



Home Office

**HOME OFFICE ACCOUNTING OFFICER  
ACCOUNTABILITY SYSTEM  
STATEMENT FOR POLICING AND  
CRIME REDUCTION**

March 2015

# Contents

Contents.....	2
Introduction .....	3
Scope of my Accounting Officer System Statement for policing and crime reduction .....	4
How the accountability system for policing and crime reduction works .....	6
The allocation and distribution of resources to Local Policing Bodies .....	6
Displaying regularity and propriety:.....	8
Achieving value for money: .....	9
At a local level .....	9
Through commissioning .....	9
With the College of Policing.....	9
How am I assured the System is working? .....	11
Local Scrutiny .....	11
Transparency .....	12
Whistle Blowing .....	14
Her Majesty’s Inspectorate of Constabulary .....	15
How the System responds to failure .....	16
Conclusion .....	17
Annex A: Diagram showing the key components of the Accountability System for Policing and Crime Reduction .....	18
Annex B: Legal and formal controls .....	19

# Introduction

1. Accounting Officers are accountable to Parliament for the proper stewardship of the resources allocated to their department. This statement sets out the accountability system for policing and crime reduction.
2. In September 2011, Sir Bob Kerslake, the Permanent Secretary of the Department for Communities and Local Government, published his report *Accountability: Adapting to decentralisation*, proposing that departmental accounting officers should publish accountability system statements explaining how they achieve accountability for the funds they distribute to local bodies. The aim was to allow accounting officers to demonstrate that appropriate accountability mechanisms had been put in place in response to the decentralisation of power to local communities.
3. The statement sets out the legislation and guidance which underpins the system. It describes how local policing bodies display accountability and the published sources of information as well as by independent sources, which allow judgements to be made about the efficiency and effectiveness of policing and crime reduction.
4. A diagram showing how these components of the system interact is available in Annex A . The key components of the system are:
  - directly elected **Police and Crime Commissioners** (PCCs,)<sup>1</sup> who are accountable to their electorate for ensuring the policing needs of local communities are met effectively. This is further reinforced by personal fiduciary duties placed on key members of the PCC's staff;
  - **Police and Crime Panels** which provide a statutory oversight and scrutiny function in respect of PCCs, and which are modelled upon scrutiny committees in local authorities;
  - **Chief Constables** who are responsible for the operational delivery of the local police force and who direct and control officers and staff in the force;
  - independent **regulatory and inspection bodies** such as Her Majesty's Inspectorate of Constabulary, the National Audit Office and external auditors;
  - **the public** who, through robust transparency arrangements, can assess the performance of their local force and hold their PCC to account; and finally
  - this is underpinned by back stop powers for the **Secretary of State**.
5. This statement has been updated from April 2014 to reflect key changes that have taken place over the last year:
  - a revised format which gives a clearer purpose to the document, making it more accessible to the general public;
  - updated funding figures to reflect the 2015/16 Police Settlement, and 2014/15 police precept component of Council Tax;
  - updated section on whistleblowing to take into account the Cabinet Office guidance on severance pay;
  - updated section on the College of Policing to reflect the new powers the College has been given from the Anti-social Behaviour, Crime and Policing Act 2014 and to update the 'Communities of Practice' to their new name 'Professional Communities';
  - provide an update on the role of the HMIC PEEL Programme; and
  - highlight that the Strategic Policing Requirement has been updated to include Child Sexual Abuse.

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<sup>1</sup>The two London police force areas do not have PCCs. Instead the Mayor's Office for Policing and Crime (MOPAC) and the Common Council of the City of London (as the local policing body for the City of London Police) fulfil the duties of a PCC for the Metropolitan Police and City of London Police respectively.

# Scope of my Accounting Officer System Statement for policing and crime reduction

7. As Accounting Officer for the Home Office, I am accountable to Parliament for the proper stewardship of the resources allocated to my Department. The key requirements, as set out in the HM Treasury Guidance [Managing Public Money](#), are to ensure regularity, propriety and value for money. This statement explains how I meet my responsibilities in relation to policing and crime reduction.
8. I am accountable for the system which allocates funding for police purposes to Local Policing Bodies in England and Wales. The majority of this funding is distributed directly to Local Policing Bodies as defined in the Police Reform and Social Responsibility Act 2011 (PRSR Act). The term 'Local Policing Bodies' gives a collective title to the 41 Police and Crime Commissioners (PCCs), the Mayor's Office for Policing and Crime (MOPAC) and the Common Council of the City of London (as the local policing body for the City of London Police). I am also accountable for the allocation of Home Office 'specific' grants to the police (including Counter-Terrorism Policing Grant and for the Police Innovation Fund), the funding for which is also provided by Parliament and is within the ambit of funds voted to my Department. The Home Office Departmental Expenditure Limit amounts to £10.3 billion in 2015-16, of which £8.4 billion is paid to Local Policing Bodies. This includes specific ring-fenced grants. This also includes grant funding totalling £3.3bn, which, in previous years, had been paid to Local Policing Bodies by the Secretary of State for Communities and Local Government<sup>2</sup>.
9. As Accounting Officer, I ensure a framework is in place to provide assurance to Parliament that the grants that are made by the Home Office are properly accounted for by Local Policing Bodies. The framework ensures that Local Policing Bodies are clear about how they fulfil their statutory responsibilities to secure an efficient and effective police force whilst acting with regularity, propriety and securing value for money.
10. This system must also encompass any other expenditure made to Local Policing Bodies, including that funded by grants from Other Government Departments (OGDs) as well as taxation raised locally (the police precept component of council tax) and any other sources of income.
11. This is my statement of how this system operates. It covers:
  - the scope of my accountability in relation to policing and crime reduction;
  - how the accountability system for policing and crime reduction works;
  - how accountability and value for money are displayed; and
  - how the system responds to failure.
12. As major precepting bodies, Local Policing Bodies are treated as local authorities in some respects<sup>3</sup> and therefore there is a relationship between this statement and the Department for Communities and Local Government (DCLG) Statement on Local Government. While most central police funding is provided by the Home Office, a small amount of funding in

