



**Cheshire
Police & Crime
Commissioner**



**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 Police & Crime Commissioner and the Chief Finance Officer for the Constabulary will act as the Section 151 Officers.
- 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 (OPCC) is responsible for maintaining these Regulations and advising the Commissioner of any changes required. Both the Chief Finance Officer (OPCC) and the Chief Finance Officer (Constabulary) 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 (OPCC) or Chief Finance Officer (Constabulary).
- 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 (OPCC) and Chief Finance Officer (Constabulary) 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 (OPCC), Chief Constable, Chief Finance Officer (Constabulary) 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). 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 Chief Legal Officer.

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 (OPCC) and Chief Finance Officer (Constabulary); that the method of investigation is agreed with such officers 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 Chief Constable, Deputy Police and Crime Commissioner (if applicable), Chief Executive and Chief Finance Officer (OPCC).

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 (OPCC) must liaise with the Chief Finance Officer (Constabulary) 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 (OPCC) will, after consultation with the Chief Finance Officer (Constabulary), 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 Chief Finance Officer (Constabulary) 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 (OPCC), Chief Constable and Chief Finance Officer (Constabulary) 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 Chief Finance Officer (Constabulary), 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 (OPCC) 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 Chief Finance Officer (Cheshire Constabulary)

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

financial matters and is part of the Chief Constable's Senior Command 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 Chief Finance Officer (Constabulary) must liaise with the Chief Finance Officer (OPCC) 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 (OPCC) and the Chief Constable who will consider any legal proceedings and disciplinary action. Pending investigation and reporting, the Chief Finance Officer (Constabulary) 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 (OPCC), to advise staff and external auditors accordingly.
- xx. To prepare the Constabulary's Statement of Accounts and provide information to the Chief Finance Officer (OPCC) 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 Chief Legal Officer

2.13.1 The Chief Legal Officer 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 (OPCC) and Chief Finance Officer (Constabulary)
- ii. To consult and obtain approval from the Chief Finance Officer (OPCC) and Chief Finance Officer (Constabulary) 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 Chief Finance Officer (Constabulary)
- vi. To ensure that all suspected financial irregularities are reported to either the Chief Finance Officer (OPCC) and Chief Finance Officer (Constabulary) immediately
- vii. To notify the Chief Finance Officer (Constabulary) and Chief Legal Officer 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 Chief Finance Officer (Constabulary) or Chief Legal Officer or the Insurers
- viii. To take responsibility for risk management, having regard to advice from the Head of Planning & Performance 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 Head of Planning & Performance 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 Chief Finance Officer (Constabulary), Chief Legal Officer and/or the Chief Constable on the terms of any indemnity that the Office of the Police & Crime 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 (OPCC) and Chief Finance Officer (Constabulary).
- 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 MTFs 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 (OPCC), the Chief Finance Officer (Constabulary) 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 (OPCC), in consultation with the Chief Finance Officer (Constabulary), 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 (OPCC).
- 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 (OPCC)

- 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 Chief Finance Officer (Constabulary)

- 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 Senior Command 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 Chief Finance Officer (Constabulary), 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 Chief Finance Officer (Constabulary).
- 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 Chief Finance Officer (Constabulary) 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 Chief People Officer

- 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 Chief People Officer, the Chief Finance Officer (Constabulary), the Chief Finance Officer (OPCC) and the Chief Executive.
- 4.1.4.3 To approve, on the advice of Chief Finance Officer (Constabulary) and Chief Legal Officer, any settlement agreements in consultation with the Chief Executive as required.
- 4.1.4.4 To manage police officer recruitment to meet the needs of the Chief Constable within the police pay budget and approved establishment.
- 4.1.4.5 To manage staff recruitment (including PCSOs) within the pay budget and approved establishment.
- 4.1.4.6 To manage the recruitment of Special Constables and consult with the Chief Finance Officer (Constabulary) 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 Chief People Officer is immediately informed if the staffing budget is likely to be materially over or under spent.
- 4.1.5.4 To provide the Chief People Officer 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 Chief People 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 Chief Finance Officer (Constabulary).
- 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 Chief People Officer 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 Chief People Officer.

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 Chief People Officer.

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 Chief People Officer is informed where appropriate.

4.1.5.20 To ensure that the details of any staff benefits in kind are notified to the Chief People 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 Chief Finance Officer (Constabulary) 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 Chief Finance Officer (Constabulary)
- 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 (OPCC)

- 4.2.5.1 To scrutinise and to submit regular reports to the Commissioner on projected expenditure compared with the budget prepared by the Chief Finance Officer (Constabulary), 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 Chief Finance Officer (Constabulary)

- 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 Chief Finance Officer (Constabulary), 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 Chief Finance Officer (Constabulary) 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 (OPCC) 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 (OPCC) 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 (OPCC) and Chief Finance Officer (Constabulary)

- 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 Chief Finance Officer (Constabulary), 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 Chief Finance Officer (Constabulary).
 - 4.3.4.2 To ensure that all capital proposals have undergone a project appraisal in accordance with guidance issued by the Chief Finance Officer (Constabulary).
 - 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 Chief Finance Officer (Constabulary) 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 (OPCC), 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 (OPCC) 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 (OPCC) 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 (OPCC)

- 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 Chief Finance Officer (Constabulary)

- 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 (OPCC).
- 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 Chief Finance Officer (Constabulary)

- 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 Chief Finance Officer (Constabulary) 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 (OPCC), 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 (OPCC) 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 Chief Finance Officer (Constabulary) 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 (OPCC)

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 (OPCC) can open or close a bank account.

6.3.3 Responsibilities of the Chief Finance Officer (Constabulary)

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 (OPCC). 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 (OPCC)

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 (OPCC), 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 (OPCC).

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 (OPCC).

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 (OPCC).

6.5.2 Responsibilities of the Chief Finance Officer (Constabulary)

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 Chief Finance Officer (Constabulary), 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 Chief Finance Officer (Constabulary) 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 Chief Finance Officer (Constabulary) 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 Chief Finance Officer (Constabulary)

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 (OPCC).
- 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 Chief Finance Officer (Constabulary) of outstanding income relating to the previous financial year as soon as possible after 31 March in line with the published timetable.
- 6.6.6.4 To assist the organisation 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

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 (OPCC), 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 (OPCC)

7.1.6.1 In consultation with the Chief Finance Officer (Constabulary) 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 Chief Finance Officer (Constabulary), 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 Chief Finance Officer (Constabulary), 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 Chief Finance Officer (Constabulary), 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 Chief Finance Officer (Constabulary)

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 Chief Finance Officer (Constabulary) 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 (OPCC)

7.2.6.1 In consultation with the Chief Finance Officer (Constabulary) 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 Chief Finance Officer (Constabulary), 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 Chief Finance Officer (Constabulary), 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 Chief Finance Officer (Constabulary), 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 (OPCC)

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 (OPCC)

- 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 Chief Legal Officer 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 Chief Finance Officer (Constabulary)

- 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 Chief Finance Officer (Constabulary) 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 (OPCC) 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 Chief Legal Officer and Chief Finance Officer (Constabulary) 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 Chief Legal Officer 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 Chief Finance Officer (Constabulary)
- To ensure that contracts are drawn up using guidance provided by the Chief Legal 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 Chief Legal Officer

9.7.3 Responsibilities of Chief Legal 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 Deputy Head of Legal Services (Head of Commercial Unit) 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 Chief Legal 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 Chief Finance Officer (Constabulary) 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 Chief Finance Officer (Constabulary)

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 and Contracts

Why is this important?

