



Police & Crime  
Commissioner  
**for Cheshire**



Cheshire  
**Constabulary**

# CHAPTER 4

# FINANCIAL REGULATIONS

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## 1. INTRODUCTION

### Why do we have financial regulations?

- 1.1 Under Section 151 of the Local Government Act 1972 “every local authority shall make arrangements for the proper administration of their financial affairs and shall secure that one of their officers has responsibility for the administration of those affairs”. In addition under Schedule 1 and 2 of the Police Reform and Social Responsibility Act 2011, the Police & Crime Commissioner (the Commissioner) and Chief Constable are obliged to appoint a person to be responsible for the proper administration of the financial affairs of their respective Corporation Sole.
- 1.2 To meet the above statutory requirements, the Chief Finance Officer for the Office of the Commissioner and the Assistant Chief Officer will act as the Section 151 Officers for the Commissioner and the Chief Constable respectively.
- 1.3 These financial regulations are produced to meet the above Section 151 requirements and apply to the Commissioner, the Chief Constable and their respective officers and staff. The regulations also take into account the requirements of the Financial Management Code of Practice (October 2013) and the Commissioner’s Scheme of Consent/Delegation.
- 1.4 The Chief Finance Officer is responsible for maintaining these Regulations and advising the Commissioner of any changes required. Both the Chief Finance Officer and the Assistant Chief Officer are responsible for reporting, where appropriate, any breaches of the Regulations to the Commissioner, the Chief Constable and the Joint Audit Advisory Committee.
- 1.5 The objective of these Regulations is to maintain sound and proper financial arrangements; to explain to readers why safeguards and controls are important and necessary; to profile a framework for financial management which will enable, wherever possible, managerial and financial responsibilities to be aligned and safeguard all officers and staff.
- 1.6 The last point is most important as without clearly defined financial procedures and arrangements, officers and staff could find themselves in an invidious and vulnerable situation. The observance of these Regulations and any associated Schemes of Delegation is very much in each individual’s own interest.
- 1.7 Both Officers and Staff have a general responsibility for taking all reasonable actions to provide for the security of the assets under their control and for ensuring the use of those assets (including money) is lawful, is properly authorised and provides value for money.
- 1.8 Any infringements of these Regulations may result in disciplinary proceedings being taken against the individuals concerned.

## 2. FINANCIAL MANAGEMENT

### Why is this important?

2.1 All officers and staff have a duty to operate under the highest standards of probity and integrity in dealing with financial matters. This is achieved by ensuring everyone is clear about the standards to which they are working and the controls that are in place to ensure that these standards are met.

2.2 The key themes are:

- The promotion of probity and integrity throughout the Office of Commissioner and the Constabulary.
- Everyone takes reasonable steps to ensure the prevention and detection of fraud and other irregularities.
- Monitoring systems are in place to review compliance with the agreed financial standards, policies and processes with any exceptions being reported to the Chief Finance Officer or Assistant Chief Officer.

### 2.3 Accounting policies

2.3.1 Proper accounting records are one of the ways in which the Commissioner and Chief Constable discharge their responsibilities for stewardship of public money. The Commissioner and Chief Constable have a statutory responsibility to ensure the annual accounts are prepared to present a 'true and fair view' of the corporations' sole expenditure and income during the year. These accounts are prepared using the agreed accounting policies which must be reflected in the way such accounting records are kept during the year. These are subject to statutory external audit which provides assurance to the Commissioner, the Chief Constable and the public of Cheshire that the accounting policies and practices have been followed and that arrangements have been made for securing value for money.

2.3.2 The key controls are:

- Suitable accounting policies are selected, approved and applied consistently
- Judgements are made and estimates prepared which are reasonable and prudent
- Statutory and other professional requirements are observed to maintain proper accounting records
- All reasonable steps have been taken for the prevention and detection of fraud and other irregularities
- All officers and staff operate within the relevant accounting standards
- All the Commissioner and Constabulary transactions, material commitments, contingent assets and liabilities, contract and other essential accounting information have been recorded completely, accurately and in a timely manner
- Procedures are in place to enable accounting records to be reconstituted in the event of any failure and all documents are retained as per the Document Retention Policy
- Balances and reconciliation procedures are carried out regularly and recorded as such

## 2.4 Statements of Accounts

2.4.1 The Group Statement of Accounts, the Commissioner's and the Chief Constable's individual Statements of Accounts and the Commissioner's Annual Report are vital aspects in demonstrating both the Commissioner's and Chief Constable's stewardship of public money in delivering policing services to the communities of Cheshire and provide financial information including:

- The cost of services provided in year
- How those services were paid for
- What was owned and owed at the end of the financial year

2.4.2 The key controls are:

- The statutory regulations and guidance
- Internal audit review of financial system controls
- External audit review and opinion
- Advice by the Joint Audit Advisory Committee

## 2.5 Audit

2.5.1 There are two types of audit, internal and external.

Internal audit is an independent and objective appraisal function for reviewing an organisation's system of internal control. It examines, evaluates and reports on the adequacy of internal control to those charged with governance and the Joint Audit Advisory Committee. The Chief Finance Officer and Assistant Chief Officer have a responsibility for maintaining an adequate and effective internal audit under the Accounts and Audit (England) Regulations 2015.

The basic duties of external audit are governed by the Local Audit and Accountability Act 2014, under which auditors must satisfy themselves that:

- The accounts are prepared in accordance with the relevant regulations
- They comply with the requirements of all other statutory provisions applicable to the accounts
- Proper practice has been observed in compilation of the accounts
- The Commissioner and Chief Constable made proper arrangements for securing economy, efficiency and effectiveness.

2.5.2 The key controls for internal and external audit are:

- It remains independent in its planning and operation
- Auditors have direct access to the Commissioner, Chief Executive, Chief Finance Officer, Chief Constable, Assistant Chief Officer and the Joint Audit Advisory Committee
- All audit work complies with the current Accounts and Audit Regulations, statutory guidance and relevant professional codes of practice.

## 2.6 Integrity - preventing fraud and corruption

- 2.6.1 Both the Commissioner and Chief Constable will not tolerate fraud and corruption in the administration of their responsibilities whether from the Office of Commissioner or inside or outside the Constabulary. Any such activity is likely to involve disciplinary proceedings being taken against the individuals concerned. Both organisations have Confidential Reporting policies which are available via the intranet or through the Professional Standards Department.
- 2.6.2 The expectation of propriety and accountability is that all officers and staff at all levels will lead by example in ensuring adherence to legal requirements, regulations, procedures and practices.
- 2.6.3 The Commissioner and Chief Constable also expect that individuals and organisations with which they come into contact, will act with integrity towards them and do their utmost to avoid / prevent fraud and corruption.
- 2.6.4 The key controls are:
- The culture and style of each organisation is one of openness, honesty and opposition to fraud and corruption and where all officers and staff act with the utmost integrity and lead by example
  - All individuals and organisations associated in any way with the Office of Commissioner or Constabulary will act with the utmost integrity and comply with all appropriate legislation including the Bribery Act 2010
  - Systems, checks and controls are in place to both prevent and detect fraudulent actions
  - Swift and firm action is taken by the Commissioner and Chief Constable against those who defraud or act corruptly
  - Where appropriate the Professional Standards Department and/or independent bodies are used to investigate such activity

## 2.7 Risk Management and Insurance

- 2.7.1 All organisations whether private or public sector face risks to people, property and continuity of operations. Risk is the chance or possibility of loss, damage, injury or failure to achieve the objectives caused by an unwanted or uncertain action or event.
- 2.7.2 Risk management is the planned and systematic approach to the identification, evaluation and control of risk. Its objectives are to secure the assets of the organisation and to ensure the continued financial and organisational well-being of the organisation. In essence it is therefore, an integral part of good business practice. Risk management is concerned with evaluating the measures an organisation already has in place to manage identified risks and then recommending the action the organisation needs to take to control these risks effectively.

### 2.7.3 The key controls are:

- Procedures are in place to identify, assess, prevent or contain material known risks and these procedures are operating effectively throughout both organisations
- A monitoring process is in place to review regularly the effectiveness of risk reduction strategies and the operation of these controls. This risk management process should be conducted on a continual basis
- Managers know that they are responsible for managing risk and are provided with the relevant information on risk management initiatives
- Provision is made for losses that might result from the risks that remain
- Procedures are in place to investigate claims within required timescales
- Acceptable levels of risk are determined and insured against where appropriate
- Both the Office of the Commissioner and the Constabulary have identified business continuity plans for implementation in the event of a disaster that results in significant loss or damage to its resources.

## 2.8 Roles and Responsibilities

### 2.8.1 **The Police & Crime Commissioner (the Commissioner)**

2.8.1.1 The Commissioner has a statutory duty to ensure an efficient and effective police service and to hold the Chief Constable to account on behalf of the public of Cheshire. The Commissioner is the recipient of funding relating to policing and crime reduction including government grants and precept together with other sources of income. Details of the arrangement for income collected under Section 25 of the Police Act 1996, for special police services, are set out in the Constabulary's Scheme of Financial Delegation.

2.8.1.2 Under paragraph 6, Schedule 1 of the Police Reform and Social Responsibility Act 2011, the Commissioner is required to appoint a person to be responsible for the proper administration of the Commissioner's financial affairs, referred to as the Chief Finance Officer (Section 151 Officer). It also requires the Commissioner to appoint a Chief Executive who will also act as the Commissioner's Monitoring Officer (with the functions set out in Section 5 of the Local Government and Housing Act 1989).

2.8.1.3 It is the responsibility of the Commissioner to issue a Police and Crime Plan within the financial year in which each ordinary election is held. This plan may, at any time, be varied and re-issued. This plan must have regard to the Strategic Policing Requirement issued by the Secretary of State.

2.8.1.4 A key responsibility of the Commissioner is to set a precept (funded through council tax) within the statutory deadlines as set out in The Police and Crime Panels (Precepts and Chief Constable Appointments) Regulations 2012. The proposed precept must be submitted to the Police & Crime Panel for scrutiny and the Commissioner must have regard to the Police & Crime Panel's views.

2.8.1.5 At the end of each financial year, the Commissioner must produce an Annual Report on the progress against the Police and Crime Plan.

## **2.8.2 The Chief Constable**

- 2.8.2.1 The Chief Constable is responsible for maintaining the King's Peace and has direction and control over the Constabulary's officers and staff. The Chief Constable holds office under the Crown but is appointed and can be dismissed by the Commissioner.
- 2.8.2.2 The Chief Constable 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 resources and expenditure by the Constabulary. At all times the Chief Constable, their officers and staff remain operationally independent in the service of the public.
- 2.8.2.3 Under paragraph 4, Schedule 2 of the Police Reform and Social Responsibility Act 2011, the Chief Constable is required to appoint a person to be responsible for the proper administration of the Chief Constable's financial affairs, designated as the Constabulary's Chief Finance Officer (Section 151 Officer) and referred to within these Regulations as the Assistant Chief Officer. The Chief Constable also appoints a person to act as the Constabulary's Monitoring Officer (with the functions set out in Section 5 of the Local Government and Housing Act 1989 as appropriate) and referred to in these Regulations as the Head of Legal Services.

## **2.8.3 The Deputy Chief Constable (responsible authority for Professional Standards)**

- 2.8.3.1 The Deputy Chief Constable ensures that all suspected financial irregularities are reported to the Chief Finance Officer and Assistant Chief Officer; that the method of investigation is agreed with the Chief Finance Officer and Assistant Chief Officer and that they are advised of progress and outcomes including any corrections to systems and controls.
- 2.8.3.2 In liaison with the Chief Constable and/or the Chief Executive, the Deputy Chief Constable instigates the appropriate disciplinary procedures where the outcome of an audit investigation indicates improper behaviour.

## **2.8.4 The Police & Crime Panel**

- 2.8.4.1 The main financial responsibilities for the Police & Crime Panel are:
- To review/scrutinise decisions made by the Commissioner and make relevant reports back to the Commissioner
  - To scrutinise the draft Police and Crime Plan, or draft variation provided by the Commissioner
  - To receive, review and report on the proposed precept as notified by the Commissioner
  - To issue a statement that the Panel has vetoed the precept, if appropriate
  - To receive the Commissioner's response to any veto and publish the response
  - To review the Commissioner's Annual Report in public and make a report on any recommendation to the Commissioner and local authorities in the policing area



- To scrutinise the appointment of the Chief Constable or any proposed changes
- To hold confirmation hearings for the Deputy Police and Crime Commissioner (if applicable), Chief Constable, Chief Finance Officer and Chief Executive.

## **2.8.5 The Joint Audit Advisory Committee (JAAC)**

2.8.5.1 The Joint Audit Advisory Committee is appointed by the Commissioner and the Chief Constable and is the combined body that provides comments, advice and assurance to those charged with governance. The main financial responsibilities for the Committee are set out in the JAAC Terms of Reference.

## **2.9 The Chief Executive**

2.9.1 The main financial responsibilities are:

- To fix the fees for copies of documents and extracts of documents requested by the public under the provisions of the Data Protection Act 2018, Freedom of Information Act 2000 and to review this figure on an annual basis in line with inflation.
- To manage the budget of the Commissioner's office, along with the Chief Finance Officer, particularly to:
  - order goods and services and spend on items provided for in the revenue budget including commissioning services
  - ask for and accept quotations and tenders for goods and services provided for in the revenue budget
  - To approve the attendance of Joint Audit Advisory Committee and Ethics Advisory Panel members at conferences and meetings, and the consequent payment of travelling and subsistence expenses.
  - To authorise remuneration and expenses to the Commissioner in accordance with determinations issued by the Home Secretary.
  - To review, when appropriate, the Remuneration and Expenses Scheme for the Joint Audit Advisory Committee.
  - To approve claims for legal costs, damages, civil claims etc., in excess of £100,000.

## **2.10 The Chief Finance Officer, Office of the Police & Crime Commissioner**

2.10.1 The Chief Finance Officer is the Commissioner's professional adviser on financial matters. The Chief Finance Officer is a key member of the Commissioner's Leadership Team and, working with the Chief Executive help the team to decide and implement strategy and resource and deliver the Commissioner's strategic objectives. The main responsibilities are:

- i. ensuring that the financial affairs of the Commissioner are properly administered and that financial regulations are observed and kept up to date
- ii. to set the financial standards and to monitor their compliance
- iii. to determine the accounting procedures and records for the Office of the Commissioner

- iv. ensuring that the finance function is fit for purpose
- v. ensuring regularity, propriety and value for money in the use of public funds; advising the Commissioner on the application of value for money principles by the Constabulary to support the Commissioner in holding the Chief Constable to account for efficient and effective financial management
- vi. advising, in consultation with the Chief Executive, on the safeguarding of assets, including risk management and insurance
- vii. ensuring that the funding required to finance agreed programmes is available from central government funding, precept, other contributions and recharges
- viii. advising the Commissioner on the robustness of the budget and adequacy of financial reserves
- ix. reporting to the Commissioner, the Police & Crime Panel and to the external auditor any unlawful, or potentially unlawful, expenditure by the Commissioner or officers of the Commissioner
- x. reporting to the Commissioner, the Police & Crime Panel and to the external auditor when it appears that expenditure is likely to exceed the resources available to meet that expenditure
- xi. securing an efficient and effective internal audit of the Commissioner's financial affairs
- xii. to ensure Annual Internal and External Audit Plans take account of the characteristics and relative risks of the activities involved. The Chief Finance Officer must liaise with the Assistant Chief Officer on the audit strategy and cover required
- xiii. to ensure that audit have the ability to:
  - access the Commissioner's premises at reasonable times
  - access all assets, records, documents, correspondence and control systems relevant to audit
  - require and receive any information and explanation considered necessary concerning any matter under consideration
  - require all staff to account for cash, stores or any other property under their control
  - access records belonging to third parties, such as contractors when required
- xiv. to ensure that auditors are provided with any information and explanations which they seek in the course of their work
- xv. to ensure that any agreed actions arising from audit recommendations are implemented in a timely and efficient fashion and that the Joint Audit Advisory Committee receives a regular report on the implementation of audit recommendations. Where an appropriate response to audit recommendations has not been made within a reasonable period, the Chief Finance Officer will, after consultation with the Assistant Chief Officer, refer the matter to the Commissioner, Chief Constable and Joint Audit Advisory Committee
- xvi. to liaise with both internal & external auditors and report to the Joint Audit Advisory Committee
- xvii. to ensure new systems for maintaining financial records, or records of assets, or changes to such systems, are discussed with and agreed by Internal Audit, prior to implementation
- xviii. to investigate promptly any reported suspected fraud or irregularity and

to report to the Chief Executive and the Chief Constable who will consider any legal proceedings and disciplinary action. Pending investigation and reporting, the Chief Finance Officer must take all necessary steps to prevent further loss and to secure records and documentation against removal or alteration

- xix. to compile suitable accounting policies and to ensure that they are applied consistently. The accounting policies will be set out in the Statement of Accounts which is prepared as at 31 March each year in line with current regulations
  - xx. to draw up the timetable for final accounts purposes in consultation with the Assistant Chief Officer and to advise staff and external auditors accordingly
  - xxi. to ensure the production of the Commissioner's Statement of Accounts, receipt and scrutiny of the Chief Constable's Statement of Accounts together with the production of the Group Accounts and publish the audited Statement of Accounts for each financial year in line with the statutory deadlines
  - xxii. to ensure receipt and scrutiny of the Statement of Accounts of the Chief Constable and ensuring production of the Group Accounts
  - xxiii. to make proper arrangements for the external audit of the Statement of Accounts in accordance with the Accounts and Audit Regulations
  - xxiv. to ensure that External Audit has access to all necessary property, processes and records to support their statutory role in auditing the Statement of Accounts
  - xxv. to present to the Joint Audit Advisory Committee the Audited Statements of Accounts and to prepare the Letters of Representation for signature by the Commissioner, the Chief Finance Officer, Chief Constable and Assistant Chief Officer and obtain approval to the Accounts from the Commissioner and Chief Constable
  - xxvi. to provide assurance and documentary evidence of effective financial management and control in support of the Annual Governance Statement
  - xxvii. to advise the Commissioner on appropriate arrangements for insurance which are enacted and managed by the Constabulary
  - xxviii. with the Assistant Chief Officer, prepare regular updates on the Commissioner's and Constabulary's joint risk register for consideration in Scrutiny Meetings and Joint Audit Advisory Committee and to ensure remedial action to address the highest risks is adequate
  - xxix. with the Commissioning Officer, identify and develop risk management controls for risks associated with the commissioning of services.
- 2.10.2 The Chief Finance Officer has certain statutory duties that cannot be delegated, namely the reporting of any potentially unlawful decisions by the Commissioner on expenditure, if expenditure is likely to exceed available resources and the preparation, in accordance with proper accounting practices, of the Statement of Accounts including as appropriate Group Accounts.

