



## Decision Application

### APPOINTMENT OF CHIEF FINANCE OFFICER

<b>Application Date:</b>	24.06.2016	<b>Name of Applicant:</b>	Neil Hewison
<b>Application Decision Reference: WPC20001</b>			
<b>1. Summary of the application</b>			
Appointment of Chief Finance Officer.			
<b>2. Background information:</b>			
Following the temporary appointment of a Chief Finance Officer on 1 <sup>st</sup> August 2015 the PCC has now decided to appoint Elizabeth Hall permanently to the role as set out in the attached report to the Police and Crime Panel. This appointment was considered by the Panel at a confirmation hearing which took place on 24 <sup>th</sup> June 2016. The panel confirmed the appointment of Elizabeth Hall.			
<b>3. Whether additional information/report is attached to support this decision application</b>			
YES			
<b>List of additional information/report</b>			
a) Report to the Police and Crime Panel plus appendices (relating to the Job Description and interview questions). The personal CV of the candidate is not for publication and is exempt from disclosure under S.40 (2) (personal information) of the FOIA.			
<b>4. Expected benefits (non-financial)</b>			
The post holder will provide independent financial advice to the PCC (section 151 Officer). This is a statutory role and the statutory responsibilities are set out in the following legislation:-			
Paragraph 6 of Schedule 1 to the Police Reform and Social Responsibility Act 2011.			

Sections 112 and 114 of the Local Government Finance Act 1988.

**5. Impact of not approving the application**

Non-compliance with statutory requirements.

**6. Costs**

**Revenue:** Salary Alliance Grade N, Spinal Point 74 at 3 days per week, pro rata £51,822 per annum. The cost is covered equally by both Warwickshire and West Mercia OPCC's. The cost for Warwickshire is £25,911.

Expenses will be paid in line with terms and conditions and the cost split 50:50 between the two OPCC's.

**Capital:** Nil

**7. Savings:**

Nil

**8. Equality and Diversity Implications:**

Please refer to the section in the attached report entitled "review of appointment by the new PCC".

**9. Treasurer's comments**

The appointment of a Chief Finance Officer ensures the Police and Crime Commissioner is meeting his statutory obligations. The funding of this post is already included within the budget for the Office of the Police and Crime commissioner and therefore there is no additional cost in making this appointment.

**10. Legal/Monitoring Officer comments**

Please refer to the section in the attached report entitled "Review of Appointment by the new PCC".

**Decision of the Police and Crime Commissioner**

Approved.

**PCC Signature:**



**Date of Decision:**

24 June 2016



Police and Crime  
Commissioner  
Warwickshire

# APPOINTMENT: CHIEF FINANCE OFFICER

*CONFIRMATION HEARING - 24<sup>th</sup> June 2016*

## Executive Summary

The purpose of this report is to enable members of the Police and Crime Panel (PCP) to consider the Police and Crime Commissioner's (PCC) proposed permanent appointment of a Chief Finance Officer (CFO).

In doing so, the panel must satisfy itself that the preferred candidate selected by the PCC has the professional competence to undertake the role and has significant personal independence to be able to act operationally independent of the PCC.

The report provides an overview of the appointment process that was undertaken during July 2015 by the PCCs for Warwickshire and West Mercia to select the preferred candidate and appoint her temporarily to the role. This information is provided to brief new members of the PCP on the selection process that was followed at the time and to act as a reminder for other members of the PCP.

A review of this temporary appointment has been conducted by the two new PCCs for Warwickshire and West Mercia and following advice from their respective Chief Executives both PCCs wish to appoint Elizabeth Hall permanently to the role.

## Recommendation

It is recommended that the PCP considers the PCCs preferred candidate Miss Elizabeth Hall for the role of CFO to the PCC, at the confirmation hearing on 24<sup>th</sup> June 2016.

### 1. Introduction and Background

Following the previous Treasurer's retirement on Monday 27<sup>th</sup> July 2015 the PCCs for Warwickshire and West Mercia discussed the option of not replacing the CFO and moving to an arrangement whereby the two PCCs and the Warwickshire and West Mercia forces shared Treasury advice, to be provided by the Director of Finance for the Alliance.

The PCC for Warwickshire was firmly of the view that he required financial advice that was independent of the Police. Both the '**CIPFA statement on the role of the Chief Finance Officer of the PCC and the Chief Finance Officer of the Chief Constable**' and the '**Financial Management code of practice for Police Forces of England and Wales**' requires that both the PCC and the Chief Constable should have their own CFO. The Statement requires that both the PCC and Chief Constable should appoint separate CFOs and when a joint CFO is appointed the reasons should be explained publically in the PCC's Annual Governance Report, together with an explanation of how the arrangement will deliver the same impact.

