

THAMES VALLEY POLICE

Income Charging Policy

1 Introduction

- 1.1 The police service is generally provided for out of public funds for the benefit of the public at large. However there is a limited range of activities where it is appropriate for the service to make charges to individuals or organisations to recover costs. Ensuring that charges are levied effectively in such circumstances will protect the public police provision and contribute to the overall funding of the service.
- 1.2 Historically, charges levied have been variable between police authorities and within police forces. Some variability may be legitimate but consistency should be achieved where possible to secure credibility and confidence in the charging processes and to ensure that proper cost recovery across the service is not undermined.
- 1.3 The service is increasingly implementing charging policies on a delegated basis within forces. Delegation requires an agreed framework of policies and procedures to ensure that individual decisions at different points in the organisation are made on a consistent basis and in accordance with the corporate requirements of the police authority and force management.
- 1.4 Income Generation Activities are coordinated by Corporate Finance department and are reported, on a regular basis, to the Income Generation Board, which is chaired by the Director of Resources, and membership includes the Treasure to the authority and other key staff from across the Force.

2 Scope

- 2.1 The ability to charge for police services is generally determined by statutory provisions. This guidance covers three main areas:
 - The provision of special police services at the request of any person under S25 of the Police Act 1996 which makes such services subject to payment of charges as determined by the Police Authority. Special police services generally relate to policing an event, e.g. a pop concert, or series of events, e.g. football matches. S26 of the 1996 Act applies similar requirements to the provision of police services overseas.
 - S18 of the Police Act 1996 extends to police authorities the powers of the Local Authorities (Goods and Services) Act 1970 to supply goods and services to other bodies or persons. This may include services provided in competition with other providers, e.g. training or vehicle maintenance, where charges will reflect market rates, or services as a by-product of core police activity such as provision of collision reports.

- The provision of police services to other agencies such as the immigration service or prison service.

2.2 The fundamental key principles of this Income Charging Policy are;

- The Charging Policy will have regard for the requirements for stewardship of public funds and should be set in the context of the overall funding position of the authority.
- The Charging Policy will reflect proper accountability and ensure that costs are met by the body responsible for the purpose for which the service is being delivered. Private persons/bodies should not be able to profit at the expense of the police service.
- Charges for services will be based on an appropriate calculation of the cost of services provided. The Charges will reflect a proper cost recovery mechanism - but, will also provide a basis for income generation under certain conditions.
- The Force Charging Policy will have regard to and reflect national guidance to ensure as far as possible consistency across the service.
- The charging methodology should be clear and transparent to both providers and recipients of the service.
- Calculations of base costs and overhead recovery will be compliant with accepted accounting best practice.
- There should be a clear understanding of how the methodology should be used by practitioners within the Force. This will include a generally agreed basis for determining whether a charge should be applied, covering the range of services for which charges should be set and guidance on where discretion can be applied.

2.3 The scope and principles highlighted above are used to establish the guidance for charging for the following services:

- **Police Special Services Policy and Charges** – Appendix A
- **Provision of Mutual Aid to other police forces** – Appendix B
- **Common Service Items** – Appendix C
- **The Provision of Goods & Services to third parties** – Appendix D

3 Costing Methodology

3.1 A general principle has been established that the recovery of policing costs should be at no detriment to the local community hence the normal costing of police services for charging purposes should reflect full economic cost recovery. This is particularly true for commercial purposes, where a special police service is being provided using police resource. The ACPO methodology has been adopted in principle and this has four basic levels of costing which incorporate the principal that as a minimum cost recovery is achieved in providing policing services to other organisations.

- **Employable Costs** - This represents the basic actual cost of the service providers, including on-costs but with no allowance for the recovery of overheads.
- **Direct Cost** - This is the cost of an officer including a standard overtime recovery element.
- **Operational Resource Cost** - This represents the cost of the resource employed in the provision of the service. Here, the direct costs and the direct overheads are included.
- **Full Economic Cost** – this is defined as the direct cost of providing staff with the addition of a standard overtime recovery element, plus direct overhead costs for non-pay related items required in the direct provision of staff e.g. uniforms, communications, plus an addition for the general overheads of the Force.

3.2 A key principle is that whilst charges should reflect local characteristics of cost e.g. London weighting, the methodology should minimise undue variations. A number of variables in the calculation of costs have that potential and, by using force averages or in some cases, national averages, these undue distortions can be minimised.

3.3 The average hourly rate takes account of all the associated infrastructure and support costs that occur within the force and are a real cost to the force in delivering the whole service. Therefore the calculated composite charge is derived from the actual direct delivery of the service.

3.4 The direct delivery of the service not only includes the deployed officers, but charges should also be levied for certain specific support staff roles which are connected in the direct delivery of the service. These roles include PCSOs, Control Room staff and other operational support roles.

3.5 The **VAT** status of all supplies needs to be appropriately accounted for. This must be validated with Corporate Finance.

4 Contracts and Agreements

- 4.1 All activities need to be subject to a written agreement. The style of the agreement will vary according to the size and scope of the scheme and who the third party is. All agreements will need to incorporate the following elements
- Purpose and reason for the agreement e.g. activity type and dates
 - Roles, responsibility and commitments of parties
 - Financial arrangements. This needs to include the quoted price, details of any agreed discount, the cancellation policy and the method and timing of payment. All invoices for goods or services must be raised in a timely manner, before or as soon as the goods have been supplied or the services rendered.
 - Details and signatories of the parties. This should include ensuring the correct organisation is named on the agreement and that the individual who signs is the proper authorised representative entitled to act for the organisation.
- 4.2 The purpose of a signed agreement is to prevent disagreement and conflict arising by ensuring that all partners are clear about their roles, responsibilities and commitments for the given activity. This document will be used as a point of reference for resolving any future differences which may arise.
- 4.3 All services/bookings will be confirmed with a standard formal letter/ email which covers all requirements and relevant details, a cancellation policy and indemnity form (where appropriate). The customer will then provide a written confirmation, a purchase order number and when appropriate a signed contract/indemnity form prior to the activity or hire commencing.
- **Contracts** are generally entered into with third party clients and for large tenders. Contracts when appropriate are prepared by the Procurement department under Financial Regulations Section 5. If any variations are required on the contract then the customer must confirm these variations in writing
 - A **memorandum of understanding (MOU)** will be used when a specific 'police only can deliver' activities like Driving in Excess of Speed Limits and Mobile Surveillance are undertaken. These are carried out under an Memorandum of Understanding (MOU) arrangement in accordance with current EU legislation. These are prepared by the Senior Contracts Manager and may be signed off by persons of appropriate authority.
 - Organisations will be required to sign an **indemnity form** when they use Thames Valley Police Property e.g. the firearms range, classrooms etc. This is to protect TVP from any liability for any act or deed carried out by their personnel in contravention to instructions issued by Thames Valley Police personnel such as the range conductor who directs the use of the range facilities.
- 4.4 All original signed documents are to be held by Corporate Finance for future reference.

5 Policy Review

- 5.1 This Policy will be owned by the Corporate Finance Department and will be reviewed annually in line with current guidance and best practice. Additionally, the Appendices and Electronic Workbooks will be updated annually for the new charging rates (following approval by the Police Authority) and issued to Budget Holders prior to the start of the new financial year.