

NPCC 2020/21 Proposed Budget and Funding Proposal

16 January 2020/Agenda item: 13

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Date Created:	January 2020
Attachments @ para	
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1. PURPOSE

- 1.1. The purpose of this paper is to provide Chief Constables with a proposed 2020/21 NPCC Central Office budget for consideration and agreement.
- 1.2. To brief Chief Constables on the work undertaken by the NPCC Central Office during 2019/20 in relation to the NPCC financial management systems and to report a summary of a number of issues identified.
- 1.3. Chiefs are asked to note the year end forecast position of the 2019/20 NPCC budget resulting in a shortfall of £210k.
- 1.4. Chiefs are asked to review and consider the proposed budget requirements for the NPCC central office for 2020/21, proposing an additional budget cost of £199k on proposed budget from 2019/2020.

2. BACKGROUND

- 2.1. During 2019/20 a significant body of work has been undertaken to review and assess the financial management and reporting processes of the NPCC central office. A number of concerns had been raised by the NPCC's previous Chief of Staff and the current Strategic Planning and Risk Manager including -
 - 2.1.1. the accuracy of the financial data being supplied to the NPCC from the MPS finance system via the appointed Finance Manager,
 - 2.1.2. the consistency of data reporting e.g. year to date (YTD) spending/budget, shifting positions within cost groups and individual subjective lines
 - 2.1.3. and the mechanisms for allocating transactions to NPCC cost centres (i.e. appearance of non-NPCC transactions within NPCC central office budget).
- 2.2. Review of the NPCC's historic financial management processes and reporting was undertaken by the NPCC central office Chief of Staff (Supt Richard Cooper and subsequently Supt Charmaine Laurencin), and the NPCC's Strategic Planning and Risk Manager (Lee Milton).
- 2.3. Additional specialist advice was also sought from former Metropolitan Police Service (MPS) Finance Director, Lynda McMullen, who undertook a detailed review of the strategic finance issues identified by NPCC staff and made key recommendations for change.
- 2.4. Key issues with the NPCC's previous financial management processes included –

2.4.1. A lack of suitable financial management resource within the current NPCC operating model.

2.4.2. A lack of clear financial management processes *within* the NPCC central office have led to inconsistent use of specific 'subjectives' (budget spend lines such as 'Office – consumables', 'Subsistence' etc) resulting in inaccurate in year spend position against proposed budgets, requiring significant audit and correction on a monthly basis.

2.4.3. Significant inconsistency in the transactions recorded within the MPS finance systems against the NPCC *central office* budget, including significant misallocation of costs to NPCC budget lines intended for national programmes not funded by the central office (e.g. Specialist Capabilities, Brexit planning etc).

- These regular misallocations have required significant intervention to identify and correct and have the reduced the accuracy of top level management data, regularly granular analysis of financial information within the NPCC central office, at a management reporting level.

2.4.4. The current financial support provided (via a shared NPOCC resource) has been deemed insufficient to deliver the necessary analysis and strategic oversight required to deliver suitable management information for such a high profile and visible budget.

2.4.5. A lack of clear accrual and budget model has led to inconsistent and unsustainable working practices. Particularly use of 'income in advance' whereby in year spending has been offset by income intended for the following year, creating funding deficits which have not previously been adequately reported to NPCC management.

- This has resulted in 'hidden' funding shortfalls within distinct financial years which the proposed budget for 2020/21 seeks to resolve, supporting more accurate financial analysis and reporting in the future.

2.5. A more detailed overview of this work, the issues identified and change recommendations is contained within Appendix 1, including details of the NPCC's corrective action taken to date, ongoing work to ensure more accurate financial management and reporting and the ongoing action plan to support further work.

3. 2019/20 BUDGET POSITION

3.1. During the financial management review work undertaken in 2019/20 (Appendix 1), it was identified that 'income in advance' had been used to offset spending in 2018/19.

3.1.1. Funds received during Q4 of 2018/19, intended for 2019/20's budget were misallocated to 2018/19 and misreported within top line, year end data to the NPCC.

3.1.2. Upon review (discussed in Appendix 1) this has been an ongoing issue since at least 2016.

3.2. The 2019/20 budget agreed by Council consisted of £1.36m income to be received from funding parties. £307k of that amount was used in the closing of 2018/19 which was not adequately reported to the NPCC and was not identified by the NPCC's Chief of Staff within the Q4 2018/19 budget data by the Finance Manager.