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<sup>2</sup>From 2013/14 formula grant funding that was previously paid by DCLG was transferred to the Home Office for the Secretary of State for the Home Department to pay out to Local Policing Bodies. In 2015/16, this amounts to £2.9bn. In addition, £0.5bn Legacy Council Tax Grants (encompassing Council Tax Freeze Grant relating to the 2011/12 and 2013/14 schemes and Local Council Tax Support Grant) that was previously paid by DCLG has been paid by the Secretary of State for the Home Department since 2014/15. The basis for allocating these funds is the same as in previous years and is available on the DCLG website.

<sup>3</sup> Section 23 of the Local Government Act 2003 (as amended) defines local authorities so as to include PCCs within that definition, however some legislation/guidance defines local authorities differently so that PCCs are not included within the definition of local authorities.

England is provided by DCLG. This includes the indicative 2015-16 Council Tax Freeze Grant for PCCs. The DCLG Statement sets out how the accountability system works in relation to this funding. In addition Local Policing Bodies raise taxation locally (the police precept component of council tax) and the Ministry of Justice is responsible for victims funding for restorative justice, which is devolved to PCCs. The police in Wales receive some additional funding from the Welsh Government, who are accountable for this funding.

13. I am directly accountable for ensuring that there is a robust system of checks and balances in place that assures regularity, propriety and value for money in the distribution of resources from these budgets to Local Policing Bodies. I am satisfied that Regulations and regulatory oversight give me adequate assurance for each of those dimensions of my accountability. Other Departmental Accounting Officers are accountable for the allocation and distribution of any other grants which they provide to the police, to support delivery in other policy areas. I am accountable for maintaining and reviewing the system and, should it fail to provide me with the necessary assurances, I will make the appropriate recommendations for change to Ministers. The system statement is a living document. It will be updated as appropriate as government policy changes.

# How the accountability system for policing and crime reduction works

14. Local Policing Bodies are established in statute, with their responsibilities set out largely through a framework of legal powers and duties. The PRSR Act requires each Local Policing Body to secure an efficient and effective police force. The legislation also sets out a range of checks and balances on their actions, including a statutory oversight and scrutiny committee – the Police and Crime Panel – made up of representatives of the local authorities in the police area (or, in the case of the MOPAC, the London Assembly) and independent members.
15. Statutory duties are also placed on key members of the staff of each Local Policing Body and police force. Schedules 1 to 4 to the PRSR Act require the Local Policing Body to appoint a head of its staff, known as the Chief Executive, and also require the Local Policing Body and the police force Chief Officer each to appoint a person to be responsible for the proper administration of their financial affairs, known as their Chief Finance Officer (CFO)<sup>4</sup>. These officers have specific reporting duties of their own, and their actions are also subject to public scrutiny via the Police and Crime Panel. The System is based largely on the application of the legal duties placed on these officials
16. The Financial Management Code of Practice for the Police Service of England and Wales<sup>5</sup> (FMCP) describes the financial governance arrangements within the police in England and Wales and reflects that Local Policing Bodies, Chief Constables and Chief Finance Officers have a key statutory duty to secure value for money. The Chartered Institute of Public Finance and Accountancy (CIPFA) has published an updated *Statement on the Role of the Chief Finance Officer of the Police and Crime Commissioner and the Chief Finance Officer of the Chief Constable*.<sup>6</sup> CIPFA's Statement makes clear that the PCC and force sharing a CFO could compromise the ability of the CFO to provide impartial professional advice. However, CIPFA's Statement explains that where such a joint arrangement exists the Annual Governance Statement should be used to explain how the joint CFO can deliver impartial advice to both parties. I'm confident that the right mechanisms are in place to ensure those forces apply CIPFA's Statement.
17. The Secretary of State has also retained two statutory powers to intervene if they are satisfied that a Local Policing Body or police force is failing, or will fail, to discharge its functions effectively<sup>7</sup>. As Accounting Officer, I have a personal responsibility to advise the Secretary of State on the use of these powers in order to secure the proper stewardship of the resources that have been voted to my Department. I remain confident that the system is robust.

## The allocation and distribution of resources to Local Policing Bodies

18. The funds which my Department pays to Local Policing Bodies via the Police Grant Report are allocated using the Police Allocation Formula (PAF), which distributes resources between police force areas by estimating relative police workloads. The police are consulted on this distribution before it is approved by Parliament each year. The Report

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<sup>4</sup> The Chief Finance Officer has a personal fiduciary duty by virtue of section 114 of the Local Government Finance Act 1988.

<sup>5</sup> [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/252720/fm\\_code\\_of\\_practice.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/252720/fm_code_of_practice.pdf)

<sup>6</sup> <http://www.cipfa.org/-/media/files/policy%20and%20guidance/panels/police/role%20of%20cfo%20march%202014.pdf>

<sup>7</sup> Sections 40 and 40A of the Police Act 1996

includes details of the formula and the data it uses and is also published on the Home Office website<sup>8</sup>.

