

**ANNUAL GOVERNANCE STATEMENT 2023/2024**

**FOR**

**POLICE AND CRIME COMMISSIONER FOR HAMPSHIRE & THE ISLE OF WIGHT**

# Annual Governance Statement for Police and Crime Commissioner

1. **Scope of Responsibility**
	1. The Police and Crime Commissioner is responsible for ensuring that:
		* business is conducted in accordance with the law and to proper standards.
		* public money is safeguarded and properly accounted for, and used economically, efficiently and effectively.
		* they secure continuous improvements in the way in which functions are exercised, having regard to a combination of efficiency, effectiveness and economy.
		* there is a sound system of internal control which facilitates the effective exercise of the Police and Crime Commissioner's functions and which include arrangements for the management of risk.
	2. This statement explains how the Police and Crime Commissioner has complied with its Code of Corporate Governance and meets with the requirements of the Accounts and Audit (England) Regulations in relation to the publication of an Annual Governance Statement.
	3. The vast majority of funding for policing is received from Government Grant and Council Tax and there were no reductions to those amounts in 2023/24; there is no significant reliance on other income.
	4. There were no significant changes required from a governance perspective. The Joint Audit Committee is the only meeting in public convened by the PCC and these are conducted on-line and in person as part of a hybrid approach.
	5. Video conferencing technology has now become integrated into business practice and this has been utilised to complement in person meetings where appropriate, and thus ensure formal decisions have continued to be made.

# The purpose of Corporate Governance

* 1. The governance framework comprises the systems, processes, cultures and values by which the Office of the Police and Crime Commissioner is directed and controlled, as well as its activities through which it accounts to, engages with and leads within the community. It enables the Police and Crime Commissioner to monitor the achievements of the Police and Crime Plan and to consider whether they have led to the delivery of appropriate, cost effective services.
	2. The system of internal control is a significant part of the framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and 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 risk to the achievement of the Police and Crime Commissioner’s policies aims and objectives, to evaluate the likelihood of those risks being realised, the impact should they be realised, and to manage them efficiently, effectively and economically.
	3. Liaison has taken place with the Joint Audit Committee and Constabulary to identify, report and mitigate risks. A new approach for presenting risk was introduced in 2023/24.
	4. The previous governance framework has been in place for the year ending 31 March 2024 and up to date of approval of the statement of accounts.
	5. The Police and Crime Commissioner has approved and adopted a Scheme of Corporate Governance, which is consistent with the principles of the CIPFA/SOLACE Framework ‘Delivering Good Governance in Local

Government’. Agendas and minutes of the Joint Audit Committee are published on the website of the PCC.

* 1. The CIPFA/SOLACE framework identifies seven principles of good governance:
		+ Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law
		+ Ensuring openness and comprehensive stakeholder engagement
		+ Defining outcomes in terms of sustainable economic, social and environmental benefits
		+ Determining the interventions necessary to optimise the achievement of the intended outcomes
		+ Developing the entity’s capacity, including the capability of its leadership and the individuals within it
		+ Managing risks and performance through robust internal control and strong public financial management
		+ Implementing good practices in transparency, reporting and audit to deliver effective accountability.
	2. The first two principles underpin the whole 2016 framework and are implicit in the remaining five principles.

