinary Authority and Constabulary Group of Officers, including independent Member scrutiny by the Chairman of the Audit Committee and internal and external auditors. In addition, comments made by the external auditors and Her Majesty's Inspectorate of Constabulary (HMIC) support the annual review process.

The reviews involved gathering examples of controls, ascertaining risks and assessing effectiveness. This was then scrutinised by the Chairman of the Audit Committee for

2008/09. The resulting Annual Governance Statement (this Statement) was then reported to the Audit Committee on 29 June 2009, as part of the approval of the 2008/09 Accounts.

SIGNIFICANT GOVERNANCE ISSUES

As part of the 2007/08 Statement of Accounts, five key issues requiring improvement in 2008/09 were included in the Annual Governance Statement. The following reports the progress made over the last year:-

1. **Capping** – Following detailed consideration, the Government decided not to cap the Authority in 2008/09 but instead to nominate it for 2009/10 and 2010/11. This means that a limit was placed on the Authority in respect of the total budget that could be set for 2009/10. Further confirmation is still awaited from the Government in respect of any budget limit for 2010/11.
2. **Customer Satisfaction** – The Authority recognised that further improvement was needed in customer satisfaction performance. For 2008/09 considerable work has been undertaken to improve call management including making it easier to contact the Constabulary and improved 'follow up' arrangements by the introduction of customer service desks. Performance data for customer satisfaction covering 2007 and 2008 show considerable improvement in all areas, as follows:

	<u>2008</u>	<u>2007</u>	
Ease of Contact	94.4%	89.3%	+ 5.1%
Satisfaction with Action taken	81.4%	75.6%	+ 5.8%
Follow-up	74.4%	70.2%	+ 4.2%
Treatment	92.2%	89.7%	+ 2.5%
Whole Experience	85.1%	81.4%	+ 3.7%

3. **Non Emergency Calls for Service** – Within the 2008/09 budget, funding was identified to support call management in line with the action identified in last year's annual governance statement of 'Sustain call answering performance – target for answering non-emergency calls within 30 seconds based on performance in the second half of 2007/08 at 82%'. At the end of 2008/09 the performance had improved to 84.4% of calls answered within 30 seconds.
4. **Partnerships** – The Authority and Constabulary worked closely with the Shadow Unitary Councils and Halton and Warrington Borough Councils to maximise the opportunities for improved partnership working. To support this work the Constabulary have appointed a Superintendent specifically to lead on partnership working. In addition, the Authority commissioned an Internal Audit report on partnerships and the results were presented to Audit Committee on 24 March 2009.
5. **Risk Management** – work is on-going in terms of improving and embedding risk management within both the Authority and Constabulary. A risk manager has now been recruited to further integrate risk into the planning process and to ensure a proactive approach to risk management supporting the Strategic Risk Management Group. The Authority has produced and published their risk register and received a report from the Authority's insurance brokers to link insurance to risk and action is currently being identified in response to their findings. A report is presented to the Audit Committee on 29 June 2009. Good progress has been made with the Constabulary and Authority's business continuity arrangements and plans will be tested in mid 2009.

For 2008/09, the system of internal control and governance within the Authority was considered to be satisfactory and effective. The following areas are the key risk issues for 2009/10.

1. **Funding** – The national budget and economic downturn indicates significant funding reductions for the Authority over the 2010-14 period. As a result the level of funding available to the Authority over the medium term will be extremely challenging and plans need to be in place to address the situation.

Action: Officers have prepared a medium term strategy for 2010-14 which identifies policy options designed to protect front line services and to achieve major cash savings. The scenario planning process and workstreams will be launched at the Finance Panel on 16 June 2009. The new Efficiency Agenda (4% per annum) will be challenging and will need to be addressed as part of the medium term strategy. Financial scenarios will be examined and updated as information on funding becomes clearer. This will then form the basis of the budget for 2010/11.

As part of this response to the funding implications, a fundamental review of business services is already underway. Transforming Business Services (Tbs) is a major drive to improve the efficiency and effectiveness of key business services provided to internal departments and the public. This will help contribute to the Constabulary's efficiency targets and ensure improved customer service delivery.

2. **Confidence in Policing** – From 1 April 2009 the Home Secretary has responded to pressure from the police service on the range and often conflicting nature of policing priorities by introducing a single measure of police performance, which is "confidence". A challenging three year target has been set and the measure is about confidence in local councils as well as in the police to reduce crime and disorder. Based on current performance levels the Constabulary is below average and needs to shift performance significantly to achieve the target. The Authority and Constabulary are committed to delivering policing services outlined in the Home Secretary's Policing Pledge which underpins the confidence agenda.

Action: The Constabulary has developed an approach to improving confidence in Cheshire which has been set out in a Confidence Strategy and includes a project plan and timescales for action which will be monitored by the Confidence Steering Group, chaired by the Deputy Chief Constable and including representation from Areas, Departments and the Authority. Quarterly monitoring reports are to be considered by the Performance Panel.

3. **Partnership working and Comprehensive Area Assessment** – On 1 April 2009 two new authorities were created in Cheshire to replace the existing district and county councils. Partnership working must be developed with these two new unitary councils and further enhanced with the existing unitary authorities of Halton and Warrington. The potential for collaboration on service delivery needs to be explored further. At the same time the Comprehensive Area Assessment (CAA) has been introduced which looks at how well local services are working together to improve the quality of life for local people, including the police service.

Action: the Authority and Constabulary are working closely with these two new authorities together with Halton and Warrington Borough Councils to build on the success of the past collaborations and partnerships and maximise the opportunities for improved partnership working and collaboration. Several workstreams are being taken forward, including work on a Partnership Register, collaboration on estates and

information sharing strategy, neighbourhood working and self assessment for CAA audits. In addition, the Authority is currently undertaking two scrutiny reviews on partnership working – effectiveness and engagement/consultation.

4. **Police Authority Inspection** – in November 2008 the Government confirmed its intention to proceed with police authority inspections which will be carried out jointly by the Audit Commission and HMIC. There are ten police authorities in the first tranche of inspections, of which Cheshire is one. The inspections will take place between September and December 2009 - Cheshire Police Authority, but will be inspected in the week commencing 30 November 2009. The proposed approach to inspection is currently the subject of consultation. The four proposed assessment themes are :-

- Setting strategic direction and priorities
- Scrutinising performance outcomes
- Achieving results through community engagement partnership and collaboration
- Ensuring Value for Money and productivity

Action: The Authority has established the Police Authority Improvement Panel, comprising the Chairman, the Vice Chairman and the Chairmen of Committees/Panels to oversee, scrutinise and guide the preparatory work for the inspection. The Panel met initially on 14 May when it was agreed the self assessment action plan be updated and that specific Members and officers be allocated to the assessment themes. Further meetings have been arranged in the lead up to the inspection.

SUMMARY

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

Margaret Ollerenshaw
Chairman

M.A. Ollerenshaw

David Whatton
Chief Constable



Mark Sellwood
Chief Executive

Mark Sellwood

On behalf of the Members and senior officers of Cheshire Police Authority and Constabulary.