

**POLICE AND CRIME COMMISSIONER FOR HAMPSHIRE AND
HAMPSHIRE CONSTABULARY**

JOINT AUDIT COMMITTEE – 22 JUNE 2017

SCHEME OF CORPORATE GOVERNANCE

**REPORT OF THE POLICE AND CRIME COMMISSIONER AND CHIEF
CONSTABLE**

1. PURPOSE

- 1.1 The Police and Crime Commissioner and Chief Constable are required to produce and maintain a Code of Corporate Governance. The governance arrangements in place for each organisation do have some differences but the substantial overlap makes it possible to have a single Scheme of Corporate Governance for both entities.
- 1.2 Annual Governance Statements are subsequently produced and reported to the Joint Audit Committee to assess the adequacy of the governance arrangements. The Annual Governance Statements are required to be signed by those charged with governance so separate statements will be produced for each entity so the respective people charged with governance in each entity can sign the respective statement.

2. RECOMMENDATIONS

This report recommends that:

- 2.1 The Joint Audit Committee reviews the Scheme and makes suggestions for amendments, as appropriate.

3. BACKGROUND

- 3.1 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.

- 3.2 The first two principles underpin the whole 2016 framework and are implicit in the remaining five principles. Good governance underpins good management, performance, engagement and stewardship of public money.
- 3.3 The specific guidance for policing bodies is covered in the CIPFA Delivering Good Governance Guidance Notes for Policing Bodies in England and Wales 2016 Edition. This can be found online for free at: <http://www.cipfa.org/policy-and-guidance/publications/d/delivering-good-governance-guidance-notes-for-policing-bodies-in-england-and-wales-2016-edition>

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APPENDICIES:

Scheme of Corporate Governance

CIPFA Delivering Good Governance Guidance Notes for Policing Bodies in England and Wales 2016 Edition



Scheme of Corporate Governance

Statement of Corporate Governance for the Police and Crime Commissioner for Hampshire and Chief Constable, Hampshire Constabulary

Code of Corporate Governance for the Police and Crime Commissioner for Hampshire and Chief Constable, Hampshire Constabulary

Scheme of Corporate Governance

Statement of Corporate Governance for the Police and Crime Commissioner for Hampshire and Chief Constable for Hampshire Constabulary

The purpose of this code is to give clarity to the way the two corporations sole, the Police and Crime Commissioner for Hampshire (PCC) and the Chief Constable of Hampshire Constabulary govern both jointly and separately.

Context

The principal statutory framework within which the corporation soles operate is:

- Police Reform and Social Responsibility Act 2011,
- Policing Protocol Order 2011,
- Financial Management Code of Practice, (Home Office, 2013)
- Strategic Policing Requirement (Home Office 2015).

The PCC has two key statutory responsibilities:

- To secure the maintenance of an efficient and effective local police force;
- To hold to account the Chief Constable of Hampshire Constabulary for the exercise of his/her functions and those of persons under his/her direction and control.

In exercising these functions the PCC is accountable to the electorate in the Hampshire Police area.

The Chief Constable has a statutory responsibility for the control, direction and delivery of operational policing services provided by the Force.

A Joint Audit Committee will operate in line with Chartered Institute of Public Finance and Accountancy (CIPFA) guidance and within the guidance of the Financial Management Code of Practice to provide assurance of effective delivery of good governance.

In accordance with the CIPFA/SOLACE guidance on corporate governance the Police and Crime Commissioner and Chief Constable are required to produce separate Annual Governance Statements to show how their respective organisations have complied with this joint code of corporate governance.

Principles

The CIPFA/SOLACE Framework, Delivering Good Governance in Local Government, published in 2007, established the principles and the standard against which all local government bodies, including police should assess themselves. Both corporation soles have adopted these principles. This framework and the additional guidance notes for Policing Bodies in England and Wales¹ was revised in 2016 and includes the seven principles of good governance applicable to local government set out in the International Framework: Good Governance in the Public Sector (CIPFA/IFAC 2014). There is a substantial element of common ground between the seven principles introduced in the 2016 framework and the six core principles used in the original 2007 framework.

¹ [Delivering Good Governance Guidance Notes for Policing Bodies in England and Wales 2016 Edition:](#)

Seven Principles of Good Governance

A Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law

B Ensuring openness and comprehensive stakeholder engagement

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

D Determining the interventions necessary to optimise the achievement of the intended outcomes

E Developing the entity's capacity, including the capability of its leadership and the individuals within it

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

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

The first two principles underpin the whole 2016 framework and are implicit in the remaining five principles.