# Core Principles of good governance

* 1. **Behaving with Integrity, demonstrating strong commitment to ethical values, and respecting the rule of law**
		1. The Office of the Police and Crime Commissioner operates in an open and transparent way and the Police and Crime Commissioner sets the tone for the organisation by creating a climate and culture of openness, support, and respect. This is reinforced through the organisational values that have been developed through staff engagement sessions at all levels.
		2. The Police and Crime Commissioner is committed to the highest ethical standards and has adopted a governance framework to reinforce this philosophy as well as procedures to investigate any issues should the need arise. The framework, policies and procedures are set out in the Police and Crime Commissioner’s Scheme of Corporate Governance. The Scheme of Corporate Governance demonstrates a comprehensive commitment on the part of the Police and Crime Commissioner to integrity, ethical values and the rule of law.
		3. The key governance legal powers and responsibilities within the Office of the Police and Crime Commissioner are set out in legislation and statutory guidance, especially the Police Reform and Social Responsibility Act (PRSRA) 2011, Policing Protocol Order 2011, Revised Financial Management Code of Practice 2018 and Strategic Policing Requirement), the Scheme of Delegation and Consent, Financial Regulations and Contract Standing Orders. These are referenced in the Scheme of Corporate Governance and are constantly reviewed to ensure they are translated into delivery. The Scheme of Delegation is one such example that is under review.
		4. A new Chief of Staff was appointed in January 2024 to replace the previous Chief Executive. The Chief of Staff will execute the responsibilities of the Chief Executive in the PRSRA. A new Head of Legal and Governance position has been introduced at no additional cost to support them in their role as Monitoring Officer.

# Ensuring openness and comprehensive stakeholder engagement.

* + 1. The Police and Crime Commissioner is required by law to produce a Police and Crime Plan. The Plan sets out the Police and Crime Commissioner’s

Vision, Priorities and Mission, the clear strategic aims of which are communicated on the Police and Crime Commissioner’s website and through various communications. This provides an operating model for business planning. Following the election in May 2021, a new Police and Crime Plan was published in November 2021. Updates on delivering the Plan are provided to the Police and Crime Panel. The updates show that 100% of the Plan was delivered by the end of 2023/24.

* + 1. An implementation plan has been established and is managed through programme and project management to ensure every element of the Police and Crime Plan is tracked, monitored and delivered.
		2. Risks and issues are managed through project leads within the OPCC and escalated through the Senior Responsible Owner (SRO’s) to executive-level governance within the Implementation Board | Oversight and Scrutiny (IBOS). This ensures programme and project risk factors are considered, recorded and, where required, addressed.
		3. The implementation plan also captures and discharges the associated PCC’s statutory responsibilities within the PRSRA (oversight & scrutiny – ‘holding to account’ arrangements). This enables delivery of the Police and Crime Plan and ensures alignment with the strategic direction of the OPCC.
		4. The Police and Crime Commissioner has a clear governance framework for corporate decision making. The Police and Crime Commissioner’s decisions have clear guidance and protocols on decision making and templates for decision reports. All decisions are published, albeit that consideration is given to redacting some elements where this is necessary and proportionate.
		5. Public consultation is undertaken on an ongoing basis to inform decision making. Targeted consultation takes place for specific decisions such as the public consultation on the council tax precept. The Police and Crime Commissioner attends both formal public meetings and community events to inform and consult the public.
		6. The Police and Crime Commissioner is scrutinised by the Police and Crime Panel which consists of members from local authorities and independent members who also consult their local communities and offer feedback to the Police and Crime Commissioner. Other consultation is undertaken such as via the Joint Audit Committee and specific focus groups facilitated by the Police and Crime Commissioner’s staff. This was demonstrated in the public survey and consultation for the 2023/24 precept and budget review. Public views and comments were captured for crimes and incidents that are of most concern to residents and businesses within Hampshire and the Isle of Wight. This is used as supporting evidence for the PCC’s approach and decision making for future activity.
		7. Openness is directly linked to accessibility and, in response to a Government Digital Service report, significant work was undertaken in improving access to public digital content and compliance with the Accessibility Regulations 2018. This is under constant review.

# Defining outcomes in terms of sustainable economic, social and environmental benefits.

3.3.1 The strategic aims set out in the Police and Crime Plan underpin the Police and Crime Commissioner’s overarching ambitions for delivering positive economic, social and environmental outcomes for Hampshire and the Isle of Wight. Delivery of the Plan is monitored internally within the Office of the Police and Crime Commissioner and also through the scrutinising function of the Police and Crime Panel. Ultimately, the Police and Crime Commissioner is held to account by the electorate.

3.3.2 The Police and Crime Commissioner has an Estates Strategy in place. Economic sustainability and social and environmental benefits are at the forefront of that work.

