



Lancashire
Constabulary
police and communities together

INTERIM SCHEME OF GOVERNANCE FOR THE POLICE AND CRIME COMMISSIONER FOR LANCASHIRE & THE CHIEF CONSTABLE OF LANCASHIRE CONSTABULARY

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1. Article 1: The Scheme of Governance and Legislative Context

- 1.1. This interim Scheme of Governance, and all its appendices, is the joint Scheme of the Police and Crime Commissioner for Lancashire (PCC) and the Chief Constable (CC) of the Lancashire Constabulary.
- 1.2. The Scheme sets out the broad legislative context and local regulatory framework within which the PCC and CC will fulfil the statutory function to secure an efficient and effective police force and how the two will ensure that there is robust and effective governance to support the exercise of their functions. It includes information about roles and responsibilities, and rules and procedures for decision making and carrying out delegated activities.
- 1.3. Both the PCC and CC will exercise all their powers and duties in accordance with the law and this Scheme of Governance.
- 1.4. The Scheme is made in accordance with powers under the Police Reform and Social Responsibility Act 2011 and all relevant subordinate legislation and statutory guidance. It does not identify all the statutory duties which are contained in specific laws and regulations. It must be read in conjunction with:-

The Policing Protocol Order 2011 [\[link\]](#):

- 1.4.1. The Protocol has been issued in accordance with the requirements of the Police Reform and Social Responsibility Act 2011. It sets out to all PCCs and CCs how their functions will be exercised in relation to each other.

The Protocol states that “an effective, constructive working relationship is more likely to be achieved where communication and clarity of understanding are at their highest. Mutual understanding of, and respect for, each party’s statutory functions will serve to enhance policing for local communities”.

1.4.2. The Protocol contains:

- The scope of the document itself;
- The Legislative Framework within which it operates;
- The legal powers and duties of the PCC and CC;
- The role played by the Police and Crime Panel;
- The role played by the Home Secretary;
- Clarity in relation to the operational independence of the CC, particularly around direction and control;
- The financial responsibilities of the PCC and CC;
- Guidance in relation to the resolution of differences between the PCC and CC; and
- The Home Secretary’s responsibility to periodically review The Protocol.

The Financial Management Code of Practice for the Police Service [link] (‘FMCOP’)

1.4.3. Building on the Policing Protocol, the Financial Management Code of Practice provides clarity around the financial governance arrangements within the police service and reflects the fact that the police service has a key statutory duty to secure value for money in the use of public funds. It provides high-level guidance to help ensure effective and constructive relationships in all financial matters. It sets the tone whilst promoting flexibility and avoiding prescription, so that the detailed arrangements can be worked out locally.

1.4.4. The PCC and the CC must have regard to this code in carrying out their functions.

The Strategic Policing Requirement [link] (SPR)

1.4.5. The Strategic Policing Requirement (SPR) has been issued in execution of the Home Secretary’s statutory duty to set out what are, in her view, the national threats at the time of writing, and the appropriate national policing capabilities required to counter those threats.

1.4.6. The SPR supports CCs and PCCs to ensure they fulfil forces’ national responsibilities.

1.4.7. The SPR:

- helps PCCs, in consultation with their CC, to plan effectively for policing challenges that go beyond their force boundaries;
- guides CCs in the exercise of these functions; and
- enables and empowers PCCs to hold their CC to account for the delivery of these functions.

- 1.4.8. The SPR is focused on what, in strategic terms, the police need to achieve, rather than how they should achieve it. It is structured in two parts, considering threats and response respectively.
 - 1.4.9. The implementation of the SPR is the responsibility of the CC and PCC. PCCs will be required to have regard to the SPR when issuing or varying their Police and Crime Plan. The PCC must keep the Plan under review in light of any changes made to the SPR by the Home Secretary. CCs must have regard to both the Police and Crime Plan and the SPR when exercising their functions. The PCC will hold them to account for doing so.
- 1.5. The Scheme follows the six principles of good governance for public service developed by the Independent Commission on Good Governance in Public Services¹ [link] and it assumes observance of the seven principles of public service developed by the Nolan Committee, [link] to ensure that it is efficient and effective while observing the need for fairness, transparency and accountability.
 - 1.6. This Scheme of Governance and supporting documents will be reviewed annually at the end of the financial year. All significant and substantive changes to the Scheme of Governance supporting documents will require the approval of the PCC and CC.

2. Article 2: Relationship between the PCC and the CC

- 2.1. The PCC will provide the link between the police and the communities of Lancashire, working to translate the legitimate desires and aspirations of the public into action, drawing on their mandate to set and shape the strategic objectives for the police force area in consultation with the Chief Constable, and reporting back to communities.
- 2.2. The CC will be accountable to the PCC for the delivery of efficient and effective policing and the management of resources and expenditure by the Constabulary. He will provide professional advice and recommendations and exercise direction and control over staff in a way that will assist the PCC in the exercise of the PCC's functions.
- 2.3. The CC will exercise operational independence, will be accountable to the law for the exercise of operational police powers and will remain politically independent of the PCC.
- 2.4. The PCC and the CC will develop an effective and constructive working relationship to enhance local policing for Lancashire's communities, working together in a way that is collaborative and co-operative. They will afford each other reasonable, appropriate and timely access to staff and information that will enable both to carry out their respective functions effectively.

¹ The six core principles are taken from The Good Governance Standard for Public Services [2004] developed by the Independent Commission on Good Governance in Public Services with support from the Office for Public Management and CIPFA (as adapted for local government purposes).

- 2.5. The PCC and CC will work collaboratively with other partners where this will improve the efficiency or effectiveness of policing and, where this relates to the functions of the police force, both parties are in agreement.

3. Article 3: Citizens' rights and responsibilities

- 3.1. All Citizens on the Register of Electors for each of the voting districts within the Lancashire police electoral area have the right to vote at PCC elections.

- 3.2. All members of the public have the right to:

- 3.2.1. attend and participate in meetings of the PCC except where confidential or exempt information is likely to be disclosed;
- 3.2.2. see, in the forward plan, what key decisions will be taken by the PCC and when;
- 3.2.3. see relevant reports and records of decisions made by the PCC and the CC;
- 3.2.4. inspect the PCC's accounts and make their views known to the external auditor;
- 3.2.5. inspect the PCC's register of interests;
- 3.2.6. participate by asking questions and making statements in all boards, commissions and enquiries that the PCC may from time to time establish;
- 3.2.7. petition the PCC individually or in combination;

Note: The public's rights to information and to participate are explained in more detail in the FOI Publication Scheme in Part xx of this Scheme:

- 3.3. Citizens have the right to complain to:

- 3.3.1. the CC in relation to specific incidents involving a police officer at or below the rank of Deputy Chief Constable or a police staff member;[link]
- 3.3.2. the PCC in relation to specific incidents involving the Chief Constable; [link]

Note: The PCC has oversight of the police complaints process. Although unable to intervene directly in recordable complaints against officers other than the CC, the PCC may, under the Police Reform Act 2002, review the CC's handling of such complaints and direct him to take action.

- 3.3.3. the Police and Crime Panel in relation to complaints about the conduct of the PCC or the DPCC. [link]

Note: The Police and Crime Panel is a joint committee of the local authorities in Lancashire whose role is to provide a check and balance on the performance of PCC. The Panel must scrutinise in a way that challenges and supports the exercise of the PCC's functions. The Panel does not scrutinise the CC. The Panel has responsibility for dealing with all complaints (including conduct matters) directed against the PCC and the Deputy PCC.

- 3.3.4. the Independent Police Complaints Commission (IPCC) in relation to serious failings, even where no complaint has been made. A member of the public can appeal to the IPCC about the outcome of their complaint against a senior police officer or the PCC. [link to PCC complaints policy]
- 3.4. All members of the public have the right to be treated with respect by the PCC, CC and their officers and staff.
- 3.5. All members of the public must treat with respect all staff and officers of, and any property owned by, the PCC and CC.

4. Article 4: The Police and Crime Commissioner for Lancashire

Functions of the PCC

- 4.1. The PCC's principal functions include, but are not limited to:
 - 4.1.1. maintaining an efficient and effective police force for the police area;
 - 4.1.2. holding the CC to account for the running of the police force and performance of the force's officers and staff;
 - 4.1.3. receiving all funding for policing and crime reduction, including government grant, precept and other sources of income;
 - 4.1.4. setting the annual revenue and capital policing and crime budget that takes account of all funding, grants and other income streams. As part of this process the PCC will set an annual precept level, ensure that there is adequate provision in reserves and agree any borrowing requirements to support the capital programme;
 - 4.1.5. being responsible for the delivery of community safety and crime reduction;
 - 4.1.6. bringing together Community Safety Partnerships at the force level;
 - 4.1.7. making crime and disorder reduction grants within their force area;
 - 4.1.8. holding a wider responsibility for the enhancement of the delivery of criminal justice in their area;
 - 4.1.9. engage with and obtain the views of the public to help shape policing and crime reduction activity;
 - 4.1.10. issuing a Police and Crime Plan (the Plan) which sets the strategic direction and objectives of the police force and priorities for reducing crime, having consulted with the CC, communities and others and having regard to the Strategic Policing Requirement set by the Home Secretary;
 - 4.1.11. holding an annual meeting in public after publication of the Plan;
 - 4.1.12. scrutinising, supporting and challenging the overall performance of the force including against the priorities agreed within the Plan;
 - 4.1.13. monitoring all complaints made against officers and staff, whilst having responsibility for complaints against the CC;
 - 4.1.14. appointing, and if necessary suspending the CC, or calling upon the CC to retire or resign;
 - 4.1.15. appointing a Chief Executive and Monitoring Officer, and a Chief Finance Officer;
 - 4.1.16. appointing a deputy PCC;
 - 4.1.17. entering into collaboration agreements with other PCCs, other policing bodies and partners that deliver better value for money or improve the

- efficiency or effectiveness of policing capabilities and resilience for one or more policing bodies or police forces, in consultation with the CC; (where this relates to the functions of the police force, then it must be with the agreement of the CC);
- 4.1.18. providing the Police and Crime Panel with information which the Panel may reasonably require in order to carry out its functions and complying with all reasonable formal requests from the Panel to attend their meetings;
 - 4.1.19. preparing and issuing an annual report to the Police and Crime Panel on the PCC's delivery against the objectives set within the Plan;
 - 4.1.20. publishing information specified by the Secretary of State and information that the PCC considers necessary to enable the people who live in the force area to assess the performance of the PCC and CC;
 - 4.1.21. making decisions on executive functions where the PCC wishes to make a decision, which is not in accordance with the budget or the Police and Crime Plan (where this has an impact on operational independence or matters of direction and control, then it shall be with the agreement of the CC).

