



WEST MERCIA POLICE AND CRIME PANEL 15 JUNE 2020

END OF THE STRATEGIC POLICING ALLIANCE - UPDATE REPORT

Recommendation

1. Members of the Panel are asked to consider the report.

Executive Summary

2. The strategic policing alliance ('The Alliance') between West Mercia Police and Warwickshire Police was terminated due to it inhibiting the delivery of effective and efficient policing in some areas for West Mercia's communities. The Alliance governance and charging mechanisms were costing West Mercia's residents millions of pounds each year, both as a result of unrealisable identified savings and through subsidising Warwickshire.
3. The ending of the Alliance is already realising significant operational and organisational benefits for West Mercia Police and the communities it serves. These include financial efficiencies and greater control and direction of police resources. Further benefits enabled by ending the Alliance are expected to be realised in the months and years ahead.
4. Sustained attempts to reform the arrangement were made, but these were rejected by Warwickshire, leaving the Chief Constable and Police and Crime Commissioner no viable alternative but to terminate. In serving notice of termination in October 2018, West Mercia made clear that whilst the existing inequitable arrangements must come to an end, West Mercia were willing to renegotiate collaboration arrangements to ensure they were governed and funded transparently and fairly.
5. The terms of the Alliance collaboration agreement set out that West Mercia was liable (as the terminating partner) for reasonable costs incurred by Warwickshire in the implementation of an agreed exit strategy. These costs were settled in April 2020 through negotiation, with agreement between all parties of a final settlement figure of £10.5m, a figure West Mercia considers reasonable and representing good value for West Mercia's taxpayers.
6. This settlement figure was the result of tough negotiation by West Mercia's Chief Constable and Police and Crime Commissioner over a sustained period of time, supported by the independent Home Office appointed team, as well as financial and legal experts. It is lower than the figure recommended by independent analysis, and is significantly less than the figure that had been demanded by Warwickshire. The settlement figure is a negotiated full and final settlement discharging all liability West

Mercia has as a result of terminating the Alliance.

7. The terms of the alliance agreement state that the reasonable costs of implementing the agreed exit strategy be paid within 3 months of agreeing the settlement figure. The negotiated agreement means the settlement figure will actually be paid in instalments over a total period of 16 months further minimising the financial impact on West Mercia.

8. The settlement figure is expected to be recouped within 18 months through efficiencies enabled by ending the Alliance. It also enables significant improvements to policing within West Mercia over the short, medium and long term, which will be worth many times the settlement sum.

Background

9. West Mercia Police, West Mercia Police and Crime Commissioner (PCC), Warwickshire Police and Warwickshire PCC entered into the Alliance in 2012 with the clear intent to enhance the efficiency and effectiveness of policing for the benefit of both force areas.

10. The agreement committed West Mercia to resourcing 69% of the Alliance's staff, and Warwickshire 31%. However, in spite of the resourcing commitments, each force had a 50/50 say over governance. The agreement took no account of issues impacting the full and total cost of service delivery, such as estates or the amount of service consumed by each force.

11. The Alliance is acknowledged as having delivered financial savings in its early days. As both forces faced saving pressures it enabled savings to be found in back-office bureaucracy, offering a degree of protection to frontline policing. While the original vision was that the cost of realising these benefits would be borne proportionately over time, the way changes were made resulted in West Mercia bearing the majority of redundancy costs, with potential savings within Warwickshire, such as a shared Operational Control Centre (OCC), being unrealised.

12. However, over time these savings were eroded as opportunities and requirements for re-investment were realised without transforming the way services were delivered to West Mercia's communities. This was evident from a range of performance, financial and governance issues, set out later in this report.

13. In addition, according to an independent Police Foundation Review commissioned by both PCCs in 2014, for the Alliance to progress the leadership structure needed to revert to one Chief Constable. Warwickshire refused to consider this recommendation.

14. Sustained efforts were made by West Mercia to reform the Alliance, rather than terminate altogether. All efforts to reform were rejected or blocked by Warwickshire which left West Mercia with no choice but to terminate and seek to renegotiate. For example, the Alliance agreement had provision for annual review of the funding of the alliance, but Warwickshire consistently declined to do so, despite recommendations made by external auditors.

15. Notice of termination was served by the West Mercia Chief Constable and Police and Crime Commissioner in October 2018, with a 12 month notice period (in line with the Alliance agreement). Several offers of future collaboration were offered by West Mercia throughout this notice period on fair terms and in the business areas identified by Warwickshire as critical to their service delivery. No agreement was reached as Warwickshire did not identify their reasonable costs of implementing an agreed exit

strategy and would not agree any collaboration that included the actual cost of the services they consume. Warwickshire, instead sought to simply extend the existing terms of the Alliance as long as possible.

