

<b>Consideration</b>	
<b>Public/Non Public*</b>	
<b>Report to:</b>	<b>Joint Audit and Scrutiny Panel</b>
<b>Date of Meeting:</b>	
<b>Report of:</b>	
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<b>Agenda Item:</b>	<b>14</b>

\*If Non Public, please state under which category number from the guidance in the space provided.

## **Joint Code of Corporate Governance and Working Together (Part A and B)**

### **1. Purpose of the Report**

- 1.1 To provide members of the Panel with information on the revised version of the Joint Code of Corporate Governance and Working Together. This document now is divided into two parts.

### **2. Recommendations**

- 2.1 Members are recommended to consider the revised document and provide assurance on whether it adequately enables the Police and Crime Commissioner to exercise good governance over policing and crime.

### **3. Reasons for Recommendations**

- 3.1 The Joint Code of Corporate Governance and Working Together document has been updated and enables the Commissioner to comply with good governance principles and provide stewardship over policing and crime.

### **4. Summary of Key Points (this should include background information and options appraisal if applicable)**

- 4.1 The latest version of the 'Corporate Governance and Working Together' document 2014-18 was approved by the Police and Crime Commissioner in September 2014.
- 4.2 Mazars internal audit report on Joint Code of Corporate Governance in November 2015 recommended that a review of the Governance and Decision making framework should be undertaken to ensure it is up to date and fit for purpose. They also recommended that this document should be combined with the Working Together document to prevent the risk of conflicting information.
- 4.3 The review of Joint Code of Corporate Governance and Working Together document has now been completed. Previously the Police and Crime Commissioners and Chief Constables agreed to work together to form a strategic alliance for Nottinghamshire, Leicestershire and Northamptonshire. To

support the development of the alliance, in 2016 work began across the region to create a single governance framework; including code of governance, decision making, financial regulations and scheme of delegations. Due to the decision not to establish an alliance between the three forces a local review has now been completed to ensure the Joint Code of Governance and Working Together is fit for purpose going forward.

- 4.4 The purpose of the Joint Code of Governance and Working Together (part A and B) document is to give clarity to the way the two corporation soles Nottinghamshire Police and Crime Commissioner and the Nottinghamshire Police Constable will govern jointly, and separately to ensure they are conducting business in the right way, legally and in accordance with good governance principles. To enable the review to be completed and to make it easier to reference, the document now contains two main sections; part A and part B. The separate sections include the following information:

Part A. Statement of governance, how both organisations will work together, code and corporate governance, roles and responsibilities, scheme of consent and delegation, information sharing and decision making.

Part B. Financial regulations, contract standing orders, standing orders for land and property, scheme of delegation to staff and officers. Protocol between Chief Constable and the Commissioner's Chief Finance Officer.

## **5. Financial Implications and Budget Provision**

- 5.1 The adopted Joint Code of Corporate Governance and Working Together (Part A and B) will enable the Commissioner to undertake good stewardship and financial management of police resources.

## **6. Human Resources Implications**

- 6.1 The revised document provides clarity on the roles and responsibilities of senior leaders within both organisations, including scheme and consent to the Chief Constable and delegation to OPCC and Force Staff and Officers.

## **7. Equality Implications**

- 7.1 Good decision making should be completed in a fair and transparent way.

## **8. Risk Management**

- 8.1 It is good practice to keep the Joint Code of Corporate Governance and Working Together (Part A and B) under review to manage any risks for non compliance and to ensure it is fit for purpose.

## **9. Policy Implications and links to the Police and Crime Plan Priorities**

- 9.1 The revised Joint Code of Corporate Governance and Working Together document supports the strategic objective of the police and crime plan to 'Transform services and delivery quality policing.

## **10. Changes in Legislation or other Legal Considerations**

- 10.1 The updated document takes account of CIPFA's guidance note 'Delivering good Governance for Policing bodies in England and Wales' published in July 2016.

## **11. Details of outcome of consultation**

- 11.1 The revised Joint Code of Corporate Governance and Working Together document has been developed in consultation with Nottinghamshire Police.

## **12. Appendices**

- 12.1 Joint Code of Corporate Governance and Working Together (part A and B)

## **13. Background Papers (relevant for Police and Crime Panel Only)**

13. None

NB

See guidance on public access to meetings and information about meetings for guidance on non-public information and confidential information.



Nottinghamshire  
**POLICE & CRIME COMMISSIONER**



NOTTINGHAMSHIRE  
**POLICE**  
PROUD TO SERVE

# **Joint Code of Corporate Governance and Working Together (Part A)**

Review Date: Updated July 2018

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## Part 1: Statement of Corporate Governance

### Introduction

Corporate governance is about how organisations ensure they do the right things, in the right way, for the right people, in a timely, inclusive, open, honest and accountable manner. It comprises the systems and processes, and culture and values, by which bodies are directed and controlled and through which they account to and engage with their communities.

Good governance enables the Police and Crime Commissioner (PCC) to:

- Deliver on their vision and priorities for policing and crime
- Hold the Chief Constable to account and performance manage the Force
- Hold individuals to account for delivery
- Make decisions in an open transparent way
- Engage with the public and victims of crime to achieve better outcomes
- Provide good stewardship over public funds and achieve value for money

The Chief Constable and PCC have agreed to work together through the principles of trust, openness, professionalism and good will. In addition the Chief Constable is responsible for providing a range of services and information to enable the PCC to discharge their legal responsibilities and deliver against the Police and Crime Plan objectives, targets and actions.

The Chief Constable as a corporation sole has a statutory duty and electoral mandate to hold the police to account on behalf of the public. The PCC has sworn an oath of impartiality. This oath makes a commitment to serve local people without fear or favour and they set out their public commitment to performing their role with integrity, impartiality and fairness.

The PCC is the recipient of all funding, including the government grant and precept and other sources of income related to policing, crime reduction and all funding for a Force must come via the PCC. How this money is allocated is a matter for the PCC in consultation with the Chief Constable and in accordance with any grant terms. The Chief Constable will provide professional advice and recommendations.

The principle activity of the PCC is to be responsible for the totality of policing, including setting strategic direction and holding the Chief Constable to account for the delivery of effective and efficient policing. The PCC also has other responsibilities and obligations in respect of the wider criminal justice services, victims services, equalities and diversity, safeguarding children and community safety.

The Chief Constable as a corporation sole is responsible for maintaining the Queen's peace and for the direction and control of the Force's police officers and police staff. The Chief Constable is accountable to the law for the exercise of police powers, and to the PCC for the delivery of efficient and effective policing, and management of resources and expenditure by the Police Force.

The principle activity of the Chief Constable is the delivery of effective and efficient policing. The Chief Constable is responsible for ensuring that the Force is able to deliver its obligations under the strategic policing requirement. The Chief Constable has operational independence and is answerable to the Law.

The purpose of this joint Scheme of Corporate Governance is to set out how the PCC and the Chief Constable conduct their organisations, both jointly and separately in accordance with the Statutory Framework, Principles of Good Governance and Governance Framework as contained in the Statement of Corporate Governance, by identifying the key enablers which underpin the seven Good Governance Core Principles<sup>1</sup> as adapted by the PCC and the Chief Constable.

Importantly, it also provides an appropriate level of control and flexibility to enable the Chief Constable to make timely, efficient and effective operational decisions.

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<sup>1</sup> CIPFA/SOLACE DELIVERING GOOD GOVERNANCE 2016

## **1. Working Together Agreement**

The PCC and Chief Constable have agreed to work together in co-operation to ensure the effective and efficient delivery of policing services. Notwithstanding their separate legal entities as corporation soles it is acknowledged that they have such interdependence as to require the sharing of significant areas of business support. Indeed, Section 2 (5) of the PRSR Act provides:

“A Chief Constable must exercise the power of direction and control in such a way as is reasonable to assist the relevant Police and Crime Commissioner to exercise the Commissioner’s functions.”

The sharing of business support functions for example Finance/Payroll, HR, ICT, Data Protection Officer, Performance, Procurement etc. is not regarded as the provision of services by one to the other but rather a co-operative arrangement for the effective delivery of business support essential to the operation of both corporation sole. At all times, each will operate to the general principle of reasonableness, providing shared services and policy support where appropriate. The provision of business support by the Chief Constables to the PCC is to be funded from the budget provided by PCC rather than under any separate arrangement or service level agreement.

There is no intention on to create enforceable private law rights or liabilities in relation to the provision of business support. However the Chief Constable has agreed to consult with the PCC on any structural staffing changes that might impact on the working together arrangements and the provision of support services to OPCC.

The Chief Constable and PCC will hold weekly bi lateral meetings. These meetings will focus on review of performance; efficiency and effectiveness of the Force, together with the provision of adhoc briefings as requested by the PCC and Chief Constable. These weekly meetings form the basis of a positive working relationship between the Force and the OPCC.

The PRSR Act 2011 automatically transferred land, assets, liabilities, contracts, legal proceedings and employed staff to the PCC. The second stage transfer has been agreed as a Maximum Transfer model of all police staff from Operational Frontline, Operational Support and Business Support functions to transfer to the employ of the Chief Constable, with an agreement for additional business support to the NOPCC for strategic finance and planning. The PCC is the owner of all assets (property, ICT, fleet and equipment) including land.

In the spirit of working together in partnership to achieve good governance, the Chief Constable will provide information on efficiency savings and implementation to the PCC. He/She will provide regular updates and briefings on delivery of value for money policing which will include external and internal audit, reviews and inspections.

The Chief Constable will provide access to Learning and Development for the PCC and his/her office on request of the PCC with anything over and above the generic requirements of employees to be paid for by the NOPCC.

The PCC and Chief Constable attach the greatest importance to safeguarding the health and safety and welfare of all its Police Officers, Police Staff and Volunteers whilst at work and other person who may be directly affected by its activities. The PCC and the Chief Constable have a joint Health and Safety Policy Statement and will



make available adequate financial and physical resources to ensure legal duties are met.

Facilitation of an effective working relationship between the OPCC and the Force is the responsibility of both parties. Information sharing and services will be a regular standing item for the CEO with the Deputy Chief Constable at their regular meetings.

It is expected that most issues which arise, will be resolved through informal discussions with colleagues. Where it is not possible to resolve an issue through these means it should be escalated to the CEO and the Deputy Chief Constable.

## **Legislative Context**

The principal statutory framework within which the corporation's sole will operate is:

- Police Reform and Social Responsibility Act 2011
- Policing Protocol Order 2011
- Financial Management Code of Practice (Home Office, 2013)
- Strategic Policing Requirement
- Data Protection Act 2018
- Freedom of Information Act 2000
- Elected local policing bodies (specified information order) places a specific legal duty on the Commissioner to publish information.
- Equality Act 2010
- Health and Safety at work regulations and codes

## **Principles**

- Behave with integrity, demonstrate strong commitment to ethical values and respect the rule of law
- Ensure openness and comprehensive stakeholder engagement
- Define outcomes in terms of sustainable economic, social and environmental benefits
- Develop the entity's capacity, including the capability of its leadership and the individuals within it
- Manage risks and performance through robust internal control and strong public financial management
- Determine the interventions necessary to optimize the achievement of the intended outcomes
- Implementing good practices in transparency, reporting and audit to deliver effective accountability

## **Instruments of Governance**

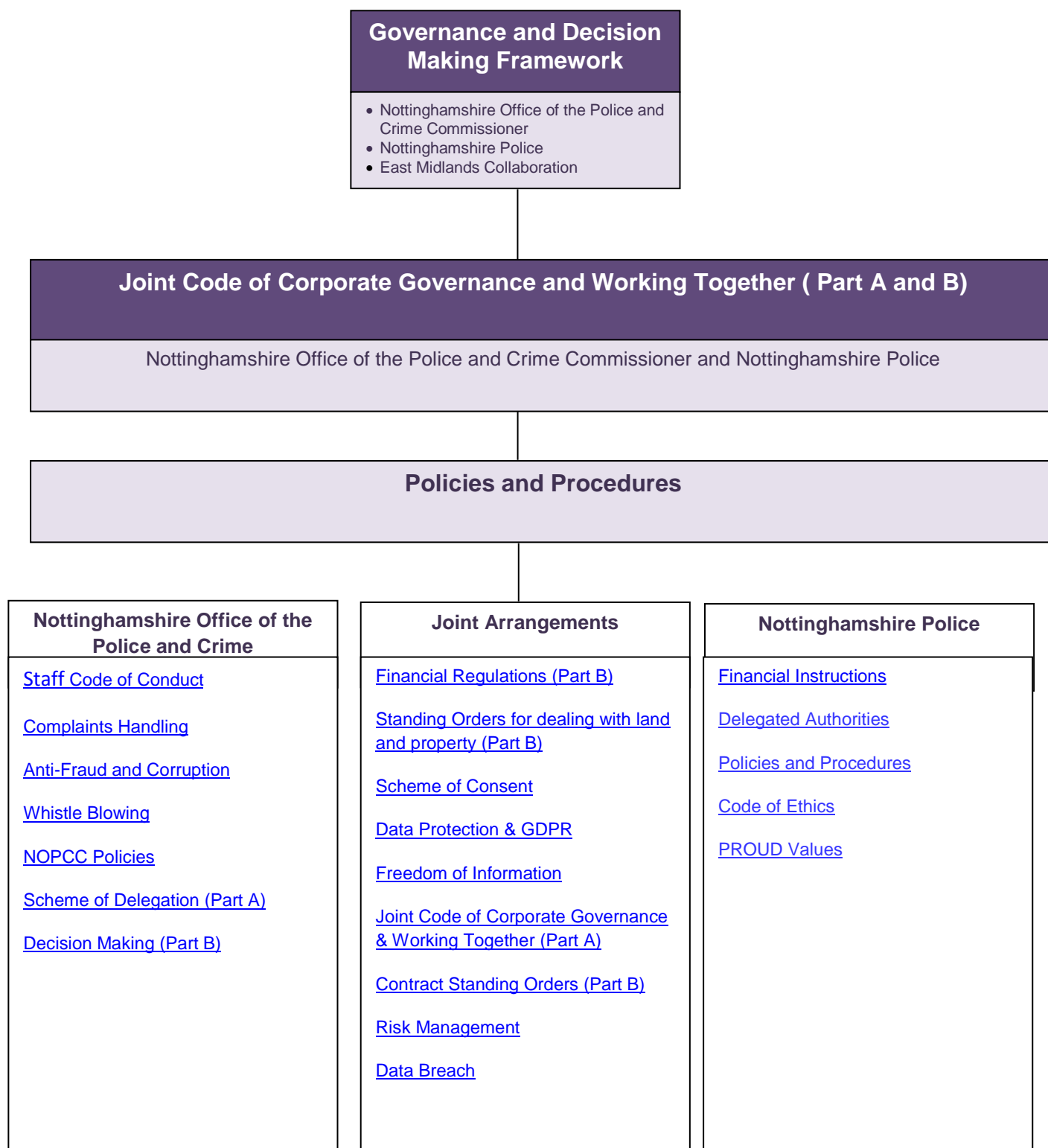
The joint corporate governance framework within which both corporation soles will govern, both jointly and separately will consist of two main documents (Part A and Part B) :

- Code of Corporate Governance: sets out how the core principles of good governance are implemented in the OPCC and the Force

- Scheme of Consent: sets out the extent of, and any of the conditions attaching to the PCC's consent to the Chief Constable's exercise of powers
- Scheme of Delegation: sets out the delegation of responsibility from the PCC to his staff and delegation from the Chief Constable to his own staff in the exercise of their statutory responsibilities
- Financial Regulations
- Contract Standing Orders
- Joint Risk Management policy

## Framework

The following diagram provides the framework for the instruments of governance outlined above.



## **2. Code of Corporate Governance**

The Code of Corporate Governance sets out the ways in which the PCC and the Chief Constable implement the seven principles of good governance contained within the 2016 Delivering Good Governance Framework: Guidance Notes for Policing Bodies.

### **Principle One: Behave with integrity, demonstrate strong commitment to ethical values and respect the rule of law**

There is an expectation that the relationship between all parties will be based on the principles of goodwill, professionalism, openness and trust. The Policing Protocol requires all parties to abide by the seven principles of public life (the Nolan Principles) and these are central to the behavior of everyone in the organisation.

The Police and Crime Plan outlines the PCC's police and crime priorities, outcomes and strategic direction for the policing of Nottinghamshire. The Chief Constable's Force Delivery framework sets out how the Chief Constable will deliver the objectives. These plans have been developed in consultation with the local communities and other key stakeholders.

The PCC and Chief Constable ensure that the good governance principles are embedded in the way organisations operate by adhering to the Financial Management Code of Practice (Home Office 2013).

Operating principles and values are demonstrated, communicated and embedded through appropriate policies and processes which are reviewed on a regular basis, for example:

- Anti-fraud and corruption procedures
- Handling of complaints arrangements
- Whistleblowing policies

Core values are embedded in the way the force and the PCC operate. Staff are aware of the standards expected of them and the importance of the national Code of Ethics.

### **Principle Two: Ensure openness and comprehensive stakeholder engagement**

The PCC is accountable to local people and draws on this mandate to set and shape the strategic objectives for the force area in consultation with the Chief Constable, taking into account the strategic policing requirements.

The PCC and Chief Constable have arrangements for effective engagement with community groups, victims and other key stakeholders. Arrangements are in place to encourage individuals from all sections of the community to engage with, contribute to and participate in the work of the PCC including the use of website and social media.

The PCC maintains a strong working relationship with the Police and Crime Panel, constituent local authorities and other relevant partners.

The Decision Making Framework set out in this document provides the principles and guidance for how decisions will be taken by the PCC and the Chief Constable to ensure that decision making is informed and transparent, and subject to scrutiny and risk management arrangements.

The PCCs website contains the means by which the public may obtain information on decisions made by the PCC, except for decisions constrained by operational and legal constraints exist.

### **Principle Three: Defining outcomes in terms of sustainable economic, social and environmental benefits**

Under the Police Reform and Social Responsibility Act 2011, the PCC has to issue a police and crime plan which defines the police and crime objectives (outcomes) and the strategic direction for policing. Each corporation sole has regard to the plan, and the PCC has regard to the priorities of the responsible authorities during its development.

The Policing Plan sets out how the Chief Constable will deliver the objectives. These plans have been developed in consultation with the local communities and other key stakeholders.

Collaboration and partnership arrangements set out those areas of business to be jointly undertaken with other forces or local partner organisations in order to reduce costs, increase capacity and/or increase resilience to protect local people.

The Medium Term Financial Plan is jointly developed and reviewed by the PCC and Chief Constable to support delivery of the common goals and objectives. The joint finance regulations ensure proper financial management.

The PCC has developed a commissioning and award of grants framework outlining commissioning intentions and priorities.

The PCC and Chief Constable have in place a range of complaints protocols to provide clarity over arrangements to respond to the breadth of concerns raised by local people, whether they be allegations of organisational or individual failures/concerns. This is intended to complement other statutory arrangements.

### **Principle Four: Develop the entity's capacity, including the capability of its leadership and the individuals within it.**

The People Strategy sets out the strategic HR priorities for the OPCC and the force. It also supports and aligns with the strategies of collaborative partners.

The OPCC and the Force adopts the Guiding Principles for Organisational Leadership, as advocated by the College of Policing and the National Police Chief's Council to continuously develop the capability of its leadership.

Workforce Design ensures that staff have the appropriate skills knowledge, resources and support to fulfill their roles.

### **Principle Five: Manage risks and performance through robust internal control and strong public financial management**

The PCC and Chief Constable's Decision Making Framework sets out the principles behind how decisions will be taken to ensure an informed and transparent approach.

The national decision making model will be applied towards spontaneous incidents or planned operations, by officers and staff within the force as individuals or teams and to both operational and non-operational situations.

The scheme of governance highlights the parameters for decision making for the organisations, including the delegations, consents, financial limits and standing orders for contracts.

The joint PCC/Force risk management strategy and policy sets out how risk is managed throughout the various elements of corporate governance of the organisations.

**Principle Six: Determine the interventions necessary to optimise the achievement of the intended outcomes**

The PCC and the Chief Constable maintain a medium term financial strategy which forms the basis of annual budgets and provides a framework for evaluating future proposals.

Analysis and evaluation of plans are undertaken in relation to service outcomes and benefits realisation.

Processes are in place to monitor efficiency and value for money.

Officers, police support staff and staff of the OPCC operate within:

- OPCC or force policies and procedures
- The joint code of corporate governance
- Code of ethics (College of Policing, 2014).

**Principle Seven: Implementing good practices in transparency, reporting and audit to deliver effective accountability**

The PCC and Chief Constable's functions are set out in the Police Reform and Social Responsibility Act 2011. The functions are undertaken in line with the Policing Protocol Order 2011 in order to achieve the outcomes of the police and crime plan.

As required by the 2011 Act, the PCC has appointed a Chief Executive who will act as head of paid service and undertake the responsibilities of monitoring officer.

Both the PCC and the Chief Constable have appointed Chief Financial Officers. The responsibilities of the CFO's for both the PCC and the Chief Constable are clearly set out in line with the Financial Management Code of Practice (Home Office, 2013).

A Joint Independent Audit Committee operates within the CIPFA guidance and in accordance with the Financial Management Code of Practice.

A programme of internal audit is commissioned and undertaken which reflects published guidance on standards.

### **3. Roles & Responsibilities**

#### **Key Role of the Police and Crime Commissioner**

The legal powers and duties of the PCC are established by legislation and are summarised within the Policing Protocol Order 2011. This Scheme does not seek to list all statutory duties of the PCC.

The key roles of the PCC are:

- To hold the Chief Constable to account on behalf of the public for the performance of the Force
- To be the recipient of all funding related to policing
- Publish every four years a Police and Crime Plan.

The production and publishing of the Police and Crime Plan is a core statutory planning requirement as defined by the Police Reform and Social Responsibility Act 2011. The Plan sets out the resources and assets that the Commissioner will make available to the Chief Constable for policing and the mechanisms by which the Chief Constable will report on performance and be held to account.

- Secure the maintenance of an efficient and effective police force for Nottinghamshire
- Set the budget, determine the level of precept and allocate funds and assets (including the allocation of such assets and funds to particular functions) to the Chief Constable
- Ensure that the Chief Constable puts the appropriate measures and resources in place to secure strong financial management
- Appoint, suspend and if necessary remove the Chief Constable
- Enter into collaboration agreements that improve the efficiency and effectiveness of policing for one or more police force, in consultation with the Chief Constable (where it relates to the functions of the police force, then it must be with the agreement of the Chief Constable)
- Enter into collaborations, partnerships and contracts with other parties other than police forces
- Hear the voice of the public and act on their concerns
- Publish information specified by the Secretary of State and any information the PCC considers necessary to enable the people of the force area to assess performance
- Produce an annual report to the Police and Crime Panel on delivery against the Police and Crime Plan
- Monitor all complaints made against officers and staff, having responsibility for complaints against the Chief Constable
- Make Crime and Disorder Reduction Grants
- Ensure the delivery of services for victims within their area
- Have oversight of the delivery of community safety and crime reduction in the area
- Have responsibility for the enhancement of the delivery of the criminal justice system in their area
- Appoint a Chief Executive and Chief Finance Officer to ensure the appropriate management of staff and budgets on behalf of the PCC
- Approve any requests for financial assistance to officers in legal proceedings.

To deliver these functions, the PCC will, where necessary or appropriate:

- Commission services to be provided by the Force for the public, specifying clearly what functions the Force will be required to provide as part of the allocation of assets and funds to the Chief Constable

- Commission other providers to provide any function required to deliver services to the public to discharge the PCC's statutory duties
- How this operates in practice is set out in the OPCC Commissioning Framework, which is available on the Commissioner's website. This framework will be reviewed appropriately in line with budget and precept considerations.

### **Key Role of the Chief Constable**

The Chief Constable is responsible for maintaining the Queen's Peace and has direction and control over the Force's officers and staff. The Chief Constable holds office under the Crown but is appointed by the PCC.

The Chief Constable is accountable to the law for the exercise of police powers and to the PCC for the delivery of an efficient and effective police force, including for the management of resources and expenditure by the Force. At all times the Chief Constable, their constables and staff, remain operationally independent in the service of the communities they serve.

The key statutory roles, as defined by the Police Reform and Social Responsibility Act 2011 and Policing Protocol Order 2012 of the Chief Constable are:

- To appoint the Force's officers and staff (after consultation with the PCC in the case of officers above the rank of Chief Superintendent and police staff equivalents)
- To lead in the Force in a way that is consistent with the attestation made by all constables on appointment and ensuring that it acts impartially
- To provide the PCC with access to information, officers and staff as required
- To support the PCC in the delivery of the strategy and objectives set out in the Police and Crime Plan
- To have regard to the Strategic Policing Requirement when exercising and planning their policing functions in respect of the Force's national and international policing responsibilities
- Notifying and briefing the PCC of any matter or investigation which they may need to provide public assurance either alone or with the PCC
- To be the operational voice of policing in the Force area, and to regularly explain to the public the operational actions of officers and staff under their command
- To enter into collaboration agreements with other Chief Constables, other policing bodies and partners that improve the efficiency and effectiveness of policing, subject to the formal agreement of the PCC
- To remain politically independent of the PCC
- To manage all complaints against the Force, its officers and staff, except in relation to the Chief Constable, and to ensure that the PCC is kept informed to enable them to discharge their statutory obligations in relation to complaints in a regular, meaningful and timely fashion.
- To ensure that serious complaints and conduct matters are passed to the Independent Office of Police Conduct (IOPC)



- To exercise the power of direction and control in such a way as is reasonable to enable the PCC to have access to all necessary information and staff within the Force
- To oversee and be accountable for the financial management of the Force within the framework of the agreed budget allocation and levels of authorisation issued by the PCC

#### 4. Scheme of Consent and Delegation

The Scheme of Consent and Delegation is a key component within the Joint Code of Corporate Governance and Working Together document. It details the key roles of the PCC and Chief Constables and sets out the activities which the Chief Constable is able to act in his/her own name, through the consent of the PCC. Consent refers to the formal approval or agreement by the PCC for the Chief Constable to enter into certain transactions in the Chief Constable's name, as opposed to the name of the PCC.

This Scheme of Consents and Delegation is a record of the formal consents and delegations as required by the Home Office Financial Management Code of Practice (2013). With the exception of those matters listed in the section '**Matters that cannot be delegated**' by the PCC as determined by law at the bottom of page 14. The Scheme allows any person, with appropriate authority, to delegate that power further. Any such sub-delegation does not relieve the person who has sub-delegated a power from due responsibility for any decision taken by a person they have authorised to act on their behalf.

The PCC has the discretion to limit and/or withdraw the powers consented or delegated by them at any time, provided that the reasons for doing so are documented in writing.

The PCC may ask that a specific matter is referred to them for a decision and not dealt with under powers of delegation.

The PCC must be advised of any policing and crime matter which may have a significant impact, as defined within the decision making framework in this document.

The Scheme does not prevent an individual from referring a matter to the PCC for a decision if the individual thinks this is appropriate. For example, these may be due to their novel, contentious nature or may be potentially repercussive.

The PCC expects anyone exercising consented or delegated powers under this Scheme to draw their attention to any issue which is likely to be regarded by them as novel, contentious or potentially repercussive before exercising such powers. This includes any potential financial liability.

In this document, all references to specific roles include those authorised by them to act on their behalf.

The Chief Executive (who is the Monitoring Officer and Head of Paid Service) and the Chief Finance Officer of the PCC have statutory powers and duties relating to their positions, and therefore do not rely on matters being delegated to them to discharge those responsibilities.

Individuals are responsible for ensuring that members of staff and police officers they supervise are aware of and understand provisions and obligations of this Scheme.

This scheme provides an officer with the legal power to carry out duties of the PCC. In carrying out these duties, the officer must comply with all other statutory and regulatory requirements and relevant professional guidance, including those listed at paragraph

When carrying out any duties, the PCC and any officers named in this Scheme must have regard to:

- The Police and Crime Plan
- Any report or recommendations made by the Police and Crime Panel on the annual report for the previous financial year.

The following sections set out further detail on delegations and consents including those matters not to be delegated or consented to the Chief Constable or the Chief Executive and the Chief Finance Officer of the Office of Police and Crime Commissioner.

### **Matters that cannot be delegated by the PCC**

The Police Reform and Social Responsibility Act 2011 makes provisions for the PCC to appoint a deputy to undertake any functions of the PCC with the exception of:

- Approving and issuing the Police and Crime Plan
- Appointing, suspending and removing the Chief Constable
- Approving the budget requirement for the purpose of issuing a precept

There is no deputy PCC at Nottinghamshire PCC and therefore there are no delegations for this role included within this scheme. The policy in this area will be reviewed on appointment of a deputy PCC.

The Police Reform and Social Responsibility Act 2011 makes provision for the PCC to appoint other staff to carry out their functions. In addition to those functions listed at 3.2 which cannot be delegated to staff, the following are also defined in the Act as being matters that cannot be delegated:

- Determining the police and crime objectives in the Police and Crime Plan
- Attendance at the Police and Crime Panel for specified duties
- Approving the annual report to the Police and Crime Panel

In addition, the PCC, except in exceptional and urgent circumstances, will not delegate decisions of significant public interest.

Should the PCC be unable to act for any reason, the Police Reform and Social Responsibility Act 2011 makes provisions for the Police and Crime Panel to appoint an acting PCC and subsequently, should the PCC be unable to return to their duties, a by-election would be triggered.

Should any decision be required of the PCC whilst unable to act and prior to the Police and Crime Panel meeting to appoint an Acting PCC, the delegated powers extend to the Chief Executive and Chief Finance Officer within this Scheme.

## **Functions Consented to the Chief Constable**

In addition to the statutory duties of the Chief Constable (as outlined in the Police Reform and Social Responsibility Act 2011 and Policing Protocol Order 2011), the PCC can give consent to functions being undertaken by the Chief Constable in their own name and as a separate legal entity.

## **Chief Constable's functions**

The statutory restriction on delegation does not prevent the Chief Constable carrying out functions in their own right. That is a wide-ranging power: in addition to broad functions of keeping the peace and enforcing the law, the Chief Constable also has the power "to do anything which is calculated to facilitate, or is conducive or incidental to, the exercise of [his] functions" (paragraph 7(1), Schedule 2 PRSR Act 2011). This Scheme also deals with the ways in which certain functions of the Chief Constable will be exercised in such a way as is reasonable to assist the PCC to exercise his functions. For the avoidance of doubt, these are not delegations from the PCC. Nothing in this scheme is intended to fetter the Chief Constable's operational independence.

## **Consents to Chief Constable**

Chief Constables are responsible for maintaining the Queen's peace and have direction and control over their Force's officers and staff. Under the Police Reform and Social Responsibility Act 2011 Chief Constables are a corporation sole. Chief Constables are accountable for the exercise of police powers and to Commissioners for the delivery of efficient and effective policing. They also have responsibility for the management of resources and expenditure in line with this Corporate Governance Framework and the budget approved by the PCC on an annual basis.

The Chief Constable is responsible for ensuring that the staff and officers under their direction and control are fully aware of all the provisions and obligations of this scheme.

Chief Constables will notify and brief the PCC of any matter or investigation relating to the delivery of the Police and Crime Plan on which he/she may need to provide public assurance either alone or with the PCC (all Police and Crime Commissioners will be designated as Crown Servants under the Official Secrets Act 1989(a) making them subject to the same provisions in relation to sensitive material as Government Ministers).

## **Complaints**

The Chief Constable will manage complaints against the Force, its officers and staff in accordance with the statutory complaints procedure. The Chief Constable will ensure that the PCC is kept informed to enable the discharge of their statutory obligations in relation to complaints in a regular, meaningful and timely fashion. Serious complaints and conduct matters must be passed, jointly or severally, to the Independent Office of Police Conduct (IOPC). Currently the complaints system is under reform and the future it is expected that the PCC will have a greater responsibility for dealing and managing public complaints.

## **Financial**

The Chief Constable will ensure that financial affairs for their force is properly administered having regard to value for money, probity, legality, and appropriate standards, with particular reference to the Financial Regulations and contract standing orders agreed by the PCC as set out in Part B of Joint Code of Corporate Governance and Working Together document.

## **Budgets**

The Chief Constable will agree with the PCC their annual revenue (at detailed objective and subjective level) and capital budgets. These set out an upper limit of approved revenue and capital expenditure over a given budget period and are the basis for monitoring and any virements. The Chief Constable may not spend over these budget limits without the prior written approval of the PCC. They must not make any future financial commitments without the written approval of the PCC.

## **Debt Write Offs**

The PCC must approve in writing all debt write offs above the sum identified in the Financial Regulations.

## **Contract and Assets**

The Chief Constable may not acquire any freeholds or leaseholds or interests in land whatsoever and may not grant any property lease or land lease or grant any interest in land whatsoever without the clear, prior written approval and seal as required of the PCC.

The Chief Constable may not dispose of property or interests in land or property without the clear, prior written consent of the PCC. .

The PCC will hold all fixed assets and consents to the Chief Constable's free and unfettered access to, and full operational use of such assets as to enable him/her to meet the responsibilities set out above and any others agreed with PCC. All income due from the disposal of non-current assets will be due to the PCC.

The PCC will approve an annual capital programme and all capital expenditure incurred during the year must be in line with the approved capital programme unless otherwise agreed with their PCC.

All contracts shall be in the name of the PCC. The PCC consents to the signing of contracts in line with the Financial Regulations and contract standing order.

The PCC consents to the Chief Constable permission for the day to day financial management of the Capital programme within the authorised limits set out in the Financial Regulations applicable to this Scheme.

The PCC consent permission to the Chief Constable for the daily management and operation of all contracts within the limits set out in the Financial Regulations and contracting standing orders applicable to this Scheme. This consent includes permission to undertake all steps necessary to prepare contracts up to the approval stage, sign the contract when it is within the agreed limits, pass to PCC for approval when limits are exceeded and to utilise the contract once entered into.

## **Personnel, HR, Payroll and Pensions**

The Chief Constable will manage personnel, HR, payroll and pensions in accordance with the applicable local Scheme of Governance unless alternative arrangements are agreed, in consultation, with the PCC and their CFO.

## **Urgent Matters**

If any matter which would normally be referred to a PCC or Deputy PCC if appointed) for a decision then the matter will be dealt with in accordance with the 'Urgent Matters' provisions in the respective Commissioner Scheme.

## **Insurance**

Undertake the day to day management of the insurance function in line with the strategic approach to insurance approved by the PCC and their CFO on an annual basis.

## **Procurement**

Any procurement process, contract or agreement may only be entered into in accordance with this scheme of consent and where required with the express, prior, written agreement of the PCC to a final business case.

Undertake the day to day management of the procurement function in accordance with the contract regulations. All contracts let will be in the name of the PCC.

The approval of sensitive contract exemptions or exemptions above the relevant EU tender limit in total lifetime value require the prior written agreement of the PCC.

## **Land and Property**

The Chief Constable's Head of Estates will undertake the day to day management of the estates function subject to these provisions and subject to the provisions of the financial regulations.

The Chief Constable's Head of Estates will keep a register of all property and major assets owned by the PCC or leased by him/her showing costs and the annual valuations in such a manner to allow publication individually by the PCC and have this available for inspection at reasonable notice by the PCC or by the PCCs Chief Executive Officer or Chief Finance Officer. The estates strategy for the force is the responsibility of the PCC.

## **Functions delegated to the Chief Executive of the Office of the PCC**

The Chief Executive is the most senior officer of the OPCC and is the Head of Paid Service. This statutory appointment is made under Schedule 1 to the Police Reform and Social Responsibility Act 2011. For the purposes of section 5(1) of the Local Government and Housing Act 1989 (as amended by Reform and Social Responsibility Act 2011) the Chief Executive is designated as the body's monitoring officer with responsibility for ensuring the legality of the actions of the policing body and its officers.