Functions reserved to the PCC and delegated only to the DPCC

- 4.2. The following functions must remain the responsibility of the Police and Crime Commissioner and cannot be delegated:
 - issue a police and crime plan;
 - appoint or suspend the CC or call upon the CC to retire or resign;
 - calculate a budget requirement.
- 4.3. The PCC may delegate other functions to the DPCC or to other persons, except that the following functions may only be delegated to the DPCC:
 - determine the PCC's policing and crime objectives;
 - attend meetings of the Police and Crime Panel when required to do so by the Panel;
 - prepare an annual report to the Police and Crime Panel;
- 4.4. The Deputy PCC may give delegation to the Chief Executive to carry out any functions other than these, in his absence on annual leave or due to illness.

5. Article 5: Officers and Management Structure

- 5.1. The PCC may engage such staff (referred to as officers) as he considers necessary to carry out the PCC's functions.
- 5.2. The Police Reform and Social Responsibility Act 2011 confers a duty on the PCC to appoint the
 - Chief Constable (CC)
 - PCC's Chief Executive/Monitoring Officer
 - PCC's Chief Finance Officer (PCC CFO).

- 5.3. The CC is required to appoint a person to be responsible for the administration of the police force's financial affairs (the CC's Chief Finance Officer (CC CFO)).
- 5.4. The Chief Executive/Monitoring Officer and both CFOs must each nominate a deputy to act in case of absence or illness.
- 5.5. The PCC will provide the Chief Executive/Monitoring Officer and PCC CFO with such officers, accommodation and other resources as are in the opinion of those officers sufficient to allow their duties to be performed.
- 5.6. Officers will comply with the Officers' Codes of Conduct set out at XX (insert PCC and Constabulary Codes).

The Chief Constable

- 5.7. Key functions for the Chief Constable include, but are not limited to, being responsible to the public and accountable to the PCC, for the following:
 - 5.7.1. leading the day-to-day management and continued development of the Constabulary's business, activities and operations;
 - 5.7.2. strategic direction and control of Lancashire Constabulary in accordance with Police Acts and Regulations, in order to provide the Lancashire police area with an efficient and effective policing service;
 - 5.7.3. fulfilment of all the statutory and legal obligations of the office of Chief Constable;
 - 5.7.4. exhibiting the personal qualities of the role of Chief Constable, as outlined in the Policing Professional Framework – Decision Making, Leadership, Professionalism, Public Service and Working with Others;
 - 5.7.5. promoting and complying with Lancashire Constabulary's policies on Equality, Diversity and Human Rights, as well as Health and Safety, both in the delivery of service and the treatment of others;
 - 5.7.6. leading the force in a way that is consistent with the attestation made by all constables on appointment and ensuring that the force acts with impartiality;
 - 5.7.7. appointing the force's Deputy Chief Constable, Assistant Chief Constables and Assistant Chief Officers, after consultation with the PCC;
 - 5.7.8. supporting the PCC in the delivery of the strategy and objectives set out in the Police and Crime Plan;
 - 5.7.9. having regard to the Policing Protocol Order 2011, as outlined in Article 1 above;
 - 5.7.10. having regard to the Strategic Policing Requirement when exercising their policing activity in respect of their force's national and international policing responsibilities, as outlined in Article 1 above;
 - 5.7.11. assisting the PCC in planning the force's budget;
 - 5.7.12. having day-to-day responsibility for financial management of the force within the framework of the agreed budget allocation and levels of authorisation issued by the PCC;
 - 5.7.13. notifying and briefing the PCC of any matter or investigation which the PCC may need to provide public reassurance in company with the CC;

- 5.7.14. being the operational voice of policing in the force area and regularly explaining to the public the operational actions of officers and staff under his or her command;
- 5.7.15. managing all complaints against the force, its officers and staff, including those of senior officer rank, and ensuring that the PCC is kept abreast of developments of those complaints in a regular and timely fashion;
- 5.7.16. entering into collaboration agreements, with the consent of their PCC, between other CCs and forces that benefit their force area and deliver better value for money and enhanced policing capabilities.

The Chief Executive

- 5.8. In relation to the PCC's office, the key functional and management responsibilities of the Chief Executive include but are not limited to:
 - 5.8.1. leading the day-to-day management and continued development of the PCC's activities and operations;
 - 5.8.2. demonstrating and promoting a commitment across the PCC's office to high standards of conduct and adherence to the Nolan principles;
 - 5.8.3. in conjunction with the PCC CFO, ensuring propriety in the conduct of the PCC's business including putting in place appropriate governance and delegations, and making proper arrangements for recording of decisions made, including tendering procedures and the letting of contracts, and scrutiny undertaken;
 - 5.8.4. ensuring that the Office of the PCC promotes the commitment to equality and diversity in all that it does, and performs its duties and responsibilities for equality and diversity according to relevant legislation;
 - 5.8.5. leading collective ownership of strategy, risks and delivery;
 - 5.8.6. providing clear and visible leadership to the staff of the PCC, including overall responsibility for their ongoing development and training;
 - 5.8.7. supporting the PCC in relation to their own personal development to enable them to fulfil their role effectively;
 - 5.8.8. affixing the Common Seal in accordance with Article 7.

The Monitoring Officer

- 5.9. The Monitoring Officer is responsible for:
 - 5.9.1. maintaining an up-to-date version of the Scheme of Governance and ensuring that it is widely available for use by staff;
 - 5.9.2. contributing to the promotion and maintenance of high standards of conduct through such oversight as is contained in legislation or through local protocols;
 - 5.9.3. reporting to the PCC or to the Police and Crime Panel (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). Before so doing the Monitoring Officer will consult with the Chief Financial Officer. Such a report will have the effect of stopping the proposal or decision being implemented until the report has been considered;

- 5.9.4. receiving and acting on reports that may from time to time be received under the PCC's Whistle-blowing Policy, or the Constabulary's Confidential Reporting Policy;
 - 5.9.5. conducting investigations into matters referred to him/her and will make reports to the appropriate body;
 - 5.9.6. ensuring that PCC decisions, together with the reasons for those decisions and relevant officer reports are made publicly available as soon as possible;
 - 5.9.7. advising whether decisions of the PCC are in accordance with the budget and policy framework, in conjunction with the PCC CFO/CC CFO where appropriate on financial matters;
 - 5.9.8. providing advice on the scope of powers and authority to take decisions on issues such as maladministration, financial impropriety, probity and budget and policy framework issues to the PCC;
 - 5.9.9. making minor and consequential amendments to the Scheme Governance and supporting documents which are required to comply with the law or to reflect decisions of the PCC and CC.
- 5.10. The Monitoring Officer cannot be the PCC's CFO.

The Chief Finance Officers

- 5.11. The statutory duties of the PCC CFO and the CC CFO are largely identical. They both have a fiduciary duty to the local taxpayer and have a responsibility for securing the efficient use of public funds (which will in both cases include revenue derived from the police precept). This implies public reporting responsibilities in certain circumstances for both officers. However, given that the PCC has a statutory responsibility for the Police Fund, the PCC CFO will have responsibility for all statutory reports relating to the adequacy of the overall resource envelope available to meet police force expenditure.
- 5.12. There is a reciprocal fiduciary duty on both CFOs to support the other in the execution of their duties in relation to policing matters. It is therefore recommended that if either of the CFOs intends to exercise their statutory powers under section 114 of the 1988 Act, they should inform the other (as well as the Chief Executive) as soon as possible.
- 5.13. An effective, co-operative and constructive working relationship between the two CFOs is fundamental as are the relationships between the CFOs and the Chief Executive. It is expected that the principles of goodwill, professionalism, openness and trust will underpin these relationships and that all parties will do their utmost to make the relationships work.
- 5.14. The key responsibilities of both CFOs are set out in the Financial Regulations.

6. Article 6: Responsibility for Decision Making

- 6.1. The PCC will issue and keep up to date a record of who has responsibility for particular types of decisions or decisions relating to particular areas or functions.
- 6.2. This record is set out in Article 8, Officer Decision Making.

Principles of Decision Making

- 6.3. All decisions of the PCC and the CC will be made in accordance with the following principles:
 - 6.3.1. Decisions will only be made which are within the PCC's and CC's legal powers.
 - 6.3.2. Decisions will be made only in accordance with powers which have been appropriately delegated and recorded within this Scheme.
 - 6.3.3. Decisions should be made having regard only to relevant factors and without regard to irrelevant factors.
 - 6.3.4. The process of decision making should reflect the highest standards of probity.
 - 6.3.5. Decisions should be made openly unless there are strong reasons to the contrary.
 - 6.3.6. Decisions which impact on individuals should be made only after consultation with those affected has been attempted.
 - 6.3.7. Decisions will be made with respect for individual human rights and any infringement of those rights will be proportionate to the aim to be achieved.
 - 6.3.8. Decisions will be taken following due consideration of any matters required by law.
 - 6.3.9. Decisions will be taken only after consideration has been given as to whether it is appropriate to seek legal, financial or technical advice.
 - 6.3.10. Decisions will be made with clarity of aims and desired outcomes.
- 6.4. In addition, the CC will have due regard to Association of Chief Police Officers' (ACPO) National Decision Making Model (NDM) [Link]. The NDM is the approved decision making model for the police service and details:
 - The ten ACPO Risk Principles
 - The six Key Elements of the Model itself
 - How the Model is applied in practice.

Decisions reserved to the PCC

- 6.5. Decisions relating to the functions listed in Article 4 will be made by the PCC and not delegated unless permitted by that Article.
- 6.6. The PCC and CC agree that a "key decision" means a decision which is likely to:

- 6.6.1. result in the PCC or CC incurring expenditure which is, or making savings which are, significant, having regard to the budget for the service or function to which the decision relates; or
- 6.6.2. be significant in terms of its effects on communities living or working in the policing area of the PCC; or
- 6.6.3. impact significantly on policing in the local area, such as national commitments emanating from the requirements of the Strategic Policing Requirement; or
- 6.6.4. (dependent on the ramifications of the decision made) have a significant impact in relation to risk, threat or harm; or
- 6.6.5. have a significant impact on the reputation of the Constabulary or the PCC; or
- 6.6.6. have significant political consequences.

