



Durham Police and Crime Panel

5 December 2013

Proposed Appointment Of Chief Finance Officer

Report of Lorraine O'Donnell, Assistant Chief Executive

Purpose of the Report

- 1 To provide information to Panel Members on the process to be undertaken to hold a confirmation hearing for the post of Chief Finance Officer and to consider a report from the Police and Crime Commissioner for the proposed candidate for the post of Chief Finance Officer.

Background

- 2 Paragraph 6, Schedule 1 of the Police Reform and Social Responsibility Act 2011 requires that the Police and Crime Commissioner must appoint "*a person to be responsible for the proper administration of the commissioner's financial affairs (referred to as the commissioner's chief finance officer)*".
- 3 The Durham Police and Crime Commissioner, Mr Ron Hogg formally notified the Chair of the Police and Crime Panel of his proposed appointment to the post of Chief Finance Officer on 15th November 2013.
- 4 Schedule 1 of the Act requires this proposed appointment to be considered by the Police and Crime Panel through a confirmation hearing that is to be held in public, within three weeks of notification of the Commissioner's proposed candidate.
- 5 Appendix 2 to this report provides Panel Members with a briefing note to outline the process to be followed by the Police and Crime Panel (PCP) to undertake a confirmation hearing in accordance with Schedule 1 of the Act.
- 6 Appendix 3 to this report includes a report from the PCC that proposes Mr Gary Ridley for the post of the Commissioner's Chief Finance Officer and details the criteria that was used to assess the suitability of the candidate; how the candidate has satisfied the criteria and the terms and conditions on which the candidate is to be appointed.

Recommendations

- 7 Members of the Panel are asked to note the process to be followed to undertake the Confirmation hearing for the post of Chief Finance Officer as identified within Appendix 2.

- 8 Members are asked to consider the Police and Crime Commissioner's report (Appendix 3) and review the proposed appointment of Mr Gary Ridley as the Chief Finance Officer for the Police and Crime Commissioner for Durham.
- 9 Members of the Police and Crime Panel are asked to respond and make recommendation to the Police and Crime Commissioner as to whether Mr Gary Ridley should be appointed accordance with the Police Reform and Social Responsibility Act 2011.

Background papers

None

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Appendix 1: Implications

Finance – None

Staffing – The report proposes the appointment of Chief Finance Officer for the Durham Police and Crime Commissioner

Risk – None

Equality and Diversity / Public Sector Equality Duty – None

Accommodation – None

Crime and Disorder – None

Human Rights – None

Consultation – None

Procurement – None

Disability Issues – None

Legal Implications – The report is required in accordance with the Police Reform and Social Responsibility Act 2011.

Durham Police and Crime Panel**Confirmation Hearing – Chief Finance Officer****Briefing Note**

This briefing note outlines the process to be followed by the Police and Crime Panel (PCP) to undertake a confirmation hearing for the post of Chief Finance Officer.

Information contained within this briefing is in accordance with guidance issued within the Local Government Association and Centre for Public Scrutiny publication 'Police and Crime Panels – Guidance on Confirmation Hearings' (August 2012) and The Police Reform and Social Responsibility Act 2011.

The Rules Relating to Confirmation Hearings

The rules concerning a confirmation hearing for appointment of a Chief Finance Officer are set out in Schedule 1 of the Police Reform and Social Responsibility Act (2011).

Schedule 1 of the Act sets out the confirmation process which must be completed before the Chief Finance Officer can be appointed.

Schedule 1 requires:

- the Police and Crime Commissioner (PCC) to notify the PCP of the proposed appointment;
- the PCC to provide the PCP with specific information in relation to the individual and the appointment;
- the PCP to review the proposed appointment within three weeks
- the PCP to hold a public confirmation hearing to question the candidate;
- the PCP to write a report to the PCC on the proposed appointment, this must include a recommendation as to whether the individual should be appointed; and
- the PCP's report to be published.

