







**NPCC Exceptional Audit and Assurance Board Agenda  
 Wednesday, 14<sup>th</sup> May 2025  
 50 Broadway, London - Online MS Teams  
 10:00 to 12:00**

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**DRAFT MINUTES  
 AUDIT AND ASSURANCE BOARD (AAB)  
 14<sup>TH</sup> MAY 2025**

**ATTENDEES**

- Robert Light (RL)                      AAB Chair
- Gavin Stephens (GS)                  NPCC Chair
-  Independent Member
- John Campion (JC)                      PCC West Mercia
- Gareth Wilson (GW)                    CPOSA
-  Home Office
- Phillip Golding (PG)                    APCC
- Gemma Stannard (GeS)                NPCC Head of Strategic Hub
-  NPCC Business Support Lead
-  NPCC Finance Committee Coordinator
-  NPCC Finance Analyst
-  NPCC Business Support Officer

**APOLOGIES:**

- Katy Bourne                              PCC Sussex(online)

**1. WELCOME, INTRODUCTIONS, APOLOGIES AND CONFLICTS OF INTERESTS**

RL welcomed all to the meeting. Apologies were noted (as detailed above).

No conflict-of-interest reports were declared or received.

**2. PREVIOUS AAB MINUTES**

Previous minutes from 25<sup>th</sup> March 25 were approved.

**3. ACTION LOG**

Action log noted by the chair and members recognised this will be reviewed and discussed at the full Board meeting in July.

#### 4.1 NPCC QUARTER 4 FINANCIAL STATEMENT AND RESERVES

Finance team presented slides and the accompanying paper that showed for the Financial Year 2024/25 the Quarter 3 position and the Outturn position.

NPCC Finance colleagues summarised that an Outturn position for 24/25 of £10k underspend was achieved. This compares to a forecasted outturn of £258k at Q3. The two biggest drivers for the difference were return of Staff Funding into the Chief Scientific Advisor's office of £163k forecasted under supplies, services and other incomes, and an increase of £90k of legal costs from April to December in the Central Office.

The Board posed the following questions:

- Has the £10k underspend been achieved by natural expenditure and income flow or was it achieved by bringing things forward? NPCC stated that it had ensured that all the expenditure related to the 24/25 financial year had been captured and Home Office grant funding fully utilised.
- The Chair asked if any extra-legal expenditure will be confined within this financial year or are they ongoing legal costs which will mean the Legal Reserve will need to be drawn on during the 25/26 FY? NPCC finance confirms that there is both legal budgets built into the Central Office budget for 25/26 and earmarked reserves still set aside. Head of Hub explains that it is not fully predictable in terms of legal costs as cannot always foresee what legal matters may arise. Regular liaison takes place with MPS legal to monitor demand and spend but important maintain some reserve in case additional costs arise, as has previously happened.
- Board member asked whether the Estates costs are based on cash accounting or IFRS 16 accounting and what impact if moving from cash to IFRS 16 will have on MTFP. NPCC Finance teams state that cash accounts have been used for Financial Year 2024/25 and will work with MPS finance colleagues to move to IFRS 16 in the new financial year and further understand the implications of this.

**ACTION** – Finance Team to clarify with MPS the impact of move from cash accounting to IFRS 16 for estates.

- JC asked if there is a budgetary problem in terms of allocation of resource against expected activity as if that is the case it needs a strategic adjustment by chiefs and allocated resources. The NPCC Chair responds that with very tight budget and limited resource NPCC has coordinated the best allocation of staff as possible and reminded the Board that the NPCC's bid to the Home Office for additional finances (£1.9m) for 25/26 was declined. Chiefs oversee and agree the National Operating Budget and are aware of the risks and resourcing demands for the Hub as this is something that continues to be discussed through forums such as CCC and Committee Chairs and also outlined in the risk register. Finance team reiterate that pay and resourcing is the largest cost for NPCC. The quarterly forecasts look at the pay budgets at that point in the year to identify the variances and the vacancies and ways to manage them through the year. The Board agreed that it is important that expenditure against recruiting people and vacancy management should be closely monitored.
- There was recognition that the adoption of new technologies affects the broader membership and ensuring the commercial efficiencies to coordinate all of it within a modestly small budget in a large system is an arduous task. The Board discussed and acknowledged that more resilience is required in the intervening phase with reforms being planned to ensure the right balance between BAU and Reform and ensure the necessary resource allocation.
- Board member highlighted that would be useful to understand more about the difference between the Q3 forecast and the Outturn and ensure no issues around budget management. NPCC reminded Board that DARA are planning to undertake two key reviews and audits in 25/26

- one to recheck the financial culture and management in NPCC and secondly to do a transactional audit of the accounts and to check and balance the budget. The Board agreed this will be beneficial.