3.2.1. Therefore, a reduced income amount of £1.05m was subsequently made available to the NPCC central office budgets at the beginning of 2019/20.

3.3. In addition to the £1.05m received from contributing parties, further 'income' was received during the year, £43k was recovered (from Digital Policing) early in 2019/20 and credited to the income line along with the £37.8 service charge from CPI, resulting in a total available budget for the NPCC central office in 2019/20 of £1,131,543.34.

Funding Contributions (Available)	-1,049,963.34
DPP Cost Recovery	-43,780.00

CPI Service Charge	-37,800.00
2019/20 Available Income Total	-1,131,562.54

Table 1. NPCC Available Income 2019/20

3.4. Year End Forecast

3.4.1. Based on an analysis of year to date spend and anticipated costs for the remainder of the year, a year end position for 2019/20 has been forecast at £1,483,856 (discussed further at 3.5 and detailed at Appendix 2).

3.4.2. This forecast represents a shortfall of £352k against available funding at the beginning of 2019/20.

3.4.3. In order to manage this anticipated shortfall –

- £85,184 (total available) has been requested from the NPCC reserves. This request was raised in January 2020 for year end.
- A further £56k in misallocated costs has been identified and reclaimed but has not yet been received.

2019/20 Available Income Total	-1,131,562.54
2019/20 Year End Forecast	1,483,856.86
Initial Shortfall	352,294.32
Transfer from NPCC Reserves	-85,184.00
Misallocated costs to be reclaimed	-56,353.17
Total Shortfall (Forecast)	210,776.35

Table 2. Anticipated total Shortfall 2019/20 (Forecast)

3.4.4. This leaves an anticipated shortfall in available funding of £210k (Table 2).

3.5. 2019/20 Spend (Forecast)

3.6. Based on an analysis of year to date spend and anticipated costs for the remainder of the year, a year end position has been estimated for 2019/20 year-end at £1,483,856.

3.7. This represents an underspend of £101,141 against proposed spend set out in the 2019/20 budget.

3.7.1. Significant work has been undertaken to reclaim misallocated costs, some of which were incurred prior to 2019/20. Credits received within 2019/20 have resulted in year-end credit, particularly in 'Supplies and Services' cost lines.

3.8. However, against actual available income for 2019/20, this represents an overall shortfall of £210,766.

Cost Group	Agreed 2019/20 Budget	2019/20 Year End Forecast	Variance Against Proposed Budget (£1.58m)	Variance Against Funding Actual (£1.27m)
Police Officer Pay Total	522,633.46	501,648.77	-20,984.69	-
Police Staff Pay Total	617,627.89	660,997.61	43,369.72	-
Police Officer Overtime Total	0.00	0.00	0.00	-
Police Staff Overtime Total	4,399.94	20,853.79	16,453.85	-
Training Total	3,500.00	7,329.00	3,829.00	-
Premises Costs Total	265,000.00	249,525.27	-15,474.73	-
Transport Costs Total	14,220.00	13,738.11	-481.89	-
Supplies & Services Total	157,616.88	29,764.30	-127,852.58	-
Total Expenditure	1,584,998.17	1,483,856.86	-101,141.31	210,776.35

Table 3. 2019/20 Year-end Spend against Proposed Budget (forecast).

3.8.1. Staff - Police Officer – some savings have been realised during the year due to a slight reduction in the salary

costs for the incumbent Chief of Staff. Variance is observed in the Officer 'Secondment' line, showing

significant underspend from budget. This is due to the current Chief of Staff salary, with the incumbent employed by MPS, the salary line is no longer considered a secondee, which is reflected in the 'over budget' line for Officer basic salary (now used for the Chief of Staff pay line, Appendix 2).