Important information to note

The Panel has no power of veto over the appointment of the Chief Finance Officer.

If the Panel fails to conduct a confirmation hearing and report to the PCC within the three week period then the appointment of the candidate can be made.

PCC to propose a candidate to the PCP

The Act and the Regulations require that when notifying the PCP of a candidate for appointment as Chief Finance Officer, a PCC must provide the PCP with the following information:

- the name of the proposed candidate;
- the criteria that were used to assess the suitability of the candidate;
- how the candidate has satisfied those criteria; and
- the terms and conditions on which the candidate is to be appointed.

Following receipt of notification, the Chair of the PCP is to write to the Candidate to confirm the date of the hearing and notify them of the principles of professional competence and personal independence on which they propose to evaluate the candidate. The letter should advise that the information provided by the candidate will be placed in public domain.

The Confirmation Hearing

Purpose

This should be a short and focused meeting and be in a 2 stage process

- The Panel will question the candidate to determine if he/she meets the criteria set out in the role profile and whether they possess the professional competence and personal independence to carry out the role; and
- The Panel will determine whether to endorse the candidate's appointment or recommend that the candidate should not be appointed. This second stage of the hearing will be held in closed session (see below).

Start

At the start of the hearing the chairman will outline the order of business and will explain the process and powers of the Panel. The candidate will be permitted to ask any procedural questions before the questioning starts.

The Panel will question the candidate and will ensure that the candidate is treated fairly and politely at all times.

Process

The Confirmation hearing will need to complement, rather than duplicate, the other internal systems for appointing staff. Lines of questioning are to be on areas of professional competence and personal independence and used to get the maximum value out of the process.

Questioning

The Chair is to be aware of any potentially inappropriate questions that does not relate to the professional competence or personal independence of the candidate. Some questions that may appear to the questioner to relate to one or both of these issues might still be inappropriate. Guidance provided by the LGA identifies the following as examples of inappropriate questions:

- relating to the personal political (or other) views of the candidate – e.g. whether the candidate agrees or disagrees with the police and crime plan
- seeking to substantively hold to account the candidate for decisions made in a previous role, unless they are phrased in such a way that directly relates to (for example) learning lessons from past experience
- on what the candidate will do, substantively, once in the post (i.e. questions relating to operational strategy)
- which are hypothetical and designed to obtain the candidate's views on a position of local controversy.

Questioning will rely on the documents provided to support the panel's deliberations. LGA guidance suggests broad questioning themes should be developed, such as evidence the candidate has:

- an understanding of the various stakeholders that would need to be involved and engaged with (and in what way, with what outcome) in the development and delivery of a major strategy (professional competence)
- a pragmatic understanding of the separation of the PCC from operational responsibility (personal independence)

Conclusion

At the end of the session the candidate has the opportunity to clarify any answers that he or she has given in the course of the hearing, and ask any procedural questions of the Panel, for example about the next steps or the decision-making process.

Decision making process

Immediately following the completion of questioning and points of clarification, the Panel will go into closed session to take its decision and prepare any recommendations to the PCC. The Monitoring Officer should be present to provide advice to the panel.

At this point the Panel will need to be able to evaluate whether it feels the candidate has the professional competence and personal independence as set out in the role profile. Suggested areas of evaluation include:

Professional competence

- Do they have the ability and insight to work across multiple different agencies to achieve the PCC's priorities, and wider priorities for the area?
- Do they have the ability to respond, credibly and proportionately, to pressures such as the need to make short-term responses to unexpected requirements?
- Do they have the ability to translate strategic objectives into operational change on the ground?

Personal Independence

- Do they have the ability to advise the PCC, but to resist any attempt at improper influence?
- Do they have the ability and confidence to take personal responsibility for relevant successes and failures?

Approval

If the Panel is content with the proposed appointment it can agree to report to the PCC its endorsement of the appointment.