19. Whilst funding is allocated to Local Policing Bodies there are, of course, national policing needs which must also be considered. The Secretary of State is under a statutory duty to issue a Strategic Policing Requirement (SPR) which sets out what, in their opinion, are the national threats and what the police need to be able to do to counter those threats.<sup>9</sup> Police and Crime Commissioners are under a statutory duty to have regard to the SPR when issuing or varying their police and crime plans and are required to hold Chief Constables to account for the delivery of the SPR. Chief Constables are under a statutory duty to have regard to both the police and crime plan<sup>10</sup> and the SPR<sup>11</sup> when exercising their functions. The SPR has been updated to include Child Sexual Abuse.
20. As I have set out above, Local Policing Bodies receive additional funding from the Home Office through the distribution of specific grants and from other Government Departments. The most significant of these additional funding streams is the police precept component of council tax which was in excess of £3.0bn in 2014/15<sup>12</sup>. The Police and Crime Panel have a specific power to scrutinise the proposed precept. Setting the precept is a matter for individual PCCs, taking into account the views of the local community and Police and Crime Panels. In England the Secretary of State for Communities and Local Government determines what constitutes an excessive increase in precept. Anything above this will trigger a local referendum. It is up to PCCs to explain to people locally why an increase above the referendum threshold would benefit policing locally. A referendum allows local people to approve or veto the decision before it could be implemented. Council tax in Wales remains a matter for the Welsh Government.
21. Regularity is secured through effective internal financial controls, exercised by Chief Finance Officers. Grant agreements include a requirement to report expenditure and impact to my Department in-year, and all such agreements include right of access, for audit purposes, for my Department's officials and the National Audit Office (NAO).

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<sup>8</sup> <https://www.gov.uk/government/publications/police-grant-report-2014-to-2015>

<sup>9</sup> In accordance with s37A (1) Police Act (1996) as amended by s77 Police Reform and Social Responsibility Act (2011). Section

<sup>10</sup> In accordance with s37A (1) Police Act (1996) as amended by s77 Police Reform and Social Responsibility Act (2011). Section

<sup>11</sup> In accordance with s37A (1) Police Act (1996) as amended by s77 Police Reform and Social Responsibility Act (2011).

Section

<sup>12</sup> Part 1 Local Government Finance Act 1992 and Part 3 Greater London Authority Act 1999

# Displaying regularity and propriety

22. Local Policing Bodies must answer to their electorates for the spending decisions that they make.
23. There is a comprehensive framework of financial governance within police forces, comparable to that of local authorities, which includes primary legislation, secondary legislation and guidance. The principal local checks on regularity and propriety include:
  - a set of financial duties and rules which require PCCs to act prudently in their spending (as set out in the FMCP);
  - internal checks that the rules are followed through the duties on the Chief Finance Officers of the PCC and the Chief Constable respectively; and external audit by an independent auditor (as summarised in the FMCP);
  - a requirement to publish an annual statement of accounts and an Annual Governance Statement, which sets out formal assurances about the governance process, and is reviewed by the independent auditor;
  - transparency through publication of specified information including spending over £500 and annual reports, and
  - a requirement to publish information requested by the Police and Crime Panel.
24. There are legal and formal controls in place to ensure that it is clear who is accountable for money at the local level. The main duties set out in legislation are summarised in Annex B.

# Achieving value for money

## At a local level

25. Value for money is assured through a combination of local accountabilities, public scrutiny underpinned by comparative data, and external scrutiny by external auditors (to consider whether proper arrangements have been made to secure economy, efficiency and effectiveness), namely the NAO and Her Majesty's Inspectorate of Constabulary (HMIC). Local Policing Bodies produce public accounts, and are required to consult the public; like other public bodies, they are subject to the Freedom of Information Act 2000.
26. Local Policing Bodies are accountable for setting local priorities. There are a range of checks and systems in place to provide assurance that they achieve value for money including:
- the democratic mandate ensures they are well placed to judge where resources need to be allocated to match what communities need;
  - a legal duty to ensure the police force is effective and efficient and to hold the Chief Constable to account for the extent to which he has complied with his value for money duty;
  - the legal duty to carry out a number of functions;
  - scrutiny by the public and the Police and Crime Panel outside of elections, and also by an independent auditor to satisfy themselves that proper arrangements have been made for securing economy, efficiency and effectiveness;
  - availability of data on performance and on spending, including a legal duty to publish specific data, and
  - simple and accessible value for money studies by HMIC and the NAO.
27. Ultimately democratic accountability creates a strong incentive for the PCC to set, explain and deliver on their priorities. The PCC will need to communicate to the electorate how they have achieved the priorities that they have set out.

## Through commissioning

28. Local Policing Bodies may choose to secure public service outcomes through partnership with other public sector bodies, awarding grants to voluntary bodies or procuring services from the private sector. In such cases, it is the duty of PCCs, MOPAC and the Common Council of the City of London and their Chief Finance Officers to make arrangements that provide adequate assurance of regularity, propriety and value for money. In the case of partnership with other public bodies, that assurance is secured by arrangements put in place by Accounting Officers of the lead departments concerned. Local arrangements fall within the scope of external audit and transparency reporting.