16. The terms of the Alliance agreement dictated that as the terminating party, West Mercia was liable for reasonable costs incurred by Warwickshire in the implementation of an agreed exit strategy. Negotiations around this exit strategy and financial liability went on for some time, including thorough analysis by an independent expert team, appointed by the Home Office.

17. It was not possible to agree the final terms of termination during the notice period, despite numerous offers from West Mercia based on the information provided by Warwickshire. The Home Secretary therefore mandated continued collaboration for a further six months to protect public safety in Warwickshire and an independent team was appointed.

Problems Caused by the Alliance

18. The Alliance had initially delivered financial benefits for both forces. Initial reports of the partnership delivering in excess of £35m in savings gradually became less and less relevant as these savings were either reversed over time, or were delivered disproportionately by West Mercia. For example, changes to Safer Neighbourhood Teams contributed more than £7m of savings to that figure, but were delivered solely in West Mercia.

19. From West Mercia's perspective, the 50/50 governance arrangement for the Alliance actively prohibited West Mercia from pursuing its optimal strategic options, damaging local policing services and costing taxpayers significant amounts of money. For example, recommended reforms to back-office support functions would have realised £13m efficiency savings per year for the alliance (£8m efficiency per year for West Mercia Police). Warwickshire declined to support the proposals, on the basis that the model required 1% of support service posts to move to operate from West Mercia, in order to maximise the benefits of rationalisation and economies of scale.

20. Similarly, a business case recommended the Alliance having a single OCC, based at Hindlip, instead of the (then) 3 OCCs across the Alliance. Warwickshire refused to approve this, and instead insisted on retaining an OCC in Warwickshire. The terms of the Alliance dictated that West Mercia had no choice but to fund 69% of this OCC, despite it being unnecessary. Again, in this case the costs to West Mercia's residents have been significant and simply served to divert resources away from frontline policing.

21. The Alliance had ceased to realise the further improvements in effectiveness and efficiency that had been identified. In many aspects the collaboration was no longer providing value for money. These issues manifested in a number of areas within West Mercia Police, including:

- OCC performance
- Public contact
- Criminal Justice performance
- Serious and Organised Crime performance
- HR
- IT
- Corporate Communications

Analysis and Service Improvement

22. These issues were not down to officers or staff, who were always committed to serving the public to the best of their abilities. The issues were primarily caused by the simple fact that there was no longer a shared vision, mission or objectives and the 50/50 governance could not overcome that. It was always a case of having to compromise services needed in order to suit the Alliance.

23. There were then a variety of contributing issues with the governance arrangements. The Alliance agreement related only to staffing, and took no account of the full and total cost of service delivery. West Mercia hosted more than 80% of all Alliance functions, but received no contribution from Warwickshire towards the significant estates costs associated with this. Refurbishing the forensics unit at Hindlip cost West Mercia Police (and its taxpayers) more than £1m in capital. Warwickshire's communities and police also benefitted from this refurbishment as an Alliance function, but contributed nothing towards these capital costs.

24. The Alliance arrangement was rigid in its 69:31 resourcing commitment and Warwickshire refused to authorise any review. It became apparent that West Mercia was resourcing a greater proportion of the Alliance than it was consuming, and was subsidising Warwickshire. This was evidenced and supported in a report by the Alliance's finance lead and has since been verified in the report from the independent team appointed by the Home Office. At the height of the Alliance, when nearly all services were shared, this unreformed, rigid resourcing commitment was costing West Mercia millions of pounds each year in subsidising its partner.

25. Levels of subsidy and uneven resourcing were also occurring in operational policing. Valuable, specialist and expensive resources from West Mercia Police were being deployed in Warwickshire every day, without any redress or compensation, because Warwickshire could not resource its own demands.

Future Collaboration between West Mercia and Warwickshire

26. West Mercia have consistently offered ongoing collaboration to Warwickshire but based on a fair, whole-cost funding arrangement with governance that did not enable one party to inhibit the development of the other.

27. The new arrangements for ongoing collaborations with Warwickshire enable both forces to retain control of their own resources, with equitable funding and charging regimes. There is considerably more detail and rigour in the agreements between the two forces, and in the governance over the collaborations. West Mercia will no longer be subsidising Warwickshire, and regains sovereignty over its services whilst allowing Warwickshire the support it needs to develop in the direction of their own plans.

28. Ongoing collaborations are in three groups:

- ICT is being provided through an 18 month long shared service collaboration, reflecting the current, highly integrated but poor condition of the ICT estate. This will enable both services to stabilise and then transition to new end states. Any ongoing, longer term ICT services such as data storage will be provided by West Mercia to Warwickshire through a hosted arrangement when the current collaboration comes to an end.
- Transactional support services and Forensics services are being hosted by West Mercia and provided to Warwickshire for up to 18 months. These are being

provided at a fair cost and to detailed service level agreements. This allows West Mercia to transform these services whilst maintaining service provision to Warwickshire. Warwickshire have indicated they wish to move to West Midlands Police for the provision of these services in due course.