## **2.11 The Assistant Chief Officer (the Chief Finance Officer for the Constabulary)**

- 2.11.1 The Assistant Chief Officer is the Chief Constable's professional adviser on

financial matters and is part of the Chief Constable's Force Leadership Team helping to develop and implement strategy and to resource and deliver the Commissioner's strategic objectives. The main responsibilities are:

- i. ensuring that the financial affairs of the Constabulary are properly administered and that financial regulations drawn up by the Commissioner (in close consultation with the Chief Constable, the two Chief Finance Officers and the Chief Executive), are observed and kept up to date
- ii. to comply, where practicable, with the following principles when allocating accounting duties:
  - Separating the duties of providing information about sums due to, or from, the Commissioner and Chief Constable and calculating, checking and recording these sums from the duty of collecting or disbursing them.
  - Staff with the duty of examining or checking the accounts of cash transactions shall not themselves be engaged in these transactions.
  - Administering the Commissioner's arrangements, regarding year-end under and overspends.
  - Ensuring the proper retention of financial documents. The periods for which documents are to be retained will be specified in the Constabulary's or Commissioner's 'Retention of Documents Policy'
- iii. to manage the Gifts, Loans and Sponsorship Policy approved by the Commissioner
- iv. to manage the Charging Policy approved by the Commissioner in accordance with Section 25 of the Police Act 1996
- v. advising the Chief Constable on value for money in relation to all aspects of the Constabulary's expenditure
- vi. advising the Chief Constable and the Commissioner on the soundness of the budget in relation to the Constabulary
- vii. reporting to the Commissioner, the Chief Constable (if applicable) and the external auditor any unlawful, or potentially unlawful, expenditure by the Chief Constable, officers or staff of the Chief Constable
- viii. reporting to the Commissioner, the Chief Constable and the external auditor when it appears that expenditure of the Chief Constable is likely to exceed the resources available to meet that expenditure
- ix. to ensure Annual Internal and External Audit Plans take account of the characteristics and relative risks of the activities involved. The Assistant Chief Officer must liaise with the Chief Finance Officer on the audit strategy and cover required
- x. To ensure that audit have the ability to:
  - Access the Constabulary's premises at reasonable times
  - Access all assets, records, documents, correspondence and control systems relevant to audit
  - Require and receive any information and explanation considered necessary concerning any matter under consideration
  - Require all staff to account for cash, stores or any other property under their control
  - Access records belonging to third parties, such as contractors when required

- xi. To ensure that auditors are provided with any information and explanations which they seek in the course of their work.
- xii. To consider and respond promptly to recommendations in audit reports (on behalf of the Chief Constable); report management responses and any associated action plans to audit recommendations to the Joint Audit Advisory Committee – such responses must be recorded and progress also reported
- xiii. To ensure that any agreed actions arising from audit recommendations are implemented in a timely and efficient fashion.
- xiv. To liaise with both internal and external auditors and report to the Joint Audit Advisory Committee
- xv. To ensure that new systems for maintaining financial records, or records of assets, or changes to such systems, are discussed with and agreed by Internal Audit, prior to implementation
- xvi. To investigate promptly any reported suspected fraud or irregularity and to report immediately to the Chief Executive, the Chief Finance Officer and the Chief Constable who will consider any legal proceedings and disciplinary action. Pending investigation and reporting, the Assistant Chief Officer must take all necessary steps to prevent further loss and to secure records and documentation against removal or alteration
- xvii. To audit independently any covert accounts and to certify to the Chief Finance Officer it has been carried out on an annual basis.
- xviii. To compile suitable accounting policies in conjunction with the Chief Finance Officer and to ensure that they are applied consistently. The accounting policies will be set out in the Statement of Accounts which is prepared as at 31 March each year in line with current regulations.
- xix. To draw up the timetable for final accounts purposes in consultation with the Chief Finance Officer, to advise staff and external auditors accordingly.
- xx. To prepare the Constabulary's Statement of Accounts and provide information to the Chief Finance Officer as required to enable the production of group accounts (if appropriate)
- xxi. To make proper arrangements for the external audit of the Constabulary's Statement of Accounts in accordance with the Accounts and Audit Regulations.
- xxii. To liaise with and provide all records requested by External Audit as part of their statutory role in auditing the Statement of Accounts.
- xxiii. To provide assurance and documentary evidence of effective financial management and control in support of the Annual Governance Statement
- xxiv. To develop risk management controls in conjunction with other Chief Officers
- xxv. To include all appropriate staff in a suitable fidelity guarantee insurance policy and to effect insurance cover, through both external insurance and internal provision
- xxvi. To negotiate terms and recommend for approval by the Commissioner, all claims in consultation with other officers where appropriate.

2.12 Both Chief Finance Officers have a fiduciary duty to the local taxpayer as both have a responsibility for securing the efficient use of public funds (which will in both cases include revenue derived from the police precept). This

implies public reporting responsibilities in certain circumstances for both Chief Finance Officers. However, given that the Commissioner has a statutory responsibility for the Police Fund (as set out in section 21 of the Police Reform and Social Responsibility Act 2011) the Chief Finance Officer of the Commissioner will have responsibility for all statutory reports relating to the adequacy of the overall resource envelope available to meet police force expenditure. Both the Chief Finance Officers have a reciprocal fiduciary duty to support each other in the execution of their duties.

## **2.13 Head of Legal Services**

2.13.1 The Head of Legal Services will act as the Chief Constable's Monitoring Officer with the functions set out in Section 5 of the Local Government and Housing Act 1989. The main responsibilities are:

- i. to report to the Chief Constable any case where s/he is of the opinion that any proposal or decision of the Council has given rise to or is likely to or would give rise to any illegality, maladministration or breach of statutory code under Sections 5 and 5A of the Local Government and Housing Act 1989
- ii. to investigate any matter which s/he has reason to believe may constitute, or where s/he has received an allegation that a matter may constitute, a reportable incident under Sections 5 and 5A of the LGHA 89.

## **2.14 Budget Managers**

2.14.1 The main financial responsibilities are:

- i. To adhere to the accounting policies approved by the Chief Finance Officer and Assistant Chief Officer
- ii. To consult and obtain approval from the Chief Finance Officer and Assistant Chief Officer before making any changes to accounting procedures
- iii. To comply with the principles of 'segregation of duties' when allocating accounting and financial tasks
- iv. To maintain adequate records to provide an audit trail leading from the course of income / expenditure through to the accounting statements
- v. To supply information required to enable the Constabulary's Statement of Accounts to be completed in accordance with the guidelines issued by the Assistant Chief Officer
- vi. To ensure that all suspected financial irregularities are reported to either the Chief Finance Officer and Assistant Chief Officer immediately
- vii. To notify the Assistant Chief Officer and Head of Legal Services immediately of any loss, liability or damage that may lead to a claim against the Constabulary or Office of the Commissioner, together with any information or explanation required by the Assistant Chief Officer or Head of Legal Services or the Insurers
- viii. To take responsibility for risk management, having regard to advice from the Assistant Chief Officer and other specialist officers (e.g. crime/fire prevention, health & safety, legal)

- ix. To keep risk registers and mitigate risks by taking appropriate action
- x. To ensure that there are regular reviews of risk within their budget heads
- xi. To notify the Assistant Chief Officer and the Risk Manager promptly of all new risks; escalate current risks if the level of risk changes; and advise on all properties or vehicles that require insurance and of any alterations affecting existing insurances
- xii. To consult the Assistant Chief Officer, Head of Legal Services and/or the Chief Constable on the terms of any indemnity that the Office of the Commissioner and/or Constabulary is requested to give
- xiii. To ensure that staff or anyone covered by the organisation's insurances, do not admit liability or make any offer to pay compensation that may prejudice the assessment of liability in respect of any insurance claim

### 3. STRATEGIC AND FINANCIAL PLANNING

#### Why is this important?

- 3.1 The Commissioner is responsible for approving the following documents which will be produced with support from the Chief Constable, Chief Executive, Chief Finance Officer and Assistant Chief Officer.
- The Police and Crime Plan
  - The Medium Term Financial Strategy
  - The annual budget, council tax and precept including the Reserves Strategy
  - The Capital Strategy and associated financing
  - The Annual Report
- 3.2 Medium term planning (minimum of 4 year planning system) involves a planning cycle in which the Commissioner develops the annual budget and draft budgets for the following years. As each year passes another future year will be added to the plan. Medium term planning ensures that the Commissioner is always prepared for events in advance.
- 3.3 The Commissioner needs to plan effectively and to develop systems to enable scarce resources to be allocated in accordance with carefully weighed priorities. The Medium Term Financial Strategy (MTFS) and annual budget encapsulates the Commissioner's plans and policies.
- 3.4 The MTFS and revenue budget must be constructed so as to ensure resource allocation properly reflects the spending plans and priorities of the Commissioner, in line with Government requirements. Budgets (spending plans) are needed so that the Commissioner can plan, authorise, monitor and control the way money is allocated and spent.
- 3.5 This is a key role for the Commissioner in setting out their plans and funding strategies over the period of their office. It is a statutory duty backed by the electoral mandate given to the Commissioner, within the context of the Strategic Policing Requirement as set out by the Secretary of State.
- 3.6 The key controls are:
- Specific budget approval for all expenditure including new policy options and savings
  - Budget Managers accept accountability within the agreed delegations for their budgets and the level of service to be delivered
  - A monitoring process is in place to review regularly the effectiveness of budget preparation and that any corrective action is taken
- 3.7 Medium Term Financial Strategy
- 3.7.1 The Commissioner together with the Chief Constable, share a responsibility to provide effective financial and budget planning for the immediate, medium and longer term.



3.7.2 The Chief Finance Officer, OPCC is responsible for ensuring that a full MTFFS is prepared and updated regularly and a revenue budget and capital programme are prepared on an annual basis for consideration and approval by the Commissioner. The Strategy must be closely linked to the development of the Police and Crime Plan and be informed by the Strategic Threat and Risk Assessment. It should include provisional budgets and capital programmes for at least the following two years. The Strategy should have regard to affordability, inter-dependencies between revenue and capital expenditure, the Reserves Strategy, the robustness of estimates and the consideration of any risks.

### 3.8 Budget Preparation & Precept

3.8.1 The Commissioner will work together with the Chief Constable in developing the overall annual police budget including revenue and capital expenditure. This will take into consideration funding from Government and other sources, balancing the needs of the policing service against the level of local council tax. This must meet the statutory requirements to achieve a balanced budget (Local Government Act 2003) and be completed within the statutory timetable (see Appendix 1 at the end of these regulations).

3.8.2 As set out in section 96 of the Police Act 1996, as amended by section 14 of the Police Reform and Social Responsibility Act 2011, the Commissioner must obtain the views of the local community on the proposed expenditure (including capital expenditure) ahead of the financial year to which the proposed expenditure relates and before any final decisions are made.

3.8.3 Part 1 of the Local Government Finance Act 1992 continues to set out the process for issuing precepts. Section 26 of the Police Reform and Social Responsibility Act 2011 established the Commissioner as a precepting authority for the purposes of this Act and Schedule 5 sets out the role of the Police & Crime Panel.

3.8.4 Following consultation with the Chief Finance Officer, the Assistant Chief Officer will issue guidelines on budget preparation to Budget Managers. The guidelines will take account of:

- Legal requirements
- Medium term planning guidelines
- Available resources
- Spending pressures
- Value for money and other relevant Government guidelines
- Savings requirements

3.8.5 The Chief Finance Officer, in consultation with the Assistant Chief Officer, is responsible for ensuring that an affordable capital programme and the financing plan are prepared on an annual basis for consideration by the Commissioner. The programme must contribute to the development of the Police & Crime Plan's aims and objectives, and should be aimed at delivering efficiency and cash savings.

- 3.8.6 Any budget item, capital or revenue can be 'starred' to reflect the Commissioner's agreement in principle, but no further action can be taken without further approval being obtained when more detailed plans are available.
- 3.8.7 The format of the budget will be determined by the Commissioner on the advice of their Chief Finance Officer including the budget proposals, funding levels, use of reserves and proposed precept.
- 3.8.8 In developing the annual budget, the Commissioner will need to determine the budget available for commissioning services. The Chief Constable will not be involved in developing this element of the budget as a conflict of interest may arise if the Chief Constable also wishes to bid to be a provider of commissioned services.
- 3.9 Use Of Reserves (General & Earmarked) & Provisions
- 3.9.1 The Commissioner will establish a Reserves Strategy and a policy on the use of provisions with the advice of their Chief Finance Officer and in consultation with the Chief Constable. The strategy and policy must have due regard to the need to fund on-going policing activities and the requirement to meet exceptional or extraordinary policing operations.
- 3.9.2 General reserves are held by the Commissioner and managed to balance funding, spending priorities and risk linked to the medium term financial strategy.
- 3.9.3 Reserves are maintained as a matter of prudence and the provision of advice on adequacy is the statutory responsibility of the Chief Finance Officer.
- 3.9.4 Section 19 of Police and Criminal Evidence Act (PACE) 1984 provides general and wide powers of seizure. Section 22 of PACE provides that anything seized or taken away under section 19 may be retained so long as is necessary in all the circumstances. Anything seized for the purposes of a criminal investigation may be retained for use as evidence at a trial for an offence. In addition, anything may be retained to establish its owner. Where property seized in this manner is not returned to its rightful owner then the item can be sold. Revenue generated from the sale of such property is paid into the Police Property fund also referred to as the Chief Constable's Fund and used for charitable purposes.
- 3.9.5 The key controls for reserves are:
- The Annual Reserves Strategy, as agreed by the Commissioner
  - To maintain reserves in accordance with the Code of Practice on Local Authority Accounting and agreed accounting policies
  - For each earmarked reserve established, the purpose, usage and basis of transactions must be clearly identified

### **3.10 Responsibilities of the Chief Finance Officer**

- 3.10.1 To prepare and submit reports on the financial scenario for the Commissioner, including resource constraints set by the Government and the robustness of estimates used, updated on a regular basis. Reports should take account of medium term prospects where appropriate.
- 3.10.2 To prepare and submit reports to the Commissioner on the aggregate spending plans and on resources available to fund them, identifying where appropriate the implications for the level of council tax to be levied.
- 3.10.3 To advise the Commissioner on the Reserves Strategy to be adopted on an annual basis.
- 3.10.4 To advise on prudent levels of reserves to the Commissioner and to report on the opportunity cost of holding such reserves, both general and earmarked.
- 3.10.5 To report to the Commissioner on the adequacy of the level of reserves held and their usage during the year.
- 3.10.6 To ensure that the annual budget includes a realistic amount of operational contingency that is available to the Chief Constable for operational priorities without the need for additional approval.
- 3.10.7 To advise on the creation of any provision.