- 3.8.2. Police Staff** – as part of the ongoing work to reconcile misallocated postings and transactions, it was identified that a band C post within the NPCC's Comms Office had been misallocated, and had not been factored into the payroll data used to budget staff costs during 2019/20, this has resulted in an overspend against budget of £43k (this overall cost has been offset slightly as part of the reclaimed misallocations from prior to 2019/20).
- 3.8.3. Overtime – Staff** – significant overspend has been reported in the use of staff overtime. This is due to overtime recorded by NPCC staff within the communications team.
- A number of significant requirements as well as the ongoing demands of Brexit monitoring and response activities has resulted in the increased hours.
 - In September 2019, it was identified that previous overtime claims had been made incorrectly and claimed below the actual amounts due. This was corrected by comms staff in September and October, for up to 18 months for some individuals, increasing in year spending. Year-end forecast has adjusted for the backdated corrections.
 - Discussion has been had between the Strategic Planning and Risk Manager, Communications Manager and the Chief of Staff; a review of the communication team working patterns is underway with efforts to ensure overtime is reduced, monitored, agreed in advance and continues to be used appropriately.
- 3.8.4. Training** – Reported overspend is due to additional training courses booked for December 2019. This training was ultimately not delivered and costs are in the process of being reclaimed (approximately £4k). As the availability of reclaimed funds has not been confirmed this has not been adjusted for year end.
- 3.8.5. Premises Costs** – underspend of £15k has been reported. This is largely due to £15k which was earmarked for repair work of the kitchen area within the NPCC offices. Due to uncertainty and ongoing work to review the budget, this work has been placed on hold and minor essential work agreed at a reduced rate (£1500).
- 3.8.6. Supplies and Services** – the 'Supplies and Services' budget was set with relatively consistent costs in mind e.g licenses, network services etc. Inconsistent use of subjective lines within the cost group have resulted in the expected spending shown in alternative lines. The majority of spend in this area has been offset by the reclaiming of PO reconciliation costs (MPS processes allocate these to generic 'subjectives' in some instances, resulting a bulk of reclaimed costs within the Supplies and Services lines).

4. PROPOSED BUDGET 2020/21

- 4.1.** Based on anticipated costs for 2020/21, the NPCC central office is proposing an annual budget requirement of £1,784,667 (Appendix 3), an increase of £199k on budgets agreed for 2019/20.
- 4.2.** This increase is largely due to anticipated, extraordinary costs during 2020/21 including property management refurbishment of 10 Victoria St (NPCC contribution currently estimated at £100k), changes to IT service provision (initial outlay estimated at £25k) and the requirement for suitable financial support (salary increase £38.5k).

Cost Group		Agreed 2019/20 Budget	2020/21 Proposed Budget	Variance
Police Officer Pay Total		522,633.46	521,234.40	-1,399.06
Police Staff Pay Total		617,627.89	663,025.92	45,398.03
Police Officer Overtime Total		0.00	0.00	0.00
Police Staff Overtime Total		4,399.94	10,000.00	5,600.06
Training Expenditure Total		3,500.00	3,500.00	0.00
Premises Costs Total		265,000.00	262,750.00	-2,250.00
Transport Costs Total		14,220.00	14,550.00	330.00
Supplies & Services Total		157,616.88	146,106.97	-11,509.91
Standard Budget Costs Total		1,584,998.17	1,621,167.29	36,169.12
Other Expenditure	Property Management Planned Refurb	0.00	100,000.00	100,000.00
Other Expenditure	Transfer of IT Services Provider	0.00	25,000.00	25,000.00
Other Expenditure	Regrade of financial support role	0.00	38,500.00	38,500.00
Extraordinary Costs Total		0.00	163,500	163,500
Total 2020/21 Proposed Budget Requirement		1,584,998.17	1,784,667.29	199,669.12