Decision making by the PCC or the CC acting as tribunals

- 6.7. The PCC, Chief Constable or an officer acting as a tribunal or in a quasi judicial manner or determining/considering (other than for the purposes of giving advice) the civil rights and obligations or the criminal responsibility of any person will follow a proper procedure which accords with the requirements of natural justice and the right to a fair trial contained in Article 6 of the European Convention on Human Rights.

Urgent Business

- 6.8. If any matter which would normally be referred to the PCC (or Deputy PCC, if appointed) for a decision arises and cannot be delayed, (save those matters reserved for the PCC) the matter may be decided by the Chief Executive, in consultation with the PCC CFO if there are financial implications.
- 6.9. Urgent decisions taken must be reported to the PCC as soon as practicably possible.

7. Article 7: Finance, Contracts and Legal Matters

Financial Management

- 7.1. The management of the PCC and the CC's financial affairs will be conducted in accordance with the financial regulations set out in Part XX of this Scheme.

Contracts

- 7.2. Every contract made by the PCC and the CC will comply with the Contract Standing Orders set out in Part XX of this Scheme.

Legal Proceedings

- 7.3. The Chief Executive is authorised to institute, defend or participate in any legal proceedings where such action is necessary to give effect to decisions of the PCC or is necessary to protect the interests of the PCC/and or the CC. In any

case where a conflict of interest arises, the Chief Executive will provide details of how independent legal advice may be obtained, as may be relevant.

- 7.4. The Chief Constable has the right to institute, defend or participate in any legal proceedings, including the ability to obtain independent advice, where such action is necessary to deal with operational policing matters.

Authentication of Documents

- 7.5. Where any document is necessary to any legal procedure or proceedings on behalf of the PCC or the CC it will be signed by the Chief Executive or the Chief Constable or other person authorised by him/her, unless any enactment otherwise authorises or requires, or the PCC or CC has given requisite authority to some other person.
- 7.6. All contracts and orders entered into on behalf of the PCC or the CC in the course of the discharge of an executive function shall be made in writing. Such contracts must either be signed by at least one authorised officer, or made under the common seal of the PCC and attested by at least one officer.

Common Seal

- 7.7. The Common Seal of the PCC for Lancashire will be kept in a secure place determined by the Chief Executive.
- 7.8. The Common Seal shall only be affixed to a document where the sealing has been authorised by a decision of the PCC, the Deputy PCC or an officer exercising delegated powers, or when it is determined by the Chief Executive/Monitoring Officer that there is a particular need for the seal to be attached.
- 7.9. The decision whether or not to seal a particular document will be made in relation to such matters as:
- 7.9.1. all contracts, agreements or transactions in respect of which there is no consideration;
 - 7.9.2. deeds which grant or convey an interest in land;
 - 7.9.3. contracts that are £50,000 or above in value over the life of the contract;
 - 7.9.4. the provision of goods and services by the PCC to another body and which are £50,000 or above in value over the life of the contract; and
 - 7.9.5. grants that are £50,000 or above.
- 7.10. All contracts must be in writing.
- 7.11. Where a contract or agreement is required to be sealed, then the PCC's Seal must be attested by the Chief Executive or at least one officer authorised by the Chief Executive.
- 7.12. Where a contract is not required to be sealed it must be signed by at least one officer authorised by the Chief Executive.

- 7.13. The sealing of every document shall be registered in a separate book kept for that purpose.

8. Article 8: Officer Decision Making

- 8.1. This Scheme provides officers² with the authority to deliver the services for which they are responsible.
- 8.2. An Officer may exercise any power delegated to him or her. In the event of an Officer being unable to act, the following are authorised to act in their stead. Initially this should be a designated Deputy.
- For the Chief Executive, the Deputy Chief Executive,
 - For the Monitoring Officer, the Deputy Monitoring Officer
 - For the PCC's CFO, the PCC's Deputy Chief Finance Officer.
 - For the CCs CFO, an appropriate Head of Department.
- 8.3. An Officer may authorise another named officer or post holder powers and duties which have been delegated to that Officer.
- 8.4. The Chief Executive may exercise powers delegated to any Officer when that Officer is unable or unwilling to act.

Restrictions on Use of Delegated Powers

- 8.5. Officers shall exercise their powers in compliance with the law and this Scheme of Governance and its supporting documents, including specifically the financial regulations, contract standing orders, policies, rules and procedures issued by the PCC or CC, as appropriate. They should also apply the principles relating to key decisions.
- 8.6. Officers' powers to incur expenditure are subject to there being sufficient budgetary provision to cover that expenditure.
- 8.7. Where powers delegated to an Officer coincide with those given to the PCC or the Deputy PCC, the principle will be observed that day to day managerial decisions are for the Officer to take and the PCC and Deputy PCC should take strategic decisions. However a decision taken by an Officer shall not be open to challenge on the basis that it offends this principle.

Interpretation of Powers

- 8.8. Any power to take action under a statutory provision shall be deemed to authorise action under any statutory re-enactment of that provision.
- 8.9. Any power to take action shall include the power to take necessary associated actions.

² Officers means officers of the PCC or CC not warranted constables.

Delegation to the Chief Executive

A. In connection with Legal and General Matters

- 8.10. Take any action, including incurring expenditure, in connection with an emergency or disaster in the Constabulary area.
- 8.11. Exercise powers delegated to any Officer when that Officer is unable or unwilling to act.
- 8.12. Exercise plenary powers of the PCC.
- 8.13. Represent the PCC on the managing boards of major partnerships and, in so doing, to exercise such further operational powers as he or his representative may be required on behalf of the PCC in accordance with this Scheme.
- 8.14. Exercise powers and duties relating to the corporate property including buildings and assets of the PCC.
- 8.15. Institute, defend or participate in any legal proceedings where it is necessary to give effect to decisions of the PCC or is necessary to protect the interests of the PCC, and by agreement with the CC, including payments to settle proceedings.
- 8.16. Take any action to protect the PCC's and CC's legal rights and to take any necessary steps to settle disputes arising.
- 8.17. Complete and confirm Orders, sign and seal documents and receive and open tenders.
- 8.18. Agree indemnities where they are required to enable the PCC to exercise any of its functions, provided that where the giving of an indemnity could have considerable financial implications the PCC CFO shall be required to give approval.
- 8.19. Approve land transactions in accordance with the PCC's Financial Regulations.
- 8.20. Issue corporate media statements, publicity, and electronic or hard copy publications.

B. In connection with Human Resources Matters

- 8.21. To exercise all powers in relation to the delivery of human resources services in the Office of the PCC (i.e. excluding those staff under the direction and control of the CC) including responsibility for Health and Safety.

Note 1: The establishment, deletion, re-designation and grading of posts is to be within the approved pay and reward structure, and is subject to dialogue with the PCC where more than ten posts are affected.

Note 2: Other expenditure on personnel proposals that exceeds £30,000 are subject to the approval of the PCC.

Note 3: The PCC will act as the final appeal stage, in respect of staff directly employed by the PCC under the direction and control of the Chief Executive, in those personnel procedures which deal with discipline, capability and attendance.

Delegation to the PCCs CFO and the CCs CFO

The Chief Finance Officers of the PCC and the CC shall have authority to deal with the following:

A. In connection with Financial Matters

- 8.22. Award contracts up to £680,000, and over £680,000³ in consultation with the PCC, provided that contract standing orders are followed and that the tender is within the approved revenue or capital estimates.
- 8.23. Select contractors to tender for work or supply services to the PCC or the CC provided that contract and procurement procedure rules are followed.
- 8.24. Incur expenditure within the PCC's or CC's Departmental Budgets.
- 8.25. Approve price variations that are justified under rise and fall clauses within contracts and to authorise variation orders under contracts subject to a limit of 10% of the contract amount or £60,000, whichever is the lower. Where contracts are managed by a third party external to the PCC, price variations should be reported to and approved by the PCC.
- 8.26. Deem as valid a tender received by post after the time specified but before tenders are opened, provided the post mark would have brought about delivery in this time in the normal course of post. The decision and reasons shall be documented.
- 8.27. Dispose of assets other than land up to the values set out in Financial Regulations.
- 8.28. Draw up bids and accept offers of external funding within their own area of responsibility in consultation with the PCC and the CC.
- 8.29. Approve, in consultation with the Chief Executive, the payment of financial compensation, to resolve a complaint submitted in accordance with the PCC's complaints procedure.
- 8.30. Approve grants to voluntary or community organisations, subject to the PCC's Commissioning Framework.
- 8.31. Authorise provision of services to outside bodies subject to this not requiring an increase in the staffing complement.

³ The Police Authority's 2012 Scheme of Delegation gave delegated powers to the Chief Constable, Chief Executive and Treasurer to enter into contracts between £680,000 and £3.4 million, in consultation with the Chairman of the Authority.

- 8.32. Authenticate cheques bearing lithograph signatures where such authentication is required under the PCC's banking arrangements.

Delegation to the PCCs CFO

B. In connection with General Matters

- 8.33. Take responsibility for corporate, property and asset management for the PCC and manage buildings and facilities under their control.
- 8.34. Write off irrecoverable debts with a limit of £10,000 in respect of each individual debtor account.
- 8.35. Exercise the power to take urgent action to protect the PCC's or CC's financial position.
- 8.36. Exercise the powers of the PCCs CFO (Section 151 Officer) under the law, and this Scheme.
- 8.37. Promote and co-ordinate the effective corporate governance of the PCC and the CC.
- 8.38. Make all necessary payments out of the Police Fund and other official Funds maintained by the PCC.
- 8.39. Make payments from the Police Fund without prior approval of the PCC, irrespective of whether or not provision has been made in the Budget in respect of:-
- 8.39.1. Payments required by statute.
 - 8.39.2. Payments ordered by a court.
 - 8.39.3. Payments due under agreements entered into by or on behalf of the PCC.
 - 8.39.4. The implementation of decisions of recognised National Negotiating Bodies in relation to staff under the control of the PCC.
- 8.40. Ensure the effective administration of the PCC's responsibilities under Data Protection and Freedom of Information legislation.
- 8.41. Arrange the annual renewal of insurance policies where the present insurers offer either continuation of existing or reduced terms which, in accordance with long-term agreements, must be accepted.
- 8.42. Review the financial limits in Standing Orders, Financial Regulations and this Scheme of Governance annually in the light of any changes in monetary values in consultation with the CC CFO.