### **3.11 Responsibilities of the Assistant Chief Officer**

- 3.11.1 To determine the detailed form of revenue estimates, consistent with the general directions of the Commissioner. To ensure estimates prepared are robust and are scrutinised and supported by the Chief Officer Team.
- 3.11.2 To advise on the medium term implications of spending decisions.
- 3.11.3 To encourage the best use of resources and value for money by working with Budget Managers to identify opportunities to improve economy, efficiency and effectiveness by encouraging good practice in conducting financial appraisals of growth or saving options and in developing financial aspects of service planning.
- 3.11.4 To advise the Commissioner and Chief Constable of any proposals for the use of reserves or provisions and request approval from the Commissioner for any use of reserves or provisions outside of the approved reserve strategy.
- 3.11.5 To maintain clear and reconciled records of the use of reserves and provisions for reporting to the Commissioner.
- 3.11.6 To facilitate payments approved by the Chief Constable from the Chief Constable's Fund and maintain and reconcile records of the use of the Fund.

### **3.12 Roles of Budget Managers**

- 3.12.1 To prepare estimates of income and expenditure for scrutiny by the Assistant Chief Officer, to be submitted to the Commissioner.
- 3.12.2 To prepare budgets which are consistent with any relevant cash limits, the annual budget cycle and with guidelines issued by the Assistant Chief Officer.
- 3.12.3 To integrate financial and service plans into the planning cycle so that budget plans can be supported by financial and non-financial performance measures.
- 3.12.4 To consult with other Budget Managers, where it appears that a budget proposal is likely to impact on their level of service activity.
- 3.12.5 In consultation with the Assistant Chief Officer and in accordance with the laid down guidance and timetable, to prepare detailed draft revenue and capital budgets for consideration by the Commissioner.
- 3.12.6 When drawing up draft budget requirements to have regard to:
  - Spending patterns and pressures revealed through the budget monitoring process
  - Legal requirements
  - Policy requirements as defined by the Commissioner
  - Initiatives already underway

## **4. RESOURCE MANAGEMENT**

### **4.1 Staffing**

#### **Why is this important?**

4.1.1.1 In order to provide the highest level of service, it is crucial that the Commissioner and Chief Constable recruit and retain high calibre, knowledgeable officers and staff, qualified to an appropriate level. A three year “People Strategy” is prepared for approval by the Commissioner to support budget management and planning, reviewed annually and updated as necessary with appropriate approvals.

4.1.1.2 The key controls are:

- That procedures are in place for forecasting staffing requirements and cost
- That procedures are in place for monitoring staffing expenditure against budget
- Checks are undertaken prior to employing new officers and staff to ensure that they are appropriately qualified, experienced and have the appropriate references and vetting etc.

#### **4.1.2 Responsibilities of the Commissioner**

4.1.2.1 To approve the police officer; police staff; PCSOs and special constables overall establishment at the start and end of each year; and during the year any amendments to such which are outside the delegated power of the Chief Constable detailed in paragraph 4.1.3.1.

#### **4.1.3 Responsibilities of the Chief Constable**

4.1.3.1 For changes to the approved police officer, police staff, PCSO or Special Constabulary establishment, the Chief Constable with guidance from the SCT (Business Meeting), recommend to the Commissioner for approval. This is with the exception of changes to the approved establishment which:

- are below senior management grade; and
- have no duration beyond the current financial year; and
- are not within the budget or other approval of the Commissioner but where the cost may be met from within existing budgets; and
- which support the Commissioner’s objectives.

Such changes may be approved by the Chief Constable subject to the approval of cost by the Commissioner’s Chief Executive.

4.1.3.2 To approve any amendments within these approved ring-fenced establishments in consultation with the appropriate officers and staff including the Chief Executive, OPCC.

4.1.3.3 In consultation with the Chief Executive, or nominated representative to approve the early retirement of police staff and officers and to approve all redundancies of police staff in accordance with the approved redundancy procedure, subject to the financial implications being within budget approved by the Commissioner. An annual report on these matters is to be submitted to the Commissioner's Scrutiny Board as part of the outturn reporting process.

4.1.3.4 To approve the retirement of police officers and police staff up to and including the rank of Chief Superintendent on the grounds of ill health following advice from the Selected Medical Practitioner or Independent Registered Medical Practitioner; for ranks above Chief Superintendent, this must be in consultation with the Commissioner; and to submit quarterly reports to the Commissioner's Scrutiny Board on such ill health retirements.

#### **4.1.4 Responsibilities of Head of People Services**

4.1.4.1 To fully support Managers to manage and make best use of their staffing, by providing professional advice on their areas of specialism to Chief Officers; develop, implement and maintain relevant strategies and policies ensuring the delivery of an efficient and effective support service that meets the requirements of operational policing and value for money.

4.1.4.2 To advise budget managers on any payroll related matters for individuals including the potential write off of overpayment of salaries. For any write off of overpayment of salaries above delegated levels as set out in the Constabulary's Scheme of Delegation, such matters must be escalated to the Assistant Chief Officer, the Chief Finance Officer and the Chief Executive.

4.1.4.3 To recommend to the Assistant Chief Officer and Head of Legal Services any compromise/settlement agreements for approval in consultation with the Chief Executive.

4.1.4.4 To maintain and update the establishment list of all staff and officers within the agreed model of policing taking into account any tenures such as the Dedicated Neighbourhood Officers/PCSO two year minimum tenure.

4.1.4.5 To manage police officer recruitment to meet the needs of the Chief Constable within the police pay budget and approved establishment.

4.1.4.6 To manage staff recruitment (including PCSOs) within the pay budget and approved establishment.

4.1.4.7 To manage the recruitment of Special Constables and consult with the Assistant Chief Officer on any budgetary impact.

#### **4.1.5 Roles of Budget Managers**

4.1.5.1 To supply the People Services Department with any information needed to calculate and pay salaries, including details of appointments, promotions, re-gradings, suspensions, dismissals, resignations, retirements and absences from duty.

- 4.1.5.2 To ensure that the staffing budget is not exceeded without due authority and that it is managed to enable the agreed level of service to be provided.
- 4.1.5.3 To ensure that the Head of People Services is immediately informed if the staffing budget is likely to be materially over or under spent.
- 4.1.5.4 To provide the Head of People Services with a business case for the costs of any proposed early retirement/severance case to be met from the central budget or funded by the relevant department, subject to phasing over an agreed period.

#### Payments to Officers and Staff

##### **Why is this important?**

- 4.1.5.5 Officer and staff costs are the largest item of expenditure. It is, therefore, important that there should be controls in place to ensure that payments are made only where they are due for services to the Commissioner and Chief Constable and that payments accord with individual's conditions of employment.
- 4.1.5.6 The key controls are:
  - Proper authorisation procedures and adherence to corporate timetables for Starters & Leavers
  - Proper authorisation procedures for variations (e.g. re-gradings, movers)
  - Frequent reconciliation of payroll expenditure against approved budget
  - All appropriate payroll documents are retained and stored for the defined period in accordance with the "Retention of Documents Policy"
- 4.1.5.7 Responsibilities of the Head of HR Operations / Head of Resourcing and Talent Management**
- 4.1.5.8 To arrange and control a secure and reliable system and procedures for the payment of salaries, wages, pensions, compensation or other emoluments to existing and former staff and ensure there are adequate controls of any contracted-out services or within the Constabulary.
- 4.1.5.9 To record and control tax, pensions and other deductions.
- 4.1.5.10 To make arrangements for payment of all travel and subsistence claims.
- 4.1.5.11 To have oversight of and monitor the overall payments to staff, including overtime and the overpayment of salaries and report significant issues of such occurrence to the Assistant Chief Officer.
- 4.1.5.12 To seek approval from the Commissioner for the write off of pension and salary overpayments where any individual debt is over £2,000. For write off of amounts over £500 but under £2,000, seek approval from the Assistant Chief Officer.

- 4.1.5.13 Provide consistent and accurate management information regarding

officer and staff numbers, grades and budgets to budget managers.

#### **4.1.5.14 Roles of Budget Managers**

4.1.5.15 To ensure appointments are made in accordance with the requirements of the Commissioner and Chief Constable and approved establishments, grades, scale of pay and that adequate budget provision is available.

4.1.5.16 To notify the Head of People Services of all appointments, terminations, or variations that may affect the pay or pension of a staff member or former staff member, in the form and to the timescale required by the Head of People Services.

4.1.5.17 To ensure that adequate and effective systems and procedures are operated for human resource and payroll aspects, so that:

- Payments are only authorised to bona fide officers and staff.
- Payments are only made where there is a valid entitlement.
- Conditions and contracts of employment are correctly applied.
- Officer and staff names listed on the payroll are checked at regular intervals to verify accuracy and completeness.
- There is an effective system of checking and certifying payroll changes.

4.1.5.18 To ensure that payroll transactions are processed only through the payroll system. Budget Managers should give careful consideration to the employment status of individuals employed on a “self-employed” or “sub contract” basis. His Majesty’s Revenue and Customs (HMRC) applies a tight definition for employee status and in cases of doubt, advice should be sought from the Head of People Services.

4.1.5.19 Although expenses are self-certified, Budget Managers should ensure that travel and subsistence claims and other allowances are for journeys that were authorised and expenses properly and necessarily incurred and that allowances are properly payable by the Commissioner or Chief Constable, ensuring that cost effective use of travel arrangements is achieved. Due consideration should be given to tax implications and the Head of People Service is informed where appropriate.

4.1.5.20 To ensure that the details of any staff benefits in kind are notified to the Assistant Chief Officer to enable full and complete reporting within the Income Tax Self-Assessment system.

4.1.5.21 To ensure that all appropriate payroll documents are retained and stored for the defined period in accordance with the “Retention of Documents Policy”.

#### **4.1.6 Pensions**

4.1.6.1 Police officer pensions are governed by the Police Pensions Act 1976 and its related regulations (and any statutory amendment or re-enactment thereof). The Chief Constable is responsible for ensuring the administration of the pension schemes and the appropriate maintenance and provision of the relevant accounts. The Commissioner’s role in the pension schemes will be limited to the specific decisions and discretions concerning the pension and retirement of the Chief Constable and discretion of the application of pension



forfeiture for all police officers. The Home Office is responsible for the maintenance of the regulations.

- 4.1.6.2 The Chief Constable is responsible for ensuring that accurate and up to date information is provided to the Home Office on the Constabulary's pensions account and future forecasts for police pensions' income and expenditure. This information is sought on a regular basis following an annual cycle. Information should be provided in line with obligations set out in the relevant regulations, in the form and at the time requested by the Home Office.
- 4.1.6.3 The pensions arrangements for police staff, irrespective of whether their employment is with the Commissioner or Chief Constable, are provided through the Local Government Pension Scheme (LGPS) which is governed by the LGPS (Benefits, Membership and Contributions) Regulations 2007 and the LGPS (Administration) Regulations 2008 under Section 7 of the Superannuation Act 1972. The Department for Levelling Up, Housing and Communities is responsible for the maintenance of these regulations. The relevant LGPS is administered by Cheshire West & Chester Council.
- 4.1.6.4 The Chief Constable is responsible for ensuring the administration of the LGPS and the appropriate maintenance and provision of the relevant information and accounts. The role of the Commissioner will be limited to the specific decisions and discretions concerning the pension and retirement of their staff and discretion on the application of pension forfeiture.
- 4.1.7 Gifts, Hospitality and Sponsorship
- 4.1.7.1 The Commissioner may decide to accept gifts of money, gifts or loans of other assets if they will enable the police to either enhance or extend the service which they would normally be expected to provide. The terms on which such gifts or loans are accepted may allow commercial sponsorship of some police activities. Gifts, loans and sponsorship are particularly suitable for multi-agency work such as crime prevention, community relations work and schemes which support victims.
- 4.1.7.2 Gifts, hospitality and sponsorship can be accepted from any source which has genuine and well intentioned reasons for wishing to support specific projects. In return, the provider may expect some publicity or other acknowledgement. It is acceptable to allow the provider to display the Commissioner's name or logo on publicity material, provided this does not dominate or detract from the purpose of the supported project. Such permission should be approved by the Commissioner.
- 4.1.7.3 For staff who are not under the direction and control of the Chief Constable, gifts, gratuities and hospitality must be registered in accordance with the Commissioner's Code of Conduct for staff.
- 4.1.7.4 Gifts, hospitality and sponsorship offered to individual officers or staff under the direction and control of the Chief Constable are subject to the Constabulary's Gifts, Gratuities and Hospitality Policy and Procedure. Details can be obtained from the Professional Standards Department.
- 4.1.7.5 Any proposal involving the provision of sponsorship, gifts and hospitality to

the Constabulary by a third party which may have reputational implications or involve costs/future years commitments above £10,000 for the Commissioner or Constabulary will require the Commissioner's specific approval.

#### 4.1.8 Bribery Act 2010

4.1.8.1 Under the Act there are a range of issues and offences for organisations to consider including a duty for organisations to put procedures in place to prevent persons associated with them from participating in bribery. The Commissioner and Chief Constable are responsible for ensuring that adequate procedures exist to comply with the requirements of the Act.

#### 4.1.9 Register of Interests

4.1.9.1 The Specified Information Order 2011 requires a register of interests to be maintained setting out every paid employment or other pecuniary interest and a register of gifts and hospitality for the Commissioner and any Deputy Commissioner (where applicable) appointed by the Commissioner. To support best practice, all staff within the Office of the Police and Crime Commissioner will also complete the register of gifts and hospitality.

4.1.9.2 For staff who are not under the direction and control of the Chief Constable, interests must be registered in accordance with the Commissioner's Code of Conduct for staff.

4.1.9.3 For officers and staff within the Constabulary and under the direction and control of the Chief Constable, interests must be registered in accordance with the Constabulary's Business Interests Procedures, details of which can be found via the Professional Standards Department.

#### 4.2 Revenue Expenditure

##### **Why is this Important?**

4.2.1 Budget management ensures that resources allocated by the Commissioner are used for their intended purposes, that these resources are properly accounted for and that value for money is achieved. Budgetary control is a continual process enabling the Commissioner to review, take remedial action on expenditure or adjust the budget during the financial year.

4.2.2 By identifying and explaining variances against the budget, the Commissioner can identify changes in trends and resource requirements at the earliest opportunity. The organisation operates within an annual cash limit, approved in setting the overall budget. To ensure that the organisation does not overspend in total, Budget Managers are required to manage their own expenditure within the budget allocated to them.

4.2.3 For the purposes of budgetary control by managers, budgets have been allocated to Budget Managers in line with the Constabulary's Scheme of Financial Delegation. The budget heads for control purposes are set out in the budget report annually and approved by the Commissioner. These delegated budgets are the responsibility of those managers who will be

accountable to the Assistant Chief Officer for their management.

#### 4.2.4 The key controls for are:

- Each “£” of budgeted expenditure and income is allocated to a named manager
- Budget Managers accept accountability for their budgets and the level of service to be delivered and are accountable to the Assistant Chief Officer
- Income and expenditure is properly recorded and accounted for
- To ensure that a monitoring process is in place to review and challenge performance levels / levels of service in conjunction with the budget and necessary action taken to align service outputs and budget
- Appropriate accounting procedures are in place to ensure that carried forward totals are correct and that such carried forward totals are reported to the Commissioner as part of the outturn report

#### 4.2.5 Responsibilities of the Chief Finance Officer

4.2.5.1 To scrutinise and to submit regular reports to the Commissioner on projected expenditure compared with the budget prepared by the Assistant Chief Officer, which have also received prior consideration by the Chief Constable and their Command Team.

4.2.5.2 To submit reports to the Commissioner in consultation with the Chief Constable where the Constabulary is unable to balance expenditure and resources within existing approved budgets and to recommend corrective action.

#### 4.2.6 Responsibilities of the Assistant Chief Officer

4.2.6.1 To establish an appropriate framework of budgetary management and control that ensures:

- Budget management is exercised within annual cash limits (including approved use of reserves) unless the Commissioner agrees otherwise
- Each Budget Manager has available timely information on income and expenditure for their area to fulfil budgetary responsibilities
- Expenditure is only committed against an approved budget
- All officers and staff responsible for committing expenditure comply with relevant guidance including these Financial Regulations
- Each Budget Head has a single named manager through the Constabulary’s Scheme of Financial Delegation. As a general principle, the manager responsible for the department or area covered by the budget, should be accountable for that budget
- Significant variances from approved budgets are investigated and reported by Budget Managers regularly

4.2.6.2 To approve:

- (a) any slippage on approved budgets that are purely due to timing issues, such as delays in procurement, which require funding to be carried over into the following financial year to complete the programme/activity. These will be reported as part of the quarterly monitoring reports to the Joint Management Board.

