



Bedfordshire Police Authority

COMMITTEE AND MEETING DATE	FULL POLICE AUTHORITY 16/07/2010
AGENDA ITEM No:	6 (d)
TITLE:	FULL AND VOLUNTARY MERGER CONSIDERATIONS
DATE OF REPORT:	08/07/2010
REPORT OF:	CHIEF EXECUTIVE/TREASURER
AUTHOR:	STEPHANIE MCMENAMY
ACTION REQUIRED:	REPORT FOR DISCUSSION AND DECISION
APPENDICES:	APPENDIX A

EXECUTIVE SUMMARY:

To inform the Police Authority decision's on the earlier Options for Change: Joint Outline Business Case. This report sets out the additional implications of full and voluntary merger for the Authority's consideration.

If the Police Authority determines to consult on the Chief Constables' recommendation of full and voluntary merger then elements of a consultation process are set out in the report for approval.

RECOMMENDATIONS:

Recommendation 1

The Authority agrees to consult on the proposal of the Chief Constable for a full and voluntary merger of Bedfordshire Police and Hertfordshire Constabulary. The Authority will not take a formal position on the merits of the business case until it has received the feedback from the public and stakeholder consultation. In addition, the Authority will undertake further analysis of the business case.

The Authority agrees to consult with public and stakeholders as set out in the body of this paper amended by discussion. The Authority further agrees that analysis on aspects of the business case will be undertaken by all committees to allow for a more detailed consideration of the proposals.

Recommendation 2

The Authority agrees that individual members may make public comment on the proposals subject to the provisos set out in this paper.

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BACKGROUND PAPERS:

None

ADDITIONAL PAPERS:

Appendix A

1. INTRODUCTION

- 1.1 In considering the Options for Change: Joint Outline Business Case the Authority needs to be aware that a full and voluntary merger would require a number of steps to be taken for the recommendation to be enacted.
- 1.2 The purpose of this paper is to outline options that would enable the Police Authority to take forward the recommendations contained in the business case. The paper has been prepared jointly with the Chief Executives of Bedfordshire/Hertfordshire Police Authorities to ensure that the same information is provided to both bodies.
- 1.3 The paper focuses on the Chief Constables recommended option, merger of the two forces, as option 1, independence and option 2, fuller collaboration, can be put in place without any external activity.
- 1.4 Therefore this paper seeks to outline the following issues:
 - Due diligence
 - Consultation requirements
 - Legislative requirements
 - Interim arrangements
 - Further consideration/governance
 - Potential timetable
- 1.5 Clearly, these issues only need to be fully considered if the Police Authority believes that there is merit in consulting with the public and stakeholders on a merger option. If the Authority does not believe that the business case has such merit or that the disadvantages outweigh the benefits then a fuller discussion on this will not be required.

TAKING FORWARD FULL AND VOLUNTARY MERGER

2. DUE DILIGENCE

- 2.2 The objective of due diligence is to provide assurances to the Authorities that the merged Authority and Force will be a viable entity, capable of providing a high quality police service in both the short and longer term, and to identify areas of possible weakness which may need to be addressed by the Authority or Directly Elected Individual and the Force's chief officer team following merger.
- 2.3 The key themes of any due diligence will tend to include;
 - Assets-ownership and quality
 - Contractual obligations, e.g. leases, loans and long term supply agreements
 - Future commitments
 - Harmonisation of terms and conditions, especially for the workforce
 - Credibility of proposed savings and the costs involved
 - Reassurance of an independent view of the proposals

- 2.4 Tribal Consulting have undertaken a due diligence review of the options for change, particularly in relation to voluntary merger.
- 2.5 The report produced by Tribal Consulting for members consideration details:
- 2.6 The assessment they have undertaken of the issues affecting the preparation of a financial forecast for the merged Force which has included:
- An analysis of key assumptions
 - An assessment of the reliability of potential savings identified through merger
 - An assessment of costs within the forecast that directly result from merger
 - An assessment of the costs arising from integrating pay and conditions within the merged Force
 - A review of accounting policies of both Authorities with an assessment of any impact on harmonisation, identifying any area of activity that makes a material financial contribution to the overall financial position
 - Examining the opportunity for the merged Force to attract additional financial support from external sources.
 - Assessing the risks facing the Forces and Authorities and the financial consequences of less favourable circumstances.
 - A review of possible changes in the level of funding.
 - Analysing the cash requirements of the merged Force at the proposed merger date of 1 April 2012, and the annual estimates of cash requirements in the medium term.
 - A comparison of financial policies and analysing any major system differences.
 - Advising on any restricted covenants on properties owned or leased by the Authorities and any other factors that may influence property values and usage/future development.
- 2.7 Many of the areas that the Authority may seek additional assurances are financial therefore it might be appropriate that these are considered by the Finance Committee in the first instance and then reported to the full Police Authority.
- 2.8 Another aspect of due diligence included for the Police Authority's consideration is the report from HMIC. HMIC independently assesses police forces and policing activity ranging from neighbourhood teams through serious crime to the fight against terrorism in the public interest.
- 2.9 HMIC have been asked to provide their expertise to interpret the business cases and provide the Authorities with assurances as to the validity of each of the options to drive improvements in the police service to the public.
- 2.10 HMIC have also been asked to highlight any issues that the Police Authorities may need to seek further assurances against before any decisions on the voluntary merger option for change can be made.
- 2.11 It may be appropriate that these are considered by the specific Committee, predominantly Performance and Planning, in the first instance, and then reported to the full Police Authority.