Delegation to the CCs CFO

A. In connection with Human Resources Matters

- 8.43. To exercise all powers in relation to the strategic delivery of human resources services, including responsibility for Health and Safety.

Note 1: The establishment, deletion, re-designation and grading of posts is to be within the approved pay and reward structure, and must be subject to dialogue with the PCC where more than ten posts are affected.

Note 2: Other expenditure on personnel proposals that exceeds £30,000 or where authority is required to settle damages and costs in legal proceedings up to £30,000 is subject to the approval of the PCC. (For this delegation personnel means police officers, special constables and all police staff).

Note 3: In relation to Officers of ACPO rank, the Chief Executive and the PCCs CFO, the decisions of the PCC and the CC take precedence.

B. In connection with General Matters

- 8.44. Strategic direction and leadership for the financial, administrative and technological services within the Constabulary, in support of its strategic aims and objectives.
- 8.45. Develop and maintain effective financial planning and monitoring processes in support of the Constabulary's objectives and priorities.
- 8.46. Advise the Chief Constable and other Chief Officers on all matters included within the scope of responsibilities.
- 8.47. Demonstrate a strong personal commitment to delivering and achieving value for money, whilst providing a high quality of service.
- 8.48. Promote and comply with Lancashire Constabulary's policies on Equality, Diversity and Human Rights, as well as Health and Safety, both in the delivery of service and the treatment of others.
- 8.49. Promote and co-ordinate the effective corporate governance of the Constabulary.
- 8.50. Take responsibility for corporate, property and asset management for the CC and manage buildings and facilities under their control.
- 8.51. The power to take urgent action to protect the CC's financial position.
- 8.52. The powers of the CC CFO (Section 151 Officer) under the law, and this Scheme.

- 8.53. Make payments from the Police Fund without prior approval of the CC, irrespective of whether or not provision has been made in the Budget in respect of:-
- 8.53.1. Payments required by statute.
 - 8.53.2. Payments ordered by a court.
 - 8.53.3. Payments due under agreements entered into by or on behalf of the CC.
 - 8.53.4. The implementation of decisions of recognised National Negotiating Bodies in relation to staff under the control of the CC.
- 8.54. Write off irrecoverable debts with a limit of £10,000 in respect of each individual debtor account.
- 8.55. Authority to settle damages and costs in legal proceedings up to £30,000.
- 8.56. Authorise persons to enter land or obtain information for any statutory purpose coming within the PCC's or CC's area of responsibility.
- 8.57. Take necessary measures to ensure that high standards of health, safety and welfare are achieved in the activities of the PCC and the CC, in compliance with the Health and Safety at Work etc. Act 1974 and the PCC's and CC's Health and Safety Policies.
- 8.58. Exercise all powers in relation to the strategic delivery of ICT for the Constabulary.
- 8.59. Ensure the effective administration of the Constabulary's responsibilities under Data Protection and Freedom of Information legislation.
- 8.60. In conjunction with the PCC CFO to review the financial limits in Standing Orders, Financial Regulations and this Scheme of Governance annually in the light of any changes in monetary values.

November 2012
Review March 2013



Lancashire
Constabulary
police and communities together

POLICE AND CRIME COMMISSIONER FOR LANCASHIRE

FINANCIAL REGULATIONS

CONTENTS

These Financial Regulations cover the following matters:-

1. General Principles and Roles
2. Revenue Expenditure
3. Capital Expenditure
4. Police and Crime Plan and Performance Review
5. Treasury Management
6. Receipts and Payments
7. Salaries and Pensions
8. Accounting Procedures and Systems
9. Contracts, Agreements and Purchasing
10. Inventories and Stocks and Stores Records
11. Insurance
12. Irregularities
13. Internal Audit
14. Voluntary Funds
15. Sponsorship and Third Party Agreements
16. Reserves and Provisions

An explanation of some of the terms used in these Regulations is provided as an Appendix.

INTRODUCTION

Each Police and Crime Commissioner (PCC) and their respective Chief Constable is established in law as a corporation sole under the Police Reform and Social Responsibility Act 2011.

The Policing Protocol Order 2011 sets out the high level financial responsibilities of the PCC and the Chief Constable, making clear that the former is ultimately accountable to the public for the management of the Police Fund, while the latter has day to day responsibility for managing their allocated budgets after these have been approved by the PCC.

PCCs spend large sums of money and have a duty to account clearly for the money they spend to the public, who pay for the spending through various forms of taxation. Financial Regulations establish the principles of financial control and embody the principles of the

Code of Practice on Financial Management (revised January 2012) made under the provisions of the Police Act 1996 and the Police Reform and Social Responsibility Act 2011.

These Financial Regulations are a part of the overall control framework within which the Police and Crime Commissioner (PCC) operates and govern the relationship between the PCC and the Chief Constable in financial matters. They have been developed in close consultation with the Chief Constable, the two Chief Finance Officers and the Chief Executive. Rather than a barrier to action they should be viewed as a mechanism to ensure that the financial dealings of the PCC and of the Chief Constable are conducted properly and in a way which incorporates recognised best practice (as set out in guidance published by relevant bodies) and which focuses on bringing operational and financial management together with accurate, complete and timely financial information.

They also include sufficient safeguards for both Chief Finance Officers who are responsible for ensuring that the financial affairs of the force and of the PCC are properly administered to discharge properly their statutory obligations.

The financial control framework can be seen as a hierarchy as the table below illustrates.

Standing Orders	Approved by PCC
Financial Regulations	Approved by PCC
Interim Scheme of Governance	Approved by PCC/CC
Financial Instructions	Approved by PCC/CC
Manuals of Guidance/Work Procedures	Approved by the Chief Constable

The PCC's and Chief Constable's joint Interim Scheme of Governance (in conjunction with the Constabulary's Scheme of Devolved Financial Management) enables appropriate delegation to be achieved in line with the requirements of the Code of Practice.

The Chief Constable, Chief Executive/Monitoring Officer and both CFOs are responsible for the observance of regulations relating to their service area and for the training of staff to ensure compliance with these regulations.

The responsibility for the creation and maintenance of the framework rests with the PCC's CFO, who will take into account any recommendations and guidelines issued by the Consultative Committee of Accountancy Bodies.

Amendments of a significant nature (such as go to change materially a process or approach) shall only be approved by the PCC, after consideration of the proposal is given by the Chief Executive/Monitoring Officer and PCC's CFO. If the Chief Executive/Monitoring Officer and CFO are of the view that the proposal is unlawful, then it shall be rejected with proper reasons being given. Otherwise, the Chief Executive/Monitoring Officer or CFO shall prepare a report with such recommendations for consideration by the PCC.

Amendments of a minor nature may be approved by the CFO, in consultation with the PCC, after consideration by the Chief Executive/Monitoring Officer, but only those which are lawful may proceed.

The responsibility for reviewing and advising on the effectiveness of the financial control framework rests with the PCC's CFO (see Financial Regulation 13). Advice and assistance can be obtained from the Chief Internal Auditor (01772 534898), and Audit Manager (01772 534904).

The Chief Executive welcomes feedback on the operation of Financial Regulations and Financial Instructions to ensure they remain relevant and effective. Constabulary Finance staff and the PCC's CFO staff are ready and willing to provide assistance in all areas relating to financial management and financial control. Initially the Head of Management Accounts (01772.412131) should be contacted if you have comments on the application or operation of particular regulations or instructions.

1. General Principles and Roles

Specific roles and responsibilities are defined as follows:

1.1. The Police and Crime Commissioner (the PCC)

The PCC's main responsibilities in respect of financial matters are to:

- (a) appoint a person to be responsible for the proper administration of the PCC's financial affairs, referred to as the PCC Chief Finance Officer (CFO)
- (b) agree a budget requirement and set the precept, on the advice of the CFO;
- (c) approve the proposed overall allocation of resources for the Chief Constable;
- (d) monitor financial outcomes;
- (e) identify and agree longer term spending commitments;
- (f) approve new capital development schemes and the overall setting of the capital programme.

1.2. The PCC CFO

Under paragraph 6 of Schedule 1 to the Police Reform and Social Responsibility Act 2011, every PCC outside London is required to appoint a person to be responsible for the proper administration of the Commissioner's financial affairs, referred to as the Chief Finance Officer.

The statutory responsibilities of the CFO are set out in section 114 of the Local Government Finance Act 1988 (as amended by paragraph 188 of Schedule 16 to the Police Reform and Social Responsibility Act 2011). The qualifications required of the CFO are set out in Section 113 of the same Act.

1.2.1. The CFO is the officer charged with the responsibility for acting as financial adviser to the PCC.

1.2.2. All accounts and financial records must be kept in a form approved by the CFO, in order to enable accurate and consistent information on all financial matters to be obtained.

1.2.3. The CFO and the Chief Constable's CFO are responsible for ensuring that these financial regulations are observed.

- 1.2.4. For the purpose of complying with these regulations the Chief Executive and the Chief Constable must provide the CFO with any information which may be required and in addition must allow the CFO access where necessary to the records and documents under their control.
- 1.2.5. All reports to the PCC, which include financial content, must be agreed with the CFO. The CFO, or her representative, has the right to attend meetings of the PCC to give advice or to report on financial matters when deemed necessary to do so to fulfil her statutory duties.
- 1.2.6. The CFO shall review the financial regulations annually in conjunction with the Chief Constable's CFO, and submit these for consideration by the PCC. Any financial limits contained within these regulations shall be reviewed every two years by the CFO in conjunction with the Chief Constable's CFO.
- 1.2.7. The PCC's financial regulations will apply in relation to any activities carried out by the PCC or its employees or police officers on behalf of a third party, such as the role of acting as the accountable body for a partnership of authorities, subject to any overriding requirements of the third party for whom the PCC is acting.