The two PCCs agreed to appoint a CFO, and that this appointment would be reviewed in May 2016 following the next PCC elections.

The PCC must under the Police Reform and Social Responsibility Act 2011 (Act) notify the PCP of the preferred candidate for appointment as CFO. Schedule 8 of the Act states that the PCC must provide the following information:

- a) The name of the person whom the PCC is proposing to appoint;
- b) The criteria used to assess the suitability of the candidate and how the candidate satisfies these criteria; and
- c) The terms and conditions under which the candidate is to be appointed.

Also provided for the PCP's consideration are:

- i) The recruitment, application and interview process;
- ii) Role profile and person specification;

- iii) The criteria used for assessment;
- iv) CV of the preferred candidate.

## **2. Issues for Consideration**

### **2.1 Advertisement**

The Advertisement for the role of CFO was circulated by the Chartered Institute of Public Finance & Accountancy (CIPFA) – Recruitment services seeking applications. An advert was also placed on both the Warwickshire and West Mercia OPCC Websites. The closing date was Wednesday 1<sup>st</sup> July 2015.

Prospective applicants were asked to submit a CV in support of their application. A detailed job description and person specification was circulated with the advert, please see **Appendix A**.

### **2.2 Role Profile and Person Specification**

The role profile is a key document in the appointment process. It sets out clearly the expectations and requirements of the role. This was drafted for the process and approved by both PCCs.

### **2.3 Shortlisting**

Five applications were received and reviewed by Neil Hewison, Chief Executive of the Warwickshire OPCC, Andy Champness, Chief Executive of West Mercia OPCC, and the then CFO David Clarke. All five applicants were considered suitable for interview. The shortlisting panel drafted the interview questions.

### **2.4 Selection Process**

The selection process used was a competitive interview. The interviews took place at Hindlip Hall, Worcester, on Monday 6<sup>th</sup> July and Thursday 9<sup>th</sup> July 2015. Each interview lasted up to one hour.

The Interview panel consisted of:

- Ron Ball (PCC for Warwickshire)
- Bill Longmore (PCC for West Mercia)
- Bill Wilkinson (CIPFA Police Panel)
- John Vereker (Chair of Warwickshire and West Mercia Joint Audit Committee)

Andy Champness, Chief Executive, provided support to the panel.

### **2.5 Criteria used for selection:**

Each candidate was asked a set of agreed questions. The questions asked probed the candidates' technical capabilities in the following areas:

- An awareness of current and future funding issues (Question 1)
- Experience of Financial Planning (Question 2)
- Experience of Governance and financial control (Questions 3,6,7)
- Delivering value for money (Question 4)
- Experience of Audit (Question 5)

Attached (**Appendix B**) are the questions asked of the candidates.

Each question was scored and a total score for each candidate was reached. The preferred candidate achieved the highest score.

At the end of this process the preferred candidate for the temporary appointment was Elizabeth Hall. Please refer to **Appendix C** for her CV.

## **2.6 Review of appointment by the new PCC**

Elizabeth Hall's temporary contract is due to expire on 31<sup>st</sup> July 2016. Both Chief Executives are formally of the view that since her appointment Elizabeth Hall has delivered significant improvements in partnership with the Director of Finance to the Financial Management of the Alliance and Warwickshire Police in particular, in all aspects. She has forged a very effective working relationship with the Director of Finance and provided a much improved level of support and advice to the PCC. Her independent scrutiny and challenge has tightened up financial forecasting and provided real independent scrutiny of the force's financials and accounting.

In short, Elizabeth Hall is working very effectively in her independent Treasury role. It has been decided not to advertise the post for the following reasons:

- Elizabeth Hall was appointed on merit to her current temporary role following a competitive process.
- Since her appointment she has performed very well and made a significant difference as outlined.
- The cost of the previous recruitment process was significant, particularly in terms of advertising costs.

Under Section 7 of the Local Government and Housing Act 1989 the PCC is required to appoint all staff on merit. This has been done as outlined above.

It would not be in the public interest to go out to interview and spend a further substantial amount of public money on the process, when Elizabeth is not only performing well, but has also formed professional relationships with me, my office and key senior members of the force.

It is on this basis that following advice from my Chief Executive I wish to appoint Elizabeth Hall permanently to the post.