- 2.12 The Authority needs to consider any areas where additional due diligence is required to inform its decision making.

3. CONSULTATION

- 3.1 The Police Authority has a statutory duty to consult with the local community on policing. Section 96 of the Police Act 1996 states that:

3.1.1 Arrangements shall be made for each police area for obtaining—

- (a) the views of people in that area about matters concerning the policing of the area, and
- (b) their co-operation with the police in preventing crime in that area.

- 3.2 In considering the options for change put before the Police Authorities' on 16 July 2010 members will need to determine what additional information they require to make a decision to approve or reject full and voluntary merger. In light of the above duty placed on Police Authorities it is suggested that both Police Authorities would need to have undertaken a comprehensive consultation process to inform the Authorities' decisions.

- 3.3 The Police Authority will need to determine how it meets this duty. In order to inform members' decision making the Chief Executives to Bedfordshire and Hertfordshire Police Authorities met with expert advisers to ensure that a robust public consultation exercise that is transparent and can be scrutinised by the public and stakeholders is provided should the Police Authorities be sufficiently convinced of the merits of the voluntary merger option as to progress this option further.

- 3.4 If the Authority decides to support the progression of the full and voluntary merger option the consultation arrangements will need to be determined.

- 3.5 Attached in Appendix A is the advice that has been given by a well known and respected research organisation, Ipsos MORI. They have suggested that a mixed methodology would be appropriate given the complexities of the option. They advise that a three pronged approach could be taken to any consultation to establish the view of Bedfordshire/Hertfordshire residents.

- Phase 1 Qualitative Phase

- 3.5.1 The purpose of this phase is to develop an understanding of the key issues for residents to identify the key pieces of information required for an informed response through deliberative workshops. These would be a half day (3 hour) workshop involving approximately 30 residents involving a mixture of open and prompted discussions and information sessions, in the form of presentations, exercises etc.

- Phase 2 Quantitative Phase

- 3.5.2 The purpose of this phase is to accurately measure the level and nature of opposition or support for the proposal to voluntarily merge by means of a telephone survey. These surveys would enable a broad representation of the population in each county to be achieved and would involve ensuring

key evidence, identified through the qualitative phase, is presented to participants and balanced questions posed.

- 3.6 A sample size of 500 interviews per Authority is deemed sufficient to provide a confidence level of just under 96% against interviewing the entire adult population. However, the sample size could readily be increased to 1,000. The surveys could be conducted over a two week period.
- 3.7 The outcomes from these two phases would provide the Police Authorities with a strong understanding on the balance of opinion on the proposals put to residents across the two counties to inform the decision of the Police Authorities to approve or oppose a voluntary merger, at the end of the calendar year (November/December 2010).
- 3.8 The costs of this consultation (up to £75,000 across the two counties) could be covered by the Home Office Exploration of Voluntary Merger grant awarded to Bedfordshire and Hertfordshire.

OPEN PUBLIC CONSULTATION

- 3.9 It would also be important to have a strong element of open public consultation to complement the other quantitative and qualitative work. To this end, it is proposed that the Police Authority host a number of public meetings for members of the public and other stakeholders, involving local authority councils, MPs, district councils as well as using established means of communication that each Authority has embedded within its structure and enabling it to make best use of its members to inform as broad a representation as possible. The costs of this consultation would be borne by the individual Police Authority.
- 3.10 It is proposed that a working group be established to develop a consultation plan to meet the needs of Bedfordshire. This group could consider the findings from the qualitative approach to inform its plan. The group should include representatives from the Authority, to including councillor members and BME members to develop an appropriate information programme.
- 3.11 Each Police Authority may want to consider a referendum as this would ensure that every resident has an opportunity to 'have a voice' and is a positive means of ensuring local accountability is at the heart of the Police Authorities decision making. However this would represent an expensive option which might not be deemed reasonable given the current economic climate. The Police Authority would need to commit to such a referendum being binding to possibly justify the significant costs associated with such an approach (indicative costs of £0.5M have been provided to undertake a referendum across the County). A less expensive alternative would be a postal referendum, however this would be unlikely to meet the Police Authority's equality standards when impact assessed.
- 3.12 It is proposed that the Police Authority undertakes an EIA on any consultation process it adopts.

