

Impact Assessment

Title: Amendment to the Crime and Policing Bill 2025 - Provisions to give the Home Secretary power to direct Critical Police Undertakings.

Type of measure: Primary Legislation

Department or agency: Home Office

IA number: HO IA 1016

Type of Impact Assessment: Final

RPC reference number: N/A

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Date: 2 December 2025

1. Summary of proposal

1. The provisions in this Bill will allow the Home Office to exert greater direct control over the strategic priorities and operating models of companies that provide capabilities within policing to guarantee their ongoing alignment to the priorities of this government.
2. The provisions insert a new section “40D” into the Police Act 1996 so that the Secretary of State, in practice the Home Secretary, may designate a critical police undertaking and give a direction to it. This will enable the Home Secretary to achieve greater control over companies that provide capabilities within policing, ensuring their support of the effectiveness and efficiency of the police. Being able to issue directions to such companies would ensure that the Home Secretary has the necessary legislative safeguard to ensure that the prioritisation, delivery, and strategic direction of these companies align with the priorities of the government and policing.

2. Strategic case for proposed regulation

3. This government recognises the need to have effective and efficient capabilities that can support policing's role in the delivery of this government's priorities and missions. The Government has announced a new Police Efficiency and Collaboration Programme (PECP) to cut waste and tackle bureaucracy, alongside its intention to set up a new National Centre of Policing (NCoP).
4. Section 36(1) of the Police Act 1996¹ says that the Home Secretary must exercise their powers under the provisions referred to in subsection (2) "in such manner and to such extent as appears to him to be best calculated to promote the efficiency and effectiveness of the police". There are a number of national companies that provide critical capabilities for policing, however the Home Secretary's powers to direct those companies can be limited, for instance they are often private companies that are limited by guarantee and whose boards and membership are independent of the Home Office.
5. Examples of such companies are BlueLight Commercial² (BLC) and Police Digital Service³ (PDS) which both provide important commercial and digital capabilities for policing. Funding is currently provided to both companies directly by the Home Office which enables conditions to be set as part of grant agreements, however the Home Secretary is limited in their influence over any Board of Management decisions. This restriction limits the ability of government to influence the strategic direction and business delivery decision-making of such companies, which could affect the consistent and effective delivery of services vital to policing, which in turn represents a risk.
6. Currently there are levers available to the Home Office where there are existing grant agreements in place with such companies. However, these have both gaps and limitations on delivering the above.
 - Where grant agreements can include conditions and strict Key Performance Indicators (KPI's) to be delivered (with suitable processes for addressing non-delivery up to and including withholding of funding), these agreements are (generally) set in place on a yearly basis.
 - The Home Office may choose not to provide grant funding, or not to renew an existing funding agreement, where suitable objectives and performance indicators cannot be agreed. Additionally, the Home Office can still withdraw funding once an agreement is in place (as opposed to merely withholding payment where performance is in dispute) but could incur some penalty / liability for doing so.
 - When the Home Office require a company to take on additional work outside of their existing grant agreement (for which additional funding would likely be provided) or amend the KPI's in their existing grant agreement, this is achieved via an in-year Grant Variation, the contents of which need to be agreed by both parties.
 - The proposed legislation will provide the Home Office with the necessary flexibility to ensure that timely and effective action is taken where activity outside of a company's current grant agreement is required and the situation cannot be resolved in the usual way described above. For example, where there is insufficient

¹ Police Act 1996– GOV.UK: <https://www.legislation.gov.uk/ukpga/1996/16/section/36>

² BlueLight Commercial - <https://bluelightcommercial.police.uk/>

³ Police Digital Service - <https://pds.police.uk/>

time to complete a grant variation, or there may be difficulties in reaching agreement on the content of a variation.