# Determining the interventions necessary to optimise the achievement of the intended outcomes.

* + 1. Clear guidance and protocols exist for decision making and the involvement of the Monitoring Officer and the CFO ensures that decisions are made after relevant options have been weighed and associated risks assessed from a legal and financial perspective. Details of the guidance and protocols are set out in the Scheme of Corporate Governance.
		2. The budget setting process is well established. The budget is set by the Police and Crime Commissioner after proposals on the council tax precept are consulted upon with the public and scrutinised by the Police and Crime Panel. The budget is set in the context of achieving the Police and Crime Plan. Consultation for the precept and budget review took place, and crimes and incidents that are of most concern to residents and businesses within Hampshire and the Isle of Wight were captured and formed part of the Police and Crime Panel scrutiny.
		3. A medium term financial strategy, capital programme and reserves strategy are updated each year together with relevant resource forecasts. This takes full account of the changing regulatory, environmental, demographic, economic and demand factors that impact on the financial environment in which the Police and Crime Commissioner operates.
		4. Risks associated with the achievement of intended outcomes are detailed in risk registers held at strategic and project levels. These evaluate the effectiveness of existing control measures as well as identifying proposed mitigation. Police and Crime Plan risks and issues are tracked, monitored and controlled through the project leads within the OPCC. Where appropriate, these are escalated through Senior Responsible Owners (SRO’s) to executive-level governance within the Implementation Board | Oversight and Scrutiny (IBOS). This ensures programme and project risk factors are considered, recorded and, where required, addressed.

# Developing the entity’s capacity including the capability of its leadership and the individuals within it

* + 1. The Police and Crime Commissioner places a significant value on the capability of leadership. Each individual has regular 1:1 meetings with their line manager and an annual Personal & Development Review (PDR). Supportive leadership in the OPCC promotes performance and talent management linked to organisational values and objectives.
		2. The Chief of Staff regularly reviews the structure of the workforce against the needs of the service in the context of its capacity and capability requirements. This informs a range of strategies, for example; recruitment, retention and people development, in order to provide effective leadership and deploy appropriate resources to meet the needs of services.
		3. As part of assessing overall capacity, and linked to ensuring clear accountabilities and managing strategic risk, the OPCC (working alongside the Constabulary) has reviewed the existing shared service arrangements in place with Hampshire County Council and Hampshire and Isle of Wight Fire and Rescue Service.
		4. The review has concluded that there would be a benefit to bringing back in house some non-transactional elements whilst retaining the current transactional services within the partnership. Finance transferred in October 2023. Facilities Management and HR transfer on 2 April 2024. Notice has now been given to Hampshire County Council as the host employer that further non-transactional elements will transfer, including recruitment and procurement.