## With the College of Policing

29. Another means of improving value for money at the local level is through the College of Policing. Central to the work of the College is identifying and sharing good practice and setting national standards where needed. The College continues to develop a range of activities from working more closely with universities and academics to build the evidence base for effective practice to looking at how technology can support frontline police officers and staff and the benefits of partnership working. The College is enabling officers and staff across policing to build the evidence base. The standards and the good practice that has been fully evaluated by the College will form the template against which HMIC will inspect.

30. The Anti-Social Behaviour, Crime and Policing Act 2014 provides the College with a strong mandate to set standards. The provisions in the Act give the College the option of preparing police regulations or issuing codes of practice to help set those standards. These are essential tools to ensure that the police are in the best position to reform themselves, with the support and leadership of their professional body. The 'What Works' centre within the College works with a consortium of academic institutions to review research, assess interventions (why they work and where they work) and provide knowledge tools and guidance to the police and PCC's. The College are also establishing Professional Communities. These will comprise networks of practitioners from across and beyond policing including the academic, public, private and third sectors to support them in their work to develop national standards and improve professional practice.

# How am I assured the System is working?

31. As Accounting Officer, I need to know that the system I have set out is working and whether changes are needed. I have a range of sources of information available to me which enable me to have an overview of the system, which include:
- *Regular contact between the Department and individual PCCs, Chief Constables and Chief Executives;* to identify issues and provide support, where required;
  - *Data on a wide range of activity, for which the Home Office sets transparency requirements;*
  - *Links to national organisations;* the Department is well connected to national organisations and structures such as; the Association of Police and Crime Commissioners; Local Government Association; Association of Policing and Crime Chief Executives; National Police Chiefs' Council; Police Superintendents Association and the Police Federation
  - *Regulators;* including HMIC and the NAO. HMIC's chief statutory function is to assess and report to Parliament on the efficiency and effectiveness of police forces, including value for money, in England and Wales. The NAO will carry out around five thematic value for money studies across the local government sector each year, which will periodically include policing, the NAO have a right of access to the Home Office and to PCCs. Whilst this right does not extend to forces the NAO can consider how these bodies interact, as they did during their recent *Police Accountability: Landscape Review*.
  - *External audit reports;*<sup>13</sup> the NAO, Financial Reporting Council, and professional bodies will oversee the new external audit framework, following the abolition of the Audit Commission, which mirrors the regulatory roles within the companies audit sector.

## Local Scrutiny

32. PCCs are accountable to the local electorate, for the discharge of their functions. This is complemented by robust transparency arrangements, which provide an incentive on the PCC to ensure propriety, value for money and resilience. This approach provides adequate safeguards for the efficient and effective use of public funds in all but extraordinary circumstances.
33. A number of Local Government regulations have been applied to the PCPs to ensure that they operate on much the same way as existing local authority committees. This includes meetings taking place in public (some exceptions exist) and the publication of minutes and agendas.
34. PCPs perform a statutory oversight and scrutiny function in respect of PCCs, ensuring that information is available for the public to support the democratic process. PCPs have an important role to play in the appointment of Chief Constables and the setting of the policing precept, both of which the Panel can veto with a two-thirds majority. Panels also hold confirmation hearings for important staff – Chief Executives and Chief Finance Officer and for any Deputy PCC.

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<sup>13</sup> The Audit Commission will publish an *Auditing the Accounts* report at the end of 2014, summarising the results of the 2013/14 external audits. DCLG are considering how arrangements to transfer the responsibility for publishing a similar report that summarises the results of the 2014-15 audits will be taken forward following the closure of the Commission.

35. The PCP must publish all reports and recommendations that it makes to the PCC. The PCC is required to publish their responses to these. The PCP must hold a public meeting to discuss the annual report and to question the PCC about any concerns they may have.
36. The PCP has other specific powers including:
- Asking HMIC for a professional view if the PCC plans to dismiss the Chief Constable. In cases of dismissal (forced resignation or retirement) the panel must hold a scrutiny hearing and make a recommendation to the PCC;
  - Appointing an acting PCC if the elected PCC cannot carry out their role for health reasons, resigns or is disqualified;
  - Holding confirmation hearings for the Chief Executive and Chief Finance Officer and for any deputy. The panel have no power to refuse appointments but could make a recommendation to the PCC;
  - Monitoring complaints against the PCC or MOPAC and dealing with non-criminal complaints, and
  - Asking to see any papers the PCC/MOPAC has, requiring the PCC/MOPAC (and their staff) to attend a PCP meeting to answer questions; asking the Chief Officer of Police to attend any meeting which the PCC/MOPAC is required to attend.
37. The powers held by Panels allow them to scrutinise the decisions made by PCCs and provide an important check on the power of PCCs. The Home Office produced a guide setting out all of the secondary legislation that applies to PCPs and has issued guidance to sit alongside that legislation.<sup>14</sup> The Local Government Association, in Association with the Centre for Public Scrutiny, have also produced guidance on the role and composition of PCPs.<sup>15</sup> The Home Office will continue to work with the Local Government Association to ensure PCPs have the guidance and support required.