Table 4. 2020/21 Budget Proposal

- 4.3. Staff – Police Officer** – proposed staff costs have been estimated based on salary actuals, provided by MPS finance. A slight variance is observed in comparison to 2019/20, this is due to a slightly reduced salary for a new incumbent during the year. However, NPCC is due to replace its current Staff Officer, previously Inspector rank. The new posting has been offered at both Inspector and Chief Inspector ranks, and has been budgeted at the higher on costs.
- 4.4. Police Staff** – an overall increase in staff costs has been proposed. This is based on the continuing establishment and does not represent an increase in FTE (full time equivalent). Some savings have been accounted for in the cessation of previous protected pay status in December 2019 which will not continue into 2020/21. The increase in required budget covers pay rise and spinal point increases.
- 4.4.1.** In order to ensure appropriate financial support for the NPCC (and NPOCC) proposals have been made to review the requirements of the role including detailed analysis, financial management and process control, and strategic management reporting. This will likely come at an increased banding, and increased cost (which NPCC would share with NPOCC as a 50/50 shared resource). Options are currently being discussed with MPS finance and HR (see Appendix 1), costs have been proposed at the top end of the potential salary and anticipated as an ongoing shared NPCC/NPOCC resource (50/50). NPCC contribution to the total salary for this post would be approximately £38.5k.
- 4.5. Staff – Overtime** – increased overtime and weekend working demands have exceeded previous budget. An increase is proposed for 2020/21 to ensure adequate provision of NPCC operations. Work is already underway to rescope the requirements for overtime working including the working model of the NPCC comms office in order to manage overtime spend.
- 4.6. Training** – the NPCC has retained a training budget of £3,500 to support staff CPD during 2020/21.
- 4.7. Premises** – location rental costs have proposed as a 5% increase on current actuals, on the advice of the Finance Manager following discussion with the property manager and anticipated costs. A small amount £250 has been earmarked for ongoing Health and Safety requirements.
- 4.7.1.** A proposal has been made for significant refurbishment work at 10 Victoria St by the property management company. This work has yet to be confirmed, however, it is anticipated that this work will incur costs from the NPCC, as current tenant, somewhere in the region of £100k. The requirements and costs are currently being discussed with consideration of a variety of available options. Work has been budgeted at the current available cost estimates.
- 4.8. Transport Costs** – the majority of the ‘transport’ cost is made up of static salary contributions for the NPCC Chair. A slight increase has been proposed based on in year travel costs from 2019/20.
- 4.9. Supplies and Services** – a slight reduction in overall costs has been proposed. This is based on financial data from 2019/20 and anticipated spend within 2020/21. The majority of costs including consumables and office equipment has remained the same. Based on 2019/20 spending, ‘other operational expenses’ has been reduced from £30k to £15k.
- 4.9.1.** Due to significant IT service delivery issues over the previous year, there is a requirement to transfer the NPCC (and NPOCC) IT requirements to an alternative service provider. The issues and options available were reported to the NPOCC oversight board in December 2019, where the proposal to migrate to the Police ICT Company (PICTCo) was agreed in principal. This has been agreed by the NPCC central office in order to maximise efficiency and maintain consistency between both organisations. The proposals are to be shared the NPCC’s Audit and Assurance Board in February 2019 and are expected to be agreed. The capital outlay has been estimated at £25k, with ongoing service delivery costs in line with current costs.

5. SUMMARY

	2019/20 Budget	2020/21 Proposed Budget	Variance
2019/20 Budget Shortfall	0.00	210,776.35	210,776.35
2020/21 Proposed Budget	1,584,998.17	1,784,667.29	199,669.12
Total Funding Requirement	1,584,998.17	1,995,443.64	410,445.47

Table 5. 2019/20 Year End Summary

- 5.1.** A shortfall is forecast for the year end 2019/20 of £210,776.35.
- 5.2.** A budget of £1,784,667.29 has been proposed to maintain NPCC operations into 2020/21, an increase of £199,669.12 on 2019/20.

5.2.1. £125,000 of this increase is due to extraordinary costs anticipated during 2020/21. £38,500 has been anticipated for potential uplift in financial management support.

5.3. In order to fully fund 2020/21, a total funding requirement of £1,995,443.64 is proposed, £410k above agreed budget for 2019/20 (Table 5).

5.4. In order to reduce the shortfall for 2019/20, the entirety of NPCC's reserves has been drawn down, as agreed within the proposed 2019/20 budget. This results in a nil draw down for 2020/21.

CPI Service Charge	-37,800.00
Transfers to/from reserves	0.00
Funding Contributions	-1,957,643.64
Miscellaneous Income	0.00
Total Income	-1,995,443.64

Table 6. Proposed 2020/21 funding requirements and income.

5.5. Service charge of £37,800 is anticipated from CPI for 2020/21, resulting in a funding requirement from contributing parties of £1,995,443.64 (Table 6).

5.6. The funding proposals for contributing parties are detailed in Appendix 4. All funding parties are subject to the same percentage increase on last year – 36.97%.

5.6.1. The funding model is the same as agreed last year, therefore all funding parties are contributing in the same proportion as last year.

