

**ORIGINATOR: CHIEF EXECUTIVE**

**DECISION NUMBER:** 9 - 2015

**REASON FOR SUBMISSION:** FOR DECISION

**SUBMITTED TO:** POLICE AND CRIME COMMISSIONER

**SUBJECT:** POLICE ICT COMPANY

**SUMMARY:**

1. At the Association of Police and Crime Commissioners General Meeting on 3 February 2015 a Police ICT Company was agreed to be established. Police and Crime Commissioners are invited to become members of the organisation which is a company limited by guarantee.
2. The purpose of the paper is to seek approval to the Police and Crime Commissioner becoming a member of the company.

**RECOMMENDATION:**

1. It is recommended that the Police and Crime Commissioner becomes a member of the company.

**APPROVAL BY: PCC**

The recommendation set out above is agreed.

**Signature**

*Tim Parnmore*

**Date** 14/02/2015

## **DETAIL OF THE SUBMISSION**

### **1. KEY ISSUES FOR CONSIDERATION:**

1.1 At the Association of Police and Crime Commissioners (APCC) meeting on 3 February 2015 members agreed to establish a Police ICT Company. The purpose of the company is to:

- provide an overarching IT strategy to help law enforcement agencies and other partners work together effectively through the use of technology. This will enable the development of a national police IT architecture to help forces align and harmonise their local systems;
- commission national police ICT systems, ensuring strategic and operational fit and value for money;
- support law enforcement agencies to deliver services more efficiently and effectively by facilitating and enabling greater collaboration, integration and harmonisation between ICT systems;
- secure value for money by helping law enforcement agencies to get the best deal from suppliers; and
- provide a centre of knowledge and expertise in relation to ICT, encouraging innovation, supporting the delivery of digital capabilities and identifying opportunities for collaboration and shared learning.

1.2 The organisation will be a Company Limited by Guarantee, owned and governed by those with an interest or responsibility for securing efficient and effective policing services.

1.3 The full proposal provided to the APCC meeting is attached at Appendix A.

### **2. FINANCIAL IMPLICATIONS:**

2.1 The initial cost of the company will be £1.2m in 2015/16. An Innovation Fund bid has been submitted. Should the Innovation Fund bid be unsuccessful the confirmed members of the Company will be required to meet the costs, currently estimated to be in the region of £25k per member. The exact contribution required will be confirmed during March 2015 once both the outcome of the Innovation Fund bid and the number of members are known.

### **3. OTHER IMPLICATIONS AND RISKS:**

3.1 These are as set out in Appendix A.

3.2 There are no risks of significance requiring any amendment to the Risk Register.

ORIGINATOR CHECKLIST (MUST BE COMPLETED)	PLEASE STATE 'YES' OR 'NO'
Has legal advice been sought on this submission?	The Originator is a Solicitor and the Monitoring Officer.
Has the PCC's Chief Finance Officer been consulted?	Yes.
Have equality, diversity and human rights implications been considered including equality analysis, as appropriate?	Not applicable.
Have human resource implications been considered?	Not applicable.
Is the recommendation consistent with the objectives in the Police and Crime Plan?	Yes.
Has consultation been undertaken with people or agencies likely to be affected by the recommendation?	Yes – discussion has taken place with the Deputy Chief Constable.
Has communications advice been sought on areas of likely media interest and how they might be managed?	Yes.
Have all relevant ethical factors been taken into consideration in developing this submission?	Yes.

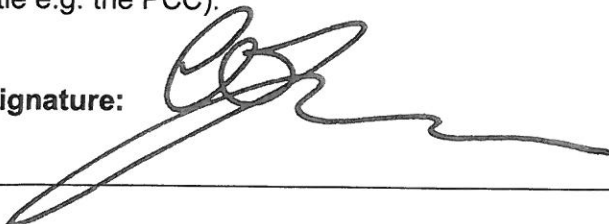
In relation to the above, please ensure that all relevant issues have been highlighted in the 'other implications and risks' section of the submission.

**APPROVAL TO SUBMIT TO THE DECISION-MAKER** (this approval is required only for submissions to the PCC).

**Chief Executive**

I am satisfied that relevant advice has been taken into account in the preparation of the report and that this is an appropriate request to be submitted to the (add decision-maker's title e.g. the PCC).

