Lincolnshire
POLICE & CRIME COMMISSIONER
SAFER TOGETHER

CODE OF CORPORATE GOVERNANCE

FOR

POLICE AND CRIME COMMISSIONER FOR LINCOLNSHIRE

1. Introduction

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

1.2. This Code of Corporate Governance describes how the Police and Crime Commissioner for Lincolnshire discharges his responsibilities in this respect, and particularly his overarching statutory responsibilities:

PCCs will aim to cut crime and deliver an effective and efficient police service within the force area. They will do this by:

- holding the chief constable to account for the delivery of the force
- setting and updating a police and crime plan
- setting the force budget and precept
- regularly engaging with the public and communities
- appointing, and where necessary dismissing, the chief constable

It will not be for the PCC to tell the professionals how to do their job - the legislation continues to protect the operational independence of the police by making it clear that the chief constables retain direction and control of the forces officers and staff.

The CIPFA/SOLACE Framework *Delivering Good Governance in Local Government*[1] sets out seven core principles on which effective governance should be built:-

[1] CIPFA 'Delivering Good Governance in Local Government' guidance notes for Policing Bodies in England and Wales (2016).

- 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.

The first two principles underpin the whole 2016 Framework and are implicit in the remaining five principles. The Framework also emphasises that local government organisations must try to achieve their objectives while acting in the public interest at all times.

1.3. To achieve this, a framework has been formulated locally which ensures that these principles are fully integrated in the conduct of the Commissioner's business as well as establishing a means of demonstrating compliance.

1.4. The Commissioner can also demonstrate that the systems and processes in place are:

- Monitored for their effectiveness in practice;
- Subject to annual review to ensure they remain up-to-date.

2. The Code of Corporate Governance

2.1. Accordingly, the Commissioner has developed a Code of Corporate Governance which incorporates the core good governance principles, develops these in a local context, and sets out the arrangements for reviewing their effectiveness.

2.2. The way in which each of the core principles of good governance is put into practice by the Commissioner is set out below:

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

The Commissioner will achieve this through:

- Ensuring that the PCC, chief officers and staff behave with integrity and lead a culture where acting in the public interest is visibly and consistently demonstrated thereby promoting and upholding the reputation of the organisation among its stakeholders.
- Ensuring the PCC and chief officers lead in establishing specific standard operating principles or values for their organisations and staff and that they are communicated and understood. The values should build on the Nolan Principles and the *Code of Ethics*.
- Leading by example and using above standard operating principles or values as a framework for decision making and other actions.
- Demonstrating, communicating and embedding the standard operating principles or values through appropriate policies and processes which are reviewed on a regular basis to ensure that they are operating effectively.
- Seeking to understand, monitor and maintain the organisation's ethical performance.
- Underpinning personal behaviour with ethical values and ensuring they permeate all aspects of the organisation's culture and operation.
- Developing and maintaining robust policies and procedures which place emphasis on agreed ethical values.
- Ensuring that external providers of services on behalf of the organisation are required to act with integrity and in compliance with ethical standards expected by the organisation.
- Ensuring the PCC, chief officers and staff demonstrate a strong commitment to the rule of law as well as adhering to relevant laws and regulations.
- Creating the conditions to ensure that statutory chief officers, other key post holders and (where appropriate) statutory committees are able to fulfil their responsibilities in accordance with best practice.
- Striving to use full powers for the benefit of citizens, communities and other stakeholders.
- Dealing with breaches of legal and regulatory provisions effectively.
- Ensuring corruption and misuse of power are dealt with effectively.

2.2.2 Ensuring openness and comprehensive stakeholder engagement

The Commissioner will achieve this through:

- Ensuring an open culture through demonstrating, documenting and communicating the organisation's commitment to openness. The presumption is for openness. If this is not the case, a justification for the reasoning for keeping a decision confidential should be provided.
- Making decisions that are open about actions, plans, resource use, forecasts, outputs and outcomes.
- Providing clear reasoning and evidence for decisions in both public records and explanations to stakeholders and being explicit about the criteria, rationale and considerations used. In due course, ensuring that the impact and consequences of those decisions is clear.

- Using formal and informal consultation and engagement to determine the most appropriate and effective interventions/courses of action.
- Effectively engaging with institutional stakeholders to ensure that the purpose, objectives and intended outcomes for each stakeholder relationship are clear so that outcomes are achieved successfully and sustainably.
- Developing formal and informal partnerships to allow for resources to be used more efficiently and outcomes achieved more effectively.
- Ensuring that partnerships, including collaborations, are based on trust, a shared commitment to change, and a culture which promotes and accepts challenge among partners and that the added value of partnership working is explicit.
- Establishing a clear policy about the type of issues on which the organisation will meaningfully consult with, or involve, individual communities, citizens, service users and other stakeholders to ensure that a service (or other) provision is contributing towards the achievement of intended outcomes.
- Ensuring that communication methods are effective and that the PCC and officers are clear about their roles with regard to community engagement.
- Encouraging, collecting and evaluating the views and experiences of communities, citizens, service users and organisations of different backgrounds including reference to future needs.
- Implementing effective feedback mechanisms for those consultees in order to demonstrate how their views have been taken into account.
- Balancing feedback from more active stakeholder groups with other stakeholder groups to ensure inclusivity.
- Taking account of the interests of future generations of taxpayers and service users.