## Transparency

### Specified Information:

38. Section 11(1) and (2) of the PRSR Act requires an elected Local Policing Body to publish any information specified by the Secretary of State by Order. The Secretary of State may also specify by Order the time and manner of publication. The details of the information required to be published under the Elected Local Policing Bodies (Specified Information) Order (Amended) 2012 includes<sup>16</sup>:
- the total budget of the elected Local Policing Body;
  - information as to each item of expenditure by the Local Policing Body exceeding £500 (other than a crime and disorder reduction grant), including the recipient of the funds, the purpose of the expenditure and the reasons why the body or the chief officer (as the case may be) considered that value for money would be obtained;
  - information as to each anticipated source of revenue of the Local Policing Body other than, in the case of a PCC, the precept);
  - information as to each crime and disorder reduction grant made by the Local Policing Body;
  - the salary of each senior employee, and
  - a copy of each contract with a value exceeding £10,000 to which the Local Policing Body or the chief officer is or is to be a party.

<sup>14</sup> [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/117478/pcp-secondary-legislation.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/117478/pcp-secondary-legislation.pdf)

<sup>15</sup> [http://www.local.gov.uk/c/document\\_library/get\\_file?uuid=8f16dd65-7fde-4792-8578-fa955263931e&groupId=10180](http://www.local.gov.uk/c/document_library/get_file?uuid=8f16dd65-7fde-4792-8578-fa955263931e&groupId=10180)

<sup>16</sup> <http://www.legislation.gov.uk/uksi/2011/3050/contents/made>

39. The Order ensures that the relevant information on expenditure is available to the public, who can then make an informed decision on whether the PCC has made best use of public money, and hold them to account at the ballot box. It is the responsibility of the Chief Executive from each PCC's office, in their capacity as "monitoring officer" to ensure the Office of the PCC (OPCC) meets legal requirements, including ensuring compliance with the Order. The Home Office will continue to work with the Association of Police and Crime Chief Executives (APACE) to assist them in meeting their statutory requirements under the Order.

### Severance Payments:

40. Under the Accounts and Audit Regulations (2011) England, PCCs are required to publish details of individual severance payments in relation to Chief Constables and other senior police officers earning over £150,000 (and to name those officers). The situation is mirrored in Wales in separate regulations.

41. The Cabinet Office has published its [guidance](#) to central government explaining the principles and process to be followed when considering the use of settlement agreements when terminating employment. As major precepting bodies PCCs are defined by the Local Government Act 2003 (as amended) as local authorities (for the purposes of Part 1 of that Act). As such this guidance will not be binding for Commissioners (or other local authorities). Separately, HMT have also revised the reporting requirements in the Financial Reporting Manual for government departments (FReM) to ensure the mandatory and consistent disclosure of special severance payments in public sector annual accounts. CIPFA are now considering the need to update their Code of Practice on Local Authority Accounting to reflect these changes. The Home Office will work with DCLG, CIPFA and other key police finance stakeholders to consider how the new Cabinet Office guidance could be applicable to PCCs and also to forces. Until then PCCs should take note of the principles of the guidance when making any settlement agreement decisions.

### Force Data:

42. The Annual Data Requirement (ADR)<sup>17</sup> sets out all routine requests for data made to all police forces in England and Wales under the Secretary of State's statutory powers. Some of the data collected through the ADR form [National Statistics](#) that are subject to stringent reporting and validation standards. The ADR requires police forces to submit the financial data used by HMIC in the preparation of its annual VFM profiles of police forces.

43. Comparative crime and cost reports, and reports on specific operational performance themes, are published by HMIC (sometimes in partnership with Her Majesty's Inspectorate of Prisons, and other public regulators). Importantly, the crime and policing comparator<sup>18</sup> provides the public with a range of information including crime, finance, workforce and victim satisfaction data in a user-friendly format, facilitating comparison of forces. HMIC validates and publishes this data, which is submitted by police forces. In addition, HMIC publish force-level VFM profiles, which provide more granular data, and are used by forces in developing their own efficiency planning. HMIC also makes an annual statutory report to Parliament on the efficiency and effectiveness of the police, undertakes thematic studies that address issues across the policing landscape<sup>19</sup> and from 2014-15 will deliver annual assessments of performance in every force. These will be provided in a way that gives the public a clear, independent view of the quality of policing in their local area.

44. Counter-terrorism policing is nationally coordinated through agreements entered into by all Chief Constables. The Senior National Co-ordinator for CT Policing (currently a Deputy Assistant Commissioner in the MPS) has operational oversight, and is responsible for co-

<sup>17</sup> <https://www.gov.uk/government/publications/annual-data-requirement-from-police-forces-in-england-and-wales>

<sup>18</sup> <http://www.hmic.gov.uk/crime-and-policing-comparator/>

<sup>19</sup> <http://www.hmic.gov.uk/publication/increasing-efficiency-in-the-police-service/>

ordinating delivery of counter-terrorism activities across a national network of nine regional units. The National Counter Terrorism Policing Headquarters oversees the collection of performance and financial data relating to the national network, which is used to assess the performance and resourcing of the network, with regular reporting to, and scrutiny by, my Department. Financial control is subject to audit in the usual way, and operational performance is assessed by HMIC. To help safeguard national security, data and inspection reports are not usually made public but fall within existing arrangements for Parliamentary oversight.

45. My department works with the police to identify savings and efficiencies within the counter-terrorism policing spend, and through increased collaboration between counter-terrorism policing, organised crime policing and the National Crime Agency.
46. My department also supports PCCs and the police to transform their ways of working on policing and crime reduction in order to become more efficient, to live within their current funding settlements and prepare for future spending cuts. This is achieved through:
- Driving increased collaborative procurement and supporting improved procurement practices;
  - Supporting increased collaborative working with other police forces, public sector and private sector partners;
  - Establishing and reducing demands on police time to improve police efficiency to free up officer time to focus on core role of fighting/preventing crime and protecting the public; and
  - Identifying new and radical options to improve police efficiency through innovative solutions.