- 10.1 The procurement of goods, services and works are governed by a strict and detailed legal framework. The key legislation is the Public Contract Regulations 2015, the Procurement Act 2023 and the Procurement Regulations 2024. This legislation applies across the entire public sector and is designed to promote competition, transparency and innovation in public procurement.
- 10.2 It is important to have a clear framework that promotes openness, integrity and accountability where the probity and transparency of the procurement process will be beyond reproach. This also mitigates the risk of expensive legal challenge and reputational damage.
- 10.3 Contract Standing Orders are an essential part of Financial Regulations and are designed to ensure that contracts are awarded in a way that:-
 - 10.3.1 secures best value for money
 - 10.3.2 maintains the highest standards of integrity and transparency
 - 10.3.3 provides confidence that all legal requirements are complied with
 - 10.3.4 ensures compliance with relevant governance responsibilities.
- 10.4 Contract Standing Orders set out the detailed rules and procedures which must be followed in purchasing goods, services or works. They are mandatory and non-compliance may lead not only to legal challenge but misconduct procedures or other adverse outcomes (eg audit findings). Breaches of Financial Regulations and / or Contract Standing Orders are a matter reportable to the Chief Executive of the Office of the Police and Crime Commissioner.
- 10.5 Information surrounding contracts awarded and any spend over £500 must be routinely published. This is made publicly available via contracts databases and the organisations own websites. Transparency is a fundamental requirement of the public procurement regime and a key feature of Contract Standing Orders. This makes following Contract Standing Orders critical.
- 10.6 These Financial Regulations and Contract Standing Orders are designed to aid both those procuring goods, services and works as well as suppliers in navigating the procurement process and facilitate a transparent means of conducting business with the organisation.
- 10.7 The Public Contract Regulations 2015 is superseded by the Procurement Act 2023 on 24th February 2025. A dual regime will exist for some time. Current contracts created under the provisions of the Public Contract Regulations 2015 continue to operate under that regime. This includes any frameworks that continue to operate at that time. New exercises (including the creation of new frameworks) commenced post 24th February 2025 will operate under the provisions of the Procurement Act 2023. This amendment to Contract Standing Orders is designed to meet the requirements of the new legislation and does not preclude the ongoing management, extension and modification of existing contracts under the Public Contract Regulations 201

ANNEX A

CONTRACT STANDING ORDERS – INSTRUCTIONS TO BE FOLLOWED

PROCUREMENT OVERVIEW

1.1 Background

- 1.1.1 As a publicly funded body, there must be transparency and accountability in the procurement process. Compliance with Contract Standing Orders mitigates the risk of allegations of impropriety or misconduct. The procedures ensure legal and governance compliance as well as ensuring value for money through competitive procurement processes.
- 1.1.2 Contract Standing orders apply to the purchase of all goods, services and works regardless of value (including where there may appear to no payment made). The relevant rules applicable (depending on value and other considerations) are set out below and must be followed unless an exemption has been sought and granted in advance in accordance with these rules.
- 1.1.3 For the avoidance of doubt, Contract Standing Orders are designed to set out the framework by which procurement exercises are conducted. They are designed in compliance with (not as a replacement for) relevant legislation and guidance which must be adhered to at all times.
- 1.1.4 For the purposes of the procurement legislation, the term “contracting authority” is used. References to the “authority” mean the Police and Crime Commissioner and / or the Chief Constable subject to the wider rules within the Scheme of Corporate Governance.

1.2 Governing Legislation and associated guidance

The key legislation / guidance applicable to public procurement is as follows:-

- Public Contract Regulations 2015 (noting this applies only to existing contracts and some exercises commenced pre-24th February 2025)
- Procurement Act 2023
- Procurement Regulations 2024
- National Procurement Policy Statement
- Procurement Policy Notes

1.3 Application of the Rules (Covered Procurements)

- 1.3.1 The rules apply to all “covered procurements” which means the award, entry into and management of a public contract. This also covers any step taken for the purpose of awarding, entering into or managing the contract, any part of the procurement process itself and will include the termination of a procurement process prior to award.
- 1.3.2 Unless exempted (see 1.4 below) a procurement exercise will be covered by these rules whether conducted on the organisations own behalf, where it acts jointly with or via another body.

1.4 Excluded / Exempted Contracts (Not Regulated)

- 1.4.1 Contracts are exempt from the requirements concerning competition where it is a type of contract listed in schedule 2 to which the Procurement Act 2023 generally does not apply. These fall into two categories, those that relate to the nature of the relationship between the parties and those that are exempt because of the subject of the contract. This is entirely distinct from an application for waiver /exemption under paragraph 6.1 below.
- 1.4.2 The following matters fall outside the requirements of competition (though will still require any applicable notices, recording and publication as appropriate) unless (in the case of subject matter exempted contracts), they could appropriately be split and elements competed:-
- 1.4.3 Any contract with another public sector organisation that falls within exemptions under Schedule 2, Part 1 of the Procurement Act 2023 relating to in-house contracts and co-operation between public bodies;
- 1.4.4 Contracts for the acquisition of land and buildings;
- 1.4.5 Contracts entered into in respect of broadcast content (eg programmes or advertising);
- 1.4.6 Contracts for the purchase of arbitration, mediation, conciliation or other similar services;
- 1.4.7 Contracts for specified legal services where it would be inappropriate to open those contracts to competition. These are contracts relating to judicial, other dispute resolution proceedings, notary and services that must be carried-out by a particular person under order of a court, tribunal or act;
- 1.4.8 Contracts for specific financial services such as loans, investment services/ advice or ancillary services relating to investments and credit;
- 1.4.9 Employment contracts and other contracts with individuals appointed to public office;
- 1.4.10 Contracts for the provision by an organisation or association not run for profit of one or more of the following services:
 - a) services relating to the promotion of fire safety
 - b) fire extinguishing services
 - c) services for the protection of life and property in the event of fires
 - d) search and rescue services
 - e) civil defence services
 - f) nuclear safety services
 - g) ambulance services provided in respect of medical emergencies (note this does not include general patient transport, for example, between home and a treatment centre)

In addition, the following matters will fall outside the requirements of competition but all

other requirements under the Procurement Act 2023 as are appropriate will remain applicable:-

1.4.11 Procurements made through a Framework Agreement, Local Government / Police Consortia contract or other centrally or locally negotiated contracts, frameworks or purchasing systems that have already been subject to competition as approved by the Deputy Head of Legal Services (Head of Commercial Unit). Where such a route is selected, the relevant rules will be complied with and any call off arrangements will be followed. Records will be maintained to evidence compliance with framework rules and procedures.

1.4.12 Payments made to other parts of the Government or public bodies where the arrangements fall outside procurement legislation, eg Mutual Aid.

1.4.13 Purchases at public auction as approved by the Chief Executive.

1.5 Procurement Objectives and National Procurement Policy Statement

1.5.1 In carrying out a procurement process, the following objectives must be considered:-

- a) delivering value for money
- b) maximising public benefit
- c) sharing information for the purpose of allowing suppliers and others to understand the authority's procurement policies and decisions;
- d) acting, and being seen to act, with integrity.

1.5.2 This means that transparency and integrity are at the heart of procurement activity and processes. We will:-

- i. treat suppliers the same unless a difference between the suppliers justifies different treatment (taking steps to ensure any differing treatment does not confer an unfair advantage / disadvantage).
- ii. have regard to the fact that small and medium-sized enterprises may face particular barriers to participation and consider whether such barriers can be removed or reduced.
- iii. Have regard, as appropriate and required by law, to the National Procurement Policy Statement.

1.6 Procurement Strategy

1.6.1 The Deputy Head of Legal Services (Head of Commercial Unit) is responsible for preparing a three-year Procurement Strategy to complement the legal framework and National Procurement Policy Statement. This will be approved by the Commissioner and made available via the Police and Crime Commissioners public facing website.

1.6.2 Effective delivery of the Strategy will support the Police and Crime Commissioners objectives in the Police and Crime Plan.

1.6.3 The Procurement Strategy will include:-

- a) Key Priorities
- b) Our approach
- c) Ethical Procurement Policy to include (but not limited to) modern slavery, environmental matters, code of ethics and equality and diversity.
- d) Supplier Code of Ethics
- e) Social Value Policy

1.6.4. Both suppliers and those seeking to procure goods, services or works should familiarise themselves with the Strategy alongside these Contract Standing Orders to better understand both priorities and approach to procurement as well as the practical points around doing business with the PCC and Constabulary.