There are two roles that the Commissioner must appoint, the CEO and the CFO, and these roles cannot be combined.<sup>2</sup> The CEO will also act as the Monitoring Officer, reporting to the PCC if it appears that any proposal, decision or failure constitutes, has given rise to, or is likely to break the law or a code of practice. The CEO will work with the PCC to deliver the Police and Crime Plan's vision, strategy and identified priorities.

The CEO will make sure that the NOPCC is led effectively through ongoing management and public involvement. The CEO will also help make sure that the Force's activities are appropriately governed and scrutinised.

The PCC has a legal duty to give the CEO the staff, accommodation and other resources which are needed so that they can carry out their duties. The Monitoring Officer is under a personal legal duty to report on proposals, decisions or omissions which is a contravention of any enactment or rule of law.

The formal delegations are as follows:

- Take day to day action to ensure the efficient and effective management of the Office of the PCC, including the appointment or dismissal of all staff and volunteers with the exception of the Deputy PCC where appointed.
- Ensure the discharge of the PCC's functions, with the exception of those matters identified in the scheme that cannot be delegated by law, giving effect to the decisions and direction of the PCC
- Prepare the Police and Crime Plan, consulting with the Chief Constable, for submission to the PCC
- Prepare an Annual Report for submission to the Commissioner for the Commissioner to fulfil his statutory duty to report annually on progress against the Police and Crime Plan to the Police and Crime Panel
- Provide information to the Police and Crime Panel as lawfully and reasonably required to enable the Panel to carry out its functions
- To make financial and contractual decisions as outlined in the Financial Regulations and Contract Standing Orders.
- To oversee the way that complaints against officers and staff within Nottinghamshire Police are managed so this is efficient and effective and to advise the PCC on this basis.
- To fix fees for copies of documents and extracts of documents requested under the Freedom of information Act 2000, or the Data Protection Act 1998, or otherwise
- To make recommendations to the PCC with regard to staff terms and conditions of service in respect of the PCC's staff

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<sup>2</sup> The Commissioner must appoint a person to be the head of the Commissioner's staff (referred to as the Commissioner's Chief Executive) to act as the head of the body's paid service under Section 4 of the Local Government and Housing Act 1989.

- To administer the Independent Custody Visitors (ICV) Scheme and any other volunteer schemes including the appointment, suspension and removal of custody visitors and other volunteers.
- To obtain legal or other expert advice in matters pertaining to the OPCC.
- To commence, defend, withdraw or agree financial settlements of all claim or legal proceedings where required, on the PCC's behalf in consultation with the PCCCFO. To consider, with the PCC, any complaint made against the Chief Constable, and where appropriate, to make arrangements for appointing an officer to investigate the complaint.
- To respond to consultations on proposals affecting the PCC.
- To ensure that appropriate arrangements are in place to gather community's views on policing and crime in Nottinghamshire.
- To ensure compliance with the requirements for publication of all aspects of the Local Policing Bodies (Specified Information Order 2011).
- To decide on whether any information to support a decision taken by the PCC and published by Executive Order should be exempt from being published under the exemptions contained within the Local Government Act 1972 – Schedule 12A.
- To make recommendations to the PCC on Police Pension forfeiture in accordance with the policy.
- In the absence or unavailability of the Commissioner's Chief Finance Officer to sign contracts, leases and make other urgent financial decisions in accordance for Financial Regulations and Contract Standing Orders.
- Approve all requests for financial assistance to officers and staff involved in legal proceedings or inquests except those felt to be significant because:
  - They involve a high profile claimant
  - There is a particular public interest in the case
  - There is a real risk that the Commissioner or the Force will be exposed to serious public criticism or serious weaknesses in the organisation or policies and procedures will be revealed.
- To approve exceptional cases in the provision of police advice and assistance to international agencies, because the full cost is £4,000 or more (including air flights, accommodation and salary costs of the police officer or member of staff); and it is a sensitive case involving travel to a politically sensitive country.
- To order goods and services and spend on tenders for goods and services provided for the revenue budget.
- To ask for and accept quotations and tenders for goods and services provided for the revenue budget.

- To manage any complaint against staff under the direction and control of the CEO.
- To undertake the management of staffing resources for all staff employed by the Commissioner (and not under the direction and control of the PCC in line with agreed policies and procedures (including issues such as creating and appointing staff, restructuring, re-grading, discipline, grievances and job evaluation etc)).

### **Functions delegated to the Chief Finance Officer of the PCC**

The Chief Finance Officer is the financial advisor to the PCC and has statutory responsibilities as set out in Section 151 of the Local Government Act 1972, sections 112 and 114 of the Local Government Finance Act 1988, and the Accounts and Audit Regulations 2011. He/she must ensure that the financial affairs of the PCC are properly administered having regard to probity, legality and relevant standards

The Financial Regulations set out the responsibilities of the Chief Finance Officer. These are contained in part B of Corporate Code of Governance and Working Together.

#### **The Chief Finance Officer must:**

- Be a key member of the PCC's Leadership Team, working closely and supporting with the Chief Executive
- Be actively involved in and able to bring influence to bear on, all strategic business decisions of the PCC
- Lead the promotion and delivery by the PCC of good financial management so that public money is safeguarded at all times and used appropriately
- Ensure that the finance function is fit for purpose

Functions delegated to the Chief Finance Officer of the PCC includes:

- To approve the arrangements for the treasury management function including the day to day management, production of treasury management strategy and supporting policies and procedures
- To approve the arrangement and preparing the PCC's accounts and annual governance statement (AGS)
- To approve the opening of all bank accounts
- To undertake financial management of the PCCs budget in accordance with the Financial Regulations
- To commit expenditure within the approved budget to meet the policies and objectives agreed with the PCC and reflected in the Policing Plan
- To manage grants awarded to the PCC
- To prepare, from time to time, draft financial and contract regulations, in consultation with, and having due regards to the view of the Force, for approval by the PCC.



- To act as the money laundering officer under the Proceeds of Crime Act 2002, and Money Laundering Regulations 2003 or other appropriate legislation from time to time in force
- To make financial and contractual decisions as outlined in the Financial Regulations and Contract Standing Orders.
- To sign all contracts on behalf of the Police and Crime Commissioner in accordance with the delegated limits specified in the Contract Standing Orders within this Scheme.
- To affix the common seal of the Nottinghamshire PCC to all contracts, where any of the following applies:
  - Agreements or transactions in respect of which there is no consideration
  - That relate to the provision of goods and services by the PCC to another body
  - That are £181,302 (upper threshold of EU Procurement limit) or above in value over the life of the contract
  - Which grant or convey an interest in land
  - Which are grants that are £100,000 or above
  - When it is determined by the PCC that there is a particular need for the seal to be attached
  - Where any of the contracting parties require it
- To consider, in consultation with the CEO whether to provide indemnity to the PCC and to deal with or make provision to deal with other matters arising from any proceedings relating to them.
- To consider and approve, in consultation with the CEO provision of indemnity and/or insurance to individual staff of the PCC in accordance with the Local Authorities (Indemnities for Members and Officers) Order 2004.
- To ensure compliance with the responsibilities of the PCC as the Pension Supervising Authority for the Chief Constable's Pension.

## **Urgent Matters**

If any matters which would normally be referred to either to the PCC (or Deputy PCC) for a decision arises and cannot be delayed, the matter may be decided by the appropriate statutory officer. The statutory officers are the Commissioners Chief Executive and Chief Finance Officer. Urgent decisions taken must be reported to the Commissioner within 24 hours or as soon as practically possible.

## **Delegation to the Chief Finance Officer of the Chief Constable**

The Chief Constable must appoint a person to be responsible for the proper administration of the Force's financial affairs, in accordance with the Financial Management Code of Practice, as issued by the Home Office. There is a statutory responsibility for the post holder to manage the Force's financial affairs, in accordance with sections 112 and 114 of the Local Government Finance Act 1988, and the Accounts and Audit Regulations 2003(as amended).

- The detailed financial management responsibilities of the Chief Constable's Chief Finance Officer, which includes a number of delegated powers, are set out in the financial regulations.
- The Chief Constable's Chief Finance Officer is also the Chief Constable's nominated s151 officer.
- Chief Constable's Delegations to the Chief Finance Officer includes:
- To ensure that the financial affairs of the Nottinghamshire Police are properly administered having regards to probity, legality, financial regulations and appropriate standards.
- To plan the Force's budget in conjunction with the PCC's CFO.
- To approve arrangements for securing and preparing the financial accounts for the Force, including preparation of the Annual Governance Statement (AGS)
- To be responsible for the day to day management of the budget delegated to Nottinghamshire Police in accordance with financial regulations.
- To approve all agreements for the provision of non-policing services to other organisations within the Force area in line with the financial regulations, This does not apply to provisions of mutual aid by the Chief Constable to another Force under section 24 of the Police Act 1996, or the provision of advice of assistance to international organisations under the Police Act 1996, which are operational matters. However, these are subject to consultation with the PCC.
- To approve the award of contracts which are for the supplies or services for any matter required to facilitate the running of the Police Force and within the delegated limits specified within the contract standing order and financial regulations.

## Delegation to the Head of Legal Service

The delegations below are a record of those formal delegations granted by the PCC to the Head of Legal Services, which are in effect at the time of the publication of this scheme.

The Head of Legal Services may make the following decision **subject to the PCC** when the decision is taken:

Where it is considered necessary to settle a claim, the following authorisation levels (subject to paragraphs 2 to 4) will apply:-

- Claims with a settlement value for damages and costs of up to £10,000 – Head of Legal Services or Deputy Head of Legal Services
- Claims with a settlement value for damages and costs in excess of £10,000 – in cases against a Chief Constable, the Deputy Chief Constable; and in cases against the Commissioner that Commissioner's Chief Executive or Chief Finance Officer. Where a claim relates to a regional unit, such as EMSOU, authority will be sought from the Deputy Chief Constable (East Midlands).

The settlement of any claims arising out of an Employment Tribunal, regardless of value, will require the authorisation of the Chief Executive or ACPO Lead for Legal Services of the relevant Force Deputy Chief Constable.

The Chief Executive or ACPO Lead for Legal Services of the relevant Force will be responsible for notifying and providing an on-going briefing to the Chief Constable and Police and Crime Commissioner of any claim they consider

- Involves a high profile claimant; and/or
- Has a particular public interest
- There is a real risk that the PCC or the Force will be exposed to serious criticism or serious weaknesses in the organisation or policies and procedures will be revealed; and/or
- Is likely to result in the payment of damages of over £100,00

The deputy Chief Constable or the Commissioner's Chief Executive will be responsible for securing the necessary approvals from the Chief Constable and/or PCC.

Authorisation for the settlement of any claim which falls within a category set out at paragraph 2 to 4 above will be required from the Police and Crime Commissioner and Chief Constable. The Chief Executive or Deputy Chief Constable will be responsible for gaining any necessary approval.

Institute, defend or participate in legal actions to protect the interests of the Force and Commissioner.

## **5. Arrangements for the Review of Governance**

The following arrangements are in place to review the effectiveness of Governance:

### **Self-assessment**

Using the Framework of the six principles of Good Governance, the PCC and Chief Constable will regularly test the structure of governance by carrying out a thorough and wide ranging self-assessment which will inform the Annual Governance Statement. From time to time the PCC and Chief Constable will commission internal audit to commission an independent review of the different aspects of governance, such as risk management, commissioning, decision making and core financial controls.

### **Annual Governance Statement**

As separate corporations sole, both the PCC and the Chief Constable are required to produce Annual Governance Statements, in order to provide assurance of their respective compliance with the Code. The Joint Audit and Scrutiny Panel will review the draft Annual Governance Statement in June / July of each year. This will be finalised and published with the Annual Statement of Accounts, which have to be published by the 30 September each year.

The PCC and the Chief Constable's Annual Governance Statements will include action to rectify any significant areas of weakness in corporate governance. The statements will be signed by the Commissioner, the CEO, the Chief Constable and the Commissioner and Chief Finance Officer respectively.

### **The Police and Crime Panel**

The Police and Crime Panel are responsible for reviewing and scrutinising the Commissioner's exercise of their statutory functions. The Panel does not scrutinise the Chief Constable, this is the role of the PCC. While the Panel is there to scrutinise the PCC, it must also exercise its functions with a view to reviewing the proposals for the amount of council tax, considering the Annual Report and appointment of a new Chief Constable and investigating complaints about the PCC.

### **Joint Audit and Scrutiny Panel**

In accordance with the Financial Management Code of Practice for the police service issued by the Home Office, the Commissioner and Chief Constable have established a Joint Audit and Scrutiny Panel. This Panel will advise the Commissioner on matters relating to external or internal audit assessment. They also perform a scrutiny function relating to the PCC's business.

### **Strategic Resources and Performance Meetings**

The Strategic Resources and Performance meetings take place every two months and are held at various venues around Nottingham and Nottinghamshire. These meetings are where the PCC publically holds the Chief Constable to account on the performance of the Force and make decisions. These meetings are open to the public to attend to observe how the PCC discharges his/her statutory role.

## **Chairs of Strategic Partnership Meeting**

These meetings are held quarterly and are not open to the public. These meetings involved the Chairs of Strategic Partnerships such as District Community Safety Partnerships, Safeguarding boards and Youth Offending Service boards to enable good communication and best practice to develop between organisations across Nottingham and Nottinghamshire.

## **Internal Audit**

The primary role of Internal Audit is to give assurance to the PCC and Chief Constable, on the effectiveness of internal controls and arrangements for risk management and good governance. Following consideration of internal audit reports by the PCC and Chief Constable, the Internal Auditors, will report to the Joint Audit and Scrutiny Panel on a quarterly basis, highlighting any major control weaknesses identified. On an annual basis the PCC and Chief Constable will agree an audit plan.

The review of both corporate governance and risk management arrangements periodically feature in the Annual Audit Plan, which is subject to review by the Joint Audit and Scrutiny Panel. Corporate governance and risk management issues may arise through other reviews carried out by Internal Audit. In this case the issues will be escalated through to the relevant audit report.

## **External Audit**

The External Auditors, audit the PCC and Chief Constable's financial statements, Annual Governance Statement and performance management arrangements. The External Auditor's plans and reports, including the Annual Audit Letter, will be considered by the PCC and Chief Constable and reviewed by the Joint Audit and Scrutiny Panel at appropriate times in the annual cycle of meetings.

## **Her Majesty's Inspectorate of Constabulary and Fire Rescue Service (HMICFRS)**

The role of HMICFRS is to promote the efficiency and effectiveness of policing in England, Wales and Northern Ireland, through the inspection of police organisations and functions to ensure agreed standards are achieved and maintained; good practice is spread and performance is improved. It also provides advice and support to the Home Secretary, PCCs and forces.

HMICFRS reports are sent to the Chief Constable and PCC for consideration and appropriate action. The PCC also prepares and publishes comments on any of the HMICFRS's published reports, Section 55(5) of the 1996 Police Act.

## **Independent Office for Police Conduct (IOPC)**

The IOPC oversees the police complaints system in England and Wales. It is independent, making its decisions entirely independently of the police, government and complainants. There are opportunities to build in the lessons learned through complaints and subsequent reviews into improved policing policies and working practices for the Commissioner and the Chief Constable.

## **6. Sharing of Information**

The PCC and the Chief Constable shall ensure compliance with Data Protection legislation through proper application of the governance arrangements and General Data Protection Regulations.

For the purpose of the General Data Protection Regulation the PCC and the Chief Constable remain the data controller for any personal information recording (in whatever format) on any information system under their respective control.

The Chief Constable retains responsibility for the operational control of the Force. It therefore follows that the Chief Constable is the Data Controller for all information gathered and produced by police officers and police staff, which is in furtherance of this responsibility.

For the purposes of the Freedom of Information Act 2000 (FOI) if either the PCC or the Chief Constable should receive an FOI request then the PCC or Chief Constable as appropriate would be responsible for responding to that request and with any subsequent compliance arrangements required under FOI. Each party will support the other in meeting their responsibilities under the FOI Act.

The Chief Constable is committed to providing reliable, accurate and timely information and information services to the PCC and his office, to respond to requests for information from:

- Members of the public, victims of crime and partners;
- National government departments and organisations;
- Consultant and independent research companies appointed by the PCC or his/her office;
- Police and Crime Panel and other Committees/Panels with a responsibility for policing;
- Community safety and criminal justice partnership structures; and
- Government Inspectorates.

The Chief Constable will ensure provision of a Joint Data Protection Officer for both the OPCC and Nottinghamshire Police.

The Chief Constable will, wherever possible, provide advice and guidance on specialist policing areas and on the efficient and effective delivery of policing through regular policy briefings, meetings with the PCC/the OPCC or through the provision of data, reports, evidence and access to police officers and staff.

The Chief Constable will ensure that bespoke requests for services or information to support the work of the PCC or Deputy PCC's work (where appointed) will be met, wherever possible. These will be one off requests and cannot be planned into the regular service or information requests. Where such requests arise, the OPCC will endeavour to provide advance warning to enable the request to be delivered.

The Commissioner requires access to information and officers and staff of the Chief Constable within their Force area. Such access to any information must not be unreasonably withheld or obstructed by the Chief Constable and/or fetter the Chief Constable's discretion and control of the Force.

## 7. Decision Making

### *Making and Publication of Decisions of Significant Public Interest*

The PCC has the sole legal authority to make a decision on any given day as a result of discussion or information provided by the public, partner organisations, members of staff from the office of the PCC or Chief Constable.

Poor decision making processes can sometimes lead to adhoc decisions, not being properly recorded or acted on effectively. Poor decision making can lead to legal challenges and judicial reviews.

The PCC's Chief Executive is designated as Monitoring Officer under Sch 16, para 202 of the Police Reform and Social Responsibility Act 2011 ("the Act"). The role of the Monitoring Officer (Local Government and Housing Act 1989) is to ensure lawful and fair decision making and to report if he or she considers that any proposal, decision or omission would give rise to unlawfulness or if any decision or omission has given rise to maladministration. The Monitoring Officer/Chief Executive is therefore consulted in respect of all decisions.

In making any substantive decision, consideration is given as to whether that decision is or is not of significant public interest. The requirement is to determine whether the decision matter is of any public interest. If so, consideration will then be given as to whether the public interest in that decision is significant.

In determining whether a decision is of public interest, regard will be had to the public interest test under the Freedom of Information Act 2000 and the guidance relating to that test issued by the Information Commissioner's Office. As the guidance states, there is a distinction to be drawn between what is in the public interest and what interests the public.

A register will be kept of all decisions which are considered to be of significant public interest. Each decision will aim to be published on the PCC's website within 2 full working day of its approval.

It is the intention to publish a forward plan on a quarterly basis giving advance notice of key decisions that are scheduled to be taken over a four month period. This forward plan will be reported to the Police and Crime Panel for public scrutiny.

Appendix 1 contains a list of examples of items that have been identified as being of significant public interest.

The following will not normally be regarded as matters of significant public interest:

- Any decision taken in the course of developing any budget strategy policy report or plan prior to consultation with the Chief Constable or submission to the Panel and/or publications following its approval or adoption.
- Day to day internal management decisions
- Decisions relating to the appointment suspension or dismissal of staff or any disciplinary proceedings against them or any determination relating to their terms and conditions of appointment except in so far as may be required under Part 1 of the Schedule to the Order.

A decision that a matter is not of significant public interest should not be taken to mean that it is of no public interest. The intention in restricting the register to decisions of significant public interest is merely to avoid the need to record every decision made in the normal course of business, however minor. Any freedom of information request for information that would require disclosure of a decision not recorded on the register will be dealt with on its merits. However, all decisions of a nature which could be deemed to be novel or contentious will be recorded.

The Elected Local Policing Bodies (specified information) Order 2011 set out the statutory requirement for the recording and publication of information. The Freedom of Information Act 2000 provides a further level of public access to information.

There will be occasions where the circumstance of a decision dictates that only some elements of the checklist will be employed. All measures will be taken to ensure that urgent decisions are limited.

Occasions will arise when the line between 'strategic' and 'operational' will be ambiguous. The PCC and Chief Constable will work together to deal with any contentious decisions. These are defined as decisions which may attract high public and media interest, decisions that could lead to reputational damage and potential loss of public confidence and actions that conflict with the priorities as set out in the Commissioner's Police and Crime Plan.

There are two main ways the PCC makes decisions. They are through the 'Executive Decision Making' process or through the consideration of reports to one of their governance public meetings. The main public meeting where the PCC makes decisions and holds the Chief Constable to account takes place on a bi-monthly basis through the 'Strategic Resources and Performance Board'.

The 'Executive Decision Making' process is an administrative process to facilitate speedier decision making in relation to certain public interest decisions. Guidance on how this process is operated is attached in Appendix 2.

## **8. Decision Making Process**

### ***Administrative Process to Support Executive PCC Decision Making***

The Force and other partners need an understood administrative process for the Commissioner to make formal decisions. This structure does not apply to ordinary day-to-day management decisions (e.g. diary management) that can be made informally.

The process has been designed to be flexible but this is the process that everyone is expected to follow. So that the public can see how decisions are likely to be made. In the event that there was a challenge to a particular decision or to the decision-making process in a particular case the procedure would be referred to and the PCC might need to explain why, if it had not been followed, there was good reason to adopt a different approach.

The principles that should apply to the process are:-

1. **Transparency** - unless there are reasons for confidentiality, consistent with legislation, decisions and the supporting reasons should be publicly available.



2. **Openness** – subject to confidentiality, the most important decisions should be taken in a public forum and should be the subject of public engagement and consultation.
3. **Auditable** – there should be evidence to demonstrate, if necessary, how the decision was made and what advice was taken.
4. **Proportionality** – the administrative process should be proportionate to the nature of the decision being taken.
5. **Timeliness** – the process should enable timely decisions to be made.

The Commissioner will have to take 4 types of decisions:

**Category 1** All decisions that are statutory requirements and are of a significant public interest.

**Category 2** Other decisions which are above the delegated financial limits.

**Category 3** Management decisions as set out in the Scheme of Delegation.

## **APPENDIX 1**

### ***Examples of Typical Decisions of Significant Public Interest***

- Police and Crime Plan
- Precept levels
- Medium Term Financial Plan
- Public and Victim consultation findings and responses
- Public complaints and misconduct
- Estates, ICT and Asset Strategic Planning
- Any new or amendments to policy and procedures
- Forecast budget and virement requests
- Levels of reserves and provisions
- Workforce Plan and recruitment strategies
- Performance monitoring and insight
- Commissioning and awarding of grants to individuals and organisations
- Strategic planning and performance monitoring for safeguarding and equalities (Commissioner and Force)
- Contracts above £250K
- All New business cases
- Decisions relating to the complaints and conduct matters relating to the Chief Constable
- Appoint, remove or suspend a Chief Constable
- Publication of annual report
- Restructuring of Force or OPCC staffing structure

## **Notes to accompany the decision making template**

The decision making template should be used to record all decisions and published once the approval process has been signed off.

The decision making template should be completed in full and reports and supporting documentation appended to the template for further information.

In relation to reports that contain confidential or exempt information, a minute of the exempt decision will be published on the Commissioner's website. Background papers and the completed executive decision making template will be kept on a separate file within the Office of the Police and Crime Commissioner.

The form itself is self-explanatory and just requires a summary of the decision required and to evidence the appropriate approval process by officers.

The timing of decisions will be a key part of the decision making process. In the top right-hand corner of the template there is a pull down menu for officers to use to help in defining the timing required and therefore priority for the required decision. The categories are as follows:

- i. "Immediate" (i.e. it needs to be seen that day)
- ii. "Urgent" (i.e. it needs to be seen within 3 days)
- iii. "Normal" (i.e. it needs to be seen within two weeks)
- iv. "Routine" (i.e. there is no special timing factor)

A short sentence may also be added to explain the context of the timing (e.g. does it coincide with an announcement the Commissioner will be making?). It is also useful to give a date when a decision is required.

**Nottinghamshire Police and Crime Commissioner**  
**Notice of Decision**



Author:	
Telephone number:	
E-mail address:	
For Decision or Information	
Date received*:	
Ref*:	

\*to be inserted by Office of PCC

**TITLE:**

**EXECUTIVE SUMMARY:**

**INFORMATION IN SUPPORT OF DECISION: (e.g report or business case)**

**FINANCIAL INFORMATION** (please include if it is capital or revenue or both. What the split is and the totals being requested. Is this a virement/ something already budgeted for or something that requires additional funding. Are there any savings that can be offered up/or achieved)

Signature:  
Chief Finance Officer

Date:

Is any of the supporting information classified as non public or confidential information**?	Yes		No	
If yes, please state under which category number from the guidance**				

**DECISION:**

**OFFICER APPROVAL**

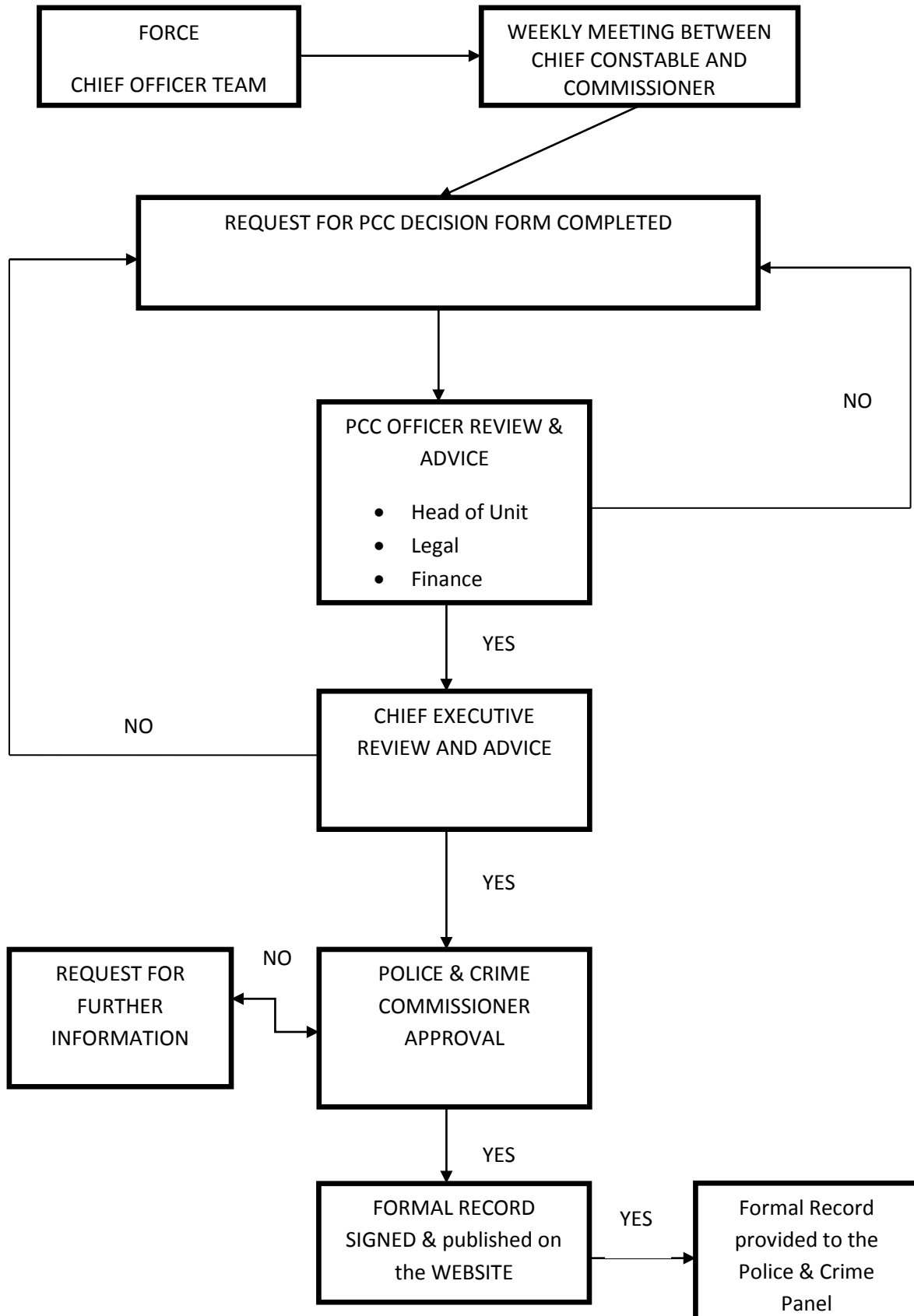
I have been consulted about the proposal and confirm that the appropriate advice has been taken into account in the preparation of this report. I am satisfied that this is an appropriate request to be submitted to the Police and Crime Commissioner.

Signature:  
Chief Executive

Date:

**POLICE & CRIME COMMISSIONER – NOTTINGHAMSHIRE**

**EXECUTIVE DECISION MAKING PROCESS**



# **Joint Code of Corporate Governance and Working Together (Part B)**

November 2018

## Section 1



Nottinghamshire

**POLICE & CRIME COMMISSIONER**

# **OFFICE OF NOTTINGHAMSHIRE POLICE AND CRIME COMMISSIONER**

## **FINANCIAL REGULATIONS**

November 2018

## 1.1 INTRODUCTION

### OVERVIEW

1. Public sector accounting is covered by a range of government legislation and accounting standards that are designed to ensure proper accountability for public funds, including:

- The Local Government Act 1972
- The Local Government Finance Act 1988
- The Accounts and Audit Regulations 2003, 2006 and 2011

In addition, the Home Office has issued a Financial Management Code of Practice (FMCOP) under section 17 of the Police Reform and Social Responsibility Act 2011 and section 39 of the Police Act 1996 which permit the Secretary of State to issue codes of practice to all Police and Crime Commissioners and Chief Constables.

2. The Police Reform and Social Responsibility Act 2011 defined arrangements for separate corporations sole for the Police and Crime Commissioner (PCC) and Chief Constable (CC), each of which is required to appoint a Chief Finance Officer (CFO). The FMCOP deals specifically with the financial management of the corporations sole of the PCC and CC. The professional responsibilities of the PCC and CC CFOs are defined in the FMCOP and in a CIPFA Statement, "Responsibilities of the CFO to the PCC and the CFO to the CC".
3. As separate corporations sole, both are enabled by law to employ staff and hold funds in their official capacity. Chief Constables are charged with the impartial direction and control of all constables and staff within the police force that they lead. The staff of the Commissioner are accountable to the directly elected holder of that office.
4. The public accountability for the delivery and performance of the police service is placed into the hands of the Commissioner on behalf of their electorate. The Commissioner draws on their mandate to set and shape the strategic objectives of their force area in consultation with the Chief Constable. The Commissioner is accountable to the electorate; the Chief Constable is accountable to their Commissioner. The Police and Crime Panel is empowered to maintain a regular check on the performance of the Commissioner in that context.
5. The Commissioner within each force area has a statutory duty and electoral mandate to hold the police to account on behalf of the public.
6. The Commissioner is the recipient of all funding, including the government grant and precept and other sources of funding, related to policing and crime reduction and all funding for a force must come via the Commissioner. How this money is allocated is a matter for the Commissioner in consultation with



the Chief Constable, or in accordance with any grant terms. The Chief Constable will provide professional advice and recommendations.

7. To conduct its business effectively, any organisation needs to ensure that sound financial management policies are in place and that they are strictly adhered to. Part of this process is to adopt and implement Financial Regulations. These Regulations have been drawn up in such a way as to ensure that the financial matters are conducted properly and in compliance with necessary requirements.
8. The Regulations are designed to establish overarching financial responsibilities, to confer duties, rights and powers upon the Commissioner and those for whom they are responsible and to provide clarity about the financial accountabilities of groups or individuals. They apply to every member and officer of the service and anyone acting on their behalf.
9. A modern organisation should also be committed to innovation, within the regulatory framework, providing that the necessary risk assessment and approval safeguards are in place.

## **STATUS**

10. These Financial Regulations should not be seen in isolation, but rather as part of the overall regulatory and governance framework that includes the policing protocol, codes of governance, codes of conduct, scheme of consent, scheme of delegation and Standing Orders.
11. The Commissioner and all employees have a general duty to take reasonable action to provide for the security of assets under their control and for ensuring that the use of these resources is legal, properly authorised, provides value for money and achieves best value. Financial Regulations explain the working financial relationship between the Commissioner and the Chief Constable and their respective Chief Financial Officers, having regard also to the role played by the Commissioner's Chief Executive.
12. These regulations include responsibilities for Statutory Officers and it is the responsibility for each of the Statutory Officers to fulfil these requirements individually and by working together.
13. The Commissioner is responsible for approving or amending Financial Regulations for the Commission. The CFO to the Commissioner is responsible for maintaining a review of Financial Regulations and submitting any additions or amendments to the Commissioner, after consulting with the Chief Constable, the Force CFO and the Chief Executive.

14. Senior Officers are responsible for ensuring that all employees, contractors and agents are aware of the existence and content of these Financial Regulations and that they are complied with
15. Any case of potential non-compliance with these regulations or Standing Orders should be reported immediately and directly to the CFO to the Commissioner. Breaches of Financial Regulations of a serious nature may result in disciplinary proceedings and, potentially, criminal action.
16. The Commissioner and all employees have a duty to abide by the highest standards of probity (i.e. honesty, integrity and transparency) in dealing with financial issues.

### **CONTENT AND DELEGATED LIMITS**

17. The Financial Regulations are divided into a number of sections, each with detailed requirements relating to the section heading. References are made throughout the individual sections to delegated limits of authority. These are also summarised in Section F in order to avoid reviewing the whole set of Financial Regulations when changes to delegated limits are made. **Section F** contains the appropriate cross-reference to the regulation in question
  - Section A - Financial management framework
  - Section B - Financial planning and Control
  - Section C - Management of risk and resources
  - Section D - Systems and procedures
  - Section E - External arrangements
  - Section F - Summary of delegated limits

### **DEFINITIONS WITHIN THE REGULATIONS**

18. The Office of the Police and Crime Commissioner for Nottinghamshire (OPCC) when used as a generic term shall refer to the PCC, the Chief Executive, the PCC CFO, and staff under the PCC direction.
19. The 'Force' shall refer to the CC, CC CFO, police officers, the special constabulary, and police staff under his direction.
20. Within these Regulations, references have been made to the responsibilities of the CC since the responsibility for financial management of the funds delegated to the Force is delegated to the CC and is vested with the post of Force's Chief Finance Officer (S.151). Where responsibility for financial management has not been delegated to the CC and is vested with the PCC or PCC CFO, the duties, rights and powers as detailed for the CC shall apply equally to the PCC CFO.

21. The terms CC, CC CFO, PCC, PCC Monitoring Officer and PCC CFO include any member of staff, contractors or agents to whom particular responsibilities may be delegated. However, the level of such delegated responsibility must be evidenced clearly, made to an appropriate level, and the member of staff given sufficient authority, training and resources to undertake the duty in hand.
22. The Statutory Officers referred to relate to the Chief Constable, the Chief Executive and the two Chief Financial Officers.
23. The Chief Executive also fulfils the monitoring officer role of the OPCC.
24. 'Senior officers' is a generic term relating to all officers with managerial responsibility for resources and their use.
25. 'Employees' when referred to as a generic term shall refer to police officers, police staff and other members of the wider police family. The expression 'authorised officer' refers to employees authorised by a chief officer.
26. The expression 'contract' refers to any commitment (including purchase orders, memoranda of understanding, leases and service level agreements) to acquire, purchase or sell goods, services or building works made on behalf of the Commissioner, the Force or their affiliated bodies.
27. The expression 'best value for money' shall mean the most economic, efficient and effective means of meeting the need and takes account of whole life costs.
28. The expression 'he' shall refer to both male and female.