(b) carry forward on departmental underspends (excluding police pay) up to 1% of their budget or £50,000 maximum whichever is the higher, based on a robust business case.

4.2.6.3 All other carry forward requests require the approval of the Commissioner. Any overspending will be carried forward as a first call on the following year's budget unless there are exceptional, mitigating circumstances.

#### **4.2.7 Roles of Budget Managers**

4.2.7.1 To maintain full and effective budgetary control, in adherence to the principles set out above and to ensure that all income and expenditure is properly recorded and accounted for.

4.2.7.2 To ensure that spending remains within the overall cash limit and individual Budget Heads are not overspent, by monitoring the budget and where it appears that areas of budget are likely to be over or under spent, taking appropriate corrective action.

4.2.7.3 To ensure that the Police and Crime Plan objectives and targets are delivered within budget.

4.2.7.4 To ensure that a monitoring process is in place to review performance levels / levels of service in conjunction with the budget and that any necessary action is taken.

4.2.7.5 In consultation with the Assistant Chief Officer, prepare regular reports on the projected expenditure compared with the budget.

4.2.7.6 To ensure prior approval by the Commissioner for new revenue and capital proposals which:

- Have not been agreed as part of the annual budget setting process
- Create financial commitments for the current or future years above identified funding
- Initiate a new policy or cease an existing policy
- Materially extend or reduce the Constabulary's services

4.2.7.7 A report on any new proposal must explain the full financial implications and be agreed by the Assistant Chief Officer before submission to the Commissioner. Unless the Commissioner agrees, Budget Managers must plan to contain the financial implications of such proposals within their approved budget.

4.2.7.8 The Chief Finance Officer must be notified of any proposed additional expenditure of £150,000 or more within one budget head to be funded by virement from another. The Chief Finance Officer has the power to approve proposals or refer the matter to the Commissioner for a decision.

4.2.7.9 Any overspending in total on budgets under the control of the Budget Manager may be carried forward to the following year and constitute the first

call on the following year's funding as directed by the Commissioner.

4.2.7.10 If approved by the Commissioner, net underspends (above the limits permitted under 4.2.6.2) or overspends may be carried forward.

4.2.7.11 Where an unplanned deficit occurs the Budget Manager shall prepare a detailed financial recovery plan for consideration and approval by the Commissioner.

4.2.7.12 The use of additional revenue and/or capital savings, underspends or income against the budget, above the limits permitted under 4.2.6.2, requires approval from the Commissioner.

### 4.3 Capital Programme

#### **Why is this important?**

4.3.1 Capital expenditure involves the acquisition or enhancement of property, plant and equipment or intangible asset with a long term value to the Commissioner. Capital assets shape the way services are delivered for the long term and create financial commitments for the future in the form of financing costs and revenue running costs.

4.3.2 The key controls are:

- Specific approval by the Commissioner for at least three year capital programme which is the key document for planning and controlling of capital expenditure
- Starred items require further approval before expenditure can be incurred
- Expenditure on capital schemes not included in the programme and/or which would involve future years' commitments is subject to the approval of the Commissioner
- Steps are taken to enable land required for the purposes of the programme to be acquired in due time
- A scheme and estimate, including the associated revenue expenditure, is prepared for each capital project for approval by the Commissioner
- Any scheme not commenced within two years of approval will be deemed null and void and removed from the capital programme.
- Prudential Indicators covering affordability, capital expenditure, external debt and treasury management

#### **4.3.3 Responsibilities of the Chief Finance Officer and Assistant Chief Officer**

4.3.3.1 To prepare the annual Capital Strategy and draft capital programmes and estimates for consideration by the Chief Constable who will then report them to the Commissioner for approval.

4.3.3.2 To produce the prudential indicators and report them to the Commissioner as part of the annual budget. At outturn, update these indicators and report them to the Commissioner.

4.3.3.3 To seek approval from the Commissioner should circumstances require a

change to the approved prudential indicators.

- 4.3.3.4 To scrutinise and submit regular reports from the Assistant Chief Officer, to the Commissioner on the projected capital expenditure and resources compared with the approved estimates, following consideration by the Chief Constable.
- 4.3.3.5 To issue guidance concerning capital schemes and controls, for example on project appraisal techniques.
- 4.3.3.6 Determine the definition of “capital” having regard to regulations and accounting requirements.
- 4.3.3.7 On an exception basis to obtain authorisation from the Commissioner for all capital schemes where the estimated expenditure exceeds the capital programme provision unless it is under £150,000 (annual spend), can be funded by virement and does not constitute a change in policy.
- 4.3.3.8 Obtain Commissioner approval for the acquisition or disposal of land or property or acquisition or grant of any interest or right in, of property owned by the Commissioner including the lease or rental of such land or property (except for covert operational reasons or short term rentals below twelve months e.g. room hire for training purposes).
- 4.3.4 **Roles of Capital Scheme Managers** (identified as part of approval process)
- 4.3.4.1 To comply with the guidance concerning capital schemes and controls issued by the Assistant Chief Officer.
- 4.3.4.2 To ensure that all capital proposals have undergone a project appraisal in accordance with guidance issued by the Assistant Chief Officer.
- 4.3.4.3 To prepare a quarterly return on estimated final cost of schemes in the approved capital programme for scrutiny by the Chief Constable and Assistant Chief Officer prior to consideration by the Commissioner.
- 4.3.4.4 To ensure that adequate records are maintained in respect of all capital contracts.
- 4.3.4.5 To ensure that they do not enter into any capital scheme without the prior approval of the Commissioner.
- 4.3.4.6 In consultation with Finance, submit to the SCT (Business) meeting for initial agreement prior to the approval by the Chief Financial Officer, any virement between capital schemes or transfer of revenue funding to capital, up to £150,000 and fully funded. If the virement is over £150,000 or unfunded, submit to the SCT (Business) meeting for initial agreement prior to approval by the Commissioner.
- 4.3.4.7 Any efficiency savings resulting from the capital investment must be properly recorded and reported as part of the regular reports.

## 4.4 Budget Virement

### Why is this Important?

- 4.4.1 A virement is a planned reallocation of resources between Budget Heads or individual heads of expenditure. The process of virement is intended to enable the Chief Constable and Chief Executive to manage their budgets robustly but with a degree of flexibility within the overall budget approved by the Commissioner and therefore, to provide the opportunity to optimise the use of resources to meet emerging needs.
- 4.4.2 Budget Managers are responsible for the activities of their Budget Head in line with agreed policies and objectives as set out in the Police and Crime Plan. The Commissioner's approval is required for any virement that requires a change to those policies and objectives.
- 4.4.3 A supplementary revenue estimate is a release of additional budget funded from reserves and can only be approved by the Commissioner. The Commissioner's general policy is that these will only be granted in exceptional circumstances. Should it be granted, this budget will be ring-fenced only for the specific purpose for which it was approved. All supplementary revenue estimates will be reviewed as part of quarterly reporting when the scope for absorbing the additional expenditure will be explored.
- 4.4.4 The Chief Finance Officer must be notified of any proposed additional expenditure of £150,000 or more within one budget head to be funded by virement from another. The Chief Finance Officer has the power to approve such proposals or refer the matter to the Commissioner for a decision.
- 4.4.5 The use of additional revenue and/or capital savings, underspends/income against the budget requires approval from the Commissioner. This represents a change from previous regulations and Budget Managers must have particular regard to this new requirement.
- 4.4.6 The key controls are:
- The transfer of a budget does not involve a change of policy or commit extra spending in future years
  - The Budget Head from which the budget is being transferred will still have sufficient resources after the transfer, for the remainder of the year taking into account all known commitments
  - The virement does not involve the creation of new posts unless offsetting permanent resources have been identified and released from elsewhere in the budget
  - The virement does not involve any ring-fenced budgets (e.g. pay budgets)
  - If any of the above key controls are not met then the virement cannot proceed without the approval of the Commissioner

- 4.4.7 One of the aims of the use of virement is to allow Budget Managers greater freedom to manage their service where necessary and to provide flexibility providing it is in pursuit of the achievement of the Commissioner's objectives. If however, the use of virement results in difficulty for the Commissioner, the Chief Finance Officers have the right to withdraw or suspend virements.

**NOTE: All budget virements must be processed by the Finance Department**

#### **4.4.8 Responsibilities of the Chief Finance Officer**

- 4.4.8.1 To approve supplementary revenue estimates which are requested in respect of initiatives fully funded from external sources, unless they represent a change in policy or priority, in which case the Commissioner approval is required.
- 4.4.8.2 To be notified of any proposed additional expenditure of £150,000 or more within one budget head to be funded by virement from another and to approve such proposals or refer the matter to the Commissioner for a decision.

#### **4.4.9 Responsibilities of the Assistant Chief Officer**

- 4.4.9.1 To approve, transfer or vire budgets between budget headings, on a permanent or temporary basis for all individual amounts below £150,000, providing there are no future year commitments and the Commissioner is notified through the budget monitoring process. To request any supplementary revenue estimate required from the Commissioner in consultation with the Chief Finance Officer.
- 4.4.9.2 To monitor compliance with the Constabulary's Internal Scheme of Financial Delegation and the key controls above.

#### **4.4.10 Roles of Budget Managers**

- 4.4.10.1 To transfer amounts up to £50,000 within the same department between subjective headings within their department, subject to the general rules set out in the key controls above. For example, budget can be transferred from supplies and services to transport provided that the overall total net budget is unchanged and performance is not disadvantaged. Pay budgets however, are ring-fenced.



## 5. ASSET MANAGEMENT

### Why is this important?

- 5.1 The Commissioner and Chief Constable hold/manage assets in the form of property, vehicles, IT, equipment, furniture and other items. The delivery of core services would not be possible without a range of assets being available when required. It is important that assets should be safeguarded, used efficiently in the delivery of services and that there are timely arrangements to replace end of life assets.
- 5.2 Greater detail of how the Commissioner and Constabulary manage physical assets is contained in the Asset Management Strategy which has been agreed by the Commissioner. For the purposes of asset management, an asset is defined as 'any item of economic value owned by the Commissioner and used, but not consumed, in the delivery of its services'.
- 5.3 The management of assets within the organisation is based around three core objectives: asset security; asset life and asset maximisation. The Commissioner's approach to asset management is proportionality; when considering if an asset should be subjected to asset management arrangements, consideration should be given to the overall costs of the asset, the risk in relation to asset security, does it provide protection (e.g. Health and Safety) and have a recommended life span. Equally, the financing of the asset must be considered as part of asset management.
- 5.4 Intellectual property is a generic term that includes inventions and writings. If these are created by the employee during the course of employment, then as a general rule they belong to the employer, not the employee.
- 5.5 Certain activities undertaken within the organisation may give rise to items that may be patentable. These come within the scope of intellectual property.
- 5.6 The key controls are:
- Assets are used only for the purposes of the Commissioner and Chief Constable and are properly accounted for and assets are available for use when required
  - Assets no longer required are disposed of in accordance with the law and the regulations of the Commissioner so as to maximise benefits
  - An asset register is maintained for the Commissioner, assets are recorded when they are acquired and this record is updated as changes occur with respect to the location and condition of the asset
  - All staff are aware of their responsibilities with regard to safeguarding the assets and information, including the requirements of the Data Protection Act and software copyright legislation
  - All staff are aware of their responsibilities with regard to safeguarding the security of the computer systems, including maintaining restricted access to the information held on them and compliance with the computer and internet security policies for example, the Constabulary's Information Security Policy

- In the event that the Commissioner and/or Chief Constable decide to become involved in the commercial exploitation of inventions, the matter should proceed in accordance with the intellectual property procedures
- All applications for the registration or safeguarding of any intellectual property rights (including patents) must be made in the name of the Commissioner

## **5.7 Responsibilities of the Assistant Chief Officer**

- 5.7.1 To maintain the Asset Management Strategy approved by the Commissioner and ensure that asset management plans are maintained in accordance with good practice.
- 5.7.2 To agree inventory procedures and make arrangements for the care and custody of stocks and stores.
- 5.7.3 To ensure stocks are subject to a regular independent physical check where appropriate. All discrepancies should be investigated and pursued to a satisfactory conclusion.
- 5.7.4 To write-off discrepancies in accordance with predetermined limits and authorise write-off or disposal of redundant stocks and equipment as stated in the Constabulary's Scheme of Financial Delegation.
- 5.7.5 To develop and disseminate good practice through the intellectual property procedures.

## **5.8 Roles of Budget Managers**

- 5.8.1 To maintain an asset register in a format approved by the Assistant Chief Officer and comply with the Asset Management Strategy.
- 5.8.2 To ensure that lessees and other prospective occupiers of land and buildings are not allowed to take possession or enter the land until a lease or agreement, in a form approved by the Chief Executive and in consultation with the Chief Finance Officer, has been established as appropriate.
- 5.8.3 To ensure the proper security of all assets under their control.
- 5.8.4 To ensure assets are identified, their location recorded and that they are appropriately marked and insured.
- 5.8.5 To consult the Chief Finance Officer in any case where security is thought to be defective or where it is considered that special security arrangements may be needed.
- 5.8.6 To ensure cash holdings on premises are kept within prescribed limits covered by the organisations' insurance policies.
- 5.8.7 To ensure that all staff are aware that they have a personal responsibility with regard to the protection and confidentiality of information, whether held in manual or computerised records, in accordance with the Constabulary's Information Security Policy.

- 5.8.8 To make sure that assets are only used in the course of carrying out the Commissioner's and Chief Constable's functions.
- 5.8.9 To record all disposals of assets that shall be disposed of in accordance with the provisions of the Commercial Unit.
- 5.8.10 Where land or buildings are surplus to requirements, a recommendation for their disposal must be agreed by the Assistant Chief Officer before submission to the Commissioner for approval.

## **6. CASH MANAGEMENT**

### **Why is this important?**

6.1 Millions of pounds pass through the Commissioner's accounts each year. A few local authorities have suffered high profile losses through inappropriate treasury management procedures and this has led to the establishment of Codes of Practice. These aim to provide assurances that the Commissioner's money is properly managed in a way which balances risk with return, but with the overriding consideration being given to the security of the Commissioner's capital. The Commissioner adopts the key recommendations of CIPFA's Treasury Management in the Public Services: Code of Practice (the Code), as described in Section 4 of that Code.

6.2 The key controls are:

- A Treasury Management Strategy is maintained, stating the policies and objectives of its treasury management activities
- The order in which investment decisions are taken follows the principle of Security first, then Liquidity and finally Yield.
- Suitable treasury management practices are in place both internally and with the service provider, setting out the manner in which the organisation will seek to achieve those policies and objectives, and prescribing how it will manage and control those activities

### **6.3 Banking**

6.3.1 For reasons of value for money and to minimise duplication, the Commissioner and Chief Constable have shared banking arrangements for the main banking requirements. These bank accounts will be in the name of the Police & Crime Commissioner for Cheshire.

#### **6.3.2 Responsibilities of the Chief Finance Officer**

6.3.2.1 To be responsible for establishing banking arrangements and overseeing their operation.

6.3.2.2 To operate bank accounts as are considered necessary within the terms of the banking arrangements, and opening or closing any bank account. Only the Chief Finance Officer can open or close a bank account.

#### **6.3.3 Responsibilities of the Assistant Chief Officer**

6.3.3.1 To ensure that the procedures for any covert accounts required for operational policing purposes are maintained in accordance with clear procedures set by the Chief Constable and approved by the Chief Finance Officer. Such accounts should be subjected to appropriate audit and certified as such.

## 6.4 Loans and Investments

6.4.1 The Commissioner is directly responsible for loans, investments and for borrowing money. The Commissioner is also the holder of the Police Fund. The Chief Constable is not able to borrow money. All surplus funds will be pooled and invested to maximise returns within the approved Investment Strategy.

### **6.4.2 Responsibilities of the Chief Finance Officer**

6.4.2.1 To develop the Treasury Management Strategy and Treasury Management Policies for approval by the Commissioner.

6.4.2.2 To implement and monitor the Treasury Management policies and practices and to arrange for the execution and administration of treasury management decisions and to act in accordance with the Commissioner's Treasury Management Strategy and Treasury Management Policies.

6.4.2.3 To produce and maintain a cashflow for the effective discharge of Treasury Management.

6.4.2.4 To arrange borrowing and investments of the Commissioner in such a manner as to comply with the CIPFA Code of Practice on Treasury Management and the Commissioner's Treasury Management Strategy.

6.4.2.5 To report at least twice a year to the Commissioner on treasury management activities and prudential indicators.

6.4.2.6 To ensure that all investments of money are made in the name of the Commissioner or in the name of nominees approved by Commissioner.

