

MINUTES OF THE AAB AWAYDAYS (2020):

Day 1: June 30th:

Attendees: Board Members:

Barbara Scott (BS)

Lizzie Peers (LP)

Janice Shardlow (JS)

John Campion (JC)

Mark Burns-Williamson (MBW)

Martyn Underhill (MU)

Andy Rhodes (AR)

Apologies:

Martin Hewitt (MH)

Kenny Bowie (KB)

Attendees: Invitees:

Susannah Hancock (SH)

Charmaine Laurencin (CL)

David Esling (DE)

Louise Bailey (LB)

Tracy Holyer (TH)

Lee Milton (LM)

Padraig Twomey (PT)

Simon Talbot (ST)

1. Welcome and Expectations:

BS welcomed members/invitees to the AAB Awayday and asked what their expectations were:

LP: Clarity and assurance on the NPCC Operating Model, the internal audit, and what is and is not working in terms of the AAB.

JS: Assurance on the NPCC Operating Model; financial assurance; and views on effectiveness.

JC: Assurance/confidence on the Operating Model and money; Honest conversation on the NPCC journey.

MBW: Clarity for the AAB on the Operating Model and the use of resources.

MU: Clarity on the Operating Model; the sustainability of funding; and assurance on Vfm.

AR: Assurance in the capability of the NPCC and NPCC resources.

CL: A better understanding of how the AAB and the NPCC can work together effectively.

DE/LB: Assurance that best value is delivered and learning about the Operating Model.

TH: An opportunity to discuss assurance for the Operating Model and how the NPCC engages with the AAB.

LM: Clarity on how the NPCC can deliver for the AAB.

PT: Assurance that the new finance role is going in the right direction.

ST: Clarity and assurance on the Operating Model and finances.

2. Updates:

2.1 Covid-19:

- In the absence of MH, CL updated members on the NPCC Op Talla response to the policing of Covid-19 and opportunities for forces to feed into daily NPCC briefings and discussions. CL reported that as a result of the Black Lives Matter Campaign the NPCC was developing a plan of action to work with communities to tackle racism, which will be discussed at the next Chiefs' Council.
- MBW sought assurance on national decision making governance on the policing of Covid-19. CL agreed that getting the right decisions and communications out centrally was key and MH could update on this further in Day 2 if needed. SH highlighted that there was a need for more information on the ground locally and that the APCC was currently liaising the Home Office and Public Health England on this.

2.2 NPCC Operating Model:

- TH updated members on the recent discussion of the NPCC Operating Model at the recent Chiefs' Council meeting where approval had been given for the next stage of this work but greater clarity on mandate/delegation, finances; how those proposals sit in the wider system; engagement with key stakeholders in developing the model; and learning from recent developments such as Operation Uplift and policing Covid-19 was requested. TH reported that continued engagement with key stakeholders including PCCs through the Operating Model Programme Advisory Board was now occurring.

- LP noted Chiefs' Council need for more clarity on basic controls which supports previous AAB concerns that the NPCC is fit for purpose in key areas such as finance and workforce. Fitness for purpose has not yet been delivered, there are gaps in the current model, and these must not be replicated and continued going forward. BS stated these areas of good governance must be fixed before the AAB can support the development of a new model.

3. The NPCC Operating Model – Assurance Process:

- TH updated the AAB on the assurance, governance, and advice and challenge pathways for the NPCC Operating Model, the Programme Team, and the Design Authority Group where work is brought together. A bi-monthly Programme Advisory Board has also now been set up which includes the Home Office, the NPCC/Chiefs, the NPCC Oversight Board, the APCC/PCCs, and the College of Policing, and which ensures that any decision making on governance on the model has to go through these bodies.
- LP asked if finance is included in the governance workstream and asked if a separate workstream for workforce was needed? TH replied that current workstreams included business support, workforce, and technology. TH agreed that the current operational set up must be enhanced and the ability to support key business areas is being looked at.

Action: TH will share the ToR for the Programme Advisory Board and the NPCC Oversight Board; the list of current workstreams; and the Operating Model risk register with AAB Members.

Action: TH was asked to clarify and if necessary update the 3 main assurance pathways that were shown between the AAB, the Home Office, and the NPCC Oversight Board for the next meeting.

- TH then outlined the work programme and timeline for the development of the Operating Model which included a section on programme governance and assurance and currently showed 4 sources of assurance: The Chiefs' Council; the Operating Model Programme Advisory Board; the Home Office Strategic Change and Investment Board (SCIB); and the AAB. TH now wishes to engage with the Spending Review process and bring further key roles into the programme team around strategy, planning and performance.
- SH made 3 key points in relation to the work programme and timeline:
 1. With the announcement of the Spending Review we now have less time not more to assure this model and there are a number of critical issues that the AAB needs assurance on before any submission.
 2. The governance and assurance section of the work programme needs to reflect that the governance of policing is shared jointly between the Chiefs' Council and PCCs. APCC quarterly meeting decision points not just Chiefs' Council ones must be included in the programme timeline going forward.
 3. When does the full business case need to be agreed ?
- LP asked if the AAB is expected to provide assurance on the business case and if so, requested that assurance gateways were included in the programme timeline to ensure the appropriate scrutiny would happen at critical stages of the programme? Board Members agreed that formal AAB approval of the proposed system and endorsement of the final business case will be needed before any funding decisions are made and the programme goes ahead. TH believed that the initial Spending Review submission will be in the Autumn but there is some flexibility on the final design.

Action: TH needs to update the governance section on the NPCC Operating Model so that it reflects the role that the APCC performs in policing governance and includes PCC quarterly decision making points.

Action: TH will map out and share clear dates for AAB assurance gateways which will clarify what assurance the AAB will need to provide on the NPCC Operating Model and when.

Action: BS/ST will then set up specific AAB meetings regarding future Operating Model assurance in line with the assurance gateways information received from TH. It was suggested that this may involve 2-3 members of the AAB to form a gateway group on behalf of the board.

- TH then expanded on the current quarterly meetings the NPCC has with the Home Office where the NPCC accounts for the Operation Model funding award it has previously received and progress to date is reviewed against its core objectives. These meetings included identifying key government dependencies.

Action: TH was asked to circulate further details and the core objectives of the Home Office Award funding for the Operating Model to AAB members.

- The following further points were raised and / or discussed in relation to the NPCC Operating Model:
 - LP noted there are 3 distinct areas where assurances will need to be provided to the AAB going forward: 1. Assurance over fitness for purpose of the current functioning of the NPCC 2. Assurance during the Transition to any new operating model including delivery of the programme 3. Assurance over the final new model. LP also asked whether the NPCC is going to become a legal entity in the future given the complexities of accountability and governance in the current arrangements ?
 - Questions were asked about where the funding will come from to finance this increased NPCC budget as depending on the source the governance requirements will be different ? If it comes from the centre through a top slice of the Spending Review rather than police forces as it does via the S22A agreement, governance will look very different in the future and be subject to specific regulation. JS drew attention to the level of assurance required, for instance in the case of the NDPB.
 - JS asked whether there was a project risk register and if so, the AAB should have sight of that.
 - JC noted that the AAB will have a view and may be asked for a view as to whether the NPCC Review is currently fit for purpose and the Home Office may have a view about how the model will be funded. JC asked does KB have any insight on this ? it was also noted there needs to be a far stronger analysis of the benefit to the public of the new model.
 - JS agreed that we need an insight into how the Home Office is approaching this and if it has a view as to what additional assurance the NPCC will need to provide and what structure it envisages for it ? Board members agreed we need clarity on where this money is coming from and how it will be allocated.

4. NPCC Finance Update:

- BS introduced PT who has recently started as the new Finance Manager at the NPCC. PT's first Impressions of the financial situation at the NPCC were that there would be pressure on this year's budget following on from last year. Getting the budget right is a priority going forward for the next 3 years and moving away from a short term year to year approach was key.
- LM explained that PT has been asked to look at the initial budget for the year to see if it was reasonable and to go through the NPCC Finance Action Plan. PT has begun to simplify the financial reporting already which means the next quarterly financial report to the board will be much clearer.
- BS asked when would the AAB be able to see these improvements in place and with the realistic road map that it needed ? LM stated that the next quarterly report will give greater assurance. BS emphasised that we will need an update for each key area including realistic targets in one place. Members agreed they would not be able to support a new business case if these assurances are not in place and stressed the need for urgency.
- LM agreed we cannot continue with the current finance structure, issues will be run in parallel and gaps closed in advance of the new model. BS noted work will not necessarily be in parallel as some new routes need to be put in place as we build for the future. MBW added we need to get the baseline in place first too. AR asked what % of the NPCC budget needs to be spent on audit and assurance within a new model ? BS agreed that we need this indication from the NPCC budget.

- LP noted that at this current time, given the fact that a number of basic financial management/governance elements still remain to be addressed, despite the repeated AAB requests for action, it is difficult for the AAB to be able to assure itself or assure others that the current NPCC model operating effectively and providing value for money.
- LP went on to flag that for example 72% of the NPCC's current spend is on workforce and as the AAB has a Vfm role it needs greater assurance and visibility on staffing and the efficient, effective and economic use of that resource, which it currently does not have. This must also be carried forward into any new Operating Model. PT agreed that we need clarity from a financial governance perspective and best practice will be used from elsewhere, for example in the areas of business case development, SFIs and SFOs to ensure this is in place going forward at the NPCC. BS stated the AAB needs sight of this to gain the necessary assurance. MBW made the fundamental point that we are still not in a position to provide assurance on how the NPCC budget is operating.

Action: PT will identify and circulate the % of the NPCC budget spent on audit and assurance.

Action: Board members agreed that the NPCC must resolve these fundamental financial issues and deliver the actions in the finance plan before the new Operating Model is developed.

5. Progress on the Financial Audit and future timelines:

- LB updated members on the financial audit that DARA are undertaking of the NPCC in order to provide AAB assurance on what the NPCC are doing to address previously identified concerns. This audit covers:
 1. Format/Accuracy: LB has reviewed current documents and met CL/LM to check what sits behind the audit. Emerging areas from the audit are the need for schemes of governance supporting financial management and assessing the suitability of MPS policies for the NPCC. If MPS policies are suitable that is fine but work must be future proofed so anyone coming into the NPCC can see what the policy and process is.
 2. Governance/Oversight: Work includes seeing if the NPCC can link into other sources of assurance available through the MPS financial systems.
 3. SLAs: DARA are looking at financial sustainability and are picking up previous NPCC work on a reserves policy which needs to be clarified, especially in view of any new Operating Model.
- LB will issue a report in July which will include Actions and Responsibilities. A follow up review can monitor implementation of actions. LP flagged that she had asked LB about the need to ensure the audit also assessed whether the prioritisation/resourcing of the many actions in the finance action plan were right and the plan was deliverable ? LB felt immediate actions would be delivered but the NPCC must prioritise specific areas. LB will relook at the Action Plan to ensure clear timelines for monitoring are in place for the NPCC.
- BS was concerned that the NPCC has not progressed priority work and that the number of recommendations and action plans on important themes were not held together in one place making it extremely difficult for the AAB to oversee delivery. Against a backdrop of a potential new Operating Model BS asked if board members are satisfied ? LP was uncomfortable about not having visibility. LB has asked for this but not received all of this yet and the audit report will reflect this. CL was confident this could be done by the next AAB meeting. BS and JC were concerned that other organisations have developed these things, that this has been articulated as a priority but the AAB has not yet had any assurance on this.
- LP asked if enough resources are being given to audit and assurance as it feels there is not an appetite for governance, and that there is a lack of staff capacity and the right skills. MBW noted recurring themes and the need for a clear, quick Action Plan to address and fix the financial/ management issues. Concerns were also raised over the Annual Report and reporting to the Chiefs' Council and the APCC.

Action: The NPCC must urgently progress the actions in the Financial Action Plan including establishing clear basic schemes of delegation.

Action: SH would welcome an independent report from the AAB to the APCC Board on their concerns.

6. Future NPCC Audit Plan:

- LB/DE asked members identify their top 3 internal audit priorities which would inform the next cycle of the NPCC Audit Plan. DE also invited any views on key reporting and plan considerations, including Covid-19 recovery, and noted we might have to increase DARA's current 10 day allocation to progress this work. Members reflected that it had been agreed last year that it is of upmost importance that IA days are not limited to a certain number of days devised for the past and with unclear rationale, but that the AAB and NPCC should assess risk areas and agree a programme of IA work to provide management and the AAB assurance over these. As agreed last year, this may well extend beyond the current 10 days.
- Board members agreed the top 3 priorities were the Governance framework; the Internal control framework; and Risk management arrangements. Vfm, workforce, and data quality were also seen as key.

Action: Board Members requested that their concerns as to whether the NPCC have progressed any previous priorities from DARA from last year were minuted and asked for a summary of progress. Members also expressed concern that their request last year to ensure that the IA work programme is developed in accordance with the risks identified and should not be restricted to the historical 10 day contract had not been applied and the 10 day restriction still appears to be in place, and stressed that moving forward they expected that to be applied.

Action: DE will speak to MH/CL/LM and provide a draft of future audit priorities for the next meeting.

7. Reflections on Day 1 and AOB:

- Board members were asked to highlight what they thought were the key points to emerge from Day 1:

LP: We need an assurance model over the current NPCC, Transition stages and any final model. We need to ensure the basic processes are robust and then we can move on to develop other important areas that also need to be addressed such as a Board Assurance Framework, target scores and risk appetite.

BS: Our role is to assess whether the NPCC provides Vfm and is effective and we cannot move forward without this being in place. We need to discuss what we report back directly to the Chiefs' Council and the APCC as currently the AAB, despite its independent assurance role, has no direct reporting line, with updates currently being provided by APCC members of the AAB and by MH as CEO of NPCC. BS also asked the question as to whether the "Bandwidth" of the NPCC was correct, clarifying are the right skills in the right place doing the right work ?

JS: Is part of the recurring problem that the NPCC team is not sufficiently resourced to progress these actions ? If this is the case it is unlikely that matter will improve to any extent unless some change to resource is made. The AAB needs to ensure that those who fund the NPCC and to whom the ABB reports are aware of the concerns regarding the information and assurances etc.

AR: This comes back to the breadth of issues and the level of resourcing of the NPCC. This is why we need a bigger capability Operating Model at the centre to interface with government.

MBW: Recognises the breadth of national level issues but do we need to look at a different option in getting this done ? We cannot constantly be in this situation where we cannot do our role as board members.

JC: In relation to the Annual report, we should be open about why we are concerned and report that.

SH: The focus on assurance is pertinent as we do not appear to be making progress or getting sufficient information back.