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CHAPTER ONE

Introduction

DELIVERING GOOD GOVERNANCE IN LOCAL GOVERNMENT: FRAMEWORK

- 1 *Delivering Good Governance in Local Government: Framework* ('the Framework'), published by CIPFA in association with Solace in 2007, set the standard for local authority governance in the UK. The Framework was reviewed in 2015 and an **updated edition** published in April 2016. The context for the update includes:
 - the significant changes which continue to be made in local government directly driven by the austerity programme, which has meant local organisations adapting the way they are organised, what they do and how they do it
 - structural and constitutional change for local services bringing new roles, responsibilities and greater flexibility, plus new challenges for good governance, including:
 - new policing arrangements under the **Police Reform and Social Responsibility Act 2011**
 - integrated health and social care programmes
 - devolution and mayoral proposals
 - the wider aspects of the **Localism Act 2011**
 - the publication of the **International Framework: Good Governance in the Public Sector** (CIPFA/IFAC, 2014), which contains seven principles for good governance applicable to local government
 - the expansion of the 'enabling' role, and new forms of organisational and delivery arrangements for local services, in particular commissioning, collaboration and partnerships – each initiative has its own features which will shape governance
 - the need for effective communication with the public, service users and stakeholders to explain changes and new developments.

AIMS AND STATUS OF THE FRAMEWORK

- 2 The concept which underlies the Framework is about helping local government organisations to develop an informed approach to governance, aimed at achieving the highest standards but in a measured and proportionate way. It defines the principles that should underpin the governance of each local government organisation, and provides a structure to help organisations with their approach to governance.
- 3 The form of governance in any area will be shaped by local circumstances and no two arrangements will be the same. The Framework enables any organisation to test its governance structures against a set of principles. There are three elements to the process:

- reviewing existing governance arrangements
 - developing and maintaining an up-to-date local code of governance including arrangements for ensuring ongoing effectiveness
 - reporting to the public on an annual basis about compliance with the local code, and on how the organisation has monitored the effectiveness of its governance arrangements in the year and on planned changes.
- 4 In practice a local code may comprise a series of documents which describe the various elements of the structure.
- 5 The Framework’s core and sub-principles provide a basis for organisations to design and review their arrangements. The results of these processes should be incorporated in updated versions of a local code, so that it is always an up-to-date and relevant statement of current practice.
- 6 Good governance is not only about processes, rules and procedures. The Framework should be applied in a way which also demonstrates the spirit and ethos of good governance. Shared values which are integrated into the culture of an organisation and are reflected in behaviour and policy are essential hallmarks of good governance.
- 7 The Framework is applicable to a system involving several local government organisations or partners as well as the individual organisations. One-size-fits-all approaches are inappropriate. The Framework will be applied in different ways reflecting the structures put in place locally and proportionate to their scale. Under any arrangement, however, governance should ensure that it focuses on the principles of good governance which are summarised below:
- ethics and integrity
 - openness and stakeholder engagement
 - defining outcomes
 - determining interventions
 - developing leadership
 - managing risks and monitoring performance
 - demonstrating effective accountability.
- These principles should be embedded within organisations and subject to regular oversight to ensure that they are effective in a practical sense as well as on paper.
- 8 As the landscape for local services evolves, so do the implications for governance. Rather than amending existing arrangements and processes, it is often more appropriate to redesign governance from the ground up. This is particularly the case when joint arrangements are established. Governance must provide for shared outcomes supported by effective mechanisms for control and management of risks.
- 9 The Framework also draws on earlier longstanding work on governance which is briefly outlined on page 13 and summarised in Appendix D.
- 10 Section 3.7 of the [Code of Practice on Local Authority Accounting in the United Kingdom 2016/17](#) (CIPFA/LASAAC, 2016) notes:

Regulation 6(1)(a) of the Accounts and Audit Regulations 2015, and the equivalent regulations issued for Northern Ireland, Scotland, and Wales, require an authority to conduct a review at least once in a year of the effectiveness of its system of internal control.