1.7 Roles & Responsibilities

1.7.1 Roles of the Chief executive

- a) Where a tender is not processed through the e-procurement portal, to make arrangements to receive, record and open tender submissions for contracts over the value of £150,000 in conjunction with another officer present.
- b) 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.
- c) To designate and record arrangements in the Office of Police and Crime Commissioner for the signing or, signing and sealing, of any contract or other legal document as appropriate in accordance with the Scheme of Consent / Delegation and to ensure that a signing register is maintained.
- d) To grant exemptions / waivers as appropriate in accordance with the rules and process set out in these Contract Standing Orders where the value is in excess of £150,000.
- e) To provide guidance and support on the application of Financial Regulations / Contract Standing Orders in the event of any uncertainty or dispute.
- f) To approve, as is appropriate, any modifications, variation or extension to contracts in consultation with the Deputy Head of Legal Services (Head of Commercial Unit).

1.7.2. Responsibilities of the Chief Finance Officer (OPCC)

- a) To receive reports of any breaches of Financial Regulations / Contract Standing Orders and determine in consultation with the Chief Legal Officer and Deputy Head of Legal Services (Head of Commercial Unit) the appropriate actions to be taken.
- b) In the absence of the Chief Executive, to sign or, sign and seal, any contract or other legal document as appropriate and to ensure that a signing register is completed.
- c) To grant exceptions / waivers as appropriate in accordance with the rules and process set out in these Contract Standing Orders where the value is in excess of £150,000.

1.7.3 Responsibilities of the Chief Finance Officer (Constabulary)

- a) To sign contracts (including any variations or modifications) with a total value between £10,000 and £150,000.
- b) In conjunction with the Chief Legal Officer consider and advise on any requests to dispose of assets or property.

1.7.4 Responsibilities of the Chief Legal Officer

- a) To approve standard contract terms and conditions and any deviation from the requirements of paragraph 2.10.5
- b) To approve the acceptance of Supplier terms and conditions under paragraph 2.10.6
- c) To sign contracts (including any variations or modifications) with a total value between £10,000 and £150,000.
- d) To consider exemption requests with a value of £150,000 or more and provide their advice / approval of the same for consideration by the OPCC.
- e) To approve (where appropriate) the extension of any contract as provided for in paragraph 5.3.3.
- f) To consider and make a decision in relation to termination of a contract in accordance with paragraph 5.4.
- g) In conjunction with the Chief Finance Officer (Constabulary) consider and advise on any requests to dispose of assets or property.

1.7.5 Responsibilities of the Deputy Head of Legal Services (Head of Commercial Unit)

- a) To develop and provide guidance on procurement process including Procurement Strategy and associated policy.
- b) To support the Police and Crime Commissioner and Chief Constable throughout the procurement lifecycle from pre procurement, procurement and contract management.
- c) To ensure compliance with national legislation.
- d) To ensure that all procurement activity (over the value of £10,000) is conducted electronically.
- e) To maintain accurate electronic records of all contracts with a value of £10,000 or greater via a suitable electronic procurement system.
- f) To provide management information to the Chief Finance Officer (OPCC) including reports of exemptions / waivers and any breaches of Financial Regulations / Contract Standing Orders.
- g) To engage with regional and national bodies and cooperate in the provision of relevant information as is appropriate including, but not limited to, savings data, spend information, FOI and modern slavery returns.
- h) To consider and, where appropriate, grant exemptions under paragraph 6.1.3 of these Contract Standing Orders where the value does not exceed £150,000 in total and to provide advice in relation to exemption applications above that value.

- i) To authorise the use of framework agreements and sign access agreements permitting access to use of a framework.
- j) In the alternative to the Chief Legal Officer, to approve standard contract terms and conditions and any deviation from the requirements of paragraph 2.10.5
- k) To provide advice to the Chief Legal Officer in relation to matters set out in Contract Standing Orders requiring their decision.

1.7.6 Budget Holders

- a) To comply with the rules and procedures set out in these Contract Standing Orders.
- b) To engage with the Commercial Unit in advance of any procurement requirement setting out clearly the nature of the goods, services or works required.
- c) To ensure appropriate budgets are in place to enable the procurement process to proceed including ensuring any necessary budget approvals have been secured.
- d) To provide sufficient resources to support the procurement process including (but not limited to) developing a specification, engaging as appropriate in any pre-market engagement activities, developing the procurement documents and supporting the evaluation and award process.
- e) To note that no IT Goods or Services may be procured without the permission of IT Services. Budget Holders will ensure that any approvals or permissions required in respect of such matters is obtained in advance of procurement activity.
- f) To check that and goods and services received are in line with the order / contract and that any issues are raised promptly with the Commercial Unit
- g) To engage in ongoing contract management with the Commercial Unit as is appropriate.
- h) Not to enter into any loan, lease or rental agreements (other than covert or short term hire of rooms) without consulting with the Deputy Head of Legal Services (Head of Commercial Unit) and with the permission of the Chief Executive.

1.7.7 All Staff

- a) To comply with the rules and procedures set out in these Contract Standing Orders.
- b) To promptly declare any potential conflict of interest and be transparent in the provision of information concerning the same.

1.8 Separation of Duties

1.8.1 The procurement process must operate a strict separation of duties policy by ensuring that there is always more than one person involved in the ordering, receiving and payment process. There must always be a separation of duties between the person authorising an order and the person checking a written invoice or requisitioning the goods or services.

1.9 Conflicts of Interest

- 1.9.1 A conflict of interest arises in a procurement context where there is a conflict between the interests of a person acting in relation to a procurement and those of the procurement itself. This may include personal connection to suppliers, staff who hold a business interest wishing to bid for contracts and a variety of scenarios where an individual has some form of connection that may present conflict in the procurement process.
- 1.9.2 Whilst the conflict of interest provisions in legislation do not apply to below-threshold procurements, the underlying principles are relevant and in all cases a proportionate approach will be taken to conflicts of interests assessments in respect of exercises above the value of £10,000.
- 1.9.3 Every Officer and Staff member has a duty to declare any business interests in accordance with the Business Interests Procedure. Any Budget holder or person involved in the procurement process will declare any known or perceived conflict of interest in relation to a procurement exercise regardless of value.

Identifying and managing conflicts

- 1.9.4 Reasonable steps must be taken to identify and keep under review any conflict or potential conflict of interest. This will include “perceived” conflicts. That means recognising how a situation looks even where no actual or potential conflict exists.
- 1.9.5 In respect of all procurement exercises, the Commercial Unit will maintain a conflict assessment form designed to monitor and record conflict of interests throughout the whole life cycle of the procurement. This will include suitable declaration forms for each individual involved in the process. This must be prepared before publishing a tender or transparency notice or dynamic market notice relating to the establishment of a dynamic market.
- 1.9.6 In the event of a conflict (actual, potential or perceived), the Deputy Head of Legal Services (Head of Commercial Unit) will be notified. Appropriate measures (including any mitigating steps that can be put in place) will be considered. These may include:-
- a) Replacing individuals in the process
 - b) Providing for additional individuals to support the evaluation process
 - c) Using independent monitors
 - d) Cancelling and re-running the procurement process
 - e) Requiring suppliers to take reasonable steps to address the conflict arising. Failure to do so may mean a supplier is treated as excluded.
- 1.9.7 Such measures will be identified in the conflicts assessment and the approval of the Chief Legal Officer sought.

1.10 Use of Consultants

- 1.10.1 The use of Consultants is a subject matter to which Contract Standing Orders applies just as any other service. There are many frameworks available for

securing specialist Consultants that can be considered. The usual rules around competition or exemptions otherwise apply.

1.11 Working with Small and Medium Enterprises (“SMEs”)

1.11.1 All public bodies are required to have regard to the fact that SMEs may face particular barriers to participation in a procurement process and should consider whether those barriers may be removed or reduced.

