

**Nottinghamshire Police and Crime Commissioner****Notice of Decision**

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<b>For Decision or Information</b>	For Decision
<b>Date received*:</b>	6 April 2020
<b>Ref*:</b>	2020.19

\*to be inserted by Office of PCC

**TITLE:** Creation of Limited Liability Partnership

**EXECUTIVE SUMMARY:**

The report has been prepared to obtain approval for the creation of a separate legal entity in the form of a Limited Liability Partnership (LLP) to deliver EMSCU's commercial services (NewCo). NewCo would be jointly owned by the Northamptonshire PFCC and the Nottinghamshire PCC. It is expected that the new LLP shall be incorporated in April 2020, with an expected go-live July 2020.

NewCo will provide best value for money to the Forces and other customers through an increased ability to grow and generate income from wider public sector clients. This exploration has been driven by NewCo's potential to deliver even greater benefit to the public sector than EMSCU currently does, as well as national drivers such as the push for commercialisation within the public sector.

**INFORMATION IN SUPPORT OF DECISION: (e.g report or business case)**

The East Midlands Strategic Commercial Unit (EMSCU) is a collaboration between the Nottinghamshire and Northamptonshire Police and Fire Forces (referred to as 'the Forces' throughout this document) and the Nottinghamshire Police and Crime Commissioner and the Northamptonshire Police, Fire and Crime Commissioner (referred to collectively in this document as 'the Commissioners' or 'PCCs'), and exists to support the Forces and Commissioners in their procurement of goods and services.

This collaboration was formalised using a Section 22A Collaboration Agreement, and as such EMSCU does not exist as a separate legal entity.

On 20th July 2018, the EMSCU Board agreed the recommendation of an Outline Business Case and requested a Full Business Case be brought to a future Board.

Following the EMSCU Board's decision to proceed to the Full Business Case stage, Mutual Ventures were commissioned by EMSCU in March 2019 to develop a Full Business Case for the creation of NewCo.

The Full Business Case was presented to the EMSCU Board on 14th June 2019, and it was subsequently agreed by the EMSCU Board to proceed to the Business Planning stage.

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The Business Planning stage is a continuation of the activities carried out in the Full Business Case stage. The business planning work has been undertaken by a combination of EMSCU Board members, the Head of Finance from Northamptonshire Police, representatives from East Midlands Police Legal Service (EMPLS), the EMSCU team and Mutual Ventures.

The Business Plan is the penultimate stage of a wider Transition Process, with the final stage being Implementation.

**FINANCIAL INFORMATION**
**OPTION 2.1 - NEW MODEL - High-Likelihood New Services**

This shows the expenditure and income forecasts under the new proposed model. A prudent approach has been taken and as such the income forecasts include only those that are highly likely to be achieved.

Current Budget	726	725	725	725
Current Income Generation	(426)	(425)	(425)	(425)
	300	300	300	300
<b>New Services</b>				
New Income Generation	(1,200)	(1,850)	(1,945)	(1,945)
Additional Resources - Fixed	517	529	637	671
Additional Resources - Variable	365	416	498	509
Additional Resources - Expenses	10	12	14	14
Implementation				
Net additional income	(308)	(893)	(795)	(751)
Contributions from Notts/Northants	(300)	(250)	(150)	(150)
(Profit) / Loss before Corporation Tax	(307)	(843)	(645)	(601)
Less Corporation Tax (19%)	58	160	123	114
Net (Profit) / Loss after tax	(249)	(683)	(522)	(487)
Includes revenue saving PER FORCE:	-	(25)	(75)	(75)

Signature:   
 Chief Finance Officer

Date: 9<sup>th</sup> April 2020

Is any of the supporting information classified as non public or confidential information**?	Yes	X	No	
If yes, please state under which category number from the guidance**	1, 2, 3, 4 and 5			

**DECISION:**

The decisions for consideration are:

- PFCC to agree to the approval of the Business Plan:
- Implementation – Agree to progress the creation of NewCo to the Implementation stage
- Agree and sign the Heads of Terms
- Name of the LLP – Agree the name Mint LLP.



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- e. Agreement to underwrite Redundancy Liabilities - The maximum redundancy costs will be £71.5k. Note this is contingent liability as Business Plan is predicated on growth, and not redundancy.
- f. Financial Set Up – The business case and plan includes the recruitment of Head of Finance and Operations and a Financial Technician. These roles are a key requirement before the Company is able to trade as they shall be required to support the financial set-up activities. A decision is sought to provide delegated responsibility to the OP(F)CC CFOs and/or Monitoring Officers, following a further short business case by the project team, to agree to the specific delivery of this function.
- g. TUPE – subject to the decision at e. a decision is sought regarding whether:
  - (1) the posts identified at (f) shall then TUPE to NewCo (along with the rest of the EMSCU team) or remain employed by one of the OPCCs/Forces for a transitional period (TBD), and;
  - (2) who will be contracted to provide the interim employment services.
- h. Pensions - The proposed LGPS approach, Admitted Body Status or Designated Body Status, is to be confirmed once the confirmation following a request for clarity being received from the Actuary. At the Finance meeting on 5th November 2019 it was proposed that (if the option is available) the pension contribution would be transferred with current deficit (i.e. not fully funded) to avoid crystallising the deficit. Further to this, it was proposed that the Commissioners share the cost of underwriting the pension scheme (i.e. act as the guarantors).
- i. Working Capital - Recommendation made at the Finance meeting on 5th November 2019 for each Force/OPCC to pay their £150k annual contribution on date of go-live to act as working capital for NewCo. Related to this, confirm whether or not any additional working capital will be provided up front, which is to be paid back at the end of Year 1. If known, confirm amount of additional working capital to be provided.
- j. Procurement - A Single Tender Agreement (STA) waiver will be used to award the initial contract with duration of 18 months to 24 months.
- k. Contracts and Frameworks - All existing Income Frameworks and IT software licenses will be novated from P(F)CC to NewCo.
- l. Agreement that all property, finance, ICT, HR and assets provided by both forces as is current arrangement and to be reviewed as part of the implementation plan to ensure most appropriate and effective model.
- m. Recruitment: Commence the recruitment/appointment of the new positions listed below.
  - Chair – as per the Interviews on 3 April 2020, subject to vetting and other pre-employment checks.
  - Head of Business Development - TBC

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**OFFICER APPROVAL**

I have been consulted about the proposal and confirm that the appropriate advice has been taken into account in the preparation of this report. I am satisfied that this is an appropriate request to be submitted to the Police and Crime Commissioner.

Signature:  
Chief Executive



Date:

9<sup>th</sup> April 2020**DECLARATION:**

I confirm that I do not have any disclosable pecuniary interests in this decision and I take the decision in compliance with the Code of Conduct for the Nottinghamshire Office of the Police and Crime Commissioner. Any interests are indicated below:

The above request has my approval.

Signature:

**Nottinghamshire Police and Crime Commissioner**

Date:

9/10/2020

\*\* See guidance on non public information