

## PFCC Decision Report

**Report reference number:** 024-24

**Classification:** Not protectively marked

**Title of report:** Novation of ICT Contracts – Letter of Intent

**Area of county / stakeholders affected:** Countywide

**Report by:** Pippa Brent-Isherwood (Chief Executive and Monitoring Officer)

**Chief Officer:** Pippa Brent-Isherwood (Chief Executive and Monitoring Officer)

**Date of report:** 1 February 2024

**Enquiries to:** Pippa Brent-Isherwood (Chief Executive and Monitoring Officer)

### 1. Executive Summary

The Police, Fire and Crime Commissioner (PFCC) for Essex will be aware that a novation of contracts from the Police Digital Service (PDS) to BlueLight Commercial (BLC) of the Oracle, Adobe, IBM and VMWare contracts is underway. As part of this process, BLC is now seeking the support of PCCs and PFCCs in providing a guarantee to the company to enable it to operate in its agreed role as a contracting authority for major technology programmes.

### 2. Recommendations

That the PFCC signs and returns the letter of intent attached at Appendix 1, which provides 2.44% of a collective £5m (£122,239.88) guarantee to BlueLight Commercial to enable it to operate in its agreed role as a contracting authority for major technology programmes.

### **3. Background to the Proposal**

The Oracle, Adobe, IBM and VMWare contracts are currently being novated from PDS to BLC to align with the Home Office requirement that BLC assumes responsibility for the commercial elements of ICT requirements for UK policing.

At the Association of Police and Crime Commissioners (APCC) Board meeting on 6 December 2023, the PCC for Kent, as Chair of BlueLight Commercial, secured the support of the Board in writing to Commissioners, asking each of them to enter into a Letter of Intent, mirroring the guarantee currently provided to the Police Digital Company. The terms of the letter attached for agreement at Appendix 1 mirror those provided for the benefit of PDS when it first became the contracting authority for these key contracts on October 2018.

At this stage, BLC is seeking a guarantee, not a transfer of funds. This guarantee would continue in full force and effect unless and until the company and the Commissioner agree to vary or revoke it.

### **4. Proposal and Associated Benefits**

The proposed novation will ensure that these key contracts are able to continue to deliver IT goods and services at scale, securing savings for Commissioners and delivering services for national programmes on behalf of policing.

Securing the requested guarantee from Commissioners will enable BLC to operate as the contracting authority following the novation of the Oracle, Adobe, IBM and VMWare contracts from PDS.

### **5. Options Analysis**

The PFCC could chose not to provide the requested guarantee, however, should forces not participate in the guarantee, BLC will be unable to accept the transfer of the contracts from PDS, in contravention of the Home Office requirement.

### **6. Consultation and Engagement**

As set out in section 3 above, consultation was undertaken by BLC with Police and Crime Commissioners via the APCC Board meeting on 6 December 2023.

### **7. Strategic Links**

This proposal links most closely with the priority in the Police and Crime Plan to secure further investment in crime prevention, and particularly the commitment to use technology more to help Essex Police be visible in their communities, including developing mobile applications and enabling better connectivity.

### **8. Police operational implications**

No operational policing implications have been identified.

## **9. Financial implications**

As set out in section 3 above, at this stage, BLC is seeking a guarantee, not a transfer of funds. Previously, the commitment requested of each Commissioner was based on a collective guarantee of £5m, and it was agreed that the amount set aside by Commissioners should be based on the net budget requirement for each force. Whilst the commitment now requested remains based on a collective guarantee of £5m, as NBR is no longer the agreed methodology for determining Commissioners' percentage contributions, it is proposed to apportion these based on net revenue expenditure. This methodology requests that Essex provides 2.44% of the guarantee, equating to £122,239.88.

## **10. Legal implications**

The letter of intent and any dispute or claim arising out of or in connection with it or its subject matter or formation (including non-contractual disputes or claims) shall be governed by, and construed in accordance with, the law of England and Wales. As such, the Commissioner and the company agree that the courts of England and Wales shall have exclusive jurisdiction over any dispute or claim arising out of or in connection with the letter or its subject matter or formation.

## **11. Staffing implications**

No staffing implications have been identified.

## **12. Equality, Diversity and Inclusion implications**

No equality, diversity or inclusion implications have been identified.

## **13. Risks and Mitigations**

The letter of intent proposed for issue to BLC covers the same scope and triggers for invoking the guarantee currently provided to the PDS, and provides that funds will only be required in the unlikely event that:

- 1) 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
- 2) The company has insufficient reserves to cover suppliers' invoices, and
- 3) Consequently, the company is unable to meet its financial obligations.

This risk will therefore only materialise if forces fail to pay their invoices within the payment terms set out. This risk has been mitigated by the addition of the following wording to the conditions of Essex's letter of intent:

*For the avoidance of doubt, this guarantee is only a short-term cash injection that will be repaid by BLC once the Defaulting Police Force(s) has paid the Default Sum, or, where it is established that the Defaulting Police Force(s) does not actually owe the Default Sum to BLC, the Contribution shall be repaid by BLC.*

#### **14. Governance Boards**

As set out at section 3 above, the PCC for Kent, as Chair of BlueLight Commercial, secured the support of the APCC Board on 6 December 2023 to request that each Commissioner enters into a Letter of Intent, mirroring the guarantee currently provided to the Police Digital Company.

#### **15. Links to Future Plans**

As set out in section 3 above, the guarantee would continue in full force and effect unless and until the company and the Commissioner agree to vary or revoke it.

#### **16. Background Papers and Appendices**

Appendix 1 – Letter of intent

**Report Approval**

The report will be signed off by the PFCC's Chief Executive and Chief Finance Officer prior to review and sign off by the PFCC / DPFCC.

Chief Executive / M.O.


Sign: 

Print: P. Brent-Isherwood

Date: 1 February 2024

Chief Finance Officer

Delayed due to requesting and awaiting full details of NREs used for each P(F)CC to arrive at percentage calculation and then for a revision to the letter to reduce the risk.

Sign: 

Print: Janet Perry

Date: 27 March 2024

**Publication**

Is the report for publication?

YES	<input checked="" type="checkbox"/>
NO	<input type="checkbox"/>

If 'NO', please give reasons for non-publication (Where relevant, cite the security classification of the document(s). State 'None' if applicable) None

If the report is not for publication, the Chief Executive will decide if and how the public can be informed of the decision.

**Redaction**

If the report is for publication, is redaction required:

1. Of Decision Sheet?	YES	<input type="checkbox"/>	2. Of Appendix?	YES	<input type="checkbox"/>
	NO	<input checked="" type="checkbox"/>		NO	<input checked="" type="checkbox"/>

If 'YES', please provide details of required redaction: N/A

Date redaction carried out: .....

**Chief Finance Officer / Chief Executive Sign Off – for Redactions only**

If redaction is required, the Chief Finance Officer or Chief Executive is to sign off that redaction has been completed.

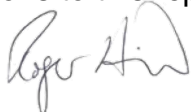
**Sign:** .....

**Print:** .....

**Chief Executive / Chief Finance Officer**

**Decision and Final Sign Off**

I agree the recommendations to this report:

**Sign:** 

**Print:** Roger Hirst

**PFCC/Deputy PFCC**

**Date signed:** 12/04/2024

I do not agree the recommendations to this report because:

.....  
.....  
.....

**Sign:**

**Print:**

**PFCC/Deputy PFCC**

**Date signed:**