The Accounts & Audit Regulations 2011 impose further responsibilities which mean that the CFO's responsibilities also include:

- (a) ensuring that the financial affairs of the PCC and the Constabulary are properly administered;
- (b) reporting to the PCC, the Police and Crime Panel and to the external auditor any unlawful, or potentially unlawful, expenditure by officers of the PCC or Constabulary;
- (c) reporting to the PCC, the Police and Crime Panel and to the external auditor when it appears that expenditure is likely to exceed the resources available to meet that expenditure;
- (d) producing a statement of accounts of the PCC, ensuring receipt and scrutiny of the statement of accounts of the Chief Constable and subsequently the production of the group accounts;
- (e) (as delegated by the PCC) maintaining an effective internal audit function, operating in accordance with best practice as recommended by the CIPFA Code of Practice for Internal Audit as well as statutory obligations and regulations;
- (f) providing timely and accurate financial information to the PCC;
- (g) assisting the PCC in seeking to obtain Continuous Improvement;
- (h) securing treasury management including loans and investments;

- (i) advising on the safeguarding of the assets, including risk management and insurance;
- (j) advising on budgetary matters including any consequent long term implications;
- (k) establishing and maintaining appropriate financial systems and procedures that are subject to internal audit review;
- (l) advising on the financial implications of new policy developments;
- (m) attending appropriate meetings of the PCC and the CC as required to provide information and advice.

1.3. The Chief Executive/Monitoring Officer of the PCC

1.3.1. The Chief Executive has responsibility for the general administration of the PCC. All reports and decisions for consideration by the PCC must be cleared by the Chief Executive.

1.3.2. The PCC has a duty under Section 5 of the Local Government and Housing Act 1989 (as amended by paragraph 202 of Schedule 16 of the Police Reform and Social Responsibility Act 2011) to appoint a Monitoring Officer. The Monitoring Officer is responsible for ensuring the legality of the actions of the PCC and its officers, including ensuring that agreed procedures are followed and that all applicable statutes, regulations and other relevant statements of good practice are complied with.

1.4. The Chief Constable

1.4.1. The Chief Constable shares a responsibility with the PCC to provide efficient management of the policing budget and to secure value for money on behalf of the public.

1.4.2. The Chief Constable has day to day responsibility for managing their allocated budget which has been approved by the PCC and ensuring that this remains consistent with the objectives and conditions set by the PCC.

1.4.3. The financial management and administration of the CC will be integrated with the Police and Crime Plan.

1.4.4. The Chief Constable is required to appoint a person to be responsible for the proper administration of the Chief Constable's financial affairs, referred to as the Chief Constable's Chief Finance Officer (CFO).

1.4.5. With regard to any report or information for the PCC which relates to budget planning and monitoring, or upon which policy decisions or consultation are to be based, the Chief Constable is responsible for ensuring that the PCC and CC CFOs are consulted about any information to be included about the finances of the PCC, its services and activities.

1.5. Chief Constable's CFO

The Chief Constable's Chief Finance Officer is responsible to the Chief Constable for:

- a) ensuring that all financial activities undertaken within the Constabulary or contracted out under the supervision of the Constabulary are properly administered;
- b) reporting to the PCC and to the external auditor any unlawful, or potentially unlawful, expenditure by officers of the Constabulary;
- c) reporting to the PCC when it appears that expenditure is likely to exceed the resources available to meet that expenditure;
- d) assisting the PCC CFO in producing a statement of account of the CC;
- e) (as delegated by the PCC) maintaining an effective internal audit function, operating in accordance with best practice as recommended by the CIPFA Code of Practice for Internal Audit as well as statutory obligations and regulations;
- f) providing timely and accurate financial information to the PCC and CC;
- g) assisting the CC in seeking to obtain Continuous Improvement;
- h) advising on the safeguarding of the assets, including risk management;
- i) advising on budgetary matters including any consequent long term implications;
- j) advice on the financial implications of new policy developments;
- k) establishing and maintaining appropriate financial systems and procedures, in consultation with the PCC's CFO, that are subject to internal audit review;
- l) attending appropriate meetings of the PCC and the CC as required to provide information and advice.

2. **Revenue Expenditure**

- 2.1. Estimates of expenditure and income shall be prepared by the PCC CFO and the CC CFO in consultation with the Chief Executive and the Chief Constable for submission to the PCC for such periods and at such times as shall be determined by the PCC, and in a format agreed by the PCCs CFO in consultation with the CC CFO.
- 2.2. The Chief Executive and the Chief Constable shall control and manage their respective revenue budgets within any overall "cash limit", within available resources and in accordance with any guidelines issued by the PCC, and shall seek approval from the PCC for any proposal that involves a new policy

or a change to a policy where this would have a significant financial effect on the PCC's forward planning of resources.

- 2.3. Subject to regulation 2.4, the Chief Executive and the Chief Constable shall be responsible for ensuring that the amount provided in any estimate approved by the PCC shall not in whole or in part be used for any purpose other than that for which it is authorised.
- 2.4. Transfers of expenditure between estimate heads may be made in accordance with the Scheme of Devolved Financial Management as approved by the Chief Constable and PCC.
- 2.5. The Chief Executive and the Chief Constable shall be responsible for ensuring that any proposed item of expenditure not included in the approved estimates or any likely overspending or reduction of estimated income which cannot be met by a transfer in accordance with regulation 2.4 shall not be incurred without appropriate provision being made within the PCC's (or CC's) revenue budget to contain the impact of the excess expenditure or shortfall in income. Any item of this nature will be reported to the PCC as soon as possible. If expenditure in excess of the approved budget is incurred due to an emergency, this expenditure must be reported to the PCC as soon as possible thereafter, together with proposals for financing the excess.
- 2.6. The Chief Executive and the Chief Constable shall be empowered to incur expenditure within the approved estimates subject to compliance with the Standing Orders of the PCC but no expenditure, capital or revenue, shall be incurred in connection with the adoption of any new policy or extension of existing policy without the prior approval of the PCC following consideration of a report.
- 2.7. Where significant savings or increased income were not included in the Budget, but arise fortuitously because of external factors outside the PCC's and/or the CC's control, these new resources should be reported to the PCC before any decision is taken about their utilisation.

3. Capital Expenditure

- 3.1. For the purpose of this financial regulation, capital expenditure shall be expenditure primarily on the acquisition of assets which have a long term value in the provision of services mainly in relation to land and buildings ie. purchase, construction, improvement or adaptations and expenditure on vehicles, plant and equipment including computer equipment. The PCC CFO, in consultation with the CC CFO will, from time to time, issue guidance on expenditure which is to be treated as capital expenditure.
- 3.2. Programmes of capital expenditure estimates shall be prepared jointly by the PCC CFO and the CC CFO, in consultation with the Chief Executive and the Chief Constable for submission to the PCC for such periods as shall be determined by the PCC.
- 3.3. Capital expenditure estimates should be set in accordance with limits as required by CIPFA's Prudential Code for Capital Finance, introduced from 1

April 2004. The PCC CFO shall submit the necessary Prudential Indicators for approval by the PCC as part of the capital programme process.

- 3.4. Approval by the PCC of the programme of capital expenditure estimates (The Capital Programme) shall constitute the Chief Executive and the Chief Constable for incurring expenditure. Additions and amendments to the authorised Capital Programme may be made at any time with the approval of the PCC.
- 3.5. For individual major capital schemes the estimated expenditure committed under the above authority must not exceed by more than 10% (or £60,000, whichever is the lower), the amount in the Capital Programme.
- 3.6. If estimated expenditure, based on the tender valuation for an individual scheme, does exceed the approved Capital Programme figure by more than the above limits then approval to the excess must be sought from the PCC before any commitment is entered into.
- 3.7. In the case of minor works, where a 'block' allocation is approved by the PCC as part of the capital expenditure estimates (The Capital Programme), estimated expenditure committed must not exceed by more than 10% (or £60,000, whichever is the lower), the total amount in the 'block' approval within the Capital Programme.
- 3.8. If estimated expenditure, based on the tender valuation, does exceed the total amount in the 'block' approval approved in the Capital Programme figure by more than the above limits, then approval to the excess must be sought from the PCC before any commitment is entered into.
- 3.9. The estimated expenditure referred to in paragraph 3.5 shall be the amount of the accepted tender (adjusted if necessary for any non-contract items), or, if there is no tender, the original estimate of cost. This figure shall constitute the approved amount for monitoring purposes.
- 3.10. Cost increases which arise in the course of a project are to be treated as follows:-
 - (i) if additional payments arising from cost increases are required to allow a project to continue without delay or if the cost increases arise from fluctuations in the price of loose furniture and equipment, no prior approval is required but retrospective approval must be sought from the PCC;
 - (ii) if total increased costs, including any previous increases are less than 5% of the accepted tender (or less than £30,000, whichever is the lower) approval to the increase may be given by the Chief Executive or Chief Constable; for increases between 5% to 10% (or £30,000 to £60,000, whichever is the lower), approval to the increase may be given by the PCC CFO on the recommendation of the Chief Executive or Chief Constable, approvals must be reported to the PCC for information;

approval to any other cost increases in excess of this must be sought from the PCC before any expenditure arising from such cost increases is committed.

- 3.11. For each capital project with an out-turn greater than £115,000, a post-completion statement is to be presented to the PCC. The statement must show the original capital programme cost estimate, the amount of the accepted tender, any subsequent approvals to increased costs and the actual out-turn expenditure.

The statement is to be produced as soon as possible, and at the latest within two years, after practical completion of the project.

- 3.12. The PCC CFO shall be responsible for advising the PCC as to the appropriate method of financing all proposed capital schemes, after consultation with the Chief Executive, the Chief Constable and the CC CFO.
- 3.13. When the PCC has approved any scheme for the construction of new works or any proposal involving capital expenditure, it shall be the duty of the Chief Constable to submit regular reports to the PCC on progress being made on the scheme when the scheme extends beyond 12 months' duration.

4. Police and Crime Plan and Performance Review

- 4.1 The PCC is required under the provisions of the Police Reform and Social Responsibility Act 2011 to issue a Police and Crime Plan which sets out:-

1. the police and crime reduction objectives;
2. the policing which the Chief Constable is to provide;
3. the financial and other resources which the PCC is to provide to the Chief Constable;
4. the means by which the Chief Constable will report to the PCC on the provision of policing;
5. the means by which the Chief Constable's performance in providing policing will be measured;
6. the crime and disorder reduction grants which the PCC is to make and the conditions (if any) to which such grants are to be made.

- 4.2 The PCC may vary the existing plan or issue a new one at any time and will, in any case, review the plan in the light of any report or recommendation made by the Police and Crime Panel or any changes to the Strategic Policing Requirement issued by the Secretary of State.

- 4.3 Before issuing or varying a police and crime plan, the PCC must:

1. prepare a draft of the plan or variation;
2. consult the Chief Constable in preparing a draft plan or variation;
3. send the draft plan or variation to the Police and Crime Panel;
4. have regard to any report or recommendations made by the panel on the draft plan or variation;
5. give the panel and response to their report/recommendations; and
6. publish any such response.