MEMBER COMMENT DURING CONSULTATION PERIOD

3.13 Consultation on the proposals is bound to create significant public interest. Media interest will be high and comment of all types will be made. It is recommended at this time that the Authority does not come to a formal view on the merits of the proposals until it has undertaken further examination of the business case and undertaken extensive consultation. However, many members of the Authority have more than one role. For example, it would be unreasonable to restrict councillors from being able to comment on one of the most important issues that the county has ever faced. However, it would also be unreasonable to allow councillors the freedom to express their personal or party views without giving the same courtesy to independent members. It is therefore proposed that all members are allowed to make public comment on the merits or otherwise of the proposals with the following provisos:

1. That any views expressed are clearly made on a personal basis only and are not attributed to being the view of the Police Authority
2. That any views expressed do not breach the Authority's protocols.

4. LEGISLATIVE REQUIREMENTS / INTERIM ARRANGEMENTS

4.1 To create a new merged force requires the consent of the Home Secretary. The Home Office have advised that the following process would be followed.

1. Police Authorities formally make a request to the Home Secretary
2. Home Secretary seeks advice on the proposals including review of business case, HMIC assessment etc.
3. Draft Parliamentary Order is prepared.
4. Final approval by the Home Secretary
5. Order laid before Parliament for 21 calendar days as a Negative Resolution Order. For a period of 40 sitting days after its laying date an Order can be prayed against, which could in turn lead to a debate. This order would specify the creation date of the new force.

4.2 Home Office officials advise that the start to finish timing from the initial request to the Home Secretary to the formal creation of the new Force is 15 months.

4.3 The creation of a new force would also require interim arrangements to be put in place to manage essential activity in the months leading up to the enactment. The following guidance is based upon the draft legislation that was drawn up in 2006 when the Government was considering forced mergers. We understand from Home Officials that they would recommend a similar approach for any voluntary merger.

4.4 Initial views from the Home Office officials suggest that any legislation to enact a voluntary merger will not impact on that for Directly Elected Individuals (DEIs). The powers would simply be handed from a new combined authority to the DEI and the election would be for the force area.

- 4.5 If the new force was to be created from 1st April 2012, a combined Authority would be created from the 1st September 2011. This Combined Authority could have 23 members, 12 of whom would be councillors and 11 of whom would be independents. Councillor members would be appointed in direct proportion to the size of the council electorate and the political balance within the four relevant councils. Each council would appoint the following number to the combined authority:

Hertfordshire County Council – 8 members
Central Bedfordshire Council – 2 members
Bedford Borough Council – 1 member
Luton Borough Council – 1 member

- 4.6 Current Police Authority legislation allows for any directly elected mayor of a relevant council to be appointed to the Police Authority, therefore the Mayor of Bedford would take the Bedford Borough Council seat, unless declined.
- 4.7 The precursor authorities (the current Bedfordshire and Hertfordshire Police Authorities) would appoint the remaining 11 independent members. 7 members from Hertfordshire and 4 from Bedfordshire would be appointed with at least one of these members being a lay justice. At the time of writing the Government has indicated that Police Authorities may be given the choice as to whether they wish to replace independent members as their terms expire or extend them until such time as new governance arrangements are put in place.
- 4.8 If the Government were to decide to have a smaller combined authority then the above figures would need to be adjusted but the overall proportions would remain the same.
- 4.9 The combined Authority would remain in place until such time as the Government introduced alternative governance arrangements. At the time of writing, two dates are being considered for the election of a Directly Elected Individual (DEI), previously known as Commissioners.
- 4.10 The Combined Authority will undertake a number of functions in the run up to the 1st April 2012.
- 4.11 **Appoint a Clerk (Chief Executive/Monitoring Officer).** Until this appointment is made the Chief Executive of one of the precursor authorities will assume the role.
- 4.12 **Appoint a Treasurer.** Until this appointment is made the Treasurer of one of the precursor authorities will assume the role.
- 4.13 **Appoint the Chief Constable, Deputy Chief Constable and at least one Assistant Chief Constable.** It is envisaged that an officer may hold a position in the Combined Force at the same time as holding a position in one of the precursor forces.
- 4.14 **Decide and issue the precept for the forthcoming year (2012-13).** At this time it would be necessary, to equalise the precept between the two force areas. As at April 2010, the Hertfordshire precept is 2.1% higher than that paid in Bedfordshire. It is necessary and expected that the precept could be equalised within one year.