Signature:



Date 14 February 2015

# APCC General Meeting briefing



## Police ICT Company Proposal

<b>General Meeting Date:</b>	03.02.15	<b>Item.</b>	5.0
<b>Lead Commissioners:</b> Nick Alston, Essex Alun Micheal, South Wales Martin Surl, Gloucestershire			

### Recommendations/Decisions Required:

- That the Police ICT Company will be established
- The initial delivery plan for the Company in 2015/16
- The core features of the legal entity and governance
- That those wishing to be members of the Company will share the cost of the Company during 2015/16

### Background:

- When PCCs were elected, the Home Office proposed that they take ownership of a Police ICT Company with the purpose of driving efficiencies in the procurement and ongoing operation of police ICT and to support innovation. PCCs were not clear whether a company was required, exactly what its functions would be, how it would work alongside local arrangements, and whether a Company Limited by Guarantee would be the most appropriate type of entity.
- A PCC Police ICT Board was established to review the requirement. The Board commissioned a number of pieces of work to better understand the nature of the problem. The key learning from each piece of work is summarised below. A full proposal for the establishment of the Police ICT Company is now provided for consideration by Police and Crime Commissioners and Other Policing Governance Bodies.

### Summary of Activities Undertaken:

- The PCC Police ICT Board commissioned a number of pieces of work to better understand the requirements for a Police ICT Company. PCCs have been updated on these areas of work as they have taken place:
  - Commissioned Bluelightworks to carry out an analysis of local police ICT systems to identify opportunities for greater collaboration and savings.
  - Analysed how the Police ICT Company should effectively take ownership of a number of national contracts currently managed by the Home Office.
  - With support from Staffordshire, coordinated activity, shared learning and identified opportunities for collaboration in relation to body worn video.
  - Along with the Home Office, delivered a supplier engagement event which resulted in the requirement to develop common standards for police technology – this work is now underway through the Operational Requirements Board reporting to the Police ICT Board.
  - With support from the Home Office, negotiated a national contract with IBM for the provision of i2 products which will improve capability, limit costs, reduce local procurement time and result in £300k a year saving.



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4. It is through these pieces of work that the Board was able to understand exactly what a Police ICT Company could do to help PCCs and forces effectively commission and manage IT.
5. Once functions were identified, the APCC consulted with the majority of PCCs and commissioned Ipsos Mori to carry out more detailed consultation in 4 police forces. The aim was to ensure that the role and functions of the Company will genuinely add value to local activity. The full Ipsos Mori report is attached at **Annex A**. The findings from the consultation with PCCs has been incorporated into the development of this proposal. Importantly, there was strong support for the creation of the Company by the vast majority of PCCs consulted. It is hoped that all PCCs and other policing governance bodies will wish to join the Company.

### The Proposal:

6. It is proposed that a Police ICT Company is established, owned and led by Police and Crime Commissioners and other policing governance bodies on behalf of police forces in England and Wales. The Company will also provide services to other law enforcement agencies and national organisations with a specific interest in securing efficient and effective policing services.
7. The Company will support law enforcement agencies in making the best use of technology to deliver efficient and effective policing in England and Wales. The Company will support and complement local activity and help PCCs to secure best value for money. It is intended that the Company will begin as a small, strategically focused entity with core skills and expertise, providing a platform for the Company to deliver more ambitious programmes as confidence builds in its capabilities.
8. To achieve this, the Company will deliver the functions set out below:
  - Provide an overarching IT strategy to help law enforcement agencies and other partners work together effectively through the use of technology. This will enable the development of a national police IT architecture to help forces align and harmonise their local systems
  - Commission the delivery of national police ICT requirements, ensuring strategic and operational fit and value for money
  - Support law enforcement agencies to deliver services more efficiently and effectively by facilitating and enabling greater collaboration, integration and harmonisation between ICT systems
  - Secure value for money by helping law enforcement agencies to get the best deal from suppliers
  - Provide a centre of knowledge and expertise in relation to ICT, encouraging innovation, supporting the delivery of digital capabilities and identifying opportunities for collaboration and shared learning.

**Recommendation 1:** Members are invited to agree to the core functions of the company.

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## 2015/16 Delivery Plan:

9. Taking into account the functions set out above, an initial delivery plan for the Company in 2015/16 is attached at **Annex B**. This includes the following:
- A summary of functions and proposed activity/priorities under each
  - A summary of input required, including investment
  - A summary of benefits the Company will provide
  - A full list of proposed objectives with related inputs, benefits and milestones
10. It should be noted that once the Company is established and has capabilities in place, a full draft strategy and business plan will be developed (it is currently anticipated that this will be available for consultation by the end of May). To provide specific, measurable objectives and benefits, business cases will need to be developed for each area of work. It is also important to note that many areas of work are interdependent – the staffing structure proposed represents the core skills required to provide a holistic support package. The initial structure of the Company provides a platform to enable benefit and value to be demonstrated quickly, only able to grow once a return on investment has been achieved and business cases for further work have been developed.