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

The Commissioner will achieve this through:

- Having a clear vision – an agreed formal statement of the organisation's purpose and intended outcomes containing appropriate performance indicators which provides the basis for the organisation's overall strategy, planning and other decisions.
- Specifying the intended impact on, or changes for, stakeholders including individual citizens and service users. It could be immediately or over the course of a year or longer.
- Delivering defined outcomes on a sustainable basis within the resources that will be available, while recognising that changing and unforeseen demands will place additional pressure on financial resources.
- Identifying and managing risks to the achievement of outcomes as part of delivering goods and services.
- Managing expectations effectively with regard to determining priorities and making the best use of the resources available.
- Considering and balancing the combined economic, social and environmental impact of policies, plans and decisions when taking decisions about services.

- Taking a longer term view with regard to decision making, taking account of risk and acting transparently where there are potential conflicts between the PCC and the chief officer's intended outcomes and short term factors such as the political cycle or financial constraints
- Ensuring fair access to services.

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

The Commissioner will achieve this through:

- Ensuring that decision makers receive objective and rigorous analysis of a variety of options indicating how intended outcomes would be achieved and including the risks associated with those options. Therefore ensuring that best value is achieved however services are provided.
- Considering feedback from citizens and service users when making decisions about service improvements, or where services are no longer required, in order to prioritise competing demands within limited resources available including people, skills, land and assets, and bearing in mind future impacts.
- Establishing and implementing robust planning and control cycles that cover strategic and operational plans, priorities and targets.
- Engaging with internal and external stakeholders in determining how services and other courses of action should be planned and delivered.
- Considering and monitoring risks facing each partner when working collaboratively, including shared risks.
- Ensuring arrangements are flexible and agile so that the mechanisms for delivering outputs can be adapted to changing circumstances.
- Establishing appropriate performance measures as part of the planning process in order to assess and inform how the performance of the services and projects is to be measured.
- Ensuring capacity exists to generate the information required to review service quality regularly.
- Preparing budgets in accordance with government funding announcements, organisational objectives, strategies and the medium term financial plan.
- Informing medium and long term resource planning by drawing up realistic estimates of revenue and capital expenditure, together with estimates of grant, precept, and other income streams, aimed at developing a sustainable funding strategy.
- Ensuring the medium term financial strategy integrates and trades off service priorities, affordability, and other resource constraints.
- Ensuring that the budgeting process is all inclusive, taking into account the full cost of operations over the medium and longer term.
- Ensuring the medium term financial strategy sets the context for ongoing decisions on significant delivery issues or responses to changes in the external environment that may arise during the budgetary period in order for the outcomes to be achieved while optimising resource usage.
- Ensuring the achievement of 'social value' through service planning and commissioning.

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

The Commissioner will achieve this through:

- Reviewing operations, performance and asset management on a regular basis to ensure their continuing effectiveness.
- Improving resource use through appropriate application of techniques such as benchmarking and other options in order to determine how policing resources are allocated so that defined outcomes are achieved effectively and efficiently.
- Recognising and promoting the benefits of collaborative working where added value can be achieved through partnerships.
- Developing and maintaining an effective workforce plan to enhance the strategic allocation of resources.
- Developing protocols to ensure that elected and appointed leaders negotiate their respective roles early on in the relationship and that a shared understanding of roles and objectives is maintained.
- Publishing a statement that specifies the types of decisions delegated and those reserved for the collective decision making of the governing body.
- Ensuring the PCC and chief officers have clearly defined and distinctive leadership roles within a structure whereby the chief officers lead by implementing strategy and managing the delivery of services and other outputs set by the PCC and/or chief constable, and each provides a check and balance for each other's responsibility.
- Developing the capabilities of the PCC and chief officers to achieve effective shared leadership where appropriate and to enable the organisation to respond successfully to changing legal and policy demands as well as economic, political and environmental changes and risks.
- Ensuring the PCC, chief officers and staff receive appropriate induction tailored to their role and that ongoing training and development matching individual and organisational requirements is available and encouraged.
- Ensuring that the PCC, chief officers and staff have the appropriate skills, knowledge, resources and support to fulfil their roles and responsibilities and ensuring that they are able to update their knowledge on a continuing basis.
- Ensuring personal, organisation and system-wide development through shared learning, including lessons learnt from governance failures both internal and external.
- Ensuring the PCC is independent of management and free from relationships that would materially interfere with its role.
- The OPCC, in conjunction with the force, should ensure that appropriate information is available for potential PCC candidates.
- Taking steps to consider the leadership's own effectiveness and ensuring leaders are open to constructive feedback from peer review and inspections.
- Holding staff to account through regular performance reviews which take account of training or development needs.

