

Wednesday 2 November 2016

10.00am

**Conference Room, Office of the Police & Crime Commissioner,
Clemonds Hey, Oakmere Road, Winsford, CW7 2UA**

AGENDA

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Part 2 – private item

The following matter will be considered in private as it involves the likely disclosure of exempt information as defined in the Freedom of Information Act 2000, in accordance with the section indicated below:-

<i>Item</i>	<i>Section</i>
<i>Provision of Internal Audit services from 1 April 2017</i>	<i>(43) Commercial Interests</i>

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**For further information about this Agenda, please contact:-
Martin Eaton on 01606 364005 or Mandy Guest on 01606 365036**



NOTES FROM THE MANAGEMENT BOARD HELD ON 4 OCTOBER 2016 IN THE CONFERENCE ROOM, OFFICE OF THE POLICE & CRIME COMMISSIONER, CLEMONDS HEY, WINSFORD.

Present: D Keane, Police & Crime Commissioner
S Byrne, Chief Constable

Office of the Police & Crime Commissioner

M Sellwood, Chief Executive
L Lunn, Chief Finance Officer
M Eaton, Governance Officer

Cheshire Constabulary

J McCormick, Deputy Chief Constable
J Gill, Assistant Chief Officer
D Bryan, Force Solicitor
W Bebbington, Head of Finance

Part 1 – Public items

The notes of the meeting held on 3 August 2016 were accepted and the action log reviewed.

2016/12 CERTIFICATE IN KNOWLEDGE OF POLICING: REVIEW AND OPTIONS

The Commissioner considered a report on the current position regarding the use of the Certificate in Knowledge of Policing (CKP) in Cheshire Constabulary and possible options for future recruitment processes.

The Commissioner advised he was not in a position to approve an option and requested a review on barriers to police recruitment. This should include what happens elsewhere in the country; any reviews that have been undertaken by other Commissioners; the costs incurred by applicants on CKP; the impact on Special Constables and PCSOs; processes used by other forces.

The Commissioner:-

- (1) noted the report at this stage; and
- (2) agreed that a review be undertaken on barriers to entry into the police service and associated matters.

The Commissioner's rationale for the decision was to enable further evidence to be gathered before a decision was reached on this matter.

2016/13 NATIONAL COLLABORATION AGREEMENT FOR PROPERTY AND WIRELESS TELEGRAPHY INTERFERENCE AUTHORISATIONS

Consideration of the item was deferred to Management Board on 2 November 2016 to enable the Commissioner to discuss the proposed agreement with the APCC colleagues and to consider the background documents.

2016/14 MEDIUM TERM FINANCIAL STRATEGY 2017-22

The Commissioner considered the Medium Term Financial Strategy (MTFS) 2017-22 which had been developed following the discussion at Joint Strategic Development Group on 21 September 2016. The creation and maintenance of the MTFS was fundamental in promoting good financial planning and delivery of value for money and was supported by the Reserves Strategy which highlighted the reserves held, their usage in support of delivering the Police & Crime Plan and operational objectives and the appropriateness of the amounts held.

The Chief Constable supported the proposal and the Commissioner approved the MTFS, including the provisional funding levels and financial assumptions, subject to the development of the detailed 2017/18 budget.

The Commissioner's rationale for the decision was the Medium Term Financial Strategy 2017-22 was fundamental in promoting good financial planning, the delivery of value for money and ensuring the increasing operational threats, risks and uncertainties were addressed to deliver even safer communities for the whole of Cheshire.

Part 2 – Private items

2016/15 JOINT STRATEGIC RISK REGISTER

The Commissioner and the Chief Constable considered the Joint Strategic Risk Register.

The Commissioner and the Chief Constable approved:-

- (1) the Joint Strategic Risk Register, risk analysis and action overview; and
- (2) the closure of risk 3b and the ongoing scrutiny of the stop and search process being undertaken at Scrutiny Board.

The Commissioner's rationale for the decision was the effective management of strategic risk would support the Constabulary in delivering high quality policing services.

2016/16 FUNDING FOR MOBILE 'PHONE EXAMINATION KIOSKS

The Commissioner considered a report on the technology which was now available to enable police officers to download data to support criminal investigations without analysis through the Forensic Science service, subject to the complexity of the examination required. The report outlined a proposal and the funding required, to site the equipment in a number of locations across the Constabulary to allow ready access by the operational teams and Custody Investigation Unit.

The Commissioner advised that there was insufficient background information submitted within the report to approve an option on the number of mobile phone examination kiosks, however to prevent delaying progress of the proposal, the Commissioner

suggested that a procurement exercise for up to 12 kiosks commence. The Commissioner requested sight of the results of the initial trial and the business case.