### **Public accessibility:**

47. The Home Office run website, [Police.uk](https://www.police.uk), provides the public with easy access to information about crime, anti-social behaviour and justice outcomes in their local area . The public can also see how crime rates and policing costs in their area compare with those in other similar areas. Users can also find information about their Police and Crime Commissioner.

### **Whistle Blowing**

48. The staff of the Local Policing Body or Chief Officer of Police have an important role in flagging any wrong-doing. A member of staff can contact the auditor, who could investigate any value for money or fraud concerns. They can also contact the force Professional Standards Department or the IPCC about conduct of police officers and staff, the PCC about conduct of the Chief Constable and the Police and Crime Panel or the IPCC about conduct of the PCC. Employees who become “whistleblowers”, as in other businesses or agencies, are protected from dismissal or adverse treatment by the Public Interest Disclosure Act 1998. For a disclosure to an external body to be protected, it must usually be made to the appropriate regulatory body, as set out above. DCLG have ensured arrangements are maintained following the disbanding of the Audit Commission.
49. The challenging and reporting of improper conduct is one of the ten standards of professional behaviour for police officers, as provided by Schedule 2 of the Police (Conduct) Regulations 2012, which require that police officers report, challenge or take action against the conduct of colleagues which has fallen below the standards of professional behaviour. Breach of these standards can lead to disciplinary action. Further, police officers and staff are protected by the Employment Rights Act 1996 in relation to “protected disclosures” (whistle blowing).

50. The Cabinet Office [guidance](#) on settlement agreements indicates that standard wording should be adopted to make clear that any confidentiality clause does not prevent the individual from whistleblowing. The Home Office will then consider how the guidance could be applicable to PCCs and also to forces. Until then PCCs should take note of the principles of the guidance when making any settlement agreement decisions.

## Her Majesty's Inspectorate of Constabulary

51. Amendments by the Police Reform and Social Responsibility Act 2011 to the Police Act 1996 made Her Majesty's Inspectorate of Constabulary (HMIC) more robustly independent, ensuring that the public are provided with objective information on the efficiency and effectiveness of police forces. The role of the Inspectorate is to identify and inspect on issues of national and strategic importance to ensure that the public has – and, crucially, can access and easily understand – the information they need to hold their force and police and crime commissioner (or equivalent) to account.
52. In 2014/15, the Home Office increased HMIC's allocated budget to fund the development and introduction of a new programme of annual, all-force inspections, focused on police effectiveness, efficiency and legitimacy. In November 2014, HMIC published its first assessment of findings from this PEEL programme, and provided force-by-force, graded judgments on some aspects of performance (more areas will be graded in 2015/16). This information is accessible online<sup>20</sup>, with the format, design and language used all informed by public consultation work. By providing clear annual performance assessments of each force, which the public can easily interpret and understand, HMIC is taking important steps to improve transparency in policing and to encourage citizens to hold forces to account.
53. HMIC's role does not extend to the Office of the PCC. PCCs are democratically accountable to their electorates

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<sup>20</sup> <http://www.justiceinspectors.gov.uk/hmic/find-your-force/>