## **SECTION A *FINANCIAL MANAGEMENT FRAMEWORK***

### **1.1 INTRODUCTION**

1. The Home Office advises on the roles and responsibilities of the PCC, the Force and statutory officers. The PCC CFO and the CC CFO have certain statutory obligations and the PCC Monitoring Officer a specific monitoring role.
2. As far as possible, financial management should be delegated to the PCC CFO and the CC CFO acting on behalf of the Commissioner and the CC respectively. The CC should actively encourage devolution of financial budgets within the Force, provided that the financial information used to support this devolution is reliable, accurate, timely and complete.
3. Devolved budget monitoring responsibilities will ensure greater accountability within the Force.
4. The PCC has responsibility for the Police Fund with the specific responsibilities of the PCC and CC being defined in the Home Office FMCOP. The professional responsibilities of the PCC CFO and CC CFO are defined in the FMCOP and in a CIPFA Statement.

### **A1 THE ROLE OF THE PCC**

The role and responsibilities of the PCC include to:

5. Ensure an efficient and effective Police Service and to hold the Police to account on behalf of the public. The Commissioner is the recipient of funding relating to policing and crime reduction, including government grant, council tax precept and other sources of income. How this money is allocated is a matter for the Commissioner in consultation with the Chief Constable, or in accordance with any grant terms. The statutory officers of the Chief Constable and the Commissioner will provide professional advice and recommendations.
6. Prepare, revise and update a Police and Crime Plan.
7. Appoint a Chief Financial Officer to be responsible for the proper administration of the Commissioner's financial affairs. The Commissioner shall provide his Chief Finance Officer with such staff, accommodation and other resources that are sufficient to allow the duties under this section to be performed. He shall also appoint a Chief Executive.

8. Agree a budget requirement and capital programme and set the precept following advice from the PCC CFO in liaison with the CC CFO and in consultation with the Police and Crime Panel (PCP).
9. Rigorously scrutinise, challenge and monitor aspects of financial performance and, if required, agree action taken to contain spending within approved plans. The Commissioner is also responsible for approving procedures for agreeing variations to approved budgets, plans and strategies forming the policy framework.
10. Identify and agree the medium term financial strategy of the PCC and any long term spending commitments.
11. Agree the Treasury Management Strategy and policies, including the annual investment strategy.
12. Participate in inspections and audits of the Force and the PCC.
13. Comply with all relevant codes of conduct and maintain the highest standards of conduct and ethics.
14. Approve Financial Regulations and any amendments to them, as drawn up between the PCC Monitoring Officer, the CC, the PCC CFO and the CC CFO.
15. Ensure that the internal control environment meets proper requirements including a Risk Management Strategy and recommendations from internal and external audit are actioned.
16. Be responsible for the ownership of property including the Asset Management Strategy.
17. Delegate financial management of the Force budget to the CC and CC CFO so that the CC CFO has as much day to day responsibility for financial management of the Force as possible, within the framework of the agreed budget and rules of virement.
18. Be responsible for approving procedures for recording and reporting decisions taken and for monitoring compliance with agreed policy and related executive decisions.
19. Where appropriate draw up financial procedures (subject to these Financial Regulations) to apply specifically to the Office of the Police and Crime Commissioner.

## **A2 THE ROLE OF THE CC**

The role and responsibilities of the CC in relation to financial management include to:

20. Appoint a Chief Finance Officer to be responsible for the proper administration of the Chief Constable's financial affairs.
21. Ensure overall financial management of the Force and report financial management issues and implications to the PCC.
22. The CC shall prepare Financial Procedures and Guidance to support the Financial Regulations, in consultation with CC CFO (in liaison with the PCC CFO). The CC shall ensure that all employees are made aware of the existence of these Regulations, Procedures and Guidance and are given access to them. Where appropriate, training shall be provided to ensure compliance.
23. Comply with financial policies and procedures for use by the Force including the Scheme of Delegation, ensuring that officers and staff comply with them and with the Force's own Financial Procedures.
24. Draw up financial policies and financial instructions in consultation with the CC CFO (in liaison with the PCC CFO), who must be satisfied that they provide for effective managerial control and review.
25. Exercise delegated financial responsibilities and assume, with his staff, as much day-to-day responsibility for financial management of the Force as possible, within the framework of the agreed budget and rules of virement.
26. Seek approval from the Commissioner when he intends to make significant change of policy or seeks to move significant sums, in accordance with agreed virement rules, of their budget.
27. Ensure the provision of professional advice to the PCC.
28. Ensure proper financial management of resources allocated to him through the budget or arising from income generated by activities within the operational area, including control of officers, staff, security, custody and the management and safeguarding of assets. Ensure all resources are used efficiently and effectively.
29. Where consented by the PCC, responsible for the management of property and contracts.
30. Advise the PCC on financial propriety for areas under his control.

### **A3 THE ROLE OF THE JOINT INDEPENDENT AUDIT COMMITTEE (JIAC)**

31. The Home Office Financial Management Code of Practice states that the Commissioner and Chief Constable should establish an independent audit committee. The code recommends this be a combined body which will consider the internal and external audit reports of both the Commissioner and the Chief Constable. This committee will advise the Commissioner and the Chief Constable according to good governance principles and will embrace appropriate risk management arrangements in accordance with proper practices. In establishing the Audit Panel the Commissioner and Chief Constable shall have regard to CIPFA Guidance on Audit Committees.
32. JIAC shall comprise of no fewer than three and no more than five members who are independent of the Commissioner and the Force.
33. The Audit Committee shall establish formal terms of reference, covering its core functions, which shall be formally adopted and reviewed on an annual basis
34. The Commissioner and Chief Constable shall be represented at all meetings of the Audit Committee.
35. The terms of reference for the Audit Committee cover requirements in relation to Internal and External Audit appointments, plans and reports, HMIC reports, risk management, VFM, governance, annual accounts and related reports.

## **A4 THE ROLE OF STATUTORY OFFICERS:**

### **PCC CHIEF FINANCE OFFICER**

1. The PCC CFO has responsibility for proper financial administration and stewardship, which includes a personal fiduciary responsibility to the local council taxpayers.
2. These roles have statutory responsibilities specified by:
  - Paragraph 6 of Schedule 1 to the Police Reform and Social Responsibility Act 2011. (PCC CFO).
  - Paragraph 4 of Schedule 2 and paragraph 1 of Schedule 4 to the Police Reform and Social Responsibility Act 2011 (CC CFO).
  - Section 151 of the Local Government Act 1972 which requires arrangements to be made for the proper administration of the PCC's and CC's financial affairs.
  - Section 114 of the Local Government Finance Act 1988 which requires the Statutory Finance Officer to report to the PCC and the CC if the PCC or the CC or one of their staff:
    - has made, or is about to make, a decision which involves incurring unlawful expenditure.
    - has taken, or is about to take, an unlawful action which has resulted or would result in a loss or deficiency.
    - is about to make an unlawful entry in the PCC or CC's accounts.
  - The Accounts and Audit Regulations.
  - The Home Office Financial Management Code of Practice.
3. The PCC CFO is the principal professional adviser on financial matters to the PCC. To enable him to fulfil these duties and to ensure the PCC is provided with adequate financial advice the PCC CFO:
  - Must be a key member of the respective organisation's Leadership Team, (working closely with the Chief Executive), helping the team to develop and implement strategy and to resource and deliver the Commissioner's strategic objectives sustainably and in the public interest.
  - Must be actively involved in, and able to bring influence to bear on, all strategic business decisions, of the PCC, to ensure that the financial aspects of immediate and longer term implications, opportunities and risks are fully considered, and alignment with the organisation's financial strategies.



- Must lead the promotion and delivery by the PCC of good financial management so that public money is safeguarded at all times and used appropriately, economically, efficiently and effectively.
  - Must ensure that the finance function is resourced to be fit for purpose.
4. It must be recognised that Financial Regulations cannot foresee every eventuality. The PCC CFO shall be responsible for interpreting these regulations so as to ensure the efficient and effective operation of services.
5. The role and responsibilities of the PCC CFO are to:
- Ensure that the financial affairs of the PCC are properly administered and that financial regulations are observed and kept up to date and accounting standards applied consistently.
  - Ensure regularity, propriety and Value for Money (VfM) in the use of public funds.
  - Ensure that the funding required to finance agreed programmes is available from Central Government funding, precept, other contributions and recharges.
  - Report to the PCC, the PCP and to the external auditor:
    - Any unlawful, or potentially unlawful, expenditure by the PCC or staff of the PCC.
    - When it appears that expenditure is likely to exceed the resources available to meet that expenditure.
  - Advise the PCC on a budget requirement and capital programme and the robustness of the budget and adequacy of financial reserves.
  - Advise the PCC in respect of the Treasury Management Strategy and proposed changes to policies.
  - Ensure production of the statements of accounts of the PCC and Group.
  - Ensure receipt and scrutiny of the statements of accounts of the Chief Constable and ensuring production of the group accounts.
  - Liaise with the external auditor.
  - Advise the PCC on the application of Value for Money principles by the Force to support the PCC in holding the Chief Constable to account for efficient and effective financial management.
  - Advise on the safeguarding of assets, including risk management and insurance.

- Ensure that accurate, complete and timely financial management information is provided to the PCC.
- Arrange for the determination, issue and payment of the precept.
- Assist the PCC to monitor the revenue and capital budgets.
- Secure, in liaison with the DCC, the provision of an effective internal audit service. Ensure there is a safe and efficient financial arrangements including a system of effective internal control.
- Be responsible for all banking arrangements and authorise the creation and closure of any account.

The PCC CFO has certain statutory duties which cannot be delegated, namely, reporting any potentially unlawful decisions by the Commissioner on expenditure and preparing each year, in accordance with proper practices in relation to accounts, a statement of the Commissioner's accounts, including group accounts incorporating the accounts of the CC.

In the absence of the PCC CFO his roles and responsibilities may be fully exercised by the Deputy PCC CFO, except for certain statutory duties which cannot be delegated.

6. The PCC CFO, in consultation with the PCC Monitoring Officer, shall be given powers to institute any proceedings or take any action necessary to safeguard the finances of the OPCC.

## **PCC MONITORING OFFICER**

7. The Chief Executive is also the Commissioner's designated monitoring officer, appointed under the Police Reform and Social Responsibility Act 2011, and is responsible for the leadership and general administration of the Commissioner's office.
8. The role and responsibilities of the PCC Monitoring Officer in relation to financial management are to:
  - Enable the PCC to fulfil his statutory responsibilities.
  - Ensure the legality of the actions of the PCC and his officers.
  - Ensure that procedures for recording and reporting PCC decisions are operating effectively.
  - Advise the PCC and CC about who has authority to take a particular decision.
  - Advise the PCC and CC about whether a decision is likely to be considered contrary or not wholly in accordance with the policy framework.
  - Ensure the provision of information and reports required by the PCP.
  - Ensure the PCC meets his obligations in relation to statutory publications including the Police and Crime Plan, Annual Report and Council Tax Leaflet.
  - Develop a strong partnership with the PCC and CC ensuring the provision of effective and efficient policing is fulfilled.
  - Undertake the role of designated Monitoring Officer to detect and report any illegality or maladministration.
  - Advising the Commissioner on matters relating to standards of conduct.

## **A5 FINANCIAL MANAGEMENT STANDARDS**

### *Overview & Control*

1. All staff have a duty to abide by the highest standards of probity (i.e. honesty, integrity and transparency) in dealing with financial issues. This is facilitated by ensuring that 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. The PCC shall receive updates on the financial performance by way of ongoing budget monitoring and outturn reports, reports by Internal Audit, HMIC and External Audit.

### *Key Controls*

3. The key controls and objectives for financial management standards are:
  - Their promotion throughout the organisation. The PCC and the CC shall ensure that all officers and staff are aware of, and comply with, proper financial management standards, including these Financial Regulations.
  - A monitoring system to review compliance with financial standards, and regular comparisons of performance indicators with benchmark standards that are reported to the Audit Committee.
  - All staff are to be properly managed, developed, trained and have adequate support to carry out their financial duties effectively. The PCC and the CC shall ensure that specific duties and responsibilities in financial matters are made clear to individual members of staff and that these are properly recorded.
  - Systems of internal control are in place that ensures financial transactions are lawful.
  - Suitable accounting policies are selected and applied.
  - Proper accounting records are maintained.
  - Financial statements are prepared, which present fairly the financial position of the PCC and the CC, including expenditure and income.

### *Responsibilities of the Statutory Officers*

4. The responsibilities of Statutory Officers for financial management are:
- To ensure the proper administration of the financial affairs of both legal entities.
  - To ensure that proper practices are adhered to.
  - To ensure financial information is available to enable accurate and timely monitoring and reporting of comparisons of national and local financial performance indicators.
  - To advise on the key strategic controls necessary to secure sound financial management.
  - To ensure that all staff are aware of, and comply with, proper financial management standards including these Financial Regulations.
  - To ensure that all staff are properly managed, developed, trained and have adequate support to carry out their financial duties effectively.
  - To report any actual or potential breaches of the law or maladministration to the PCC CFO or the Monitoring Officer.

## **A6 ACCOUNTING RECORDS AND RETURNS**

### *Overview and Control*

1. Maintaining proper accounting records is one of the ways in which the Commissioner will discharge his/her responsibilities for stewardship of public resources. The Commissioner has a responsibility to prepare annual accounts that present fairly its operations during the year. These are subject to external audit. This audit provides assurance that the accounts are prepared properly, that proper accounting practices have been followed and that quality arrangements have been made for securing economy, efficiency and effectiveness in the use of resources.
2. The PCC CFO, in liaison with the CC CFO, is responsible for determining the accounting policies of the PCC and CC, in accordance with recognised accounting practices, and for approving strategic accounting systems and procedures. All officers and staff are to operate within the required accounting policies and published timetables.
3. Financial systems are used to record the financial transactions of the PCC and CC. With possible minor exceptions, these are electronic systems.

### *Key Controls*

4. The key controls for accounting records and returns are:
  - Finance staff and those authorised to make expenditure operate within the required accounting standards and timetables.
  - All of the organisations transactions, material commitments and contracts and other essential accounting information are recorded completely, accurately and on a timely basis.
  - Procedures are in place to enable accounting records to be reconstituted in the event of systems failure.
  - Reconciliation procedures are carried out to ensure transactions are correctly recorded.
  - Prime documents are retained in accordance with legislative and other requirements.
  - Proper system of internal control such that:
    - staff with the duty of examining or checking the accounts of cash transactions must not themselves be originators or approvers of these transactions.

- the duties of providing information about sums due to or from the PCC and calculating, checking and recording these sums, are to be separated from the duties of collecting or disbursing them.

### *Responsibilities of the Statutory Officers*

#### 5. The PCC CFO shall:

- To determine the accounting procedures and records, in accordance with recognised accounting practices, and approve the strategic accounting systems and procedures in place.
- Ensure that there is agreement with the CC CFO before making any fundamental changes to accounting records and procedures or accounting systems.
- Ensure that all employees operate within the required accounting policies and timetables.
- Make proper arrangements for the audit of the Commissioner's and Force's accounts in accordance with the Accounts and Audit Regulations 2015.
- Ensure that all claims for funds, including grants are made by the due date.
- Prepare and publish the audited accounts in accordance with the statutory timetable.
- Ensure that all transactions, material commitments and contracts and other essential accounting information are recorded completely, accurately and on a timely basis. Maintain adequate records to provide a management trail leading from the source of income and expenditure through to the accounting statements.
- Ensure that reconciliation procedures are carried out on recognised control accounts on an agreed timetable to ensure transactions are correctly recorded.
- Ensure that Financial Instructions provide details of retention periods.
- The format of such documents shall satisfy the requirements of internal and external audit and appropriate staff are provided with a detailed schedule of requirements.

## **A7 THE ANNUAL STATEMENT OF ACCOUNTS**

### *Overview and Control*

1. The PCC and CC have a statutory responsibility to prepare accounts to present fairly their operations during the year. The PCC CFO and CC CFO are responsible for the preparation of the accounts in accordance with proper practices as set out in *the Code of Practice on Local Authority Accounting in the United Kingdom: (The CODE)* and with the Accounts and Audit Regulations 2003, 2006, 2011 and 2015.
2. The Commissioner has a statutory responsibility to prepare the accounts relating to the Office of the Police & Crime Commissioner and also the Group Accounts for both entities. These must present fairly the financial position of organisation's and be prepared in accordance with proper practices as set out in the Code of Practice on Local Authority Accounting in the United Kingdom
3. The Commissioner is responsible for approving these annual accounts.

### *Key Controls*

4. The accounts are subject to detailed independent review by the external auditor.  
  
This audit provides assurance that the accounts are prepared correctly and that proper accounting practices have been followed.
5. The PCC is required to make arrangements for the proper administration of its financial affairs. The PCC statement of accounts must be prepared in accordance with proper practices as set out in the Code of Practice on Local Authority Accounting in the United Kingdom.

### *Responsibilities of the Statutory Officers*

4. The PCC CFO and CC CFO shall:
  - Ensure that there is a timetable for final accounts preparation, in consultation with the PCC, CC, JIAC and external auditor.
  - Select suitable accounting policies within the overall agreed approach and apply them consistently.
  - Make judgements and estimates that are reasonable and prudent.
  - Comply with the Code.



- Prepare, sign and date the statement of accounts, stating that it presents truthfully and fairly the financial position at the accounting date and its income and expenditure.
- Publish the approved and audited accounts each year, in accordance with the statutory timetable and to produce summary accounts for publication on the website.
- The PCC and CC shall consider for approval the annual accounts in accordance with the statutory timetable.

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## **SECTION B**

### **FINANCIAL PLANNING AND CONTROL**

#### **B1 FINANCIAL PLANNING**

##### *Overview and Control*

1. The PCC and the Force are complex organisations. Systems are needed to enable scarce resources to be allocated in accordance with carefully judged priorities. Proper financial planning is essential if the PCC and the Force are to function effectively.
2. The financial planning process will be directed by the approved policy framework, a business planning process and a need to meet key objectives.
3. The planning process will be continuous and the planning period will cover at least four years. The process should include a more detailed annual budget, covering the forthcoming financial year. This allows the PCC and the CC to plan, monitor and manage the way funds are allocated and spent. This should be used to support the Police and Crime Plan and the alignment of business and financial planning.
4. The format of the annual budget determines the level of detail to which financial control and management will be exercised and shapes how the rules around virement operate.

#### **Medium Term Financial Planning Responsibilities of the Statutory Officers**

5. The PCC CFO is responsible for ensuring that a Medium Term Financial Strategy (MTFS) for at least four years ahead is prepared. The CC CFO is responsible for producing a Medium Term Financial Plan at a detailed level to underpin and support the MTFS. The MTFS should be submitted to the PCC and be subject to review during the Financial Year.

The MTFS should be informed by:

- Government, particularly Home Office financial plans at a national level.
- Financial risks identified at national and regional levels.
- Estimated maximum precept increases – this may differ with the annual requirements of the PCC.
- External factors affecting funding available (such as Legislative, National Insurance, Tax and Pension changes).

The MTFP should be informed by:

- The MTFS – indication of what financial resources will be available to the Force and OPCC.
- The Police and Crime Plan.
- Policy requirements approved by the PCC as part of the policy framework.
- The risk management policy ensuring that risk appraisals are embedded throughout the forecast.

The Plan should set out:

- the forecast
  - unavoidable future commitments
  - initiatives already underway
  - spending patterns and pressures revealed through the budget monitoring process
  - efficiency and savings requirements
  - proposed service developments and plans
  - revenue consequences of capital spending proposals
  - public and partner consultation
6. The PCC shall prepare at least a four year forecast of potential resources, including options for transfers to and from general balances and earmarked reserves and use of provisions, based upon an interpretation of government funding assumptions and all other available information. This will include potential implications for local taxation.
  7. A gap may be identified between available resources and required resources. Requirements should be prioritised carefully by the PCC and CC to enable best informed judgements as to future funding levels and planning the use of resources.
  8. The PCC and CC shall integrate financial and budget plans into service planning so that such plans can be supported by financial and non-financial performance measures.
  9. The PCC is responsible for agreeing, in consultation with the CC, Section 22 agreements and other collaborative operational arrangements between Forces and to keep under consideration the ways in which the collaboration functions could be exercised by the policing body and by one or more other persons to improve:
    - (a) The efficiency or effectiveness of:

- (i) that policing body
- (ii) the police force which that policing body is responsible for maintaining and
- (b) The efficiency or effectiveness of one or more other policing bodies and police forces.

Both the PCC and CC will sign these agreements. Should this para be in A5 Financial Standards?

### **Annual Revenue Budget Preparation Overview and Control**

10. The revenue budget provides an estimate of the annual income and expenditure requirements for the police service and sets out the financial implications of the Commissioner's strategic policies. It provides Chief Officers with the authority to incur expenditure and a basis on which to monitor the financial performance of both the OPCC and the Force. As such, preparation of the annual budget should be based on sound financial management principles of probity, efficiency and value for money.
11. The budget estimates shall identify all proposed individual major revenue projects. A major revenue project shall be defined in accordance with the limits
12. The format of the budget determines the level of detail to which financial control and management will be exercised. The format shapes how the rules around virement operate (**see section B2 Budgetary Control**), the operation of cash limits and sets the level at which funds may be reallocated within budgets.
13. The Commissioner will consult with the Chief Constable and other relevant partners and stakeholders in planning the overall annual budget, which will include a separate force budget. This will also take into consideration funding from government and other sources, and balance the expenditure needs of the policing service against the level of local taxation. This should meet the statutory requirement to achieve a balanced budget (Police Reform and Social Responsibility Act 2011) and which is completed in accordance with the statutory timeframe. The PCC will set out each year how he expects the funds provided to the CC for policing will be applied.

### ***Key Controls***

14. The key controls for the budget are:
  - The format complies with all legal requirements
  - The format complies with CIPFA's Code of Practice

- The format reflects the accountabilities of service delivery
- Budgeting process should be based on evidence and operational demand

### *Responsibilities of the Statutory Officers*

15. The Commissioner should agree the budget planning timetable with the Chief Constable.
16. To obtain the views of the local community on proposed expenditure (including capital expenditure) in the financial year ahead of the financial year to which the proposed expenditure relates (Police Reform and Social Responsibility Act 2011).
17. To present the proposed council tax implications and precept requirement with the budget to the Police and Crime Panel at their meeting in early February.
18. The impact of the annual budget on the priorities and funding of future years as set out in the Police and Crime Plan and the Medium Term Financial Strategy should be clearly identified.
19. The format of the budget is to comply with all legal requirements and with the latest guidance issued by CIPFA and approved by the PCC CFO.
20. The PCC CFO to ensure timely and accurate information is to be obtained from billing authorities on the council tax base and the latest surplus/deficit position on collection funds to inform budget deliberations.
21. The PCC CFO is to advise the Commissioner on the appropriate level of general balances, earmarked reserves and provisions to be held.
22. The PCC CFO to the Commissioner is to submit a report to the Commissioner on:
  - The robustness of the estimates in the proposed Budget and the adequacy of the proposed reserves.
  - The treasury Management Strategy to support the Capital Strategy.
23. Upon approval of the annual budget, the PCC CFO is to submit the council tax requirement form to central government and precept notifications to appropriate bodies in accordance with legal requirements.
24. The PCC CFO to produce, in accordance with statutory requirements, the council tax information leaflet.
25. Prior to the final budget being agreed, the CC CFO is to prepare detailed budget estimates for the forthcoming financial year in accordance with the timetable agreed with the PCC CFO.

## **B2 BUDGETARY CONTROL**

### *Overview and Control*

1. Budget management ensures that once the PCC has approved the overall budget, resources allocated are used for their intended purpose, subject to virement rules, and are properly accounted for. Budgetary control is a continuous process, enabling the PCC to review and adjust budget targets during the financial year. It also provides the mechanism that calls to account managers responsible for defined elements of the budget.

### *Key Controls*

2. There is a nominated budget manager for each cost centre or account code heading who is accountable for the budgets under his direct control.
3. Budget Managers shall accept accountability for the budgets under their management and the level of service to be delivered and understand their financial responsibility.
4. Management of budgets must not be seen in isolation. It should be undertaken in conjunction with service outcomes and performance measures.
5. For strategic monitoring and management purposes, the budget shall identify operational and other policing costs, PCC costs, financing items and transfers to and from general balances and earmarked reserves.

## **Revenue Budget and Capital Programme Monitoring Overview and Control**

6. By continuously identifying and explaining variances against budgetary targets, changes in trends and resource requirements can be identified at the earliest opportunity.
7. To ensure sound financial management, each Budget Manager is required to manage expenditure within their budget allocation. All budget officers responsible for committing expenditure must comply with relevant guidance and Financial Regulations.

### *Key Controls*

8. The key controls for managing and controlling the revenue budget are:
  - Budget managers should be responsible only for income and expenditure that they can influence.
  - Budget managers accept accountability for their budgets and the level of service to be delivered and understand their financial responsibilities.

- Budget managers follow an approved certification process for all expenditure.
- Income and expenditure are properly recorded and accounted for.
- Performance levels are monitored in conjunction with the budget and necessary action is taken to align outputs and budget.

#### *Responsibilities of the Statutory Officers*

9. To provide appropriate financial information in a form determined by the PCC CFO, to enable budgets to be monitored and reported effectively.
10. To ensure that each element of income or expenditure has a nominated budget holder to take responsibility for that part of the budget. Budget responsibility should be aligned as closely as possible to the decision making process that commits the expenditure – usually at cost centre level. The CC shall ensure also that a nominated officer is responsible for monitoring income and expenditure against the pensions account.
11. It is the responsibility of budget holders to manage income and expenditure within their area and to monitor performance, taking account of financial information provided. Detailed budget monitoring is to be undertaken by Budget Managers at least monthly and reported to the PCC CFO, including any variances within their own areas. Budget Managers will also take any action necessary to avoid exceeding their budget allocation and alert the PCC CFO to any problems.
12. The PCC CFO and CC CFO shall ensure that budget holders receive sufficient financial support to enable them to undertake the budgetary control responsibilities.
13. The CC shall ensure as far as possible that total spending for operational policing remains within the allocation of resources and takes, where possible, corrective action where significant variations from the approved budget are forecasted. Where total projected expenditure is likely to exceed the allocation of resources, the PCC CFO shall be alerted immediately and proposals for remedy should be put forward as part of the regular reporting process. The same responsibilities apply to the Chief Executive and PCC CFO for their budgets.
14. The CC CFO shall submit a budget monitoring report monthly to the PCC containing the most recently available financial information. The monitoring reports shall compare projected income and expenditure with the latest approved budget allocations. The reports shall be in a format agreed by the PCC CFO.
15. The PCC CFO to co-ordinate a budget monitoring report for presentation to the Police & Crime Panel, as necessary, containing the most recently available financial information.

## **Resource Allocation Overview and Control**

16. Available financial resources are inevitably limited. It is therefore imperative that spending is rigorously prioritised and that resources are fairly allocated, in order to fulfil all legal responsibilities. Resources may include staff, money, equipment, goods and materials.

### *Key Controls*

17. The key controls for resource allocation are;
- Resources are acquired in accordance with the law and using an approved authorisation process.
  - Resources are used only for the purpose intended, to achieve the approved policies and objectives, and are properly accounted for.
  - Resources are securely held for use when required.
  - Resources are used with the minimum level of waste, inefficiency or loss for other reasons.

## **Virement**

### *Overview and Control*

18. A virement is a planned and approved reallocation of resources between budgets or heads of expenditure. A budget head is considered to be a line in the approved budget report. For clarity these are defined as the budget lines immediately below the Force and OPCC headings which are reported on in both the Budget and monitoring reports. The scheme of virement is intended to enable senior officers to manage their budgets with a degree of flexibility within the overall policy framework determined by the PCC and, therefore, to provide the opportunity to optimise the use of resources to emerging needs.
19. The overall budget is agreed by the PCC and budget managers are expected to incur expenditure in accordance with the estimates that make up their budget, subject to agreed virement rules, and within the limit of total resources allocated. Virement should not be allowed to create additional overall budget liability. Senior officers are expected to exercise discretion in managing budgets responsibly and prudently. Virements are not to be used as a tool to create future commitments. Therefore, it is vital that virement decisions do not lead to additional future spending without the prior approval of the PCC CFO.
20. Overall, the rules on virement are designed to allow the CC greater flexibility to meet operational requirements and to facilitate the decision making process. The CC shall still be held to account by the PCC for decisions made and the way in which resources are deployed. The virement rules allow greater freedom but require reports on significant changes.



21. The PCC can withdraw the ability for virement in any year should he/she feel it is prudent to do so.

#### *Key Controls*

22. The key controls for the scheme of virement are:
- The PCC is responsible for any transfers to and from PCC balances.
  - It is administered by senior officers within delegated powers given by the Commissioner. Any variation from this scheme requires approval of the Commissioner.
  - The overall budget is agreed by the Commissioner. Budget managers are therefore authorised to incur expenditure in accordance with the estimates that make up the budget.
  - Virement does not create additional overall budget liability.
  - By definition all virement is a net nil.
  - Each senior officer shall ensure that virement is undertaken to maintain the accuracy of budget monitoring.

#### *Responsibilities of the Statutory Officers*

23. Subject to approved limits as set out in Section F Delegated Limits, it is a requirement that the PCC CFO and CC CFO approve virement requirements of the CC and the PCC.
24. Each budget monitoring report reported to the PCC shall contain details where revised budgets or forecast income and expenditure varies to a significant degree from the original approved budget. However any significant expected changes to the budget identified between reports should be reported to the PCC CFO immediately. Each budget monitoring report should include any virement requests for approval by the PCC CFO or PCC as necessary
25. The approval of the Commissioner shall be required:
- As part of updating the budget through the budget monitoring process.
  - If an approved change of policy results in a virement requirement.
  - If the virement results in a significant addition to commitments in future years.
  - Within this document, the term “significant” shall be determined in its value through the professional judgement of respective CFO’s.

## **Treatment of Year End Balances**

### *Overview and Control*

26. A year-end balance is the amount by which actual income and expenditure including capital costs varies from the final budget, normally identified at devolved budget holder level. Arrangements may be necessary for the transfer of resources between accounting years (i.e. a carry forward). This may increase or decrease the resources available to budget holders in the following financial year. All carry forwards recommended by the PCC CFO and the CFO to the CC will be presented to the PCC for approval at year end for each financial year.
27. As part of the monitoring and control process, reporting of potential variations from budget and proposals for reallocation of resources shall be made as early as possible in the financial year. All reasonable endeavours shall be taken to provide a service that matches the approved budget.
28. There may be occasions when an overall overspend position occurs, particularly where exceptional events occur so close to the end of the financial year that a balanced outturn position is not possible. In this event, the overspend will be funded initially from General Balances, but full discussion will take place between the PCC, Chief Constable and their respective officers.

All endeavours should be made to identify potential overspends, as early as possible during the financial year, to enable mitigating action to be taken.

### *Key Controls*

29. Devolved budget holders who overspend their budget in any financial year may have their devolved budget reduced for the following financial year up to the amount of overspend, subject to the determination of the PCC.
30. As a default position, any underspends against budgets will be taken to reserves. For the Force any exception to this policy must be proposed by the CC in consultation with the CC CFO and determined by the PCC in consultation with the PCC CFO. For the PCC any exception to this policy must be proposed by the PCC CFO and determined by the PCC.

## **B3 CAPITAL PROGRAMME**

### *Overview and Control*

1. Capital expenditure involves acquiring or enhancing fixed assets with a long- term value to the PCC, such as land, buildings, and major items of plant, equipment or vehicles. Capital assets shape the way services are delivered in the long term and may create financial commitments for the future in the form of financing costs and revenue running costs.
2. A capital strategy which considers all capital requirements from the Estates Strategy, Asset Management Plan, IT Strategy and Vehicle Strategy is produced for up to 30 years (20 years in detail). From this the capital programme for the next 5 years is derived.
3. The PCC is able to undertake capital investment providing the spending plans are affordable, prudent and sustainable. Capital expenditure and financing should be managed in accordance with the Local Government Act 2003 and the CIPFA Prudential Code for Capital Finance in Local Authorities.
4. A report should be addressed to the PCC annually to formally report the performance against prudential indicators in accordance with the Local Government Act 2003 and the Prudential Code for Capital Finance. Assurance should be provided during the year as part of treasury and budget monitoring reports on compliance with the prudential indicators.

#### *Key Controls*

5. Capital expenditure on land and buildings should be in accordance with the requirements of the approved capital strategy. The CC CFO shall ensure that a business case is prepared for each project and that proposals undergo an option appraisal that demonstrates the costs and benefits of the project to the service.
6. The results of the appraisal shall provide evidence for the scheme's viability and inclusion in the proposed capital programme, including a recommended solution resulting from consideration of the business case/option appraisal.
7. Schemes proposed after the annual budget meeting for inclusion in the capital programme during the current financial year shall be submitted to the PCC in accordance with the limits shown in **Section F**.
8. Each individual scheme will have a nominated budget manager who will be accountable for that project. The budget manager's responsibilities include the monitoring of progress in conjunction with expenditure and comparison with approved budget.

#### *Responsibilities of the Statutory Officers*

9. The PCC CFO will produce a long term capital strategy based upon the requirements identified in the Estates Strategy, It Strategy and Vehicle Strategy.

10. The PCC CFO in liaison with the CC CFO shall prepare at least a four year rolling programme of proposed capital expenditure for submission to the PCC and the PCP. This shall cover the forthcoming financial year and the following three years. Each scheme shall identify the total capital cost of the project, any additional revenue commitments. On recommendations from the CC, the PCC will determine the Capital Programme and will also determine the overall monitoring arrangements of the delivery of the Capital Programme.
11. The PCC CFO shall identify funding for the capital programme, including the identification of potential capital receipts. Amendments to the programme increasing its overall cost must demonstrate how such changes are to be funded.
12. A gap may be identified between available resources and required resources. In these instances requirements of the Force should be prioritised carefully by the CC CFO to enable the PCC to make the best informed judgements as to future funding levels and planning the use of resources.
13. No capital expenditure shall be incurred unless the scheme is included in the capital programme approved by the PCC or as subsequently modified. In this respect, the vehicle replacement programme, equipment replacement programme and ICT replacement programme shall each be regarded as one scheme and will not be subjected to further business case/further approval processes unless otherwise determined by the CC CFO.
14. Schemes within the Capital Programme will be required to pass through the capital expenditure approval process before any expenditure is committed. Requests for significant new capital expenditure must be made in the format of a business case.
15. Detailed estimates for each scheme in the approved capital programme shall be prepared as part of the option appraisal before tenders are sought or commitments made. Schemes need not be referred back to the PCC for further approval unless, when negotiating contract details, amendments to the nature of the scheme are sought or the cost of the scheme exceeds the limits shown in Section F.
16. Arrangements covering variations in contract conditions and prices are covered to be managed in accordance with the scheme of consent.
17. Finance and operating leases and any other credit arrangements (such as HP and rental agreements) shall not be entered into without the prior approval of the PCC and sufficient revenue resources must be available to meet the repayments.
18. The CC shall submit capital monitoring reports to the PCC monthly containing the most recently available financial information. The monitoring reports will show spending to date and compare projected income and expenditure with the approved programme. The reports shall be in a format agreed by the PCC CFO in liaison with the CC CFO. It is the responsibility of budget holders to manage capital

expenditure estimates, taking account of financial information provided by the CC CFO. Detailed budget monitoring is to be undertaken by Budget Managers at least monthly and reported to the CC and the PCC including any variances within their own areas. Budget Managers should also take any action necessary to avoid exceeding their budget allocation and alert the PCC to any problems.

19. The CC CFO shall report to the PCC projections of spending on individual capital projects and reasons for significant changes to the Programme including spending slipping between financial years.
20. The CC CFO shall report capital expenditure for the year and cumulative expenditure on individual schemes to the PCC as part of the closure of accounts arrangements.
21. The CC CFO shall take steps to ensure that any external funding that is subject to a specific timescale is, wherever possible, fully utilised within that timescale.
22. Where there is a requirement such as the adherence to the Accounting Standards that require budget or expenditure to be interchanged between capital and revenue. Approval of the PCC CFO must be obtained.