6.4.2.7 Treasury Management remains the direct responsibility of the Chief Finance Officer, but with their specific agreement the day to day management can be undertaken by the Retained Finance function.

6.4.2.8 To ensure that all securities which are the property of the Commissioner or their nominees and the title deeds of all property in the Commissioner's ownership are held in the custody of the Chief Executive.

### **6.4.3 Roles of Budget Managers**

6.4.3.1 To follow the guidance on banking issued by the Chief Finance Officer.

6.4.3.2 To ensure that no loans are made to third parties and no interests are acquired in companies, joint ventures, or other enterprises without the prior approval of Commissioner, following consultation with the Chief Finance Officer.

## **6.5 Imprest Accounts**

6.5.1 Imprest Accounts are either bank or cash accounts used to support minor expenditure. These should only be used when no other form of payment is available. Any new accounts must only be set up with the agreement of the Chief Finance Officer.

### **6.5.2 Responsibilities of the Assistant Chief Officer**

6.5.2.1 To provide officers and staff of the Constabulary with limited cash or bank Imprest accounts to meet minor expenditure where procurement cards are not available and to prescribe rules for operating these accounts. Minor items of expenditure must not exceed the prescribed amount.

6.5.2.2 To maintain a record of all petty cash advances made and periodically review the arrangements for the safe custody and control of these advances.

6.5.2.3 To reimburse float holders as often as necessary to restore the floats but normally not more than monthly.

### **6.5.3 Roles of Budget Managers**

6.5.3.1 To ensure that staff operating an Imprest account:

- Obtain and retain vouchers to support each payment from the Imprest account. Where appropriate an official receipted VAT invoice must be obtained.
- Make adequate arrangements in their office for the safe custody of the account.
- Produce upon demand by the Assistant Chief Officer, cash and all vouchers to the total value of the Imprest amount.
- Record transactions promptly.
- Reconcile and balance the account at least monthly; reconciliation sheets to be signed and retained by the Imprest holder.
- Provide the Assistant Chief Officer with a certificate of the value of the account held at 31 March each year.
- Ensure that the float is never used to cash personal cheques nor to make personal loans and that only payments into the account are the reimbursement of the float change relating to purchases where an advance has been made.

**NOTE: On leaving employment or otherwise and ceasing to be entitled to hold an Imprest advance, an employee shall account to the Assistant Chief Officer for the amount advanced to them.**

## **6.6 Income (Cash and Invoiced)**

### **Why is this important?**

6.6.1 Income in the form of cash can be a vulnerable asset and effective income collection systems are necessary to ensure that all of the income due is identified, invoiced correctly, collected, receipted and banked properly.

6.6.2 The Commissioner and Chief Constable should adopt the National Police Chief's Council (NPCC) national charging policies and national guidance when applying charges under Section 25 of the Police Act 1996. They should keep in mind that the purpose of charging for special services is to ensure that, wherever appropriate, those using the services pay for them. For mutual aid the Commissioner and Chief Constable should also adopt the NPCC charging policies.

6.6.3 The Commissioner should ensure that there are arrangements in place to ensure that expected charges are clearly identified in their budgets and that costs are accurately attributed and charged. When considering budget levels the Commissioner should ensure that on-going resource requirements are not dependent on uncertain or volatile income sources and should have due regard to sustainable and future year service delivery.

6.6.4 The key controls are:

- All income due to the Commissioner is identified and accounted for correctly
- All income is collected from the correct person, at the right time using the correct procedures and the appropriate stationery
- All money received on behalf of the Commissioner is paid without delay into the Commissioner's bank account, and properly recorded
- Seized cash or cash subject to a criminal investigation should be promptly banked where practical, but securely held otherwise in line with Constabulary procedures
- Effective action is taken to pursue non-payment within defined timescales
- Formal approval for write off is obtained and appropriate write off action is taken within defined timescales and appropriate accounting adjustments are made following write off action
- All appropriate income documents are retained and stored for the defined period in accordance with the "Retention of Documents Policy"
- Money collected and deposited is reconciled to the bank account by a person who is not involved in the collection or banking process

#### **6.6.5 Responsibilities of the Assistant Chief Officer**

6.6.5.1 To establish a charging policy for the supply of goods or services, including the appropriate charging of VAT, to review it regularly, within corporate policies, taking into account 6.6.2 above and submit to the Commissioner for approval on an annual basis.

6.6.5.2 To agree arrangements for the collection of all income and approve the procedures, systems and documentation for its collection, together with a process for pursuing debt not paid on time.

6.6.5.3 To order and supply to Departments all receipt forms, books or tickets and similar items and satisfy themselves regarding the arrangements for their control.

- 6.6.5.4 To approve the write off of individual pension and salary bad debts under £2,000 and individual non-pay bad debts up to £10,000 and to refer debts in excess of these limits to the Commissioner for approval in consultation with the Chief Finance Officer.
- 6.6.5.5 To separate the responsibility for identifying amounts due and the responsibility for collection, as far as is practicable.
- 6.6.5.6 To establish and initiate appropriate recovery procedures, including legal action where necessary, for debts that are not paid promptly.
- 6.6.5.7 To ensure that where practical at least two staff are present when post is opened so that money received by post is properly identified and recorded.
- 6.6.5.8 To hold securely receipts, tickets and other records of income, for the appropriate period and to lock away all income to safeguard against loss or theft and to ensure the security of cash handling.
- 6.6.5.9 To ensure that income is paid fully and promptly into the appropriate Commissioner's bank account in the form in which it is received. Appropriate details should be recorded on to paying in slips to provide an audit trail.
- 6.6.5.10 To ensure income is not used to cash personal cheques or other payments.
- 6.6.5.11 Once raised, no bona fide debt can be cancelled except by full payment or by its formal writing off. A credit note to replace a debt can only be issued to correct a factual inaccuracy or administrative error in the calculation and/or billing of the original debt.

## **6.6.6 Roles of Budget Managers**

- 6.6.6.1 To ensure that invoice requests include sufficient details and breakdown of fees in order to demonstrate that the correct charges have been invoiced.
- 6.6.6.2 Invoice requests should be raised in advance of the service provision where appropriate.
- 6.6.6.3 To notify the Assistant Chief Officer of outstanding income relating to the previous financial year as soon as possible after 31 March in line with the timetable determined by the Assistant Chief Officer.
- 6.6.6.4 To assist the Assistant Chief Officer in collecting debts that they have originated, by providing any further reasonable information requested by the debtor and in pursuing the matter on the Commissioner's behalf.
- 6.6.6.5 To ensure that the completion, verification and authorisation of grants and reimbursements are carried out in accordance with the terms and conditions.
- 6.6.6.6 The use of additional income above the budgeted level requires Commissioner approval (Scheme of Consent 4.1.8, Financial Regulations 4.4.5).



## 7. COLLABORATIONS & PARTNERSHIPS

### 7.1 Collaborations

#### Why is this important?

- 7.1.1 Under sections 22A to 22C of the Police Act 1996 as inserted by section 89 of the Police Reform and Social Responsibility Act 2011, the Chief Constable and the Commissioner have the legal power and duty to enter into collaboration agreements to improve the efficiency or effectiveness of policing. Any collaboration which relates to the functions of a police force must first be agreed with the Chief Constable of each participating force. The Commissioner shall hold the Chief Constable to account for any collaboration in which the Constabulary is involved and must consider doing so in cooperation with the other Commissioners concerned.
- 7.1.2 Existing collaboration agreements made under the old section 23A of the 1996 Act transferred automatically to the Commissioner under the terms of Schedule 15 to the 2011 Act.
- 7.1.3 The key controls are:
- to recognise the statutory context in which the proposed arrangement is to be established
  - to identify the objectives the proposed arrangement is designed to achieve/fulfil
  - to demonstrate how those objectives will support the Commissioner's vision as set out in the Police and Crime Plan; and how the achievement of that vision will be promoted
  - to identify and assess all known risks associated with the proposed arrangement and the extent to which those risks affect the viability of the proposals
  - to identify and assess through a robust project appraisal process the viability of the proposals in terms of resources, staffing and expertise and prepare an exit strategy
  - to identify and assess the contractual, legal and financial frameworks of the proposed arrangement and to ensure that those arrangements comply with the Commissioner's financial regulations and the Rules relating to contracts
  - to identify and agree with other partners the roles and responsibilities of each of the other partners involved in the proposals and the lines of accountability from the proposed arrangement to the Commissioner, to the Constabulary and to other partners
  - to be satisfied that other partners have carried out similar assessments for their own purposes, so far as practicable, of the matters referred to above
  - to ensure that the proposed arrangement and its operation will not affect adversely any of the services provided by or for the Commissioner and Constabulary

7.1.4 The entering into of collaboration agreements under the Police Act 1996 (as amended) and any other significant joint ventures require the Commissioner's approval.

#### **7.1.5 Responsibility of the Commissioner**

7.1.5.1 To approve any collaboration in consultation with the Chief Constable and upon advice of their Chief Finance Officer, ensuring that by doing so, it will support the objectives as set out in the Police and Crime Plan and comply with the approved policies on Collaboration.

#### **7.1.6 Responsibility of the Chief Finance Officer**

7.1.6.1 In consultation with the Assistant Chief Officer to promote and maintain the same high standards of conduct with regard to financial affairs in collaborations and other external arrangements that apply throughout the Office of the Commissioner and the Constabulary.

7.1.6.2 In consultation with the Assistant Chief Officer, to specify the accounting and auditing arrangements to be adopted relating to collaborations and joint ventures and to consider the overall arrangements when arranging contracts with external bodies. To ensure that the risks have been fully appraised before agreements are entered into with external bodies.

7.1.6.3 In consultation with the Assistant Chief Officer, ensure that for proposed external arrangements directly involving the Commissioner, the key controls above are, and will be, in place.

7.1.6.4 In consultation with the Assistant Chief Officer, to specify the accounting and auditing arrangements to be adopted relating to collaborations and joint ventures and to consider the overall framework. They must ensure that the risks have been fully appraised before agreements are entered into with external bodies.

#### **7.1.7 Responsibilities of the Assistant Chief Officer**

7.1.7.1 To advise on effective controls that will ensure that resources achieve value for money.

7.1.7.2 To maintain a register of all external arrangements entered into and that all agreements and arrangements are properly documented.

7.1.7.3 To advise on the key elements of funding a collaboration. They include:

- a scheme appraisal for financial viability in both the current and future years
- risk appraisal and management
- resourcing, including taxation issues
- audit, security and control requirements
- carry-forward arrangements
- exit strategy is in place

7.1.7.4 To ensure that the accounting arrangements are satisfactory.

## **7.1.7 Roles of Budget Managers**

- 7.1.7.1 To ensure that the approval of the Commissioner is obtained before any negotiations are concluded on external arrangements for which the Commissioner's prior approval is required as set out above.
- 7.1.7.2 To ensure that before entering into agreements with external bodies, advice is sought from Finance and Legal Departments where required and a risk management appraisal has been prepared.
- 7.1.7.3 To ensure that such agreements and arrangements do not impact adversely upon the services provided by the Commissioner or the Constabulary.
- 7.1.7.4 To provide appropriate information to the Assistant Chief Officer to enable appropriate information to be entered into the Statement of Accounts.

## **7.1.8 Responsibility of External Parties**

- 7.1.8.1 It is expected that all External Parties working with the Commissioner/Constabulary will act as follows:
  - To be willing to take on a role in the broader programme appropriate to the skills and business services of the collaboration
  - To act in good faith at all times and in the best interests of the collaboration's aims and objectives
  - To be open about any conflict of interests that might arise and act wherever possible as ambassadors for the project
  - To encourage joint working and promote the sharing of information, business services and skills between public, private and community sectors
  - To hold confidentially any information received as a result of collaboration activities or duties that are of a confidential or commercially sensitive nature
  - Throughout the life of the collaboration, it is the responsibility of all parties to communicate regularly with each other so that the progress of the project is routinely monitored to identify areas where action may be required to fulfil the objectives of the collaboration and to identify and share problems in order to promote their successful resolution

## **7.2 Partnerships**

### **Why is this important?**

- 7.2.1 In addition to statutory partnerships such as the Community Safety Partnerships, both the Commissioner and the Constabulary work in voluntary partnerships with many other agencies to agree joint priorities and broaden the range of potential solutions to produce sustainable crime reduction and safer communities across Cheshire.
- 7.2.2 It is important to ensure that risk management and project appraisals are in place to assess the viability – both on initiation and on an on-going basis – of all external arrangements and an exit strategy is prepared.

7.2.3 The key controls for partnerships are the same as those for collaborations above.

#### **7.2.4 Responsibility of the Commissioner**

7.2.4.1 To approve delegations, including frameworks for any statutory partnerships, and contractual arrangements for any work for third parties or external bodies.

7.2.4.2 To approve the frameworks for statutory and other partnerships and, where participation is discretionary, to ensure that by doing so, it will support the objectives as set out in the Police and Crime Plan.

#### **7.2.5 Responsibilities of the Chief Executive**

7.2.5.1 To arrange for attendance at relevant partnership meetings on behalf of the Commissioner to gain understanding of partners' priorities to inform the Police and Crime Plan.

7.2.5.2 To identify and undertake areas of joint working such as customer insight, potential joint commissioning opportunities or collaborative activities that support the reduction of crime.

#### **7.2.6 Responsibility of the Chief Finance Officer**

7.2.6.1 In consultation with the Assistant Chief Officer to promote and maintain the same high standards of conduct with regard to financial affairs in statutory partnerships and other commissioning arrangements that apply throughout the organisation.

7.2.6.2 In consultation with the Assistant Chief Officer, to specify the accounting and auditing arrangements to be adopted relating to statutory partnerships and joint ventures and to consider the overall arrangements when formulating partnership arrangement contracts with external bodies. To ensure that the risks have been fully appraised before agreements are entered into with external bodies.

7.2.6.3 In consultation with the Assistant Chief Officer, ensure that for proposed partnerships or other external arrangements directly involving the Commissioner, the key controls above are, and will be, in place.

7.2.6.4 In consultation with the Assistant Chief Officer, to specify the accounting and auditing arrangements to be adopted relating to partnerships and joint ventures and to consider the overall framework. They must ensure that the risks have been fully appraised before agreements are entered into with external bodies.

## **7.2.7 Responsibility of Chief Constable**

- 7.2.7.1 To arrange for attendance at relevant partnership meetings on behalf of the Constabulary to gain understanding of partners priorities to inform the Police and Crime Plan.

## **7.2.8 Responsibility of Partners**

- 7.2.8.1 It is expected that Partners working with the Commissioner/Constabulary will act as follows:

- To be willing to take on a role in the broader programme appropriate to the skills and business services of the partner organisation.
- To act in good faith at all times and in the best interests of the partnership's aims and objectives.
- To be open about any conflict of interests that might arise and act wherever possible as ambassadors for the project.
- To encourage joint working and promote the sharing of information, business services and skills between public, private and community sectors.
- To hold confidentially any information received as a result of partnership activities or duties that are of a confidential or commercially sensitive nature.
- Throughout the life of the partnership, to communicate regularly with each other so that the progress of the project is routinely monitored to identify areas where action may be required to fulfil the objectives of the partnership and to identify and share problems in order to promote their successful resolution.

- 7.2.9 It is expected that the Commissioner's and Constabulary's lead officer on each partnership body will, as far as possible, seek to ensure that partners follow the principles outlined at paragraph 7.1.3 and will notify the Commissioner or Chief Constable if it appears that partners are not working within these principles.

## 8. COMMISSIONING OF SERVICES

### Why is this important?

- 8.1 Under Section 10 of the Police Reform and Social Responsibility Act 2011, the Commissioner is given the responsibility for co-operative working. This allows, within the constraints of the relevant funding streams, the Commissioner to pool funding as they and their local partners deem appropriate. The Commissioner can commission services or award grants to organisations or bodies that they consider will support their community safety priorities in accordance with their Police and Crime Plan. They may do this individually or collectively with other local partners including non-policing bodies. The Commissioner must have regard to the relevant priorities of each responsible authority as defined in Section 5 of the Crime & Disorder Act 1998.
- 8.2 Under Section 143 of the Anti-social Behaviour, Crime and Policing Act 2014:
- (1) the Commissioner may provide or arrange for the provision of—
    - (a) services that in the opinion of the Commissioner will secure, or contribute to securing, crime and disorder reduction in the body's area;
    - (b) services that are intended by the Commissioner to help victims or witnesses of, or other persons affected by, offences and anti-social behaviour;
    - (c) services of a description specified in an order made by the Secretary of State.
  - (2) An order under subsection (1)(c) may make different provision for different areas.
  - (3) The Commissioner arranging for the provision of services under this section may make grants in connection with the arrangements. A grant may be subject to any conditions (including conditions as to repayment) that the Commissioner thinks appropriate.
  - (4) In this section—

“anti-social behaviour” means behaviour by a person that causes or is likely to cause harassment, alarm or distress to one or more other persons not of the same household as that person;

“crime and disorder reduction” means reduction in levels of—

    - crime and disorder (including anti-social behaviour and other behaviour adversely affecting the local environment),
    - the misuse of drugs, alcohol and other substances, and
    - re-offending.
- 8.3 It is important to ensure that risk management and project appraisals are in place to assess the viability – both on initiation and on an on-going basis – of all external arrangements and an exit strategy is prepared.