**Recommendation2:** Members are invited to agree the delivery plan for the Company for 2015/16, subject to final development once the capabilities are in place.

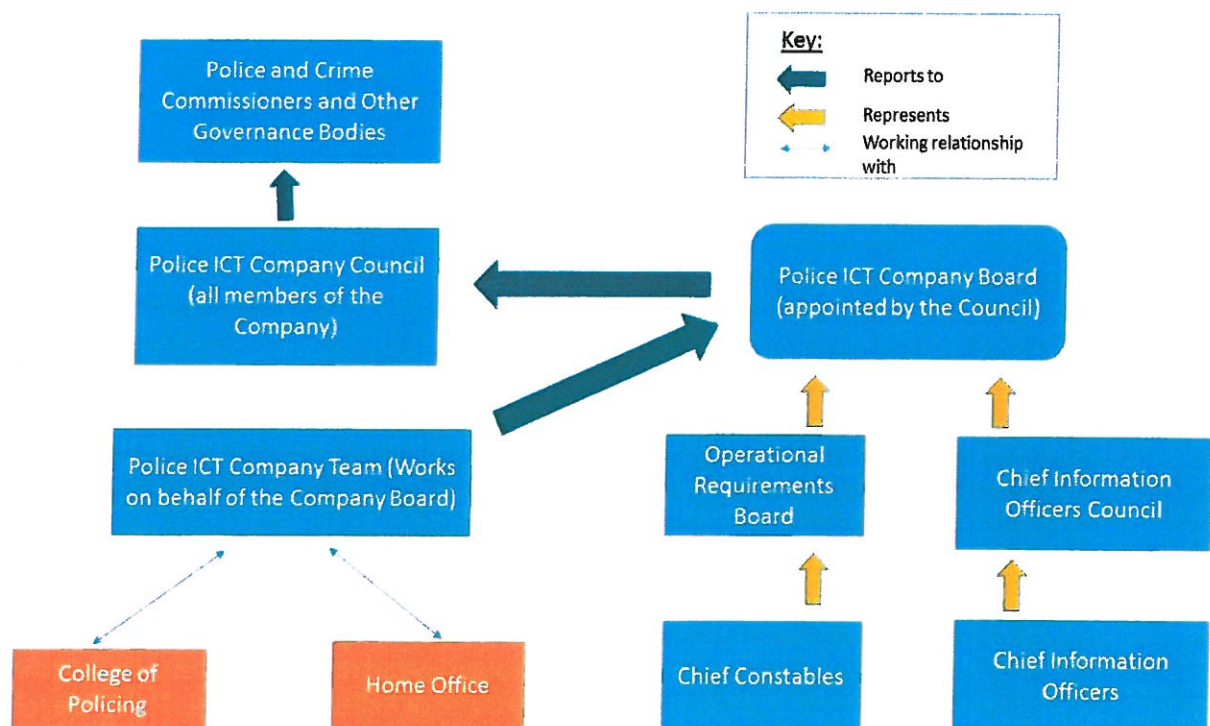
## Legal Entity and Governance:

11. The entity will need to be properly constituted so that it can enter contracts and employ staff. It is proposed that the Company is registered as a Company Limited by Guarantee. Other models have been reviewed, including expanding the remit of the APCC, delivery through a host-force model and Community Interest Company. Legal advisers have recommended that a Company Limited by Guarantee would be the most appropriate model to deliver the functions of the Company. The full draft articles of association have been drafted and are with the PCC Police ICT Board for discussion at their next meeting on 5<sup>th</sup> February following which they will be circulated to all members for consultation. It is intended that the final articles will be endorsed at the next General Meeting on 25<sup>th</sup> March, this will also be the point at which Directors of the Company will be appointed. The core features of the articles of association are provided below:
- a. All Police and Crime Commissioners will be members of the Company along with other policing governance bodies in England and Wales (invited members will also include the British Transport Police Authority, Ministry of Defence Police Committee, Civil Nuclear Police Authority, City of London Police Committee, Mayor's Office for Policing and Crime);
  - b. To enable interoperability and maximize opportunities for efficiency, other organisations with an interest in securing efficient and effective policing services will also be entitled to be members of the Company, including the Home Office, NCA, Scottish Police Authority, Northern Ireland Policing Board, Jersey Police Authority;
  - c. Membership may require a subscription to be paid on an annual basis, which must be agreed by members at each Annual General Meeting;
  - d. The Company Directors will be appointed from members of the Company on an annual basis. This will include five Police and Crime Commissioners or representatives of other policing