6. CONCLUSION

6.1. Chief Constables' Council is asked to consider and acknowledge the updates in regard to the NPCC financial management situation, including the work undertaken to date, ongoing action and the issues identified.

6.2. Chief Constables' Council is asked to acknowledge the shortfall in available funding for 2019/20 and the underlying causes, as well as the in year forecast for 2019/20 year end and anticipated overall shortfall of £210k reported.

6.3. Chief Constables' Council is asked to consider and approve the funding requirements for 2020/21 and proposed contributions for the financial year 2020/21.

Martin Hewitt
Chair
NPCC

Appendix 1 – Overview of NPCC Central Office Financial Management Review Work 2019/20

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1. BACKGROUND

- 1.1. During 2019/20 a significant body of work has been undertaken to review and assess the financial management and reporting processes of the NPCC central office.
- 1.2. NPCC finance management is provided by the Metropolitan Police Service (MPS) finance department as part of the NPCC central office Service Level Agreement (SLA).
- 1.3. Financial management and data reporting is currently provided by a single Finance Manager, a shared resource also responsible for the finances of NPOCC.
 - 1.3.1. This dual function was not a part of initial organisational structure for either NPCC or NPOCC and was later agreed as a support mechanism for NPCC financial management and reporting.
 - 1.3.2. This support is to include financial management at a transactional level, management of NPCC finances within the MPS systems, identifying and resolving transactional issues, analysing and reporting of monthly and quarterly financial management data to both senior leadership teams.
 - 1.3.3. The NPCC Central Office has not previously held a dedicated financial role. The current structure is based on informal agreement, as such no formal role profile and requirements of the function have been drafted.
 - 1.3.4. The 'Strategic Planning and Risk Manager' is responsible for the operational management of the NPCC central office budget including analysis of financial management reports provided to the NPCC (via the Finance Manager), management of spend against budget, recommendations on spending, budget planning and forecasting to the NPCC senior leadership team.
- 1.4. Concerns were raised regarding the consistency, accuracy and reliability of the NPCC financial data by previous NPCC central office Chief of Staff (Richard Cooper) and 'Strategic Planning and Risk Manager' (Lee Milton) in Q3/4 of 2018/19.
- 1.5. Concerns included -
 - the accuracy of the financial data being supplied to the NPCC from the MPS finance system via the appointed Finance Manager,
 - the consistency of data reporting e.g. year to date (YTD) spending/budget, shifting positions within cost groups and individual subjective lines
 - and the mechanisms for allocating transactions to NPCC cost centres (ie appearance of non-NPCC transactions within NPCC central office budget).

1.6. Initial Review

- 1.7. An initial review (Q3 2018/19) of the NPCC financial management and reporting mechanisms identified significant misallocation of transactions not related to NPCC spend, as well as inconsistent use of individual 'subjectives' (spend lines for specific purposes e.g. AO110 – 'Police Officer - Basic Pay').
- 1.7.1. Misallocation was largely due to application of the NPCC cost centre (A1F1500) to programmes, salaries and transactions misidentified as part of the NPCC **central office** budget lines.
- 1.7.2. These included operating costs relating to programmes such as Specialist Capabilities and ranged from larger (easily identifiable) transactions such as salaries and large purchases, to low value but transactions such as subsistence, travel costs, supplies and services etc; more difficult to identify from top level, management data provided to the NPCC requiring detailed, granular reviewing at a line by line, transactional level.
- 1.7.3. All misallocated funds were directly impacting the apparent NPCC spend, skewing analysis of spending trends, budget expectation and forecasting.
- 1.8. Given the proximity to 2018/19 year end, work focused on resolving these issues – identifying misallocated transactions and reclaiming or reallocating the costs correctly. This work was essential in identifying an accurate NPCC financial position, as well as impacting on year end forecasting and budget projection for the coming year.
- 1.9. This required the Strategic Planning and Risk Manager to undertake a review of the financial data at a transactional level alongside the Finance Manager, with support from the Chief of Staff.
- 1.9.1. Financial data was reviewed for any unexpected transactions, values, inconsistent spending, use of 'new' or unusual subjectives etc.
- 1.9.2. Identified concerns were reviewed and confirmed by the Chief of Staff and/or Strategic Planning and Risk Manager and referred back to the Finance Manager for investigation where necessary.
- 1.9.3. Where misallocations were confirmed, manual corrections were undertaken by the Finance Manager.
- 1.10. During this review work, S40(2) Personal Information, would periodically return to the finance data/reports provided to the NPCC including inconsistent data and fluctuating advice on the value of available funds/reserves, current positions, forecasted credits etc. This required review of any corrections by the NPCC staff further increasing the demands of this work.
- 1.11. S40(2) Personal Information
- 1.12. A reasonable degree of confidence in the financial data (as it was being reported at the time) was agreed by Q4 2018/19, with the correction of high value misallocations completed and significantly improved accuracy of the **spend lines** against NPCC budget.
- 1.13. The proposed budget for 2019/20 was drafted by the Chief of Staff and Strategic Planning and Risk Manager, with input from the Finance Manager.
- 1.14. In forecasting the 2018/19 year end, and the proposed budget for the following year, it was confirmed by the Finance Manager, at request of the Chief of Staff, which contributing parties had yet to pay during the current year. A small number of contributing parties were outstanding and income was requested, however no significant shortfall in the expected funding contributions was reported.