1.11.2 The procurement process will strive to create opportunities for SME’s where it is relevant to the subject matter of the contract and proportionate to do so. Working with SME’s forms an integral part of the Procurement Strategy and, in particular, the Social Value Policy. The Procurement Strategy will to seek to identify which contracts may be suitable for local procurement and the use of SME’s, will consider lots to enable use of a local supplier base and will prioritise framework agreements where they include a locally based supplier chain for construction projects.

1.12 Excluding Suppliers & Subcontractors

1.12.1 The integrity of the procurement process is key. Suppliers (including subcontractors) may be excluded from the procurement process in accordance with the rules set out below. As part of the procurement process, information about whether a supplier intends to sub-contract will be requested to enable appropriate assessments to be made.

1.12.2 Where a supplier is an “excluded supplier” in accordance with Schedule 6 of the Procurement Act 2023, they will be excluded from the procurement process if:-

- a) The circumstances giving rise to the application of the exclusion ground are continuing or likely to occur again, or
- b) the supplier or an associated person is on the debarment list by virtue of a mandatory exclusion ground.

1.12.3 Where a supplier is considered an “excludable supplier” by reason of a discretionary ground set out in Schedule 7 of the Procurement Act 2023 they may be excluded from the procurement process if:-

- a) the circumstances giving rise to the application of the exclusion ground are continuing or likely to occur again, or
- b) the supplier or an associated person is on the debarment list by virtue of a discretionary exclusion ground.

1.12.4 In considering whether the circumstances giving rise are continuing or likely to occur again the Commercial Unit will consider:-

- a) evidence that the issue has been addressed and taken seriously
- b) steps taken to manage and prevent continuation / recurrence
- c) commitments made in relation to (b) above
- d) lapse of time since circumstances last occurred
- e) any other evidence or factor considered appropriate

1.12.5 The Commercial Unit will provide suppliers reasonable opportunity (bearing in mind the constraints in terms of time and process) to make any representations or provide any evidence it wishes to do so to assist the consideration of 1.12.3 above. This may include, in the case of sub-contractors, any intention to find an alternative supplier with which to sub-contract.

1.12.6 Decisions regarding excluded and excludable suppliers will be confirmed in writing to the relevant supplier together with associated rationale.

1.13 Contracts Register

1.13.1 A register of all Contracts above £10,000 in value will be maintained by the Commercial Unit via a suitable e-procurement system with the capacity to link to the Central Digital Platform and facilitate the publication of information to members of the public. In accordance with the Police and Crime Commissioners statutory obligations, this will include publication (as appropriate) of relevant documents including copy contract (redacted if necessary).

2 PROCUREMENT – PLANNING, DESIGN, TIMINGS & DOCUMENTATION.

2.1 Overview

2.1.1 It is essential that Budget Holders and those seeking to procure goods, services and works engage early with the Commercial Unit. The Procurement Act 2023 introduces a significant number of changes to the public procurement regime including as regards pre-market engagement, advance planning, notices and transparency.

2.1.2 To avoid legal challenge and governance risk, discussions around any new procurement processes and any renewals or modifications must be raised with the Commercial Unit prior to any interaction with an incumbent supplier or the market generally.

2.2 Value and referral to the Commercial Unit.

2.2.1 Purchases below £10,000 (aggregate)

- a) 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.
- b) The Commercial Unit are not involved in purchases below that threshold unless the proposed purchase is complex/ unusual, business critical or involves particular risk. In those cases, guidance from the Commercial Unit should be sought.
- c) Budget Managers must ensure that “best value” (by which it is meant the process of choosing a supplier that offers the best balance between cost, quality and sustainability) is obtained and any budgetary constraints are complied with.
- d) Purchase Orders must be used.
- e) Where a framework is used below £10,000 this must be in accordance with framework access rules. The advice of the Deputy Head of Legal

Services (Head of Commercial Unit) should be sought in respect of utilisation of any framework for further advice.

2.2.2 Above £10,000 (aggregate) – any proposed purchase of goods, services or works with an estimated aggregate value of £10,000 or more must be procured through a competitive process conducted via the Commercial Unit. The Commercial Unit must be notified before any procurement activity (including discussions and pre-market engagement) commences.

2.3 Contract Durations

2.3.1 Contracts must not be artificially split in duration so as to avoid the provisions of Contract Standing Orders. Repeat contracts must be aggregated in value (see section 2.4) in any event.

2.3.2 In planning a procurement process Budget Holders must consider the total anticipated length of the contract. Whilst there may be a primary term and available extensions built in to reach that overall duration, it is essential that an accurate assessment of the likely total duration required is undertaken. This is particularly important for high value systems involving significant capital expenditure that are expected to be in place for a lengthy period of time. Provision should be made at the outset for a contract of suitable duration.

2.3.3 No contract (including a framework agreement) may exceed the duration permitted in the Procurement Act 2023.

2.4 Contract Values

2.4.1 The estimated value of a Contract will be the total value estimated to be payable over the full term of the Contract. This shall include any option to extend the term under the contract and may include amounts already paid.

2.4.2 In cases where no payment is made, the best possible estimate of the financial value to the Contractor will be calculated. This will include (but is not limited to) any amounts representing commission prospectively payable.

2.4.3 The estimated value of a Framework Agreement is an estimate of the total value of all the Contracts which could be entered into by the organisation and other contracting authorities, further to that Framework Agreement.

2.4.4 Purchases of the same or similar goods or services must be aggregated wherever practicable. Contracts must not be artificially separated so as to circumvent the application of any part of Contract Standing Orders or the Procurement Act 2023 and associated regulations.

2.4.5 Where contracts are of themselves below the relevant threshold, but form a series of related or repeat purchases they will be aggregated and subject to the correct regime depending on total value.

2.4.6 Where an estimate is not possible the value will be treated as above threshold for the type of contract to which it applies.

2.4.7 The following rules apply according to value:-

Contracts between £10,000 and £50,000

- 2.4.8 At least three quotes from suppliers must be sought. These will be requested electronically either via the e-procurement system or email.
- 2.4.9 In practice it will be usual to request more than three quotes to ensure that three quotes are received. In the event that it is considered appropriate to seek less than three quotes the approval of the Deputy Head of Legal Services (Head of Commercial Unit) will be required. Where less than three quotes are received back, consideration should be given to requesting further quotes but bearing in mind the risk if some quotes have already been received with caution taken if requested to avoid any disadvantage or impact on the integrity of the process.
- 2.4.10 Full records of the request and all responses / communications will be maintained by the Commercial Unit.

Contracts between £50,000 and £100,000

- 2.4.11 Standard process will be to advertise the opportunity and invite tenders via a below threshold procedure.
- 2.4.12 Where the nature of the market or circumstances of the procurement mean that best value can be achieved via requests for quotation, this process may be used with the approval of the Deputy Head of Legal Services (Head of Commercial Unit) with the decision recorded in writing along with reasons why the alternative process has been adopted.

Contracts between £100,000 and Threshold

- 2.4.13 The opportunity must be advertised and tenders invited via a below threshold procedure. Where the nature of the market or circumstances of the procurement mean that best value can be achieved via requests for quotation, this process may be used with the approval of the Chief Executive with the decision recorded in writing along with reasons why the alternative process has been adopted.

Contracts above Threshold

- 2.4.14 See section 2.6 below.

Frameworks / Dynamic Markets

- 2.4.15 A framework or dynamic market may be used in the alternative to the processes described above where the framework specification and terms are suitable. Where use of a framework or dynamic market is proposed, the exercise may be run in house by the Commercial Unit or by the framework owner. The relevant rules applicable must be complied with and full records maintained. The Commercial Unit will advise about the availability of these options as an alternative route to market and the presumption should be that where a suitable, value for money, framework exists this will be utilised to avoid the additional expenditure and resource in a further individual exercise.

2.5 Duty to Consider Lots

- 2.5.1 Prior to commencing a tender exercise, consideration will be given to whether the contract could be supplied under more than one contract and whether the contract could be awarded by reference to lots.
- 2.5.2 Where the Contract is above UK threshold and could be awarded by reference to lots it should be awarded in that manner unless documented justification for not doing so is recorded.