Refusal

If the Panel determines that the candidate does not meet the standards in the role, providing advice to the PCC in the form of a letter is the only option to the panel.

Where a candidate meets the standards but the Panel has concerns about suitability, such concerns can form part of the Panel's report and recommendations to the PCC.

Making Recommendations

The Chair of the PCP will write to the PCC following the Confirmation hearing to outline the decision and recommendations of the panel, Candidate to be sent a copy of letter.

Guidance suggests the Panel wait five working days before it publishes any information about its recommendations. The Panel should also ensure that the PCC has received and acknowledged the Panel's recommendations before making its recommendations public.

November 2013



5th December 2013

Report to the Police and Crime Panel on the Appointment of the Interim Chief Finance Officer



1. Purpose

1.1.1 The purpose of this report is to notify the Police and Crime Panel of the proposed appointment of the Chief Finance Officer for the Police and Crime Commissioner for Durham and to request that they review the proposed appointment and make a recommendation to the Commissioner about the appointment.

2. Background

2.1.1 The Police Reform and Social Responsibility Act 2011 (the Act) requires Police and Crime Panels to scrutinise senior appointments proposed by the Police and Crime Commissioner. Schedule 1 paragraph 9 (1) of the Act defines senior appointments as the Commissioner's Chief Executive, Chief Finance Officer and the Deputy Police and Crime Commissioner. These are referred to as Schedule 1 appointments.

2.1.2 The Commissioner must notify the Panel of the following information:

- (a) The name of the person he is proposing to appoint;
- (b) The criteria used to assess the suitability of the candidate for the appointment;
- (c) Why the candidate satisfies the criteria; and
- (d) The terms and conditions on which the candidate is to be appointed.

2.1.3 Schedule 1 10 of the Act requires the Panel to review the proposed appointments and report back to the Commissioner which must include a recommendation as to whether or not the candidate should be appointed. This must be done within a period of three weeks beginning with the day on which the Panel receives the notification from the Commissioner of the proposed senior appointment(s).

2.1.4 Schedule 1 paragraph 11 of the Act requires the Panel to hold a confirmation hearing before making a report and recommendation under paragraph 10 to the Police and Crime Commissioner in relation to a proposed senior appointment.

2.1.5 Schedule 1 paragraph 12 allows the Police and Crime Commissioner the right to accept or reject the Panel's recommendation and he must notify the Panel of his decision.

3. Proposed Appointment

3.1 The Home Office have produced a document called Financial Management Code of Practice for the Police Service of England and Wales. Section 4 of the document

sets out the key roles and responsibilities of the Chief Finance Officer for the Police and Crime Commissioner as follows:

- ensuring that the financial affairs of the PCC are properly administered and that financial regulations are observed and kept up to date;
- ensuring regularity, propriety and Value for Money (VfM) in the use of public funds;
- ensuring that the funding required to finance agreed programmes is available from Central Government funding, precept, other contributions and recharges;
- reporting to the PCC, the Police and Crime Panel and to the external auditor any unlawful, or potentially unlawful, expenditure by the PCC or officers of the PCC;
- reporting to the PCC, the Police and Crime Panel and to the external auditor when it appears that expenditure is likely to exceed the resources available to meet that expenditure;
- advising the PCC on the robustness of the budget and adequacy of financial reserves;
- ensuring production of the statements of accounts of the PCC;
- ensuring receipt and scrutiny of the statements of accounts of the Chief Constable and ensuring production of the group accounts;
- liaising with the external auditor;
- advising the PCC on the application of value for money principles by the police force to support the PCC in holding the Chief Constable to account for efficient and effective financial management; and
- advising, in consultation with the Chief Executive, on the safeguarding of assets, including risk management and insurance.