The way in which the review is reported in conjunction with the accounts is defined in specific regulations for each part of the UK. In England, Scotland and Northern Ireland, the statement is defined as an annual governance statement.

The Code of Practice goes on to say:

The preparation and publication of an Annual Governance Statement in accordance with Delivering Good Governance in Local Government: Framework (2016) would fulfil the statutory requirement in England, Scotland, Northern Ireland and Wales for a local authority to conduct a review at least once in each financial year of the effectiveness of its system of internal control and to include a statement reporting on the review with its Statement of Accounts. In England, the Accounts and Audit Regulations 2015 stipulate that the Annual Governance Statement must be “prepared in accordance with proper practices in relation to accounts”. Therefore local authorities in England shall provide this statement in accordance with Delivering Good Governance in Local Government: Framework (2016) and this section of the Code.

The Framework applies to annual governance statements prepared for the financial year 2016/17 onwards.

APPLICATION OF THE FRAMEWORK WITHIN THE POLICE SECTOR

- 11** The organisational framework within the police sector is unique in local government, and the governance arrangements must take this into account. The key features of the police arrangement which differentiate it from other sectors are as follows:
- The police and crime commissioner (PCC) is elected and held to account by the community on the basis of a mandate for action.
 - The PCC’s role includes delivering specified community safety services in addition to responsibilities in connection with the force.
 - Both the PCC and the chief constable have been established in statute as corporations sole.
 - The chief constable’s powers to act independently on contracts and holding property are subject to the consent of the PCC.
 - Section 151 powers are vested separately in the roles of the PCC’s chief financial officer (CFO), often referred to as the treasurer, and the chief constable’s CFO.
 - The PCC is empowered to act independently without reference to committee or cabinet arrangements.
 - The police and crime panel (PCP) has been established to review or scrutinise decisions made and actions taken by the PCC. The panel can review and has the power to veto the level of the PCC’s proposed precept and the appointment of the chief constable.
 - The chief constable is appointed by the PCC, but holds office under the Crown and exercises operational independence in the service of the public. The post is accountable to the law for the exercise of police powers, and to the commissioner for the delivery of efficient and effective policing, and management of the resources of the force.

- 12 The PCC and the chief constable are both responsible for governance within their organisations. The Framework and these Guidance Notes apply equally to both individuals. Local governance arrangements must be established to give clarity to the way that the two corporations sole will govern both jointly and separately.
- 13 The principal statutory framework within which the corporations sole operate includes the following:
- **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).

PURPOSE OF THE GUIDANCE NOTES

- 14 These Guidance Notes are intended to be used in conjunction with the Framework to assist PCCs and chief constables in reviewing and testing their governance arrangements against the principles for good governance. They help interpret the principles and terminology contained in the Framework in a way that is appropriate for the constitutional and statutory arrangements established within the police service.
- 15 The Guidance Notes are not prescriptive. The Framework sets out high level principles, and every individual organisation should consider how best to apply the principles in a way that reflects local structures, functions and relationships. This includes:
- undertaking reviews of governance arrangements
 - developing governance arrangements for new styles of delivery including partnerships, shared services and alternative delivery models
 - developing and updating the local codes of corporate governance
 - demonstrating compliance with the principles of good governance.
- 16 Appendix A of these Guidance Notes outlines the schedules demonstrating the application of the seven principles of good governance in policing, including required behaviours and examples of evidence to demonstrate recognition of the principles. Appendix B provides a comparison between the principles in the 2007 Framework and the 2016 Framework. Appendix C outlines the application of the principles of good governance in partnerships and other joint arrangements, and Appendix D summarises the key reports that have influenced the development of good governance in local government.
- 17 These Guidance Notes have been drawn up in conjunction with the professional officer organisations in policing. Members of the Association of Policing and Crime Chief Executives (APACE), the Police and Crime Commissioners Treasurers' Society (PACCTS), and the National Police Chiefs' Council (NPCC) are responsible for managing the service on a day-to-day basis. They live with and manage the practical side of governance, and are in many ways in the best position to balance the need for a formal framework with the realities of designing arrangements which are in tune with what their commissioners and forces are aiming for, and the local implications of how they are going about it.