

ORIGINATOR: CHIEF EXECUTIVE

PAPER NO: AC16/31

SUBMITTED TO: AUDIT COMMITTEE

SUBJECT: PCC – CODE OF CORPORATE GOVERNANCE

SUMMARY:

1. During 2016 The Chartered Institute for Public Finance and Accountancy published “Delivering Good Governance” Guidance Notes for Policing in England and Wales. This has necessitated a review of the PCC’s Code of Corporate Governance.
2. A modified draft Code of Corporate Governance is now presented to the Audit Committee for any observations the Committee wishes to make in advance of its consideration for adoption by the PCC.

RECOMMENDATION:

The Committee is invited to consider the draft PCC Code of Corporate Governance at Appendix A.

DETAIL OF THE SUBMISSION

1. INTRODUCTION

- 1.1 In March 2013 the Police and Crime Commissioner (PCC) adopted a Code of Corporate Governance (see Decision No 18-2013). The Code of Corporate Governance is a key corporate document the purpose of which is to describe how a relevant body discharges their governance responsibilities. The PCC's Code was drawn having regard to the 2007 publication by the Chartered Institute for Public Finance and Accountancy (CIPFA) "Delivering Good Governance in Local Government" as supplemented by a guidance note for the police service published in 2012.
- 1.2 The Good Governance Framework proposed by the 2007 and 2012 publications was founded upon six core principles. As a consequence the PCC's Code of Corporate Governance was drawn by reference to the six core principles and set out the way in which the principles would be put into practice by the PCC.
- 1.3 In the summer of 2016 CIPFA published "Delivering Good Governance", Guidance Notes for Policing Bodies in England and Wales (2016 Edition). The recommended Good Governance Framework set out in this latest publication provides for seven principles of good governance. They derive from the International Framework: Good Governance in the Public Sector (CIPFA/IFAC, 2014).
- 1.4 The new Guidance Notes have necessitated a review of the local Framework of Corporate Governance. The Notes state that there is a substantial element of common ground between the six core principles in the earlier publications and the seven core principles in the new Guidance Notes. While PCCs (and Chief Constables) will apply the new principles from 2016/17, it should not mean major changes to the local structures and processes which have been established around the 2007 and 2012 publications.

2. LOCAL FRAMEWORK OF CORPORATE GOVERNANCE

- 2.1 The latest Guidance Notes recommend that the Local Framework should comprise four levels:
- a statement of corporate governance, making reference to the Statutory Framework and local policy;
 - a Code of Corporate Governance setting out how the core principles referred to above will be implemented;
 - a Scheme of Corporate Governance which defines the parameters within which the two corporations sole (PCC and Chief Constable) will conduct their business;
 - protocols or policy and procedure statements for each corporation sole, and the two corporations sole acting jointly.
- 2.2 A statement of corporate governance has been drafted for consideration of adoption by the PCC. It is a straightforward document describing in brief the statutory and local governance frameworks.
- 2.3 The PCC's Code of Corporate Governance has now been reviewed to accommodate the seven governance principles and is now presented to the Audit Committee for any comment before it is submitted to the PCC for consideration of adoption. The draft Code is found at Appendix A.

- 2.4 The Chief Constable is in the course of preparing his own separate but complementary Code which will follow in due course.
- 2.5 The Scheme of Governance and Consent which encompasses what is required under the 3rd and 4th bullets of paragraph 2.1 above is currently being reviewed for updating purposes and will, as appropriate, be presented to the PCC for adoption in due course.

3. CODE OF CORPORATE GOVERNANCE

- 3.1 The Code at Appendix A is presented to the Audit Committee for comment now and in anticipation of its early adoption thereafter by the PCC to ensure it is in place well before work on the PCC's Annual Governance Statement for 2017 begins. The Annual Governance Statement is the document by which, amongst other things, the PCC shows how he has complied with his Code of Corporate Governance on an annual basis and in turn how he has applied the seven good governance principles.

4. NEXT STEPS

- 4.1 After consideration by the Audit Committee the draft PCC's Code will be placed before the PCC for consideration of adoption.

5. FINANCIAL IMPLICATIONS

- 5.1 There are no direct financial implications arising from consideration of this paper.

6. OTHER IMPLICATIONS AND RISKS

- 6.1 There are no other material implications or risks associated with consideration of this paper.

ORIGINATOR CHECKLIST (MUST BE COMPLETED)	PLEASE STATE 'YES' OR 'NO'
Has legal advice been sought on this submission?	Yes - Originator is a solicitor and the PCC's monitoring officer.
Has the PCC's Chief Finance Officer been consulted?	Yes.
Have equality, diversity and human rights implications been considered including equality analysis, as appropriate?	Not directly applicable to the issue.
Have human resource implications been considered?	Not directly applicable to the issue.
Is the recommendation consistent with the objectives in the Police and Crime Plan?	Yes.
Has consultation been undertaken with people or agencies likely to be affected by the recommendation?	Yes - The Chief Constable has been consulted.
Has communications advice been sought on areas of likely media interest and how they might be managed?	No – Media interest not anticipated.
Have all relevant ethical factors been taken into consideration in developing this submission?	Yes.

In relation to the above, please ensure that all relevant issues have been highlighted in the 'other implications and risks' section of the submission.