

Anti-social Behaviour, Crime and Policing Bill

Fact sheet: Financial arrangements for chief officers of police (clause 121)

Background

1. The Police Reform and Social Responsibility Act 2011 (“PRSRA 2011”) established chief constables (and the Metropolitan Police Commissioner) as “corporations sole”. This means that subject to the consent of their Police and Crime Commissioner (in London, the Mayor’s Office for Policing and Crime) chief constables are able to spend and invest money and enter into contracts on their own behalf.
2. The first PCC elections were held in November 2012. PCCs replaced police authorities on 22 November and all civilian staff became employees of the PCC at that point. At present, chief constables do not employ staff directly. However, by April 2014, chief constables will start to do so.

Borrowing

3. PCCs are able to borrow money subject to the usual local government rules. There is therefore no need for chief constables to also be able to borrow. As a result, the PRSRA 2011 prohibits all forms of borrowing by chief constables and the Metropolitan Police Commissioner.
4. However, the fact that the PRSRA 2011 prohibits chief constables from *all* forms of borrowing prevents them from having an overdraft on a current account or access to a credit card. Without access to these facilities (which would be paid off in full at the end of a specified period), the practical day-to-day cash management of a force could be extremely difficult. This will be a particular problem once chief constables start employing (and therefore paying for) staff. For example, any delay in the PCC transferring funds to the chief constable could mean the chief constable not being able to pay salaries at the end of a month. Equally, it could create unacceptable delays in the purchase of operationally essential items.
5. Clause 121 will amend the PRSRA 2011 to allow chief constables (and the Metropolitan Police Commissioner) to borrow in very limited circumstances. This will help to ensure effective day-to-day cash management in police forces without giving chiefs the (unnecessary) ability to borrow more widely.

Capital controls

6. While chief constables cannot borrow, the PRSRA 2011 does not prevent them from building up significant amounts of debt via credit arrangements such as leasing or hire purchase transactions or private finance initiatives, or from entering into risky investments. This is in contrast to the arrangements for PCCs, who are regulated by the same capital control framework that applies to local authorities. Clause 121 closes these loopholes by explicitly prohibiting chief constables from entering into credit arrangements, and applying the capital control framework that applies to PCCs to chief constables.

Home Office
May 2013