



Philip Seccombe
Police and Crime
Commissioner
for Warwickshire

Decision Application WPC20130

WEST MERCIA AND WARWICKSHIRE SETTLEMENT AGREEMENT

Application Date:	30 March 2020 ¹	Name of Applicant:	Jan Cumming Solicitor
Application Decision Reference: WPC20130			
1. Summary of the application			
<p>To sign the Settlement Agreement agreed between the Chief Constable and Police and Crime Commissioner of West Mercia Police (“West Mercia”) and the Chief Constable and Police and Crime Commissioner of Warwickshire Police (“Warwickshire”)</p>			
2. Background information:			
<p>Warwickshire and West Mercia were party to a Strategic Alliance Collaboration Agreement dated 25 July 2018 (the “2018 SACA”). The Strategic Alliance had been formed by an earlier collaboration agreement in 2012 and agreed the operation of collaborated police services in a c£300m policing alliance.</p> <p>On 8 October 2018 West Mercia served a notice terminating the 2018 SACA and intended that their termination would take effect on 8 October 2019.</p> <p>A dispute arose between Warwickshire and West Mercia in relation to the meaning and effect and operation of the 2018 SACA and in particular the transitioning of collaborated services and liability for costs (both on-going costs and costs arising from the termination of the 2018 SACA). On 7 October 2019, a direction was made by the Home Secretary under Section 23G of the Police Act 1996 extending the 2018 SACA until 8 April 2020.</p> <p>Warwickshire and West Mercia have resolved their dispute and have agreed to resolve all claims, damages, payments, obligations or costs arising out of or in connection with the 2018 SACA.</p>			

¹ Decision notice prepared 1 April 2020. Application made orally and through legally privileged correspondence 27 March 2020.

The Settlement Agreement provides that West Mercia will make payment to Warwickshire as follows:

- (i) the sum of £6,000,000.00 on or before 29 April 2020;
- (ii) the sum of £2,500,000.00 on or before 29 April 2021; and
- (iii) the sum of £2,000,000.00 on or before 29 July 2021.

This reflects a total settlement sum of £10,770,707.70 less £270,707,70, being the sum that Warwickshire would otherwise pay West Mercia for the extension period of the 2018 SACA until 8 April 2020. This figure was agreed having regard to the amount recommended by the Home Office's independent team.

Warwickshire and West Mercia will agree to two new section 22A Collaboration Agreements for:

- (i) Shared ICT and Digital Services;
- (ii) Hosted services for forensics, transactional services and file storage.

3. Whether additional information/report is attached to support this decision application

No

4. Expected benefits (non financial)

This Settlement Agreement will bring to an end an ongoing dispute with West Mercia and allow both forces and both Commissioners to focus on their own force areas and communities. This is particularly important given the current COVID-19 pandemic. The resolution of the dispute and the new collaboration agreements will allow Warwickshire and West Mercia to continue to work together where it is in the best interests of both force areas.

5. Impact of not approving the application

The Office of the Police and Crime Commissioner will have no certainty as to the amount that will be paid by West Mercia in settlement and when. The time and resources of the force and this Office will be diverted by an ongoing dispute and settlement negotiations.

6. Costs

Capital & Revenue:

The settlement is a full and final agreement between both parties. Many costs have already been incurred and will continue to be incurred by Warwickshire to

transition services from the alliance arrangements and to establish the new service provision for Warwickshire. This settlement agreement will provide the finance for Warwickshire under the terms of the 2018 SACA to fund these costs.

All the known costs of transition are included in the 2020/21 budget as approved in February 2020. The budget did not include any funding in respect of a settlement with West Mercia due to the uncertainty around this at the point of the budget preparation and approval. Given the welcome certainty that this settlement now provides, the funding of costs and the reserves strategy will need to be reviewed.

7. Savings:

There are no direct savings arising from the settlement agreement.

8. Equality and Diversity Implications:

None

9. Treasurer's comments

In conjunction with the Director of Finance, the reserves strategy, the MTFP and the funding of the capital programme will all be reviewed in the coming months in the light of the settlement agreement and the agreed staged payments.

The accounting treatment of the settlement will be discussed with our external auditors to ensure that it is accounted for appropriately given the phased scheduling of payments over the next two/three financial years.

The settlement will also help to mitigate and alleviate the significant pressure on the revenue and capital budgets and the risk that they were carrying in 2020/21. Given the current financial landscape created by the corona virus pandemic this is particularly relevant, although the PCC will continue to hold the force to account on the delivery of the 2020/21 budget approved in February 2020.

10. Legal/Monitoring Officer comments

The Commissioner has received privileged legal advice throughout the dispute and the negotiation of the Settlement Agreement.

Decision of the Police and Crime Commissioner

Agreed



PCC Signature:

Date of Decision: 30 March 2020 (Decision notice dated 1 April 2020)