Definition

Governance is about how organisations ensure that they are doing the right thing, in the right way, for the right people, in a timely, inclusive, open and accountable manner. It comprises the system, processes, culture and values by which organisations are directed and controlled, and through which they account to, engage with and lead their communities.

The 2016 framework uses the definition of governance set out in the International Framework:

Governance comprises the arrangements put in place to ensure that the intended outcomes for stakeholders are defined and achieved.

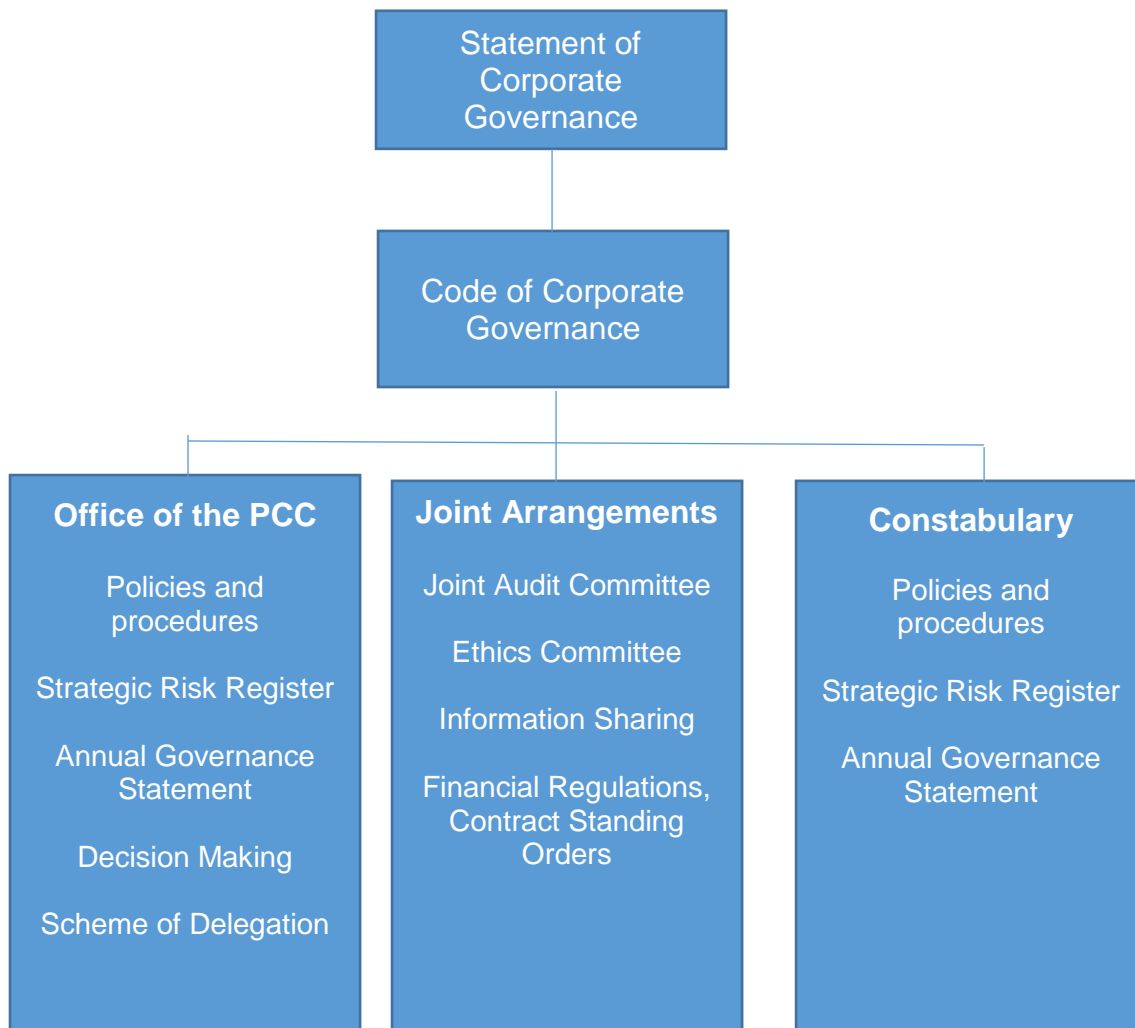
The International Framework also states that:

To deliver good governance in the public sector, both governing bodies and individuals working for public sector entities must try to achieve their entity's objectives while acting in the public interest at all times. Acting in the public interest implies primary consideration of the benefits for society, which should result in positive outcomes for service users and other stakeholders.