The Commissioner approved the commencement of a procurement exercise for up to 12 mobile phone examination kiosks, together with user licences, training and supplier support; subject to the final decision on the number of kiosks being determined by the Commissioner at the end of the procurement process and consideration of the final business case.

The Commissioner's rationale for the decision was the provision of mobile phone kiosks would improve the timeliness of police investigations, resulting in offenders being brought to justice quicker and better outcomes for victims.

Duration of meeting: The meeting commenced at 10.00am and finished at 11.20am.



MANAGEMENT BOARD	
DECISION NO. 2016/17	DATE: 2 NOVEMBER 2016

NATIONAL COLLABORATION AGREEMENT FOR PROPERTY AND WIRELESS TELEGRAPHY INTERFERENCE AUTHORISATIONS

Executive Summary:

This paper seeks consent to enter into a Collaboration Agreement with Police & Crime Commissioners and Chief Constables in England and Wales (and National Crime Agencies). Under the Terms of the Agreement, Chief Constables will be able to more effectively authorise the deployment of specific covert surveillance tactics in respect of crime investigation which crosses police force boundaries.

Recommendation:

That Cheshire’s participation in the new national collaboration agreement for authorisation of police interference with property and wireless telegraphy, be approved.

I submit this recommendation for approval:-

Janeth McCormick

Signature **Date 2 November 2016**

Deputy Chief Constable

I have reached the following decision:-

Accept the recommendation.

My rationale for this decision is:-

The collaboration agreement will support the effective deployment of specialist police resources to protect Cheshire’s communities in respect of cross border criminal investigations.

[Signature]

Signature **Date 2 November 2016**

Police & Crime Commissioner

PART 1 – NON-CONFIDENTIAL FACTS AND ADVICE

INTRODUCTION AND BACKGROUND

1. Under the Cheshire Scheme of Consent & Delegation, the Commissioner has reserved specific matters to himself for decision including, at paragraph 4.6.2, the entering into of collaboration agreements involving other Police Forces under the Police Act 1996.
2. At its meeting in April 2016, the National Police Chief's Council (NPCC) received a report from Chief Constable Mick Creedon (National Portfolio holder for Organised Crime) recommending to all Forces that they become signatories to a collaboration agreement for the authorisation of specified interferences with property and mobile telecommunications systems under Part III of the Police Act 1997.
3. Under Part III of the Police Act 1997, Police Forces and other specified law enforcement agencies may where they are investigating serious crime undertake entry on or interference with property or wireless telegraphy. Examples of this are: fitting/monitoring of mobile tracking devices on vehicles; covert search of premises; and locating and tracking mobile phones. There are a number of restrictions on the use of this power including a requirement that authorisations are granted only by senior authorising officers (Chief Constable or equivalent) made on application by an officer from within the same Constabulary/agency. There are also geographical restrictions on the exercise of the power. These restrictions do not sit well with responding to the transient, dynamic and cross border nature of much serious and organised criminality. There are particular practical difficulties when organising investigations involving use of the power outside of a Force's area e.g. the applicant officer not being from the force with lead investigation responsibility and hence somewhat removed from close understanding of the investigation; and increased bureaucracy leading to delays in process and lost opportunities. The provisions in the proposed collaboration agreement would mitigate the impact of the restrictions and allow an authorising officer to grant an authorisation on an application made by an officer of a different police force whose Chief Officer is a party to the collaboration. Further, it would allow authorisations to be given beyond the Chief Constable's force area.

ALTERNATIVE OPTIONS

4. The alternative options to joining the National Collaboration Agreement are as follows:
 - (i) **Not to collaborate** – This would leave the Force out of step with the national position and perpetuate the existing risks to investigations of serious crime as outlined in this report
 - (ii) **To amend the existing regional collaboration agreement** - There is an existing north-west regional agreement which deals with these (and other) authorisations. Whilst this could be amended with agreement from all parties, it would require separate negotiation and its coverage would be limited to the regional geography.

FINANCIAL COMMENTS

5. There are no financial implications.

LEGAL COMMENTS

6. The wording of the draft Collaboration Agreement (prepared by East Midlands) has been reviewed by Legal Services and after some amendment has been approved.

7. The National Police Chief's Council had the benefit of Counsel's opinion which advised that a national collaboration agreement is consistent with Part III of the Police Act 1997 under which these powers fall.

EQUALITY COMMENTS

8. An initial equality impact assessment has demonstrated that there are no known adverse impacts on people with protected characteristics.