7. A power to direct would address the three above points through providing a mechanism for directing a company to take or not take a specified action at any point in the year. This would not require the company's agreement (although KPI's could be agreed and included in the Grant Management process) and could include a direction to cease working on a particular workstream.
8. If the Government has no means to intervene where necessary, the Home Office cannot guarantee the ongoing alignment to the priorities of this government. It is not possible to achieve and maintain this level of alignment through current levers, such as grant agreements, alone. Whilst the Home Office can attach strict deliverables to the grant funding it provides, it lacks the ability to drive the strategic direction of the organisations who are ultimately answerable to an external board.
9. Additionally, in announcing the Government's intention to consult on establishing a new NCoP, the Home Office also envisages the body taking on responsibility for existing shared services, national IT capabilities, and force hosted national capabilities such as the National Police Air Service and Forensics. This power will help to facilitate the smooth transfer of relevant national capabilities into the proposed NCoP in the future, by providing a legislative safeguard to ensure that the necessary preparations are made before transitioning.
10. An example of adequate preparations may be a company updating their operating model to align with the one which would be adopted in NCoP. BLC and PDS, for example, supply national commercial and IT capabilities that are planned to be transitioned to the new NCoP. A means of ensuring that these companies adopt internally a standardised operating model set by the NCoP project team would minimise disruption to working practices when these capabilities are moved into the NCoP.
11. It is important that the Home Secretary has the power necessary to ensure that delivery of these services is strengthened in the short term and that appropriate preparations are made for relevant services to transition into the proposed centre. The provisions in this Bill will allow the Home Office to exert greater influence over the strategic priorities and operating models of relevant companies.
12. The strategic objectives are:
 - a. to bolster the effectiveness and efficiency of the police through effective delivery of the efficiencies driven by the PECP, improving service delivery and freeing up funding for reinvestment into policing to deliver further efficiencies in line with the government's Safer Streets Mission⁴ and the Neighbourhood Policing Guarantee⁵.
 - b. to increase confidence in national capabilities that play a critical role within policing, including ahead of their intended transfer into the intended NCoP. Ensuring they are subject to a smooth and effective transition at the point of transfer through ensuring that appropriate preparatory work, which will be determined as the consultation and planning for the proposed centre progress, is completed by companies currently hosting these facilities in advance.

⁴ Safer Streets - GOV.UK - <https://www.gov.uk/missions/safer-streets>

⁵ Home Secretary letter on the Neighbourhood Policing Guarantee - GOV.UK - <https://www.gov.uk/government/publications/home-secretary-letter-on-the-neighbourhood-policing-guarantee>

3. SMART objectives for intervention

13. These new powers, would ensure that the Home Secretary can, as part of the discharging of her duties to promote the efficiency and effectiveness of the police, direct relevant companies to take actions such as:
- Prioritising specific areas of work and deprioritising others.
 - Updating their operating model.
 - Meeting certain KPIs.
 - Providing information to the Home Secretary.
14. Actions such as these would support the realisation of the following objectives:
- a. Achieving the targets set by the PCEP for cashable efficiencies within policing across each financial year.** The contributions made to the programme through companies providing national capabilities such as IT, Forensics, and Commercial require close alignment to programme objectives and effective operational approaches to ensure the best outcomes. The Home Office expects that this alignment would be maintained through ongoing engagement, however the ability to issue directions to companies providing these services would provide a means to ensure that the necessary alignment is maintained, maximising Home Office confidence in delivering the ambitious saving targets being driven by the new PCEP.
 - b. Demonstrating increased efficiency of national policing capabilities over each financial year.** Improving efficiency, productivity, and effectiveness of national capabilities to provide clear benefits to policing is a clear aim of the Home Office. Where possible, this could be achieved through direct collaboration with service providers but the ability to direct the companies providing these services would provide a means to ensure where agreement couldn't be reached easily, appropriate actions would be taken in a timely manner to increase the efficiency and reduce the bureaucracy of policing capabilities in alignment with the Prime Minister's Plan for Change⁶ and intentions of the government to re-wire Whitehall and produce a more productive and agile state.
 - c. Ensuring that companies providing national capabilities to policing have adequately prepared to transition these capabilities into the proposed national centre.** Adequate preparation could be expected to mean that the transfer of these capabilities could take place without disruption to service delivery or added difficulty to staff members. Whilst it would be expected that this would be achieved through collaboration and ongoing engagement, the ability to issue directions to companies providing these services would ensure a safeguard was in place to direct such companies to undertake the required work to reform, stabilise, and prepare those capabilities for transition. This may, for example, mean adopting a new, shared, operating model in advance of a 'go-live' date for the proposed centre to ensure consistency of approach and ways of working across all of the staff being transitioned into the centre, thus forming the basis of

⁶ Plan for Change - GOV.UK - <https://www.gov.uk/government/publications/plan-for-change>

the new potential NCoP operating model and ensuring effective working across the organisation.

15. The Home Office does not expect that this backstop power would be used to:
 - Affect the rights of the members of either company under the articles of association.
 - Dissolve either company or require either company to cease trading.