This Code of Corporate Governance describes how the Police and Crime Commissioner for Hampshire (PCC) and the Chief Constable of Hampshire Constabulary discharge their responsibilities in this respect, reflecting their commitment to the statutory requirements and local policies and procedures. It should be read alongside the schemes of delegation, financial regulations and standing orders relating to contracts.

Governance Framework

The governance framework adopted by the Police and Crime Commissioner and Chief Constable consists of the following high level documents, collectively known as the “Scheme of Corporate Governance”:



All PCC decisions and Joint Audit Committee information are published on the OPCC website. The Scheme of Delegation, Financial Regulations and Contract Standing Orders are published on the OPCC website. The statements of accounts are published on the OPCC website, which include the annual governance statements.

Throughout this code, the term “employees” refers to all police officers, police support staff, special constables, volunteers and other members of the wider policing family working for Hampshire Constabulary and the Office of the PCC unless specified otherwise.

This Code applies to all employees, contractors and/or agents providing a direct service to the OPCC and Hampshire Constabulary.

The Joint Audit Committee will review the framework and this code annually to ensure compliance with the CIPFA/SOLACE Framework for Delivering Good Governance.

Code of Corporate Governance for the Police and Crime Commissioner for Hampshire and Chief Constable for Hampshire Constabulary

Delivering good governance

The following paragraphs show how good corporate governance is delivered through each of the seven CIPFA/SOLACE principles.

A: Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law

The Policing Protocol 2011 requires all parties to abide by the seven Nolan principles and these will be central to the conduct and behaviour of everyone in the organisation. Those principles are set out in the relevant codes of conduct.

The Financial Management Code of Practice (Home Office, 2013) requires the PCC and Chief Constable to ensure that the good governance principles are embedded within the way that the organisations operate.

The Code of Ethics, produced by the College of Policing (2014), sets and defines the exemplary standards of behaviour for everyone who works in policing. The principles involved (accountability, fairness, honesty, integrity, leadership, objectivity, openness, respect and selflessness) underpin organisational culture.

The PCC and Chief Constable will set out their values in the respective corporate and strategic plans.

The PCC and Chief Constable will ensure that arrangements are in place for confidential reporting to which employees of both the PCC and Hampshire and all those contracting with "Hampshire Police" have access.

B: Ensuring openness and comprehensive stakeholder engagement

The PCC, accountable to local people, will draw on this mandate to set and shape the strategic objectives for the force area in consultation with the chief constable, taking into account the strategic policing requirement.

The Hampshire Police and Crime Panel (PCP) has the power to scrutinise the PCC's activities, including the ability to review the Police and Crime Plan and annual report, request PCC papers and call the PCC to public hearings. The PCP can also veto decisions on the local Council Tax precept and the appointment of a new Chief Constable.

The PCC will hold the Chief Constable to account through public meetings.

The Joint Audit Committee provides independent advice, guidance and scrutiny on internal control and governance arrangements.

The communication and engagement strategies will set out how the people of Hampshire will be involved with the PCC and the Chief Constable to ensure they are part of the decision making, accountability and future direction.

Both the PCC and the Chief Constable will use a multi-channel approach to strengthen and build effective relationships with local communities and engage with the public.

The PCC will undertake a wide ranging public engagement programme in order to reach out to a diverse and representative audience across Hampshire, the isle of Wight, Portsmouth and Southampton.

The PCC and Chief Constable will seek to ensure that partnerships are underpinned by a common vision of their work that is understood and agreed by all parties and that the added value of partnership working is explicit.

Collaboration agreements will set out those areas of business to be undertaken jointly with other Forces and Local Policing Bodies, whether it be to reduce cost, increase efficiency or increase capability to protect local people.

The PCC and Chief Constable will provide clear reasoning and evidence for decisions in both public records and explanations to stakeholders and will be explicit about the criteria, rational and considerations used. In due course ensuring that the impact and consequences of those decisions is clear.

C: Defining outcomes in terms of sustainable economic, social and environmental benefits

In each Police & Crime Commissioner election year The PCC will consult on and publish a Police & Crime Plan. This will be reviewed annually during the four year term of office. It outlines the police and crime priorities and the strategic direction for the policing.

Hampshire Constabulary has a purpose and key areas of focus which underpins how they will operate to support achievement of these outcomes.

The PCC and Chief Constable will jointly consider how best to achieve value for money and ensure that their agreed approach is reflected in the Police and Crime Plan.

The PCC will present an annual report to the Police & Crime Panel setting out achievements against identified priorities.