# Managing risks and performance through robust internal control and strong public financial management.

* + 1. The Police and Crime Commissioner operates a robust Risk Management Strategy, with reports into the Joint Audit Committee. The Joint Audit Committee has provided guidance and advice for the enhancement of the risk management arrangements which, as previously commented on, has led to a wider risk framework review.
		2. Risks jointly held with TVP through collaborations are reviewed and monitored by the PCC and Chief Constable at the Joint Collaboration Governance Board, and are also reviewed at the Deputy Chief Constable Collaboration Board. The Chief Executive is also present at these meetings.
		3. The Internal Audit Plan provides the mechanism through which the Chief Executive, CFO and PCC agree, in consultation with the Chief Internal Auditor, the most appropriate use of internal audit resources.
		4. The Internal Audit Plan was developed to operate at a strategic level providing a value adding and proportionate level of assurance aligned to the Police and Crime Commissioner’s key risks and objectives. This includes a periodic review of the Police and Crime Commissioner’s risk management processes.
		5. The Audit Plan remains fluid to ensure Internal Audit’s ability to react to the changing needs of the Police and Crime Commissioner.
		6. The Internal Audit plan incorporates provision for both proactive and reactive counter fraud and corruption work, which is underpinned by an embedded Counter Fraud & Corruption Strategy and Policy and Anti Bribery Act Policy.
		7. The delivery of the Internal Audit plan enables the Chief Internal Auditor to provide an annual report providing an opinion on the overall adequacy and effectiveness of the framework of governance, risk management and control which is reported to the Joint Audit Committee and Police and Crime Commissioner.
		8. Specifically for IT and Information Management, which is provided in collaboration with and by Thames Valley Police (TVP), the Joint Audit Committee has access to and receives regular audit reports from the TVP Internal Audit team, as well as an annual internal audit opinion on the overall adequacy and effectiveness of the framework of governance, risk management and control. The JAC is also sighted on the proposed annual IT audit plan.
		9. The outcomes and assurance levels provided by TVP on individual audits, together with the annual opinion, are taken into account by the Chief Internal Auditor in providing the opinion on the overall adequacy and effectiveness of the framework of governance, risk management and control.
		10. The Joint Audit Committee is well established and provides independent advice to the Police and Crime Commissioner and Chief Constable. Members of the Joint Audit Committee have no executive responsibility for the management of the organisation, thus ensuring that they are sufficiently independent to scrutinise and challenge matters brought to their attention. The Committee is provided with an allowance and training budget, enabling them to attend internal meetings of both the Constabulary and the OPCC to observe decision making processes in action.
		11. The Joint Audit Committee has clear and agreed ‘Terms of Reference’ providing an effective source of scrutiny, challenge and assurance regarding the arrangements for managing risk and maintaining an effective control environment. The Terms of Reference will continue to be regularly reviewed to ensure they remain effective.
		12. The Police and Crime Panel publicly hold the Commissioner to account for performance and formally provide a role in scrutinising and commenting upon the Commissioner’s precept proposals, including a power to veto the proposed precept.
		13. A key part of the Commissioner’s role is to hold the Chief Constable to account for both operational performance and financial management; the Commissioner ensures that this was achieved both in public via the regular Commissioner’s Oversight of Policing Services (COPS) meetings, a forum in which the Commissioner publicly holds the Chief Constable to account on particular issues raised by the public. In addition, the Commissioner meets regularly in private with the Chief Constable to discuss performance.
		14. Thematic scrutiny of the Force is undertaken by the OPCC on the Commissioners behalf, this scrutiny identifies effective and efficient policing and highlights areas for improvement monitored via the IBOS meetings.
		15. An OPCC Oversight, Performance and Scrutiny (OPS) framework has been developed and built on existing arrangements for holding to account. This includes Policing Protocol 2011 legal responsibilities and is aligned to the Association of Police and Crime Commissioners (APCC) tool kit(s) and good practice.
		16. The risk of cyber-attack continues to grow across the public sector and in UK Policing. This is not just from criminal organisations but also state actors. The OPCC IT platform is provided by and shared with the Constabulary in collaboration with TVP. In response, during 2022/23 they have implemented a Cyber Threat & Response Management Board, chaired by the SIRO, to provide a comprehensive bilateral response to cyber threat & response position ensuring agreed and appropriate solutions and remediation plans are in place and actively progressing, additionally informing the Force(s) and OPCC Executive of strategic outcomes and ensuring learning activities are cascaded to respective departments. Cyber related risks are considered and where appropriate escalated to the strategic risk register.
		17. The Joint Information Management Board, chaired by the SIRO and consisting of all Information Asset Owners, governs information risk. Information security is reviewed and lessons learned from any incidents. Any remedial actions or learning is shared back into the organisation.
		18. The Police and Crime Commissioner has strong financial management arrangements at both the strategic and operational levels, and consistently obtains unqualified opinions for its annual accounts and value for money assessment. The Section 151 Officer is a member of the OPCC Executive Leadership Team and all formal financial decision making has the benefit of the advice and review of the Chief Financial Officer or their representative. It should be noted that resource difficulties with delivering audits nationally is leading to a position whereby 2022/23 accounts may not receive a full audit opinion, but an unqualified audit opinion for value for money for 2022/23 has been reported to the Joint Audit Committee.
		19. Key financial regulations and financial strategies form an important part of the Corporate Governance Framework together with effective risk based financial and performance reporting.
		20. Financial management in key risk areas across the Police and Crime Commissioner focusses on activity and performance management alongside the budget management processes and the financial management framework is appropriately advised and supported by the Finance function.