- 4.4 The PCC must keep the Police and Crime Plan under review, and scrutinise, support and challenge the overall performance of the force, including against the priorities agreed within the plan.
- 4.5 The Chief Constable shall consult the PCC CFO on those parts of the police and crime plan which deal with the financial resources expected to be available and the allocation of those resources, and shall seek the PCC CFO's agreement thereto. The Police and Crime Plan and the Budget finally approved must both be consistent with each other, and clearly show the approved allocation of resources (as required by the Police Reform and Social Responsibility Act 2011, and the CIPFA Service Reporting Code of Practice).
- 4.6 The Chief Constable will maintain accurate and reliable systems to produce the financial performance indicator data required for any performance indicators, according to national criteria and deadlines.
- 4.7 The Chief Constable and the Constabulary will actively seek opportunities for improved financial performance and best value for money, and may also use and will assist the Internal Audit Staff to perform studies and reviews as required.
- 4.8 The PCC will ensure that the planning process complies with all national requirements, including those arising from statutes and regulations and the application of any relevant guidance and Codes of Practice.

5. Treasury Management

- 5.1 The PCC has adopted CIPFA's Treasury Management in Public Services: Code of Practice, as described in that Code.
- 5.2 The PCC CFO shall create and maintain a Treasury Policy Statement and suitable Treasury Management Practices as recommended in the CIPFA Treasury Management Code of Practice.
- 5.3 The PCC CFO shall undertake to submit reports to the PCC on its Treasury Management policies, practices and activities, including, as a minimum, an annual strategy and plan in advance of the year, and an annual report after its close, in the form prescribed in its Treasury Management Practices.
- 5.4 The PCC sets its Treasury Management Strategy in line with the indicators required under the CIPFA Prudential Code for Capital Finance.
- 5.5 Within the approved indicators set for the authorised limit and operational boundary for debt, the PCC CFO shall have delegated authority to switch between the levels agreed for borrowing and other credit liabilities.
- 5.6 The PCC is directly responsible for loans, investments and for borrowing money. The Chief Constable is not able to borrow money. Shared banking arrangements will be in operation to ensure surplus funds are pooled and invested.

6 Receipts and Payments

- 6.1 All banking arrangements shall be made solely by the PCC CFO who shall be authorised to open such accounts in the name of the PCC and to give such directions as shall be necessary for the making of payments on behalf of the PCC and deposit of money received by the PCC.
- 6.2 The Constabulary CFO shall ensure that the procedures for any covert accounts required for operational policing purposes are maintained in accordance with clear procedures set by them and approved by the PCC CFO. These shall be subject to normal internal and external audit requirements.
- 6.3 All receipts shall be paid into and all payments shall be made out of the Police Fund by or under the direction of the PCC CFO.
- 6.4 Arrangements for the safe and efficient receipt and accounting of all monies due to the PCC shall be subject to the supervision of both CFOs who may issue such instructions as they deem necessary.
- 6.5 The PCC CFO, in consultation with the CC CFO, shall issue such instructions as she deems necessary on the procedures for the ordering of goods and the verification of invoices and claims; and she shall be entitled to make enquiries and to receive such information and explanation as he/she may reasonably require.
- 6.6 Invoices and claims for payment shall be examined, verified and certified in such form and manner as shall be prescribed by both CFOs.
- 6.7 The PCC and CC CFOs shall provide such imprest and advance accounts as he/she considers suitable for the purpose of defraying petty cash and other expenses, and shall issue the necessary instructions to imprest holders for the setting up and operation of these accounts. Bank accounts required for this purpose should be opened by the PCC CFO and would be subject to Financial Regulation 6.1.
- 6.8 The PCC CFO shall, to the extent she considers necessary, make arrangements to examine, prior to payment, the final accounts of contracts.
- 6.9 Without prejudice to the legal obligations of the nominated Architect, Engineer or Consultant under the contract, on the completion of any contract for Building Construction or Engineering Works, the final certificate of completion shall not be issued until detailed statements of account and other relevant documents have been provided to the PCC by the appointed Architect Consultant or Engineer.

7 Salaries and Pensions

- 7.1 The CC is the Police Pension Authority. The PCC responsibility will be limited to specific decisions and discretions concerning the pension and retirement of PCC staff and discretion on the application of pension forfeiture.

- 7.2 The assessment, calculation and payment of all salaries, pensions, superannuation payments, compensation and other emoluments or allowances to employees or former employees of the PCC shall be made in a manner determined and approved by both CFOs.
- 7.3 Under the Police Pension Fund Regulations 2007 the Chief Constable is responsible for ensuring the administration of the pension schemes and the appropriate maintenance and provision of the relevant accounts. The Chief Constable is responsible for ensuring that accurate and up to date information is provided to the Home Office on the Force's Pensions Account and future forecasts for police pensions income and expenditure.
- 7.4 The Chief Constable is responsible for ensuring the administration of the LGPS which is governed by the LGPS (benefits, Membership and Contributions) Regulations 2007 and the LGPS (Administration) Regulations 2008 under Section 7 of the Superannuation Act 1972 and the appropriate maintenance and provision of the relevant accounts.

8 Accounting Procedures and Systems

- 8.1 New accounting procedures and systems shall not be introduced or existing systems amended without consultation with, and the prior approval of, the PCC CFO.
- 8.2 The annual accounts of the PCC shall be prepared by the PCC CFO who shall produce a statement of the PCC's accounts, supplemented by such other information relating to the finances of the PCC as may be required, including the receipt and scrutiny of the statement of accounts of the Chief Constable and the production of the group accounts.

9 Contracts, Agreements and Purchasing

- 9.1 The Chief Executive and the Chief Constable shall keep a record of all written contracts, agreements, awards and other instruments involving the payments or receipt of money by the PCC, in accordance with the requirements of the Standing Orders relating to Contracts.
- 9.2 The Chief Executive and the Chief Constable will ensure that all transactions comply with the requirements of any relevant regulations.
- 9.3 Purchase of equipment, goods and materials shall be effected through the most economical and practical means making use of contracts arranged through the Home Office and other bodies where these are available. The PCC CFO, in consultation with the CC CFO, shall issue such general instructions as is deemed necessary and shall be entitled to make such enquiries and to receive such information and explanations as may reasonably be required.
- 9.4 If services are purchased from other PCCs, or from the private sector, the Chief Executive/Chief Constable and the PCC CFO must be satisfied that the services bought take into account any Public Contracts Regulations and

represent an efficient and effective use of resources. The Chief Constable and Chief Executive should have, or secure, the necessary expertise to set up suitable contractual arrangements.

- 9.5 All financial and other support services which are run within the Constabulary, and more generally all procurement of services, commodities and facilities for the PCC and the Constabulary, should be subject to value for money principles.
- 9.6 The Chief Constable and the Chief Executive are responsible for ensuring that, where appropriate, standing orders in respect of contracts and tenders and the PCC's approved arrangements in connection with purchasing and supplies are complied with before official orders are issued.
- 9.7 Every employee of the PCC and the Constabulary or member of the Interim Combined Audit Committee has a responsibility to declare any links or personal interests which they may have with suppliers and/or contractors if they are engaged in contractual or purchasing decisions on behalf of the PCC. It is important for everyone involved in spending public money to demonstrate that they do not benefit personally from decisions that they make, and to avoid any situation which might be regarded as compromising due objectivity and impartiality. The ethical standards of the PCC and the Constabulary should be fully observed when dealing with suppliers or contractors.
- 9.8 All orders or requisitions issued shall be on pre-numbered official stationery as agreed or otherwise authorised by the Chief Constable/Chief Executive in liaison with the PCC CFO. Any new systems may only be implemented after prior approval of the Chief Executive or the Chief Constable upon the advice of both CFOs.
- 9.9 Use of the internet to place orders electronically shall be in accordance with any overall policy of the PCC and will comply with the procedures and guidance issued by the Chief Executive or Chief Constable having regard to advice from both CFOs.
- 9.10 The use of credit or purchasing cards is permissible in specific instances agreed by the Chief Executive or Chief Constable and is subject to financial procedures and guidance which he/she will provide having regard to advice from the PCC CFO, and subject to any overall policy of the PCC on this aspect.

10 Inventories and Stocks and Stores Records

- 10.1 The Chief Executive and the Chief Constable shall be responsible for the safe custody and physical control of stores and equipment and for the maintenance of records in the form approved by the CFOs. The records shall include such items as the CFOs, after consultation with the PCC and Chief Constable, consider necessary.
- 10.2 The Chief Executive and the Chief Constable shall arrange periodic physical checks of equipment and stores against relevant records by officers other than those responsible for their custody and control.

11 Insurance

- 11.1 The PCC CFO shall arrange and administer all insurances as directed by the PCC.
- 11.2 The Chief Executive and the Chief Constable shall notify the PCC CFO promptly of all risks, liabilities, properties or vehicles which require to be insured and of any alterations affecting risks or insurances indicating the amount of cover required.
- 11.3 The Chief Executive and the Chief Constable shall immediately notify the PCC CFO of any fire, loss, accident or other event which may give rise to a claim against the PCC's insurers.

12 Irregularities

- 12.1 All financial or accounting irregularities or suspected irregularities, or of any circumstances which may suggest the possibility of irregularities, including those affecting cash, stores, property, remuneration or allowances shall be immediately reported to the PCCs CFO. The PCC CFO in consultation with the CC CFO, shall determine the scope of any internal enquiries or investigations.
- 12.2 The Chief Executive and Monitoring Officer, in consultation with the Chief Constable shall decide whether any matter should be referred for Police investigation or other appropriate action be taken.
- 12.3 Reports relating to financial irregularities which reveal irregularities of a serious nature shall be drawn to the attention of the PCC.

13 Internal Audit

- 13.1 Both CFOs shall maintain an adequate and effective internal audit of the accounts and control environment of the PCC, Constabulary and of its officers and submit appropriate reports to the Chief Constable and the combined Interim Audit Committee and the Home Office.

- 13.2 The CFOs shall have regard to any relevant professional codes, guidelines and any audit standards issued by the Auditing Practices Board of the Consultative Committee of Accountancy Bodies and CIPFA.
- 13.3 The PCC CFO or her representative shall have access for any necessary examination and audit, at all reasonable times, to all cash, property, documents, books of account, vouchers and electronic records appertaining in any way to the finances of the PCC, and shall be entitled to require such explanations as may be reasonably considered necessary to satisfy himself of the correctness of any matter under examination. Similar rights of access and explanation shall be given to the PCC's external auditor.