## **B4 MAINTENANCE OF BALANCES AND RESERVES**

### *Overview and Control*

1. General fund balances are maintained as a matter of prudence. They enable the PCC to provide for cash flow fluctuations and unexpected costly events and thereby help protect it from overspending the annual budget, should such events occur. They provide mitigation against adverse financial implications. Earmarked reserves for specific purposes may also be maintained where it is likely that a liability will arise in the future. The Commissioner will approve the policy on reserves and balances and their planned use as part of the annual budget setting process.

### *Key Controls*

2. The key controls for maintaining reserves are:
  - To maintain reserves in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom: A statement of Recommended Practice (CIPFA) and agreed accounting policies.
  - For each reserve established, the purpose, usage and basis of transactions should be clearly identified.
  - Authorisation and expenditure from reserves by the PCC CFO.

### *Responsibilities of the Statutory Officers*

3. The PCC CFO shall advise the PCC on reasonable levels of general fund balances and earmarked reserves and take account of professional best practice.

When the annual budget and capital programme are submitted to the PCC for approval and for consultation with the PCP, the PCC CFO is required to advise on the adequacy of the PCC's balances and reserves.

The PCC shall approve the creation and transfers to and from general balances and reserves. The purpose, usage and basis of transactions should be clearly identified for each reserve established.

## **SECTION C**

### **MANAGEMENT OF RISK AND RESOURCES**

#### **C1 RISK MANAGEMENT**

##### *Overview and Control*

1. It is essential that robust, integrated systems are developed and maintained for identifying and evaluating all potential significant corporate and operational risks to the PCC and Group. This should include the proactive participation of all those associated with planning and delivering services.
2. All organisations, whether private or public sector, face risks to people, property and continued operations. Risk is the threat or possibility of loss, damage, injury or failure to achieve objectives caused by an unwanted or uncertain action or event. Risk cannot be eliminated altogether. However, 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 corporate and financial wellbeing of the organisation. In essence it is, therefore, an integral part of good business practice.
3. Procedures should be in place to identify, assess, prevent or contain material known risks, with a monitoring process in place to review regularly the effectiveness of risk reduction strategies and the operation of these controls. The risk management process should be formalised and conducted on a continuing basis.

##### *Key Controls*

4. The key controls for risk management are:
  - A Risk Management Policy is in place and has been promoted throughout the organisation.
  - The Policy identifies the Risk Appetite of the organisation.
  - Procedures are in place to identify, assess, prevent or contain material known risks, and these procedures are operating effectively throughout the organisation.
  - A monitoring process is in place to review regularly the effectiveness of risk reduction strategies and the operation of these controls. The risk management process should be conducted on a continuing basis.
  - Managers know that they are responsible for managing relevant risks and are provided with 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 insurance claims within required timescales.
- Acceptable levels of risk are determined and insured against where appropriate.
- The organisation has identified business continuity plans for implementation in the event of disaster that results in significant loss or damage to its resources.

*Responsibilities of the Statutory Officers*

5. The DCC and CE are responsible for ensuring a Risk Management Policy is prepared within the Group. They are responsible for promoting a culture of risk management awareness, reviewing risk management as an ongoing process and reporting on a half yearly basis, a corporate risk register.

To implement procedures to identify, assess, prevent or contain material known risks, with a monitoring process in place to review regularly the effectiveness of the risk reduction strategies and the operation of these controls. The risk management process should be formalised and conducted on a continuing basis.

6. To ensure that appropriate business continuity plans are developed, implemented and tested on a regular basis.
7. The PCC is responsible for approving the risk management policy statement and strategy, including determining the strategy for insurance, and for reviewing the effectiveness of risk management.
8. The PCC CFO is responsible for advising the PCC on appropriate arrangements for insurance. Acceptable levels of risk should be determined and insured against where appropriate. Activities leading to levels of risk assessed as unacceptable should not be undertaken.
9. The PCC CFO shall:
  - Ensure that insurance cover is provided within the terms of the approved strategy and take account of all new risks as appropriate ensure that claims made by the CC against insurance policies are made promptly.
  - Monitor all claims managed through Legal Services, in consultation with other officers where necessary.
  - Notify the PCC promptly of all new risks that require insurance and of any alterations affecting existing insurance.
  - Make all appropriate staff aware of their responsibilities for managing relevant risks and provide information on risk management initiatives be responsible for risk management.



- Ensure there are regular reviews of risk across the service.
  - Ensure that staff, or anyone covered by the PCC's insurance, are instructed not to admit liability or make any offer to pay compensation that may prejudice the assessment of liability in respect of any insurance claim.
  - Ensure all appropriate staff are aware of their responsibilities to notify the PCC/CC immediately of any loss, liability or damage that may lead to a claim against the PCC together with the information required.
  - Approve, before any contract for works is made, the insurance cover to be furnished by the contractor in respect of any act or default unless the PCC chooses to provide insurance cover itself.
10. Legal Services shall be authorised to settle insurance liability claims up to the value shown in **Section F**. Beyond this value, claims must be referred to the PCC for approval.
11. Settlement of employment tribunal cases and grievances of staff under his direction and control will remain with the Chief Constable, within the delegated limits in **Section F**, with the exception of those cases felt to be sensitive because:
- They involve a high profile claimant
  - There is a public interest in the case
  - There is a real risk that the Police and Crime Commissioner or Nottinghamshire Police will be exposed to serious public criticism or serious weaknesses in the organisation or policies and procedures to be revealed.
12. The PCC Chief Executive shall evaluate and authorise any terms of indemnity that the PCC is requested to give by external parties.

## **C2 INTERNAL CONTROLS**

### *Overview and Control*

1. Internal control refers to the systems of control devised by management to help ensure PCC objectives are achieved in a manner that promotes economical, efficient and effective use of resources and that assets and interests are safeguarded.
2. The PCC requires internal controls to manage and monitor progress towards strategic objectives. The PCC also has statutory obligations and, therefore, require internal controls to identify, meet and monitor compliance with these obligations.
3. The PCC faces a wide range of financial, administrative and commercial risks, both from internal and external factors, which threaten the achievement of its objectives. Internal controls are necessary to manage these risks. The system of internal controls is established in order to provide measurable achievement of:
  - Efficient and effective operations.
  - Reliable financial information and reporting.
  - Compliance with laws and regulations.
  - Risk management.

### *Key Controls*

4. The key controls for internal control systems are:
  - Managerial, including defining policies, setting objectives and plans, monitoring financial and other performance and taking appropriate anticipatory and remedial action. The key objective of these systems is to promote ownership of the control environment by defining roles and responsibilities.
  - Financial and operational procedures, which include physical safeguards for assets, segregation of duties, authorisation and approval procedures and information systems.
  - An effective internal audit function, which operates in accordance with CIPFA's Code of Practice for Internal Audit and with any other relevant statutory obligations and regulations. Key controls should be reviewed on a regular basis and the PCC should make formal statements annually to the effect that they are satisfied that the system of internal control operates effectively.

### *Responsibilities of the Statutory Officers*

5. The PCC and Cc are jointly responsible for implementing effective systems of internal control and the PCC CFO, for advising on such. These arrangements shall ensure compliance with all applicable statutes and regulations, and other relevant statements of best practice. They shall ensure that public resources are properly safeguarded and used economically, efficiently and effectively.
6. The PCC and CC shall ensure that internal controls exist for managerial control systems, including defining policies, setting objectives and plans, monitoring financial and other performance information and taking appropriate anticipatory and remedial action where necessary. The key objective of these systems is to promote ownership of the control environment by defining roles and responsibilities.
7. The PCC and CC shall ensure that internal controls exist for financial and operational systems and procedures. This includes physical safeguards for assets, segregation of duties, authorisation and approval procedures and robust information systems.
8. The PCC and CC shall agree and sign individual Annual Governance Statements following a review of systems of internal control. These statements will be included in the Group and CC Accounts. The statements should be signed by the Commissioner and the Chief Constable. The Accounts and Audit Regulations 2003, 2006 and 2011 require the PCC to review Internal Control arrangements at least annually.
9. The PCC and CC shall have a Joint Audit Committee (**section A3 refers**), which has a responsibility for the continual oversight of corporate governance, internal control and risk management. The terms of reference of the Committee should include the following key requirements:
  - To provide proactive and effective leadership on audit and governance issues and champion both audit and the embedding of risk management by all PCC staff and all CC officers and staff.
  - To be assured as to the adequacy of financial and other controls, corporate governance (including an anti-fraud and corruption strategy), financial regulations, VFM, contract standing orders and risk management arrangements, and ensure that they are reviewed and revised.
  - To examine and consider a draft Annual Governance Statement, and to make any recommendations to the PCC in this respect.
10. Public Sector Audit Appointments Ltd is responsible for appointing external auditors to the PCC and CC. The duties of the external auditor are governed by Section 15 of the Local Government Finance Act 1982, as amended by Section 5 of the Audit Commission Act 1998.

11. The PCC and CC may, from time to time, be subject to audit, inspection or investigation by external bodies such as HM Revenue and Customs, who have statutory rights of access.

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## **C3 AUDIT REQUIREMENTS**

### *Internal Audit Overview and Control*

1. The requirement for an internal audit function is implied by section 151 of the Local Government Act 1972, which requires that authorities “make arrangements for the proper administration of their financial affairs”. The Accounts and Audit Regulations 2011 more specifically require that a relevant body shall maintain an adequate and effective system of internal audit of their accounting records and control systems. The guidance accompanying the legislation states that proper internal control practices for internal audit are those contained in the CIPFA Code of Practice. Both the PCC and CC corporations’ sole are auditable bodies.
2. Internal auditing is an independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.
3. Internal audit is required to comply with the Auditing Practices Board’s guidelines “Guidance for Internal Auditors”, as interpreted by CIPFA’s Code of Practice for Internal Audit in Local Government in the United Kingdom, along with any other statutory obligations and regulations.
4. The work of the Internal Audit function provides overall assurances to:
  - The PCC, the CC and JIAC that effective internal control systems are in place.
  - External Audit on financial systems and internal control are effective and external auditors may use the work of internal audit when carrying out their functions.

### *Key Controls*

5. The key controls for internal audit are:
  - That it is independent in its planning and operation.
  - That Internal audit has direct access to the PCC, the PCC Chief Executive, PCC CFO, CC, CC CFO and all levels of management.
  - The internal auditors comply with the Code of Practice for Internal Audit issued by CIPFA.

### *Responsibilities of the Statutory Officers*

6. The PCC CFO shall ensure the provision of an effective internal audit service.
7. The PCC and CC shall ensure that internal auditors have the authority to:
  - Access premises at all reasonable times.
  - Access all assets, records, documents, correspondence, control systems and appropriate personnel.
  - Receive any information and explanation considered necessary concerning any matter under consideration.
  - Require any staff to account for cash, stores or any other asset under their control.
  - Access records belonging to third parties, such as contractors, when required. This shall be achieved by including an appropriate clause in all contracts.
8. Any instances where the CC considers it inappropriate for internal audit to have the access detailed above, such as items considered to be of a sensitive operational nature, are to be confirmed with the PCC Chief Executive and PCC CFO.
9. The PCC CFO and the DCC, taking advice from internal audit and after consulting with the PCC and CC and external auditor, are responsible for ensuring an annual audit plan is prepared. The plan is to take account of the characteristics and relative risks of the activities involved.
10. The PCC CFO and the DCC shall submit the annual internal audit plan to the Audit Committee for consideration prior to the start of the forthcoming financial year.
11. The PCC CFO and DCC shall consider and respond promptly to recommendations in audit reports and ensure that any agreed actions arising from audit recommendations are carried out in a timely and efficient manner.
12. New systems for maintaining financial records or records of assets, or significant changes to existing systems, are discussed with and agreed by the PCC CFO and internal audit prior to implementation.
13. Internal audit shall provide an annual report to the Audit Committee summarising activities and findings for the year. This shall include an opinion on the effectiveness of the systems of internal control to support the Annual Governance Statement.
14. The PCC CFO shall be notified immediately of any suspected fraud, theft, irregularity, improper use or misappropriation of property or resources. Pending investigation and reporting, PCC CFO, CC CFO, senior managers should take all necessary steps to prevent further loss and to secure records and documentation

against removal or alteration. Investigation of internal financial irregularities shall be conducted as detailed below:

- PCC CFO shall agree any further investigative process. This may include disciplinary, criminal proceedings and/or dismissal.

#### FORCE

Investigations will normally be carried out by the Professional Standards Department who shall consult with the Internal Audit Manager as appropriate and keep him informed of progress. The operation of this Regulation shall be in accordance with the agreed protocol between the Professional Standards Department and Internal Audit and authorised by the PCC CFO and the DCC.

The PCC CFO will keep the chair of the JIAC informed of the suspected fraud. At the conclusion of the investigation, the Internal Audit Manager shall review the case to identify any internal control weaknesses that allowed the financial irregularity to happen and shall make recommendations to ensure the risk of recurrence is minimised.

15. Internal audit shall provide an undertaking to respect the confidential nature of the service and to employ suitable staff only.

### *External Audit Overview and Control*

16. The Secretary of State for Communities and Local Government has delegated statutory functions from the Audit Commission 1998 to Public Sector Appointments Limited (PSAA) on a transitional basis by way of a letter of delegation issued under powers contained in the Local Audit and Accountability Act 2014. Under these arrangements, the company is responsible for appointing auditors to the Office of Police and Crime Commissioner and local police bodies. The transitional arrangements have been extended to 2017/18 so PSAA will continue to be responsible for appointing their auditors. Under these transitional arrangements, PSAA appoints an audit firm to carry out audit of the corporations sole of OPCC and the Chief Constable, under the Code of Audit Practice as published by the National Audit Office. The basic duties of the external auditor are governed by section 15 of the Local Government Finance Act 1982, the Local Government Act 1999 and the Local Audit and Accountability Act 2014. Under the Act, the Comptroller and Auditor General is responsible for preparing and maintaining the Code of Audit Practice, which sets out what local auditors are required to do to fulfill their responsibilities under the Act. The code of audit practice issued in April 2005 sets out the auditor's objectives to review and report upon:
- The audited body's financial statements.
  - Whether the expenditure and income recorded in the financial statements have applied to the purpose intended by Parliament and the financial transactions recorded in the financial statements conforms to the authorities which govern them (regularity).
  - Aspects of the audited body's arrangements to secure value for money.
17. In auditing the accounts the external auditor must be satisfied 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.
  - They "present fairly" the financial position of the organisation.
  - Proper practices have been observed in the compilation of the accounts.
  - The body whose accounts are being audited has made proper arrangements for securing economy, efficiency and effectiveness.

### *Key Controls*

18. The key controls for external auditors are:



- External auditors are appointed by Public Sector Audit Appointments Ltd, which prepares a code of audit practice, which external auditors follow when carrying out their duties.
- External auditors are independent in their operation.

*Responsibilities of the Statutory Officers*

19. The PCC CFO and the DCC shall liaise with the external auditor and advise the PCC and CC on their responsibilities in relation to external audit and ensure there is effective liaison between external and internal audit; to ensure that for the purposes of their work the external auditors are given the access to which they are statutorily entitled in relation to premises, assets, records, documents, correspondence, control systems and personnel, subject to appropriate security clearance.
20. To provide the Audit Committee with :
  - The external audit Annual Governance Report for consideration.
  - The external audit annual work plan and fee are reported for approval.
  - The Annual Audit Letter.

## **C4 PREVENTING FRAUD AND CORRUPTION**

### *Overview and Control*

1. The PCC and the CC will not tolerate fraud or corruption in the administration of their responsibilities, whether from inside or outside the group.
2. There is an expectation of propriety and accountability on officers, staff, volunteers and members at all levels to lead by example in ensuring adherence to legal requirements, rules, procedures and practices.
3. The PCC and the CC also expect that individuals and organisations (e.g. suppliers, contractors, and service providers) with whom they come into contact will act towards the PCC with integrity and without thought or actions involving fraud or corruption.

### *Key Controls*

4. The key controls regarding the prevention of financial irregularities are that:
  - There is an effective system of internal control.
  - The organisation has an effective anti-fraud and corruption policy and maintains a culture that will not tolerate fraud or corruption.
  - All officers, staff, volunteers and members will act with integrity and lead by example.
  - Senior managers are required to deal swiftly and firmly with those who defraud or attempt to defraud the organisation or who are corrupt.
  - High standards of conduct are promoted amongst officers, staff, volunteers and members through adherence to codes of conduct.
  - There is an approved Gifts, Gratuities and Hospitality Policy and procedure that must be followed. This includes the maintenance of a register of interests in which any hospitality or gifts accepted must be recorded.
  - Whistle blowing policy and procedures are in place and operate effectively.
  - Legislation including the Public Interest Disclosure Act 1998 and the Bribery Act 2010 is adhered to.

*Responsibilities of the Statutory Officers*

5. To ensure all staff act with integrity and lead by example.
6. The PCC and the CC are responsible for preparing an effective anti-fraud and anti-corruption policy and maintaining a culture that will not tolerate fraud or corruption and ensuring that internal controls are such that fraud or corruption will be prevented where possible.
7. The PCC and the CC shall prepare a joint policy for the registering of interests and the receipt of hospitality and gifts covering officers and staff. The policy is published as appropriate on its website and the Force's website. A register of interests and a register of hospitality and gifts shall be maintained for staff in a manner to be determined by the PCC.
8. The PCC and the CC shall prepare a whistle blowing policy to provide a facility that enables staff, the general public and contractors to make allegations of fraud, misuse and corruption in confidence, and without recrimination, to an independent contact. Procedures shall ensure that allegations are investigated robustly as to their validity that they are not malicious and that appropriate action is taken to address any concerns identified. The PCC shall ensure that all staff are aware of any approved whistle blowing policy.
9. To implement and maintain an adequate and effective internal financial framework clearly setting out the approved financial systems to be followed.
10. The PCC and the CC shall notify the PCC CFO and the CC CFO immediately if a preliminary investigation gives rise to any suspected fraud, theft, irregularity, improper use or misappropriation of property or resources. This reporting fulfils the requirements of Section 17 of the Crime and Disorder Act 1998. In such instances, the PCC, the CC, the PCC CFO and the CC CFO shall agree any further investigative process. Pending investigation and reporting, the PCC and CC shall take all necessary steps to prevent further loss and to secure records and documentation against removal or alteration.
11. The PCC and CC may instigate disciplinary procedures where the outcome of an investigation indicates improper behaviour.

## **C5 MONEY LAUNDERING AND PROCEEDS OF CRIME**

### *Overview and Control*

1. The PCC has adopted an anti-money laundering policy and procedures intended to prevent the use of proceeds from crime. This policy has been developed with regard to the Proceeds of Crime Act 2002 and the Money Laundering Regulations 2007.
2. The PCC and CC have nominated the PCC CFO and CC CFO to jointly perform the role of Money Laundering Reporting Officer (MLRO), whose principal role is to receive, consider and respond to any reports received of known or suspected money laundering.
3. The PCC and CC are responsible for ensuring that:
  - All officers and staff most likely to be exposed to or suspicious of money laundering situations are made aware of the requirements and obligations placed on the OPCC and Constabulary and themselves by the legislation.
  - Those officers and staff considered most likely to encounter money laundering will be given appropriate training. The appropriate managers within the section will periodically identify and deliver training to all appropriate staff.
  - Procedures are established to help forestall and prevent money laundering, including making arrangements for reporting concerns about money laundering to the MLRO.
  - Periodic and regular assessments are undertaken of the risks of money laundering.

## **C6 ASSETS**

### *Overview and Control*

1. The PCC holds assets in the form of land, property, vehicles, equipment, and other items. It is important that assets are safeguarded and used efficiently in service delivery, that there are arrangements for the security of both assets and information required for service operations and that proper arrangements exist for the disposal of assets. An up-to-date asset register/inventory is a prerequisite for proper fixed asset accounting and sound asset management. The function of the asset register alongside an asset management plan is to provide the PCC with information about fixed assets so that they are:
  - Safeguarded.
  - Used efficiently and effectively.
  - Adequately maintained.
  - Valued in accordance with statutory and management requirements.
2. Intellectual property is a generic term that includes inventions and writing. If these are created by officers and staff during the course of employment, then, as a general rule, they belong to the PCC, not the officer or member of staff. Various Acts of Parliament cover different types of intellectual property. Certain activities undertaken within the PCC or the CC may give rise to items that could be patented, for example, software development. These items are collectively known as intellectual property. In the event that the PCC decides to become involved in the commercial exploitation of inventions, the matter should proceed in accordance with an approved intellectual property policy.
3. The PCC will own and fund all assets regardless of whether they are used by the PCC, by the force or by both bodies. However, with consent from the PCC, the CC through the delegation to the CC CFO can acquire property (other than land or buildings) as set out in the scheme of delegation, standing orders and in accordance with Financial Regulations.
4. The CC is responsible for the direction and control of the force and should therefore have day-to-day management of all assets used by the force.
5. The PCC should consult the CC in planning the budget and developing a medium term financial strategy. Both these processes should involve a full assessment of the assets required to meet operational requirements, including in terms of human resources, infrastructure, land, property and equipment.

### *Key Controls*

The key controls for the security of resources and assets are:

- Resources are used only for approved purposes and properly accounted for.
- Resources are available for use when required.
- Resources no longer required are disposed of in accordance with the law and regulations so as to maximise benefits.
- An asset register is maintained for the organisation. 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 organisations 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 organisations computer systems, including maintaining restricted access to the information held on them and compliance with the organisations computer and internet security policies.

## *Security*

### *Responsibilities of the Statutory Officers*

6. To ensure that an asset register is maintained to provide information about fixed assets so that they are safeguarded, used efficiently and effectively, adequately maintained and valued in accordance with statutory management requirements.
7. The CC CFO shall ensure that assets and records of assets are properly maintained and securely held and that contingency plans for the security of assets and continuity of service in the event of disaster or system failure are in place.
8. To ensure that title deeds to property are held securely.
9. To ensure that no asset is subject to personal use by an employee without proper authority.
10. Attractive and portable items such as computers, cameras and recording devices should be identified with appropriate security markings.
11. To ensure that all staff are aware of their responsibilities with regard to safeguarding the PCC's assets, information and IT systems, including the requirements of the Data Protection Act, software copyright legislation and compliance with the information and security policies.

12. Legal Services shall ensure that title deeds to the PCC's property are held securely.
13. Lessees and other prospective occupiers of PCC land are not allowed to take possession of the land, until a lease or agreement in a form approved by Legal services is in place.
14. To ensure that assets no longer required are disposed of in accordance with the law and the regulations of the PCC.

#### *Valuation*

##### *Responsibilities of the Statutory Officers*

15. To maintain an asset register for all fixed assets in accordance with the Accounting Policies shown in the annual Statement of Accounts, in a form approved by the PCC CFO. Assets are to be recorded when they are acquired by the PCC and this record updated as changes occur with respect to location, condition and ownership. Assets are to be valued in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom: (The Code) for insurance purposes.
16. Assets may also be valued at market rates for asset management planning purposes where this is different from other valuations.
17. To arrange for the valuation of assets for accounting purposes.

#### *Inventories*

##### *Responsibilities of the Statutory Officers*

18. To maintain inventories that record an adequate description of portable and desirable items such as computers, monitors, printers, facsimile machines, mobile phones and photographic equipment above the value shown in **Section F**.
19. There shall be at least an annual check of all items on the inventory in order to verify location, review, and condition and to take action in relation to surpluses or deficiencies, annotating the inventory accordingly. The annual check is to be undertaken by the responsible budget holder, who shall ensure that another member of staff is responsible for maintaining the inventory.
20. To make sure that property is only used in the course of the business, unless specific approval has been given.

#### *Stocks and Stores*

##### *Responsibilities of the Statutory Officers*

21. To make arrangements for the care, custody and control of stocks and stores and maintain detailed stores accounts in a form approved by the PCC CFO. Stocks are to be maintained at reasonable levels so as to balance the need for availability and the risk of obsolescence.
22. A complete stock check is to be undertaken at least once per year either by means of continuous or annual stock take. The stock take shall be undertaken and certified by an authorised member of staff who is independent of the stock keeping function. This procedure will be followed and a complete stock check undertaken whenever stock keeping duties change.
23. Where significant, values of stocks and stores at 31 March each year are to be certified and included in the annual accounts.
24. Discrepancies between the actual level of stock and the book value of stock for the Force may be written off by the CC CFO up to the level shown in **Section F**. Amounts for write off by the CC CFO above this value must be referred to the PCC for approval, supported by a written report explaining the reasons for the write off and any investigation undertaken.

#### *Intellectual Property*

##### *Responsibilities of the Statutory and Key Officers*

25. The PCC and CC jointly are responsible for preparing guidance on intellectual property procedures and ensuring that staff are aware of these procedures.
26. The PCC is responsible for approving an intellectual property policy.



## *Asset Disposal*

### *Responsibilities of the Statutory Officers*

27. Assets shall be disposed of provided they meet the following criteria:
- Have been declared surplus to requirements
  - When in the best interests of the PCC
  - In accordance with the Police and Crime Plan
  - In accordance with the approved Estate Strategy
  - At the most advantageous price
28. The CC may dispose of surplus vehicles and items of equipment up to the estimated value shown in **Section F**. Where this is not the highest offer, the PCC CFO shall prepare a report for the PCC outlining the reasons.
29. Disposals of vehicles and equipment above the value detailed in **Section F** are to be reported to the PCC for prior approval and will generally be disposed of by public auction or sealed bids after advertisement, unless it can be shown that an alternative method of disposal would provide better value for the PCC.
30. All asset disposals shall be recorded in the asset register or inventory as appropriate.
31. The CC CFO shall inform the PCC CFO of any disposals that may have a significant impact upon the balance sheet.
32. To ensure that appropriate accounting entries are made to remove the value of the disposed assets from the Commissioner's records.

## **C7 TREASURY MANAGEMENT AND BANKING ARRANGEMENTS**

### *Overview and Control*

1. The PCC and CC are large organisations. It is important that PCC and CC money is managed properly, in a way that balances risk with return, but with the prime consideration being given to the security of all monies. All treasury management activities should be undertaken in accordance with the CIPFA Treasury Management Code.

### *Key Controls*

2. The key controls for treasury management are:
  - That the PCC borrowings and investments comply with the CIPFA Code of Practice on Treasury Management and the Prudential Indicators and with the PCC Treasury Management Strategy.
  - Suitable Treasury Management Practices (TMP) 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.

### *Responsibilities of the Statutory Officers and Committees*

3. To adopt 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.
4. Accordingly to ensure the adoption, the PCC shall create and maintain, as the cornerstone for effective treasury management, a Treasury Management Strategy, stating the policies and objectives of its treasury management activities suitable treasury management practices, 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. The content of the policy statement and TMPs will follow the recommendations contained in **Section 6 and 7** of the Code, subject only to amendment where necessary to reflect the particular circumstances of the PCC. Such amendments will not result in the PCC deviating materially from the Code's key recommendations.
5. The PCC shall receive reports on his treasury management strategies, practices and activities, including as a minimum, an annual strategy and plan in advance of each year, a mid-year review and an annual report after its close, in the form prescribed in its TMPs. During the financial year, reports on action undertaken shall be submitted to the PCC, by the PCC CFO, as part of the financial monitoring information and included within Budget monitoring reports.
6. The PCC is responsible for the implementation of its treasury management strategies and practices and delegates responsibility for the execution and

administration of treasury management decisions to the PCC CFO, who will act in accordance with the organisation's policy statement and TMPs and, CIPFA's *Statement of Professional Practice on Treasury Management*.

7. The Joint Independent Audit Committee (JIAC) is responsible for ensuring effective scrutiny of the treasury management strategy and policies.
8. The PCC shall adopt the following Treasury Management Strategy:

**The PCC:**

- Defines its treasury management activities as “the management of the PCC's cash flows, its banking, money market and capital market transactions; the effective management of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks.”
  - Regards the successful identification, monitoring and control of risk to be the prime criteria by which the effectiveness of its treasury management activities will be measured. Accordingly, the analysis and reporting of treasury management activities will focus on their risk implications for the PCC.
  - Acknowledges that effective treasury management will provide support towards the achievement of its business and services objectives. It is therefore committed to the principles of achieving best value in treasury management, and to employ suitable performance measurement techniques, within the context of effective risk management.
9. All investments shall be in the name of the PCC.
  10. The PCC CFO shall have overall responsibility for banking arrangements. The PCC CFO. All bank accounts shall be in the name of the PCC unless authorised by the PCC CFO and PCC Chief Executive. The CC has authority to open or close covert accounts to aid operations. The opening and closing of other bank accounts requires the authorisation of the PCC CFO.
  11. The PCC CFO shall provide appropriate staff with cash or bank imprests to meet minor expenditure. The PCC CFO shall determine reasonable petty cash limits and maintain a record of all transactions and petty cash advances made, and periodically review the arrangements for the safe custody and control of these advances.
  12. The PCC CFO shall prepare detailed Financial Instructions for dealing with petty cash, and these shall be issued to all appropriate staff.
  13. The use of credit cards shall be allowed for undertaking OPCC business. The PCC CFO shall determine a policy for the secure operations of such purchase cards.

14. All imprest cheques shall be signed at an appropriate level in accordance with an approved list of signatories and up to the level shown in **Section F**. All other cheques shall be signed at an appropriate level in accordance with an approved bank mandate.
15. To comply with the requirements of the Money Laundering Regulations 2003.

## **C8 STAFFING**

### *Overview and Control*

1. Staffing costs form a significant element of the annual revenue budget. In order to provide the highest level of service and ensure effective use of resources, it is crucial to recruit and retain high caliber, knowledgeable officers and staff, qualified to an appropriate level.

### *Key Controls*

2. The key controls for staffing are:
  - An appropriate staffing strategy and policy exists, in which staffing requirements and budget allocations are matched.
  - Procedures are in place for forecasting staffing requirements and cost.
  - Controls are implemented that ensure staff time is used efficiently and to the benefit of the organisation.
  - Checks are undertaken prior to employing new staff to ensure that they are appropriately qualified, experienced and trustworthy.

### *Responsibilities of the Statutory Officers*

3. To ensure that employees are appointed and dismissed in accordance with relevant statutory regulations, national agreements and personnel policies, budgets and strategies agreed by the PCC.
4. To advise the PCC on the budget necessary in any given year to cover estimated staffing levels.
5. To adjust the staffing numbers to meet the approved budget provision, and varying the provision as necessary within policy constraints to meet changing operational needs.

6. To have systems in place to record all matters affecting payments to staff, including appointments, resignations, dismissals, secondments, suspensions, transfers and all absences from work.
7. To approve, in consultation with the PCC CFO, policy arrangements for premature retirements on grounds of ill-health or efficiency for all staff and redundancy arrangements for support staff.

## **C9 CUSTODY OF UNOFFICIAL FUNDS AND PRIVATE PROPERTY**

### *Trust Funds and other Voluntary Unofficial Funds*

#### *Overview and Control*

1. These are deemed to be funds, other than those of the PCC or CC, which are controlled wholly or partly by staff by reason of their employment (e.g. Benevolent Fund).
2. Trust Funds have a formal legal status governed by a Deed of Trust. Employees and police officers acting as trustees must ensure that they are conversant with the requirements of the Trust Deed and the law and comply fully with them.
3. These funds should be kept separate from all PCC and CC transactions and bank accounts and those responsible must ensure that appropriate insurance arrangements are in place.

#### *Key Controls*

4. The key controls for Trust Funds and other Voluntary Unofficial Funds are:
  - No employee shall open a trust fund without the specific approval of the PCC Chief Executive and PCC CFO.
  - These funds should not include Nottinghamshire Police nor OPCC in the name of the account.
  - These financial regulations should be seen as best practice which need to be followed whenever possible.

### *Responsibilities of the Statutory Officers*

5. Staff controlling such funds shall ensure that a suitably experienced independent person audits the fund in accordance with procedures required by the PCC, and arrange for the annual audited accounts to be received by the appropriate management body.
6. The PCC shall be informed of the existence, purpose and nature of all voluntary unofficial funds and receive minutes from the management bodies confirming the adoption of the audited accounts.
7. The PCC shall issue Financial Instructions detailing how unofficial funds are to be managed and controlled.

### *Custody of Private Property Overview and Control*

8. The CC is required to exercise a duty of care and safeguard found or seized property pending decisions on its ownership, or private property of an individual (e.g. a suspect in custody).

### *Key Controls*

9. The key controls for private property are
  - Secure environment for storage of property/monies.
  - Audit trail of booking in and returning property to owners.
  - Audit trail for the disposal of property where appropriate and any income received.
  - Policy for specific items (e.g. bicycles) for returning these for community benefit.
  - Policy for the use of Property Act monies as approved by the PCC.
  - Policy for the use of the Proceeds of Crime Act monies as approved by the PCC.

### *Responsibilities of the Statutory Officers*

10. The CC is responsible for the safekeeping of the private property of a person, other than a member of staff, under his/her guardianship or supervision, and shall determine procedures for such. These procedures shall be made available to all appropriate staff.

11. The CC is responsible for the safekeeping of found or seized property and shall determine procedures for such. These procedures shall be made available to all appropriate staff.
12. The CC shall be informed without delay in the case of loss or diminution in value of such private property.
13. The CC shall issue separate financial instructions for dealing with cash, including seized cash under the Proceeds of Crime Act. These procedures shall be approved by the PCC and the PCC CFO.
14. The CC shall comply with the requirements of the Proceeds of Crime Act 2002.

## **SECTION D SYSTEMS AND PROCEDURES**

### **D1 GENERAL**

#### *Overview and Control*

1. There are many systems and procedures relating to the control of the PCC's assets, including purchasing, costing and management systems. The PCC is reliant on electronic systems for financial management information. This information must be accurate and the systems and procedures sound and well administered. They should contain controls to ensure that transactions are properly processed and errors detected promptly.

The PCC CFO and the CC CFO both have a statutory and professional responsibility to ensure that the organisations financial systems are sound and should therefore be notified of any new developments or changes.

2. It is imperative that operating systems and procedures are secure and that basic data exists to enable the PCC objectives, targets, budgets and plans to be formulated and measured. Performance measures need to be communicated to appropriate personnel on an accurate, complete and timely basis.

#### *Key Controls*

3. The key controls for systems and procedures are:
  - Basic data exists to enable the organisation's objectives, targets, budgets and plans to be formulated.
  - Performance is communicated to the appropriate managers on an accurate, complete and timely basis.
  - Early warning is provided of deviations from target, plans and budgets that require management attention.
  - Operating systems and procedures are secure and up-to-date.

#### *Responsibilities of the Statutory Officers*

4. The PCC CFO, in liaison with the CC CFO, is responsible for determining the overall accounting systems and procedures including to:
  - Issue advice, guidance and procedures for officers and others acting on behalf of the organisation. Determine the accounting systems, form of accounts and supporting financial records.
  - Establish arrangements for the audit of the organisation's financial affairs.
  - Approve any new system to be introduced.



- Approve any changes to existing financial systems.
  - Approve any changes to service delivery in relation to the finance function.
5. To ensure, in respect of systems and processes, that:
- Systems are secure, adequate internal controls exist and accounting records are properly maintained and held securely. This is to include an appropriate segregation of duties to minimise the risk of error, fraud or other malpractice.
  - Appropriate controls exist to ensure that all systems input, processing and output is genuine, complete, accurate, timely and not processed previously.
  - A complete audit trail is to be maintained, allowing financial transactions to be traced from the accounting records to the original document and vice versa.
  - Systems are documented and staff trained in operations.
6. The CC shall register compliance with the Data Protection Act 1988 and subsequent regulations ensuring that data processing (manual or electronic) involving personal information is registered.
7. The CC shall ensure compliance with copyright legislation around software being used.
8. To ensure that there is a documented and tested business continuity plan to allow system processing to resume quickly in the event of an interruption. Effective contingency arrangements, including back up procedures, are to be in place in the event of a failure in computer systems.
9. To establish a Scheme of Governance and Consents, identifying officers and staff authorised to act upon the PCC's behalf in respect of income collection, placing orders, making payments and employing staff. A schedule of officers and staff, their specimen signatures and the delegated limits of their authority shall be maintained

## **D2 INCOME**

### *Overview and Control*

1. Income is vital and effective systems are necessary to ensure that all income due is identified, collected, receipted and banked promptly in the name of the PCC. The responsibility for cash collection should be separated from that for identifying the amount due and for reconciling the amount due to the amount received.
2. The PCC and Chief Constable should adopt the National Police Chiefs Council (NPCC) national charging policies and national guidance when applying charges under section 25 of the Police Act 1996. The purpose of charging for special services is to ensure that, whenever appropriate, those using the services pay for them.
3. The PCC should ensure that there are arrangements in place so that expected charges are clearly identified in their budgets and that costs are accurately attributed and charged. When considering budget levels, the PCC should ensure that ongoing resource requirements are not dependent on a significant number of uncertain or volatile income sources and should have due regards to sustainable and future years' service delivery.
4. When specifying resource requirements the Chief Constable will identify the expected income from charging. The Chief Constable should adopt NPCC charging policies in respect of mutual aid.