## **2.7 Preferred Candidate – Elizabeth Hall**

As is apparent from her CV, Elizabeth has extensive experience as a CFO / Section 151 Officer in local government. She has held a number of senior public finance roles with a number of local authorities since 1994. She is a qualified Accountant and member of CIPFA.

## **2.8 Terms and Conditions of appointment**

The permanent appointment will commence on 1<sup>st</sup> August 2016.

The Chief Finance Officer post is at Grade N (Alliance Police Staff Pay Grade). The preferred candidate will continue to work 3 days a week, as now. Pro rata this equates to £51,822 per annum. This cost is covered equally by both Warwickshire and West Mercia PCC's, so the salary cost to each office is £25,911.

The post holder will be eligible to enrol in the Local Government Pension Scheme. Expenses and business mileage costs incurred in connection with the role will be reimbursed.

The costs of expenses are to be split 50:50 between the two OPCC's.

### 3. Supplementary Information

Appendix A – Job description and Person specification

Appendix B – Interview Questions

Appendix C – Elizabeth Hall CV

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A handwritten signature in black ink, appearing to read "Philip Seccombe". The signature is written in a cursive style with a large initial 'P' and 'S'.

**Philip Seccombe TD**  
Police and Crime Commissioner







## JOB DESCRIPTION

- Post:** Chief Finance Officer (Treasurer)
- Hours and Salary:** 2 to 3 days per week, £TBC (pro rata)
- Reporting to:** Warwickshire and West Mercia Police and Crime Commissioners (PCCs)
- Responsible for:** Finance and Audit
- Locations:** Office of the West Mercia Police and Crime Commissioner,  
Hindlip Hall, Worcester
- Office of the Warwickshire Police and Crime Commissioner,  
Northgate Street, Warwick

## PURPOSE OF ROLE

- The post holder will be the principal advisor to both PCCs on the preparation of financial strategies to achieve the Commissioners' objectives.
- The Chief Finance Officer (CFO) will work with both Chief Constables and the Director of Finance to ensure that both PCC's strategies are resourced and implemented in a timely and cost-effective way.
- The CFO will ensure that high standards of financial governance and control are maintained for all aspects of the Commissioners' activities.
- The post holder will be a key member of both PCC's senior management teams.

This is a statutory role and the statutory responsibilities of the CFO are set out in the following legislation:

- Paragraph 6 of Schedule 1 to the Police Reform and Social Responsibility Act 2011
- Sections 112 and 114 of the Local Government Finance Act 1988.

This role is the Section 151 officer for both Police and Crime Commissioners.

## KEY STRATEGIC AND MANAGEMENT RESPONSIBILITIES

The CFO will provide professional advice on financial matters to both PCCs, and will:

- Be a key member of both PCCs Senior Management Teams, working flexibly as directed by both Chief Executives to implement strategy and to resource and deliver both PCC's strategic objectives sustainably and in the public interest;
- Lead on the development of the PCC's medium term financial plan;

- Be actively involved in, and able to influence, all strategic business decisions of the PCCs, ensuring that all the financial implications, opportunities and risks are fully considered and align with the PCC's financial strategy;
- Ensure sound financial governance in both OPCCs and forces through the development of sound financial reporting frameworks and the OPCC risk management strategy;
- Provide advice on the levels of reserves and balances that is in line with good practice guidance;
- Lead the promotion and delivery by both PCCs of good financial management so that public money is safeguarded and used appropriately, economically, efficiently, and effectively, and ensure that the finance function of both OPCCs is resourced and fit for purpose;
- Liaise with the force Director of Finance to advise the PCCs and Chief Constables on value for money in relation to all aspects of PCC and Chief Constable / Force expenditure;
- Ensure that effective monitoring arrangements are in place to retain a clear view on how force budgets are being spent and adhered to throughout the financial year;
- Ensure publication of the statement of accounts and other external reporting requirements of both PCCs;
- Lead on the development of the Treasury Management Strategy;
- Closely scrutinise force saving plans to ensure that they are delivered;
- Jointly, with the Director of Finance, manage the Internal Audit function and support the joint audit committee; and
- Any other responsibilities as required by the PCCs.

