

**POLICE AND CRIME COMMISSIONER FOR
WEST MERCIA**



RECORD OF DECISION

TITLE: Letter of Intent to provide credit to the Police ICT Company
Ref: PCC/D/2018/27

EXECUTIVE SUMMARY

The Police ICT Company is a company limited by guarantee collectively owned by Police and Crime Commissioners. In order to ensure the Police ICT Company can demonstrate financial viability and sustainability, a guarantee from PCCs' reserves to underwrite the Company's role as a contracting authority for major technology programmes has been proposed. The amount to be set aside by each PCC should be based on the Net Budget Requirement for each force.

PROPOSAL

This proposal is to provide a letter of intent to provide the Police ICT Company with credit up to a maximum value of £87,031.

**APPROVAL OF
West Mercia Police and Crime Commissioner**

I hereby approve the above proposal.

Signed

PART 1 – NON-CONFIDENTIAL/EXEMPT FACTS AND FIGURES

SUPPORTING REPORT

- 1.1. At the APCC Annual General Meeting on 18th July 2018, PCCs accepted and approved proposals to provide a guarantee from PCCs' reserves to underwrite the Company's role as a contracting authority for major technology programmes. It was agreed that the amount set aside by each PCC should be based on the Net Budget Requirement for each force, as this best reflects the financial status of each force.
- 1.2. Legal advice has confirmed that a suitably framed letter of intent would be sufficient to provide the guarantee that is needed. The letter of intent covers the scope of the guarantee and the agreement that PCCs will honour their commitment to provide the required funds only in the unlikely event that:
 - a. Police force subscribers to contracts negotiated and entered into by the Company on behalf of police forces fail to settle invoices from the Company within payment terms, and
 - b. The Company has insufficient reserves to cover suppliers' invoices, and
 - c. As a result, the Company is unable to meet its financial obligations.
- 1.3. The commitment that is being asked of each PCC is based on a collective guarantee of £5m with each PCC guarantee based on Net Budget Requirement as agreed at the APCC AGM.
- 1.4. The risk will only materialise in the unlikely event that subscribers to the contracts fail to pay their invoices within the payment terms set out. Most subscribers are police forces and Company members and CFOs have already agreed to become actively involved where there are delays. Having this guarantee in place will help to satisfy potential suppliers of the financial stability of the Company while it grows and builds its own reserves. A suitable and common approach to accounting for the guarantee will be agreed with CFOs through PACCTS.

FINANCIAL COMMENTS

There are no immediate financial implications of this proposal. It creates a potential liability should subscribers to the contracts fail to pay their invoices within the payment terms set. Given subscribers are all police forces and company members this risk is low. The maximum liability of the Police and Crime Commissioner for West Mercia will be £87,031.00.

LEGAL CONSIDERATIONS

By virtue of schedule 11, paragraph 14 of the Police Reform and Social Responsibility Act 2011 the Police and Crime Commissioners may do anything which is calculated to facilitate, or is conducive or incidental to, the exercise of the functions of commissioner. That includes: entering into contracts and other agreements (whether legally binding or not) and acquiring and disposing of property (including land).

PUBLIC ACCESS TO INFORMATION

Information in this form is subject to the Freedom of Information Act 2000 (FOI Act) and other legislation. Part 1 of this form will be made available on the Warwickshire and West Mercia Commissioners' websites. Any facts and advice that should not be made automatically available on request are not included in Part 1 but instead in the separate Part 2 report.

OFFICER APPROVAL

Chief Executive Officer

Signature *A.S. [Signature]* Date ...21st November 2018...