4. Description of proposed intervention options and explanation of the logical change process whereby this achieves SMART objectives

16. Policy development led to a long list of options which included the continued use of existing levers (with or without attempts to strengthen them), and the option to 'do nothing'.
17. The option to continue with existing levers was discounted as the same weaknesses in the approach (lack of guaranteed continuous alignment between government and company leadership / inability to use levers within grant agreements in situations relating to activity not included in those agreements etc.) would remain, therefore this would not address the policy problem or provide a means of achieving the strategic objectives. For this reason, the 'do nothing' approach was also discounted.
18. It was considered that the most appropriate course of action would be to seek powers to direct a company itself. This will achieve the above objectives through allowing the Home Secretary to issue such directions as would be appropriate for ensuring the companies take the necessary actions to stabilise their delivery and prepare them for intended transition into the intended NCoP.
19. Through collaboration with Home Office legal advisors and the Office of Parliamentary Council it was determined that the most appropriate way of achieving this would be to create a legal category of organisation (a Critical Police Undertaking) and give the Home Secretary a power to direct it. This would avoid the unintended consequences of placing multiple organisations providing services to policing under increased government control and provide clarity to organisations which would be affected by the legislation.
20. It was determined that the term "undertaking" would be best used in place of "company". This is because an undertaking has a wider definition than a company alone, it is defined in Section 1161(1) of the Companies Act 2006 as either "a body corporate or partnership", or "an unincorporated association carrying on a trade or business, with or without a view to profit." The use of the wider definition was in line with the recent Steel Industry (Special Measures) Act 2025, which also used this broad definition to ensure capture of all relevant bodies.
21. Under the proposed legislation, an undertaking would be considered to be a Critical Police Undertaking if:
 - a. It provides facilities or services to two or more police forces,

- b. The provision of facilities or services to police forces is its principal business activity,
 - c. It is wholly or partly funded by grants from the Home Secretary,
 - d. The Home Secretary considers that the facilities or services it provides to police forces are calculated to promote the efficiency and effectiveness of the police.
22. Draft legislation was prepared which will insert a new section 40D into the Police Act 1996 so that the Home Secretary may designate a critical police undertaking and give a direction to it. Under the proposed legislation, the Home Secretary would only be able to direct an undertaking that a notice of designation has been issued to. Prior to issuing any notice or direction the Home Secretary would have to consult the affected Critical Police Undertaking. Additionally, any direction given by the Home Secretary to a Critical Police Undertaking must be calculated to promote the efficiency and effectiveness of the police, and any notice or direction must be published and laid before Parliament.
23. This measure provides the necessary power to direct the action of companies providing services to policing in activities which will allow fulfilment of the above objectives. It is considered to provide a legislative safeguard which could be deployed where ongoing negotiation and engagement with the company providing the service to policing have stalled or broken down.
24. This was deemed appropriate as it would give the Home Office:
- Increased confidence in relevant companies aligning their workstreams to best achieve the cashable saving targets being driven by the PECP.
 - A means to Increase the efficiency and reduce the bureaucracy of policing capabilities by allowing for directions to be issued to deprioritise and/or cease certain activities if they were deemed duplicative of other capabilities or policing system organisations.
 - The ability to ensure appropriate actions are taken to prepare effectively for transition of relevant services into the new national centre by allowing the issuing of clear directions to relevant companies providing such services where necessary.
25. Companies providing a national service to policing are effectively in a regulated sector and it is appropriate that they are subject to a high degree of government oversight.

5. Description of shortlisted policy options carried forward

26. The legislative option to direct a company was deemed to be the most appropriate option for further consideration. This option was then further refined, with specific measures shortlisted.
- **Option 0 – ‘Do nothing’.** There are no changes to the Home Secretary’s existing powers
 - **Option 1 – The Home Secretary is provided with a power to direct a company providing certain policing services.** This direction would be given in writing and

a copy published in parliament to demonstrate transparency and allow scrutiny of the use of the power and would not involve the use of secondary legislation. This was deemed appropriate as this would give the Home Office is provided the necessary level of direction, whilst mitigating any risk of conflicting with Human Rights legislation. **This is the government's preferred option** as it is anticipated to achieve the desired outcomes and has less risk associated with it as other options.

6. Regulatory scorecard for preferred option

Please provide quantitative estimates and qualitative descriptions of impacts under each heading in the following sections. The right-hand column for directional ratings should be based on the description of impact and the sign of the suggested indicator (NPV, NPSV, all impacts): **Green** – positive impact, **red** – negative impact, **amber** – neutral or negligible impact, **blue** – uncertain impact. Please use the colours in the examples shown below, as these are suitable accessible colours. Please see BRF guidance technical annex for definitions.