3.2 It is proposed that Gary Ridley be appointed as Chief Finance Officer as he is considered to be a suitable candidate in terms of carrying out the above role. He is the current Chief Finance Officer to the Chief Constable, a role he has carried out since January 2009. Mr. Ridley is considered a suitable appointment based on the following:

- Qualified accountant (CIPFA) since 1992.
- All of his career has been spent in the public sector.
- Sound interpersonal skills
- Has fulfilled the role of Section 151 Officer since 2001.
- Corporate Management Team experience since 2001.
- Extensive experience of financial management at a strategic level.
- Extensive experience of managing disparate services including HR, IT, legal, estates, etc.
- Significant experience of developing strategy and policy.
- Significant experience of dealing with both internal and external inspection processes.
- Significant experience of working in a political environment, both from his career in local government which included the role of Acting Chief Executive and from his current role within the force.

4. Terms and Conditions

4.1 At present Mr. Ridley is employed by the PCC but under the direction and control of the Chief Constable. From 1st April 2014 it is expected that Mr. Ridley will transfer to the employment of the Chief Constable under Stage 2 staff transfer arrangements. From this date the PCC will obtain Chief Finance Officer services from Mr. Ridley via a service level agreement with the Chief Constable

4.2 It is expected that the Mr. Ridley will work for the PCC for approx. 2 days per week at a total annual cost of approx. £51,000. This can be met from within the PCC'S revenue budget. The remainder of his time will be a Chief Finance Officer for the Chief Constable. Mr Ridley is employed under National Police Staff Terms and Conditions.

5. Joint Audit Committee

5.1 The PCC and Chief Constable Joint Audit Committee recently considered a report regarding a single individual carrying out both Chief Finance Officer roles. The committee expressed concerns that the arrangement lacked transparency, openness and could give rise to a conflict of interest and that if the arrangement went ahead safeguards would be needed. The following is an extract from the report setting out the safeguards proposed:

- External advice. At any time the PCC or CC can request external advice from a third party, such as another PCC or CC CFO, should they not be happy with the advice that they have received from the joint CFO. Alternatively, they could request advice from HMIC. Under S54 of the Police Act 1996, a PCC can request HMIC carry out an inspection on any aspect of the force's operations, including obtaining information. Therefore, this provides the PCC with a powerful tool to ensure transparency.
- Internal Audit. There is a role to play by Internal Audit to ensure that checks and balances exist to ensure high standards of governance and adequate risk management is in place. Internal Audit could be used to review the ongoing effectiveness of the joint arrangement.
- External Audit. Again, there is a role for External Audit to play in terms of 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.
- Legislation. Under Section 114 of the Local Government Finance Act 1998, the Section 151 Officer (i.e. the joint CFO) is required to issue a report if there is likely to be unlawful expenditure or an unbalanced budget. This provides a significant backstop for the joint CFO were they to come under pressure from either the PCC or CC to either sanction unlawful expenditure or run down reserves to an unacceptable level. This requirement already exists and would equally remain in place under the proposed joint arrangement.
- Scheme of Governance. This has been produced by the PCC following advice from the CFO and Chief Executive. It sets out how powers and delegations will be exercised by both the joint CFO, Chief Executive and also the Chief Constable. This is viewed as an essential control document by which the PCC can hold the Chief Constable to account. This therefore acts as an important safeguard to prevent the CC from committing expenditure or carrying out certain acts which the PCC may otherwise not wish to be involved in. It acts as a form of assurance for the PCC.
- Termination. At any point either the PCC, CC or Assistant Chief Officer can terminate the agreement. This would result in the PCC needing to appoint his own CFO.

6. Recommendations

6.1.1 In accordance with the Police Reform and Social Responsibility Act 2011, Schedule 1 9 (1) the Panel is invited to:

- (i) review the proposed appointment of Gary Ridley as the Chief Finance Officer for the Police and Crime Commissioner for Durham.
- (ii) To make a recommendation to the Commissioner as to whether Mr Ridley should be appointed in accordance with Schedule 1 10 (4) of the Act.

Ron Hogg
Police and Crime Commissioner