14 Voluntary Funds

- 14.1 Voluntary funds held by an employee acting by virtue of his office or employment shall be notified to the Chief Constable who shall, where necessary, in consultation with, and on the advice of both CFOs, prescribe from time to time procedures for ensuring that such funds are properly administered, accounted for and audited.

15 Sponsorship and Third Party Agreements

- 15.1 The Chief Executive and the Chief Constable are responsible for ensuring that the PCC's policy relating to the acceptance of gifts, loans of property and sponsorship is strictly adhered to.
- 15.2 The PCC is responsible for approving the contractual arrangements for any work by the Constabulary for or with third parties or external bodies. All joint relationships or working arrangements involving the PCC or the Constabulary should be in the name of the PCC, formally agreed and documented by the PCC. All such agreements should be scrutinised by the Monitoring Officer and Constabulary Solicitor before submission by the Chief Constable (in liaison with the Chief Executive) to the PCC for approval.

16 Reserves and Provisions

- 16.1 The PCC shall establish a policy on reserves and provisions (including how they might be used by the Chief Executive and the Chief Constable). This should have due regard to the need to ensure the ongoing funding of activities and the requirement to meet exceptional or extraordinary policing and crime operations.
- 16.2 General reserves shall be held by the PCC and managed to balance funding and spending priorities and to manage risk.

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FINANCIAL REGULATIONS - TERMS

Police and Crime Plan

The PCC is required under the provisions of the Police Reform and Social Responsibility Act 2011 to issue a police and crime plan which sets out the strategic direction and objectives of the police force and has regard to the Strategic Policing Requirement set by the Home Secretary. The PCC may vary an existing Plan or issue a new one at any time and will in any case review the plan in the light of any report or recommendation made by the Police and Crime Panel or any changes to the Strategic Policing Requirement issued by the Secretary

Revenue Budget

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 PCC's policies. It provides PCC to incur expenditure and a basis to monitor financial performance.

Capital Programme

Capital expenditure is an important element in the development of the PCC's services, representing major investment in new and improved assets. The regulations provide a consistent framework for the preparation and appraisal of the capital programme, appropriate authorisation for schemes to proceed, and the proper management of the programme.

Treasury Management

Treasury Management comprises the arrangements for managing the PCC's cash flow, its borrowing activities and its lending activities, and is the responsibility of the PCC CFO, in accordance with the PCC's agreed policies.

Voluntary Funds

These funds are not owned by the PCC, but it is unreasonable to expect contributors to distinguish between them and official monies. Therefore, standards of accounting and propriety need to be the same as those expected for official monies.

Internal Audit

The Accounts and Audit Regulations 1996 require the PCC to maintain an adequate and effective internal audit of the PCC's accounts. This responsibility has been delegated by the PCC to the CFO as 'Responsible Financial Officer'. The Financial Regulations provide the framework for the discharge of this statutory duty.



POLICE AND CRIME COMMISSIONER FOR LANCASHIRE

STANDING ORDERS RELATING TO CONTRACTS

CONTENTS

These Standing Orders Relating to Contracts cover the following matters:

- 1 Compliance with Standing Orders
- 2 Authority to deal with Contracts
- 3 Contracts above £60,000
- 4 Tender award criteria and award of contract
- 5 Approved List of Tenderers
- 6 Exemptions from the Requirement to obtain Tenders or Quotations
- 7 Sub-Contractors
- 8 Submission of Tender
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- 12 Approval of Shortlist of Tenderers
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- 17 Joint Procurement
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1. Compliance with Standing Orders

- 1.1 All contracts made by the Police and Crime Commissioner (PCC) shall comply with the following provisions of these Standing Orders. Every contract relating to purchases or sales, the provision of services (including the purchase of consultancy services) shall comply with these Standing Orders. No exceptions from any of the following provisions of these Standing Orders shall be made other than by direction of the PCC or subject to the provisions of applicable Public Contracts Regulations.

- 1.2 For the purpose of these Standing Orders, where it is anticipated that a quantity of goods is to be purchased during any financial year by placing orders against a standing offer to supply those goods at a fixed price or a price which is determined by reference to objective criteria, the estimated total aggregate value of goods to be purchased for the contract period shall be deemed to be the value or estimated value of the contract for the supply of those goods.
- 1.3 All employees and officers of the PCC, officers and staff of the Lancashire Constabulary and all persons or companies contracted with the PCC shall conform with the provisions of Standing Orders. No favour should be shown towards any supplier or contractor. Officers and staff of the Lancashire Constabulary must ensure compliance with the Constabulary's Code of Ethics. Failure to comply with either may be regarded as a disciplinary offence.

2. Authority to deal with Contracts

2.1 Contracts below £60,000

The PCC's Chief Executive and Chief Finance Officer (CFO) and the Chief Constable's CFO may enter into contracts

- 2.1.1 which do not exceed £6,000, without the need to seek written quotations or tenders, provided that they can demonstrate that value for money is being achieved;
- 2.1.2 between £6,000 and £60,000 in value, provided that a reasonable number of (not less than three) written competitive quotations or tenders for each contract have been received (unless the contract is one caught under Standing Order 6.1 in which case tenders and quotations will not be required.)

If it proves impossible to comply with the requirements set out at 2.1.1 and 2.1.2 set out above the PCC's Chief Executive and CFO and the Chief Constable's CFO may each in their own right agree to waive these provisions provided that the reasons for doing so are lawful and recorded in writing.

3. Contracts above £60,000

Advertising

- 3.1 All contracts that exceed £60,000 shall be subject to a formal tender process and comply with the advertising requirements set out below, unless the contract is exempt under Standing Order 6.1, however excepting always any requirements under the Public Contracts Regulations 2006 (and subsequent amendments), (The Regulations).
 - 3.1.1 the advertisements must be placed in one or more of the local newspapers circulating in the area; and

- 3.1.2 in one or more newspapers or journals circulating amongst such persons as undertake such contracts wherever the value or amount of the contract exceeds £130,000 (except where the contract concerns buildings and constructional work where the figure shall be £370,000);
- 3.1.3 local press advertising need not apply where the nature of supply, in the opinion of the CCs CFO (or where appropriate the Chief Executive and PCC CFO) is of such a specialist or technical nature that advertising in trade journals will be sufficient to notify any interested parties; and
- 3.1.4 in the case of contracts equal to or exceeding in value current thresholds specified for the purposes of the Public Contracts Regulations 2006 governing the award of public supply, public works and public services contracts ('qualifying contracts'), the advertising requirements specified in the Regulations shall apply.
- 3.1.5 The PCC's Chief Executive and CFO and the CC CFO shall have discretion to make a charge to cover the cost of the production and circulation of tender documents having regard to the merits of each individual contract.

EU Procurement Rules and the Public Contracts Regulations

- 3.1.6 For contracts where the estimated total value exceeds, or is within 10% of the relevant EU Procurement threshold (set out below and as amended every two years), the procurement must also be conducted in accordance with the appropriate Regulations. The application of the Regulations cannot be waived by the PCC.
- 3.1.7 The latest EU Procurement thresholds with effect from 1 January 2012 are:

Public Works	£4,348,350 (less 10% = £3,913,515)
Public Services	£173,934 (less 10% = £156,541)
Public Supplies	£173,934 (less 10% = £156,541)

4. Tender award criteria and award of contract

- 4.1 All tender award criteria, sub criteria and methodology must be agreed in advance and included in the tender being invited.
- 4.2 The tender must include the mandatory requirement for contracting authorities to exclude economic operators (suppliers, contractors and service providers) from public contracts where they have been convicted of any of the following offences: conspiracy, corruption, bribery, fraud. Exclusions will be required if there is evidence of other criminal activity in an organisation or if individual employees fail to meet vetting criteria.

- 4.3 When a tender has been advertised under the Regulations or is a service described in Schedule 3 Part B of the Regulations and is over the relevant threshold, a contract award notice must be published in OJEU (Official Journal of the EU) within the timescales.
- 4.4 Save for those contracts identified in paragraph 4.5 below all contract award decisions are subject to a mandatory 10 day “standstill” provision. Any economic operator that has submitted an offer has applied to be amongst those selected to tender for or negotiate the contract, or who has applied to be a party to a framework agreement must be notified of the decision to award a contract. Such notification must be given in accordance with the requirements of Regulation 32 of the Public Contracts Regulations 2006 as amended by the Public Procurement Regulations, 2011.
- 4.5 The award of contract notification requirements set out above do not apply to the following contracts.
- (a) contracts where the value falls below the EU Procurement Threshold;
 - (b) those in relation to Part B services;
 - (c) those awarded under a framework agreement (although the requirements do apply to the award of the framework agreement itself);
 - (d) those awarded using dynamic purchasing systems;
 - (e) those awarded using negotiated procedure with only one tenderer.

(Note: Good practice states that whilst Alcatel does not apply, public sector bodies should offer an unofficial standstill period to give unsuccessful parties the opportunity to request a debrief/feedback.)

5. Approved List of Tenderers

- 5.1 Notwithstanding the provisions of Standing Order 3, the PCC may direct that contracts in excess of £60,000 which are not qualifying contracts, need not be the subject of competitive tendering by way of general advertisement. The PCC may direct that those contracts can be by invitation to tender from a list of persons selected and approved by the PCC after public notice in one or more newspapers or journals circulating amongst such persons, as undertake the particular contracts and considered eligible to be included on the list. Not less than six (6) persons must be on the select list and not less than five (5) persons if the contract exceeds £3,400,000.
- 5.2 Approved lists as provided for in Standing Order 5.1 may also be applied to qualifying contracts for the execution of works at the direction of the PCC provided that any such qualifying contract shall be awarded by the restricted procedure specified in the Regulations. The reason for use of restricted procedures shall be recorded by the Chief Constable's CFO following consultation with the PCC's Chief Executive and CFO. Any person not included in the approved list can apply to be included and the PCC's Chief Executive and CFO and the Chief Constable's CFO have the discretion to include or not include such a person.