Part A: Overall and stakeholder impacts

(1) Overall impacts on total welfare		Directional rating
		Note: Below are examples only
Description of overall expected impact	The overall expected impact is positive. It is expected that the Home Secretary would use the powers to promote the efficiency and effectiveness of the police, leading to a better standard of service to the public.	Positive Based on all impacts (incl. non-monetised)
Monetised impacts	The NPSV is N/A, as there are no monetised costs or benefits.	Neutral Based on likely £NPSV
Non-monetised impacts	The policy could enable improved efficiency and effectiveness in the policing system. For example, by facilitating the successful delivery of PECP goals. Improvements in the policing system would help to reduce crime and enable a better service of policing to the public.	Positive
Any significant or adverse distributional impacts?	There are not expected to be any significant or adverse distributional impacts on total welfare.	Neutral

(2) Expected impacts on businesses

Description of overall business impact	Businesses may benefit indirectly from improvements to the policing system.	Uncertain
Monetised impacts	As there are no monetised impacts, the Business NPV and EANDCB are £0.	Neutral Based on likely business £NPV
Non-monetised impacts	<p>It is anticipated the powers could be used to improve efficiency and effectiveness in the policing system, leading to reduced crime. This would benefit businesses, as consumer spending will likely be higher under a lower crime rate.</p> <p>There may be implications on the classification of designated organisations due to the level of control that government would have on the company. The Home Office will work with OGDs such as Cabinet Office, HM Treasury, Office for National Statistics, and the company themselves to evaluate this prior to designating any company</p>	Uncertain
Any significant or adverse distributional impacts?	There are not expected to be any significant or adverse distributional impacts on businesses outside the impacts outlined above.	Neutral

(3) Expected impacts on households

Description of overall household impact	There are no monetary impacts expected for households. It is anticipated that households may benefit from an improved police service.	Positive
Monetised impacts	There are no monetised impacts on households. Therefore, the Household NPV and EANDCH are £0	Neutral Based on likely household £NPV
Non-monetised impacts	As the powers could be used to improve efficiency and effectiveness in the policing system, it is anticipated that households could benefit from reduced crime and a better standard of policing service.	Positive
Any significant or adverse distributional impacts?	There are not expected to be any significant or adverse distributional impacts on households.	Neutral

Part B: Impacts on wider government priorities

Category	Description of impact	Directional rating
Business environment: Does the measure impact on the ease of doing business in the UK?	Assessed that this will likely have no significant impact	Neutral
International Considerations: Does the measure support international trade and investment?	Assessed that this will likely have no significant impact.	Neutral
Natural capital and Decarbonisation: Does the measure support commitments to improve the environment and decarbonise?	Assessed that this will likely have no significant impact.	Neutral

7. Monitoring and evaluation of preferred option

27. The necessity to use these powers will be monitored through the Home Office PECP which will deliver efficiency savings within policing. Governance arrangements for the programme are still being put in place, but interventions using this power will likely be tabled at the PECP Board, which is expected to meet quarterly. The purpose of monitoring will be twofold, to ensure that the use of the power (and advice to Ministers recommending its use) is consistent and appropriate. Secondly, that any lessons which can be learned from occasions where this power has been considered or used, can be drawn out and used to improve our engagement and collaboration with delivery partners in the future.
28. Where conditions relating to a direction have been added to an existing grant agreement, additional assurance on the progress of the directed activity will be provided through the Home Office's grant agreement assurance processes. These are tailored to each separate grant agreement but typically include regular meetings with the company to oversee updates on progress against agreed performance indicators, and regular strategic reviews of activity undertaken, progress made, and financial returns. Where a direction has been included in a grant agreement, this process will ensure progress against the relevant KPIs is monitored and suitable action taken should performance not meet the required standard without good cause. In the event that the Home Office needs to ensure a company's compliance with grant conditions, including agreed KPI's, there is an agreed process for handling poor performance within the grant agreement itself.

8. Minimising administrative and compliance costs for preferred option

29. Conferring a power on the Home Secretary to issue directions to companies providing services to police forces to drive efficiency savings and ensure the necessary preparations are made, where appropriate, for the transfer of these services into an intended new national body (NCoP) is intended to provide a legislative safeguard that would only be used when strictly necessary, such as where ongoing negotiation with the company over taking a specified action have stalled or broken down and the Home Secretary determines that the action is necessary to promote the efficiency and effectiveness of policing.
30. Notices of Designation and subsequent Directions will be provided to specific companies and will be consulted on and engaged with ahead of provision.
31. Any administration or compliance costs will depend on the specifics of the direction, but it is intended that powers will be used in alignment with standard business and company practices. This would be assessed, as necessary, on a case-by-case basis when the need for a direction was being considered by policy teams, and suitable advice provided to the Home Secretary when the proposal for a direction was presented to her – along with suitable funding options where appropriate.