8.4 The key controls are:

- Agreements with clear priorities and outcomes
- Grant conditions and outcomes

## **8.5 Responsibility of the Commissioner**

8.5.1 To have regard to relevant priorities of local partners when considering and setting the Police and Crime Plan.

8.5.2 To work effectively with other local leaders in Cheshire who can also provide significant resources, to influence how all parties prioritise and bring together their resources to tackle local problems and priorities.

8.5.3 To consult with victims of crime about policing and the proposed Police and Crime Plan. To commission the majority of victim support services in Cheshire.

8.5.4 To make appropriate robust arrangements to commission services from the Constabulary or external providers.

## **8.6 Responsibilities of the Chief Executive**

8.6.1 To develop a commissioning strategy and framework that will support the objectives as set out in the Police and Crime Plan. The framework should encourage a mixed economy of provider options and where necessary develop a specific Commissioner's Compact Agreement with the Voluntary Sector.

8.6.2 To oversee the Commissioning framework in line with the financial delegations as set out in Section 2 (Buying Goods and Services/Making Payments) of Chapter 5 of the Scheme of Corporate Governance.

8.6.3 To keep under review the performance and outcomes of any investments agreed by the Commissioner in respect of partnership activity.

8.6.4 Ensure financial expenditure does not exceed the budgeted level to achieve the objectives set out in the Police and Crime Plan where services are commissioned within community initiatives.

## **8.7 Responsibility of the Chief Finance Officer**

8.7.1 To assist the Chief Executive to carry out the financial aspects of their responsibilities and in particular to budget and account for incoming funding and outgoing expenditure in accordance with accounting requirements.

## **9. FUNDING (Income Generation & Grants)**

### **Why is this important?**

- 9.1 External funding is potentially a very important source of income, but funding conditions need to be carefully considered to ensure that they are compatible with the objectives and priorities of the Commissioner. Public Sector organisations are increasingly encouraged to provide seamless service delivery through working closely with other agencies and private service providers. However, in some instances, although the scope for external funding has increased, such funding is linked to tight specifications and may not be flexible enough to link to the Commissioner's overall plan.
- 9.2 There is also the potential with external funding to expose the Commissioner to greater legal and financial risks and there should be particular awareness of the need to balance innovation and opportunity with wider considerations of stewardship, probity and value for money.
- 9.3 The key controls are:
- To ensure that key conditions of funding and any statutory requirements are complied with and that the responsibilities of the accountable body are clearly understood
  - To ensure that funds are acquired only to meet the priorities approved in the policy framework set by the Commissioner
  - To ensure that any match-funding requirements are given due consideration prior to entering into long-term agreements and that future revenue budgets reflect these requirements
  - To recoup funding shortfalls from the disallowance of expenditure due to failure to meet terms and conditions of such funding, from within the approved Budget Head's budget

### **9.4 Responsibilities of the Chief Finance Officer**

- 9.4.1 To approve supplementary revenue / capital estimates for successful bids which are funded in full by the Government or other agency and without the need for additional resources from the Commissioner in either current or future years.
- 9.4.2 To approve in consultation with the Chief Executive and the Head of Legal Services the creation of, or participation in, separate legal entities such as joint ventures, trusts or limited companies and any agreement which requires the Commissioner to act as guarantor for a third party.

### **9.5 Responsibilities of the Assistant Chief Officer**

- 9.5.1 To ensure that all funding notified by external bodies is received and properly recorded in the Commissioner's accounts.
- 9.5.2 To ensure that any match-funding requirements are considered prior to entering into any agreements and that future revenue budgets reflect these requirements.



- 9.5.3 To ensure that audit requirements are met.
- 9.5.4 To provide policy advice and support in the bidding process and ensure that the initiative / project aligns with the Commissioner's key priorities.
- 9.5.5 To report to the Commissioner at outturn the financial performance of all successful bids for additional funding.

## **9.6 Roles of Budget Managers**

- 9.6.1 To provide an annual report to the Commissioner where the Constabulary participates in a joint funding arrangement either as the lead body or as a contributor outlining the how the sums paid have been used and the key outcomes and achievements.
- 9.6.2 To seek approval from the Assistant Chief Officer prior to bidding for external funding.
- 9.6.3 If a successful bid is fully funded per 9.4.1 above, to present the details to the Chief Finance Officer for approval.
- 9.6.4 If a successful bid attracts only short term funding and which, in the absence of a clear exit strategy may have implications for additional resources in future, to present the details to the Commissioner for approval before the short term funding can be accepted.
- 9.6.5 To inform the Head of Legal Services and Assistant Chief Officer of all bids for external funding.
- 9.6.6 To ensure that all claims for funds are made by the due date.
- 9.6.7 To ensure that the project progresses in accordance with the agreed objectives and that all expenditure is properly incurred and recorded and if the funding is subject to specific terms and conditions, to ensure that these are also met.
- 9.6.8 To ensure that where the functions of the Constabulary are discharged through joint arrangements, the appropriate standards of probity, stewardship and value for money are secured.

## **9.7 Work for Third Parties**

### **Why is this important?**

- 9.7.1 Current legislation enables the Commissioner and Constabulary within limits to provide a range of services to other bodies. Such work may enable a unit to maintain economies of scale and existing expertise. Arrangements should be in place to ensure that any risks associated with this work are minimised and that such work is within the organisation's legal powers. Advice must be sought from the Head of Legal Services before any such arrangements are agreed.

9.7.2 The key controls are:

- To ensure that proposals are costed properly in accordance with guidance provided by the Assistant Chief Officer
- To ensure that contracts are drawn up using guidance provided by the Assistant Chief Officer and that the formal approvals process is adhered to
- To issue guidance with regard to the financial aspects of third party contracts and the maintenance of the contract register
- To ensure that risks are properly evaluated
- To take advice from the Head of Legal Services

### **9.7.3 Responsibilities of Assistant Chief Officer**

9.7.3.1 To ensure that guidance with regard to the financial aspects of third party contracts and the maintenance of the contract register is provided.

9.7.3.2 To ensure that a risk assessment process is carried out for any contract and that the Head of Legal Services' advice is incorporated.

9.7.3.3 To ensure that the approval of the Commissioner is obtained before any negotiations are concluded to work for third parties.

### **9.7.4 Roles of Budget Managers**

9.7.4.1 To maintain a register of all contracts entered into with third parties in accordance with procedures specified by the Assistant Chief Officer and that all contracts are properly documented.

9.7.4.2 To ensure that appropriate insurance arrangements are made.

9.7.4.3 To ensure that the Commissioner is not put at risk from any bad debts.

9.7.4.4 To ensure that no contract is subsidised by the Commissioner and wherever possible, payment is received in advance of the delivery of the service.

9.7.4.5 To ensure that the service area has the appropriate expertise to undertake the contract and those contracts do not impact adversely upon the services provided for the Commissioner.

9.7.4.6 To provide appropriate information to the Assistant Chief Officer to enable a note to be entered into the Statement of Accounts.

## **9.8 Taxation**

### **Why is this important?**

9.8.1 Like all organisations, the Commissioner and Constabulary are responsible for ensuring their tax affairs are in order. Tax issues are often very complex and the penalties for incorrectly accounting for tax are severe. It is therefore very important for all officers to be aware of their role.

#### 9.8.2 The key controls are:

- Budget Managers are provided with relevant information/kept up to date on tax issues
- Budget Managers are instructed on the required record keeping
- All taxable transactions are identified, properly carried out and accounted for within stipulated timescales
- Records are maintained in accordance with instructions
- Returns are made to the appropriate authorities within the stipulated timescales

#### **9.8.3 Responsibilities of the Assistant Chief Officer**

9.8.3.1 To ensure the accuracy and completion of all His Majesty's Revenue and Customs (HMRC) returns regarding Pay as you earn (PAYE).

9.8.3.2 To ensure the accuracy and completion of returns of Value Added Tax (VAT) input and outputs to His Majesty's Revenue and Customs (HMRC).

9.8.3.3 To ensure the accuracy and provision of details to His Majesty's Revenue and Customs (HMRC) regarding the Construction Industry Tax Deduction Scheme.

#### **9.8.4 Roles of Budget Managers**

9.8.4.1 To ensure that the correct VAT liability is attached to all income and that all VAT recoverable on purchases complies with His Majesty's Revenue and Customs (HMRC) Regulations.

9.8.4.2 To ensure that, where construction and maintenance works are undertaken, the contractor fulfils the necessary Construction Industry Tax Deduction requirements.

9.8.4.3 To ensure that all persons employed by the Commissioner are added to the payroll and tax deducted from any payments, except where the individuals are bona fide self-employed or are employed by a recognised staff agency.

## 10. PROCUREMENT & CONTRACTS

### Why is this important?

- 10.1 Procurement of goods and services is governed by legislation as well as these Regulations. It is important that the Commissioner and Chief Constable have a system of openness, integrity and accountability where the probity and transparency of the procurement process will be beyond reproach. This in turn leads to better value for money and gives confidence to all concerned that the Commissioner and Chief Constable are fulfilling their governance responsibilities.
- 10.2 The full details of all the rules on procurement and contracts are contained in the Standing Orders relating to Contracts. Reference to these must be made prior to any procurement.
- 10.3 The key controls for procurement & contracts are:
- National legislation and international agreements, including framework agreements mandated under The Police Act 1996 (Equipment) Regulations 2011 and the Bribery Act 2010
  - Procurement procedures set out in the Rules relating to contracts
  - Use of e-procurement / e-tendering system ([www.bluelight.gov.uk](http://www.bluelight.gov.uk))
  - Compliance with the procedures set out in this section is mandatory and any breaches must be reported to the Chief Executive
  - Exceptions to these procedures must be approved in advance of any action

### The Contracts (Rights of Third Parties) Act 1999

- 10.4 Where goods and or services are supplied under the terms of this Agreement to (or are used or consumed by) the Chief Constable, the Chief Constable shall have the right to enforce any term of the Agreement since it is specifically intended that the terms of the Agreement confer a benefit on him. This clause to be included in contract terms and conditions is in addition to:
- any other right or remedy of the Chief Constable which exists or is available otherwise than pursuant to the above Act
  - any right or remedy available to the Commissioner which exists or is available in relation to enforce the same or other terms of the Agreement

## **GLOSSARY**

### **Budget Managers**

Officers to whom revenue budget responsibility is delegated are responsible and accountable for the management and control of the budgets allocated to them in compliance with these financial regulations. Budget Managers are responsible for ensuring that expenditure and income are correctly coded to the appropriate budget heading. They are responsible for monitoring expenditure and income and are required to take appropriate action in the event of any variation occurring, or expected to occur, in the expenditure and income relating to activities under their control.

### **Capital Scheme Managers**

Officers to whom management of schemes in the capital programme is delegated will be referred to in these Financial Regulations as Capital Scheme Managers. They will have the same responsibilities as Budget Managers in respect of managing expenditure and income, in so far as these relate to the capital schemes and associated cost centres, under their control in compliance with these financial regulations.

### **Carry Forwards**

This refers to the transfer of resources between accounting years.

### **Chief Constable**

This is the officer appointed under section 11 of the Police Act 1996.

### **Chief Executive of the Office of the Police and Crime Commissioner for Cheshire**

The Commissioner is required to appoint a Chief Executive under Section 6(1)(a) of the Police Reform and Social Responsibility Act 2011. The designated “Monitoring Officer” under the Local Government and Housing Act 1989.

### **Chief Finance Officer/Assistant Chief Officer (Commissioner and Chief Constable)**

The Commissioner and Chief Constable are required to appoint a Chief Finance Officer under the Police Reform and Social Responsibility Act 2011. These are the officers with overall responsibility for the administration of the Commissioner’s and Constabulary’s financial affairs, as set out in section 112 of the Local Government Finance Act 1988 and referred to as the Section 151 Officers. For Cheshire this is the Chief Finance Officer and the Assistant Chief Officer (Constabulary)

### **CIPFA**

The Chartered Institute of Public Finance and Accountancy – [www.cipfa.org.uk](http://www.cipfa.org.uk)

### **Compact Agreement**

Central Government requires all public bodies to develop and deliver a local Compact Agreement with the Voluntary, Community and Faith (VCFS) sector, which sets out the ways in which both parties will work together. This recognises the importance of the VCFS sector in terms of service provision, value to the economy, positive impact on well-being and quality of life, and promotion of volunteering and good citizenship. This is an agreement between the Voluntary, Community and Faith Sector and the Public Sector in Cheshire to improve the ways in which we work together. It sets out a framework for better working relationships through shared principles, undertakings and actions. There are four central principles that underpin compact working, known as PACT principles: Proportionality; Accountability; Consistency and Transparency.

## **Consistency**

The concept that the way an item of expenditure of income is accounted for in one month is accounted for in the same way in subsequent months.

## **Contingent Liability**

A contingent liability is either:

- (a) a possible obligation arising from past events whose existence will be confirmed only by the occurrence of one or more uncertain future events not wholly within the Commissioner's control, or
- (b) a present obligation arising from past events where it is not probable that a transfer of economic benefits will be required or the amount of the obligation cannot be measured with sufficient reliability.

## **Depreciation**

The measure of the cost or re-valued amount of the benefits of the assets that have been consumed during the period. Consumption includes the wearing out, using up or other reduction in the useful life of a fixed asset whether arising from use, passage of time or obsolescence through either changes in technology or demand for the goods and services produced by the asset.

## **Investments**

A long term investment is an investment that is intended to be held for use on a continuing basis in the activities of the Commissioner. Investments should be so classified only where an intention to hold the investment for the long term can clearly be demonstrated or where there are restrictions as to the investor's ability to dispose of the investment. Investments that do not meet the above are classified as current assets.

## **Impairment**

A reduction in the value of a fixed asset below the amount shown on the balance sheet.

## **Monitoring Officer**

The Monitoring Officer is responsible for warning the Commissioner of actual or potential illegality or maladministration arising from their decisions or proposals. The statutory duties arise from the Police Act 1996 in its application of Section 5 of the Local Government and Housing Act 1989, as amended.

## **Partnership**

The financial regulations refer to those statutory partnerships where we are required to work towards objectives with other bodies, pooling resources.

## **Police and Crime Commissioner**

The Police and Crime Commissioner is the elected representative as established in accordance with the Police Reform and Social Responsibility Act 2011.

## **Prudence**

The concept that revenue is not anticipated but is recognised only when realised in the form either of cash or of other assets the ultimate cash realisation of which can be assessed with reasonable certainty.

