

WEST MERCIA POLICE AND CRIME PANEL

REPORT TO WEST MERCIA POLICE AND CRIME COMMISSIONER FEBRUARY 2018

SCRUTINY OF THE SALE OF REGISTRATION PLATE AB1

Recommendation

1. **It is recommended that the West Mercia Police and Crime Commissioner has regard and responds to this report and its recommendations following the Panel's Scrutiny of his sale of the rights to registration plate AB1.**
2. The Panel thanks the Police and Crime Commissioner (PCC) for providing a report and attending its meeting on 6 February 2018. Following its Scrutiny of the PCC's sale of the rights to registration plate AB1, the Panel submits this report.

CONTEXT

3. Panel members and members of the public were aware of the major changes to police governance introduced a few years ago with the direct election of Police and Crime Commissioners for police areas, replacing the previous police authorities.
4. Police and Crime Panels were also established at the same time as part of those new governance arrangements. This Panel acts on behalf of all the principal councils in the West Mercia police area, with councillor representatives and also independent members.
5. Police and Crime Commissioners have wide-ranging powers and functions, and an important role for these Panels is to scrutinise or review decisions or other action taken by them. This is part of the public accountability of Commissioners – candidates are of course accountable to the electorate at the time of elections but Panels have a clear part to play on behalf of the public in relation to the exercise of Commissioners' functions *during* their term of office.
6. This report relates to a decision by the West Mercia Police and Crime Commissioner, Mr John Campion, to sell the rights to numberplate AB1 in Summer 2017. This sale caused a considerable degree of public criticism and comment given its historical connection to the police service and potential value, whether or not such criticism is justified. The Panel had a valid role in the public interest to carry out a Scrutiny of the PCC's sale to help clarify the facts, increase transparency and indeed accountability.
7. The Panel also received a number of complaints concerning the conduct of the Commissioner in selling AB1 i.e. in relation to his decision to sell and the process used. As some of those complaints alleged criminal offences, then as required by law they were referred to the national IPCC (now IOPC) which eventually decided

that a criminal investigation was not appropriate as there was no evidence of criminal wrongdoing.

8. Upon that decision, the most appropriate action for the Panel was to Scrutinise that AB1 decision causing concern in order to establish Who did What, When and Why. That additional transparency may itself resolve many or all of the complaints as far as the Panel can, but the focus of the Panel was to Scrutinise the sale of AB1 rather than attempt to resolve the individual complaints. The complaints were summarised in the report to inform the Panel's Scrutiny process.
9. The Panel heard from a number of members of the public under public participation, which helped to inform Panel questions of the PCC. Following the Scrutiny, the Panel decided by a majority vote that it did wish to make a report to the PCC on the matter.

BACKGROUND

10. The details are set out in the report to the Panel on 6 February 2018. In 2017 the PCC decided to market the registration rights to number plate AB1, which had first been issued in approximately 1903 and was subsequently used on the car of the Chief Constable of Worcestershire County Police and then West Mercia for various spells until 2011. There is a market for such number plates, and values can be significant. A decision notice on the PCC's website dated 8 August 2017 gave details of the sale of the registration mark AB1.
11. The sale of AB1 led to public comment and criticism, and a number of complaints to the Panel about the PCC's decision to sell AB1. Various members of the public attended the Panel as part of public participation in the democratic process, and the PCC was invited to respond to the comments and questions raised by those speakers. Panel members then asked the PCC various questions concerning the sale of AB1.
12. Concerns raised by the public largely fell under two themes:
 - (a) that the PCC had no right to sell the registration rights to AB1, and/or
 - (b) that the procedure followed by the PCC for the sale was not transparent and led to a perception of undervalue being achieved with a consequent loss to the public purse, with additional concern that the sale was to a connected party.

The Panel's Role in Relation to Scrutiny

13. The Panel is legally responsible for scrutinising decisions made or other action taken by the PCC in connection with the discharge of his functions, and making any appropriate reports or recommendations to the PCC. The Panel has a general responsibility to exercise all of its functions with a view to supporting the effective exercise of the PCC's functions.
14. The Panel therefore scrutinised the AB1 sale to find out 'who did what, when and why'. The Panel started from no presumption of any wrongdoing by the PCC but the level of public concern and complaints justified the Panel scrutinising the sale of AB1 in the public interest. This scrutiny increased the transparency of the

circumstances surrounding the sale, and the PCC had full opportunity to set out his position and respond to or address any matters of concern at the Panel.