9. Main assumptions / sensitivities and economic / analytical risks

32. The powers will be used where there is a risk to the stable ongoing provision of a service to policing, where engagement and negotiation has failed to adequately resolve the issue. Alternatively, this could be used to ensure that companies take appropriate actions, such as adopting an interim operating model, to prepare for the migration of the services they provide to policing into the proposed NCoP. This power will provide a legislative safeguard to ensure that where action is necessary, it is taken. The power will support the Home Office's engagement with the company where existing levers and negotiation has failed to progress. As the use of the power would be dependent upon need and the results of ongoing engagement with the business providing the service to policing, it is not possible to estimate how often they will be exercised.
33. If, and when the powers are exercised, it would be to address the specific aspect of risk mentioned above through a direction to take, or to refrain from taking, specified action. This may include prioritising or deprioritising specific work undertaken by the company, for example. As the necessary direction would be situation specific and aim to resolve the area of risk in question, it is not possible to know exactly how they will be used in advance. Therefore, it is not possible to produce quantitative analysis on the impact of the powers.
34. Instead, qualitative analysis of some of the potential uses of the powers has been conducted in the policy appraisal.

Declaration

Department:

Home Office

Contact details for enquiries:

CrimeandPolicingBillTeam@homeoffice.gov.uk

Minister responsible:

Sarah Jones MP, Minister of State for Policing and Crime

I have read the Impact Assessment and I am satisfied that, given the available evidence, it represents a reasonable view of the likely costs, benefits and impact of the leading options.

Signed:



Date:

25 November 2025

Summary: Analysis and evidence

Price base year:

N/A

PV base year:

N/A

This table may be reformatted provided the side-by-side comparison of options is retained		Option 0. 'Do nothing' (baseline)	Option 1. To provide the Home Secretary with a power to direct a company providing certain policing services (Preferred)
Costs (£m)	Low	N/A	N/A
	High	N/A	N/A
	Best	N/A	N/A
(Distinguish between setup and ongoing costs, as well as private/public costs)			
Benefits (£m)	Low	N/A	N/A
	High	N/A	N/A
	Best	N/A	N/A
(Distinguish between setup and ongoing benefits, as well as private/public benefits)			
Net present social value (£m)	Low	N/A	N/A
	High	N/A	N/A
	Best	N/A	N/A

This table may be reformatted provided the side-by-side comparison of options is retained	Option 0. 'Do nothing' (baseline)	Option 1. To provide the Home Secretary with a power to direct a company providing certain policing services (Preferred)
Public sector financial costs (with brief description, including ranges)	N/A	N/A
Significant un-quantified benefits and costs (description, with scale where possible)	N/A	<p>Depending on use, power ensure</p> <ul style="list-style-type: none"> • Alignment of companies' work with Home Office objectives • Reduction of inefficiencies • Home Secretary is well-informed of the functions and affairs of relevant companies • An efficient transition of capabilities to the intended NCoP
Key risks (and risk costs, and optimism bias, where relevant)	N/A	N/A
Results of sensitivity analysis	N/A	N/A

Evidence base

A. Strategic objective and overview

35. There are a number of national companies that provide critical capabilities for policing, however the Home Secretary's powers to direct those companies can be limited, for instance they are often private companies that are limited by guarantee and whose boards and membership are independent of the Home Office. This restricts the ability of government to influence strategic decision making and the way in which the services these companies provide are carried out, which could affect the consistent and effective delivery of services vital to policing. If the government has no means to intervene where necessary, the Home Office cannot guarantee that these companies will remain aligned to the priorities of this government.
36. This government recognises the need to have effective and efficient capabilities that can support policing's role in the delivery of this government's priorities and missions. The Home Secretary has announced a new Police Efficiency and Collaboration Programme to cut waste and bureaucracy.
37. Additionally, in announcing the government's intention to consult on establishing a new National Centre of Policing (NCoP) the Home Secretary identified that she envisages the body taking on responsibility for existing shared services, national IT and commercial capabilities, and force hosted national capabilities such as the National Police Air Service and Forensics.
38. It is important that the Home Secretary has the power necessary to ensure that the way in which these services are provided can, where needed, be strengthened in the short term and that, where relevant, appropriate preparations are made capabilities to transition into the proposed NCoP.
39. Therefore, the strategic objectives are:
 - a. to bolster the effectiveness and efficiency of the police through effective delivery of the efficiencies driven by the PECP, improving service delivery and freeing up funding for reinvestment into policing to deliver further efficiencies in line with the government's Safer Streets Mission⁷ and the Neighbourhood Policing Guarantee⁸.
 - b. to increase confidence in national capabilities that play a critical role within policing, including ahead of their intended transfer into the intended NCoP. Ensuring they are subject to a smooth and effective transition at the point of transfer through ensuring that appropriate preparatory work, which will be determined as the consultation and planning for the proposed centre progresses, is completed by companies currently hosting these facilities in advance.
40. The provisions in this Bill will allow the Home Office to exert greater direct control over the strategic priorities and operating models of relevant companies by inserting a new section "40D" into the Police Act 1996 so that the Secretary of State, in practice the Home Secretary, may designate a critical police undertaking and give a direction to it.