A Medium Term Financial Strategy will be developed jointly by the PCC and Chief Constable. This will be reviewed and refreshed at least annually to ensure delivery of the priority aims and objectives.

D: Determining the interventions necessary to optimise the achievement of the intended outcomes

The maintenance of a Medium Term Financial Strategy will form the basis of the annual budget and provide a framework for evaluating future proposals.

A process and governance structure is place for scrutiny, analysis and evaluation of plans which will include option appraisal, techniques for assessing the impact of alternative approaches on the service's outcomes and benefits realisation. The Scheme of Corporate Governance forms a key part of this governance structure.

Effective risk management will support this process and will be regularly reviewed by the Joint Audit Committee.

The PCC and the Chief Constable will maintain effective workforce development and asset management plans, principally through the Estate Strategy.

Processes to monitor efficiency and value for money, including benchmarking of performance and costs will be maintained.

E: Developing the entity's capacity, including the capability of its leadership and the individuals within it

The functions and areas of responsibility for the Office of the Police and Crime Commissioner (OPCC) and Hampshire Constabulary are set out clearly in the governing legislation, Financial Management Code of Practice, Scheme of Delegation and Financial Regulations.

The PCC has appointed two statutory officers, Chief Executive and Chief Finance Officer. The Chief Executive will be the head of paid service and undertake the responsibilities of monitoring officer. The Chief Constable has appointed a statutory Chief Finance Officer.

The Scheme of Delegation highlights the parameters for key roles in the organisations including delegations or consents from the PCC or Chief Constable, financial regulations and contract standing orders.

Officers, police staff and staff of the OPCC will operate within the Code of Corporate Governance and local policies.

Officers and staff will have job descriptions setting out their responsibilities. The people and personal development strategies of the OPCC and force will set the climate for continued development of individuals. The respective performance review processes for the OPCC and force will ensure that these strategies are turned into reality for officers and members of staff for both organisations.

The PCC will carry out regular reviews of the performance of the Chief Executive and the Chief Constable.

F: Managing risks and performance through robust internal control and strong public financial management

The PCC and Chief Constable will decide jointly how the quality of service for users is to be measured and make sure that the information needed to review service quality effectively and regularly is available.

Standards and processes to ensure the quality and accuracy of data used in the decision making process will be in place.

All decisions will be taken within the principles set out in the decision making framework. The PCC and the Chief Constable have separate risk management strategies that establish how risk is managed throughout the various elements of corporate governance of the

organisations, whether operating solely or jointly. Risk reports will be submitted to the Joint Audit Committee on a regular basis.

An information scheme will ensure that information relating to decisions will be made readily available to the public, with those of greater public interest receiving the highest level of transparency, except where operational and legal constraints exist.

Effective arrangements for the safe collection, storage, use and sharing of data, including processes to safeguard personal data will be in place.

The Police and Crime Panel may challenge the decisions of the PCC in relation to her performance by scrutinising the way she exercises her functions.

The Scheme of Delegation highlights the parameters for decision making, including consents, financial limits for specific matters and standing orders for contracts. Detailed arrangements for financial management and decision making are set out in Financial Regulations.

G: Implementing good practices in transparency, reporting and audit to deliver effective accountability.

The Scheme of Delegation highlights the parameters for key roles in the corporation soles including consents and delegations from the PCC or chief constable, financial regulations and standing orders.

Police officers, police staff and staff of the OPCC will operate within:

- Policies and procedures
- The corporate governance framework
- Disciplinary regulations
- Codes of conduct
- Code of Ethics (College of Policing, 2014)

Internal audit reflects published guidance on standards. The Joint Audit Committee operates within the CIPFA guidance and in accordance with the Financial Management Code of Practice.

Arrangements for review of governance

The PCC and Chief Constable are committed to a joint local Code of Corporate Governance and have put in place arrangements to annually review the effectiveness of the Code of Corporate Governance. The PCC and Chief Constable will each produce an Annual Governance Statement (AGS) which will be published online alongside the annual Statement of Accounts. The AGS will include an action plan to rectify any significant areas of weakness in internal control and/or corporate governance.

The Joint Audit Committee will undertake an annual review of the appropriateness and implementation of the corporate governance code and framework through the Annual Governance Statement process.

Internal audit, as part of their remit, gives assurance to the PCC and Chief Constable on the effectiveness of the controls in place to manage risks and provides an annual opinion on the effectiveness of the controls and provides regular updates to the Joint Audit Committee highlighting any areas of concern.