1.15. As part of the 2019/20 funding proposal, a small underspend of £20k for 2018/19 was forecast based on the financial data provided to the NPCC central office¹.

1.16. 2018/19 Year End

1.17. Financial data was monitored on a monthly basis in much the same way, with transactions checked and misallocations flagged to the Finance Manager for correction. Review followed a risk based approach, focusing on large value, high impact discrepancies. Issues and queries were raised with the Finance Manager who reported back to the Chief of Staff.

1.18. The 2018/19 year end position was reported to the Audit and Assurance Board (AAB) by the Chief of Staff (**S40(2) Personal Information**) in May 2019. The report noted an underspend for 2018/19 of £24k from the financial data provided to the NPCC, in line with previous forecast, against a full budget of £1,437,985².

1.19. Due to the issues identified during the initial review work and ongoing demands on NPCC staff, NPCC Chair Martin Hewitt secured additional specialist resource, from former MPS Finance Director Lynda McMullen, to undertake a dedicated review of NPCC finances and the issues identified.

1.20. In June 2019, Lynda McMullen reported to the NPCC Chair the findings of the review work, advising that –

- The issues within the NPCC financial management processes were historic and had unfortunately been inherited by the NPCC Chair.
- The lack of a clear and well managed accruals accounting system/processes meant that a ‘true’ position could not easily be derived from the data being reported to the NPCC.
- That the NPCC lacked sufficient medium to long-term financial planning, so that affordability in year could be monitored and managed effectively.
- **S40(2) Personal Information**
- **S40(2) Personal Information**

1.21. **S40(2) Personal Information**

1.22. Budget/Shortfall and Income in Advance

1.23. During the deep dive review by Lynda McMullen, it was also established that a pattern of ‘income in advance’ had been occurring whereby funding intended for the subsequent year was being received in year and was being used to clear the shortfall of that period.

1.24. This income was not being properly and clearly reported to the NPCC. The Finance Manager had confirmed that funding contributions had been ‘received’ in full, but it was not reported that a proportion of those funds had been used to clear shortfalls in the previous year.

1.25. Review of line by activity within the income subjectives revealed that this issue has occurred to some degree since at least 2016 (system changes made it impossible to check records prior to 2016/17). On review it has been established that £92k of income intended for 2018/19 was used to settle the shortfalls from the previous year.

¹ ‘NPCC 2019/20 Budget and Funding’ – January 2019, Chief Constables’ Council

² ‘Finance and Budget Update – Q4 2018’, AAB May 2019.

1.26. Although it was reported to NPCC that all 2019/20 funding contributions had been received, it was not clearly reported that a portion of income intended for 2019/20 been used to cover the shortfall for 2018/19. Assumptions were incorrectly made that the reported spending per quarter was being considered against a quarterly split of the full (confirmed received) budget i.e. spends were reported as on budget and ultimately underspent at year end.

1.26.1. Of the full £1.36m income received from funding parties, £307k was used in the closing of 2018/19 which was not reported to NPCC with Q4 2018/19 budget data. A reduced amount of £1.05 was therefore made available to NPCC budgets at the beginning of 2019/20.