⁷ Safer Streets - GOV.UK - <https://www.gov.uk/missions/safer-streets>

⁸ Home Secretary letter on the Neighbourhood Policing Guarantee - GOV.UK - <https://www.gov.uk/government/publications/home-secretary-letter-on-the-neighbourhood-policing-guarantee>

This will enable the Home Secretary to achieve greater control over companies that provide capabilities within policing, ensuring their support for the effectiveness and efficiency of the police. Being able to issue directions to such companies will provide the Home Secretary with the necessary legislative safeguard to ensure that the prioritisation, delivery, and strategic direction of these companies aligns with the priorities of the government and policing.

41. Where the government has engaged with a company over taking specified action and has been unable to reach agreement, this legislation would allow the Home Secretary to issue a direction to the company to ensure that action is taken, and progress can be made. In particular this would be appropriate where there is either a risk to stable delivery of the service the company is providing to policing, and by extension the delivery of productivity savings to policing, or where additional actions are required for the preparation of the service for effective transition into the intended NCoP.

B. Problem under consideration, with business as usual, and rationale for intervention

42. The Home Office has two distinct aims for critical police undertakings providing functions which are aligned to PECP objectives and / or will be transitioned into the proposed NCoP. Firstly, to ensure the way they are working is aligned to the PECP goals so that policing is able to make greater efficiency-based savings. Secondly, that the necessary preparatory work is conducted to enable a smooth transition of the service provided by the company into the proposed NCoP whilst maintaining effective service delivery and with minimal disruption to staff
43. Additionally, there is a need to bolster the ability of government to ensure that these functions are suitably prepared for transition. These preparations may represent significant change to the delivery model of some companies or could conflict with existing strategic plans. Currently, the Home Secretary's powers to direct those companies can be limited, for instance they are often private companies that are limited by guarantee and whose boards and membership are independent of the Home Office.
44. The problem is then, succinctly, that existing levers such as Grant Agreements may not be sufficient to provide adequate means to ensure companies prioritise alignment with PECP priorities and the necessary stabilisation and delivery work to fully realise the efficiencies anticipated for policing, or to ensure ongoing effective service delivery throughout the migration of these services to proposed NCoP. In particular it is noted that whilst grant agreements provide effective assurance of the objectives and KPI's agreed at the time, they need to be updated (a process known as variation) to take account of new work or other changes in-year. The need to agree such changes does not make them an effective tool to support negotiation on new actions which would need to be taken, or to prompt an agile response to a situation not covered within the existing agreement.
45. The rationale for intervention is therefore that whilst there are existing levers which can be used in support of negotiation and engagement with relevant companies, there is not a legislative safeguard in place which would ensure that necessary work could be directed to take place, especially if it falls outside of current grant agreements. This

power would, where necessary, enable the Home Secretary to issue directions which may include prioritising or deprioritising specific work undertaken by the company, or adopting an interim operating model designed to enable effective transition into the proposed NCoP.

C. Policy objective

46. Home Office therefore needed to develop a method for exerting influence over the strategic priorities and operating models of relevant companies. The methods would need to be developed to:
- Maximise the Home Office's confidence in delivering ambitious cashable saving targets that are being driven by the new PECP.
 - Ensure that the Home Office can increase the efficiency and reduce the bureaucracy of policing capabilities in alignment with the Prime Minister's Plan for Change⁹ and intentions of the government to re-wire Whitehall and produce a more productive and agile state¹⁰
 - Undertake the required work to reform and stabilise any capability to enable the effective transition into any new NCoP that the Home Secretary announced the government's intention to consult on establishing¹¹.