# How the System responds to failure

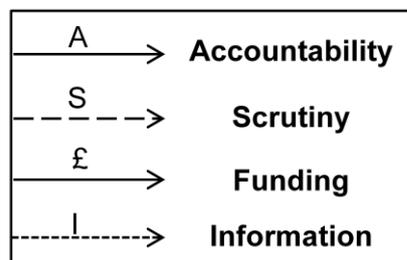
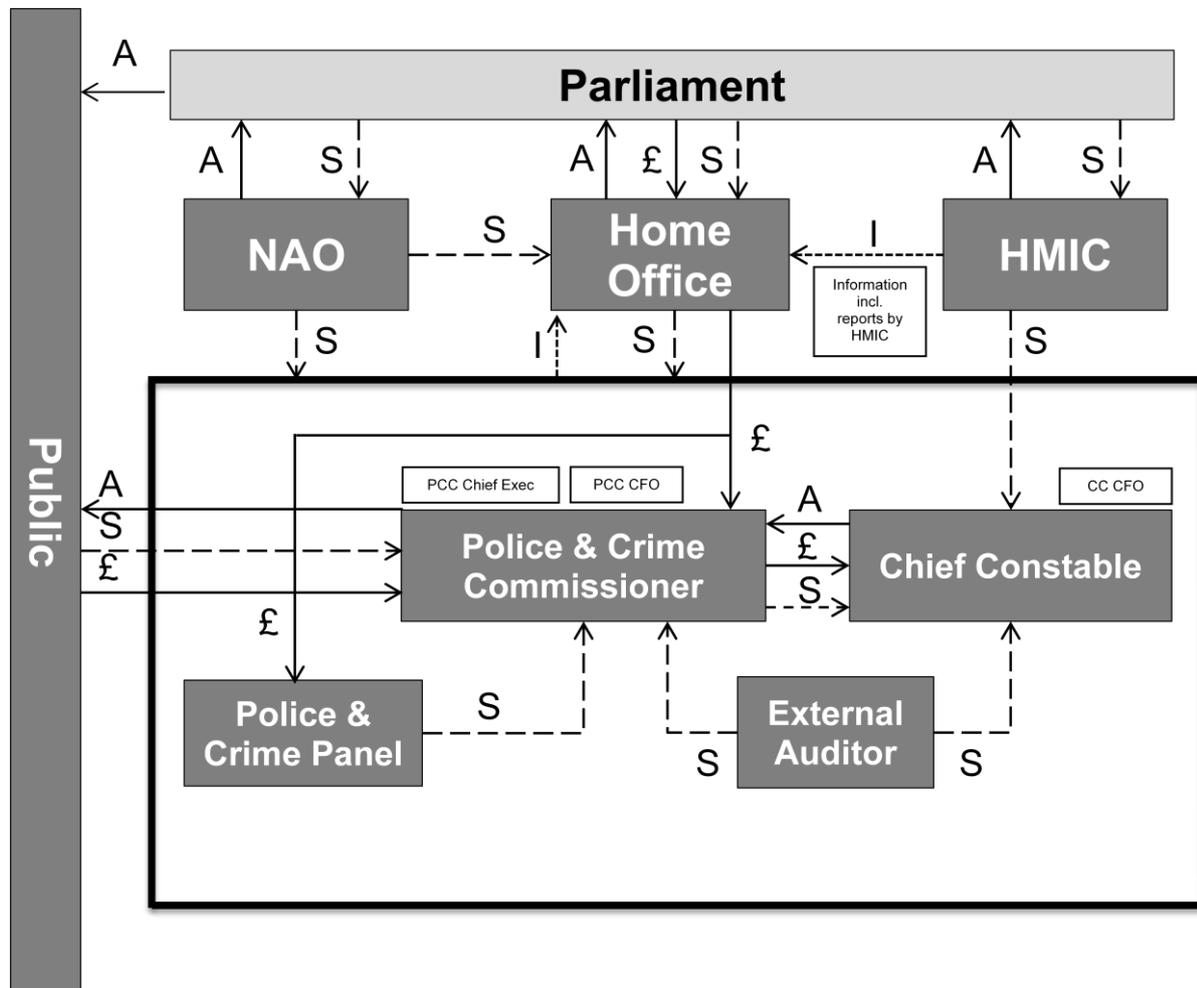
54. Clarity on the roles and responsibilities achieved by the PRSR Act as well as the supporting legislative documents such as the policing protocol and the FMCP mean that robust incentives, as well as the necessary checks and balances are now available locally to identify and air local failures at an early point.
55. The Secretary of State possesses backstop powers by virtue of sections 40 and 40A of the Police Act 1996. These allow her to direct Local Policing Bodies to take action in cases of systemic failure on the part of the police force or the body itself. Ultimately, drawing on advice from HMIC, external audit reports, and other sources, I may advise the Secretary of State to make use of these backstop powers.
56. Further to the above general powers, the Secretary of State may if she sees fit use additional powers by virtue of the Police Act 1996 and the Police Reform and Social Responsibility Act 2011 to:
- direct HMIC to look into and report on any issue;
  - give a direction to a Local Policing Body in cases of systematic failure / danger of effective and efficient policing not being delivered;
  - intervene where force budgets are set too low and threaten the capability of the Chief Officer to provide basic policing;
  - require any Local Policing Body to enter into agreements over national and international policing responsibilities;
  - specify some functions that all forces must perform in collaboration/co-operation with other forces or other bodies;
  - mandate or terminate collaborations between forces and/or between Local Policing Bodies;
  - mandate mutual aid agreements to meet special demand on resources (e.g. Olympics), and
  - prescribe that certain services and equipment are procured under specific arrangements (e.g. nationally).

# Conclusion

57. There is a robust framework in place on which I rely to provide assurance that spending on policing and crime reduction is spent with regularity, propriety and VfM. The key elements are legal controls and directly elected PCCs having direct accountability to the public they serve. This is reinforced by transparency arrangements to enable the public to make informed decisions about the performance of the PCC. That is further reinforced by a system of personal fiduciary duties, audit and inspection arrangements. Finally, this is underpinned by back stop powers for the Secretary of State. As her principal adviser, I will advise her how and when to use these.
58. I have committed to reviewing this statement on a regular basis, and have provided this update to take account of the funding arrangements for the 2015/16 financial year, and the recommendations made by the NAO in their *Police Accountability: Landscape Review*, and the HASC report *Police and Crime Commissioners: Progress To Date*. I continue to be assured that the measures in place, together with new sources of information, such as the HMIC force PEEL inspections that commenced this year, have provided me with the assurances I require as Accounting Officer. I am also confident that the roles and remits of each body involved in the system are well defined, but the Home Office will continue to keep all relevant guidance under review and will work with the LGA where responsibility for guidance falls to them. As I have set out, transparency arrangements are vital to the proper functioning of the system, and I welcome the focus the NAO and HASC have brought to this area. The Home Office will continue to work with PCCs, PCPs and with HMIC to ensure that all appropriate data is available and accessible.
59. The system described above provides an appropriate control framework, I will keep the system under constant review and will adjust this Statement as necessary.

**Mark Sedwill**  
**Accounting Officer for the Home Office**  
**March 2015**

# Annex A: Diagram showing the key components of the Accountability System for Policing and Crime Reduction



### Footnotes

1. For Wales, the Wales Audit Office replaces NAO. WAO is also the external auditor to the PCC and Chief Constable.
2. HMIC and external audit scrutiny of the Chief Constable is scrutiny of the force not the office holder.
3. The diagram reflects the arrangements for the police grant allocated via the Police Allocation Formula . Specific grants are also made to Local Policing Bodies . These ring-fenced grants carry specific accountability lines back to the Department.