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- governance bodies, a Home Office representative, a Chief Constable representing police operational leadership and a representative of Police Chief Information Officers;
- e. The Board will have the ability to appoint co-optees in order to secure the relevant skills and expertise;
  - f. The Chair of the Board will be appointed annually from the members of the Board;
  - g. The articles of association will prescribe that any assets held by the Company can only be used in the interests of the Company objectives, including in the event of the Company winding up;
  - h. The following decisions will require endorsement of 75% of the members in attendance at Council Meetings:
    - a. Approval of the articles of association
    - b. The annual budget and business plan of the Company, including any subscription required by members
    - c. Appointment of the Board of Directors and related remuneration
    - d. Approval of annual accounts and appointment of auditors
    - e. Approval of commercial policy and asset distribution.
  - i. The governance of the Company should formally recognise the requirements to work with the operational leadership of policing as well as the Chief Information Office community. This is demonstrated in the diagram below.



**Recommendation 3:** Members are invited to agree the core components of the articles of association.

## Budget and Subscription for 2015/16:

12. The funding required for the Company in 2015/16 falls into two categories, the details of which are set out below:

## Core Team

13. It is proposed that a small team with a core skill set is appointed to coordinate and drive forward the work of the Company. To successfully manage the delivery plan of the Company the skills required will include IT, commercial, strategy, and knowledge management led by a Chief Executive and supported by an administrative officer and corporate manager. Taking into account office and other infrastructure costs, the total budget required is a maximum of £1.2m. The Board is seeking to reduce costs wherever possible and if the final budget is lower, the subscription will reflect this. On the assumption that of those entitled to join the Company 48 accept, the maximum subscription cost will be £25,000 per member. It should be noted that this is considered to be 'seed funding' and capital investment for the Company, which will then be incentivized to provide a return on investment and achieve sufficient cashable savings to sustain itself from 2016. However, the longer term financial model for the Company will need to be endorsed by its members.
14. It should be noted that an Innovation Fund bid has been submitted to cover the costs of the core team for the Company, therefore the subscription will only be required if the Innovation Fund bid is unsuccessful.
15. Following the meeting on 3<sup>rd</sup> February, those entitled to be members of the Company will be formally invited to participate. As a matter of principle, the full budget will then be divided equally between all those wishing to join.

**Recommendation 4:** Members are invited to agree that the cost of the Company will be met by those PCCs wishing to join the Company in the event that the Innovation Fund bid is unsuccessful.

## **Alignment of Existing Resources:**

16. A number of national posts (largely secondments from police forces) are currently funded by the Home Office to support national police ICT activity. This work can be summarised as identifying the policing requirements from a small number of police ICT systems (including PND and Holmes), representing the requirements of those developing the systems and supporting forces in rolling out or implementing any changes. This has previously been funded through a Home Office grant. The Home Office has stated its expectation that the costs of these functions should be met by police forces from 2015/16. As the nature of the roles more closely align with the role of the Company, it is proposed that management of these existing roles is passed to the Company once it is established. However, it has been made clear that all roles and functions will be reviewed to ensure the work carried out is part of the prioritised programme of work to be delivered by the Company. This approach will allow for continuity of existing activity whilst working to achieve greater coordination and alignment with the work of the Company, governed by PCCs and other policing governance bodies from April 2015.

## **Benefits of Membership:**

17. In the event that not all Police and Crime Commissioners wish to become members of the Company, and taking account of the possibility that other organisations may wish to receive



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benefits of the Company from time to time without being members, the Company needs to develop a clear framework through which services can be provided and costs recovered.

18. There will be a number of services the Company provides that will inevitably provide benefit to forces even if they are not members. For example: the development of an overarching police ICT strategy and architecture, the development of common standards, the increased influence of the policing community on Home Office-run systems and increased availability of competitive products.
19. It is proposed that a way to ensure those who are not members contribute to the costs of these wider 'overheads' is to add a financial 'levy' or 'commission' to any specific services accessed by non-members. This would specifically relate to access to national contracts or procurement frameworks. The Crown Commercial Services adds a fee of 0.75% to the cost of services provided to ensure it can cover its cost – this is proposed as an initial benchmark. However, once it is understood how many Police and Crime Commissioners and Other Policing Governance Bodies wish to join the Company, a full analysis will need to be carried out to establish an appropriate level of additional cost. It is proposed that additional costs will also be charged for other activities, for example, attendance at events run by the Company would be free of charge to members but chargeable to non-members. Access to a members-only knowledge hub would be free of charge to members, but charged on a pay- per-user basis for non-members.