Email from CFO

From: Peter Stanbridge

To: Rowan French

Date: 5 June 2023

Subject: Replacing the BlueLine Partnership

Rowan,

As you know, in February the Police Commissioner made a decision to reject the formal proposals we had received from BlueLine for extending their contract for three years. I think most of us, if not all, inferred from that decision that all of the services provided by BlueLine would be delivered in-house with effect from 1 July 2024. The Commissioner, however, has made it clear that he thinks differently. In his view the offer from BlueLine was literally unacceptable in value for money terms. He thinks, however, that the Force still has to do some work to decide which future arrangement would be the best value for money.

The Chief Constable has put the issue on the agenda for the next meeting of the Chief Officer Group.

As I see it, we need to evaluate two options:

1. **Insourcing:** Transfer to the Force all of the functions, employees, systems and assets used by BlueLine and the Force would directly produce the services from 1 July 2024.
2. **Re-procurement**: We would conduct a procurement process over the next number of months with a view to having contractors in place to take over from BlueLine on 1

July 2024.

I would like you to draft a report for COG that evaluates these options, financially and non-financially.

In preparing the report the first thing that needs to be done is to update the medium-term financial strategy (MTFS) for the financial impact each option would have. I suggest you use the following assumptions.

For option 1:

- All BlueLine's employees transfer on their prevailing salaries on 1 July 2024
- They will get 3 per cent pay rises each year of the MTFS
- 96 per cent of the transferred employees will join the police staff pension scheme when they transfer and remain in it
- We will renew/renegotiate all of BlueLine's sub-contracts and achieve an average reduction in the prices of 5 per cent
- We will spend the same on other expenses as BlueLine plus inflation of 3 per cent.

For option 2:

- When we procured the original contract we got a 12 per cent reduction in costs. Let us be conservative and assume a 10 per cent reduction over the current contract price.
- We will need to spend 2 per cent of the annual contract value on consultants, lawyers, etc. across the recruitment process. These costs would be split evenly between the 2023 and 2024 financial years.

I have attached an email from Caitlin Lee, BlueLine's Partnership Director containing some information about their expenses in providing our services. There is also some information about their pension scheme.

Whatever you conclude would be the best route forward it would be helpful for the report to include an outline of how it should be implemented.

Thanks,

Peter