15. The main dates in the sale process as set out in the PCC's report were given as:

15 June 2017 – Brightwells instructed to market the registration mark
15 June - 17 July – registration mark marketed
17 July – offer of £160k made direct to the PCC
18 July – registration withdrawn from sale with Brightwells
8 August – contracts signed and sale completed.

There were 3 general areas which the Panel scrutinised:

A - DID THE PCC HAVE THE RIGHT TO SELL AB1?

16. The Panel recognised the strong feeling, particularly amongst those connected with the police service, that the PCC should not be selling off the 'family silver' given the historical connections between AB1 and the office of Chief Constable. There was a suggestion that the PCC either had no right to sell AB1 or his rights to do so were constrained somehow
17. However, the Panel was satisfied that the PCC had the right to sell AB1 as the elected police body for West Mercia. The PCC had exhibited the appropriate DVLA registration form, the AB1 numberplate had clearly been in the possession and use of the relevant police body or service for many years, and there was no convincing evidence before the Panel to show that the PCC had no right to sell the property or that his rights to sell unused police assets were constrained. Whether it was appropriate to sell off the 'family silver' was a matter of judgement for the PCC to make. The panel had no role in preventing or attempting to reverse the sale of AB1.

B- DID THE PCC IMPROPERLY SELL AB1 TO A FRIEND OR CLOSELY CONNECTED PARTY?

18. Concerns were raised that because the purchaser was an ex-Chief Constable of West Mercia the PCC may have been influenced in his business dealings by friendship, and should not have been personally involved in such a sale. The Panel heard from the PCC that he had had a purely professional connection with the purchaser when Chief Constable through the PCC previously being a member of the West Mercia Police Authority.
19. A number of Panel members reported that they had had a similar connection with Chief Constables including the purchaser whilst they served on the predecessor police authority, and the relationship between authority members and chief constables was a professional working one rather than based on friendship, although the chief constable would be well-known to such members. The PCC was clear that the purchaser was not a friend of his. The purchaser had retired from office before the PCC was elected, and their relationship came only from their previous professional connection when the PCC was a member of the police authority and the purchaser was Chief Constable at that time.

20. The Panel was satisfied that there was no evidence that it was improper for the PCC to be involved in the sale of AB1 to the purchaser, as there was no evidence the purchaser was a friend of the PCC or closely connected to him. There was a professional acquaintanceship, but this was not a disqualifying factor preventing the sale to the purchaser.

C - WAS BEST VALUE OBTAINED THROUGH THE SALE PROCESS WHICH WAS FOLLOWED BY THE PCC IN THE SALE?

21. Having accepted that the PCC could sell AB1 in order to make best use of public assets, the Panel did have significant concerns over the process which was followed by the PCC for the sale and whether Best Value was achieved.

Method of sale

22. It was suggested by some members of the Panel that the potential use of alternative specialist auction houses should have been explored when the PCC decided how to market and sell the registration. This might have achieved additional exposure to the market and higher bids. The Panel recognised that the PCC would have to take and rely upon professional advice when dealing with the sale of an unusual asset such as a valuable numberplate, but the decisions were that of the PCC, as he himself acknowledged.
23. The Panel uncovered some confusion over the process followed in the sale of AB1. There was some concern that AB1 had apparently been withdrawn from auction and then sold very swiftly, which may have meant that the best price had not been reached. The PCC was clear that the consistent professional advice he received was not to go for an auction, and it had always been intended to seek sealed bids rather than go to auction. The Panel pointed out that the PCC's own decision notice signed by him and his Chief Executive stated that AB1 had been '*sent to auction*' and the best offer had been received '*independent of the auction process*'. The PCC accepted this was a mistake in the decision notice.
24. The PCC stated that he had received an offer direct from the eventual purchaser which was higher than any firm offers he had received via the sale agents, and so he withdrew the plate from sale through the agents, which also meant no commission would be paid to the agents. The Panel had some concerns that AB1 had not been sold by public auction which would then have demonstrated that best value had been received. It recognised the Panel was reviewing actions with the benefit of hindsight and had no professional expertise to conclude that an auction would have been the most appropriate method of sale, but recommended that the relevant processes be reviewed and the possibility of a sale by auction be expressly considered