2.6 Competition Requirements under the Procurement Act 2023

- 2.6.1 Where the value of the contract is above the relevant threshold under UK Legislation, no contract may be entered into unless it is awarded via one of the following routes:-
 - a) Competitive award
 - b) Direct award in cases permitted by legislation (exempted contracts at 1.4 above and direct award via application for exemption at 6.1 below)
 - c) Award via a framework in accordance with framework rules and procedures
- 2.6.2 Whilst these Contract Standing Orders provide for tender exercises at the values specified, the requirements under the Procurement Act 2023 will be observed. Where notices are mandatory in above threshold matters they may be voluntary in respect of below-threshold procurements. Nothing in this Contract Standing Orders makes a notice under the Act mandatory where it is voluntary in respect of below-threshold procurements.

2.7 Award following competitive tendering process

- 2.7.1 Where a competitive tender process has been followed, the “Most Advantageous Tender” will be selected.
- 2.7.2 Most Advantageous means the tender that is considered:-
 - a) Satisfies the requirements set out in the invitation to tender and
 - b) Best satisfies the award criteria by reference to the assessment methodology (and relative weighting) set out in the invitation to tender.
- 2.7.3 Tenders that do not satisfy the conditions of participation must be disregarded.
- 2.7.4 Tenders that are submitted from a supplier that is not a UK or treaty state supplier (or who intends to subcontract to a supplier who is not) may be disregarded.
- 2.7.5 Tenders offering a price that is considered abnormally low may be disregarded. Appropriate notification and opportunity to respond will be provided in this instance.
- 2.7.6 Breach of any procedural requirement set out in the tender notice or documents may lead to the tender being disregarded.

2.8 Preliminary Market Engagement

- 2.8.1 Engagement with the market prior to issuing a tender / transparency notice should be used (where appropriate) to assist further develop requirements, inform the approach to procurement, design a procedure, identify suppliers in the marketplace, build capacity to respond and inform the tender documentation.
- 2.8.2 In all cases where a tender exercise is to be undertaken, preliminary market engagement must be considered.
- 2.8.3 In above UK threshold procurement exercises preliminary market engagement should be considered the norm. A decision to commence an above threshold exercise without engaging in preliminary market engagement should be referred to the Deputy Head of Legal Services (Head of Commercial Unit) for approval.
- 2.8.4 Appropriate notices will be issued in relation to preliminary market engagement in accordance with the Procurement Act 2023.
- 2.8.5 Steps must be taken to ensure suppliers participating in pre-market engagement are not put at an unfair advantage and that competition is not otherwise distorted. Suppliers who have received an unfair advantage which cannot be avoided must be treated as an excluded supplier.

2.9 Routes to Market – procedures available

- 2.9.1 The advice of the Commercial Unit will be taken in relation to the choice of procurement procedure. Options available will include:-
 - a) Use of an existing contract/ framework
 - b) Accessing an established framework
 - c) Direct Award (where available and approved)
 - d) Use of a DPS / Dynamic market (not covered in this guide and will require advice from the Commercial Unit)
 - e) Carry out a competitive process according to value.
- 2.9.2 A below-tender threshold process will be applicable in all cases below UK thresholds. This may not include a conditions of participation stage.
- 2.9.3 For all above UK threshold procurement exercises, advice will be taken from the Commercial Unit on the appropriate choice of one of two competitive processes:-
 - a) an Open Tender exercise – a single stage procedure where any interested party can submit a tender.
 - b) Competitive flexible procedure – any other procedure appropriate for the purpose of awarding the public contract.
- 2.9.4 A competitive flexible procedure must be used where there is a desire to limit the number of suppliers before inviting tenders. Where the subject matter of the contract is simple this should be limited to an initial stage involving conditions of participation followed by a second simple invitation to tender stage.
- 2.9.5 For more complex procurements, a more detailed multistage exercise may be

conducted. This could include (but is not limited to) negotiations, inspections, demonstrations and site visits.

2.9.6 Competitive flexible procedures should be designed to encourage rather than limit competition and bear in mind the procurement objectives and strategy.

2.10 Legal Considerations: terms & signing

Written agreement

2.10.1 All contracts must be recorded in writing.

Contract terms and conditions

2.10.2 Where the total value of goods, services or works is less than £10,000 a purchase order must be used. This contains purchase order terms and conditions and form the basis of agreement with the supplier.

2.10.3 All contracts for a value exceeding £10,000 must be on written terms and conditions drafted or approved (which may include framework terms and conditions) by the Chief Legal Officer or Deputy Head of Legal Services (Head of Commercial Unit).

2.10.4 Standard Terms and Conditions may not be varied without the prior approval of the Deputy Head of Legal Services (Head of Commercial Unit) or the Chief Legal Officer. It may be appropriate to do so in certain situations for example industry practice (banking, utilities), existing framework terms and conditions, building works standard form contracts or complex and unusual matters requiring bespoke terms and conditions.

2.10.5 Along with any implied terms under the Procurement Act 2023, the following matters will be provided for in any terms and conditions unless the Deputy Head of Legal Services (Head of Commercial Unit) or the Chief Legal Officer authorise otherwise.

- a) The detail of the goods, services or works to be provided
- b) Price to be paid and frequency of payment including and price variation or price increases
- c) The time within which the contract is to be performed
- d) Details of the suppliers response to RFQ or tender as appropriate
- e) Suitable clauses relating to bribery and corruption
- f) Restrictions on assignment and sub-contracting
- g) Quality standards including compliance with any legal requirements and industry standards
- h) Indemnities and Insurance with minimum thresholds in respect of public and employers liability (£5m minimum in respect of each) and professional indemnity (where applicable, £2m minimum)
- i) Remedies for default to include right of termination and set off
- j) Compliance with the College of Policing Code of Ethics (where appropriate to the subject matter of the contract)
- k) TUPE (in cases where such legislation may apply in relation to staff)

- l) Third party rights to facilitate the Chief Constable and PCC may enforce relevant terms as appropriate.

- 2.10.6 Contractor Standard Terms and Conditions may be accepted for purchases under £10,000 as an alternative to purchase order terms and conditions only if the supplier will not accept purchase order terms and conditions or they are otherwise considered suitable and appropriate in the circumstances. Advice should be taken from the Commercial Unit in the event of any doubt. For contracts above £10,000 in value Contractor Standard Terms and Conditions may not be accepted without the advice of the Deputy Head of Legal Services (Head of Commercial Unit). Where it is considered appropriate the permission of the Chief Legal Officer to proceed will be obtained.
- 2.10.7 Where a supplier is either required or intends to use a subcontractor in performance of the contract, they will be required to enter a legally binding contract with the supplier in that respect. Evidence will be requested from and supplied by the supplier of the same.

2.11 Legal Considerations: Bonds and Parent Company Guarantees

- 2.11.1 A Parent Company Guarantee should be required where the Tenderer is a subsidiary of a parent company and:-
 - a) the total value of the contract exceeds threshold; or
 - b) the award is based on the evaluation of the parent company or
 - c) there is some concern about the stability of the Candidate.
- 2.11.2 Where a tenderer has a Parent Company the invitation will make it clear that a Parent Company Guarantee may be required.
- 2.11.3 The Chief Finance Officer (Constabulary) will be consulted regarding the requirement for a bond in any case where:-
 - a) the total value of the contract exceeds £1,000,000; or
 - b) it is proposed to make stage or other payments in advance of receiving the subject matter of the stage payment (ie payment in advance); or
 - c) where there is some concern about the stability of the tenderer / market

3 PROCUREMENT DOCUMENTATION

3.1 Record keeping

- 3.1.1 The Deputy Head of Legal Services (Head of Commercial Unit) will ensure that appropriate records are maintained throughout the procurement process. In respect of Tender exercises this will include:-
- 3.1.2 Documented evidence of any “material decision” made during the award of a contract
- 3.1.3 Records of any communications with suppliers in relation to the award of contract prior to the award taking place.