- 4.15 **Agree and issue a Strategic Policing Plan for the forthcoming year (2012-13).** Clearly the imminent arrival of Directly Elected Individuals (DEIs) may change this requirement for all Police Authorities although some of the latest thinking to be emerging is that Police Authorities may have a handover year with the first round of DEIs.
- 4.16 Each of the precursor authorities is required to assist the Combined Authority in their efforts to become established. All property and other assets will only transfer to the Combined Authority on 1st April 2012.

5. FURTHER POLICE AUTHORITY DELIBERATIONS/GOVERNANCE

- **Equality Impact Assessment (EIA)**

- 5.1 An EIA helps the Police Authority to identify the potential impact of a policy or way of working on different groups of people. These groups might be based on age, disability, gender, identity, race etc. EIAs ensure that the Police Authority does not discriminate or unintentionally disadvantage individuals while providing an opportunity to consider ways of promoting equality.
- 5.2 EIAs are an essential element of the Authority's vision and are linked to a number of strategic priorities.
- 5.3 EIAs are also part of how the Police Authority meets its obligations under the Equality Act 2010.
- 5.4 It is therefore proposed that an EIA is undertaken for option 3, full and voluntary merger, in respect of both the public to whom the police serve and in respect of the workforce. The results from the assessments can then inform the Authority's decision making.

- **Governance**

- 5.5 The Authority will wish to further explore the business case over the coming weeks and months. It is suggested that this is undertaken by the appropriate committees of the Authority. For example, Performance and Planning Committee would explore the performance implications of the proposals whilst Finance Committee would look in more detail at the financial case, Human Resources Committee would consider workforce matters and Community Engagement Committee would consider arrangements to sustain visible frontline policing including Neighbourhood Policing and localism. This Finance Committee could also be used to explore any developments in the business case as the year progresses and the external financial position becomes clearer.
- 5.6 This will enable each Committee to be well informed and obtain any additional assurances it identifies to allow members at the full Police Authority to make an informed decision on a proposed voluntary merger, at the end of the calendar year.

6. OVERALL PROSPECTIVE TIMETABLE FOR FULL AND VOLUNTARY MERGER

2010	
16 July	Initial consideration of business case by both authorities
August-November	Stakeholder and public consultation
November	Final business case produced
End Nov - Beg Dec	Final decision on merger proposals
December	Formal request from Authorities to Home Secretary
2011	
January	Initial consideration by Home Secretary and officials
Feb-Mar	Drafting of Parliamentary Order
April-May	Negative Resolution Order laid in Parliament
June	Order approved
September	Combined Authority created
Sept – Dec	Chief Officer appointment made
2012	
February	Precept issued for both force areas by the Combined Authority
March	Strategic Policing Plan agreed
April	New force created

7 SERVICE AND FINANCIAL IMPLICATIONS

- 7.1 The report is predominately for information however the external consultation costs are included within the report which would be met by the Exploration of Voluntary Merger Grant if the preferred option highlighted in Appendix A were adopted. Any costs relating to referendum or open consultation would need to be developed and borne by the Authority.

8 OTHER IMPLICATIONS

- 8.1 Equality, Diversity and Human Rights are covered within the body of the report.
- 8.2 Procurement-any procurement would need to adhere to the Authority's financial regulations.
- 8.3 Corporate Governance -the Authority must consider the information contained within the report to ensure it meets its own standards as set out in its Code of Corporate Governance.
- 8.4 Legal implications-covered within the body of the report

9 RISK

- 9.1 This report sets out additional information and as such does not in itself contain any risk implications however clearly the Options for Change: Joint Outline Business Case does have implications on each of the seven strategic risks to be considered by the Authority.

10 CONCLUSION

- 10.1 The Police Authority is considering a significant report from the Chief Constable outlining options for policing Bedfordshire in the future. The Chief Executive's report highlights the additional implications of one of those options, full and voluntary merger and includes two recommendations for approval if the Authority considers there is value in consulting with our communities, partners and other stakeholders.
- 10.2 Clearly it requires both Bedfordshire and Hertfordshire Police Authorities to agree to move to consultation as the next step therefore the recommendations set out below would only be applied if both Authorities decide to consult.

11 RECOMMENDATIONS

Recommendation 1

The Authority agrees to consult on the proposal of the Chief Constable for a full and voluntary merger of Bedfordshire Police and Hertfordshire Constabulary. The Authority will not take a formal position on the merits of the business case until it has received the feedback from the public and stakeholder consultation. In addition, the Authority will undertake further analysis of the business case.

The Authority agrees to consult with public and stakeholders as set out in the body of this paper amended by discussion. The Authority further agrees that analysis on aspects of the business case will be undertaken by all committees to allow for a more detailed consideration of the proposals.

Recommendation 2

The Authority agrees that individual members may make public comment on the proposals subject to the provisos set out in this paper.