## **STATUTORY RESPONSIBILITIES**

The Chief Financial Officer of the PCCs is responsible for:

- Ensuring that the financial affairs of the PCCs are properly administered and all financial regulations are observed and kept up to date;
- Ensuring regularity, propriety, and value for money in the use of public funds;
- Ensuring that the funding required to finance agreed programmes is available from government funding, precept, other contributions and recharges;
- Reports to the PCCs, the Police and Crime Panels, and to the external auditors any unlawful, or potentially unlawful, expenditure by the PCCs or officers of the PCCs;
- Reporting to the PCCs, the Police and Crime Panels, and to the external auditor when it appears that expenditure is likely to exceed the resources available to meet that expenditure;
- Advising the PCCs on the robustness of the budget and adequacy of financial reserves;
- Ensuring production of the statements of accounts of both PCCs;
- Ensuring receipt and scrutiny of the statements of accounts of the Chief Constables and ensuring production of the group accounts;
- Liaising with the external auditor;

- Advising the PCCs on the application of value for money principles by the police force to support the PCCs in holding the Chief Constables to account for efficient and effective financial management; and
- Advising, in consultation with the Chief Executives, on the safeguarding of assets, including risk management and insurance.

**N.B.** The CFO of the PCCs has certain statutory duties which cannot be delegated, namely: reporting any potentially unlawful decisions by the PCC on expenditure, and preparing each year, in accordance with proper practices in relation to accounts, a statement of the PCCs' accounts, including group accounts. The Chief Financial Officer of a PCC is the PCC's professional adviser on financial matters.

### **POLITICAL RESTRICTIONS**

The Chief Financial Officer is a politically restricted post.

In summary, the restrictions imposed on post-holders include:

- Becoming or remaining, whether by election or otherwise, a member of a Local Authority, of the National Assembly of Wales, of the European Parliament, of the House of Commons, or a Police and Crime Commissioner;
- Announcing, or allowing others to announce, one's candidature for one of the aforementioned offices;
- Holding office in a political party;
- Canvassing at elections; and
- Speaking or writing publicly on matters of party political controversy.

### **SPECIAL CONDITIONS / POINTS TO NOTE**

- The purpose of this job description is to indicate the general level of the duties and responsibilities of the role. The duties may, from time to time, vary without changing the general character of the role or the levels of responsibilities.
- Whilst the role is normally based at West Mercia Police Headquarters, you will regularly be required to work from the Warwickshire OPCC, as required and agreed with the two Chief Executives to the OPCCs.
- The role will require some out-of-hours working.
- Appointment to this post is subject to:
  - a) security clearance, and
  - b) a confirmation hearing by the Police and Crime Panel.

### **PERSON SPECIFICATION**

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|----|--|------------------|
| 1. | Member of an accountancy body recognised by the International Federation of Accountants (IFAC), qualified through examination. | <b>Essential</b> |
| 2. | Adhere to international standards set by IFAC on ethics and Continuing Professional Development.                               | <b>Essential</b> |

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|-----|--|------------------|
| 3.  | Experience of managing large scale budgets in the public sector.   | <b>Essential</b> |
| 4.  | Proven experience of operating at a strategic level in a political and high profile public environment.              | <b>Essential</b> |
| 5.  | Proven negotiation and influencing skills at a senior level within complex stakeholder relationships.                | <b>Essential</b> |
| 6.  | Recent experience of working at a strategic level with partner organisations to plan and deliver effective services. | <b>Essential</b> |
| 7.  | Recent direct experience of designing and monitoring sound and effective corporate governance arrangements.          | <b>Essential</b> |
| 8.  | Experience of large scale financial appraisals and decision making on complex projects.                              | <b>Essential</b> |
| 9.  | Degree level or equivalent in an area related to public sector policy making or the management of resources.         | <b>Desirable</b> |
| 10. | Recent experience within the Policing and Community Safety sector.   | <b>Desirable</b> |
| 11. | Knowledge and experience of modern processes for the effective allocation of resources.                              | <b>Desirable</b> |

## INTERVIEW QUESTIONS – ISSUES WHICH MAY BE RAISED

Ron **Q1: What are the challenges and threats to the Strategic Alliance from the grant review consultation?**

- Some proposals could have implications for the Alliance as a whole (eg a formula which tended to shift resources towards urban areas or to increase funding for national or regional entities)
- Other proposals could have implications for one of the partners (eg changes which shifted the position significantly for either WM or W). Might this weaken the overall economic case for the Alliance, or make it more difficult for one of the partners to sustain the present commitments?
- If the potential outcome of the changes was that Council Tax levels in WM and W moved further apart, would this make it more difficult to justify the Alliance to the public?
- The Home Office proposals could introduce new methods of needs assessment. It is inevitable that this will result in variations compared to what individual PCCs receive now. Will there be any transitional arrangements or damping as under the existing arrangement?
- There is a risk that the Government will try to find ways of forcing PCCs to use reserves in the short term
- If the proposals introduced more freedom for PCCs to set Council Tax levels locally, would the strategies of the 2 PCCs be the same?