# Implementing good practices in transparency reporting and audit to deliver effective accountability.

* + 1. The decision making guidance, protocols and templates referred to in the Scheme of Corporate Governance and the involvement of senior officers, legal officers and finance officers ensures that public reports are written in a clear and accessible way with sufficient information to enable members of the public to formulate informed opinions on the matters for decision. This has been strengthened through the earlier referenced Accessibility Regulations work.
		2. The delivery framework provides a transparent cycle of reporting on core performance metrics. Performance information is published online and is easily accessible to staff, partners and the public.
		3. The ‘Internal Audit Charter’ is presented annually for approval by the Joint Audit Committee. The Charter makes provision that where it is considered necessary to the proper discharge of the Internal Audit function, the Chief Internal Auditor has direct access to the Joint Audit Committee.
		4. The ongoing work of internal audit is presented through a quarterly progress report to the Joint Audit Committee providing an overview of service performance; delivery against the plan; and progress made by the organisation in the implementation of management actions agreed to mitigate risks identified through internal audit work.
		5. Representatives of External Audit routinely attend Joint Audit Committee meetings and present all External Audit reports. Any recommendations for corrective action detailed within External Audit reports are highlighted to the Joint Audit Committee who will track through to implementation. This is achieved through the clear and concise nature of the minutes to each meeting coupled with the inclusion of any overdue recommendations within the internal audit progress report.
		6. The Internal Audit plan includes provision to review the Police and Crime Commissioner’s approach to governance, risk and controls for partnership working. Such reviews are formally reported through the Joint Audit Committee with any significant issues highlighted accordingly.
		7. Where appropriate, Internal Audit will gain assurances from third parties to contribute to their overall assurance opinion.

# Obtain assurances on the effectiveness of key controls

* 1. Key controls relating to risks, internal control (including financial management), and governance processes have been identified for review and a new approach for reporting risk has been introduced to better show the progress being made to mitigate a risk and the target outcome.
	2. Internal Audit, as part of its planned review of internal controls, regularly evaluates the key controls to determine their adequacy and also carries out tests to confirm the level of compliance. Together the results of each review enable an audit opinion on effectiveness to be provided to management, and any actions for improvement to be agreed.
	3. External sources of assurance include the annual opinion and value for money conclusion by external auditors, any statutory inspections, and other external assessments, e.g. by the Information Commissioners Office. These reports are subject to consideration by senior management and appropriate responses are agreed to any recommendations for improvements. The reports are normally approved in public and published.
	4. In conjunction with specialist Internal Audit support, the Police and Crime Commissioner has also applied the CIPFA Counter Fraud self-assessment tool to identify potential opportunities for enhancement.
	5. The CFO reviewed compliance with the CIPFA Financial Management Code, which was required to be adopted formally from 2021/22. The FM Code is a self-assessment of financial management within an organisation. The CFO documented compliance with the Code and self-assessed the OPCC as being fully compliant with its requirements. Compliance was subsequently reviewed, tested and confirmed through an Internal Audit review, with an audit assurance rating of ‘Substantial’.

# Evaluate assurances and identify gaps in control/assurance

* 1. The Police and Crime Commissioner has made adequate arrangements to identify, receive and evaluate reports from the defined internal and external assurance providers to identify weaknesses in controls.
	2. The Police and Crime Commissioner has included within the 2024/25 internal audit plan an audit to review the effectiveness of controls in place designed to mitigate risk(s) in the achievement of the key objectives. The scope of the audit is to focus on the governance in place for the identification of existing and emerging statutory and general responsibilities. This will include a review of the framework and regular reporting that is in place for providing oversight of the duties being carried out. This will seek to provide sufficient assurance that the PCC duties are being met.
	3. The Police and Crime Commissioner has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. The review of effectiveness is informed by the work of the officers within the Office of the Police and Crime Commissioner who have responsibility for the development and maintenance of the governance environment, the Chief Internal Auditor’s annual report, and also by comments made by the external auditors and other review agencies and inspectorates.
	4. In providing the annual report, the Chief Internal Auditor takes account of the reports from the internal and external assurance providers which have also been reported to the Joint Audit Committee. This Annual Governance Statement sets out the Police and Crime Commissioner’s arrangements for receiving reports and identifying weaknesses in internal control.
	5. In line with the Internal Audit Charter, the key elements of the corporate governance framework are risk assessed and reviewed periodically by Internal Audit.