1.27. Ongoing Action

1.28. In response to the various issues identified and the recommendations made to date, a number of actions have been implemented or are ongoing –

1.28.1. S40(2) Personal Information

- This enables a quality assurance function to be undertaken before any official amendments to financial records are undertaken.
- This has also provided the Finance Manager with a direct single point of contact (SPOC) for assistance and queries and has provided NPOCC and the NPCC central office with a direct point of contact for advice and escalation.
- The current NPCC Chief of Staff, Charmaine Laurencin and the Strategic Planning and Risk Manager have met regularly with the Finance Analyst to review the status of NPCC finance, discuss ongoing requirements and to forecast year end budgets throughout the year. The Finance Analyst is also a standing attendee at the NPCC senior leadership team meeting (SLT) at which they present a verbal/written update on the status of NPCC finances alongside a monthly financial position report generated by the Finance Manager.

1.28.2. S40(2) Personal Information

S40(2) Personal Information

- The NPCC Chief of Staff is also currently assessing other options should the request for a new role be declined. Firstly, the ability to obtain a Financial Analyst position (the role profile would be similar to that of the MPS Financial Analyst/Business Partners). Secondly, another finance manager for an interim period to manage only NPCC finances and support work on the SLA review which is due to be undertaken from January 2020 onwards. Given the financial management, level of autonomy, high level reporting function, strategic requirements and awareness of wider NPCC programmes, and MPS processes both organisations require, these options may be more suitable. The role requirements and potential costs are being assessed.

1.28.3. NPCC Central Office - The Strategic Planning and Risk Manager has undertaken work to review and improve the finance culture within the NPCC central office, driving awareness of NPCC budget to ensure appropriate spending, consistent processes and accurate financial recording and reporting.

- A new proposed subjective list has been drafted, specifying and clarify the subjectives to be used by NPCC staff when purchasing or updating the PSOP system. This will reduce the number of subjective lines in use and more easily identify misallocated transactions going forward.
- The workflow and spending processes of the NPCC central office have been reviewed. This has shown inconsistent approaches to spend from the NPCC budget depending on the reason for spending (services, purchasing, overtime etc) and a lack of clear ownership and management. Individual responsibility as well as oversight by NPCC supervisors has been clarified and agreed with the Chief of Staff.
- A review of working practices, including weekend working and overtime requirements as well as rationale for working patterns and authorisation of working hours is ongoing.

1.28.4. Finance Management Meeting – In addition to the SLT meeting, a monthly Finance Management meeting has also been agreed within the NPCC central office. These meetings will be held by the Strategic Planning

and Risk Manager and will include the Chief of Staff, Business Support Manager and Communications Manager where financial issues can be discussed, anticipated costs can be approved and reported and ownership of NPCC budget can be developed. These meetings will begin in April 2020 and will continue indefinitely.

1.28.5. *Financial Data Scrutiny* – The same level of data review and scrutiny, line by line of the reported financial information has continued. The Strategic Planning and Risk Manager currently reviews the monthly data to identify errors, reporting issues to the Finance Manager. The Chief of Staff and Strategic Planning and Risk Manager, have been required to engage with the financial processes and data at increasingly granular levels, this has taken time away from strategic and operational considerations of not only the NPCC finances but also other requirements of business operations. A dedicated finance management resource would be better suited to undertake this work as part of a full financial management role.

- In order to provide additional confidence in the year end forecast, identify shortfalls and propose the new budget, the Strategic Planning and Risk Manager has conducted additional analysis of the financial data YTD. Approximately 900 lines have been reviewed to check the validity of the transactions, but to also assess the nature of the debit/credit to better estimate on going costs and forecast more accurately. Non-recurring costs have only been included in the year to date (YTD) calculations, ongoing costs have been used to calculate the anticipated requirements of Q4 along with anticipate additional costs to be paid.
- This method separates out credits received during the year which may not be account for within subjective lines, recording them as one of credits as not to incorrectly forecast at lower amounts. This is particularly important given the volume of misallocations and credits reclaimed.
- These figures have then been discussed and agreed with the Finance Manager to draft a year end forecast.

1.28.6. *Further Reconciliation* – work to identify further, low value misallocations will continue as well as PO reconciliations to ensure all available funding is reclaimed.

Martin Hewitt
Chair
NPCC