3.2 Notices

3.2.1 The Deputy Head of Legal Services (Head of Commercial Unit) will cause the following notices to be published as appropriate:-

3.2.2 Tender specific notices:-

Notice	Above threshold	Below threshold
Preliminary market engagement notice	Where anticipated or has taken place (Mandatory or reasons not issued explained in Tender notice)	Voluntary
Planned Procurement notice	Optional	Optional
Tender Notice	Mandatory	Mandatory where conducting a regulated below-threshold procedure
Transparency Notice	Mandatory where direct award	Mandatory where direct award
Contract Award Notice	Mandatory	Voluntary
Contract Details Notice	Mandatory	Mandatory for regulated below threshold contracts
Contract Payment Notice	Mandatory for all payments over £30,000 made under a public contract (quarterly)	N/A
Contract Performance Notice	Mandatory to report:- (a) KPI scores for contracts valued £5m+ (b) poor performance	Mandatory in relation to poor performance
Contract Change Notice	Mandatory	Mandatory when modification takes over threshold.
Contract Termination Notice	Mandatory	Voluntary
Procurement Termination Notice	Mandatory where terminating process post publication of tender/transparency notice	Voluntary

3.2.3 General Notices

- a) Payment compliance notices will be published twice annually detailing compliance against 30 day payment terms.
- b) Pipeline notices where total spend is above £100m per annum (and only for contracts over £2m that will commence within the next 12-18 months).

3.3 Instructions and specification

3.3.1 Budget Holders will prepare (with appropriate advice from the Commercial Unit) a detailed specification for the goods, services or works to be procured. This will identify clearly the nature of the requirement without artificially limiting competition.

- 3.3.2 Budget Holders will identify the available budget and confirm they have budget approval in place when requesting support from the Commercial Unit.
- 3.3.3 All parties invited to quote or tender must receive identical information dispatched at the same time (other than where there are particular reasons why this is not appropriate, for example when further quotes are sought due to lack of response).
- 3.3.4 Communications must be uniform and all consistent. To that end during the procurement process all communication with suppliers / tenderers during the quote or tender process will be via the Commercial Unit.

3.4 Conditions of Participation

3.4.1 The Procurement Act 2023 allows contracting authorities to set conditions of participation which a supplier must satisfy in order to be awarded a public contract following a competitive tendering procedure. These must related only to the suppliers:-

- a) legal and financial capacity; or
- b) technical ability to perform the contract.

3.4.2 Conditions of participation may be used in the competitive flexible procedure to provide a proportionate means of ensuring capacity or ability and to limit suppliers involved in the process. They should be proportionate taking into account the nature of the contract, value and complexity.

3.4.3 The responses to the conditions of participation must be assessed separately from the tender, the tender (only) being assessed against the award criteria. In practice, their assessment may occur in parallel (for example, in an open procedure), but once a supplier has met the conditions of participation, their tender must, in relation to the award criteria, be assessed without consideration given to how they were assessed under the conditions of participation.

3.5 Award Criteria

3.5.1 Award criteria are the means by which tenders are assessed during a competitive tendering procedure. This will be published as part of the procurement process.

3.5.2 Criteria must :-

- a) Related to the subject matter of the contract
- b) Be clear, measurable and specific
- c) Comply with the rules on technical specifications as contained in the Procurement Act 2023
- d) Be a proportionate means of assessing tenders taking into account the nature, complexity and costs of the contract.

3.5.3 Detail will be provided as part of the procurement process as to how tenders will be assessed against the award criteria. This will include any scoring matrices / guidance used by the evaluators when evaluating tenders submitted and will indicate the relative importance of criteria in some manner (for example weighting or ranking).

- 3.5.4 Award criteria may including price, quality and technical criteria. They may also include other wider social, economic and environmental benefits so long as they relate to the subject-matter of the contract, are clear and comply with rules on technical specifications.
- 3.5.5 Any refinement of award criteria must comply with Section 24 of the Procurement Act 2023 and must be provided for in the tender notice or associated documentation. Any refinement must be made before inviting final tenders. Criteria will not be refined in a competitive flexible procedure where this would have permitted one or more suppliers from earlier rounds to progress had the refinement been made earlier.

3.6 Form of Tender

- 3.6.1 All tenders must be submitted electronically though the e-procurement system unless prior approval is given by the Deputy Head of Legal Services (Head of Commercial Unit).
- 3.6.2 Quotes should be submitted electronically. For quotes up to the value of £50,000 this may be via email or other electronic means. For quotes over the value of £50,000 this must be via the e-procurement system unless prior approval is given by the Deputy Head of Legal Services (Head of Commercial Unit).
- 3.6.3 All tenders and quotes should be submitted in compliance with the instructions set out in the Invitation to Tender or Request for Quote. Non-compliance with this requirement may result in a quote /tender not being considered unless there are exceptional circumstances. The acceptance of a non-compliant quote/ tender requires the authorisation of the Chief Executive.
- 3.6.4 If a paper submission is permitted, they should be addressed to:-
- a) The Deputy Head of Legal Services (Head of Commercial Unit) where the value is up to £150,000 at Legal Services, Clemonds Hey, Oakmere Road, Winsford, CW7 2UA,
 - b) The Chief Executive (where the value is over £150,000 at the Office of the Police and Crime Commissioner, Clemonds Hey, Oakmere Road, Winsford, CW7 2UA.
- 3.6.5 Instructions will be provided in the event of paper submissions around marks on envelopes and reference to closing date/time to preserve the integrity of the process.

4 PROCUREMENT PROCESS

4.1 Procurement information and process management

- 4.1.1 To avoid the legal and compliance risk, the procurement process in respect of all exercises above £10,000 is managed by the Commercial Unit via an e-procurement portal.
- 4.1.2 All parties will receive the same information, despatched at the same time. This will be led by the Commercial Unit and includes the response to any questions

raised by prospective bidders during the procurement process. All responses are published for all to view.

4.1.3 The Commercial Unit will advise those seeking to procure as to the applicable timescales and the nature of the participation required. The purpose of the Commercial Unit is to facilitate the procurement exercise and requires the participation of those procuring to provide input at all stages including pre procurement, during the procurement process (including evaluation) and in respect of contract management. Sufficient resources must be allocated to enable a prompt process to be progressed.

4.2 Receipt and opening of tenders

4.2.1 Quotes and tenders will be opened in accordance with the closing date / time provided in the instructions. This will include mini-competition exercises under existing frameworks where applicable.

4.2.2 E-tenders will be locked within the e-procurement system prior to opening. For paper tenders submitted, they will remain in the custody of the Deputy Head of Legal Services (Head of Commercial Unit) for tenders up to £150,000 in value and the Chief Executive (or a person nominated by them) for tender exercises exceeding £150,000 in value 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.

4.2.3 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 Chief Legal Officer and Deputy Head of Legal Services (Head of Commercial Unit).

4.2.4 The e-procurement system is fully auditable with all submissions (including tenders) released by the click of a button. It is not necessary for that process to be observed nor require designated persons be responsible. In the case of paper submissions where the estimated value of the contract exceeds £150,000, these will be opened at one time and in the presence of the Chief Executive (or their representative) and logged accordingly. Paper submissions below that value will be opened in the presence of the Deputy Head of Legal Services (Head of Commercial Unit) and logged.

4.3 Errors

4.3.1 Tender documents must state how errors will be dealt with. All tenderers in the same procurement exercise must be treated in a consistent manner in relation to errors. Tenderers should not be permitted to amend error(s) in their submission. The authority may do so where they are minor genuine error(s) and only where the input of the tenderer is not required (eg typographical error that is obviously and easily corrected). Any amendment that is not a simple genuine error and / or requires input from the supplier will not be permitted.

4.4 Evaluation Process

4.4.1 Evaluation is the process of assessing bids received against the published award criteria to determine the successful supplier. Evaluation must follow the published

criteria.