BACKGROUND DOCUMENTS

Document titles
Report to NPCC Chief Constable's Council, 25 January 2016 regarding National Collaboration Agreement for Property and Wireless Telegraphy Interference.
National Collaboration Agreement for Property and Wireless Telegraphy Interference.

Public access to information

Information in this form is subject to the Freedom of Information Act 2000 and other legislation. Part 1 of this form will be made available on the PCC website within 3 working days of approval. Any facts/advice/recommendations that should not be made available on request should not be included in Part 1 but instead on the separate Part 2 form.

Is there a Part 2 form – NO

Contact Officer: David Bryan, Head of Legal Services

Tel. No.: 01606 364592 Email: david.bryan@cheshire.pnn.police.uk

CHIEF OFFICER DECLARATION:

I have reviewed the proposal and I am satisfied it is correct, all relevant internal checks have been undertaken and it is an appropriate request to be submitted to the Police & Crime Commissioner.

Signature



Date 20 September 2016

CHIEF EXECUTIVE DECLARATION:

I have been consulted about the proposal and confirm that financial, legal and equalities advice has been taken into account in the presentation of this report. I am satisfied that this is an appropriate request to be submitted to the Police & Crime Commissioner.

Signature



Date 20 September 2016

MANAGEMENT BOARD

DECISION NO. 2016/18

DATE: 2 NOVEMBER 2016

PROVISION OF INTERNAL AUDIT SERVICES FROM 1 APRIL 2017

Executive Summary:

The Commissioner is invited to consider the options for the provision of internal audit services to both Commissioner and Chief Constable from 1 April 2017 and to approve the option which will best provide an efficient and effective internal audit service.

Recommendation:

That the current MIAA contract be extended by one year until 31 March 2018 and, subject to my agreement in Autumn 2017, for a further year to 31 March 2019.

I have reached the following decision:-

?

My rationale for this decision is:-

This option will best provide an efficient and effective internal audit service to the Chief Constable and myself and also provides any necessary flexibility should it be required.



Signature

Date 2 November 2016

Police & Crime Commissioner

PART 1 – NON-CONFIDENTIAL FACTS AND ADVICE

INTRODUCTION AND BACKGROUND

1. Internal audit is an independent and objective appraisal function. Under section 5(1) of the Accounts and Audit Regulations 2015, “*a relevant authority must undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance*”. Schedule 2 of the Local Audit and Accountability Act 2014 lists all relevant authorities which include “*a police and crime commissioner for a police area in England*” and separately “*a chief constable for an area in England*”.
2. The requirement for internal audit for police is reiterated in section 11.1 of The Financial Management Code of Practice for Police Forces in England and Wales (revised in October 2013), as follows:

“The PCC and the Chief Constable are required to maintain effective internal audit of their affairs by the Accounts and Audit (England) Regulations and the Accounts and Audit (Wales) Regulations. In addition to enabling the PCC and the Chief Constable to fulfil their requirements in relation to the relevant Accounts and Audit Regulations, Internal Audit is needed:

- to satisfy the PCC and the Chief Constable that effective internal control systems are in place; and

- to satisfy the external auditor that financial systems and internal controls are effective and that the Police Fund is managed so as to secure value for money.

PCCs and Chief Constables should look to minimise duplication and bureaucracy and to maximise VfM when designing their internal audit arrangements. PCCs and Chief Constables are therefore recommended to have a shared internal audit service which would cover both bodies. The details of audit arrangements should be agreed locally.”

3. Under the Scheme of Consent/Delegation within the Commissioner’s Scheme of Corporate Governance, the following function is delegated to the Chief Finance Officer (CFO), as set out in paragraph 8.3.7:

“to ensure an adequate and effective internal audit service is provided.”

4. In addition, the Financial Regulations state in paragraph 2.5.1 that:

“the Chief Finance Officer and Assistant Chief Officer have a responsibility for maintaining an adequate and effective internal audit under the Accounts and Audit (England) Regulations .”

5. It is therefore the responsibility of the Commissioner to determine the shared internal audit arrangements for the Chief Constable and himself. Under delegated powers, the CFO has the responsibility to make a clear recommendation to the Commissioner, supported by the Assistant Chief Officer (ACO), as to which option would best provide “*an adequate and effective internal audit service*”. The Commissioner, in reaching his decision, will also wish to take into account the views of the Chief Constable and the other interested parties as set out in Part 2 of this report.

