

**Warwickshire and West Mercia Police and Crime Commissioners
Warwickshire and West Mercia Chief Constables**

**Joint Audit Committee
19 September 2016**

Place Partnership Assurance Arrangements

Report by the Head of Internal Audit

Summary

Following the discussion at the last audit committee this report informs the Committee of the Governance and Assurance arrangements operating in respect of the Place Partnership.

Recommendation

The Committee is requested to note the report.

1. The Committee will be aware that during 2015/16 the Alliance entered a joint operation with other public sector organisations in the region to collaborate on the provision of estates services through Place Partnership Limited (PPL). PPL is a single asset management company co-owned by Warwickshire Police, West Mercia Police, Worcestershire County Council, Hereford & Worcester Fire Authority, Redditch Borough Council and Worcester City Council that commenced business on 1 September 2015.
2. At the last meeting of this Committee, clarification around the governance arrangements of PPL was requested. This brief report aims to summarise the governance arrangements in place.
3. PPL is a multi-agency joint property vehicle that is constituted as a private limited company, with its own constitutional arrangements that have been agreed by its shareholders. These documents not only set out the responsibilities of the Company Directors, but also the means by which the shareholders exercise control over the board of directors. The board of directors currently includes the Chief Executive of West Mercia OPCC and the Director of Enabling Services, Warwickshire Police and West Mercia Police. The board of directors has a statutory duty under the Companies Act to act in the best interest of the company, whilst ensuring independence is maintained.
4. Scrutiny and Assurance of PPL is managed in several ways:
 - In accordance with the requirements of the Companies Act an independent External Audit is currently provided by Grant Thornton. Whilst Grant Thornton also provides the Independent External Audit to the Alliance, different auditors are used to ensure independence is maintained. In the usual way the external audit plan is agreed by the PPL board of directors and results are also reported to the Board. The external

auditors of the PCCs/Police Forces liaise with the external auditors of PPL to gain the assurances they need and to determine common accounting policies.

- Internal Audit for PPL is delivered by an independent Internal Audit Shared Service which is provided by Worcester City Council in partnership with Bromsgrove, Redditch, Malvern Hills and Wychavon District Councils (WIASS). Similar to the external audit arrangements, the internal audit plan is agreed by the PPL board of directors and results are also reported to the Board.
 - The audited annual accounts of PPL are public documents.
 - The Director of Finance for the Police Forces as Section 151 officer receives financial information and meets regularly with the Financial Director of PPL. She gives a written and verbal update to the Alliance Governance Group in her monthly Money Matters report.
 - Compliance arrangements are also reviewed by the Royal Institution of Chartered Surveyors (RICS) which includes site visits.
 - In addition to the annual meeting of shareholders a quarterly shareholder forum has been established to enhance shareholders' oversight of the Company. This meeting receives a detailed report on financial and operational performance.
 - Approval of the PPL business plan is reserved solely to shareholders.
 - The Alliance has established a Property Board which aims to achieve a fit for purpose estate and establish a flexible and adaptable estates strategy to determine, develop and manage the estates portfolio. It also ensures the effective assurance of PPL and monitoring of PPL's service delivery. The Property Board meets every two months. The Director of Enabling Services chairs the meeting. It is attended by the PCCs or their representatives and representatives of the Chief Constables including Protective Services, Local Policing, Business and Legal Services and Finance. Directors and senior managers of PPL also attend. PPL produces a written report for the meeting covering its activities. This report addresses commercially sensitive issues and thus is not publicly available.
 - The Constitution of PPL sets out the governance and reporting arrangements between PPL and its shareholders. It sets out the regular reports the Alliance will receive and ensures that the Alliance can request that PPL produce any reports needed to meet regulatory requirements, directions and guidance and the information required by external agencies.
 - Client management arrangements are currently being developed to manage and monitor the performance and activities of PPL in line with its contractual commitments to the Alliance. A new post of Estates Contract Relationship Manager has been established and the postholder will take up their appointment on 12th September.
 - An Operations and Assurance group has been established, reporting to the Property Board and chaired by the Head of Business Services for the Alliance. All areas of business across the alliance are represented and the group meets quarterly with specific responsibility for assurance of day to day service delivery from PPL. The group is currently engaged in agreeing a suite of KPIs to be used for service reporting and monitoring.
5. Reliance is placed on each of these mechanisms to ensure that the Place Partnership operates effectively and in accordance with the constitutional arrangements agreed by the board of directors and its stakeholders. Each of the above assurance mechanisms reports through to the Board, on which the Alliance is represented. If any significant issues arise in the operation of Place Partnership, this would be raised in a number of

ways, but primarily through the Alliance representatives on the Board. It is understood that the PPL Board is in the process of establishing an audit sub committee and a remuneration committee which would be in accordance with good practice.

6. The Alliance representatives on the Board of PPL report regularly to the Police and Crime Commissioners and the Chief Constables. The Director of Enabling Services reported monthly on the activities of PPL to the Alliance Governance Group from September 2015 to March 2016. The Chief Executive of West Mercia OPCC ensured that the Alliance Governance Group discussed the Annual General Meeting of PPL and the key issues in July 2016.
7. The Police / PCC internal audit service carried out an audit of PPL in February 2016, the objective of which was to provide an opinion on the governance framework of PPL, at that point in time, from the Warwickshire Police and West Mercia Police standpoint as stakeholders and shareholders in the partnership. The key findings, as reported to Committee on 20th June 2016, together with a status update provided by the Force were:

Issue	Current Status
The terms of reference of the Property Board require review and updating.	New terms of reference have been developed and are being considered by property board members.
The benefits tracking arrangements being developed need to ensure all planned benefits as set out in the Full Business Case are captured and progress monitored.	This is now included within the terms of reference for the Operations and Assurance group.
The Performance Management framework is currently being developed and recommendations made reflect that; future audit work will ensure arrangements are embedded.	First draft of performance management reporting arrangement has been issued by PPL and is being considered through the Operations and Assurance Group.

8. The role now of the Police / PCC internal audit service provided by Warwickshire County Council is to provide assurance to the PCCs and Alliance on the client management arrangements in place regarding the Place Partnership. This will largely focus on contract and performance management arrangements, ensuring the Police and PCC are complying with their responsibilities for the successful operation of the Partnership. The Police / PCC internal audit service will meet periodically with the Service Manager of Worcester Internal Audit Shared Service (WIASS) and seek to obtain assurance from the work that the WIASS undertake. The Police internal audit services has no rights to audit the internal processes of PPL as it is a separate legal entity.

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