- File Storage is being provided by West Mercia to Warwickshire through a hosted arrangement with fair charging arrangements and detailed service level agreements. This collaboration is open ended.

Settlement Agreement

29. It is important to note that any settlement agreement would need to not only represent value for money for West Mercia's taxpayers. It also needed to be justifiable as a lawful use of public money. Operating within these parameters made it impossible to simply agree on an arbitrary figure suggested by Warwickshire without the necessary evidence to support that figure. A settlement required a solid, evidential basis in order to be lawful. This principle underpinned West Mercia's thinking and negotiating position from the beginning.

30. Another fundamental principle of West Mercia's negotiating position related to not being liable for funding Warwickshire's 'betterment'. In that financial liabilities arising from the end of the Alliance could not be used to strengthen Warwickshire, putting them in a stronger position than they had been within the Alliance.

31. West Mercia's clear preference throughout was that the settlement of financial liabilities should be agreed at the same time as agreement to an exit strategy. This would have enabled both forces to plan more effectively across the short and medium term. It would also have been preferable to agree these matters earlier in the initial 12 month notice period. However, this proved impossible as Warwickshire continually made excessive, unjustified financial demands (significantly in excess of the final settlement figure) and refused to provide the necessary data and information to enable scrutiny of their claims.

32. Detailed information and data were only released by Warwickshire following the involvement of the independent team appointed by the Home Office. The analysis conducted by the independent team confirmed that not only had West Mercia been subsidising Warwickshire under the terms of the Alliance agreement, but also that Warwickshire's settlement demands were several times what the independent team considered appropriate.

33. The report set out recommendations around what was and was not justifiable regarding settlement, based on clear evidence and appropriate interpretation of the contractual terms of exiting the Alliance.

34. The final settlement cost of £10.5m as a full and final negotiated settlement is lower than the level recommended in the report and recognises the costs incurred by having to further support and therefore subsidise Warwickshire during the six month extension of the Alliance terms mandated by the Home Secretary. It does not compensate West Mercia for its significant financial cost of being within the Alliance over an extended period.

Value for Money

35. During the lifespan of the Alliance more than £1.3 billion of public money was given and used in policing West Mercia. However, the terms of the Alliance meant that at no

point in its eight year lifespan could West Mercia ever ensure that its own resources were fully focused on its communities, its staff, its vision, or its priorities. Compromise was a constant feature of the Alliance, where a partner less than half the size of West Mercia had a veto on the strategic and operational direction of a much larger force. One Chief Constable was effectively able to countermand another. In financial terms as well, it has cost local communities millions of pounds in lost efficiencies and effective policing across its lifespan.

36. In this context, the settlement represents a necessary investment to enable significant service improvements and efficiencies for policing in West Mercia. The settlement figure of £10.5m is set against policing in West Mercia having an annual budget of more than £235m this year, almost all of which is now fully disaggregated from the Alliance agreement and fully focused on West Mercia's communities and priorities. Specialist police resources are no longer leaving the force on a daily basis, meaning West Mercia's communities are better protected. Services that remain in either a hosted or collaborated arrangement with Warwickshire are now fairly funded. There are clearer lines of accountability for both the PCC and senior police officers. Leaving the Alliance is expected to return that £10.5m investment many times over in terms of added value to the public across the medium term.

37. Payment of the settlement will span two financial years, enabling West Mercia to budget accordingly and adjust its medium term financial plan and reserves strategy. Plans to continue recruiting additional police officers will not be affected. Budgets for back-office support functions are not expected to alter in the medium term as a result of terminating the Alliance, but may be reformed as the opportunity for organisational transformation (and the realisation of efficiencies) is now within West Mercia's gift.

38. West Mercia Police has already produced detailed plans as to how efficiencies will be delivered in the coming months. Ending the Alliance enables West Mercia to press ahead with recommended reforms to police support services, which are expected to realise annual efficiencies for West Mercia of £8m. West Mercia will also no longer have to contribute towards the running costs of the second OCC in Warwickshire. By no longer subsidising an Alliance partner it will ensure a greater proportion of West Mercia's resources are prioritised towards frontline delivery for West Mercia's communities.

Contact Points for the Report

For the PCC's office: Andy Champness, Police and Crime Commissioner Chief Executive
andrew.champness@westmercia.pnn.police.uk

For Panel support: Sheena Jones, Democratic, Governance and Scrutiny Manager
Tel: 01905 844871
sjones19@worcestershireshire.gov.uk

Background Papers

In the opinion of the proper officer (in this case the Interim Monitoring Officer) there are no background papers relating to the subject matter of this report.

[All agendas and minutes are available on the Council's website here.](#)