D. Description of options considered

Short-list options

47. In the short-list, the legislative options to direct a company or members of a company were refined into two distinct options.
48. The options considered in the short-list appraisal were:
- **Option 0. 'Do-nothing'**. There are no changes to the Home Secretary's existing powers.
 - **Option 1 – The Home Secretary is provided with a power to direct a company providing certain policing services.** This was deemed appropriate as this would give the Home Office is provided the necessary level of direction, whilst mitigating any risk of conflicting with Human Rights legislation. **This is the government's preferred option** as it is anticipated to achieve the desired outcomes and has less risk associated with it than other options.

⁹ Plan for Change - GOV.UK - <https://www.gov.uk/government/publications/plan-for-change>

¹⁰ Hundreds of quangos to be examined for potential closure as Government takes back control - GOV.UK - <https://www.gov.uk/government/news/hundreds-of-quangos-to-be-examined-for-potential-closure-as-government-takes-back-control>

¹¹ Home Secretary's vision for police reform - GOV.UK - <https://www.gov.uk/government/speeches/home-secretarys-vision-for-police-reform>

49. Option 0 was not considered appropriate, as the goals of the policy cannot be achieved without amending the Home Secretary's powers.

E. NPSV: monetised and non-monetised costs and benefits of each shortlist option (including administrative burden)

50. The impact of the policy depends on how the powers will be used and with what regularity. These are intended to be backstop powers that may never be needed, and it is not possible to estimate how often they will be applied or in what manner. Therefore, it is not possible to monetise any of the powers' costs or benefits.
51. It was not possible to estimate familiarisation costs for the legislation. The Home Office intend to engage directly with businesses where this power may be used. The desired approach would be to achieve the policy aims through collaborative engagement with the businesses providing the service, leading to negotiated outcomes which meet the strategic and policy objective of this measure.
52. The proposed legislation requires consultation with a company before the Home Secretary issues a notice of designation, which is in turn required before a Critical Police Undertaking can be issued a direction. Where this consultation takes place, the Home Office would seek to be clear about the Home Secretary's power and what this would mean to the business.
53. The draft legislation requires that consultation is conducted with the business prior to a direction being issued so this would happen even where there was no prior history of engagement. However, to reach a position where policy officials are comfortable to recommend the use of this power to the Home Secretary it is likely that there would be a history of sustained engagement and attempts to resolve the issue in question through negotiated means prior to the case for a direction being prepared.
54. It is anticipated engagement with relevant parties to explain the powers and their application would only be needed when the use of the powers was being considered. Given it is not known, if or how these powers will be used it is not known what type of familiarisation would be needed.
55. There are no monetised costs or benefits. the NPSV of all options cannot be estimated.
56. Although there are no monetised costs or benefits, potential uses of the powers and their impacts have been considered below:

Issue directions to prioritise and deprioritise certain areas of work

57. Issuing directions to prioritise and deprioritise certain areas of work could be used to maintain the necessary alignment between companies' work and Home Office objectives. If the Home Office is unable to intervene where necessary then companies may choose to prioritise activities that are not in alignment with Home Office priorities, and any inefficiencies in the overall approach could persist.
58. The proposed legislation will provide a means of ensuring the necessary alignment in strategic direction between Home Office priorities for how services to policing are efficiently provided and improved, and the work carried out by relevant companies to provide those services and make those improvements.

59. Reducing wasteful activity would enable a more efficient policing service that could provide a better service to the public.

Issue directions to enable an efficient transition of capabilities to the proposed NCoP

60. There are several ways the powers could be used to enable a successful commencement of the intended NCoP. For example, using powers to issue a direction to a company to update their operating model.
61. Issuing a direction to a company to update their operating model could be used to ensure alignment with the proposed NCoP. For example, the early adoption of a standard operating model set by the NCoP project team prior to, or as a part of, transition into the proposed national centre. This could provide a way of minimising disruption to service provision and staff due to new working practices when the time comes for the same company to transition into the NCoP.

Issue directions to provide information to the Home Secretary

62. Use of the powers to issue directions to provide information to the Home Secretary would ensure she is well-informed of the functions and affairs of relevant companies. Being well-informed would improve the Home Secretary's ability to set the strategy and priorities to create a more effective and efficient policing system.