### *Key Controls*

5. The key controls for income are:
  - There are arrangements for the collections of all income due and approve the procedures, systems and documentation for its collection, including the correct charging of VAT.
  - That relevant employees are supplied with receipt forms, books or tickets and similar items and be satisfied as to the arrangements for their control. Official receipts or other suitable documentation shall be issued for all income received.
  - All income is paid fully and promptly into the designated Income Bank Account in the name of the PCC. Appropriate details should be recorded onto paying-in slips to provide an audit trail and money collected and deposited reconciled on a monthly basis.
  - Income is not used to cash personal cheques or make other payments.

- That an effective debt collection procedures are in operation. This is to include debt recovery procedures, and when necessary, legal action to recover monies dues to the PCC and the Force.
- That income is written off, in line with corporate policies and delegated limit as specified in **Section F**.

#### *Responsibilities of the Statutory Officers*

6. To adopt the NPCC national charging policies and national guidance when applying charges under section 25 of the Police Act 1996 and to keep scales of fees and charges under review with such reviews being carried out at least annually.
7. To agree a charging policy for the supply of goods and services, including the appropriate charging of VAT and to review it regularly in line with corporate policies. All charges should be at full cost recovery except where regulations require otherwise or with the express approval of the PCC.
8. To prepare detailed Financial Instructions for dealing with income to be agreed with the PCC CFO and to issue them to all appropriate employees.

## **D3 ORDERING OF GOODS AND SERVICES**

### *Overview and Control*

1. Public money should be spent with demonstrable probity and in accordance with PCC policies. The statutory officers have a statutory duty to achieve best value, in part through economy and efficiency. Procedures should ensure that services obtain value for money from their purchasing arrangements. These procedures should be read in conjunction with the Contract Standing Orders.

### *Key Controls*

2. The key controls for ordering work goods and services are:
  - All goods and services are ordered only by appropriate persons and are correctly recorded.
  - All goods and services shall be ordered in accordance with the PCC's standing orders.
  - A computer-generated order should always be issued and authorised.

This control should only be set-aside in exceptional circumstances.

- All orders should be raised at the time of placing the order and not on receipt of the goods/services or invoice.
- Goods and services received are checked to ensure that they are in accordance with the order. The person who placed the order should not receive goods.

### *Responsibilities of the Statutory Officers*

3. The PCC is responsible for approving the Contract Standing Orders.
4. To ensure all officers and staff are made aware of the responsibility they have to declare any links or personal interests that they may have with purchasers, suppliers and contractors if they are engaged in contractual or purchasing decisions.
5. All orders issued shall be in accordance with the approved procurement policy or Financial Instructions. Purchase orders must be issued for all work, goods or services to be supplied, except for supplies of utilities, periodic payments such as rent or rates, petty cash purchases or other exceptions approved by the PCC CFO. All purchase orders must be generated by Oracle unless expressly authorised by PCC CFO or CC CFO. The PCC and the CC operates a "No P.O. – No Pay" policy.

6. To ensure that purchase orders are issued for all work, goods or services except for supplies of utilities, periodic payments such as rent or rates, purchasing card purchases, imprest purchases or other exceptions specified by the PCC CFO.
7. To ensure authorisation of requisitions / orders are in accordance with the limits shown in **Section F**. Only authorised officers and staff can raise requisitions/orders and therefore an authorised signatory list will be maintained. Purchasing Cards may be used in compliance with the requirements and guidance.
8. Purchase orders must not be raised for any personal or private purchases, nor must personal or private use be made of PCC contracts.
9. Goods and services ordered must be appropriate and needed, there must be adequate budgetary provision and quotations or tenders must be obtained where necessary.
10. Tenders and quotations shall be obtained in accordance with Contract Standing Orders and within the limits shown in **Section F**.
11. Commitments incurred by placing orders are to be shown against the appropriate budget allocation and incorporated within budget monitoring reports.
12. Where possible, a different person should authorise the payment from the person who signed the requisition/order.

## **D4 PAYMENTS OF GOODS AND SERVICES**

### *Overview and Control*

1. Apart from petty cash the normal method of payment from the PCC and the CC shall be by BACs payment, cheque or other instrument or approved method, drawn on the PCC bank account. The use of direct debit shall require the prior agreement of the PCC CFO.

### *Key Controls*

2. The key controls for paying for work goods and services are:
  - Goods and services received are checked to ensure that they are in accordance with the order. The person who placed the order should not receive goods.
  - Payments are not made unless goods have been received and to the correct price, quantity and quality standards.
  - All payments are made to the correct person, for the correct amount and are properly recorded, regardless of the payment method.
  - All appropriate evidence of the transaction and payment documents are retained and stored for the defined period, in accordance with the document retention schedule.
  - All expenditure, including VAT, is accurately recorded against the right budget and any exceptions are corrected.
  - In addition, the effect of e-business/e-commerce and electronic purchasing requires that processes are in place to maintain the security and integrity of data for transacting business electronically.

### *Responsibilities of the Statutory Officers*

3. All payments are to be made in accordance with the approved procurement procedures or Financial Instructions.
4. Payments are not to be made unless goods and services have been received at the correct price, quantity and quality in accordance with any official order. Goods should not be received by the person who placed the initial requisition, unless this is impracticable.
5. Segregation will exist between the person ordering and the person approving the order. The receipting of goods confirms the invoice is suitable for payment. In the

case of a manual invoice the 2 members of staff need to be involved in the ordering/receipting/authorising process.

6. Authorisation of invoices shall be in accordance with the limits shown in **Section F**.
7. Procedures should be in place to ensure that all payments are to be made to the correct person, for the correct amount and be recorded properly, regardless of the method of payment. Systems should ensure the invoice has not been processed for payment before and that full advantage has been taken of any discounts offered.
8. Where VAT is charged, payment is not to be made unless a proper VAT invoice has been received.
9. All payments should be processed promptly to comply with the Late Payment of Commercial Debt (Interest) Act 1988.

## **D5 PAYMENTS TO EMPLOYEES AND MEMBERS**

### *Overview and Control*

1. Employee costs are the largest item of expenditure for most organisations.  
Therefore, it is important that payments are accurate, timely, made only where they are due and that payments accord with individuals' conditions of employment. It is also important that all payments are accurately and completely recorded and accounted for.
2. All overtime claims and other claims for remuneration, travel and expenses should be submitted at least monthly. This is to ensure that monitoring of expenditure is more accurate and that authorisation of claims can be certified properly.

### *Key Controls*

3. The key controls for payments to employees and members are:
  - Proper authorisation procedures are in place and that there is adherence to corporate timetables in relation to:
    - Starters
    - Leavers
    - Variations
    - EnhancementsAnd that claims for payments are made on the approved and appropriate documentation.
  - Regular reconciliation of the HR system to the Payroll system.
  - Frequent reconciliation of payroll expenditure against approved budget and bank account.
  - All appropriate payroll documents are retained and stored for the defined period in accordance with the document retention schedule.
  - The HM Revenue & Customs regulations are complied with.
  - Recovery of overpayment.
  - Responsibility of adhering to time lines.

### *Responsibilities of the Statutory Officers*

4. To ensure appointments are made in accordance with approved establishments, grades and scale of pay and adequate budget provision should be available. Payroll staff must be notified of all appointments, terminations or variations in the correct format and to the timescales required.



5. The CC CFO, in liaison with the PCC CFO, shall make arrangements for the secure and reliable payment of salaries, wages, pensions, compensation and other emoluments to existing and former officers and staff. Adequate and effective systems are to be in place and procedures operated so that payments are only authorised to bona fide officers, staff and pensioners payments are only made where there is a valid entitlement conditions and contracts of employment are applied correctly officer and staff names listed on the payroll are checked at regular intervals to verify accuracy and completeness.
6. The PCC CFO shall make arrangements for the payment of all PCC travel and expenses claims. Such claims should be in the prescribed form, duly completed and certified. Certification is taken to mean that journeys were authorised and expenses incurred properly and necessarily and that allowances are payable properly, ensuring that cost effective use of travel arrangements is achieved. Due consideration should be given to tax implications. Payments shall be made to the value of presented receipts up to the prescribed limits, in accordance with **Section F Delegated Limits**.
7. Payroll transactions are to be processed only through the payroll system. Payments to individuals engaged on a self-employed consultant or subcontract basis shall only be made in accordance with HM Revenue and Customs requirements. The HM Revenue and Customs applies a tight definition of employment status, and in cases of doubt, advice should be sought and a decision made by the relevant CFO.
8. To ensure that full records are maintained of benefits in kind and that they are properly accounted for in any returns to the HM Revenue and Customs.
9. To ensure compliance with all HM Revenue and Customs regulations and record and make arrangements for the accurate and timely payment of income tax and national insurance. To ensure compliance with regulations regarding the pay over of pension deductions and other statutory or voluntary deductions from pay. Payroll staff should be notified of all employee benefits in kind to enable full and complete reporting within the income tax self-assessment system.

## **D6 TAXATION**

### *Overview and Control*

1. Tax issues are often very complex and the penalties for incorrectly accounting for tax are often severe.
2. It is important that all relevant officers and staff are kept up to date on tax issues and instructed on required record keeping.

### *Key Controls*

3. The key controls for taxation are:
  - Relevant staff are provided with relevant information and kept up to date on tax issues.
  - Accurate 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 timescale.

### *Responsibilities of the Statutory Officers*

4. To ensure the completion of all HM Revenue and Customs requirements regarding PAYE and that due payments are made in accordance with statutory requirements.
5. To ensure that the correct VAT liability is attached to all income due and that all VAT reclaimed on purchases complies with HM Revenue and Customs regulations. The CC CFO shall ensure the completion of VAT claims for receipts and payments are made in accordance with statutory requirements.
6. Where construction and maintenance works are undertaken, the contractor shall fulfil the necessary construction industry tax deduction requirements. The CC CFO shall provide details to the HM Revenue and Customs regarding the construction industry tax deduction scheme.
7. To ensure up to date guidance is given to officers and staff on organisational taxation issues (e.g. VAT and CIS).

## **D7 EX GRATIA PAYMENTS**

### *Overview and Control*

1. An ex gratia payment is a payment made where no legal obligation exists. An example may be to recompense staff for damage to personal property in the execution of duty.

### *Responsibilities of the Statutory Officers*

2. The PCC and the CC may make ex gratia payments to members of the public up to the level shown in **Section F** in any individual instance, for damage or loss to property or for personal injury or costs incurred as a result of police action, where such a payment is likely to facilitate or is conducive or incidental to the discharge of any of the functions of the PCC. The PCC CFO shall maintain details of such payments in a register.
3. The PCC and CC may make ex gratia payments up the level shown in **Section F** in any individual instance, for damage or loss of property or for personal injury to staff in the execution of duty or to staff in relation to employment errors. The PCC and the CC shall maintain details of such payments in a register.

## **D8 PENSIONS**

### *Overview and Control*

As a responsible public body the PCC and the Force will ensure that the Pension Schemes are made easily available to all eligible staff and police officers. The recent changes which have introduced auto enrolment into the pension scheme enforces this concept.

### *Key Controls*

1. The key controls relating to pensions are:
  - Relevant staff are provided with relevant information and kept up to date on pension issues.
  - Accurate record keeping.
  - Good communication with the County Council Pension Administrator.
  - Compliance with acts and regulations.
  - Records are maintained in accordance with instructions.

### *Responsibilities of the Statutory Officers*

2. To ensure that there are adequate arrangements for administering police pension scheme and Local Government Pension Scheme (LGPS) matters on a day-to- day basis.
3. To record and make arrangements for the accurate and timely payment of pensions and police pensions to the scheme administrators.
4. The appointment of a Pension Administrator to administer the LGPS and police pensions on behalf of the PCC.
5. The Home Office are responsible for the Police Pension Schemes and the organisation acts as a “holding account”, although the transactions are shown in the PCC statement of accounts.
6. To ensure Pension Boards are established to administer the schemes in accordance with current legislation and regulations.
7. To ensure that timely and accurate information is supplied to the Home Office for the Top Up arrangements.
8. To ensure that timely information is supplied to the actuaries.
9. To refer internal disputes relating to pensions to the Pension Administrator in the first stage, with second stage disputes being referred to the PCC CFO.
10. The PCC CFO is responsible for the governance arrangements.

## **D9 CREDIT CARDS**

### *Overview and Control*

1. The PCC has a formal policy of the use of credits cards which should be adhered to in all cases.

### *Key Controls*

2. The key controls for Credit Cards are
  - Detailed instructions to all authorised card holders and users are issued.
  - A procedure which controls the issue of cards and limits on each card.

### *Responsibilities of the Statutory Officers*

3. That PCC CFO undertakes periodic reviews of the register of individuals and limits assigned to each card.
4. To ensure that all card holders are aware of the financial instructions relating to the use of cards.
5. To ensure that all purchases are checked to ensure compliance with approved policies (e.g. Gifts, Gratuities and Hospitality, Catering).
6. To ensure that the process requires receipted details of payments, particularly VAT receipts and all requirements of the providers electronic receipting and payments processes are adhered to.

## **SECTION E EXTERNAL ARRANGEMENTS**

### **E1 PARTNERSHIPS**

#### *Overview and Control*

1. Partnerships with other organisations can play a key role in delivering community strategies and in helping to promote and improve the wellbeing of the area. A partner may be defined as:
  - an organisation joining to undertake, part fund or participate as a beneficiary in a joint project, or
  - a body whose nature or status give it a right or obligation to support a joint project.

Partnerships typically fall into three main categories:

- **Statutory based** - These are partnerships that are governed by statute. They include, for example, Crime and Disorder Reduction Partnerships (CDRPs) and Local Strategic Partnerships (LSPs).
  - **Strategic** - These are partnerships set up to deliver core policing objectives. They can either be force-wide or local.
  - **Ad Hoc** - These are typically locally based informal arrangements agreed by the PCC.
2. The main reasons for entering into a partnership with others are:
    - To provide new and better ways of delivering services.
    - To comply with statutory requirements.
    - The ability to access new resources.
    - The desire to find new ways to share risk.
    - To forge new relationships.
    - Mitigate costs when looking to achieve shared goals.
  3. Partners undertaking a joint venture have common responsibilities:
    - To act in good faith at all times and in the best interests of the partnership's aims and objectives.
    - To be willing to take on a role in the broader programme, appropriate to the skills and resources of the contributing organisation.
    - To be open about any conflicts that might arise to encourage joint working and promote the sharing of information, resources and skills.
    - To keep secure any information received as a result of partnership activities or duties that is of a confidential or commercially sensitive nature.

- To promote the project.
4. The PCC and CC should welcome the opportunity for forming partnerships with other local organisations to address local needs. As set out in section 10 of the Police Reform and Social Responsibility Act 2011, the Commissioner, in exercising his functions, must have regard to the relevant priorities of each responsible authority. Subject to the constraints that may be placed on individual funding streams, Commissioners are free to pool funding as they and their local partners see fit. Commissioners can enter into any local contract for services, individually or collectively with other local partners, including non- police bodies.
  5. When the PCC acts as a commissioner of services, he will need to agree the shared priorities and outcomes expected to be delivered through the contract or grant agreement with each provider. The Commissioner is able to make crime and disorder grants in support of local priorities. The power to make crime and disorder grants with conditions is contained in section 9 of the Police Reform and Social Responsibility Act 2011. The power to contract for services is set out in paragraph 14 of Schedule 1 and paragraph 7 of Schedule 3 to the Police Reform and Social Responsibility Act 2011.
  6. The PCC may also make grants under Community Empowerment in support of new or local priorities. Such grants will not exceed the limit detailed in **Section F**.

#### *Key Controls*

7. The key controls for partnerships are:
  - If appropriate, to be aware of their responsibilities under the PCC financial regulations.
  - To ensure that risk management processes are in place to identify and assess all known risks.
  - To ensure that project appraisal processes are in place to assess the viability of the project in terms of resources, staffing and expertise.
  - To agree and accept formally the roles and responsibilities of each of the partners involved in the project before the project commences.
  - Information sharing agreements should be incorporated for compliance with Management of Police Information and Data Protection Act.
  - To communicate regularly with other partners throughout the project so that problems can be identified and shared to achieve their successful resolution.
  - Exit strategies should be included from the start.

#### *Responsibilities of the Statutory Officers*

8. The PCC Chief Executive is responsible for preparing a policy statement on partnership arrangements. The PCC is responsible for approving the policy.

9. The PCC shall ensure there is adequate budget provision for partnerships as part of the annual budget setting process.
10. The PCC and CC are responsible for undertaking the partnership funding arrangements, in accordance with the agreed policy. The PCC and CC shall consider the overall governance arrangements and legal issues when arranging contracts with external bodies.
11. The PCC and CC shall ensure that the roles and responsibilities of each of the partners involved are agreed and accepted formally before the partnership commences.
12. The PCC CFO and CC CFO should ensure that the accounting and reporting arrangements relating to partnerships are satisfactory.
13. The PCC and CC, upon taking appropriate advice, shall ensure that:
  - before entering into the agreement, a risk management appraisal has been prepared
  - such agreements do not impact adversely upon the services provided by the PCC and CC
  - project appraisal is in place to assess the viability of the project in terms of resources, staffing and expertise
  - all arrangements are properly documented
  - regular communication is held with other partners throughout the project in order to achieve the most successful outcome
  - audit, security and control requirements are satisfied accounting arrangements are in place and satisfactory, including resourcing, taxation procedures and carry-forward arrangements.
14. The PCC Chief Executive shall maintain a register of all partnership arrangements.
15. The PCC and CC shall ensure that all officers and staff involved in partnership arrangements have access to Financial Regulations and Contract Standing Orders. On occasion, the possibility of non-compliance with these Regulations may arise from entering into partnership arrangements. In such cases, prior approval of the PCC following the agreement of the PCC CFO.



## **E2 EXTERNAL FUNDING**

### *Overview and Control*

1. External funding is a very important source of income. The main source of such funding is government grants, but consideration should be given to ensuring that the potential for all income sources is maximised. The PCC should agree a fees and charges policy and review this on a regular basis.
2. Any match funding requirements should be given due consideration prior to entering into agreements and resources identified for future commitments.

### *Key Controls*

3. The key controls for external funding 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 Police and Crime Plan.
  - 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.

### *Responsibilities of the Statutory Officers*

4. To ensure that any conditions in relation to external funding are in accordance with the approved policies of the PCC. In such cases, shall ensure compliance with the key conditions determined by the funding body and any statutory requirements. If there is a conflict, this needs to be taken to the PCC for resolution.
5. To ensure that the match-funding requirements and exit strategies are considered prior to entering into the agreements and that future medium term financial forecasts reflect these requirements.
6. To pursue actively any opportunities for additional funding where this is considered to be in the interests of the PCC.
7. All bids for external funding and the proper recording of grant income shall be coordinated through the OPCC and subject to the approval of the PCC.
8. To ensure that all funding notified by external bodies is received and properly recorded in the accounts, that all claims for funds are made by the due date and that audit requirements are met.

## **E3 WORK FOR THIRD PARTIES**

### *Overview and Control*

1. Current legislation enables the Commissioner to provide services to other bodies. Such work may enable economies of scale and existing expertise to be maintained. Arrangements should be in place to ensure that any risks associated with this work are minimised and that such work is not ultra vires.

### *Key Controls*

2. The key controls for working for third parties are:
  - To ensure that proposals are costed properly in accordance with guidance provided by the Home Office, or the PCC.
  - To ensure that contracts are drawn up using guidance provided by the Home Office, or the PCC.
  - To issue guidance with regard to the financial aspects of third party contracts and the maintenance of the contract register.

### *Responsibilities of the Statutory Officers*

3. To ensure that :
  - proposals for assistance are costed.
  - that contracts are drawn up where appropriate.
  - that no contract is subsidised by the organisation.
  - that contracts do not impact adversely on the services provided.
  - that charges are made in accordance with the PCC policy.
  - that, where possible, payment is received in advance of the delivery of the service.
  - that the PCC is not put at risk from any bad debts.
4. The PCC. CFO shall ensure that appropriate insurance arrangements are in place.

## **E4 COLLABORATED ACTIVITIES AND CONSORTIUM ARRANGEMENTS**

### *Overview and Control*

1. Providing services under collaborated arrangements can achieve efficiencies, savings and improve service reliance requirements. All collaboration activities involving functions under the direction of the CC shall be financially appraised by the CC CFO and discussed with the PCC CFO. Such collaboration may take the form of MOU, or s22/23 agreements. Final approval of all s22/s23 collaborative arrangements rests with the PCC.
2. The PCC and CC may enter into Consortium (Shared Services) arrangements. Such an arrangement is a long term joint working arrangement with other PCCs/Forces operating within a formal legal structure approved by the PCC. Prior to entering into any consortium arrangement the proposal shall be financially appraised by the PCC CFO and the CC CFO. The PCC Chief Executive will sign the Memorandum of Understanding (setting out the governance arrangements of the project) on behalf of the PCC/Force.

### *Responsibilities of the Statutory Officers*

3. To ensure that each activity covered by collaborated arrangements is subject to the financial regulations of one of the PCC's involved. The particular PCC's financial regulations should be selected having regard to the staffing, activity and location of the collaborated activity.
4. To contact the PCC Chief Executive before entering into a formal consortium agreement, to establish the correct legal framework.
5. To consult, as early as possible, the PCC CFO and the CC CFO to ensure the correct treatment of taxation and other accounting arrangements.
6. To produce a business case to show the full economic benefits to be obtained from participation in the collaboration/consortium.
7. To produce a Memorandum of Understanding (MOU) or a s22 agreement setting out the appropriate governance arrangements.

## **E5 COMMISSIONING**

### *Overview and Control*

1. Under Section 10 of the Police Reform and Social Responsibility Act 2011, the PCC is given the responsibility for co-operative working. This allows, within the constraints of the relevant funding streams, the PCC to pool funding as they and their local partners deem appropriate. In accordance with the Commissioning Framework, the PCC 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 PCC must have regard to the relevant priorities of each responsible authority.
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.
3. The Chief Constable may not undertake commissioning or grant arrangements without agreement of the PCC.

### *Key Controls*

4. The key controls for commissioning are:
  - Agreements with clear priorities and outcomes.
  - Grant conditions and outcomes.

### *Responsibilities of the Statutory Officers*

5. To have regard to relevant priorities of local partners when considering and setting the Police and Crime Plan.
6. To work effectively with other local leaders who can also provide significant resources, to influence how all parties prioritise and bring together their resources to tackle local problems and priorities.
7. To consult with victims and witnesses of crime about policing and the proposed Police and Crime Plan. To commission the victim and witnesses support services in Nottinghamshire.
8. To make appropriate robust arrangements to commission services from the Force or external providers.
9. To award crime and disorder grants as approved by the PCC.
10. Authorisation of grants shall be in accordance with the limits shown in **Section F**.

11. To develop a commissioning 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.
12. To develop financial framework as part of the wider Commissioning framework with approved authorisation levels.
13. To keep under review the performance and outcomes of any investments agreed by the Commissioner in respect of partnership activity.
14. Ensure financial expenditure does not exceed the budgeted level to achieve the objectives set out in the Police and Crime Plan.

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## **SECTION F DELEGATED LIMITS**

The section references below refer to the main body of text within sections A to E of these Financial Regulations. All financial limits are contained within this section in order to minimise the need for change when values are updated.

For the purpose of this document, “Sensitive” contracts are those that are above EU Procurement Limit threshold level (currently £181,302), or are novel, contentious, in the public interest or politically repercussive.

### **F1 Financial Planning**

#### **Annual Revenue Budget Preparation**

1. The budget estimates shall identify all proposed individual major revenue projects. A major revenue project shall be defined as one in excess of the estimated value shown below:

£100,000

2. Major projects need not be referred back to the PCC for further approval unless amendments to the nature of the scheme are sought or the cost of the scheme exceeds the limits shown below:

*By lesser of 5% or £5,000*

#### **3. Business Case Approval**

Business case for provision of new service, or change to the way services are provided which results in no additional expenditure may be approved by the CFO to the Chief Constable. Approval of business cases in requiring additional revenue expenditure are to be approved by the PCC.

Approval of business case for capital expenditure require the PCC or his delegated officer approval in all circumstances.

## **F2 Budgetary Control**

Virement is defined to be the transfer of budget between budget heads within a financial year and will always be a net nil, whereas a budget adjustment is defined as a budget movement at the time budgets are prepared for the forthcoming financial year.

### **1. Revenue Virement/Revenue Budgetary Movement Limits**

It is the responsibility of the Budget Manager to request approval to virement and budgetary movement subject to the following limits.

#### **Force Budget**

Virement Types	Checked	Approver	Limits
Only between subjective lines/departments, one that does not cross a reporting line	Finance	Finance	Existing budget
Between departments but within the same reporting lines (e.g. Finance to Fleet which are both within Other Supplier & Services)	Finance Business Partner	CFO's	Existing budget
Across reporting lines	Finance Business Partner	ACC/CC CFO	Up to £50k
	Finance Business Partner	CC/DCC	Up to £100k
	Finance Business Partner	PCC	Above £100k

#### **PCC's own budget**

- Up to £100,000 PCC CFO
- Over £100,000 PCC

### **2. The following virement also requires the Commissioner approval:**

- That which involves a substantial change of policy of service delivery
- That which results in a significant addition to commitment in future years
- Transfer to and from capital expenditure
- Additional budget funded from reserves

### **3. Treatment of Year End Balances**

As a default position, all carry forward underspends shall be transferred to reserves. Requirements should be prioritised carefully by the PCC and CC to enable best informed judgements as to future funding levels and planning the use of resources.

## **F3 Capital Programme**

1. Detailed estimates for each scheme in the approved capital programme shall be prepared by the responsible officer before tenders are sought or commitments made.
2. There may be instances where a capital requirement is identified in year, in addition to and outside of the agreed annual budget. In such cases, the requesting manager must produce a business case for the scheme.
  - A business case for capital scheme in year up to £100,000; fully funded/with no future years commitment requires joint approval from the CC CFO and PCC CFO.
3. A business case for a capital scheme which are either more than £100,000; unfunded or will result in significant future year's commitment requires the Commissioner approval.
4. All variations to the Capital Programme is approved by the Commissioner and reported to him or his delegated staff quarterly. All capital overspend, when identified, will require PCC approval this has borrowing implications.

#### **F4 Financial Risk**

1. The CC shall be authorised to settle insurance liability claims up to the value shown below. Beyond this value, claims must be referred to the PCC, for approval.  
£20,000 excluding legal costs
2. The CC shall be authorised to settle civil claims settlements, including Employment Tribunal up to the value shown below. Beyond this value, claims must be referred to the PCC, for approval.

Head of Legal Services: up to £10,000

From £10,001 up to £20,000 excluding legal costs

*There are exceptions in employment tribunal cases. These occur when cases are felt to be sensitive for the reason below:*

- *They involve high profile claimants*
- *There is a particular public interest in the case*
- *There is a real risk that the Police and Crime Commissioner or Nottinghamshire Police will be exposed to serious public criticism or serious weaknesses in the organisation or police and procedures will be revealed. Such cases will be referred to the Chief Executive for consideration by the Police and Crime Commissioner.*



3. The Police and Crime Commissioner must approve all requests for financial assistance to officers and staff involved in legal proceedings.
4. The PCC CFO is responsible for the day to day management of the insurance functions.

## **F5 Assets**

### Land & Buildings

1. The CC may not acquire any freeholds/leaseholds without clear, prior written approval of Commissioner. However, the Chief Constable may recommend purchases of Land & Buildings to the PCC, which is in keeping with the operational requirements. The PCC CFO shall ensure all additions/disposals to assets are maintained in the fixed asset register appropriately.
2. The PCC CFO shall maintain an asset register for all fixed assets with a value in excess of the limits shown below:

Land and Buildings – All

Vehicles – £20,000

Computer Equipment – £20,000

Plant and Equipment - £20,000

### Inventories

3. The Chief Constable shall ensure inventories are maintained that record an adequate description of portable and desirable items such as computers, monitors, printers, facsimile machines, mobile phones and photographic equipment above the value shown below.

Above £500

### Stocks and Stores

4. Discrepancies between the actual level of stock and the book value of stock may be written off by the Chief Constable up to the level shown below. Amounts for write off above this value must be referred to the PCC CFO for approval.

**Individual items £15,000**

Overall annual limit for financial year £15,000

5. Obsolete stock may be written off by the CC CFO up to the level shown below. Amounts for write off above this value must be referred to the PCC CFO for approval.

**Individual items £15,000**

Overall annual limit on all stock £15,000

### Asset Disposal

6. The CC may dispose of surplus vehicles, leases and items of equipment up to the estimated value shown below. Disposals above this value are to be reported to the PCC CFO for prior approval.

Equipment £20,000  
Individual vehicles £20,000

7. Items above the estimated value shown below shall be disposed of by public auction or sealed bids after advertisement, unless it can be shown that an alternative method of disposal would provide better value.

Land & Buildings £250,000  
Equipment £20,000

### **F6 Income**

1. Where the monetary value of a sponsorship proposal is over the limit shown below or is perceived to be of a sensitive and controversial nature, this must be approved:

Up to £15,000 PCC CFO  
Over £15,000 PCC

2. Individual debtor amounts may be written off by the CC CFO up to the level shown below. Amounts for write off above this value must be referred to the PCC for approval.

Limit		CC CFO	PCC CFO	Commissioner
Individual Limit	Up to £2,000	✓		
	£2,001 to £10,000		✓	
	In excess of £10,000			✓
Aggregate Limit	Up to £10,000	✓		
	£10,001 to £50,000		✓	
	In excess of £50,000			✓

### 3. Salary Overpayment Write Off

To ensure the responsible stewardship of its resources, the OPCC reserves the right to recover all overpayment of salary, expenses or other emoluments in excess of the employee's contractual entitlement. Finance should take all reasonable measures to pursue recovery of the overpayment, and this includes arranging a payment plan to recover the funds.

All repayment plans must align to the policy in place. Any exceptions are to be approved by the PCC CFO.

In exceptional circumstances, overpayments can be written off, in part or in full:

- Write offs for individual salary overpayment of £500 may be written off by the Head of Finance, in liaison with the PCC CFO
- Head of Finance may write off salary overpayments up to the maximum of £5,000 in a financial year, in liaison with the PCC CFO
- Salary overpayments over the above limit (individually or in a financial year) may only be approved by the Commissioner.

All cases of overpayment will be dealt with on an individual basis, by the PCC CFO, to ensure minimum hardship for the employee, whilst maintaining the integrity on the use of public funds.

All write-offs must be recorded and reported to the Commissioner when the total exceeds £20,000 in any given financial year.

## **F7 Procurement of Goods and Services**

1. Authorisation of orders shall be in accordance with the limits shown below, provided budget is available and having already complied with limits in respect of the awarding of a contract.

Total Value of Purchase (includes any extension options)	Method of Completion	Level of Authorisation
£0 to £24,999	Signature/Purchase Order	£0 -£250 All Staff; £0-£1,000: Enabling Services Supervisor £0-£5,000: Chief Inspector £0-£10,000: Superintendent/M Grade Staff £0 -£24,999 Budget Holder/Chief Officer
£25,000 to EU's Upper limit (currently £181,302)	Signature/Purchase Order if a Framework call-off or Written Contract	CC CFO/Chief Officer Team
In excess of EU Public Procurement thresholds	Signature/Purchase Order if a Framework call-off or Written Contract	Commissioner/ PCC CFO

Approval of exemption to contract standing order (Single Tender Action)*, authorisation of such purchases are in line with the contract standing order as above.	Up to £10,000	Purchases of less than £10k requires a minimum of one written quote
	More than £10,000	PCC CFO
Approval of all sensitive contracts.		Commissioner
Approval of non-sensitive contract variation	Are in line with delegated limits and agreed on advice of EMSCU	Variation of contracts that results in the contract total exceeding delegated limit will require authorisation at the next level

Approve all variations, termination and extensions of sensitive contracts		Commissioner
Termination of non-sensitive contracts	Up to EU Public Procurement threshold	CFO to the CC
	In excess of EU Public Procurement threshold (£181,302)	Commissioner

**The use of leases, hire purchase or rental agreements is specifically excluded for all purchases as this requires approval of the PCC or PCC CFO.**

- Written quotations shall be obtained in accordance with Contract Standing Orders as detailed below:

Minimum one written quotation required for purchases up to £10,000

*At least 3 written quotations (unless exemption granted through Single Tender Action) £10,001 to £25,000*

*Over £25,000 formal tender process undertaken in conjunction with the Engagement Partner and complying with the special conditions for tenders over EU threshold*

Note: Any contract in excess of £25,000 can only be awarded following consultation with the Procurement Advisor.

### **F8 High Value Payments**

- Authorisation of BACS and other legislative payments (e.g. HMRC tax liabilities, apprenticeship levy and third party payments) may be approved in accordance with the limits shown below:

Up to £250,000 Finance Business Partner  
Over £250,000 CFOs/DCC/CC/PCC/Chief Executive to the PCC

- Treasury Management Activities

Limits of treasury management activities are contained within Treasury Management Strategy as determined by the PCC CFO.

### **F9 Ex Gratia Payments**

### *Gifts, Loans and Sponsorships*

1. The Chief Constable may only enter into sponsorship arrangements with the approval of the PCC.
2. The CC may make ex gratia payments to members of the public or recompense to a police officer, up to the level shown below in any individual instance, for damage or loss of property or for personal injury or costs incurred as a result of police action where such a payment is likely to facilitate or is conducive or incidental to the discharge of any functions of the Force. The circumstances of the proposed payment must not have the effect of circumventing other pay and allowances, policies, rates and rules in the execution of duty or to a member of the public assisting the police. Advice should be obtained from subject matter experts and these may include HR and Legal Services. Amounts greater than those specified must be referred to the PCC for approval.

£10,000

### **F10 Grants**

1. Authorisation of grants should be made in accordance with the limits detailed below:

Only the PCC and his staff as set out in the consent of scheme and delegation may authorise grants.

### **F12 External Funding**

1. The Chief Constable is authorised to identify and pursue external funding up to £250,000 and which is part of the agreed budget. Any external funding in excess of this limit and/or not within the agreed budget requires PCC prior approval.
2. The Chief Executive may make the following decisions:

To approve exceptional cases in the provision of police advice and assistance to international agencies, because the cost is £4,000 or more (including air flights, accommodation and salary costs of the police officer or member of staff); and it is a sensitive case involving travel to a politically sensitive country.