**Revaluation**

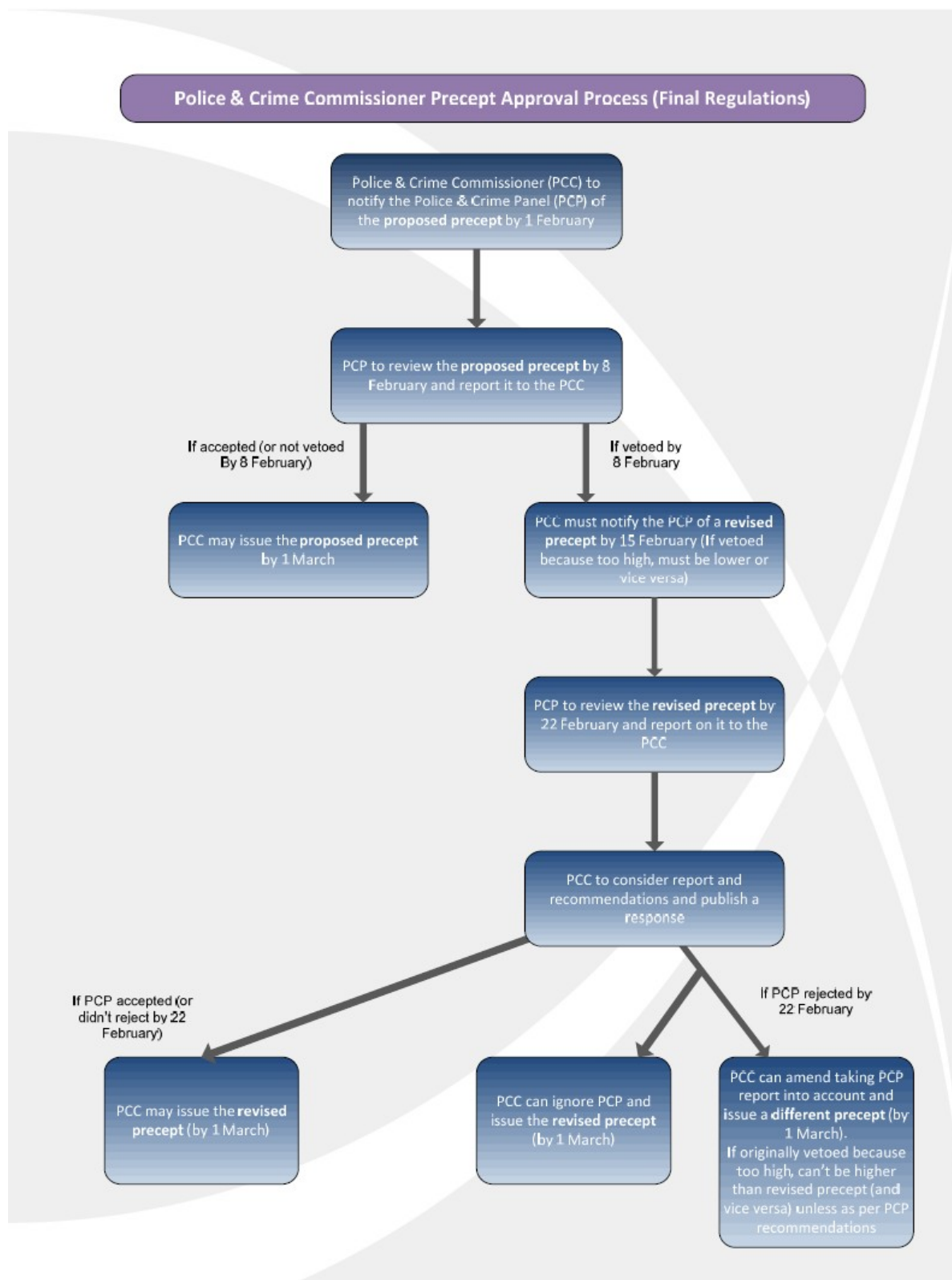
An increase or decrease in the value of an asset shown on the balance sheet to reflect its current value.

**The Constabulary**

This refers to all those working for the Chief Constable. It covers both police officers and staff appointed under section 15 of the Police Act 1996 (excluding those who fall under section 15.3 who are not under the control and direction of the Chief Constable).

**Virement**

This refers to the transfer of resources from one budget head to another.





# STANDING ORDERS RELATING TO CONTRACTS

## 1. Procurement and Contracts

1.1 Procurement of goods and services is governed by legislation as well as these Rules. Whilst a degree of flexibility in relation to the application and operation of these regulations has been accommodated where appropriate in the limited circumstances set out below, it should always be borne in mind that there are legislative requirements which must be adhered to at all times.

1.2 It is important that the Commissioner and Chief Constable have a system of openness, integrity and accountability where the probity and transparency of the procurement process will be beyond reproach. This in turn leads to better value for money and gives confidence to all concerned that the Commissioner and Chief Constable are fulfilling their governance responsibilities. This section applies to all quotations and tenders and is supplemented by the procurement procedure notes as attached below.

1.3 The key controls for procurement & contracts are:

- National legislation including the Public Contracts Regulations 2015 and international agreements
- Bribery Act 2010
- Procurement procedures set out in this section
- Use of e-procurement / e-tendering system (<https://sell2.in-tend.co.uk/blpd/contracts>)
- Compliance with the procedures set out in this section is mandatory and any breaches must be reported to the Chief Executive
- Exceptions to these procedures must seek pre-approval as stated below. Where no pre-approval route is identified, procedures in these Standing Orders can only be waived with the written approval of the Commissioner.

## 1.4 Responsibilities of the Chief Executive

1.4.1 To make arrangements to receive and record tender submissions for contracts over the value of £150,000.

1.4.2 To approve purchases at public auction or where purchases are considered by the Chief Constable to be of an emergency nature to preserve the Commissioner's assets or maintain services.

1.4.3 Where a tender is not processed through the Bluelight system, to open personally (or the Commissioner's representative) all tenders over £150,000 in conjunction with another officer present.

1.4.4 To sign or, sign and seal, any contract or other legal document as appropriate and to maintain a register of all such contracts.

1.4.5 To grant exceptions to the standard contract procedures and to clarify any uncertainty as to the interpretation of these procedures.

- 1.4.6 To receive reports of any breaches in the procurement procedures as set out in this section and determine in consultation with the Chief Finance Officer, the appropriate actions to be taken.
- 1.4.7 To resolve any dispute or uncertainty as to the interpretation of these regulations.
- 1.4.8 To approve as appropriate any post contract negotiations, variations to and extensions of contracts in consultation with the Deputy Head of Legal Services (Head of Commercial Unit).

## **1.5 Responsibilities of Deputy Head of Legal Services (Head of Commercial Unit)**

- 1.5.1 To develop and provide guidance on the procurement process and support the Constabulary in its contract management.
- 1.5.2 To ensure compliance with national legislation.
- 1.5.3 To support the Commissioner in their responsibilities in relation to procurement.
- 1.5.4 To maintain an electronic record of all contracts with a value of £10,000 or greater.

## **1.6 Procurement Procedures**

- 1.6.1 Any proposed purchase of goods, services or works with an estimated aggregate value of £10,000 or greater must be notified to the Commercial Unit prior to commencing a procurement process. The instructions set out in Annex A must be followed. It is the responsibility of the Deputy Head of Legal Services (Head of Commercial Unit) to support and monitor compliance with Annex A.

## **1.7 Exceptions to Requirements of Competition**

- 1.7.1 Exceptions to the requirements of competition may be authorised in accordance within the following circumstances. Where applying such an exception could potentially contravene national legislation, the Head of Legal Services must be consulted. An exception to the requirement of competition for any reason other than the circumstances listed at 1.7.1.1 to 1.7.1.4 below must be approved by the Commissioner. A record of why exemption is justified must be maintained for audit purposes:
  - 1.7.1.1 The purchase of goods, services or works required to be compatible with an existing asset;
  - 1.7.1.2 The purchase of any goods, services or works of an emergency or unique nature to preserve assets or enable services to be maintained;
  - 1.7.1.3 The purchase of goods, services or works where the organisation has made a strategic decision to procure a corporate solution as a result of an earlier tender process, subject to a benchmarking exercise and additional negotiation where appropriate;

- 1.7.1.4 The purchase of goods, services or works where the provider is the sole supplier of the goods, services or works.
- 1.7.2 The exemptions listed at 1.7.1 can only be applied with the prior approval of the following:
  - 1.7.2.1 £10,000 to £150,000 - Deputy Head of Legal Services (Head of Commercial Unit).
  - 1.7.2.2 Over £150,000 - Chief Executive (or in their absence the Chief Finance Officer) under the advice of the Deputy Head of Legal Services (Head of Commercial Unit) and Head of Legal Services.
- 1.7.3 The following circumstances fall outside of the requirements of competition or have already been subjected to a prior competitive process. The application of these circumstances shall be verified by the Deputy Head of Legal Services (Head of Commercial Unit).
  - 1.7.3.1 The instruction of, advice from, or service provided by Counsel or Solicitors to act on behalf of the Commissioner and/or Chief Constable, as verified by the Head of Legal Services;
  - 1.7.3.2 Procurements made through a Government Framework Agreement, from Local Government/Police Consortia Contracts or other centrally or locally negotiated contracts or frameworks that have already been subject to competition, as approved by the Deputy Head of Legal Services (Head of Commercial Unit). Where a framework agreement is used, the call off arrangements under it must be followed. A mini competition is required between all capable suppliers unless an evaluation is possible from the Framework documents alone;
  - 1.7.3.3 Where payments are to be made to other parts of the Government for arrangements outside of procurement legislation (for example Mutual Aid);
  - 1.7.3.4 Contracts of employment, as approved by the Head of People Services;
  - 1.7.3.5 Purchases at public auction with the approval of the Chief Executive;
  - 1.7.3.6 Investment and borrowing through the Treasury Management contract, as approved by the Head of Finance;
  - 1.7.3.7 Any contract with another public sector organisation that falls within the exemptions under Regulation 12 of the Public Contracts Regulations 2015 (which covers in-house contracts and co-operation between public bodies), as verified by the Head of Legal Services.

## **1.8 Procurement Cards (GPC)**

1.8.1 Government Purchasing Cards (GPC) are to be used where possible as the preferred method of making and paying for relatively low value purchases. Full details of the usage of these cards including the cardholders' responsibilities and list of approved suppliers, are included in the GPC Policy.

### **1.8.2 Responsibilities of Chief Finance Officer**

1.8.2.1 To approve the procedures for the use of Government Purchasing Cards (GPC).

1.8.2.2 To receive reports on any misuse and authorise the withdrawal of such cards as necessary.

### **1.8.3 Responsibilities of Head of Finance**

1.8.3.1 To carry out an annual review of GPC cardholders and their transaction limits and report to the Chief Finance Officer.

1.8.3.2 To arrange sample checks of the appropriateness of GPC card expenditure to ensure compliance with Finance Regulations.

## **1.9 Ordering & Paying for Goods, Services and Works**

### **Why is this important?**

1.9.1 As the Commissioner is funded by public money it must be spent with demonstrable probity and in accordance with the Commissioner's policies. This protects the Commissioner, officers and staff from allegations of misconduct. These procedures help to ensure that services deliver value for money through their purchasing arrangements.

### **1.9.2 Procedures**

1.9.2.1 Every officer and staff member has a responsibility to declare any links or personal interests which they may have with potential or existing purchasers or suppliers and / or contractors if they are engaged in contractual or purchasing decisions on behalf of the Commissioner.

1.9.2.2 Official orders must not be raised for any personal or private purchases, nor should personal or private use be made of the contracts held by the Commissioner. Neither should personal or private invoices be sent to the Commissioner or Chief Constable.

1.9.2.3 Apart from petty cash, credit/government purchasing cards and other payments from advance accounts, the normal method of payment of money due from the Commissioner shall be by BACS or other instrument drawn on the Commissioner's bank account or National Giro account by the Assistant Chief Officer. The use of direct debit requires the prior agreement of the Chief Finance Officer.

#### 1.9.2.4 The key controls for ordering and paying for goods, services and works are:

- All goods and services are ordered only in a manner approved by the Assistant Chief Officer and duly recorded per the Constabulary's Scheme of Financial Delegation;
- Exceptions to the need for official orders are utilities supplies (e.g. gas), periodic payments (e.g. rates), agency staff, and petty cash or card purchases;
- All goods, works and services shall be ordered in accordance with Annex A of these rules;
- All orders conform to directions issued by Deputy Head of Legal Services (Head of Commercial Unit) and that standard terms and conditions are not varied without prior approval of the Deputy Head of Legal Services (Head of Commercial Unit) and Head of Legal Services
- All IT goods and services, specifically IT hardware/software that will be installed on the Constabulary's infrastructure or that will store or interact with Constabulary information, shall be ordered in agreement with IT Services;
- Goods and services received are checked to ensure they are in accordance with the order;
- Receipt of goods are authorised by officers who can certify that the goods received are of the expected price, quantity and quality;
- All payments are made to the correct person, for the correct amount and are properly recorded, regardless of the payment method;
- All appropriate payment documents are retained and stored for the defined period in accordance with the Constabulary's "Retention of Documents Policy";
- All expenditure, including VAT, is accurately recorded against the right budget and any exceptions corrected;
- In addition, the effect of e-business / e-commerce & electronic purchasing requires that processes are in place to maintain the security and integrity of data for transacting business electronically;
- That separation of duties will be enforced as far as reasonably practicable.

#### **1.9.3 Responsibilities of the Chief Finance Officer**

1.9.3.1 To ensure that all of the Commissioner's financial systems and procedures are sound and well administered.

1.9.3.2 To approve any significant changes to existing financial systems and to approve any new systems before they are introduced.

#### **1.9.4 Responsibilities of the Assistant Chief Officer**

1.9.4.1 Subject to the requirements of these Standing Orders to approve the form of requisitions / official orders and associated terms and conditions.

1.9.4.2 To make payments, whether or not provision exists within the budget, where the payment is specifically required by statute or is made under a court order.

1.9.4.3 To make payments to contractors on the certificate of the appropriate Budget

Manager, which must include details of the value of work, retention money, amounts previously certified and amounts now certified.

1.9.4.4 To provide advice on making payments by the most economical means.

### **1.9.5 Roles of Budget Managers**

1.9.5.1 To comply with the key controls above and establish procedures that ensure that the requirements set out at 1.9.5.2 to 1.9.5.8 are complied with.

1.9.5.2 Purchase requisitions are raised for all goods and services at the time of ordering, other than the exceptions mentioned above, using the electronic purchase system.

1.9.5.3 Goods and services are checked on receipt to confirm that they match the order and recorded on the electronic purchase ordering system.

1.9.5.4 A list of staff approved to certify and authorise invoices is maintained and available to the Assistant Chief Officer.

1.9.5.5 All invoices require a purchase order for payment to be made. All receipted purchase orders are matched to invoices and corrective action taken for any mismatches.

1.9.5.6 No loan, leasing or rental arrangements are (outside of either covert or short term hire of rooms) entered into without prior written agreement from the Chief Executive, to ensure value for money is being obtained.

1.9.5.7 The Assistant Chief Officer is notified of outstanding expenditure relating to the previous financial year as soon as possible after 31 March in line with the closure timetable determined by the Assistant Chief Officer.

1.9.5.8 To notify the Chief Finance Officer and the Assistant Chief Officer immediately of any expenditure to be incurred as a result of statute/court order where there is no budgetary provision.

### **1.9.6 Role of Finance Services Team**

1.9.6.1 That orders are only placed with authorised suppliers and that the provisions of the Procurement & Contracts section have been complied with.

## **PROCUREMENT AND CONTRACTS – Instructions to be followed**

### Electronic Tendering

A1) In line with Public Contracts Regulations 2015 all tendering will be carried out electronically unless agreed by the Deputy Head of Legal Services (Head of Commercial Unit).

### Pre Procurement Requirements

A2) Where the total value of goods, services and works which are proposed to be purchased is less than £10,000, there is no requirement to follow a competitive procurement process. However, the responsible Budget Manager must ensure that best value is obtained, any budgetary constraints are complied with and a purchase order is used. In addition, where an existing contract or framework is in place for a specific type of goods or service, this should be used. Where the proposed purchase is of a complex or unusual nature, is business critical or involves particular operational, commercial or strategic risks, guidance from the Commercial Unit should be sought.

A3) Before a proposed procurement process is commenced with an estimated value of £10,000 or greater, the Budget Manager must inform the Deputy Head of Legal Services (Head of Commercial Unit). In conjunction with the Commercial Unit, the following steps must be taken:

- Prepare a value for money specification for the goods and services to be procured.
- Identify the available budget;
- Carry out market testing to identify the range of potential suppliers and an estimated potential cost;
- Check whether there are any existing frameworks that could be used to purchase the goods or services, and whether these represent value for money;
- Identify the resources needed to undertake the procurement and whether a formal project structure is required;
- Develop a business case and identify the approval route; and
- Where a competitive process is being used, decide how quotes / tenders will be assessed and evaluated.

A4) The Commercial Unit will recommend the procurement process that should be adopted, including advising whether an exemption to the requirements of competition should be sought or an existing framework should be used. Where a competitive route is to be followed, the Commercial Unit will advise on the appropriate process to use as set out in this Annex.

### Pre Contract Requirements

A5) At the completion of the procurement process, a contract will be entered into with the chosen contractor. Before entering into a contract with this contractor you must:

- Have completed a competitive procurement process or received the necessary approval in accordance with these Rules to apply an exemption or use an existing framework.

- Have assessed the nature and extent of external and internal risks of bribery and ensured all reasonable steps (proportionate to the nature and size of contract) are taken to prevent such actions.
- Have ensured that the form of Contract used complies with the requirements of these Rules, including obtaining Head of Legal Services approval if required.
- Be satisfied that the terms of the Contract and any Schedules to it reflect the goods and services that are required and that the interests of the Commissioner are adequately protected.
- Be satisfied about the technical capability of the prospective provider of the works, goods or services.
- Ensured that the costs of the Contract are within the approved budget and represent value for money.

A tender may be accepted without further approval from the Commissioner if it is the most economically advantageous tender and is not a starred item (i.e. agreed in principle but subject to further approval) in the budget. If the tender exceeds the approved budget estimate and is likely to cause a budget overspend which cannot be met through virement, then a tender will not be accepted until the Commissioner has considered a report, approved additional funds and subsequently directed the officers to accept that tender.