Overall impact on NPSV

63. It has not been possible to calculate an NPSV or other overall value for money figures as it is not known if or how this power will be used.
64. If the power were to be used there would be some upfront familiarisation and staff time costs for Home Office directors to understand and develop a new direction. Then some form of direction or guidance will need to be issued to the company board members for the company that is receiving the direction.
65. There would then potentially be the costs of implementing the direction. These costs will vary substantially depending on what the direction is. There would also be a number of potential direct benefits, such as time and cost savings from increased efficiency. There may also be indirect benefits such as creating a more efficient or effective police service.
66. The main anticipated benefits of the policy are that they will facilitate successful delivery of the PECP and improve efficiency in relevant companies. This will improve efficiency and effectiveness throughout the policing system. For example, savings delivered through the PECP are intended to be reinvested in priority areas such as neighbourhood policing and will therefore help to reduce crime and improve policing services to the public.
67. Although the costs and benefits cannot be monetised, it is expected that the power will be used in a way which ensured the benefits outweighed the costs. Therefore, the Home Office expect the impact of the power to always have a positive NPSV.
68. A further impact of the existence of this power will be the long-term effect on collaboration between the Home Office and companies to which the power could be applied. The existence of a power whereby the Home Secretary could direct a company to take, or not take, specified action is something which may affect the way in which companies approach collaboration or negotiation.
69. The Home Office should address this, where appropriate, with clear messaging that the power is intended as a safeguard and would only be used where existing levers and

negotiation with a relevant company has failed to progress, and which would not be used without notice or consultation with the company beforehand.

Impact on small and micro-businesses

70. Given that the power to direct would only apply to designated undertakings from an already small number of companies that provide services to policing, there are no expected significant or adverse impacts anticipated for small and micro-businesses. Any impact on the classification of such businesses would be evaluated as part of the engagement and consultation process prior to their being designated.

F. Costs and benefits to business calculations

71. As there are no monetised impacts of the policy, the Business Net Present Value and Equivalent Annual Net Direct Cost to Business of all options is not calculable. A small number of businesses would be affected by increased Home Office control.
72. It is anticipated that there would be non-monetised benefits to business through the outcomes associated with effective provision of the PECP programmes, as well as enabling other improvements in efficiency in relevant companies, the policy is anticipated to improve the efficiency and effectiveness of the policing system.
73. There is an indirect benefit to all businesses, not just those in scope, as the improved policing system may lead to reduced crime, benefitting businesses as consumer spending is likely to be higher when the crime rate is lower.

G. Costs and benefits to households' calculations

74. As there are no monetised impacts of the policy, the Household NPV and EANDCH of all options is not calculable.
75. It is anticipated that there would be non-monetised benefits to households. By enabling successful delivery of the PECP, as well as enabling other improvements in efficiency in relevant companies, the policy is anticipated to improve the efficiency and effectiveness of the policing system. Therefore, households are anticipated to benefit from reduced crime and an improved service to the public.

H. Business environment

76. Providing the Home Secretary with a power to direct a company providing certain policing services, which is not expected to have any significant impact on the business environment.

I. Trade implications

77. Providing the Home Secretary with a power to direct a company providing certain policing services is not expected to have any significant impact on trade.

J. Environment: Natural capital impact and decarbonisation

78. Providing the Home Secretary with a power to direct a company providing certain policing services is not expected to have any significant impact on the environment.

K. Other wider impacts (consider the impacts of your proposals)

79. Providing the Home Secretary with a power to direct a company providing certain policing services is not expected to have any wider impacts outside those assessed within this impact assessment.

L. Risks and assumptions

80. It is not possible to conduct quantitative analysis of the policy's impacts. The policy's impacts depend on how, and with what regularity, the powers would be used. Given that these are both unknown, it is not possible to monetise any costs or benefits. As quantitative analysis is not possible, qualitative analysis of some of the potential uses of the powers has been conducted in the policy appraisal instead.

Annex

Mandatory specific impact test - Statutory Equalities Duties	Complete
<p>An EIA has been prepared to consider the equality implications of the proposal.</p> <p>The Home Office found that the proposed power does not subject any person to less favourable treatment than any other person. Additionally, no particular disadvantage has been identified in relation to the protected characteristics of any individuals who may be affected by the use of this power, once established. Therefore, no direct or indirect discrimination should result from this power being used.</p> <p>Additionally, no particular disadvantage has been identified in relation to vulnerable individuals or other vulnerable groups as a result of this power being used.</p> <p>The proposed power neither encourages nor discourages participation in public life or other activities by people with protected characteristics and it neither encourages nor discourages good relations between people who share a protected characteristic and those who do not. This is largely due to the very limited scope of the proposed power and its use.</p> <p>The Home Office are therefore content that due regard has been given to the Statutory Equality Duties.</p> <p>The SRO has agreed these summary findings.</p>	<p>Yes</p>