Nottinghamshire

**POLICE & CRIME COMMISSIONER**

## **Contract Procedure Rules and Standing Orders**

**January 2018**

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  - Alteration to Tenders
  - Evaluation of tenders and quotations
  - Discussions and Post Tender Negotiations
  - Award of Contract and Debriefing Tenderers



- Cancellations, variations, extensions or termination of contracts
- Document retention and record keeping
- Freedom of Information
- **Contract Standing Orders**
  - Introduction and Purpose
  - Responsibilities
  - Responsibilities of the Chief Executive and Commercial Director
  - Relevant Contracts
  - Purchasing – Competition Requirements
  - Assets for Disposal
  - Collaborative and Partnership Arrangements
  - The Appointment of Consultants to Provide Services
  - Contract Documents
  - Contract Authorisation Levels
  - Bond and Parent Company Guarantees
  - Prevention of Fraud and Corruption
  - Declarations of Interests

*Appendix A – Terms and Definitions*

*Appendix B - List of relevant legislation*

*Appendix C – EU Procurement Thresholds*

*Appendix D – Single Tender Approval*

## **1. Introduction**

- 1.1 These Contract Procedure Rules and Standing Orders for the Nottinghamshire Office of the Police and Crime Commissioner (NOPCC) and Nottinghamshire Police Force (the Force) are intended as a guide for our suppliers and staff to help those engaged in buying or providing goods and services.

Public procurement is a complex process governed by rules and regulations. They aim to ensure the freedom of opportunity to trade with us as an organisation and that we are open and transparent in the way we do business. This also helps to ensure we achieve value for money, the right balance between quality, performance and price, when we buy goods and services. In doing so we ensure we make the best use of scarce public resources.

It is important to note that wherever there is a relationship between the NOPCC or the Force and another organisation that can be defined as “a binding agreement for performing, or refraining from performing, some specified act(s) in exchange for lawful consideration”, this constitutes a Contract. Even if the arrangement has historically been called something else, such as a Grant, it is actually a Contract, and is therefore subject to these Contract Procedure Rules and Standing Orders. These rules ensure that a competitive procurement exercise, resulting in value for money, is undertaken, or that in exceptional cases appropriate approvals, based on sound reasoning, are gained for not competing the Contract opportunity.

These Contract Procedure Rules and Standing Orders relate to NOPCC, and the Force. The PCC has given a range of formal delegations to the Chief Constable (CC) and similarly delegation to undertake the associated procurement activity on behalf of the Force and to authorise the CC to accept any tenders and sign contracts in accordance with contracts which relate to the Force.

## **2. BUSINESS CODE OF CONDUCT**

### **2.1 Purpose**

This is the Business Code of Conduct for Nottinghamshire Office of Police and Crime Commissioner (“NOPCC”) and Nottinghamshire Police Force (“the Force”). The purpose of this section is to advise the minimum standards expected of all staff and agents employed by the NOPCC and the Force and also to ensure fairness and consistency of approach in line with sound commercial practice.

### **2.2 Application**

All staff and agents employed by the PCC and the Force must abide by this code in the conduct of the business of the office.

Staff should regard the code as the basis of best conduct. Staff should raise any matter of concern of an ethical nature with their line manager, the PCC Chief Finance Officer (PCC CFO) or the Chief Executive, irrespective of whether it is addressed in this Code. Staff should also ensure that they comply with the Anti-Fraud and Corruption requirements in respect of gifts, gratuities and hospitality as set out within the financial regulations. Any matters arising which are outside the bounds of this Code should be referred immediately to line management.

### **2.3 Conduct**

2.3.1 Staff shall always seek to uphold and enhance the reputation of the organisation and always act professionally by:

- (i) maintaining the highest possible standard of probity in all commercial relationships, inside and outside the organisation;
- (ii) rejecting and reporting any business practice which might reasonably be deemed illegal or improper and never using authority for personal gain;
- (iii) enhancing the proficiency and stature of the organisation by acquiring and maintaining current technical knowledge and the highest standards of ethical behaviour;
- (iv) ensuring the highest possible standards of professional competence including technical and commercial knowledge
- (v) optimising the use of resources to provide the maximum benefit to the organisation

Complying both with the letter and the spirit of:

- (i) the law and all legislation governing their procurement activity; this code, procurement policy and procedure, contract standing orders and financial regulations;
- (ii) guidance on professional advice; and
- (iii) contractual obligations

2.3.2 Staff must never allow themselves to be deflected from this code of conduct.

Failure to do so may result in disciplinary action. In abiding by this code, the rules set out below must be followed:

### 2.3.3 Declaration of Interest

Any personal interest which may affect or be seen by others to affect your impartiality in any matter relevant to your duties must be declared.

#### Managing Conflicts of Interests

NOPCC must not award a contract where conflicts or potential conflicts exist between the interests involved in commissioning such services and the interests involved in providing them affect, or appear to affect, the integrity of the award of that contract.

Examples of conflicts of interest include:

Having a financial interest (e.g. holding shares or options) in a Potential Bidder or any entity involved in any bidding consortium including where such entity is a provider of the Goods or Services or any employee or officer thereof (Bidder Party);

Having a financial or any other personal interest in the outcome of the Evaluation Process;

Being employed by or providing services to any Bidder Party;

Receiving any kind of monetary or non-monetary payment or incentive (including hospitality) from any bidder party or its representatives

Canvassing or negotiating with any person with a view to entering into any of the arrangements outlined above;

Having a close family member who falls into any of the categories outlined above;

Having any other close relationship (current or historical) with any Bidder Party.

Examples of potential conflicts of interest include:

There is a real possibility that an outside interest will lead an individual to act in a way that is not impartial and independent in carrying out their duties on behalf of NOPCC,

There is a real possibility that an outside interest held by a close personal relation, business associate or other person known to an individual will lead an individual to act in a way that is not impartial and independent in carrying out their duties on behalf of NOPCC;

A fair minded and informed observer would conclude that one of the above interests exists and that there was a real possibility that the interest could lead the individual to act in a way that is not impartial or independent in carrying out their duties on behalf of NOPCC.

A conflict of interest arises where an individual's ability to exercise judgement or act in one role is or could be impaired or otherwise influenced by his or her involvement in another role or relationship. The individual does not need to exploit his or her position or obtain an actual benefit (financial or otherwise). A potential for competing interests and/or a perception of impaired judgment or undue influence can also be a conflict of interest.

The management of conflicts of interest is vitally important in the procurement of goods or services and managing them appropriately is paramount to the probity and accountability of NOPCC and the Force's decision making and will ensure that the principles of transparency, fairness and non-discrimination are upheld.

#### 2.3.4 Confidentiality and Accuracy of Information

The confidentiality of information received in the course of duty must be respected and must never be used for personal gain. Information given in the course of duty should be honest and clear.

#### 2.3.5 Competition

The nature and length of contracts and business relationships with suppliers can vary according to circumstances. These should always be constructed to ensure deliverables and benefits. Arrangements which might in the long term prevent the effective operation of fair competition should be avoided.

#### 2.3.6 Business gifts

Gifts from suppliers other than items of very small or no intrinsic value, such as business diaries or calendars, should not be accepted but should be declined courteously.

#### 2.3.7 Hospitality

The recipient should not allow themselves to be influenced, or be perceived by others to have been influenced, in making a business decision as a consequence of hospitality. The frequency and scale of hospitality accepted should be recorded and managed openly with care. It should not be greater than that which the organisation would reciprocate and which would be acceptable to the public as a good use of public funds.

### **3. POLICY AND PROCEDURES**

#### **3.1. Introduction**

Procurement policy and procedures are determined and owned by the NOPCC aim to ensure that the supply of goods, services and works are procured in accordance with relevant legislation and in the most cost effective manner. They also aim to ensure that procurement activity is undertaken in a fair, transparent and consistent manner, ensuring the highest standards of probity and accountability. Procedures define the minimum processes expected of staff engaged in the procurement of goods, services and works on behalf of the NOPCC and the Force.

#### **3.2. Responsibilities**

EMSCU is responsible to the PCC CFO for ensuring that procurement policy, procedures and contract standing orders are maintained. The day to day activity of procuring goods, services and works is undertaken by Authorised Officers and EMSCU based on the value, and must be conducted in accordance with the principles and rules of this document and the NOPCC financial regulations and the scheme of delegation.

#### **3.3. Scope**

All staff and Police Officers employed by the NOPCC and the Force must abide by procurement policy and procedure in the conduct of the business of the office. Failure to comply may result in disciplinary action.

## **Procurement Policy**

4.1 The procurement policy of the NOPCC and the Force are that:

- i. All procurement activity will be undertaken in a transparent, fair and consistent, manner, ensuring the highest standards of probity and accountability.
- ii. All staff will adhere to the Procurement Policy and procurement procedures and seek to ensure acceptance and operation of it among colleagues and stakeholders.
- iii. All procurement will be compliant with good commercial practice and open to continuous improvement and development to ensure value for money.
- iv. All staff involved in procurement activities will familiarise themselves with the Business Code of Conduct and consideration will be given to circumstances where members of staff would need to be excluded where their position may be compromised.
- v. All procurement activity shall comply with statutory requirements including, but not limited to, UK legislation, Directives of the European Community and relevant Government guidance.
- vi. All procurement activity will also comply with Contract Procedure Rules and Standing Orders; Financial Regulations, and Scheme of Delegation.
- vii. All procurement activity will be ethically, environmentally and socially responsible with due consideration being given to any economic benefits and regeneration opportunities.
- viii. NOPCC and the Force will ensure, when applying this Policy that they comply with their duties under the Equality Act 2010 and does not discriminate directly or indirectly against staff or potential service providers on grounds of race, colour, age, nationality, ethnicity, gender, sexual orientation, marital status, religious belief or disability.

## **5. PROCUREMENT PROCEDURES**

### **5.1. Introduction**

Procurement procedures provide information on how to procure goods, services and works on behalf of NOPCC and the Force. They also define the minimum processes expected of staff engaged in a procurement process and when and where to get further professional advice. Before undertaking any procurement staff are required to read through these procedures and the associated business code of conduct and procurement policy.

### **5.2. Procedures**

- 5.2.1 There are a number of routes through which goods, services and works can be procured. These include using existing contracts that have already been negotiated locally and running a new competitive procurement, for which the process is dependent on the value of spend. Procurement can also be carried out through framework agreements. These are National, Regional or local agreements that can be used to buy directly from a supplier or by conducting a further competition exercise where there is more than one supplier.
- 5.2.2 These procedures cover all of these procurement routes and set out the rules that apply and the staff that have to be involved in the process. They also cover how to deal with exceptions. This is when the rules may not apply.
- 5.2.3 Once procurement has begun, these procedures will also set out rules for how to manage the process including dealing with late Tenders, evaluation of Tenders, variations to contracts and the documents and records that need to be maintained.
- 5.2.4 Should these procedures not appear to provide the appropriate mechanisms at any stage of the procurement process, advice must be sought from line management or the Procurement Advisor before proceeding further. Information contained within the procedures refers to both procurement activity involving a Tender process and to NOPCC contracts regardless of how they were entered into.
- 5.2.5 Further advice on these procedures and any aspects of the procurement process can also be provided by EMSCU

## **6. Procurement Routes**

### **6.1 Introduction**

There are a number of different routes through which procurement may take place. This section of the procedures provides instruction on how to identify the most appropriate procurement route. A procurement procedure flow chart is set out below. This has been developed to identify which procurement route should be followed based on the framework agreements/collaborative contracts available and accessible, together with the estimated total contract value. Once the most appropriate procurement route has been identified, the relevant section of this document will explain the detailed procurement procedure.

The key principles of good procurement are:-

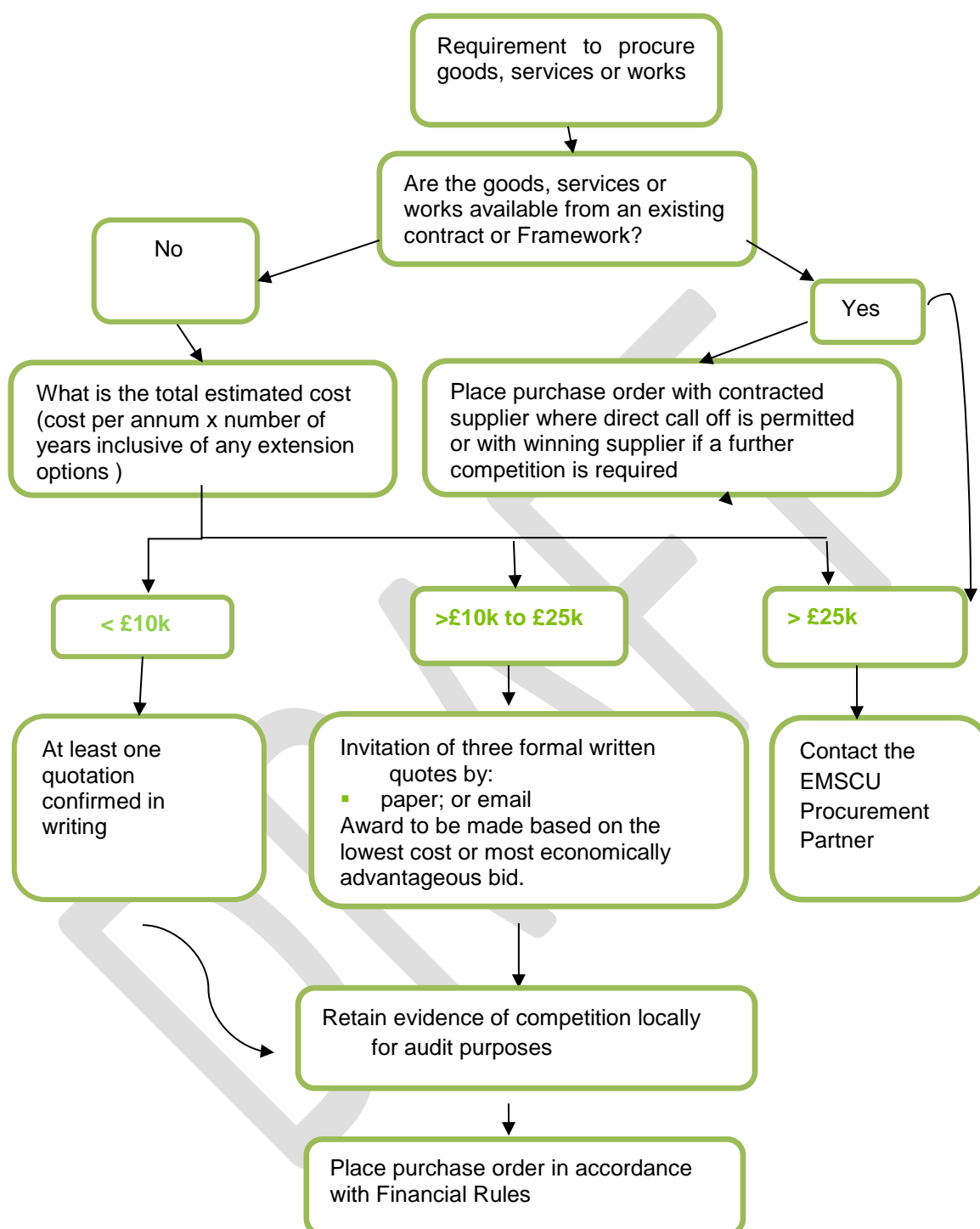
- **Transparency:** Making commissioning intent clear to the market place. Including the use of sufficient and appropriate advertising of tenders,



transparency in making decisions not to tender, and the declaration and separation of conflicts of interest;

- **Proportionality:** Making procurement processes proportionate to the value, complexity and risk of the services contracted, and critically not excluding potential providers through overly bureaucratic or burdensome procedures;
- **Non-discrimination:** Having specifications that do not favour one or more providers. Ensuring consistency of procurement rules, transparency on timescale and criteria for shortlist and award; and
- **Equality of treatment:** Ensuring that all providers and sectors have equal opportunity to compete where appropriate; that financial and due diligence checks apply equally and are proportionate; and that pricing and payment regimes are transparent and fair.

## 6.2 PROCUREMENT PROCEDURE FLOWCHART



### 6.3.1 PROCURING THROUGH EXISTING CONTRACTS AND FRAMEWORKS

If the goods, services or works are available under an existing contract and represents value for money, that contract must be used. An existing contract includes those contracts where NOPCC are not the lead organisation but where we have committed to use the contract. This can include Regional and National Framework arrangements. For some goods, works and services, national arrangements are mandated by Central Government.

The Procuring Officer must consult with the EMSCU Partner to ascertain whether an existing contract or framework should be used.

6.3.2. Existing contracts offer many benefits. The contract will already be compliant with EU legislation and Contract Standing Orders and there is no requirement to run a further procurement process. Through the whole organisation using the same contract we minimise the administrative costs associated with the use of multiple suppliers and achieve better value for money by being able to offer suppliers more business. In using existing contracts we also have assurance that the supplier has met numerous rigorous standards including financial stability, health & safety, insurance, ethical and environmental standards etc. and robust contract terms will be in place.

6.3.3. When purchasing through an existing contract the only requirement is to place a purchase order with the contracted supplier, referencing the contract number, which is then approved by the Authorising Officer in accordance with these Contract Procedure Rules and Standing Orders. The EMSCU Partner can provide advice on whether a contract exists.

## **6.4 COMPETITIVE PROCUREMENT**

Where there is no existing contract available it will be necessary to go through a new procurement process. The rules to follow depend on the amount of money that is likely to be spent and this must be based on the Total Estimated Value of the contract for the whole duration of the contract, including any extension options.

## **6.5 PROCUREMENT UNDER £10,000**

A minimum of one written quotation must be obtained either by e-mail or from a catalogue or price list. A quotation may be initially requested by telephone but the supplier must then be asked to follow this up in writing by either of the above methods prior to a purchase order being authorised and issued. Should the minimum of one quotation be used particular care should be given to ensure compliance with Procurement Policy and the Business Code of Conduct. The issue of an official purchase order to the supplier ensures the purchase is made against the Commissioners Standard Terms and Conditions of Order.

## **6.6 PROCUREMENT OVER £10,000 TO £25,000**

- 6.6.1. The Procuring Officer must seek a minimum of three formal written quotations in writing either on paper or by email. The number of organisations invited to submit quotes or otherwise offer to supply must be sufficient to demonstrate that genuine market forces are employed to maximise value for money. This should either be on the basis of lowest cost or the most economically advantageous Tender, after taking in to account any quality criteria.
- 6.6.2. Care must be taken to ensure all potential suppliers are treated fairly and each supplier is assessed using a pre-determined evaluation model. The evaluation should assess the quality and whole life cost of the offer if possible against the specification. An official NOPCC or the Force purchase order number must be issued to the supplier to authorise the purchase and ensure the procurement is in accordance with the NOPCC or the Force Standard Terms and Conditions of Order. If in doubt, contact your Procurement Partner.
- 6.6.3. The quotations should be retained locally for audit purposes together with a record of the details of the quotation exercise, in accordance with the NOPCC or the Force's requirements. The details recorded should include the number and details of quotations received together with a summary of the evaluation and award decision made.
- 6.6.4. EMSCU Partner can offer advice and guidance on specifying your requirements, invitation to quote documents, evaluation models, award procedures and protocol involved in debriefing suppliers.

## **6.7 PROCUREMENT OVER £25,000 TO UNDER EU THRESHOLD: UNDERTAKEN BY EMSCU**

- 6.7.1. Where the total value of contract is estimated to exceed £25,000 over the whole duration, the procurement process must be managed by EMSCU on behalf of the NOPCC or the Force. Tenders may be invited in a number of ways including using a single stage or two stage procedure, select list, using a framework arrangement for a direct call-off or conducting a further competition and exploiting any existing contractual arrangements. Whichever process is used, EMSCU will formulate a Procurement Strategy for the procurement which will be based on a Statement of Requirement (SOR)

The evaluation models, matrices and other tools used to assess and compare the Tenders will be determined and agreed with stakeholders or project members as part of the Procurement Strategy, prior to receipt of Tenders and quotes.

- 6.7.2. Where a **Single Stage Invitation to Tender** is being used an Advertisement will be placed by the Procuring Officer in accordance with Clause 7.6.1 and expressions of interest invited from organisations who wish to receive Tender documents. All organisations expressing an interest are sent an Invitation to Tender within the time scales set out. Such Tenders shall include elements to assess their ability to meet financial requirements in addition to specific areas of technical ability relevant to the contract.
- 6.7.3. **Two Stage Tenders** require that **expressions of interest** are invited from the market through advertisement in accordance with Clause 7.6.1. On receipt of expressions of interest a **Selection Questionnaire** will be forwarded to the interested organisations and these, when completed, shall be assessed to determine the most appropriate organisations from whom Tenders shall be invited. Tenders will be invited from those organisations who meet the minimum selection criteria. The selection process shall always be predetermined.
- 6.7.4. Select Tender lists may be drawn up where it can be satisfactorily demonstrated that the number of competitive Tenders that could be received is limited. Such lists will be formulated and maintained by the EMSCU and reviewed on an ongoing basis. However, there is a mandate to comply with the spirit of EU Legislation and Contract Standing Orders regarding open competition which must be duly regarded.
- 6.7.5. Having identified the organisations from whom Tenders would be considered, the organisations shall be invited to express their desire to receive a Tender by requiring them to respond to an appropriate brief.
- 6.7.6. The use of further competition exercises will be adopted where pre-tendered Framework arrangements exist, such as National or Regional Frameworks, for example Government Procurement Service (GPS) or other consortia frameworks e.g. ESPO/Pro5. This involves identifying organisations that are able to meet the requirement from those who have been pre-tendered and pre-qualified. The further competition exercise is a leaner process due to the supplier already having gone through a Tender process to be awarded a place on the framework, and the evaluation criteria is dictated by the framework call off mechanism which concentrate on the price and service delivery elements of the requirement.
- 6.7.7. EMSCU will maintain a database of all available frameworks which will include an on - going assessment of the overall value for money of each framework. EMSCU will utilise a suitable framework if it is considered to offer value for money, prior to undertaking an independent procurement exercise.

## **6.8 Procurement above EU Threshold**

- 6.8.1. In accordance with clauses 6.7.6 and 6.7.7, a Framework will be utilised in the first instance, if considered to be commercially suitable, ahead of undertaking any other EU procurement procedure. When procuring goods or services, NOPCC and the Force will ensure that it complies with EU procurement law and the UK's implementing Regulations to the extent that these are applicable to the services being procured.
- 6.8.2. When letting contracts above the EU threshold, the Public Contracts Regulations 2015 must be followed and adhered to by the Procurement Advisor. When undertaking a procurement in accordance with EU Procurement Directives there are different types of procurement procedures that can be selected such as the Open Procedure and Restricted Procedures. In addition it is open to undertake a Negotiated Procedure or Competitive Dialogue. Competitive Dialogue may be used and is permitted under EU Legislation within strict guidelines. Negotiated Procedure or Competitive Dialogue are suitable in exceptionally complex procurements, e.g. Private Finance Initiative (PFI) and are only to be undertaken after approvals have been granted based on tests being satisfied. Whichever, of these routes is utilised will depend on the type and complexity of the procurement and will be agreed between the Procurement Officer and the Procurement Advisor as part of the strategy for that particular project.
- 6.8.3. Concerning all EU procurement the EU Directives require that consideration is given to "aggregation of demand" and that this is calculated as the total estimated annual expenditure multiplied by the total number of years for which a contract would be in place, including any extension options. If the value derived is over the EU threshold for the goods, service or works, then an EU Tender must be conducted. The EU Directives are clear that deliberate attempts to reduce, avoid or misrepresent the total value of the contract are a breach of the legislation.
- 6.8.4. The timescales for tendering under the EU Directives are prescriptive and may generally be longer than a non EU Tender. Failure to leave sufficient time to complete the tendering process is legislatively not an acceptable reason for avoidance of the regulations.
- 6.8.5. A project team will be assembled to undertake the project and will involve all the relevant stakeholders for that type of procurement. This will usually include the Chief Executive and/or Procurement Partner, PCC CFO, Finance, Legal and other relevant representatives.

## **7. PROCUREMENT PROCESS**

### **7.1. Introduction**

This section of the procedures sets out the different processes involved in undertaking procurement once the procurement route has been determined. It also sets out how to manage the process when procedures have not been followed, for example dealing with late Tenders or missing information.

### **7.2. Steps Prior to Purchase**

7.2.1. No contract for the execution of works or for the supply of goods or services shall be made unless budgetary provision has been made in annual revenue or capital estimates approved by the NOPCC or unless an estimate is reported to and approved in accordance with the Standing Order.

7.2.2. The Procuring Partner must assess the requirement, in a manner commensurate with its complexity and value, by:

- i. appraising the need for the expenditure and its priority
- ii. defining the objectives of the purchase
- iii. confirming that there is delegated approval for the expenditure and the purchase accords with the approved policy framework and scheme of delegation.
- iv. if the total value of the proposed expenditure is estimated to exceed £25,000 then contact the Procurement Partner to enable a SOR to be completed and forwarded to EMSCU for action
- v. for contracts that exceed £25,000, the Procurement Partner will ensure that budgetary provisions exists prior to submitting the SOR to EMSCU for action

### **7.3. Pre-Tender Market Research and Consultation**

7.3.1. The Procuring Officer responsible for the purchase:

- i. may consult potential suppliers prior to the issue of the Invitation to Tender in general terms about the nature, level and standard of the supply, indicative prices, contract packaging and other relevant matters, provided this does not prejudice any potential Applicant/Tenderer.
- ii. may seek or accept advice on the preparation of an Invitation to Tender or Quotation from anyone, but not if the advice given may prejudice the equal treatment of all potential suppliers or distort competition, and
- iii. should seek advice from the Supplier Services Team

### **7.4 Statement of Requirement**

- 7.4.1. Specifications and standards are used to describe the requirement – goods, services and/or works – for which the procurement process is being conducted. They are included within the documents inviting suppliers to Tender. This information will be obtained when an SOR is agreed between the Procurement Partner and the budget holder.
- 7.4.2. The Procurement Partner will provide as much assistance as possible to budget holder to enable them to identify and express their requirements so that the market can respond appropriately.
- 7.4.3. Although the budget holder is responsible for identifying and owning the specification, the Procurement Partner will utilise their skills, knowledge of the market and experience in assisting compiling the specification to aid identification and expression of the requirement.
- 7.4.4. The completed SOR will then be entered into Crystal for procurement action including the formulation of a procurement strategy if appropriate
- 7.4.5. Standards adopted to identify minimum, maximum or equivalent shall be in accordance with all current legislation and will ensure equal and fair treatment for all prospective suppliers.

### **7.5 Exceptions to normal procedures/single tender action**

- 7.5.1. ALL exceptions that exceed £10,000 in value must be authorised prior to the procurement of goods, services or works. For such contracts the budget holder must complete a Single Tender Approval Request form as detailed at Appendix E and submit it for to the Procurement Partner to be approved.
- 7.5.2. Any proposed extension to a contract, where there is no extension option provided for in the terms of the current contract, must be treated as an exception



to normal procedures, requiring the completion of an Exception to Contract Procedure Rules / Single Tender Approval Request form (Appendix D). The value of such an extension is the total value of the proposed contract and consists of the total value of the current contract plus the value of the proposed extension.

7.5.3. Single Tender Approval Requests shall be agreed and authorised in accordance with the STA thresholds detailed within the Standing Orders of this document.

7.5.4. Exceptions made for the reasons outlined below, but without prior single tender approval may expose the NOPCC to commercial and legal risk and will be treated as breaches of Standing Orders, and may be subject to disciplinary action. Requests for exceptions to normal procedures will only be considered under the following circumstances:

- i. urgency reasons - the contract is required as a matter of extreme urgency and this is due to circumstances outside the control of the NOPCC. This does not include circumstances brought about by the lack of internal planning.
- ii. product reasons – where there are strong compatibility issues relating to the goods or the service that the NOPCC and the Force already use and it would be uneconomic to consider alternative solutions.
- iii. limited supplier – where there is only one supplier of a particular product or service. This may arise, for example, if ownership of the relevant Intellectual Property Rights excludes all other potential suppliers.

7.5.5. A report of all exceptions approved is provided for the PCC CFO to scrutinise on a quarterly basis.

## **7.6 Advertising and Assessing Potential Applicants**

7.6.1. Procuring Officers shall ensure that proposed contracts with an estimated value that exceed £25,000 are advertised to the widest possible audience of proposed Applicants. The method of advertising will depend on the type of procurement and the procurement strategy and contracts will be advertised using at least one or more of the following examples:

- i. EMSCU's e-procurement portal (Crystal)
- ii. The NOPCC or NP website
- iii. Bluelight
- iv. Portal websites specifically created for contract advertisements e.g. Source East Midlands
- v. Contracts Finder (Business Link)

- vi. National official journals, trade magazines as appropriate or
- vii. The Official Journal of the European Union (OJEU)/ Tenders Electronic Daily (TED) (if the procurement is subject to EU Procurement Directives).

7.6.2. Procuring Officers are responsible for ensuring that all applicants for a Contract are suitably evaluated. For contracts above £25,000, where a formal process undertaken by EMSCU shall take place and following the contract being advertised as 7.6.1, the assessment process shall establish that the potential Applicants adequately meet selection criteria in the following areas :

- i. The Legal capacity to contract
- ii. The required level of financial standing
- iii. The technical ability and capacity to fulfil the requirements of the NOPCC or NP

7.6.3. Tenders/Quotations will also be obtained in respect of proposed contracts that are expected to exceed £25,000 by selecting organisations using the following Procurement routes, where the suppliers have already been satisfactorily evaluated against selection criteria using a formal procurement process :

- i. National or Regional Framework with single or multiple suppliers
- ii. Approved Lists of providers, maintained by EMSCU on behalf of NOPCC, and compiled following responses to a public advertisement and after undergoing a formal procurement process. A suitable Framework should be used in preference to an Approved or Select Tender List.

7.6.4. Where an Applicant is a subsidiary within a group, the soundness of the group will be considered together with the appropriateness of obtaining a bond or a 'guarantee' from the parent company.

7.6.5. Where a contract is advertised or a select Tender list is used then invitations to Tender will be sent to not less than four of the applicants who meet the selection criteria or if less than four applicants meet the selection criteria, then the Tender will be sent to all the Applicants who do meet the selection criteria.

## **7.7. Framework Agreements**

7.7.1. EMSCU will maintain a database of Framework Agreements that are available to utilise. Each Framework Agreement will be assessed for the value for money it offers and suitability in terms of service delivery.

7.7.2. EMSCU will utilise a Framework in the first instance, if judged to be suitable, prior to conducting any Tender process for a contract that exceeds a value of £25,000.

7.7.3. For procurements of less than £25,000, budget holders should seek advice from the Engagement Partner prior to utilising a Framework Agreement.

7.7.4. Contracts based on Framework Agreements may be awarded directly if the terms laid down in the Framework Agreement permit direct call-off. Where the terms stipulate a further competition should be held then these will be conducted in accordance with the following procedure:

- i. inviting all the organisations within the Framework Agreement that are capable of executing the subject of the contract to submit written offers
- ii. fixing a time limit which is sufficiently long to allow offers for each specific contract to be submitted, taking into account factors such as the complexity of the subject of the contract
- iii. awarding each contract to the supplier who has submitted the best offer on the basis of the Award Criteria set out in the terms and conditions of the Framework Agreement

7.7.5. Under the Police Act 1996 (Equipment) Regulations 2010, the use of specific framework agreements is mandated. See Appendix B.

## **7.8. Approved or Select Tender Lists**

7.8.1. Approved Lists cannot be used where the EU Procedure applies. EMSCU may draw up, manage and maintain:

- i. Approved Lists of suppliers able to perform contracts for the provision of services or supply of goods
- ii. Apply set criteria for selecting from the lists

- 7.8.2. No supplier may be entered on an Approved List until there has been an adequate investigation into legal, financial and technical ability to perform the contract, unless such matters are to be investigated each time Tenders are invited from that list.
- 7.8.3. Approved Lists must be drawn up following the opportunity being advertised as per Clause 7.6.1. Suppliers may be entered on a list between the initial advertisement and re-advertisement provided they meet the criteria above.
- 7.8.4. Suppliers on the list will be reviewed at least annually against the criteria and the list re-advertised at least every three years. Review means:
- i. The reassessment of the legal, financial and technical ability and performance of those persons on the list, unless such matters are to be investigated each time Tenders are invited from suppliers on that list.
  - ii. The deletion of those suppliers who no longer meet the criteria
- 7.8.5. All Approved Lists shall be maintained in an open, fair and transparent manner and be open to public inspection.

## **7.9. Collaborative contracts**

Where Tenders are invited by any Police and Crime Commissioner other than Nottinghamshire and Nottinghamshire, or by any other Public Authority, the invitation, submission, opening and acceptance of those Tenders shall comply with the provisions of the Contract Standing Orders of that Commissioner or Authority unless these provisions are considerably inconsistent with the method by which Tenders are dealt with by the Nottinghamshire Office of the Police and Crime Commissioner.

## **7.10 Invitations to Tender / Quotation**

- 7.10.1. The Invitation to Tender shall state that no Tender will be considered unless it is received by the date and time stipulated in the Invitation to Tender. No Tender delivered in contravention of this clause shall be considered other than in accordance with the rules for submission of Tenders.
- 7.10.2. All Invitations to Tender shall include the following:
- a) a specification that describes the NOPCC or the Force requirements in sufficient detail to enable the submission of competitive offers.
  - b) a price schedule with the facility for the Tenderer to submit prices and/or variant Tenders for consideration if appropriate.
  - c) a requirement for Tenderers to declare that the Tender content including price has not been disclosed by the Tenderer to any other party (except where such a

disclosure is made in confidence for a necessary purpose, for example a Tender submitted by a Consortium).

- d) a requirement for Tenderers to complete fully and sign all Tender documents including a Form of Tender and certificates relating to canvassing and non-collusion
- e) notification that Tenders are submitted to the NOPCC or the Force on the basis that they are compiled at the Tenderer's expense.
- f) a definition of the Selection and Award Criteria being applied that details all weightings for criteria.
- g) notification that no Tender will be considered unless it is in accordance with the "Instructions to Tenderer".
- h) a stipulation that any Tender submitted must be made electronically using the approved electronic Tender system and no other means will be considered, unless they comply with the rules on Tender submission.
- i) the method by which any areas requiring clarification in the submitted Tenders are to be dealt with, as defined in Clause 7.15.
- j) the Terms and Conditions that will apply to any subsequent contract
- k) a stipulation that the NOPCC or the Force is not bound to accept any Tender
- l) a statement stating that all Applicants invited to Tender or quote will be issued with the same information at the same time and subject to the same conditions. Any supplementary information will be given on the same basis.

#### **7.11 Receipt, custody and opening of Tenders**

7.11.1. Tenderers must be given an adequate period in which to prepare and submit their Quotation or Tender, consistent with the complexity of the contract requirement. This should normally be no less than 15 days. For contracts valued above the EU threshold and being conducted using an EU Tender procedure, specific minimum time periods for the receipt of Tenders must be adhered to.

7.11.2. Tenders shall be submitted electronically using the National Police approved electronic Tender portal called Bluelight or any subsequent e-tendering system utilised by the EMSCU. Tenderers shall be notified accordingly. No Tender will be considered unless it is submitted electronically by the requested route, unless a failure of the system prohibits its use.

7.11.3. EMSCU shall be responsible for the safekeeping of Tenders which will be held in the electronic tender system, until the appointed time of opening. The electronic tendering system as part of its functionality will :

- i. suitably record and verify the date and precise time it was received
- ii. adequately protect immediately on receipt and guard against amendment of its contents

7.11.4. The electronic tendering system does not permit the Tenders to be viewed or amended until they have been opened and verified electronically by a nominated Officer from EMSCU. Verification cannot take place until after the closing date and time.

## **7.12 Late Tenders**

7.12.1. Tenders that have been received following the closing time and date may only be considered under the following circumstances; where it can be proven beyond any reasonable doubt that, if received:

- i. electronically, the Tender was uploaded before the closing date and time and that due to technical difficulties was unavailable; or
- ii. there is evidence that the Tenderer has made appropriate arrangements for the electronic delivery of the Tender before the closing date and time and had a justifiable technical reason for not submitting their response electronically before the deadline.