The Chair of the Board summarised that NPCC are to be commended for ending the 24/25 FY £10k underspend, this is positive in terms of landing the budget. The Board however also highlights that the difference in the Q3 forecast, and outturn position is less assuring and want assurance from NPCC for 25/26 around financial management, due diligence processes and budget management assumptions to ensure greater scrutiny and not let uncertainty develop into potential significant issues. It is important to recognise that with change and reform likely in the coming few years and significant pressures on policing budgets, there will be a range of factors and challenges to consider and discussions at AAB are to help understand, manage and mitigate these challenges.

#### **4.2 MEDIUM TERM FINANCIAL PLAN**

Finance Team presented the MTFP paper, including outlining the assumptions and considerations factored into the planning and the reserves position. The results of the finance survey completed by all forces has informed force finance plans and NPCCs. A 2.8% pay award assumption has been factored in for 25/26 and 2% for future years, with an assumption around inflation of about 3% which was the average from the finance survey. This will be constantly reviewed due to the fluctuating inflation rates and the plan updated. The plan will also be updated once they have received confirmation from Roads Policing to reflect their funding and how many staff they have coming over from the Department of Transport.

The Board posed the following questions:

- Given the discussions and plans for policing Reform, is MTFP for years 2 & 3 needed for NPCC? The NPCC Chair reported that a MTFP is still required as even with Reform, impact on NPCC will be several years away. NPCC finance team also reiterated the MTFP will be reviewed and updated.
- Board member asked why the MTFP doesn't align to SR years. Finance Team reiterated that NPCC MTFP is in line with timeframes covered in all force MTFPs. NPCC also highlighted that as NPCC is not a government department nor a NDPB it doesn't follow government department financial planning timeframes but is aligned to force planning timelines. From an SR point of view, forces (and NPCC) will not know what their funding until the police settlement later in the year, at which point plans will be updated.
- RL asked whether NPCC is confident they have the best intelligence to make the best decisions in respect of the plan or whether there are areas of concern. NPCC reported that pay is the main area for concern as PRRB will make a recommendation and ministers will then determine what, if any, additional funding may or may not be provided to support with pay award. If pay award is above levels factored into MTFP this will create cost pressures for all.
- A question was directed to the NPCC Chair as to whether with new work coming in i.e. from reform and with new teams joining etc. is he confident that the prioritisation process is informing how resources are getting allocated? If there needed to be a change mid-year, could costs be dialled down? Finances are tight and demands are high. Prioritisation regularly take places and must also look at putting resource against the things they have money for. Discretionary activities would need to stop and in times of national crisis the NPCC are able to put resource where needed and there is the flexibility to do this.
- Board asked about reserves and clarity on why only shown as a percentage against PCC Contributions rather than total funding. GeS responded that NPCC is not able to hold reserves from the Home Office grants and carry over is generally not allowed.

The Board agreed that at July's workshop it would be beneficial to discuss how do we continue to manage business as usual and future uncertainty? What are our plans in the event of

closure/amalgamation and the liabilities that will stem from that? Where and who do we turn to in terms of support? Do we need to restructure how we state our reserves?

The Board agreed to note the report.

#### **4.3 ANNUAL REVIEW**

- **NPCC Reserves Strategy**
- **NPCC Reserves Policy**
- **NPCC Financial Instructions**
- **NPCC Scheme of Devolved Financial Management**

Finance Team invited questions on any of the papers. Board member raised the point that the documents should refer to the use of vacancy management as a way of managing the budget, helping to reduce and support the level of reserves that the organisation needs.

**Action:** The papers to be updated before publication to incorporate a line to reflect that as stated in the Medium term financial plan that vacancy management can be used to offset higher costs if needed.

The AAB noted the changes and the documents will be published online in the coming weeks.

#### **4.4 AAB ANNUAL REPORT**

The report was submitted and approved by the Board. This will now be published and shared with Chiefs.

#### **5 – ANY OTHER BUSINESS (AOB)**

The next meeting is to be held in July with a workshop in the morning and the AAB Board meeting in the afternoon hosted by North Yorkshire force. Police reform and impact for NPCC, including BAU, will be a focus for the workshop.