*(possible supplementary question: What are the features of a good grant system? )*

**Bill W Q2: Explain the approaches you have used for medium term financial planning**

- Look at least 5 years ahead
- Rolling process- years 1/2 in detail, years 3-5 more flexible
- Build year 1 directly into the annual budget
- Review assumptions regularly – not a once a year process
- Ensure that the financial strategies link to corporate and Police/Crime strategies
- Focus on key variables – grant/pay levels/establishments/turnover/Council tax
- Sensitivity testing
- Consult partners and public on priorities
- Risk assessment and building in contingencies
- Reserves strategies
- Summarise results in a form that can be used as the basis for engaging with staff and partners in order to update/refine the strategies

**Bill W**    **Q3: The Alliance is committed to improving the quality of delegated financial management. What do you see as the key elements of an effective system of cost centre management?**

- Cost centres which are relevant to the way that the Alliance is organised and operated
- Clarity on allocation of direct costs and overheads
- Good ICT support systems, to enable access to data and interrogation of reports
- Regular monitoring, with reports tailored for different users
- Clear rules on delegated authority, freedom to move funds between cost centres, and carry forwards
- Accountability - responsibility for individual cost centres and overall performance
- Availability of both objective and subjective information

**Bill L**      **Q4: In an alliance like W and WM, a decision which represents vfm for one may not represent vfm for the other. How would you deal with the problem?**

- Invest time in building commitment, trust, openness etc at all levels within the Alliance, so that the first question isn't always *'how does it affect us?'*
- Having a clear long term strategy for the Alliance so that individual short term decisions are taken in that longer term context.....
- Good systems for evaluating costs and benefits (financial and non financial) of proposals, so that options can be evaluated and the implications for the Alliance and the partners individually are absolutely transparent; the situation to avoid at all costs is debates built on misinformation
- ....short term negative implications might have longer term benefits
- .....a short term 'cost' to one partner might unlock much wider benefits in that area later on
- As far as possible, follow a policy of 'for the greater good of the Alliance'. There are practical and political limits to this obviously, but over a period it should be that individual choices will balance out, for the overall benefit of the Alliance.

**John**      **Q5: The Police and Crime Commissioners and Chief Constables in Warwickshire and West Mercia share an Audit Committee. How would you maximise the benefit of that Committee to the organisations?**



Ron

**Q6: In line with many Forces, the Alliance has ambitious IT investment plans to both integrate systems across the Alliance and upgrade and improve them. What are the issues involved in tracking and realising the benefits of this investment?**

- Importance of preparing a comprehensive business case
- What is the improvement designed to achieve? (avoid ICT for ICT's sake....)
- What are the alternatives - could existing systems be modified? Does another Force already have a system which will do the job?
- Beware of replicating exactly what existing systems do – specific local features may be costly and not essential
- Establish a base position (financial costs; quality of output) to compare alternatives against and to monitor against)
- Be clear on the quality improvements which are aimed for
- Identify all upfront costs – staff; consultancy; hardware and software; cost of modifying other linked systems
- Establish a tightly controlled implementation arrangement
- Ensure regular monitoring of costs and progress
- Challenge any changes to the specification
- Challenge extensions to the proposal, or secondary proposals emanating from the original which may have costs or other consequences
- To be in a position to track benefits, the Alliance must collect information on 'before and after' positions on running costs (especially staff savings) and quality/output measures
- ...increased costs could be more than outweighed by quality improvement

John

**Q7: Decision making in an organisation which has a primary role of governance can be complicated. Explain how you would expect the framework for making financial decisions to operate in that context**

- Clarity on the objectives for the Alliance
  - which are regularly updated
  - so that financial decisions are always framed in the current strategic context
- Medium Term Financial Strategies which set out the revenue and capital plans for achieving the objectives
- Clarity in the annual budget on the key components of the strategy (establishment levels, major investments etc) so that decisions are in effect ratified in advance
- Robust financial regulations and protocols designed to give clarity on delegated responsibilities, variations, reallocations within budgets, reporting requirements etc
- Strategic management structures involving the leaderships of the partners (PCC, CC, Chief Exec, Treasurer) which provide a permanent and regular basis for agreeing objectives, financial plans and individual proposals