7.12.2. Any late Tender received that satisfies the conditions above will be treated as a 'late Tender' and shall be accepted and opened in accordance with 7.12.3

7.12.3. The electronic tender system will mark the Tender as technically late but its lateness must be recorded by EMSCU. The decision to accept or reject a late Tender will be taken by EMSCU.

## **7.13 Alteration to Tenders**

7.13.1. No alteration to Tenders may be made after the closing deadline unless in accordance with this Clause or Clause 7.15

7.13.2. Where it is suspected that there has been an error in a Tender and following the closing date for receipt of Tenders but before acceptance of any Tender, discussions may take place with Tenderers in order to :

- i. ensure that the Tender is constructed correctly; or
- ii. ensure that the Tenderer has fully understood the specification; or
- iii. seek clarification from Tenderers of cost, quality and performance indicators

7.13.3. A written note of the discussions must be made to record the suspected error, date, time, detail of the discussion and any agreement reached.

7.13.4. Any changes which alter the final costs must be supported by documentation confirming the change from the organisation who submitted the Tender.

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## **7.14 Evaluation of Tenders and quotations**

7.14.1. The Procuring Partner must ascertain the relevant British, European or international standards which apply to the subject matter of the contract. If applicable, the Officer must include those standards or equivalent which are necessary to define the required quality, allowing for equivalent standards.

7.14.2. For contracts below £25,000 in value, EMSCU must define award methodology and evaluation criteria that are appropriate to the purchase to secure an outcome giving Value for Money for the NOPCC or the Force. The basic criteria shall be:

- i. 'lowest price' where payment is to be made by the NOPCC or the Force
- ii. 'higher price' if payment is to be received, or
- iii. 'most economically advantageous', where criteria other than price also apply for example quality

7.14.3. For contracts that exceed £25, 000 in value, EMSCU will define the award methodology and evaluation criteria as part of the procurement strategy. These will be stipulated in the Invitation to Tender document issued to suppliers and will include all relevant weightings that will apply.

7.14.4. Where criteria other than price apply, all relevant evaluation criteria will be set to achieve the Most Economically Advantageous Tender (MEAT) whilst satisfying the requirement and will be a combination of price and service delivery factors. All offers received will be evaluated against the defined Award Criteria

7.14.5. MEAT evaluation criteria considers a range of whole life factors and will be defined and some examples of factors are:

- i. price;
- ii. delivery time;
- iii. training;
- iv. service delivery considerations;
- v. support and maintenance;
- vi. methodology, experience;
- vii. skill;
- viii. sustainability
- ix. implementation



7.14.6. The Tender evaluation team will have an appropriate governance structure with chair and be convened from members of the project team to encompass appropriate stakeholders with skills to consider Tenders meaningfully. Evaluation teams will generally consist of at least the following representatives:

- i. procurement;
- ii. technical; and/or
- iii. specialist(s) e.g. Commissioning Manager

7.14.7. All members of the evaluation panel should participate in all evaluation activity except where an expert adviser is only required to evaluate a particular part of the Tenders. Panel members should familiarise themselves with the Code of Conduct for procurers of Goods and Services, in particular declarations of interest.

## **7.15 Discussions and Post Tender Negotiations**

7.15.1. In the case where the Estimated Contract Value is below the EU Threshold, and following the closing date for receipt of Tenders but before acceptance of any Tender, the Procuring Officer may carry out Post Tender Negotiations in an attempt to secure improvements in the price or economic advantage in one or more of the following circumstances:

- i. where the most competitive Tender (according to the pre-determined award methodology and evaluation criteria) submitted exceeds the Estimated Value;
- ii. where it is considered that the price of the most competitive Tender submitted does not represent the best value for money that can reasonably be obtained;
- iii. where Tenders have been invited only on the basis of unit prices or a schedule of rates and the lowest in aggregate is not the lowest on all items;
- iv. where the most competitive Tender contains conditions, trading terms, guarantees, or provisions relating to performance or service delivery less favourable than in other Tenders, or than stipulated for and this defect appears capable of being remedied by Post Tender Negotiations.

7.15.2. When conducting Post Tender Negotiations, as part of a Procurement Exercise where the Estimated Contract Value is £25,000 or more (but below the EU Threshold), only the Tenderer submitting the most competitive Tender in accordance with the award methodology and evaluation criteria (Clause 7.14) may be invited to participate in Post Tender Negotiations.

7.15.3. When conducting Post Tender Negotiations, the following additional rules shall apply:

- i. At no time during the negotiations must a Tenderer be informed of the detail of any other Tender submitted or as to whether or not the Tender they submitted was the lowest.
  - ii. During negotiations in person there must always be present at least one Officer of the Procurement Advisor.
  - iii. A note of the negotiations will be made by one of the Procuring Officers present recording those present, the time and location of the negotiations, detail of the discussion and any agreement reached.
  - iv. Post Tender Negotiation shall not enable any material departure from the published specification. The Procurement Advisor shall determine whether any proposed change to the specification constitutes a material departure and whether as a consequence other Tenderers shall be permitted to participate in Post Tender Negotiations and/or whether new Tenders should be invited, to avoid any potential allegations of competition being distorted.
- 7.15.4. Post Tender Negotiations are not allowed in the case of contracts with an Estimated Contract Value exceeding the relevant EU Threshold. However, clarifications of errors or discrepancies in Tenders may take place in accordance with Clause 7.13.

## **7.16 Award of Contract and Debriefing Tenderers**

- 7.16.1. The confidentiality of Quotations, Tenders and the identity of Tenderers must be preserved at all times and information about one Tenderers response must not be given to another Tenderer.

- 7.16.2. Tenders must be evaluated and Contracts awarded in accordance with the Selection and Award Criteria. The arithmetic in compliant Tenders must be checked. If arithmetical errors are found they should be notified to the Tenderer, who should be requested to confirm or withdraw their Tender.
- 7.16.3. Procuring Officers may accept Quotations and Tenders received in respect of proposed contracts, provided they have been sought and evaluated fully in accordance with these contract procedure rules.
- 7.16.4. Where provision has been made within the annual budget or formally approved capital programme, a Tender may be accepted if it is within the estimate. Where a Tender exceeds the estimated amount then the PCC CFO must be consulted.
- 7.16.5. Where the Total Value exceeds £25, 000 the Procurement Partner will notify and debrief all Tenderers simultaneously and as soon as possible of the intention to award the contract to the successful Tenderer. For Two Stage Tenders all Applicants will be notified and debriefed simultaneously following completion of the pre-qualifying stage.
- 7.16.6. For all contracts subject to EU Procurement Regulations, the Procurement Partner will ensure compliance with enhanced notice requirements under Alcatel standstill rules. Failure to comply with the EU procedures can result in various penalties including those defined in the Remedies Directive.
- 7.16.7. There is now a requirement to issue an “Award Decision Notice” to all unsuccessful Applicants. This has to be done as soon as possible after making the decision and by the most rapid means possible. The notice must contain:
- i. the score of the recipient against the Award Criteria used
  - ii. the name of the winner and their score
  - iii. reasons for the decision, including the characteristics and relative advantages of the successful Tender
  - iv. if the Tender was not held to be compliant with any technical specification, the reasons for that decision
  - v. a precise statement of when the standstill period starts and ends, including how it may be affected by any “contingencies” e.g. clarification requests from Tenderers or formal legal challenges
  - vi. the date after which the contract may be entered into.

- 7.16.8. If the decision is formally challenged by an unsuccessful Tenderer then the Procuring Officer shall not award the contract and shall immediately seek the advice of the Procurement Advisor and Legal Services.
- 7.16.9. For all contracts where the total value exceeds £25,000 a formal Tender Award Report shall be prepared for the attention of the Authorising Officer. The report should detail the scoring methodology used, the Tender scores, identify the winning Tenderer, and the justification for the winning Tender (lowest price or most economically advantageous Tender).
- 7.16.10. No formal award will be made to the successful Tenderer until written authorisation has been obtained for the total value of the contract in accordance with the Contract Authorisation Limits stipulated in the Standing Orders
- 7.16.11. Under no circumstances, must a letter of intent be communicated to any Tenderer prior to the formal award of contract.
- 7.16.12. For NP tenders the PCC gives formal delegation to the CC to award all tenders for which the Force are responsible.

#### **7.17 Cancellations, variations, extensions or termination of contracts**

- 7.17.1. Other than at the expiry of an agreed term, no contracts shall be terminated or cancelled without considering as to whether such action is in accordance with contractual terms and conditions. Any cancellation or termination must be made formally in writing and any requirement for a period of notice must be observed and acted on.
- 7.17.2. Where there is a wish to cancel or terminate contracts prior to their “natural” expiry or to utilise a contract term which allows for early termination other than by way of breach, advice must be taken from the Procurement Advisor who may in turn take appropriate legal advice depending on the reason for the request. Under no circumstances should employees verbally instruct suppliers or others engaged on behalf of contracted suppliers that their services or goods are no longer required. Inappropriate cancellation or termination of contracts may result in legal action and subsequent costs being borne by the NOPCC or the Force. All cancellations or terminations shall be made by the Procurement Advisor in writing. Approval of variation, extension and termination of contracts are in accordance with clause 8.10 of this document.
- 7.17.3. If a request is made for a variation to contract, the value of the variation must be considered in line with the total contract value specified in the Advertisement (especially any OJEU notice) and/or if a material change

whether this changes the scope specified in the Advertisement. If the aggregated value exceeds the authority level of the original contract signatory, then appropriate authorisation should be sought prior to issue of the variation to contract. All variations to contract must be made formally in writing by the Procurement Advisor and written agreement received from the supplier. Approvals of variations in contracts must be given in accordance with the delegated limits within Clause 8.10 within this document.

7.17.4. The Procurement Partner will conduct a formal review with the budget holder at an appropriate time prior to the expiry of any contract. If there are options within the terms to extend the contract, then subject to satisfactory performance by the supplier and agreement from the budget holder, the contract will be extended with the supplier after exploring any cost reduction opportunities. Where there are no further extension options available then the contract may be terminated and any subsequent contract will be let in accordance with these Contract Procedure Rules and Standing Orders, unless extended as per Clause 7.17.5.

7.17.5. Where an extension to a contract is beyond the extension period allowed in the contract, the exceptions to normal procedures (clause 7.5) must be followed. However, this is not permitted if the contract was advertised in OJEU. The total value of the contract must be considered which is the total current contract value plus the value of the proposed extension.

## **7.18 Document retention and record keeping**

7.18.1. All documentation relating to contracts should be retained in accordance with the NOPCC and the Force's requirements.

7.18.2. All amounts quoted throughout this document are exclusive of VAT. Where the Contract Value is less than £25,000 it is advisable to keep basic records. As a minimum, records must be maintained of any quotations received and the award made.

7.18.3. Where the Total Value is between £25,000 and £50,000, the following records must be kept in accordance with Clause 7.18.5:

- i. invitation to quote and quotations from the successful and unsuccessful Applicants
- ii. any exceptions and the reason for them
- iii. the evaluation criteria and methodology applied to the award decision.

- iv. Written records of communications with the successful supplier or an electronic record if a written record of the transaction would normally not be produced.

7.18.4. Where the Contract Value exceeds £25,000 the Procurement Partner will manage and conduct the full procurement process on behalf of the NOPCC and will take responsibility for formally recording and retaining all documents relating to the process in accordance with NOPCC requirements

7.18.5. Records must be kept for six years after the end of the contract and for contracts signed under seal, records must be kept for twelve years after the end of the contract. Pre-Qualification Questionnaires and Invitation to Tender documents which relate to unsuccessful Applicants will be retained for 12 months from the commencement date of contract.

7.18.6. EMSCU shall maintain a register of all contracts, let on behalf of the NOPCC and the Force and will provide reports for the NOPCC/Force as appropriate.

7.18.7. The content and frequency of the reports referenced in clause 7.18.6 will be agreed with the OPCC Chief Executive.

## **7.19 Freedom of Information**

7.19.1. Information may be requested at any time on any process managed by the Procurement Advisor. Where information, for example, Tender responses must be retained, they should be kept in a manner that ensures they are secure and accessible at a later date.

7.19.2. Generally almost all of the content of a Tender will be considered commercially sensitive by a prospective supplier. This does not ensure that all the information the supplier would rather have kept in confidence, is not ultimately released.

7.19.3. Appropriate steps will be taken to enquire with prospective suppliers, as to the information they feel should be exempt from release and the FOI legislation allows for certain exemptions, although the decision as to potential release rests with the NOPCC and the FOI team.

7.19.4. If in doubt as to whether information should be released, the Officer should seek advice from their line manager.

## **8. CONTRACT STANDING ORDERS**

### **8.1. Introduction and Purpose**

These Contract Standing Orders set out the rules by which the NOPCC/Force spends money on supplies, services and works in order to deliver its services. They apply to any contracts that result in a payment being made by, or to, the NOPCC. Contract standing orders aim to ensure that we:

- i. achieve Value for Money for public money spent
- ii. be consistent with the highest standards of integrity
- iii. ensure fairness in allocating public contracts
- iv. comply with all legal requirements, particularly in relation to the Public Contract Regulations
- v. support the corporate aims and policies of the NOPCC and the Force
- vi. comply with Procurement policy and procedures of the NOPCC and the Force

### **8.2. Responsibilities**

8.2.1. All staff employed by the PCC and the Force must abide by contract standing orders in the conduct of the business of the office unless an exception is granted by the PCC CFO. Failure to comply may result in disciplinary action. All those engaged in procurement and contracting activity must also ensure that any Agents, Consultants and contractual partners acting on their behalf also comply.

8.2.2. Prior to undertaking a procurement exercise, Procuring Officers must:

- i. check with EMSCU whether a suitable Corporate Contract or Framework exists before seeking to let another contract. Where a suitable Corporate Contract exists, this must be used unless there is an auditable reason not to keep the records required under these rules as per Clause 7.18.
- ii. ensure that the Transfer of Undertaking (Protection of Employment) (TUPE) issues are considered and obtain legal advice before proceeding with inviting Tenders when an employee of the NOPCC, or of a service provider may be affected by any transfer arrangement
- iii. take proportionate account of all relevant risks, particularly relating to the Public Contracts Regulations\*

\*Note: Any public sector or utilities contract awarded in breach of certain fundamental Public Contract Regulations can be declared “ineffective” by the Courts. Depending on the circumstances of the breach, the Courts may order the setting aside of the decision concerned; order the contracting authority to amend any

document; make an award of damages to an economic operator, and order the contracting body to pay a fine.

### **8.3. Responsibilities of the Chief Executive and EMSCU**

8.3.1. The responsibilities of the Chief Executive are to :

- i. Ensure that their respective staff comply with these orders

8.3.2. The responsibilities of EMSCU are to :

- i. act on behalf of the NOPCC and the Force where referenced within these contract standing orders and comply with the requirements of the scheme of delegation ensuring the necessary authorisations are given.
- ii. keep a register of contracts and arrange their safekeeping
- iii. keep a register of contract exceptions

### **8.4. Relevant Contracts**

8.4.1. All Relevant Contracts must comply with these Contract Standing Orders. A Relevant Contract is any arrangement made by, or on behalf of, the NOPCC/Force for the carrying out of works or for the supply of goods, materials or services. These include arrangements for:

- i. the supply or disposal of goods
- ii. the hire, rental or lease of goods or equipment
- iii. the execution of works
- iv. the provision of services

8.4.2. Relevant Contracts do not include:

- i. Contracts of employment which make an individual a direct employee of the NOPCC or the Force
- ii. Instruction of counsel and external legal advisors
- iii. Partnership Agreements.

### **8.5. Purchasing – Competition Requirements**

8.5.1. Where the Total Contract Value for a purchase is within the values in the first column of the table below, the Procurement Process in the second column must be followed.



<b>Total Contract Value</b>	<b>Procurement Process</b>	<b>Procurement Lead</b>
Up to £10,000	One oral Quotation confirmed in writing	Officer
Between £10,001 and £25,000	At least three written Quotations	Officer
Above £25,000 and below EU Threshold	Use of Framework or Invitation to Tender.	Procurement Partner
Above EU Threshold See Appendix C	Apply EU Procurement Directive	Procurement Partner

8.5.2. A Procuring Officer must not disaggregate a requirement nor select a method of calculating the Total Contract Value in order to minimize the robustness of the procurement process.

## **8.6. Assets for Disposal**

Assets for disposal must be sent to public auction except where better Value for Money is likely to be obtained by inviting Quotations and Tenders. These may be invited by advertising on the NOPCC internet site, the UK Police Property Disposal Site or in an appropriate journal. In the case of the latter, the method of disposal of surplus or obsolete stocks / stores or assets other than land must be formally agreed by the PCC CFO in accordance with the NOPCC Scheme of Delegation. The basis upon which obsolete stocks / stores are declared surplus to requirements shall be in accordance with the NOPCC Financial Regulations.

## **8.7. Collaborative and Partnership Arrangements**

Collaborative arrangements are subject to UK and EU procurement legislation and case law. They must follow these Contract Procedure Rules. In the case of private finance initiatives (PFI) and other public/private sector partnerships, such contracts must be approved and authorised in accordance with the scheme of delegation. If in doubt, Officers must first seek the advice of the Chief Executive.

## **8.8. The Appointment of Consultants to Provide Services**

Consultant architects, engineers, surveyors and other professional Consultants shall be selected and commissions awarded in accordance with these Contract Procedure Rules.

## **8.9. Contract Documents**

8.9.1. A NOPCC or Force Purchase Order must be used and include :

- a description of what is to be supplied (i.e. the product, materials, works, services

- the provisions for payment (i.e. the price to be paid and when, including any milestones)
- the time, or times, within which the contract is to be performed
- the Standard Terms and Conditions of Order or the terms and conditions of the Framework being used.

8.9.2. All Relevant Contracts that exceed £25,000, and excluding direct call-offs using Purchase Orders against Frameworks, shall be in writing and will clearly specify :

- Contract Title
- Contract Duration
- The Invitation to Tender
- Full details of the specification agreed between both parties
- Pricing Details
- Insurance levels of the supplier
- Contract Terms and Conditions including ant Special Conditions
- The Data Handling Schedule that will apply
- Performance Schedules
- Change Control mechanism and a record of any Changes agreed

8.9.3. All written contracts that exceed £200,000 as per clause 8.10.2 are to be signed under seal

## 8.10 Contract Authorisation Levels

8.10.1. The following Contract Authorisation Limits shall apply:

i. Total Value of Contract (includes any extension options)	Method of Completion	Level of Authorisation
£0 to £24,999	Signature / Purchase Order	Budget Holder/ Director
£25,000 to Upper Limit of EU Procurement threshold (currently £181,302)	Signature / Purchase Order if a Framework call-off or Written Contract	CFO to the CC
In excess of EU Procurement threshold ( currently £181,302)	Signature / Purchase Order if a Framework call-off or Written Contract	Chief Executive/Commissioner
ii. Approval of exemption to contract standing order (Single Tender Action)*,authorisation of such purchases are in line with the contract standing order as above in i.	Up to £10,000	Purchases require a minimum of one written quote
	More than £10,000	PCC CFO
iii. Approval of all sensitive contracts.		Commissioner
iv. Approval of non-sensitive contract variation	In line with delegated limits and on advice from EMSCU	Variation that results in the delegated limit being exceeded will require the approval of delegation above the said level
v. Approve all variations, termination and extensions of sensitive contracts	Commissioner	
vi. Termination of non-sensitive contracts	Up to EU Public Procurement threshold (currently £181,302)	CFO to the CC
	In excess of EU Public Procurement threshold	Commissioner

8.10.2. All contracts must be concluded formally in writing before the supply, service or construction work begins, except in exceptional circumstances, and then only with the written authorisation as per the above authorisation levels. An award letter is insufficient. The Procuring Officer responsible for securing signature of the contract must ensure that the person signing for the other contracting party has authority to bind it.

### **8.11 Bond and Parent Company Guarantees**

The Procuring Officer must consult the PCC CFO about whether a Parent Company Guarantee is necessary when an Applicant is a subsidiary of a larger group/company and:

- i. the Total Value exceeds £250,000, or
- ii. award is based on evaluation of the parent company, or
- iii. there is some concern about the stability of the Applicant.

### **8.12 Prevention of Fraud and Corruption**

8.12.1. The Officer must comply with the NOPCC Business Code of Conduct and Anti-Fraud and Corruption Policy and must not invite or accept any gift or reward in respect of the award or performance of any contract. It will be for the Officer to prove that anything received was not received corruptly. High standards of conduct are obligatory. Corrupt behaviour will lead to dismissal and is a crime.

8.12.2. The following clause must be included in every written NOPCC contract:  
“The NOPCC may terminate this contract and recover all its loss if the Supplier, its employees or anyone acting on the Supplier’s behalf do any of the following:

- i. offer, give or agree to give to anyone any inducement or reward in respect of this or any other NOPCC contract (even if the Supplier does not know what has been done), or
- ii. commit an offence under the Bribery Act 2010 or Section 117(2) of the Local Government Act 1972, or
- iii. commit any fraud in connection with this or any other NOPCC contract whether alone or in conjunction with NOPCC members, suppliers or employees.

8.12.3. The NOPCC or the Force could be liable where someone who performs services for it, such as an employee or agent, pays a bribe specifically to gain business, keep business, or gain a business advantage for a particular organisation. The Officer should perform a risk assessment regarding the bribery risks that the organisation might face, and exercise due diligence before engaging others to represent the NOPCC in business dealings. Written contracts shall also

refer to and highlight whistle blowing arrangements as set out in the Anti-Fraud and Corruption policy documents.

### **8.13 Declaration of Interests**

- 8.13.1. If it comes to the knowledge of an Officer or an employee of the NOPCC or anyone acting on behalf of the NOPCC that a contract in which he or she has a pecuniary interest has been or is proposed to be entered into by the NOPCC, he or she shall immediately give written notice to the Chief Executive. The Chief Executive shall report such declarations to the PCC.
- 8.13.2. Such written notice is required irrespective of whether the pecuniary interest is direct or indirect. An indirect pecuniary interest is distinct from a direct pecuniary interest in as much as it is not a contract to which the member or employee is directly a party.
- 8.13.3. The Chief Executive as the monitoring Officer shall maintain a record of all declarations of interests notified to him by any Officer.

## **APPENDIX A**

### **Terms and Definitions**

**“Advertisement”** is the means by which a Procurement Exercise is advertised, and includes (where appropriate) the ‘Contract Notice’ as defined in the Public contract Regulations 2006.

**“Applicant”** means an organisation that applies to be a supplier of goods and/or services to the NOPCC, usually by responding to an advertisement issued by the PCC for a specific contract requirement

**“Authorised Officer”** means any member of staff authorised to undertake procurement activity on behalf of the PCC.

**“Award Criteria”** means the evaluation criteria applied to select the successful tenderer in a single stage process, or for two stage tenders, the evaluation criteria applied to the second stage of the process to evaluate offers from Tenderers. In a two stage process, Award Criteria is specific to the delivery of the contract and can be solely based on the proposed cost of the contract or used to select the most economically advantageous Tender which evaluates the proposed cost and all the service delivery factors of the contract.

**“Best Value”** means the duty of the NOPCC, and the Procurement Advisor to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

**“CC”** means the Chief Constable of Nottinghamshire Police

**“Chief Executive”** – means the Chief Executive to the Nottinghamshire Police and Crime Commissioner

**"Contract"** means a binding agreement between two or more parties for performing, or refraining from performing, some specified act(s) in exchange for lawful consideration.

**"Contract Extension"** means an extension to the duration of the contract, but not including any alteration to the scope of the contract.

**"Contract Variation"** means an alteration to the scope of the contract, but not the extension of the duration of the contract.

**“Corporate Contract”** means any Contract or Framework Agreement or other arrangement put in place by the Procurement Advisor itself, or any other Public Sector Organisation (including other Local Authorities) or Consortium in which the Procurement Advisor on behalf of the NOPCC is entitled to participate and which, where necessary, has been awarded in an EU compliant manner.

**"Estimated Contract Value" or "Estimated Value"** means the total estimated value of the contract. Where the contract period is fixed the Estimated Value shall be the total estimated maximum value of the supplies, services or works to be supplied over the period covered including any extensions to the contract. If the contract period is unknown, a nominal period of 48 months shall be applied to the calculation.

**“EU Directives”** as implemented in to the Public Contracts Regulations (see separate definition)

**"EU Threshold"** means the respective threshold for Supplies, Works or Part A services contracts referred to in the Public Contract Regulations 2006.

**“FOI Team”** means the team that receives and processes Freedom of Information requests on behalf of the NOPCC

**“Framework Agreement”** is a general term for agreements with suppliers which set out terms and conditions under which specific purchases (call-offs) can be made throughout the term of the agreement. The Framework Agreement may, itself, be a contract to which the EU procurement directives apply.

A **"Further Competition"** is undertaken where not all the terms of a proposed contract are laid down in a Framework Agreement. It involves re-opening competition between the organisations which are parties to the Framework Agreement and which are capable of performing the proposed contract, on the basis of the same or, if necessary, more precisely formulated terms, and where

appropriate other terms referred to in the contract documents based on the Framework Agreement.

A public sector “**Grant**” involves the provision of subsidy (capital or revenue) funding, by the relevant public sector body, in support of a charitable, or other public benefit, service, which the public body wishes to support, as part of fulfilling its own public benefit remit. A grant is provided on conditions aimed at ensuring the proper application of the grant funds, but not in return for anything.

“**Invitation to Tender**” means the document(s) containing the specification, proposed terms and conditions and other appropriate information as issued to the Tenderers to solicit Formal Tenders.

“**NOPCC**” means the Nottinghamshire Office of the Police and Crime Commissioner

“**NP**” means Nottinghamshire Police

“**Officer(s)**” means any member of Staff employed by the PCC, other than named references to specific posts.

“**OJEU**” means Official Journal of the European Union

“**PCC**” means the Nottinghamshire Police and Crime Commissioner

“**PCC CFO**” means the Chief Financial Officer of the Police and Crime Commissioner (or in his/her absence the nominated Deputy Chief Finance Officer of the PCC)

“**Post Tender Negotiations**” means the ability to negotiate with a Tenderer after a Tender has been opened and evaluated in accordance with the published evaluation criteria for the purposes of securing an improvement in the delivery of the contract including but not limited to improvements in price.

“Procurement Advisor” means the body appointed by the NOPCC to provide advice and support on all procurement matters

“**Procurement Exercise**” means any process by which goods, services and/or works are to be procured including but not limited to Request for Quotations and Formal Tender Processes.

“**Procuring Officer**” means any Officer, acting under the delegated powers of the PCC, who is responsible for the procurement of goods and services. “**Public Contracts Regulations 2006**” means the Public Contracts Regulations 2006 as amended, modified, consolidated, extended, re-enacted or replaced, including the Public Contracts (Amendment) Regulations 2009. These Regulations implement the EU Consolidated Directive on Public Procurement into UK law and reflect the principles of the EU Treaty of Rome.

A **“Quotation”** is an offer to sell works, goods and/or services at a stated price under specified conditions. A Quote or Quotation may or may not be written. **“Selection Criteria”** means the evaluation criteria used to assess Applicants/Tenderers regarding their legal status, economic and financial standing and technical capacity and capability to deliver a specific contract for goods and/or services to the PCC. In a two stage process successful Applicants that pass the evaluation criteria progress to the tender stage of the process

**“Standard Terms and Conditions of Order”** means the standard contractual terms used by the NOPCC, including those attached to Purchase Orders or Purchase Orders generated by the Purchase Order System and those included in Request for Quotation templates.

**“Tender”** means the formal offer from a Tenderer, which is capable of acceptance by the PCC, which is a response to an Invitation to Tender. It shall include all documents comprising the submission including pricing, technical specification and method statements as well as information about the Tenderer. A written Quote or Quotation is also a Tender.

**“Tenderer”** or **“Tenderers”** means the organisations invited to participate in a Procurement Exercise.

**“Variation”** – see “Contract Variation”



## **APPENDIX B**

List of relevant legislation

(to be continually updated)

- Police Reform and Social Responsibility Act 2011
- Police Act 1996 (Equipment) Regulations 2010 – in force from 04 March 2011
- Public Contracts Regulations 2006
- Public Contracts (Amendment) Regulations 2009
- Public Procurement (Miscellaneous Amendments) Regulations 2011 – in force from 01 October 2011
- The Bribery Act 2010 – in force from 01 July 2011
- Human Rights Act 1998
- Data Protection Act 1998
- Freedom of Information Act 2000
- Construction Act 2011 – in force from 01 October 2011
- Health and Safety at Work Act 1974
- Equality Act 2010
- Welsh Language Act 1993
- TUPE Regulations 1981 and 2006
- The Waste Electrical and Electronic Equipment Regulations 2006 (the WEEE Regulations)
- Public Service (Social Value) Act 2012
- EU Procurement Thresholds

## APPENDIX C

Thresholds applicable from 1 January 2018 until further notice are given below.

Thresholds are exclusive of VAT.

### PUBLIC CONTRACTS REGULATIONS 2006 – THRESHOLDS FROM 01 JANUARY 2018

	<b>SUPPLIES</b>	<b>SERVICES</b>	<b>WORKS</b>
Contract Notices	£181,302	£181,302	£4,551,413
	€205,500	€205,500	€5,158,400

## APPENDIX D – EXCEPTION TO CONTRACT PROCEDURE RULES / SINGLE TENDER APPROVAL REQUEST (WAIVER) (Notts / Northants)

The single tender form should be completed by individual Forces for contracts valued over £10,000 excluding VAT that are not supported by a competitive procurement process.

Section 1 - Originating Department Details	
Name of Originating Force	
Name of Originating Department	
Name of Originator	
Protective marking classification (if applicable)	
Date request submitted	

Section 2 - Contractor Details / Type of Award	
Name of Contractor	
Is this a direct award without competition?	YES                      NO
Is this an extension to an existing contract where no option is provided for in the contract?	YES <input type="checkbox"/> NO <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>

Section 3 - Approval is requested on the grounds of :		
<p style="text-align: center;"><b>Urgency reasons</b></p> <p><input type="checkbox"/> YES <input checked="" type="checkbox"/> NO</p> <p>This is a matter of extreme urgency and this is due to circumstances <b>outside</b> the control of the Police Force. This does <b>not</b> include circumstances brought about by lack of internal planning.</p>	<p style="text-align: center;"><b>Product reasons</b></p> <p><input type="checkbox"/> YES <input checked="" type="checkbox"/> NO</p> <p>There are strong <b>compatibility</b> issues relating to good or services that the Force already uses and it would be uneconomic to replace.</p>	<p style="text-align: center;"><b>Limited Supplier</b></p> <p><input type="checkbox"/> YES <input checked="" type="checkbox"/> NO</p> <p>There is only one supplier of a particular product or service. This may arise, for example, if ownership of the relevant Intellectual Property Rights excludes all other potential suppliers.</p>
<b>PLEASE ATTACH A BRIEF EXPLANATION OF THE RATIONALE BEHIND THE REASON SELECTED</b>		

Section 4 – Requirement details	
Proposed contract start date	
Proposed contract end date	

Section 5 - Supporting information
<u>Background to requirement (please limit to 100 words)</u>

Risks related to the requirement (please limit to 100 words)

#### Section 6 - Total value of the contract

				Gross	
--	--	--	--	-------	--

#### Section 7 – Procurement Services

Date Received :		Document Ref No:	
-----------------	--	------------------	--

#### Procurement comments

--

STA supported by Procurement

YES NO

Signature		Date	
-----------	--	------	--

#### Section 8 – Head of Department / Budget Holder comments

--

STA supported by Head of Department

YES NO

Signature		Date	
-----------	--	------	--

#### Section 9 – PCC CFO/CFO to the CC and comments (please consult Financial Regulations for relevant Authorisation levels and Scheme of Delegation )

--

STA supported by PCC CFO/CFO to the CC

YES NO

Signature		Date	
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#### Section 10 – The Police and Crime Commissioner and comments (please consult current OPCC Financial Regulations for relevant Authorisation levels and Scheme of Delegation)

--

STA supported by Police and Crime Commissioner

YES NO

Signature		Date	
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**Appendix 3 – Commissioning Framework**

**The Nottinghamshire Police and Crime  
Commissioner's  
Commissioning Framework**

**November 2018**

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## Introduction

This document sets out how the Police and Crime Commissioner for Nottinghamshire (“the PCC”) will commission activity to deliver outcomes set out in his Police and Crime Plan 2018-2021. His commissioning intentions for 2018-9 are set out in Appendix 1.

## Background

The PCC has a wide remit to cut crime and improve community safety in Nottingham and Nottinghamshire. His Police and Crime Plan 2018-21<sup>1</sup> sets out his vision to work with local people and partners to achieve a safer Nottingham and Nottinghamshire. The Plan includes a strategic framework setting aims to protect people from harm, help and support victims, tackle crime and antisocial behaviour and transform services and deliver quality policing.

Smart commissioning and partnership working with local people and other public agencies are crucial to the PCC being able to drive forward action to achieve his strategic framework. This Commissioning Framework provides a consistent and transparent approach for the PCC to commission activity in Nottinghamshire. It focuses on outcomes, recognises diversity in all stages of the commissioning cycle and places the involvement of victims, communities, voluntary and community organisations and public sector criminal justice partners at its heart.

The Framework clarifies when and how the PCC will commission services. It is informed by his values:

- Professional: the PCC will implement national and local best practice in commissioning
- Respect for All: the PCC will actively work with local people, victims and survivors, and communities to ensure their needs shape his commissioning activity
- One Team: the PCC will work collaboratively wherever possible with his public sector partners to co-commission services for shared outcomes. He will also work to invest in local services, recognising that investing in local organisations can have a multiplier effect: supporting local jobs and suppliers
- Utmost integrity, trust and honesty: the PCC will commission work to deliver his pledges, complying with legislative requirements and ensuring commissioning activity is transparent, fits within robust financial and procurement standards and delivers value for money
- Doing it differently: the PCC will support innovative approaches wherever possible to achieve his strategic aims.



The Framework is underpinned by the PCC's Financial Regulations<sup>2</sup> and the PCC and Nottinghamshire Police's Corporate Governance and Working Together<sup>3</sup> document.

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<sup>1</sup> <https://www.nottinghamshire.pcc.police.uk/Document-Library/Public-Information/Police-and-Crime-Plan/New-Plan-2018-2021/Police-and-Crime-Plan-2018-2021.pdf>

<sup>2</sup> <https://www.nottinghamshire.pcc.police.uk/Document-Library/Our-Money/Financial-Regulations-March-2013.pdf>

<sup>3</sup> <https://www.nottinghamshire.pcc.police.uk/Document-Library/Public-Information/Policies-and-Procedures/Corporate-Governance-and-Working-Together-2014-18.pdf>

## Context

### Legal duties

PCCs have commissioning powers, set out in the Police Reform and Social Responsibility Act (PRSR) 2011<sup>4</sup>, to help them achieve their remit to cut crime and improve outcomes for victims of crime. The power to make crime and disorder grants, with conditions, is contained in section 9 of the PRSR Act, and the power to contract for services is set out in paragraph 14 of Schedule 1 and paragraph 7 of Schedule 3. Section 10 includes giving PCCs responsibility for co-operative working.

These powers allow, within the constraints of the relevant funding streams, PCCs to pool funding as they and local partners deem appropriate. PCCs 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 Plans. They may do this individually or collectively with other local partners including non-policing bodies. PCCs must have regard to the relevant priorities of each responsible authority.

PCCs were given the power to commission local support services for victims of crime by the Anti-Social Behaviour, Crime and Policing Bill in March 2014<sup>5</sup>.

They receive a grant from the Ministry of Justice ("MoJ") to commission local victim support services, in line with the Code of Practice for Victims of Crime 2015<sup>6</sup> and to support victims to achieve cope and recover outcomes.

PCCs must comply with the Public Contracts Regulations 2015<sup>7</sup> when commissioning services. The regulations build on the EU Public Sector Directive 2014<sup>8</sup>, allowing scope for more flexible procurement and clarifying that contracting authorities can incorporate social, ethical and environmental aspects into specifications, contract conditions and award criteria.