- Ensuring arrangements are in place to maintain the health and wellbeing of the workforce and support individuals in maintaining their own physical and mental wellbeing.

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

The Commissioner will achieve this through:

- Recognising that risk management is an integral part of all activities and must be regarded as a continuous process.
- Implementing robust and integrated risk management arrangements and ensuring that they are working effectively.
- Ensuring that responsibilities for managing individual risks are clearly allocated.
- Ensuring that the organisation is risk aware and that its risk appetite is defined and communicated clearly to those responsible for making decisions.
- Monitoring service delivery effectively including planning, specification, execution and independent post implementation review.
- Making decisions based on relevant, clear, objective analysis and advice, pointing out the implications and risks inherent in the organisation's financial, social and environmental position and outlook.
- Ensuring an effective scrutiny or oversight function is in place which encourages constructive challenge and debate on policies and objectives before, during and after decisions are made thereby enhancing the organisation's performance and that of any organisation for which it is responsible.
- Providing the PCC and chief officers with regular reports on service delivery plans and on progress towards outcome achievement.
- Ensuring there is consistency between specification stages (such as budgets) and post implementation reporting (e.g. financial statements).
- Aligning the risk management strategy and policies on internal control with achieving the organisation's objectives.
- Evaluating and monitoring the organisation's risk management and internal control on a regular basis.
- Ensuring effective counter fraud and anti-corruption arrangements are in place.
- Ensuring additional assurance on the overall adequacy and effectiveness of the framework of governance, risk management and control is provided by the internal auditor.
- Ensuring an independent audit committee or equivalent group or function, which is independent of the executive and accountable to the PCC and chief constable, provides a further source of effective assurance regarding arrangements for managing risks and maintaining an effective control environment and that its recommendations are listened to and acted upon.
- Ensuring effective arrangements are in place for the safe collection, storage, use and sharing of data, including processes to safeguard personal data.
- Ensuring effective arrangements are in place and operating effectively when sharing data with other bodies.

- Reviewing and auditing regularly the quality and accuracy of data used in decision making and performance monitoring.
- Ensuring financial management supports both long term achievement of outcomes and short term financial and operational performance.
- Ensuring well developed financial management is integrated at all levels of planning and control, including management of financial risks and controls.

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

The Commissioner will achieve this through:

- Writing and communicating reports for the public and other stakeholders in an understandable style appropriate to the intended audience and ensuring they are easy to access and interrogate.
- Striking a balance between providing the right amount of information to satisfy transparency demands and enhance public scrutiny while not being too onerous to provide and for users to understand.
- Reporting at least annually on performance, value for money, and the stewardship of resources to stakeholders in a timely and understandable way.
- Ensuring the PCC and chief officers own the results.
- Assessing the extent to which the organisation is applying the principles contained in the Framework and publishing the results of this assessment including an action plan for improvement and evidence to demonstrate good governance in action (the AGS).
- Ensuring the performance information that accompanies the financial statements is prepared on a consistent and timely basis and the statements allow for comparison with other similar entities.
- Ensuring that the Framework is applied to jointly managed functions as appropriate.
- Ensuring that recommendations for corrective action made by external audit are acted upon.
- Ensuring an effective internal audit service, with direct access to the PCC, chief constable and audit committee, provides assurance with regard to the organisation's governance arrangements, and produces recommendations which are acted upon.
- Welcoming peer challenge, reviews and inspections from regulatory bodies and implementing recommendations as appropriate. Gaining assurance on risks associated with delivering services through third party suppliers and that this is evidenced in the AGS.
- Ensuring that when working in partnerships, arrangements for accountability are clear and that the need for wider public accountability has been recognised and met.

3. Arrangements for Review of Governance

3.1. The Commissioner has put in place the following arrangements to review the Code of Corporate Governance and its effectiveness.

3.1.1. The PCC and Chief Constable will regularly test the structure by carrying out a thorough and wide ranging self-assessment.

3.1.2. The Commissioner will conduct an annual review of this code and the practices, policies, procedures and guidance which give effect to it through its Audit Committee.

3.1.3. The Commissioner will prepare an annual governance statement in compliance with the audit regulations having regard to the recommendations of its audit committee.

3.1.4. The Commissioner will respond to and where appropriate implement any recommendations of its internal and external auditors relating to governance.

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