## Annex B: Legal and formal controls

1. There are legal and formal controls in place to ensure that it is clear who is accountable for money at the local level. The main duties set out in legislation are summarised below.
2. The Financial Management Code of Practice (FMCP) requires that financial dealings are conducted properly and meet best practice requirements, including safeguards. The Local Policing Body sets and is responsible for strategy and budgets. Responsibility for operational decisions lies with the Chief Officer of Police. The Local Policing Body possesses a direct mandate for the allocation of budgets. Police and Crime Panels scrutinise the priorities detailed in the Police and Crime Plan during the year (including spend against priorities) and subsequent performance against these priorities.
3. Whilst the Chief Officers of Police retain operational independence they require the consent of the Local Policing Body to enter into contracts and acquire and dispose of property, reflecting the Local Policing Body's responsibility for the force area Police and Crime Plan, and its underpinning budget.
4. To ensure transparency and accountability for the allocation of funds and contracts within a force area, the FMCP encourages Local Policing Bodies to publish formal schemes of governance in relation to contracts and property.
5. Police and Crime Panels scrutinise the priorities detailed in the Police and Crime Plan, the budget, the scheme(s) of governance and subsequent performance against these priorities. Police and Crime Panels continue to provide local, transparent, and direct challenge to PCC accountability throughout each financial year.
6. The Chief Finance Officer of both the Local Policing Body and the police force is an important mechanism for holding Local Policing Bodies to account, as they have duties and powers to alert their Local Policing Body, the relevant Police and Crime Panel and the auditor in the case of unlawful expenditure. The Chartered Institute of Public Finance and Accountancy (CIPFA) statement, *The Role of the Chief Financial Officer in Local Government*<sup>21</sup>, makes it clear that achieving best value is expected of Chief Finance Officers as part of their professional standards.
7. The FMCP also requires Local Policing Bodies and Chief Finance Officers to draw up standing orders and financial regulations covering matters such as approval procedures, management of assets, and agreement of contracts in compliance with relevant legislation.
8. Like local authorities, Local Policing Bodies are subject to Part 1 of the Local Government Act 2003 which requires them to restrict any borrowing to what is affordable. They must comply with a range of guidance including the CIPFA Treasury Management Code of Practice and the CIPFA Prudential Code for Capital Finance in Local Authorities.
9. The Secretary of State has retained a power<sup>22</sup> to require a Chief Officer of Police to provide her with information about the policing of their force area or the discharge of their national or international policing functions. This includes statistical data.
10. There are mechanisms in place for occasions when routine processes fail. The Local Government Finance Act 1988 requires the Chief Finance Officer to issue a report (a section 114 notice), in consultation with the Chief Executive, if there is or likely to be unlawful expenditure or an unbalanced budget.

<sup>21</sup> <http://www.cipfa.org/-/media/files/publications/reports/role%20of%20cfo%20police.pdf>

<sup>22</sup> Section 44 of the Police Act 1996 as amended by section 92 of the PRSR Act

11. Independent assurance of the accounts of local policing bodies and Chief Constables is provided by external financial auditors appointed under the Audit Commission Act 1998. In Wales, independent assurance is provided by the Auditor General for Wales.
12. The financial robustness of Local Policing Bodies is the subject of audit opinion in Annual Accounts and Annual Accounting Statements, following an annual audit<sup>23</sup>. The auditor is required to give an opinion on the financial statements, and to satisfy themselves that proper arrangements are in place in the authority for securing effectiveness, efficiency and economy, and that all statutory provisions relating to the accounts have been complied with. Audited bodies are required to co-operate with their appointed auditor. Audited bodies in England and Wales are required to publish their accounts and the auditor's opinion. In previous years the Audit Commission have also provided the Department with the *Auditing the Accounts Report*. DCLG are considering how arrangements to transfer the responsibility for publishing a similar report that summarises the results of the 2014-15 audits will be taken forward following the closure of the Commission.<sup>24</sup>
13. When deemed necessary, an auditor may make a "report in the public interest"<sup>25</sup> that then requires formal local consideration. The auditor may provide copies of any such reports, and formal conclusions, to any person they see fit, this could include the independent audit committee, the Police and Crime Panel, the Chief Constable, the PCC and the Secretary of State.
14. This system provides a robust independent check on regularity and propriety and, through the checks on arrangements to secure efficiency, provides some assurance on VfM.
15. DCLG plan to introduce a new framework for local public audit in England from 1 April 2015. Local Policing Bodies will appoint their own independent auditors, based on advice from an independent audit committee. Following closure of the Audit Commission in March 2015, Public Sector Audit Appointments Ltd (PSAA) will manage the existing audit contracts until they expire.<sup>26</sup>

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<sup>23</sup> Section 2 of the Audit Commission Act 1998 (in Wales, section 13 of the Public Audit Wales Act 2004)

<sup>24</sup> <http://www.audit-commission.gov.uk/audit-regime/codes-of-audit-practice/auditing-the-accounts>

<sup>25</sup> Section 8 of the Audit Commission Act (in Wales, section 22 of the Public Audit Wales Act)

<sup>26</sup> The Local Audit and Accountability Act 2014 provides for the Audit Commission to be abolished. PSAA Ltd will manage existing audit contracts (expiring in March 2017) under provisions of the Audit Commission Act 1998