Level of capital receipt

25. The PCC clarified to the Panel that the £160k recorded purchase price for AB1 was inclusive of VAT, so that the actual capital receipt for the police service was in fact slightly over £133k. The PCC stated that this was significantly higher than any other firm offer received through the sale agents, and that these other offers were also VAT inclusive so the offers were directly comparable. The Panel

accepted that the £160k was significantly higher than the other bids disclosed in the exempt report to the Panel, if they were on the same basis of being VAT inclusive.

Could a higher value have been received?

26. The Panel did have concerns over the mechanism and timescale of the sale process. The PCC stated that £160k had been the highest bid received, and no higher offers were received. However, the Panel had heard direct from a member of the public who stated he had been looking to buy this plate for some time, and had made the selling agents aware of his interest when he saw the advert in the Daily Telegraph on 15 July, which he believed was the first time the plate had been advertised nationally. The agents had informed him that bids were being sought in the region of £250k, but the sale had been withdrawn from them as another purchaser had been found, but he stated his initial offer was £305k and had been told by the agents that the bid had been passed on.
27. The PCC admitted that the agents had indeed sent an email on 19 July saying that a Worcestershire resident intended to start bids from £300k, but he did not consider this was a firm bid. The PCC also indicated that by 19 July he had already agreed the £160k offer which had been received on 17 July.
28. The Panel was very concerned that although it was said there had been regional marketing at some unspecified point after 15 June 2017, the first and only national marketing had taken place on Saturday 15 July, the purchaser's offer received on Monday 17 July, AB1 withdrawn from sale on Tuesday 18 July, and the much higher potential offer of £300/305k received on Wednesday 19 July the very next day yet effectively ignored, and not mentioned in the PCC's decision notice or report to the Panel.
29. The PCC stated to the Panel that he considered that he was legally bound by accepting the purchaser's offer on Tuesday 18 July, although the contract was not signed or the sale completed until 8 August. With hindsight the PCC accepted it would have been better to have continued negotiations with the person offering £305k.
30. The Panel did not consider the PCC had acted in any way dishonestly, but felt it was a **serious error to have effectively ended the sale process on the second working day after the one and only national advert, and to have effectively ignored the much higher £300/305k offer indicated on what was only the third working day after that advert.** The sale had been concluded with unnecessary haste. The Panel did not know whether there had been an enforceable contract to sell at £160k on 18 July rather than when the final details were agreed and contracts formally completed on 8 August. Even if there had been, then the Panel was of the view that the PCC had been naïve in terminating the sale process so rapidly and not seeing what the market would produce, and taking no steps to pursue the £305k offer.

Conclusion

- 31. The Panel concluded that it was not satisfied that best value had been obtained for the registration rights to AB1 through the processes followed by the PCC; there was no criticism of the PCC's integrity but the sale had not been done in the most effective way and the potential for receiving a significantly higher receipt for the public purse had therefore been lost. The PCC had been somewhat naïve in putting himself in this position and processes should be improved to ensure best value is received for sale of assets in the future.**

Recommendations

In the light of its scrutiny of the process followed for the sale of AB1 and its conclusion, the Panel recommends to the PCC:

- 1. That the process for the sale of assets by the PCC or his Office be reviewed in the light of the findings of the Panel and then be reviewed on a regular basis afterwards to ensure best value for the public purse.**
- 2. That such a review specifically considers the appropriateness of a) obtaining more than 1 professional valuation and/or marketing proposal, b) national marketing, c) length of marketing, d) the potential use of open auctions for the sale of assets by the PCC and also the process for accepting offers.;**
- 3. That the PCC ensures there is a clear and publicly transparent audit trail for the sale of assets.**

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