- 5.3 Any procedure operated under this Standing Order shall be modified as the PCC may direct to secure compliance with the Regulations.
- 5.4 Qualifying contracts shall be awarded by negotiated procedures (as defined in the Regulations) only with the prior approval of the PCC.
- 5.5 The approved list shall be reviewed by the PCC every two years and the invitation to tender by way of public notice shall be repeated as often as may be directed by the PCC. Names of contractors may be added to or removed from approved lists at any time by the PCC and in the case of building contracts in accordance with the Policy and Procedures document for managing the list.
- 5.6 Where more than six contractors appear on an approved list at least six contractors shall be invited to tender, except where the contract is of a value that requires only five persons to tender. On each occasion that the approved list is used, at least 50% of those invited to tender shall not have previously been invited. This rotation shall continue and be repeated after all contractors have been invited. In the case of building contracts the Policy and Procedures document for managing the list shall be used.

6. Exemptions from the Requirement to obtain Tenders or Quotations

- 6.1 No tenders or quotations (as per Standing Order 2.1 and 3.1) need to be obtained in respect of the following contracts, whatever the value:-
 - 6.1.1 contracts for the purchase of goods in respect of which tenders have been obtained by a purchasing consortium or other recognised Government agency;
 - 6.1.2 contracts for the supply of goods which the Home Office or National Crime Agency (NCA) have specified as the type of goods which should be used for a particular purpose and only one supplier of such goods exists;
 - 6.1.3 contracts for the supply of goods or services the price of which is fixed by a trade organisation or government department and no reasonably suitable alternative is available;
 - 6.1.4 contracts where the PCC has entered into a framework agreement through procurement or places an order from an existing framework agreement procured by central government agencies, other PCCs or other third parties. However, it should be noted that, in some instances, the framework agreement may include within its terms a requirement for a mini competitive exercise between those suppliers who are party to the framework agreement.

(A framework agreement is defined as an agreement which allows the PCC to place orders with a supplier to provide supplies, services or works in accordance with the terms of the agreement. The Framework Agreement itself usually constitutes a non-binding offer with no

obligations on the PCC to place orders with the supplier, whereas a framework contract is binding.

The draft framework contract will be used in any mini competition and form the basis of a binding contract with the supplier.)

7. Sub-Contractors

- 7.1 The provisions of Standing Orders 3 and 4 shall not apply, unless otherwise directed by the PCC, to any power to select a sub-contractor within the terms of a main contract.

8. Submission of Tender

- 8.1 Tenders must be submitted in accordance with the requirements of paragraph 9. Wherever possible, e-tendering should be used.
- 8.2 Where public invitation to tender is required, every notice of such invitation shall state that no tender will be received except either:
- 8.2.1 In a plain sealed envelope addressed to the Chief Executive of the PCC; or
- 8.2.2 Via secure electronic format as specified by the PCC.
- 8.3 No tenders received after the specified date and time for receipt of tenders shall be accepted or considered under any circumstances.
- 8.4 Paper based tenders must be received in a plain sealed envelope addressed to "The Chief Executive of the PCC and shall bear the word "Tender" followed by the subject to which it relates, but shall not bear any name or mark indicating the sender, and such envelopes shall remain in the custody of the Chief Executive until the time appointed for their opening.
- 8.5 Tenders shall be opened at one time and in the presence of at least two officers from a panel of officers appointed by the Chief Executive to the PCC. When the tenders have been opened and the details recorded, the tender documents shall be transmitted direct to the officers responsible for the contract.

9. Electronic Tendering

- 9.1 Requests for Quotations and Invitations to Tender should be transmitted electronically via the corporate e-tendering software. A corporate contract exists to support this way of working and is the only approved software route for e-tenders. Quotations and tenders shall be submitted via the corporate e-tendering solution provided that:
- (a) evidence that the transmission was successfully completed is obtained and recorded;

- (b) quotations or tenders will only be accepted by electronic means if the tenderer has complied fully with the requirements for the receipt under the core ICT system for e-tendering which ensures that electronic tenders are kept in a separate, safe and secure folder under the control of an officer authorised for this purpose by the appropriate Chief Executive. This folder shall remain unopened until the published deadline has passed for receipt of tenders;
- (c) the requirements in the Regulations in respect of electronic signatures must be complied with.

10. Invalid Tenders

- 10.1 A tender received by post after the time specified but before tenders are opened can be deemed valid at the discretion of the Chief Executive provided the post mark would have brought about delivery in this time in the normal course of post. The decision and reasons shall be documented.
- 10.2 Except where deemed valid as above, invalid tenders due to late delivery shall be opened and their value recorded but in a manner that indicates their invalidity.

11. Amendment of Tenders

- 11.1 No tenderer shall be allowed to amend a tender figure after the deadline for the receipt of tenders provided that, where significant arithmetical errors or discrepancies are discovered before acceptance, the tenderer should be afforded the opportunity of confirming the price, of amending it to take account of such genuine errors or of withdrawing their tender.

12. Approval of Shortlist of Tenderers

- 12.1 The PCC's Chief Executive and CFO and the Chief Constable's CFO may agree to the use of the shortlisting procedure and approve a shortlist of tenderers for any contract where the drawing up of a shortlist is deemed necessary. Records relating to the shortlisting process will be maintained, including a record of the reason for the use of the shortlisting procedure.
- 12.2 Any procedure operated under this Standing Order shall be modified as the PCC may direct to secure compliance with the Regulations.

13. Evaluation of tenders

13.1 Tenders subject to the Regulations shall be evaluated in accordance with the relevant regulations and the evaluation criteria set out in the invitation to tender or invitation to negotiate. All other tenders shall be evaluated in accordance with the evaluation criteria notified to tenderers in the contract notice and/or invitation to tender or invitation to negotiate. All contracts, except where lowest price was predetermined to be the appropriate contract award criterion, shall be awarded on the basis of the offer which represents the Most Economically Advantageous offer to the PCC. The evaluation criteria shall be predetermined and listed, together with pre-determined scores and/or weightings in the invitation to tender, invitation to negotiate or invitation to participate. In addition, the evaluation criteria shall be strictly observed at all times throughout the contract award procedure by any person involved in the tender evaluation.

13.2 Definition of 'Most Economically Advantageous Offer'

Most economically advantageous offer may be assessed by reference to quality, price, technical merit, aesthetic and functional characteristics, running costs, cost effectiveness, after sales service and technical assistance, company finances, delivery date and delivery period or period of completion.

14. Acceptance of a Tender other than the highest or lowest

14.1 Where payment is to be received by the PCC and provided that the tender is within the approved estimate, a tender other than the highest tender in terms of monetary value shall not be accepted unless approved by the PCC.

14.2 Where payment is to be made by the PCC, and provided that the tender is within the approved estimate, a tender other than the lowest tender in terms of monetary value or the most economically advantageous tender, depending upon the evaluation criteria which is being implemented, shall not be accepted unless approved by the PCC.

14.3 This Standing Order shall not place the PCC under an obligation to accept any tender.

14.4 The PCC's Chief Executive and CFO and the Chief Constable's CFO, if satisfied that it is not in the PCC's interest to accept the lowest or the most economically advantageous quotation, may negotiate a lower or more economically advantageous quotation with the person or company submitting the lowest or most economically advantageous quotation, and keep a record of such negotiations attached to the original tender documentation.

15. Withdrawal of Tenders

- 15.1 In the event of any person or firm withdrawing a tender or declining to sign the contract upon being called upon to do so after his or their tender has been accepted, or if the PCC is satisfied that the contractor has not carried out that contract in a satisfactory manner, the person or firm or contractor shall not be allowed to tender or shall be removed from the approved lists thereafter for a period of three years, or such other period as may be agreed by the PCC in individual cases.

16. Written or Sealed Contracts

- 16.1 All contracts and orders shall be made in the name of the Police and Crime Commissioner for Lancashire.
- 16.2 All contracts which relate to the acquisition and disposal of land, or which have potential long term liabilities and would benefit from the added legal protection afforded by the process of sealing shall be made by affixing the Common Seal which shall only be attested by the PCC's Chief Executive or person authorised by him/her.
- 16.3 All contracts and orders shall be made in writing.

17. Joint Procurement

- 17.1 These Standing Orders shall apply to any procurement where tenders are invited by the PCC on behalf of police forces, emergency services and other public bodies and any partnership, consortium, association or similar body of which the PCC is a member, or where the PCC is participating in any procurement exercise where it is not the lead body.

Other Issues in Respect of Contracts

18. Liquidated Damages and Bonds for Non-Performance

- 18.1 Every contract which exceeds £60,000 in value or amount and is either for the execution of works or the supply of goods or materials otherwise over a period of time, shall provide for the payment of liquidated damages by the contractors in case the terms of the contract are not duly performed, and the PCC shall require and take sufficient security or guarantee for the due performance of every such contract, unless such security or guarantee is provided for by general arrangements made by the PCC.

19. Damages for Bribery or Treating

19.1 In every written contract a clause shall be inserted to secure that the PCC shall be entitled to cancel the contract and to recover from the contractor the amount of any loss resulting from such cancellation, if the contractor, its employees, agents or sub-contractors shall have committed any offence under the Bribery Act 2010.

20. Third Parties

20.1 In cases where a third party such as an agent or consultant is employed to act for the PCC in the carrying out of works or purchase of supplies, it shall be a term of the appointment that the following shall be complied with:-

20.1.1 observe or otherwise secure the observance of the procedures prescribed in these Standing Orders;

20.1.2 at any time during the execution of the contract, the PCC's Chief Executive and CFO and the Chief Constable's CFO produce on request, all the records maintained in relation to the contract; and

20.1.3 on completion of a contract, transmit all such records to the PCC's Chief Executive and the Chief Constable's CFO as appropriate.

21. Assignment

21.1 In every written contract the contractor shall be prohibited from transferring or assigning directly or indirectly to any person or persons whatever, any portion of the contract without the written permission of the PCC. Sub-letting, other than that which may be customary in the trade concerned, shall be prohibited.

22. Review

22.1 These Standing Orders shall be reviewed annually.

22.2 Amendments of a significant nature (such as go to change materially a process or approach) shall only be approved by the PCC, after consideration of the proposal is given by the Monitoring Officer and PCC's CFO. If the Monitoring Officer and CFO are of the view that the proposal is unlawful, then it shall be rejected with proper reasons being given. Otherwise, the Monitoring Officer or CFO shall prepare a report with such recommendations for consideration by the PCC.

22.3 Amendments of a minor nature may be approved by the PCC CFO, in consultation with the PCC, and the Chief Executive/Monitoring Officer, but only those which are lawful may proceed.

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