6. Following a joint tendering exercise with the Cheshire Fire and Rescue Service (CFRS) in 2013, the contract for the provision of internal audit services to Police and Fire was awarded from 1 April 2014, initially for three years, to Mersey Internal Audit Agency (MIAA), taking into account both cost and quality.
7. MIAA was created in 1990 to provide high quality and cost-effective assurance services to NHS organisations in Merseyside. It is a public service non-profit making organisation. Since 1990 their principles and values have remained constant but many aspects of their business have changed. Competitive acquisition and merger, client retention, and diversification of services have all combined to deliver sustained growth across a client base that now totals 70 organisations. Although their clients are predominantly NHS bodies in the North West they have now secured contracts with a range of other public service bodies. Their geographical presence has been extended more widely in the north and they undertake advisory work across the UK.
8. Internal audit has continued to be their central assurance offering. It is increasingly complemented by a range of integrated assurance, specialist and advisory divisions. They have a professional workforce of over 85 directly employed staff, of whom 65% are qualified accountants or auditors. MIAA considers it is growing in terms of commissions and capacity of their advisory and consultancy offerings.

ISSUES FOR CONSIDERATION

9. As a minimum, Cheshire Police must ensure that it receives an adequate and effective internal audit service. In the view of the CFO and ACO the service also needs to provide the best value for money taking into account, cost and the quality of the service - i.e. whether it “adds value” in recommending how to rectify identified problems. It is important to have a resilient internal audit service and one which has easy access to specialisms, such as computer and contract audit and fraud investigators.
10. It will be important to ensure a good working relationship with the Constabulary's in-house service assurance function, which is based in the Planning and Governance Team. The function undertakes detailed reviews in operational and IT areas to provide assurance to the Chief Constable and HMIC in areas of risk.
11. Although Police and Fire can opt to procure the service separately, it would be beneficial for the future provision to come from the same source, given the development of single support services as part of the Bluelight Collaboration.

THE OPTIONS FOR SERVICE PROVISION FROM 1 APRIL 2017

12. The initial period of the current joint contract will expire on 31 March 2017. The options for the future provision of the service are summarised below:-
 - **Option 1** – to extend the current MIAA contract by one year until 31 March 2018. A future report would then be produced to support the Commissioner and Cheshire Fire Authority to decide how the service should be provided from 1 April 2018, i.e. whether the contract should be extended for a further year from 1 April 2018, the service should be re-tendered or in-house or partnering arrangements should be put in place.
 - **Option 2** – to extend the current MIAA contract by one year until 31 March 2018 and that it then be extended for a further year to 31 March 2019, subject to agreement by the Commissioner .

- **Option 3** – to extend the current MIAA contract for the full duration permitted under its terms, i.e. until 31 March 2019. At that point the service will need to be re-tendered or in-house or partnering arrangements put in place.
- **Option 4** – to retender the service on its current basis and let the contract from 1 April 2017.
- **Option 5** – to insource the internal audit service and deliver in-house with effect from 1 April 2017.
- **Option 6** – to source the internal audit service from another Police Force or other public authority with effect from 1 April 2017.
- **Option 7** – to procure jointly an internal audit service with another Police Force(s) with effect from 1 April 2017.

CURRENT ARRANGEMENTS IN THE NORTH WEST REGION AND NORTH WALES

13. For information these other Commissioners currently procure their internal audit functions in the following ways:-

Cumbria	- shared service with Cumbria County Council
Lancashire	- from Lancashire County Council
Greater Manchester	- insourced (4 members of staff in OPCC; specialisms bought in)
Merseyside	- insourced (3 members of staff in Constabulary; specialisms bought in)
North Wales	- from Denbighshire County Council

Public access to information

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Is there a Part 2 form – YES


This report will be considered in private on the grounds that it involves the likely disclosure of exempt information as defined in the Freedom of Information Act 2000, Section 43 in relation to Commercial Interests.

Contact Officer: Liz Lunn, Chief Finance Officer

Tel. No.: 01606 364109 Email: liz.lunn@cheshire.pnn.police.uk

CHIEF OFFICER DECLARATION:

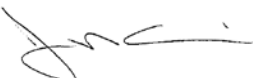
I have reviewed the proposal and I am satisfied it is correct, all relevant internal checks have been undertaken and it is an appropriate request to be submitted to the Police & Crime Commissioner.

Signature 

Date 25 October 2016

CHIEF OFFICER DECLARATION:

I have been consulted about the proposal and confirm that financial, legal and equalities advice has been taken into account in the presentation of this report. I am satisfied that this is an appropriate request to be submitted to the Police & Crime Commissioner.

Signature 

Date 25 October 2016