

# HAMPSHIRE & ISLE OF WIGHT POLICE AND CRIME COMMISSIONER

## Report

<b>Date Considered:</b>	11 March 2024
<b>Title:</b>	Confirmation Hearing for the Chief Finance Officer OPCC
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### 1. Recommendation

- 1.1. It is recommended that the Panel supports the appointment of Richard Croucher to the role of Chief Finance Officer for the OPCC.

### 2. Executive Summary

- 2.1. This report sets information required to enable the Panel to review the proposed appointment and make a report to the Commissioner, including a recommendation as to whether or not the candidate should be appointed. In accordance with Schedule 1 to the Police Reform and Social Responsibility Act 2011, the Police and Crime Commissioner has given notification to the Police and Crime Panel of the proposed appointment of Richard Croucher as Chief Finance Officer.
- 2.2. The Act requires the Commissioner to notify the Panel of the following information:
  - a) The name of the person whom the commissioner is proposing to appoint (“the candidate”)
  - b) The criteria used to assess the suitability of the candidate for the appointment;
  - c) Why the candidate satisfies those criteria;
  - d) The terms and conditions on which the candidate is to be appointed
- 2.3. The proposal is to appoint Richard Croucher as the Chief Finance Officer for the PCC.
- 2.4. It is an essential requirement that the post holder must be a qualified accountant. Richard Croucher qualified as a CIPFA Accountant in 1996 whilst working for Hampshire County Council as a Trainee Accountant.
- 2.5. The candidate’s suitability has also been assessed against the statutory responsibilities of the Chief Finance Officer for the PCC which are set out in the Act, Home Office Revised Financial Management Code of Practice(FMCP) [\[Title\] \(publishing.service.gov.uk\)](#) and the Chartered Institute of Public Finance and Accountancy (CIPFA) [The Role of Chief Financial Officers in Policing | CIPFA.](#)

2.6. The suitability of the candidate is assessed against the requirements set out in these documents. The documents state that

“The principal aims of the PCC’s CFO are to:

- translate the PCC’s plans and priorities into a viable medium-term financial strategy
- ensure that funding is available from grants, precepts and reserves
- establish an appropriate framework for financial accountability.”

2.7. The candidate has been discharging the duties of the role of the Chief Finance Officer for Hampshire and Isle of Wight Constabulary since the role was introduced by the Act in 2012 and thus has experience of the statutory s151 duties of a Chief Finance Officer and is familiar with the specific requirements within the police sector.

2.8. The candidate has worked closely with the previous Chief Finance Officers for the PCC during this time which has enabled a good understanding of specific arrangements and decisions taken by the PCC for Hampshire and the Isle of Wight since the role of the PCC was introduced in 2012.

2.9. The candidate has also had significant involvement in the annual budget setting and medium term financial strategy for Hampshire and Isle of Wight Constabulary every year since 2008/09; when the candidate was the Head of Financial Services at the Constabulary, before becoming the Head of Finance in 2011 and then the Chief Finance Officer for the Constabulary when the position was introduced in 2012. That includes appearances to present the proposed budget and answer questions on it at Police Authority meetings and subsequent Police and Crime Panel meetings.

2.10. Hampshire and Isle of Wight Constabulary has received unqualified external audit opinions throughout on the statement of accounts and unqualified opinions each year in respect of value for money. Financial planning and management has also been strong. Actual net expenditure has remained within the budget set in each of those financial years despite the challenges faced through austerity and COVID. Therefore, the candidate can demonstrate a strong track record of effective financial planning and management as well as compliance with the accounting and auditing standards.

2.11. The proposal is for the candidate to discharge the role of Chief Finance Officer for the PCC as well as the pre-existing role of Chief Finance Officer for the Constabulary. The Home Office Revised Financial Management Code of Practice and CIPFA Role of Chief Financial Officers in Policing both permit that to take place and set out guidance for such an arrangement, which is already in use elsewhere. A protocol has been agreed by the PCC and Chief Constable, as recommended, to avoid any potential conflicts of interest. The protocol has been reviewed by the Joint Audit Committee and is attached as appendix 1.

- 2.12. In line with the previous post holder, the expectation is that circa 2 days a week will be spent discharging the role of the Chief Finance Officer for the PCC. The remaining circa 3 days per week will be available to discharge the role of the Chief Finance Officer for the Constabulary.
- 2.13. The candidate will remain an employee of the Constabulary as the majority of time will be spent supporting the Constabulary. The role is paid at police staff Grade A which currently ranges from £107k to £118k per annum. Standard police staff terms and conditions are applied for the role.