# Action plan to address weaknesses and/or ensure continuous improvement of the system of corporate governance

* 1. The Scheme of Corporate Governance is scheduled for review in 2024/25. The review will cover levels of delegation, consent and responsibilities set out in the Financial Regulations, Contract Standing Orders and Scheme of Delegation and Consent. This document is a statutory requirement under the PRSRA and the fundamental governing document for decision making within the OPCC.
	2. The measures taken to meet the requirements of Specified Information Orders will be agreed and implemented in 2024/25 to further aid transparency.
	3. The Estates Strategy will require effective planning and co-ordination that will incur significant capital outlay. The authorisation of contracts and expenditure will need to be appropriated managed and aligned with the capital programme and treasury management function to ensure that sufficient capital is available as required.
	4. There is further potential for pressure on partnerships and commissioned services depending on the decisions taken by other local public authorities to withdraw funding in order to remain financially sound. The OPCC will liaise with other public authorities and the third sector to seek to identify potential pressures and opportunities for mitigation.
	5. The OPCC, along with Hampshire & Isle of Wight Constabulary, has given formal notice to Hampshire County Council that it will depart Shared Services arrangements for the provision of non-transactional services relating to Recruitment, Procurement and Occupational Health. This is addition to services previously transferred back for Finance, HR and Facilities Management. These arrangements will give the OPCC and Constabulary better flexibility for directing the priorities of the functions to enable the delivery of the Police and Crime Plan and Constabulary priorities. Transactional services for Finance and HR will remain in place through the Shared Services Integrated Business Centre.

# In response to the Action Plan identified in the 2022/23 Annual Governance Statement:

* 1. **Police and Crime Plan –** The Oversight, Performance and Scrutiny (OPS) framework reported to the Police and Crime Panel that the Police and Crime Plan was 100% delivered
	2. **Shared Services** – Finance transferred back in October 2023. The model includes a shared CFO and deputy CFO across both the OPCC and Constabulary. In line with the Home Office and CIPFA guidance, an agreed protocol is in place that shall be enacted should a conflict of interest occur. Facilities Management and HR transfer back on 2 April 2024, with the HR function also being a shared function with the Constabulary.
	3. **Performance Development Reviews (PDRs)** – PDRs are now in place to facilitate the development of staff to reduce the risk of any shortcomings and optimise the delivery from the OPCC through training and development needs.
	4. **Review the organisational approach to risk management** – the new approach and reporting for risk management has been implemented to better articulate progress in mitigating a risk and the acceptable end goal for mitigating a risk.
	5. **Organisational learning –** events have been arranged for individuals, teams and the whole of the OPCC to spread learning on key issues including the delivery of the Police and Crime Plan, commissioning and data protection. The key topics to cover are identified through the risk register, PDRs and environmental scanning.
	6. **Specified Information Orders** - the review of SIOs is nearing completion. All requirements have been reviewed and a self-assessment conducted. The final recommendations have been presented to the commissioner and relevant documents are being published on the OPCC website.

# Declaration

We have been advised on the implications of the result of the review of the effectiveness of the governance framework by the Joint Audit Committee and that the arrangements continue to be regarded as fit for purpose in accordance with the governance framework. The areas already addressed and those to be specifically addressed with new actions planned are set out in this Statement.

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:

Police and Crime Commissioner Date:

Signed: Signed:

Chief Finance Officer Chief of Staff

Date: Date: