

Minutes of the Audit and Assurance Board (AAB)

Minutes of Extraordinary Meeting held on 11 January 2021

Security classification:	Official
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Force/organisation:	APCC
Date created:	11 January 2021

Attendance:

Barbara Scott (BS)	AAB Chair
Lizzie Peers (LP)	Independent
Janice Shardlow (JS)	Independent
Kenny Bowie (KB)	Home Office
Martin Hewitt (MH)	NPCC Chair
John Robins (JR)	Chief Constable, West Yorkshire Police
John Campion (JC)	PCC West Mercia
Martyn Underhill (MU)	PCC Dorset
Mark Burns-Williamson (MBW)	PCC West Yorkshire
Susannah Hancock (SH)	APCC CEO
Charmaine Laurencin (CL)	NPCC Chief of Staff
Tracy Holyer (TH)	NPCC Operating Model Programme Lead
Nicola Growcott (NG)	NPCC Communication Manager
Padraig Twomey (PT)	NPCC Financial Manager
Simon Talbot (ST)	APCC Support

Apologies:

Andy Rhodes (AR)	CPOSA
Lindsey Heaphy (LH)	Internal Audit
Louise Bailey (LB)	Internal Audit
Lee Milton (LM)	NPCC Risk Manager

1. Welcome and introductions

- 1.1 The Chair welcomed everyone to this extraordinary meeting of the AAB which amongst other items had been called to look at issues relating to the NPCC Budget Proposal Paper (2021/22) and the NPCC Operating Model.

2. Matters arising

- 2.1 MH circulated a briefing note. This was in response to the detailed letter sent by the AAB Chair to MH on 29th December 2020, setting out serious concerns in respect of the level of assurance provided to the AAB and therefore its ability to effectively carry out its responsibilities. The briefing note outlined additional actions the NPCC had now put in place to address the concerns of AAB members. These actions included beginning the process for selecting a Grade 7 secondee from the Home Office to the NPCC to ensure that reporting to the NPCC is timely and accurate. MH has now also met the Head of Corporate Services in the MPS and requested short term assistance to ensure that the NPCC is in a stable place around finance, audit and ICT, and some senior strategic financial assistance to support the NPCC Financial Analyst and to lead on the development of the 3 year financial plan for the NPCC. It is envisaged that 4 to 6 weeks of intensive support from these posts should get the NPCC to where it needs to be for the next AAB meeting. BS has also met CL to revise the annual business cycle for 2021.

- 2.2 MU thanked MH for his response. JC was reassured with the NPCC response and the tone and noted he would be interested to see how the Home Office senior lead unblocks some of these issues. It was also confirmed that BS has been reimbursed for the helpful, additional work she has recently undertaken in her role in respect of the many governance issues raised.
- 2.3 Whilst recognising the efforts being made, based on the slow progress to date and the fact the letter included a series of intentions rather than secured resource, LP was sceptical as to what will be different. She asked who will pull together and embed the basic governance resources needed and stated this must be through MH's presence and leadership, regardless of the Home Office resource, if the AAB is to be fully assured. BS was additionally concerned at the lack of a 3 year financial plan supported by a delivery plan, both of which need to be submitted together as soon as possible as part of S22 requirements.

Actions: MH will update BS at their 1 to 1 meeting on 15th January 2021 on when these appointments will be secured and what the proposed impact will be in the short term on the outstanding urgent governance and financial actions. MH will also circulate an updated action plan concerning these arrangements which he hoped would be in the w/c 18th January 2020.

3. NPCC Budget Proposal (2021/22)

- 3.1 PT provided an overview of the draft NPCC budget proposal paper for 2021/22. This paper outlined a proposed budget bid of £2,057,516 for this period, which is an increase of £99,870 from last year, and an overspend of £147k, though the Quarter 3 forecast which is being finished this week will result in minor changes to the final figures that will be going to the Chiefs' Council. It was further noted that the AAB will be provided with a full business case regarding the future transition to a new ICT provider to scrutinise; future additional days for DARA may be provided; and following Home Office reimbursement a reconciliation and consolidation of costs relating to Covid-19 will be made.
- 3.2 LP requested that it be clearly communicated to Chiefs' Council that the AAB had not had the opportunity to review the final version of the 21/22 budget presented to Council but was only reviewing the pre-final version. LP noted that for next year the AAB must have the opportunity to scrutinise the annual budget alongside the 3-year financial plan and the annual delivery plan in order to meet its responsibilities under the S22A, as these plans should all be interlinked and consistent with one another. Reviewing the annual budget in isolation does not provide the necessary assurance over this.
- 3.3 BS advised the board that the work she had done with CL to realign the AAB cycle of business will ensure that in future the Annual Budget, 3-year Financial Plan and Annual Delivery plan will be presented to the AAB in February each year. MH will then ensure that the Chiefs' Council cycle is adjusted so that they receive these documents following appropriate scrutiny of by the AAB.
- 3.4 LP flagged that in the last two years despite significant uplifts in budgets overspends had arisen. This pattern meant that the AAB cannot assure funding partners that a further overspend will not occur despite the 21/22 uplift proposed and signaled significant financial management issues remain to be addressed. She asked that this also be formally flagged as an AAB concern to Chiefs' Council and the funding parties.
- 3.5 MH asked how a better budget estimate for legal costs might be derived and evidenced given the volatility of these costs. In order to improve matters, LP suggested deriving an average cost based on 'routine' core legal costs over the last three years. This would form a base budget figure for legal costs each year. This could then be supplemented, following some horizon scanning, with estimates for certain specific 'on off' likely legal challenges in the year. A legal financial provision or reserve could be established with a set amount being held back each year to build a pot of money to support 'on off' legal pieces of work and even out the spend profile. Finally she recommended being clear to funding parties the approach taken to derive the proposed estimate.

PT explained that as all the reserves were used to cover the overspend from last year, no legal provision is available and would need to be established.

- 3.6 JS was concerned that the NPCC commission legal services through the MPS and queried whether legal spend could be reduced by the use of preferred legal firms/panels. CL confirmed that the NPCC commission legal services through the MPS and explained she is looking at what is going through to the next financial year so that the NPCC can better understand its legal costs, plus a process for commissioning future legal work coming through a SPOC from the NPCC is being discussed.

Action: It was requested that the minutes record and the funding parties are made aware that the AAB are only looking at the budget paper in isolation (the AAB had not had sight of a 3-year financial plan or delivery plan); that the budget the AAB looked at only reports provisional figures; and that the AAB have not had a chance to scrutinise figures before they go to Chiefs' Council.

Action: it was recommended that the NPCC flag to funding parties that the AAB consider that there are still significant financial management concerns that need to be addressed, as in the continued overspends despite annual budget uplifts.

4. NPCC Website Redesign Business Case

- 4.1 NG provided a paper outlining business case options for the NPCC website redesign which is required to meet legal requirements and improve the user experience. MU thanked NG for the paper and asked if a link to the website had been made in the Operating Model Pathfinder Project. MH noted that the website was more of an external project which was agreed. Both MU and JC liked Option 3 of using a web agency.
- 4.2 LP asked if the NPCC had taken legal advice to establish that it was legally required to comply with the accessibility regulations. She pointed out that as the NPCC has no legal status as an entity the need to comply was not clear and that the business case may be misleading in stipulating that compliance was mandatory and a must do driver for change. The AAB need to be reassured that the NPCC are required to do this and undertake this expenditure.
- 4.3 LP was also not convinced that Option 2 of a multi-vendor solution should be discounted at this stage. It is the cheapest option (half the price) and other than the complexity of any in-house management of multiple vendors had no other downside. Buying in support to manage the project was an option and should therefore be considered.

Action: NG will recheck the legal requirement for the website redesign, relook at the wording within the business case, including reassessment of Option 2 on the multi-vendor, and report back to the AAB.

5. Management Response to DARA Audit

- 5.1 PT updated members on the paper outlining the NPCC Management response to the operational improvement recommendations made in the recent DARA Audit of NPCC financial management. PT highlighted the NPCC responses in relation to updating the Financial Management work plan; reviewing and developing NPCC governance policies including business case development; expense management; their asset register; and publishing finance and policy items on the NPCC website. LP raised the issue that all the actions need to have clear timelines and be turned into an action plan so that delivery can be tracked.
- 5.2 LP also highlighted that there are now a large number of action plans with some overlap and that these needed to be reviewed and streamlined to ensure clear visibility over delivery.

Action: The NPCC will ensure DARA's recommendations are turned into clear timed actions within one master document, which also incorporates and streamlines the previous financial management and good governance priority action list produced by the AAB, for the next AAB and BS/MH meetings.

6. NPCC Operating Model One Year Pathfinder Project

- 6.1 MH updated members on his paper on the NPCC Operating Model. Following the securing of £3.2m funding from the Home Office for 2021/22 NPCC Operating Model development in the recent government Spending Review, MH is proposing to progress key areas within a one year pathfinder project and was keen to get feedback from the AAB on this paper so that this can be incorporated into imminent Chiefs' Council and APCC General Meetings.
- 6.2 TH highlighted key points from this paper in relation to the identification of key deliverables where investment would be best focussed, as shown in Table 2 at point 3.3, which includes the creation of a strategic hub and enhanced business support capability. Figure 3 at 6.2 then summarises how this new provision will support and improve NPCC coordination, collaboration and communication. Figure 4 at 6.4 shows the high level strategy, planning and performance and business support areas that will be supported with 4 Operational Coordination Groups also sitting just outside the strategic hub. Figure 5 at 6.6 shows the new proposed organisational structure of the pathfinder operating model with new dedicated posts resourced as shown.
- 6.3 JS asked if this new operational way of working will require changes to be made to the S22A agreement? MH and TH emphasised that this model is about how we professionally support and coordinate the existing operational areas in a consistent way rather than about new operations. JS pointed out that under the new structure there would appear to be a number of board/committees with an oversight function in addition to the AAB and Performance Committee and stressed the need to avoid overlap. In this respect it was important to have sight of the ToR of any new boards/committees.
- 6.4 BS stated we need to be very clear who has legal responsibility for what. MH replied that the Partnership Oversight Board is being developed to ensure that key partners can ensure the NPCC is doing what it says it will. BS stressed that this is exactly the role of the AAB and that unless MH is proposing changes to the S22A no other board can assume that responsibility. She added that it would not be in the interest of MH to have many different entities looking at the same areas.
- 6.5 LP highlighted that the proposal to spend over £3m of public money falls firmly within the AAB's S22A ToR. As such it is essential that timely opportunities were provided to the AAB, as previously requested, to scrutinise key decision points. She flagged it was important to differentiate between governance of the programme itself and the boards and structures established to do that and the S22A role of the AAB to seek assurance and scrutinise.
- 6.6 JC asked is funding for civilian/policy officers not police officers? MH/TH replied that some of the capability managers could be police officers or police staff and these people already exist, this is about formalising and networking some of this support. JC was comfortable as long as we are not seeing warranted senior officers dragged to the centre. The NPCC Mission also needs the word 'operational' inserted into Figure 3 on page 64.
- 6.7 MBW supported the coordination focus but wanted to see the language changed in this model and the PCC role in the policing governance landscape to be recognised more fully. JR noted that police forces need this national coordination and that much of the information in this paper can address some of the issues the AAB have raised.

Action: TH committed to add AAB gateway assurance meetings into the development of this pathfinder project which will take into account when key date decisions are going to be made.

Action: BS/CL will email the recently revised AAB cycle of business to AAB members.