- 4.4.2 The Commercial Unit will resolve the identity of the evaluation panel. This must comprise at least two evaluators who have sufficient knowledge and understanding of the subject matter to enable meaningful evaluation. A member of the Commercial Unit will act as advisor or moderator as appropriate.
- 4.4.3 Financial aspects will be evaluated separately to technical specification and be led by the Commercial Unit with Finance input as appropriate.
- 4.4.4 Detailed notes of the evaluation process must be maintained. Records must contain sufficient information to provide a detailed understanding of the evaluation process to facilitate scoring as well as full and detailed debrief information.
- 4.4.5 Evaluation panel members are required to confirm accurate recording of the scores and comments before the process is concluded.

4.5 Award Decisions and Approvals

- 4.5.1 At the conclusion of the evaluation process the Most Advantageous Tender will have been identified. A full and detailed record of the evaluation process, scores and reasons will be maintained.
- 4.5.2 A summary of the outcome must be prepared and sent to the relevant Budget Holder and Head of Department (copied to evaluation panel members) who will be responsible for formally approving the award.

4.6 Supplier Notifications, Standstill Period & Contract Notices.

- 4.6.1 The notification of the outcome of a quotation for contracts below £50,000 will be administered either by email or the e-procurement portal.
- 4.5.2 The notification of the outcome of a tender exercise will be via the e-procurement portal. Where paper tenders are used arrangements will be made as appropriate to notify. Tenderers (successful and unsuccessful) will be notified will be notified on the same date along with details of their evaluation scores. The Commercial Unit will maintain template letters for that purpose.
- 4.5.3 Evidence of the insurance cover held must be confirmed prior to the award of contract.
- 4.5.4 In the event the exercise is below UK threshold, steps will be taken to conclude arrangements with the supplier via a written agreement. The terms will be as set out in the request for quotation or invitation to tender. Save for minor amendments only that does not impact the outcome, post tender negotiations on terms and conditions will not be permitted as per the instructions in the invitation to tender.
- 4.5.5 For contracts above UK threshold or where a voluntary standstill period is exercised, contracts will not be entered into until the expiry of the standstill period. The supplier is required to enter into a contract in the format set out in the invitation to tender. Save for minor amendments only that does not impact the

outcome, post tender negotiations on terms and conditions will not be permitted as per the instructions in the invitation to tender.

4.7 Contract Execution (Thresholds/Approval)

- 4.7.1 Contracts between the value of £10,000 and £150,000 may be signed by the Chief Legal Officer or the Chief Finance Officer (Constabulary).
- 4.7.2 Contracts over the value of £150,000 will be signed (or signed and sealed) by the Chief Executive or Chief Finance Officer (OPCC).
- 4.7.3 In respect of extensions or variations, the above signing rules will apply according to aggregate value and not simply based on the value of the variation or extension.

5 CONTRACT MANAGEMENT

5.1 Overview

- 5.1.1 The Procurement Act 2023 imposes more stringed requirements in relation to contract management that mean proactive ongoing management of a contract is more important than ever.
- 5.1.2 Contracts with a value of £5m or more must have a suitable set of KPI's against which performance must be monitored and compliance notices issued. This is a mandatory legal requirement.
- 5.1.3 In addition, legislation requires contracting authorities to report in relation to poor performance. This is not only a legal requirement in relation to contracts over threshold, it is important in ensuring compliance with the contract, quality service and achievement of best value. It is the responsibility of the nominated internal contact for a contract to ensure regular ongoing contract management and liaison with the supplier and to raise any issues with the Commercial Unit.

5.2 Performance Management

- 5.2.1 At the conclusion of a procurement exercise, the contract will be handed over to the internal contact with any appropriate guidance around contract management. This may include a contract handover pack.
- 5.2.2. The Commercial Unit may lead or provide assistance with contract management on request and / or where appropriate depending on the nature of the contract and / or complexity.
- 5.2.3 Where meetings or communication with suppliers take place in respect of contract management these should be fully documented to ensure an adequate audit trail. This is particularly important where performance may be at issue.
- 5.2.4 Any issues around performance and contract management must be raised with the Commercial Unit at the earliest opportunity.

5.3 Contract Modification

- 5.3.1 Where a contract modification is being considered, the advice of the Commercial Unit must be sought in all cases. Modifications are not appropriate where the modification is brought about by the poor performance or breach of contract by the supplier.
- 5.3.2 In seeking advice from the Commercial Unit, those proposing will ensure there is adequate budget in place to accommodate the variation.
- 5.3.3 For the avoidance of doubt, an extension provided for in the original contract is not a modification for the purpose of this section. 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 its full extent, advice must be taken from the Deputy Head of Legal Services (Head of Commercial Unit) and the approval of any proposed extension must have the approval of the Chief Legal Officer and the Commissioner. A risk assessment will be required.
- 5.3.4 Contracts may only be modified where :-
- a) there are grounds to do so under Schedule 8 Section 74 of the Procurement Act 2023. The relevant conditions must be followed in each respect along with any appropriate risk assessment.
 - b) The modification is not substantial as defined in section 74(3) of the Procurement Act 2023
 - c) It is a below threshold modification for the purpose of section 74(4) of the Procurement Act 2023
- 5.3.5 Suitable terms to document the modification must be agreed with the supplier and any required notices published.

5.4 Termination

- 5.4.1 In the event it is proposed that a contract will be terminated other than by expiry, the advice of the Commercial Unit must be obtained. The decision to terminate for a statutory ground or material breach under the Procurement Act 2023 will require the approval of the Chief Legal Officer on the advice of the Deputy Head of Legal Services (Head of Commercial Unit).
- 5.4.2 Appropriate notices will be issued on the termination (including via expiry) of all contracts above UK threshold and as otherwise required by the Procurement Act 2023.

5.5 Publication

(Notices are dealt with in other sections)

- 5.5.1 The Commissioner will publish details of all spend above £500 (with appropriate redactions approved by the Deputy Head of Legal Services (Head of Commercial Unit) monthly.
- 5.5.2 Contract details (including, where appropriate, a copy of the contract – redacted

as necessary) will be published for all contracts over £10,000 in value in line with the Commissioner's statutory obligations.

5.5.3 The default presumption will be one of transparency. This means publishing as much information as is appropriate. Information will not be published where that is necessary for the purpose of protecting national security or the information is sensitive commercial information and there is an overriding public interest in it being withheld from publication or other disclosure. Budget Holders and those participating in procurement exercises on their behalf are required to consider whether any information ought to be withheld from publication and notify the Commercial Unit for consideration.

5.5.4 Where information is withheld any appropriate notifications under the Procurement Act 2023 will be provided by the Commercial Unit.

6 OTHER PROCUREMENT CONSIDERATIONS

6.1 Waivers & Exemption Approvals

6.1.1 Any waiver or exemption must be granted in advance. It is not possible to grant approval retrospectively. Where a waiver or exemption has not been approved in advance the matter is regarded as a breach and notified to the Chief Executive of the OPCC.

6.1.2 The application of a waiver or exemption does not exempt from statutory requirements under the Procurement Act 2023 in relation to the issue of relevant notices, records and reporting requirements.

6.1.3 Applications for an exemption from the rules set out above (ie to permit direct award) must be submitted in writing using the exemption application form available from the Commercial Unit. Exemptions can only be applied with the prior approval of the following:-

- a) Between the value of £10,000 and £150,000, the Deputy Head of Legal Services (Head of Commercial Unit).
- b) Over the value of £150,000, the Chief Executive or Chief Finance Officer of the OPCC under the advice of the Deputy Head of Legal Services (Head of Commercial Unit) and the Chief Legal Officer.

6.1.4 Exemptions may be applied for in the following circumstances:-

- a) The purchase of goods, services or works required to be compatible with an existing asset.

This must be intended as an extension to or partial replacement of existing goods or services where a change would result in goods or services that are different or incompatible with the existing goods and services. The difference or incompatibility must result in disproportionate technical difficulties in operation or maintenance.