#### Signing of Contracts

- A6) All contracts must be recorded in writing.
- A7) Where the total value of goods, services or works is less than £10,000, a purchase order must be used which is authorised by the Budget Manager.
- A8) Where the goods, services or works are and have an estimated total value of between £10,000 and £150,000, the advice of the Deputy Head of Legal Services (Head of Commercial Unit) must be obtained and the contract will be signed by the Assistant Chief Officer.
- A9) Where the goods, services or works have an estimated total value of £150,000 or greater, or an estimated total value of between £10,000 and £150,000, the advice of the Deputy Head of Legal Services (Head of Commercial Unit) must be obtained and must be the subject of a formal contract signed or signed and sealed by the Chief Executive. The Chief Executive will maintain a register of all such contracts on behalf of the Commissioner.

#### Contract Terms and Conditions

- A10) The Standing Orders set out below will apply to all contracts entered into by the Commissioner involving goods, works or services unless specifically exempted in accordance with paragraph 1.7 of the Standing Orders relating to Contracts. They will also apply to contracts entered into as where the Commissioner acts as an agent for another body, subject to the specific terms of the agency agreement.
- A11) Guidelines on the terms and conditions to be included in contracts are contained in A47 to A49 of this Annex. All contracts for a value exceeding £10,000 must be on written terms and conditions drafted or approved by the Head of Legal Services.



## Competition Requirements for Contracts between £10,000 and UK Limit

- A13) Where the total value of the goods and services being procured is between £10,000 and £50,000, at least three quotes must be sought from suppliers within the market, unless approval is obtained from the Deputy Head of Legal Services (Head of Commercial Unit) to seek fewer than three quotes. The availability of local suppliers should be considered and quotes should be sought from them where this is consistent with best value principles. Where less than three suppliers choose to submit quotes, where practicable additional suppliers should be contacted to ensure that at least three quotes are received.
- A14) Where the total value of the goods and services being procured is between £50,000 and £100,000, the standard process is to advertise the opportunity and invite tenders on the open market using the Open procedure. However, exceptionally, where the nature of the market or circumstances of the procurement mean that best value can be achieved and social value promoted through obtaining quotes in accordance with the competitive process at A13, the Chief Executive can approve this alternative process on the advice of the Deputy Head of Legal Services (Head of Commercial Unit) and the Head of Legal Services. This approval must be recorded in writing, with reasons given for the alternative process being adopted.
- A15) Where the total value of the goods and services being procured is between £100,000 and the UK threshold, the opportunity must be advertised and tenders must be invited. The Open procedure must be used for below UK threshold tenders, although suitability assessment questions can be asked where these are relevant and proportionate.

## Competition Requirements under Public Contracts Regulations 2015

- A16) The procedures defined below follow the model set out in the Public Contracts Regulations 2015. They must be adopted for all exercises over the threshold values. Either the Open or Restricted Procedure should be used as appropriate under recommendation from the Commercial Unit. The Competitive Procedure with Negotiation, Competitive Dialogue Procedure or Innovation Partnership may only be used in exceptional circumstances and with the approval of the Head of Legal Services. The "Light Touch" Regime applies to the procurement of certain types of goods and services and may allow a modified procurement procedure to be used, however any changes to defined procedures must be approved by the Head of Legal Services. Advice on the appropriate procedure to apply may be obtained from the Deputy Head of Legal Services (Head of Commercial Unit) or the Head of Legal Services.

## Restricted Tendering Procedure

- A17) Public Notice will be given on Bluelight e-tendering system and may be given in relevant trade journals, newspapers, websites etc. and the Find a Tender Service if the UK threshold is exceeded, and where appropriate, on the Force website. The notice must set out details of the proposed contract and invite contractors interested to apply within such period as may be specified, (being not less than 15 days or in compliance with Public Contracts Regulations 2015 timescales), for selection to tender. A Prior Information Notice may be used in

addition to or instead of a Public Notice on the advice of the Deputy Head of Legal Services (Head of Commercial Unit). All responses to advertisements must include the completion of prequalification questionnaire form (PQQ). Clear instructions shall be given in the advertisement regarding the arrangements for the delivery and receipt of applications with particular reference to a deadline for receipt of applications.

The rules for the receipt of applications will be the same as that for tenders as set out in A19 onwards.

- A18) After the expiry of the period specified in the public notice, invitations to tender stating details of the proposed contract and the last date for receipt of tenders must be sent to no less than five potential suppliers that have returned completed pre-qualification documents and have been evaluated as meeting the selection criteria. If fewer than five potential suppliers have applied and/or less than five meet the selection criteria and it is considered by the Commercial Unit that a competition is still appropriate, all should be invited to tender. If less than five potential suppliers are invited to tender, then the Commercial Unit must keep a record of the reasons for this action.

#### Open Tendering Procedure

- A19) This procedure differs from the Restricted Procedure in that any potential suppliers expressing an interest will receive an invitation to tender. There is no restriction or selection process prior to the dispatch of tenders.

- A20) Public Notice will be given on e-tendering system (<https://sell2.in-tend.co.uk/blpd/contracts>) and may be given in relevant trade journals, newspapers, websites etc. if the UK threshold is exceeded, and where appropriate, on the Force website. The notice must set out details of the proposed contract and invite contractors interested to submit tenders within such period as may be specified, (being not less than 10 days or in compliance with Public Contracts Regulations 2015 timescales).

#### Competitive Procedure with Negotiation and Competitive Dialogue Tendering Procedures

- A21) The Competitive Procedure with Negotiation and the Competitive Dialogue procedure should only be used in the case of particularly complex contracts. This should be in exceptional cases only, where the Commissioner cannot objectively at the outset define:-

- The technical means required to satisfy their needs or objectives and / or
- The legal and / or financial make-up of the project

In addition the Commissioner must be of the view that the use of the open or restricted procedure will not allow the award of the contract or will not achieve best value.

- A22) The Head of Legal Services and Deputy Head of Legal Services (Head of Commercial Unit) must be consulted and give approval for these procedures to be used.

## **Innovation Partnership**

A23) A contract notice can be published to invite participants in an Innovation Partnership, which can be used where a partner is sought for the development and subsequent purchase of an innovative product, service or works. The contract will be awarded in accordance with the rules for a competitive procedure with negotiation, and therefore this process should be used in exceptional circumstances only and with the prior approval of the Head of Legal Services and Deputy Head of Legal Services (Head of Commercial Unit).

## **“Light Touch” Regime Procurements**

A24) Where a service is being procured that is listed within Schedule 3 of the Public Contracts Regulations 2015 (health services, social services and certain other specified services), the full requirements of the UK Public Procurement Rules do not apply and a more flexible, tailored procurement procedure may be used. However, the underlying procurement principles of equal treatment, fairness and transparency will continue to apply, and therefore any changes to standard procurement procedures must be made in consultation with the Deputy Head of Legal Services (Head of Commercial Unit) and the Head of Legal Services.

## **Invitation to Tender or Quotes**

A25) All parties invited to tender or quote must receive identical information dispatched at the same time other than where there are particular commercial reasons on the advice of the Commercial Unit. All communication with tenderers during the procurement process must be via the Commercial Unit and in line with arrangements set out in the Invitation to Tender documentation.

## **Submission of Tenders**

A26) All tenders or quotes must be submitted electronically through the e-tendering system (<https://sell2.in-tend.co.uk/blpd/contracts>) unless prior approval is given by the Deputy Head of Legal Services (Head of Commercial Unit).

A27) All tenders or quotes must be submitted in compliance with the instructions set out in the Invitation to Tender or Quote. Non-compliance with this requirement will result in the tender not being considered. The acceptance of a non-compliant tender requires authorisation by the Chief Executive.

A28) On the rare occasions when paper tender submissions are allowed they should be addressed to:

- The Assistant Chief Officer (where the value is £10,000 or more but less than £150,000); or
- The Chief Executive (where the value is £150,000 or more)

at the Office of the Police and Crime Commissioner, Clemonds Hey, Oakmere Road, Winsford, Cheshire, CW7 2UA.

A29) The instructions to the Tenderers must make it clear that such paper tenders must be submitted bearing no details of name, slogan, logo or other identifying

mark of the contractor on the tender envelope. The envelope should state "Tender for ....." followed by the subject of the tender and the closing date and time for receipt. Non-compliance with this requirement may result in the tender not being considered.

#### Receipt of Tenders

- A30) E-tenders will be locked within the e-tendering system prior to opening. For paper tenders submitted, they will remain in the custody of the Chief Executive (or a person nominated by them) until the time appointed for opening. Upon receipt of a paper tender the receiving officer must indicate on the envelope the date and time of its receipt.
- A31) Tenders received after the date and time indicated for the receipt of tenders will not normally be considered except with the agreement of the Chief Executive following advice from the Head of Legal Services and Deputy Head of Legal Services (Head of Commercial Unit). Such tenders are returned to the tenderer if they are not to be considered.

#### Opening and Registration of Tenders/Quotations

- A32) E-tenders where the estimated value of the contract exceeds £150,000, will be opened at one time and in the presence of the Chief Executive (or their representative). In the case of paper tenders, where the estimated value of the contract exceeds £150,000, will be opened in the presence of the Chief Executive (or their representative) together with one officer nominated by the Chief Constable.
- A33) Where the estimated value of the contract exceeds £10,000 but is less than £150,000, the quotes will be opened after the deadline for return by the Commercial Unit.
- A34) Where a mini-competition is required in order to call off from an existing framework agreement, then any bids or quotes submitted will be opened after the deadline for return by the Commercial Unit.

#### Errors in Tenders

- A35) Tender documents must state how errors will be dealt with. All tenderers in same procurement exercise must be treated in a consistent manner in relation errors in their tenders. The tenderer shall normally be given the opportunity of amending the tender to correct genuine error(s) provided that in this case, apart from these genuine errors, no other adjustment, revision or qualification is permitted. Tenders relating to building or civil engineering work will be dealt with according to rules laid down by the Institution of Civil Engineers, or the National Joint Consultative Committee for Buildings Code of Single Stage Selective Tendering as appropriate.

#### Award of Contract

- A36) Contracts are awarded to the contractor on the basis of the 'Most Economically Advantageous Tender' (see A40).

- A37) Notification to the successful tenderer of the award of the contract will be subject to the 10 day standstill period on all UK procurements, which will be managed by the Commercial Unit. This standstill period also applies to call offs which are above the value of the UK threshold from existing frameworks.
- A38) The outcome of a competitive process will be notified to the successful and unsuccessful parties in writing.
- A39) For all contracts of £150,000 or more in value the contract must be signed or sealed by the successful tenderer and the Chief Executive (or their authorised deputy) on behalf of the Commissioner. Contract documents must be held for safekeeping by the Commercial Unit.

#### Most Economically Advantageous Tender

- A40) In assessing the tender, consideration should be given to quality, service and other determining factors such as social value as well as price. This must be clearly set out in the tender documentation and the evaluation criteria. The contract must be awarded based on the criteria stated in the tender document.
- A41) When conducting a mini-competition on an existing Framework Agreement, any evaluation criteria weightings defined in the Agreement cannot be varied.

#### Post Contract Negotiations

- A42) Negotiations post award of the contract are only permissible in exceptional circumstances and should only be commenced after the Chief Finance Officer, the Head of Legal Services and the Deputy Head of Legal Services (Head of Commercial Unit) have given written approval of the procedure(s) to be adopted. The Deputy Head of Legal Services (Head of Commercial Unit) or the Head of Legal Services must be involved in the negotiation process and any resulting amendments to the contract terms and conditions must be approved by the Head of Legal Services.
- A43) In all other circumstances, or where there is a fundamental change to the specification post tender, all tenderers must be invited to review their submission in accordance with guidance from the Deputy Head of Legal Services (Head of Commercial Unit).

#### Variations and Contract Extensions

- A44) The terms of a contract may be extended if there is provision within the contract terms and conditions to extend. Where the total value of a contract (including the value of the proposed extension) is £150,000 or above, it can only be extended on the advice of the Deputy Head of Legal Services (Head of Commercial Unit) and with the approval of the Chief Finance Officer. Extensions of contracts with a total value of below £150,000 can be approved by the contract manager, provided they do not increase the value of the contract above this threshold. Contracts which have a value exceeding the UK threshold and were procured through a competitive process, or where the proposed extension would mean that the total value of the contract exceeds the UK threshold, can only be extended if permitted by the Public Contracts Regulations and the advice of the Deputy Head of Legal Services (Head of

Commercial Unit) must be taken in relation to this.

- A45) If there is no provision within the contract terms and conditions for the contract to be extended or the contract has already been extended to the full extent provided in the contract, advice must be taken from the Deputy Head of Legal Services (Head of Commercial Unit) and the Head of Legal Services and the approval of the Commissioner must be sought to any proposed extension of the term of contract, and a record kept of the reasons, if approved.
- A46) Where the value of a contract is £150,000 or above, its terms and conditions can only be varied on advice of the Deputy Head of Legal Services (Head of Commercial Unit) and with the approval of the Chief Executive, and in accordance with any variation procedure provided within the contract. Variations of contracts with a value of below £150,000 can be approved by the contract manager, provided they do not increase the value of the contract above this threshold. Contracts which have a value exceeding the UK threshold and were procured through a competitive process, or where the proposed variation would mean that the total value of the contract exceeds the UK threshold, can only be varied in a manner permitted by the Public Contracts Regulations and the advice of the Deputy Head of Legal Services (Head of Commercial Unit) must be taken in relation to this.

#### Contents of Contracts

- A47) Where practicable, the standard terms and conditions issued by the Head of Legal Services should be used. Where the contract value is less than £10,000, the standard terms and conditions printed on the purchase order will normally be sufficient. For contracts with a value of £10,000 or more, the standard terms and conditions of contract should be used.

In the following circumstances it may be necessary or appropriate for a different form of contract terms and conditions to be used. Where the contract value is £10,000 or more, this must be with the approval of the Deputy Head of Legal Services (Head of Commercial Unit):

- Where normal industry practice is to contract on the standard terms and conditions of the supplier (e.g. utilities, banking).
  - Where an existing framework is being used which includes prescribed standard terms and conditions of contract.
  - Where building works are being procured and a standard form construction contract is used.
  - Where the goods, works or services being procured are complex or unusual and bespoke terms and conditions are required, which must be drafted or approved by the Head of Legal Services.
- A48) Regardless of value, contract managers must ensure that every contract details:
- The goods, works and services to be carried out or supplied
  - The price to be paid and/or the amounts and frequency or the method of calculation of contract payments including the treatment of inflation, with a statement of discounts or other deductions including terms of payment and settlement periods

- The time(s) within which the contract is to be performed

A49) All contracts with a value of £10,000 or more must also include appropriate clauses relating to the following matters, unless the Deputy Head of Legal Services (Head of Commercial Unit) and the Head of Legal Services consider it to be unnecessary or impractical:

- Prevention of corruption and bribery
- Restriction on assigning or sub-contracting without prior agreement
- Quality Standards, including compliance with any legal requirements and industry standards.
- Indemnities and Insurance
- Remedies for supplier default, including rights of termination and step-in.
- Payment of undisputed invoices within 30 days.
- Compliance with equality and diversity legislation and best practice.
- Compliance with health and safety regulations.
- Bribery Act 2010
- Right of set-off where the supplier owes money to the Commissioner.
- Compliance with the Police Code of Ethics

The standard terms and conditions of contract drafted by the Head of Legal Services include clauses addressing the matters listed above. Where the Transfer of Undertakings (Protection of Employment) Regulations may apply in relation to staff involved in the delivery of services under or connected with the contract, appropriate clauses must be included under the advice of the Deputy Head of Legal Services (Head of Commercial Unit), and HR must be consulted if the contract could involve the insourcing or outsourcing of staff.

### **Contractor Standard Terms and Conditions**

A50) Where the estimated value of a contract is £10,000 or above, any standard terms and conditions of contract submitted by contractors must not be accepted without advice from the Deputy Head of Legal Services (Head of Commercial Unit). Where the Deputy Head of Legal Services (Head of Commercial Unit) considers it appropriate, the advice of the Head of Legal Services will be obtained. For contracts of below £10,000, contract managers can accept standard terms and conditions of contract submitted by contractors unless the proposed purchase is of a complex or unusual nature, is business critical, involves particular operational, commercial or strategic risks or includes non-industry standard terms which the contract manager considers may be unusual or onerous. In such circumstances the advice of the Deputy Head of Legal Services (Head of Commercial Unit) (and where appropriate the Head of Legal Services) must be sought prior to acceptance.

A51) Proposed payment arrangements under a contract must be discussed with and agreed by the Deputy Head of Legal Services (Head of Commercial Unit). Large stage payments to be made in advance of delivery must also have the agreement of the Chief Finance Officer in advance of any contract being agreed.