The Public Services (Social Value) Act 2012<sup>9</sup> requires PCCs to think about how they can secure wider social, economic and environmental benefits when procuring services. The question: "how will what is proposed to be procured secure wider social, economic and environmental benefits?" must be considered at the pre-procurement stage of commissioning.

### Nottinghamshire Police and Crime Plan 2018-2021

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<sup>4</sup> <http://www.legislation.gov.uk/ukpga/2011/13/contents/enacted>

<sup>5</sup> <https://services.parliament.uk/bills/2013-14/antisocialbehaviourcrimeandpolicingbill.html>

<sup>6</sup> <https://www.gov.uk/government/publications/the-code-of-practice-for-victims-of-crime>

<sup>7</sup> <http://www.legislation.gov.uk/uksi/2015/102/contents/made>

<sup>8</sup> <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=celex%3A32014L0024>

<sup>9</sup> <http://www.legislation.gov.uk/ukpga/2012/3/enacted>

The Plan's strategic objectives and outcomes are:

No	Strategic objective	Outcomes
1	Protecting people from harm	<ul style="list-style-type: none"> <li>• More vulnerable people are protected and safeguarded</li> <li>• Improve capacity and capability to identify and deal with new serious and emerging threats</li> <li>• Maintain focus on action to address the key drivers of crime and demand</li> </ul>
2	Helping and supporting victims	<ul style="list-style-type: none"> <li>• More people have the confidence to report crime and focus resources on repeat victimisation</li> <li>• More victims cope and recover</li> <li>• Victims cope and recover following restorative justice</li> </ul>
3	Tackling crime and antisocial behaviour	<ul style="list-style-type: none"> <li>• Communities and people are safer and feel safer</li> <li>• Fewer people commit crime and offenders are supported to rehabilitate</li> <li>• Build stronger and more cohesive communities</li> </ul>
4	Transforming services and delivering quality policing	<ul style="list-style-type: none"> <li>• Improve community and victim confidence and satisfaction in policing</li> <li>• Improve service delivery and save money through collaboration and innovation</li> <li>• The Police workforce is representative of the community it serves and has the resources to do its job</li> </ul>

All commissioning activity must deliver the above outcomes.

### **Nottinghamshire Victims' Strategy**

The PCC's Victims' Strategy sets out a vision that victims and survivors in Nottinghamshire are resilient and less likely to be re-victimised; empowered to cope and recover from crime and anti-social behaviour by timely and effective victim-centred support from local services, families and communities. The Strategy includes an action plan including commissioning intentions for future victims' services.

## **Commissioning overview**

### **What is commissioning?**

Commissioning is about considering how the PCC can best use all the resources at his disposal to achieve his outcomes. It is not simply about procuring (purchasing)

services. It is about researching need and change required and deciding how best to use resources to achieve the required change. The National Audit Office defines commissioning as: “The cyclical process by which public bodies assess the needs of people in an area, determine priorities, design and source appropriate services, and monitor and evaluate their performance.”<sup>10</sup>

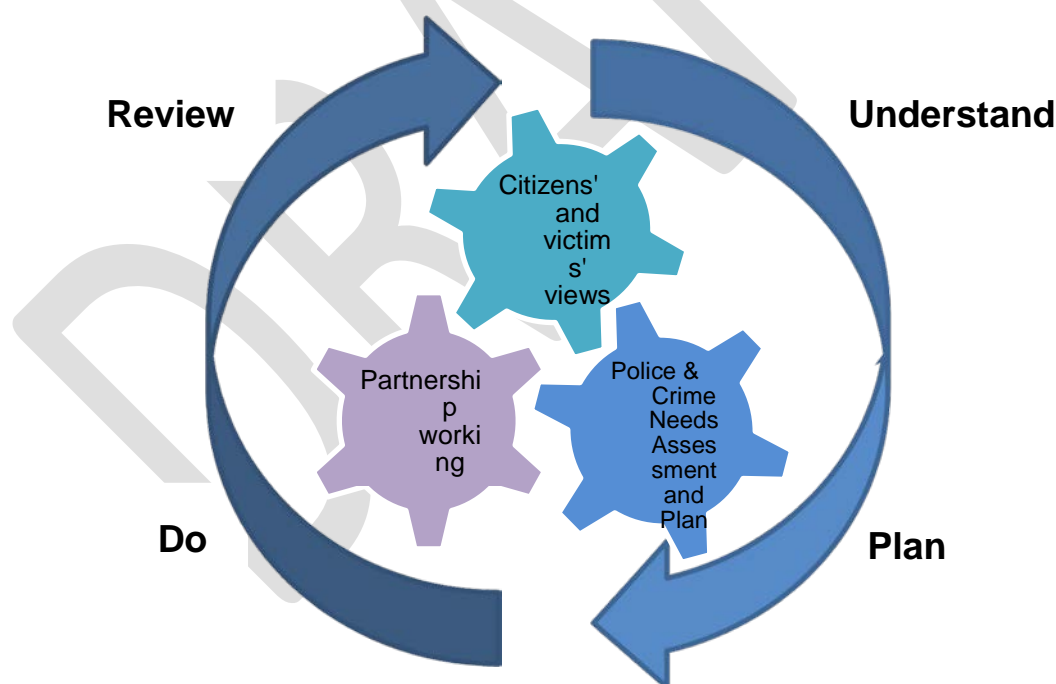
The Ministry of Justice defines commissioning as: “deciding how to use the total resources available in order to improve users’ outcomes in the most efficient, effective and sustainable way”<sup>11</sup>.

Commissioning is a continuous process, involving:

- user and community engagement and need analysis;
- strategically planning services which deliver sustainable outcomes;
- implementing plans, shaping markets, securing services and outcomes;
- monitoring the delivery of outcomes, evaluating and challenging services.

It is often set out as a cycle, demonstrating continuous improvement with learning and feedback from one cycle feeding into the next.

### PCC’s Commissioning Cycle



<sup>10</sup> <http://www.nao.org.uk/successful-commissioning/glossary-of-terms/>

<sup>11</sup> Victims' Services Commissioning Framework, Ministry of Justice, May 2013

This cycle places the needs of local people and victims, partnership working and delivery of outcomes at its heart. Partnership working may be with the market and delivery organisations as well as our public sector criminal justice partner organisations. Further detail about each stage of the commissioning cycle, and the roles of the PCC, partners and local people is outlined from page 8.

This Framework includes terms for activities within the commissioning process, such as procurement, value for money. There is a glossary in Appendix 2.

## **Principles of good commissioning**

The National Audit Office<sup>12</sup> has outlined eight principles of good commissioning, which, when embedded, can provide efficiency gains and better public outcomes for individuals and communities. This is achieved through smarter, more effective and innovative commissioning, and optimal involvement with third sector organisations in public service design, improvement, delivery and holding the public sector to account. The principles are:

1. Understanding the needs of users and other communities by ensuring that, alongside other consultees, engagement is made with the third sector organisations, as advocates, to access their specialist knowledge;
2. Consulting potential provider organisations, including those from the third sector and local experts, well in advance of commissioning new services, working with them to set priority outcomes for that service;
3. Putting outcomes for users at the heart of the strategic planning process;
4. Mapping the fullest practical range of providers with a view to understanding the contribution they could make to delivering those outcomes;
5. Considering investing in the capacity of the provider base, particularly those working with hard-to-reach groups;
6. Ensuring contracting processes are transparent and fair, facilitating the involvement of the broadest range of suppliers, including considering sub-contracting and consortia building, where appropriate;
7. Ensuring long-term contracts and risk sharing, wherever appropriate, as ways of achieving efficiency and effectiveness; and
8. Seeking feedback from service users, communities and providers in order to review the effectiveness of the commissioning process in meeting local needs.

## **Activity required throughout the commissioning cycle**

Key documents through the commissioning cycle are the Police and Crime Needs Assessment, which provides an in depth analysis of policing and crime strategic and operational needs; and the Police and Crime Plan, which sets out the PCC's strategic aims, the outcomes he seeks to achieve and the activity he wishes to support.

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<sup>12</sup> Successful Commissioning Guide, National Audit Office <http://www.nao.org.uk/successful-commissioning/>

## Understand

This stage includes the activities required to ensure that the PCC has the best information and understanding about the needs he is trying to meet. Activities include:

- working with local people, victims, communities and public sector partners to identify needs and what should change;
- producing an up to date Police and Crime Needs Assessment, with further detailed assessment of areas of need when appropriate;
- exploring how equality, diversity and community cohesion matters intersect with the needs he seeks to meet;
- working with providers, Nottinghamshire Police, local authorities, probation and other criminal justice agencies, clinical commissioning groups and NHS England to identify common outcomes and areas for potential collaboration;
- ensuring a clear understanding of relevant legislation and guidance;
- analysing existing service provision and the potential market, benchmarking wherever possible.

## Plan

This stage includes the activities required to ensure there are effective plans to meet identified needs, within available resources and agreed timescales. Activities include:

- producing and refreshing annually a Police and Crime Plan, setting out outcomes to be achieved;
- conducting an options appraisal to develop the best approach to support the commissioning strategy, including costs, benefits and risks of different approaches, as defined by local people and including likely impact on outcomes;
- conducting an Equality Impact Assessment and a risk assessment of the commissioning strategy and the procurement plan;
- consideration of the legislative and local strategic context and value for money;
- co-producing service specifications with local people, victims and partners;
- market development, which might include capacity building;
- agreement of a commissioning strategy with agreed priorities and outcomes, shaped by local people, communities and other stakeholders.

## Do

This stage includes the activities required to ensure the actual purchase of services and securing of the outcomes identified in the Plan stage. Activities include:

- procurement and purchasing processes, actively involving local people and victims;
- administering grant funding programmes;
- considering equality, diversity and cohesion matters as appropriate;
- managing contracts and provider relationships effectively.

## Review

This stage includes the activities required to ensure that the outcomes sought were delivered, that lessons are learnt from commissioned activity and that the learning is considered with appropriate action taken forward to improve future commissioning. Activities include:

- gathering meaningful feedback from local people, victims, communities and stakeholders;
- reviewing the commissioning strategy and procurement plans and identifying lessons learnt;
- assessing the performance of the contract/s;
- evaluating whether the outcomes were achieved and their wider impact on the delivery of the Police and Crime Plan.

## Social Value

Social value is defined by Social Value UK<sup>13</sup> as: “the quantification of the relative importance that people place on the changes they experience in their lives. Some, but not all of this value is captured in market prices. It is important to consider and measure this social value from the perspective of those affected by an organisation’s work.”

The needs and views of local people and victims of crime must define “value” in this context. The Local Government Association and SROI network recognise the following activity to recognise “value” in commissioning<sup>14</sup>:

- Understand phase:
  - recognise proposals from stakeholders and consultation results as prompt to investigate need;
  - put in place systems to prompt proposals from stakeholders to improve services and fill gaps;
  - involve stakeholders to identify contributory factors and how to tackle them
  - identify potential to influence the objectives of other stakeholders who carry out activities
  - relating to this need;
  - research what would happen without doing anything.
- Plan phase:
  - work with local people, victims and other stakeholders in generating options;

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<sup>13</sup> <http://www.socialvalueuk.org/what-is-social-value/>

<sup>14</sup>

<http://www.socialvalueuk.org/app/uploads/2016/03/Guide%20to%20Commissioning%20for%20Maximum%20Value.pdf>

- use forecast social return on investment (SROI) as part of appraising options, including consideration of value for, and negative impact on, all stakeholders;
  - seek solutions that will take important, but previously unrecognised or under-recognised value into account;
  - set research agendas in areas where value is unclear.
- Do phase:
    - collaborate with public and civil society stakeholders in resourcing and sourcing the solution, bearing in mind possible significant cross-boundary resource or result implications;
    - take account of opportunities to maximise the value of the service through the sourcing strategy by communicating with providers about the desired positive value and potential negative value;
    - take account of value in award decisions, contract conditions and performance monitoring.
  - Review phase:
    - design monitoring systems to focus on key areas of value;
    - incentivise good performance against priority outcomes;
    - use evaluative SROI as part of service review.

The good practice above will inform the PCC's commissioning activity. In addition, in order to ensure consideration of social value, he will:

1. Include in his commissioning wider outcomes than those that relate solely to the service in question. Examples of this might be asking substance misuse services how they will work meaningfully with victims support services; asking all contractors to set out how they promote community cohesion; or to evidence that they have domestic abuse and/or modern slavery policies in place.
2. Promote innovation where ever possible (subject to his own Government funding restrictions), asking local people, victims, providers and stakeholders to identify outcomes and how they are best met.
3. Enshrine the principles of co-production at the heart of his commissioning activity.
4. Actively seek collaboration with public sector partners, pooling budgets and co-commissioning to improve effectiveness and efficiencies.

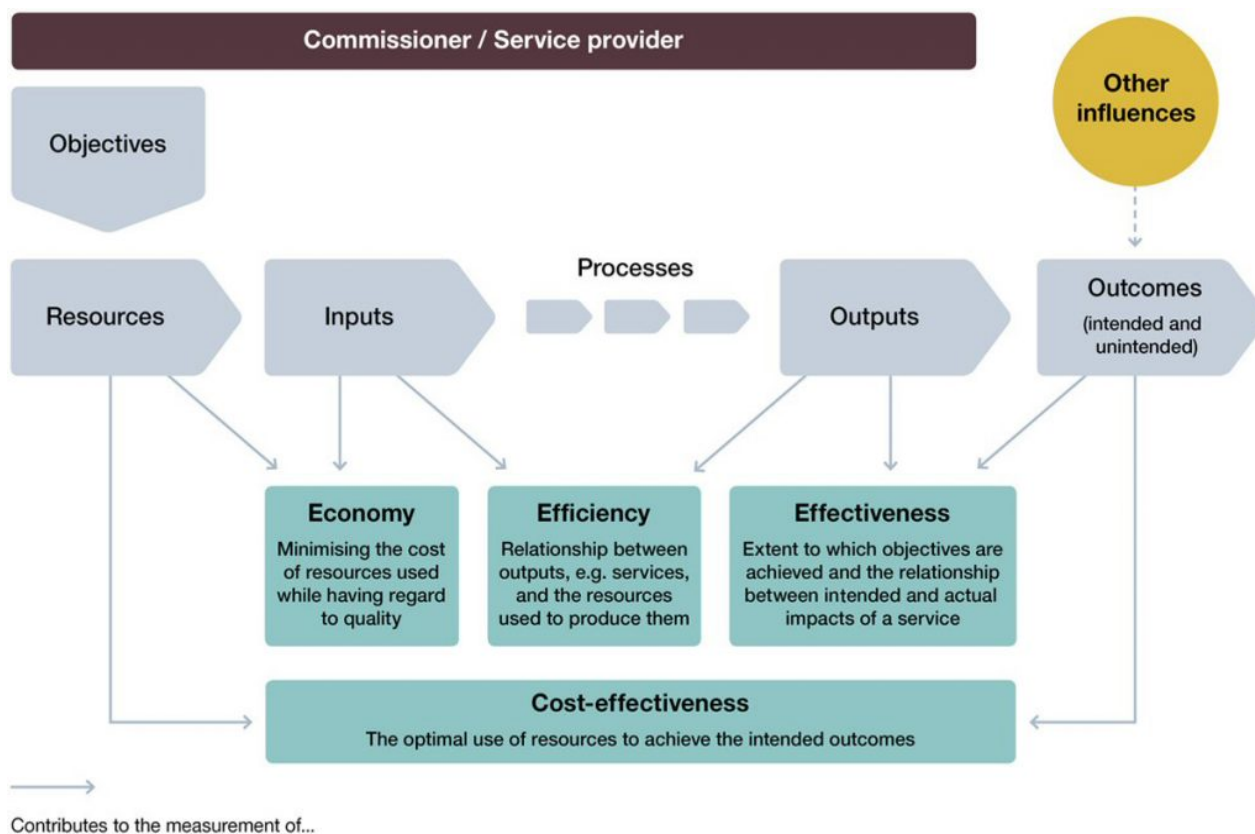
## Value for money

Value for money is not just the cost of services. The National Audit Office's diagram<sup>15</sup> sets out how it may be understood to include the changes effected by commissioning.

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<sup>15</sup> <https://www.nao.org.uk/successful-commissioning/general-principles/value-for-money/assessing-value-for-money/>





The diagram identifies the need to think about outputs and outcomes when considering value for money.

### Co-production

Co-producing commissioning means equally involving the people who use services throughout the commissioning cycle. For the PCC, this means that local people, victims and communities:

- Explain local needs
- Make important decisions about what's required to address need
- Decide which providers are chosen to provide services and supports.
- Check and feedback about how well providers are doing and how they could do better.

Co-production ensures that the services the PCC commissions really are driven around what local people and victims need. The PCC will co-produce as much of his commissioning activity as possible.

### Decommissioning

Decommissioning is a natural part of the commissioning cycle. This could be where needs have been met and therefore no longer exist or when external circumstances or priorities have changed. It could also be when outcomes are not being achieved or do not achieve the required impact.

The PCC will follow the National Audit Office's good practice in decommissioning.<sup>16</sup>

## **Commissioning roles and responsibilities**

Criminal justice and other public sector organisations, communities, individuals and victims in Nottinghamshire all have a role to play in delivering successful commissioning under this framework. These roles are outlined below.

### **PCC**

The PCC represents the views of people in Nottinghamshire about policing and other community safety initiatives and as such he:

- sets the direction of and approves commissioning strategies;
- provides feedback on community and stakeholder views using their local knowledge and connections;
- ensures the needs of equalities groups and the strategic themes in the Police and Crime Plan are considered at all stages; and
- approves the outcomes of procurement and grant processes.

### **Local people and victims**

The PCC is committed to co-production of services wherever possible. Support for victims of crime is a key commissioning area for the PCC and as such victims have a crucial role in this Framework, by:

- telling us about needs and gaps in service and how best to meet them;
- shaping commissioning strategies and delivery mechanisms;
- working with us in procurement to help us evaluate which bids will deliver the best service;
- where appropriate, helping to deliver services as volunteers or through voluntary sector or community groups; and
- helping us to gather information on performance and outcomes achieved.

### **Nottinghamshire Police and Community Safety Partnerships**

Nottinghamshire Police works in partnership with the PCC to deliver the Police and Crime Plan. Community safety partnerships (CSPs) are also key partners for the PCC. CSPs include representatives from the police, local authorities, fire and rescue authorities, probation and health. Their remit is to work together to protect their local communities from crime and to help people feel safer. They decide how to deal with issues such as antisocial behaviour, drug or alcohol misuse and reoffending. They annually assess local crime priorities and consult partners and the local community about how to deal with them.

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<sup>16</sup> <https://www.nao.org.uk/decommissioning/>

In Nottingham the Crime and Drugs Partnership, led by Nottingham City Council, is the CSP for the city. In Nottinghamshire there are three CSPs in South Nottinghamshire; Ashfield and Mansfield; and Newark and Sherwood and Bassetlaw. There is also a county wide CSP, called the Safer Nottinghamshire Board, which distributes PCC funding to the district CSPs and also funds county-wide initiatives.

Nottinghamshire Police and Community Safety Partnerships' role in this Framework is to:

- feed in relevant information from their own strategic needs assessments using data from the Joint Strategic Needs Assessments as appropriate, service reviews and consultations, feedback about the strength of the market (CSPs);
- contribute to the development of commissioning strategies and service specifications and reviews as appropriate;
- support procurement processes, in particular evaluating tenders and assessing grant applications;
- help to assess performance and outcomes achieved.

### **Third sector organisations and communities**

The voluntary and community sector and other third sector organisations such as social enterprises' role includes:

- providing knowledge and feedback about needs and changes required to achieve the outcomes in the Police and Crime Plan;
- helping to shape commissioning strategies and services to be procured;
- delivering procured and grant funded services; and
- helping the PCC to ensure that equality considerations are taken into account.

### **Other stakeholders**

Other stakeholders include criminal justice organisations such as the National Probation Service or the Crown Prosecution Service. Stakeholders have a role in delivering this Framework through:

- contributing intelligence about needs and gaps in service;
- helping to shape commissioning strategies and delivery mechanisms;
- participating in governance of some commissioned services, for example victims' services; and
- feeding back views on performance and outcomes achieved.

### **Police and Crime Panel**

The Police and Crime Panel has a scrutiny function to hold the PCC to account.

## Co-commissioning

The PCC is committed to working collaboratively with other commissioning organisations to ensure that we fund integrated services that achieve the outcomes in the Police and Crime Plan and also make the best possible use of collective public sector resources.

We will seek to co-commission services wherever possible, by collaborating closely throughout the commissioning cycle:

- identifying local priorities which are shared by our partners
- determining common desired outcomes
- aligning strategic goals and commissioning timescales where mutually desirable and possible
- pooling budgets for greater flexibility;
- sharing resources to deliver the commissioning outcomes – for example to evaluate and performance manage bids and contracts.

## Equality

As a public body, the Nottinghamshire Office of Police and Crime Commissioner (NOPCC) is subject to the general equality duty. The broad purpose of this duty is to integrate equality and good relations into day-to-day business and for consideration to be given to how the PCC can positively contribute to the advancement of equality and good community relations, by having due regard to:

- eliminate discrimination, harassment, victimisation and any other conduct prohibited under the Equality Act 2010;
- advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it; and
- foster good relations between such groups.

These are sometimes referred to as the three aims or arms of the general equality duty which involves:

- removing or minimising disadvantages suffered by people due to their protected characteristics;
- taking steps to meet the needs of people from protected groups where these are different from the needs of other people;
- encouraging people from protected groups to participate in public life or in other activities where their participation is disproportionately low.

The PCC will conduct equalities impact assessments on his commissioning activity as part of the commissioning cycle.

## Procurement

Procurement is: “the acquisition of goods and services from third party suppliers under legally binding contractual terms.”<sup>17</sup> The aim of any procurement is to achieve desired service outcomes and outputs and good value for money. Procurement is normally achieved through competition, and must comply with the Public Sector Public Contracts Regulations 2015 and the EU Public Sector Directive (see page 4).

The PCC’s Contract Standing Orders, which are set out in the PCC’s and Nottinghamshire Police’s Corporate Governance and Working Together 2014-8<sup>18</sup>, must be followed in any procurement process. The total value of the contract (the sum total over the whole term of the contract) will determine the process to be followed. The processes are:

Total contract value	Process
Under £10,000	Obtain at least one quotation in writing including consideration of the principles of value for money.
Over £10,000 and under £25,000	Obtain three formal written quotations, with the quotations being from sufficient organisations to demonstrate that genuine market forces are employed to maximise value for money. Evaluation of quotations must be against pre-determined criteria. The contract award will be given on the basis of lowest cost or the most economically advantageous tender.
Over £25,000	East Midlands Strategic Commercial Unit (EMSCU) will manage a procurement process on behalf of the PCC. This will be on a competitive tendering basis unless there are grounds for an exemption to normal procurement procedures (single tender award).

<sup>17</sup> <https://www.nao.org.uk/successful-commissioning/glossary-of-terms/#P>

<sup>18</sup> <https://www.nottinghamshire.pcc.police.uk/Document-Library/Public-Information/Policies-and-Procedures/Corporate-Governance-and-Working-Together-2014-18.pdf>

## **Single tender award**

The procedure for obtaining an exemption from normal procurement procedures must be for the following reasons:

- Urgency: the contract is required for extreme urgency due to circumstances outside the PCC's control
- Product: there are strong compatibility issues relating to goods or services the PCC already uses
- Limited supplier: there is only one supplier of a particular product or service.

Further detail, including authorisation levels, is outlined in the Contract Standing Orders.

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## Grants or contracts

Both grants and contracts are legitimate commissioning techniques to be considered during the “Plan” stage of the commissioning cycle. The National Audit Office<sup>19</sup> defines a grant as: “A sum of money given to an organisation in anticipation of it being applied for an agreed purpose”.

HM Treasury and the National Audit Office clarify some of the factors when deciding whether to procure services under a competitive tendering process, or whether to fund an organisation by means of a grant.

The HM Treasury guidance<sup>20</sup> states that: “A grant maker is not contracting for a service that forms part of its own business. It is offering financial support in an area of work, designed and proposed by the third sector organisation, which it wishes to sponsor. The work to be carried out by the third sector organisation would be deemed to add value to a public body’s overall aims or objectives”.

The National Audit Office<sup>21</sup> advises that: “There is no hard and fast rule as to which funding channel is appropriate for any given situation, the more developed the market, and the more specific the service or project objectives, the more likely it is that a procurement process (contract) will be used. Grants are more likely to be favoured where the market is not developed and/or where there is a desire for innovative approaches, or where funding is provided for ‘development’ or ‘strategic’ purposes.”

Distinguishing between grants and contracts can have tax implications for the public sector and for the third sector organisations. For example, grant income is outside the scope of VAT whereas contracts are not. However, there are exemptions to this and specialist legal and VAT advice may be needed<sup>22</sup>.

As a general rule, if the PCC is clearly outsourcing core statutory business, where a third sector organisation is delivering a service on behalf of the statutory body, this should be through a contract. Grant funded services should be regarded as complementary, enabling third sector organisations to operate in furtherance of their own missions, where these also support the objectives of the public sector.

If a service has an open referral system, it is more likely to be grant funded: if it has a closed referral system, for example, where services can only be accessed via a health or social care professional needs assessment, it should normally be on a contract.

## Factors to determine whether to grant fund or procure

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<sup>19</sup> <https://www.nao.org.uk/successful-commissioning/glossary-of-terms/#G>

<sup>20</sup> <http://webarchive.nationalarchives.gov.uk/+http://www.hm-treasury.gov.uk/d/guidncefundrs1505061v1.pdf>

<sup>21</sup> <https://www.nao.org.uk/successful-commissioning/>

<sup>22</sup> <https://www.gov.uk/hmrc-internal-manuals/vat-supply-and-consideration/vatsc51800>

HM Treasury Guidance states that: “Despite the trend towards open competition and contractual relationships between funding bodies and the third sector, procurement does not necessarily always represent the optimum value for money option - there is clearly an ongoing role for strategic or development funding, most commonly channelled through grants.”

The potential implications of exposing existing grant funded voluntary sector services to competition require careful consideration, since it is by no means the case that this would necessarily result in improvements, either in terms of cost or quality. The Treasury guidance states that “the main determinant of the nature of the financial relationship is the nature of the intended outcomes”.

The questions below should be considered to help determine whether to grant fund or procure a service.

## 1. What is the nature of intended outcomes?

### Grant

Strategic development to build capacity in the VCS.

To encourage innovation by the VCS and / or to develop and support key strategic partnerships between VCOs and statutory agencies.

Services which are distinct but complement, public services and which are in broad alignment with public sector strategic objectives.

### Contract

Where the PCC is ‘shopping’ for a supplier to deliver a core service to meet an identified need.

Where the PCC wishes to specify closely the design and intended outcomes of the service.

Where a decision has been taken to outsource a core service, which would otherwise need to be provided directly by the PCC to exercise statutory functions

## 2. Value of the agreement

The higher the value of the agreement, the more likely it is that a procurement/contracting route will be taken.



### **3. Which funding mechanism will achieve best value for money?**

Factors to be taken into consideration include the transaction costs of the funding process, weighed against the value of the agreement, bearing in mind the need for proportionality and Roots Review efficiencies. Grant awards will be in line with the PCC's Standing Orders for Grants<sup>23</sup>.

### **4. How competitive is the market?**

If there is only one potential provider in the market place, a grant is more likely to be used; if there are many, a contract is likely to be more appropriate.

### **5. What level of control over the agreement and outcomes is appropriate?**

This is based on the degree of risk, vulnerability of the service user group, value of the agreement, level of detail needed for the service specification, terms & conditions. The higher the level of control needed, the more likely it is that a procurement /contracting route will be taken.

### **6. How specific will the measurement of outcomes and outputs need to be?**

Both grants and contracts need to be monitored, but the level of detail of indicators used to measure outcomes will vary. The value of the agreement may again be a factor, following the principle of proportionality. The more specific the measurement of outcomes needs is required, the more likely it is that a procurement / contracting approach will be used.

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<sup>23</sup> <https://www.nottinghamshire.pcc.police.uk/Document-Library/Public-Information/Policies-and-Procedures/Standing-Orders-for-Grants.pdf>

**Appendix 1: Commissioning intentions 2018-9**

Police & Crime Plan Theme and outcome	Commissioning Intention	2018-9 Value Up to £	Timescale
T1C	Continue to fund city and county criminal substance misuse contracts	650,200	2018-9
T1C	Commission an independent review of criminal justice substance misuse services in the city and county	25,000	September – November 2018
T1D	Continue to fund ECINS	69,900	2018-9
T1	Work with community safety partnerships to invest in initiatives to support people with multiple and complex needs, who may be street drinkers and are at risk of perpetrating crime and ASB	194,000	2018-9
T1	Continue to invest in Street Pastors and Best Bar None schemes	27,000	2018-9
T2B	Continue to fund Nottinghamshire Victim CARE	608,300	2018-9
T2B	Commission <a href="http://www.nottsvictimcare.org.uk">www.nottsvictimcare.org.uk</a> website	15,000	2018
T2B	Continue to fund co-commissioned domestic abuse support services in the city	265,100	2018-9
T2B	Fund additional MARAC IDVA posts in the city to respond to high presenting demand – to be reviewed in autumn 2018	78,000	2018-9
T2B	Continue to fund co-commissioned domestic abuse workforce development and schools based prevention work in the city	107,500	2018-9

T2B	Continue to fund co-commissioned domestic abuse support service in the county	469,400	2018-9
T2B	Work with NHS England and Nottinghamshire Police to fund new paediatric and adult sexual assault referral centres (SARCs)	30,000	2018-9
T2B	Work with survivors, Nottinghamshire Police and NHS England to invest in new SARC facilities	TBC (capital)	2018-9
T2B	Mobilise and ensure delivery of new Independent Sexual Violence Adviser (ISVA) and Children's ISVA (CHISVA) support services	220,700	2018-9
T2B	Fund extension and new arrangements to ensure no loss of sexual violence support between new SARCs becoming operational in April 2018 and new ISVA and CHISVA services delivering from July 2018	27,200	April – July 2018
T2B	Provide extension funding for sexual violence support in Nottinghamshire, to allow time for further discussions with partners including clinical commissioning groups	80,800	2018-9
T2B	Continue to fund co-commissioned sexual violence support services in the city	58,700	2018-9
T2B	Provide extension funding for survivors of childhood sexual abuse	128,500	2018-9
T3	Fund local research to inform the Police and Crime Needs Assessment	32,000	
T3	Fund targeted support to divert children and young people away from crime and ASB (Gail, this is County YOT and community projects – cdp)	191,000	2018-9
T3	Provide a Community Safety Fund to make grant awards of up to £25,000 to third sector organisations who have submitted proposals to respond to emerging community needs and which deliver objectives in the Police and Crime Plan	250,000	2018-9
T3	Fund Independent Domestic Violence workers to support the partners of the top domestic abuse perpetrators	110,000	2018-9
T3	Invest in city and county community safety partnership identified initiatives to tackle crime and antisocial behaviour	903,800	2018-9
T4	Invest in youth engagement in tackling crime and anti-social behaviour	36,000	2018-9

T1-4	Funding to respond to emerging priorities	41,900	2018-9
Total		<b>4,620,000</b>	

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## **Appendix 2: Glossary**

### **Capacity**

Capacity is a measure of an organisation's capability and potential to apply appropriate skills and resources to accomplish its goals and satisfy its stakeholders' expectations.

### **Capacity building**

Capacity building refers to activities that help organisations to develop skills and resources so that they can achieve their objectives and serve their stakeholders more effectively.

### **Commissioners**

Those in public bodies responsible for, primarily involved in, commissioning: ie, assessing needs, designing services, sourcing providers, monitoring and evaluating services.

### **Commissioning**

The cyclical process by which public bodies assess the needs of people in an area, determine priorities, design and source appropriate services, and monitor and evaluate their performance.

### **Contestability**

The extent to which the provision of a good or service is open to alternative suppliers. The threat of such competition is a discipline on incumbent suppliers and tends to prevent prices rising far above costs. Should this happen then alternative suppliers will enter the market to benefit from this and seek to 'undercut' existing suppliers.

### **Contract**

Legally binding agreements between (in a public sector commissioning context) a public body and a third sector or private sector organization, to provide services on behalf of the public body. A contract will specify the services to be provided and what the contractor is to be paid for providing them. It will also include provisions, in greater or lesser detail, setting out the legal obligations which each of the parties accepts in order to fulfil the purposes of the contract.

### **Co-production**

Involving the individuals using services as an equal partner in designing support and services, recognizing that services users' knowledge and experience can help make services better.

### **Cost-effective**

Economically worthwhile in terms of what is achieved for the amount of money spent. Judging cost-effectiveness requires that all costs are taken into account when calculating the 'money' consumed i.e. all direct and indirect costs should be included

e.g. costs of people, buildings, equipment, licences, consumables, and management etc.

### **Decommissioning**

Stopping provision of a service or a significant part of a service in order to bring about an improvement to existing service provision.

### **Efficient**

An efficient activity maximises output for a given input, or minimises input for a given output and, in so doing, pays due regard to appropriate quality.

### **Evaluation**

The assessment of the extent to which a programme or service has met its objectives: Its main purpose is to help an organisation reflect on what it is trying to achieve, assessing how far it is succeeding, and identify required changes.

#### **Full cost recovery (FCR)**

The principle that when a third sector organisation provides a service for a public body it should be able to recover all the costs of delivering that service. This includes not just the direct costs of the service but also the relevant proportion of all overhead costs. These overhead costs may include: premises and related costs; central functions, such as, human resources; governance and strategic development; provision for inflation and depreciation; and regulatory costs.

### **Funding channel**

The means by which funds for a programme or service are transferred from the commissioning public body to the service provider. There are basically three types of funding channel available to public bodies in funding so third sector organisations (TSOs): grant; grant-in-aid; and procurement.

### **Grant**

A sum of money given to an organisation in anticipation of it being applied for an agreed purpose. This purpose may be very specific (e.g. to fit a smoke alarm in an old person's house) or less specific (e.g. to promote fire safety among old people).

### **Monitoring**

In a public sector commissioning context, the ongoing collection of information about services, and the assessment of the implications. Such information may be needed for three purposes: effective management of the programme; wider accountability for the programme; and policy development.

### **Outcome**

The term used to describe the totality of what a programme or project is set up to deliver or achieve.

**Output**

The end result of carrying out an activity – usually a product. It is important to distinguish what has been produced (the output) from the effect that it may be designed to help achieve (the outcome).

**Procurement**

Acquisition of goods and services from third party suppliers under legally binding contractual terms. Such acquisitions are for the direct benefit of the contracting authority, necessary for the delivery of the services it provides or the running of its own business. Procurement is normally achieved through competition, and will be conducted in line with the government's policy of value for money and in line with the Public Contracts Regulations 2006.

**Proportionality**

The principle of not burdening funded organisations out of proportion to the amount of funding, which applies especially to monitoring. Guidance states that monitoring arrangements etc. should be proportionate to the level of, and risk to, the amount of funds involved.

**Social Enterprise**

A business with primarily social objectives whose surpluses are principally reinvested for that purpose in the business or community, rather than being driven by the need to maximise profit for shareholders and owners.

**Social value**

Social value is the quantification of the relative importance that people place on the changes they experience in their lives

**Third sector**

At its most broadly defined, this is the arena, outside of the family, the state, and the market where people associate to advance common interests. It usually refers to non-governmental organisations that are value-driven and which principally reinvest their surpluses to further social, environmental or cultural objectives. This includes charities, community groups, mutuals, co-operatives, faith-based organisations, professional associations, trade unions, self-help and advocacy groups.

**Value for money (VfM)**

The optimum combination of whole-life cost and quality (or fitness for purpose) to meet the user's requirement. Assessed by the National Audit Office using the criteria of economy, efficiency and effectiveness.