- b) The purchase of any goods, services or works are strictly necessary for reasons of extreme and unavoidable urgency (ie an emergency) to preserve assets or enable services to be maintained such that a competitive tendering procedure cannot take place.

Urgency will not, be law, be considered unavoidable if it:-

- i. Is attributable to any act or omission of the contracting authority and
 - ii. Could have been foreseen by the contracting authority.
- c) The purchase of goods, services or works where the provider is the sole supplier of the goods, services or works.

This exemption must mean the supplier is the only supplier rather than preferred or perceived to be the best.

The exemption may only be granted where they are the only supplier AND there is a reason why a specific product / service is required. This means there must be an absence of competition for technical grounds and only a specific supplier can supply (or a particular supplier holds the intellectual property or other exclusive rights) and there are no reasonable alternatives.

- d) The contract concerns the production of a prototype or other novel goods and services for the purpose of testing, researching the viability of producing or supplying the goods or services at scale and developing them for that purpose or other research, experiment, study or development.
- e) The contract will ensure advantageous terms due to the fact a supplier, whether or not to whom the contract is to be awarded, is undergoing insolvency proceedings.

6.1.5 Any exemption for a reason other than cited at 6.1.4 above will require the approval of the Commissioner. Where applying such an exemption could contravene legislation, the Chief Legal Officer must be consulted.

6.1.6 The Commercial Unit will maintain a register and copies of all exemptions granted for audit and compliance purposes.

6.2 Collaborative Procurements

6.2.1 These Contract Standing Orders shall apply to any procurement where quotations or tenders are invited by the Police and Crime Commissioner on behalf of police forces, emergency services and other public bodies and any partnership, consortium, association or similar body of which the Police and Crime Commissioner is a member.

6.2.2 Where the Police and Crime Commissioner is to contract on behalf of a collaboration or other partnership, consortium or association, It is the responsibility of the Budget Holder to ensure that appropriate agreements are in

place to provide financial, legal and other risks are appropriately covered with suitable indemnities provided before commencing the procurement process. It is not the function of the procurement process to check and / or put in place arrangements in this respect.

6.3 Purchase Cards

- 6.3.1 Government Purchase Cards (GPC) may be used in accordance with any Guidance / Policy issued by the Chief Finance Officer (Constabulary).
- 6.3.2 The use of GPC cards is not covered in Contract Standing Orders and is monitored by the Chief Finance Officer. However, GPC cards are not permitted to be used as a means of circumventing Contract Standing Orders. The thresholds in Contract Standing Orders refer to aggregate values, this means repeat purchases under the £10,000 threshold requiring referral to the Commercial Unit may in aggregate exceed that amount. It is the responsibility of GPC card holders to take advice as appropriate and ensure they do not place the organisation at risk by repeat direct purchases with a supplier that breaches Contract Standing Orders.

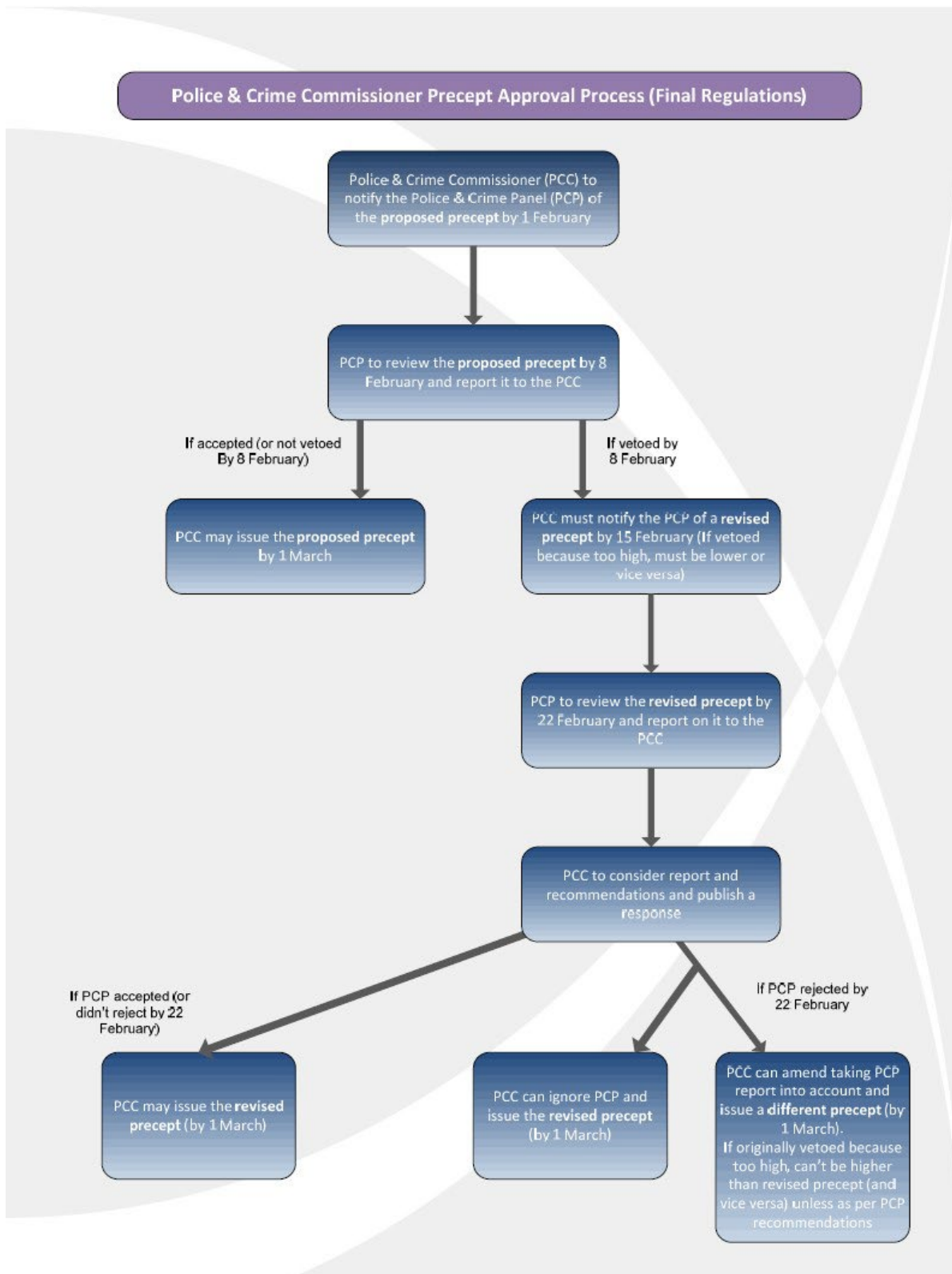
6.4 Disposal of Goods & Assets

- 6.4.1 Contract Standing Orders concerns the procurement of goods, services and works. Specialist advice should be taken from the Chief Finance Officer and Chief Legal Officer concerning the disposal of assets including property. The most suitable means of disposal should be selected and approval obtained. This may include public auction or a competitive exercise inviting bids. Consideration will be paid to the risk involved in disposal of assets including any sale of goods legislation and safety/ certification.

6.5 Grants

- 6.5.1 Grants generally fall outside procurement legislation. However, where grant funding is received by the Commissioner and used to procure goods, services or works the normal public procurement regime applies.
- 6.5.2 Grants may not be used to circumvent the requirements of the procurement process. Grants are generally made to benefit a section of the public, applied for a particular purpose with any monies remaining to be returned to the funder. Whilst monies can be provided via grant for specific purposes, they may not be directed and controlled in the same manner as via a contract. If a grant is awarded where a procurement exercise and contract would have been appropriate this may be challenged under procurement legislation as an unlawful direct award. Advice should be taken from the Deputy Head of Legal Services (Head of Commercial Unit) where there is any doubt about whether a grant is truly a grant or a contract for services.

APPENDIX 1



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 (OPCC) / Chief Finance Officer (Constabulary)

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.

CIPFA

The Chartered Institute of Public Finance and Accountancy – 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.