### Hampshire & Isle of Wight Joint Chief Finance Officer Protocol

#### Introduction

1. This document explains the arrangements in place to mitigate the risk of a conflict of interest through having one individual as the joint Chief Finance Officer (CFO) for both the PCC and the Constabulary.
2. Both the Home Office Revised Financial Management Code of Practice (FMCP) [\[Title\] \(publishing.service.gov.uk\)](#) and the Chartered Institute of Public Finance and Accountancy (CIPFA) [The Role of Chief Financial Officers in Policing | CIPFA](#) documents set out the respective roles of the CFO for the OPCC and Constabulary. Both documents also make it clear that it is acceptable to have one person fulfil both roles. Section 16.1 of the HO FMCP goes further to say that the same individual could also be the CFO for the Fire & Rescue Service. However, safeguards must be put in place to prevent a conflict of interests. Page 19 of the CIPFA document states that:

Combined CFO arrangements do not contravene the provisions of the 2011 Act or the Policing and Crime Act 2017. However, PCCs and chief constables need to make proper arrangements, anticipating where risks could arise, and should include practical safeguards such as:

- including separate deputy CFO roles
- an annual review by the joint audit committee to ensure the joint CFO is not subject to undue pressure by either the PCC or chief constable
- use of internal audit, external audit, Her Majesty's Inspectorate of Constabulary and Fire and Rescue Services (HMICFRS), peer review or professional accountancy bodies to offer independent advice on specific issues.

#### Risk and Mitigation

3. The PCC's Chief Finance Officer might face a conflict of interest, because when the same individual is also the Chief Finance Officer to the Chief Constable. The CIPFA guidance states that the most obvious theoretical manifestation of this would be an inability to provide independent advice, particularly on holding the Chief Constable to account on financial matters.
4. The PCC has considered the risk alongside the control framework and considers that the benefits outweigh the risks, once the control framework is taken into account. Its elements are set out below.

## Control Framework

- i. The Strategic responsibilities of both the PCC and CC are set out in the Policing Protocol Order 2011. This makes it clear that the PCC is ultimately accountable to the public for the management of the police fund while the CC has day to day responsibility for managing their allocated budgets.
- ii. The Scheme of Corporate Governance sets out how powers and delegations will be exercised by the Joint CFO, Chief Executive and the Chief Constable. It acts as an important safeguard and form of assurance for the PCC in preventing the CC from committing expenditure or carrying out certain activity which the PCC may otherwise not wish to be involved in.
- iii. Job descriptions, as defined within the Scheme of Governance, have been developed in accordance with Section 4 of the Home Office Financial Management Code of Practice for the Police Service in England and Wales and are in place for each role.
- iv. S36 of the Police Reform and Social Responsibility Act 2011 requires the CC to give all relevant information to the PCC as needed. In ensuring this requirement is fulfilled, the S151 status of the CFO requires the post holder to act in the public interest should the post holder consider that undue pressure is being placed on the post holder to act in a manner which is unprofessional. Internal whistleblowing procedures (Bad Apple) are in place to protect the CFO in this regard. Section 114 of the Local Government Finance Act 1998 requires the Section 151 Officer to issue a report if there is likely to be unlawful expenditure or an unbalanced budget.
- v. In addition to the legislative requirements identified above, the "[The Role of Chief Financial Officers in Policing | CIPFA](#)", a publication by the Chartered Institute of Public Finance and Accountancy outlines five principles which the Joint CFO as a professionally qualified Accountant should adhere to. All of the principles within the document are underpinned by the need for the Joint CFO to act ethically i.e. with: integrity, objectivity, professional competence and due care, confidentiality, with professional behaviour and with impartiality.
- vi. Conflicts of interest are not expected to arise on a regular basis as the overall aims of both the PCC and CC align given the nature of the roles and the need for the CC to take account of the Police and Crime Plan set by the PCC. However, should a conflict be presented then for the discussion of the particular matter that is subject to the conflict:
  - a. the shared CFO will advise the PCC

- b. the shared Deputy CFO will advise the CC, acting as the Constabulary CFO
  - c. The respective Principal Accountants for the OPCC and Constabulary will take up the respective deputy CFO roles
  - d. Any conflicts should seek to be resolved as soon as practically possible.
  - e. In accordance with the CIPFA guidance, internal audit, external audit, Her Majesty's Inspectorate of Constabulary and Fire and Rescue Services (HMICFRS), peer review or professional accountancy bodies will be used to offer independent advice on specific issues that relate to a conflict.
- vii. The PCC or CC can access Internal Audit to confirm that checks and balances exist to ensure high standards of governance and adequate risk management is in place. Similarly they can take assurance from External Audit in ensuring overall financial probity as auditors of both the PCC and CC. They could also be used to offer an external opinion should the PCC or CC be concerned as to any lack of transparency or independence by the joint CFO.
- viii. In line with the CIPFA guidance, an annual review will be undertaken by the Joint Audit Committee to ensure that the joint CFO is not subject to undue pressure by either the PCC or CC.
- ix. Ultimately at any point either the PCC, CC or Joint Chief Finance Officer can terminate this agreement. Sufficient notice must be given to allow for replacement arrangements to be put in place. This would result in the PCC needing to appoint another CFO as the CFO is employed by the CC.

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