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**MINUTES**

**NATIONAL POLICE AIR SERVICE (NPAS)**  
**NATIONAL STRATEGIC BOARD (MEETING NUMBER 27)**  
**BUDGET SETTING MEETING**

**31 January 2019**

**PRESENT**

<b>NAME</b>	<b>REPRESENTING</b>
PCC Mark Burns-Williamson OBE (MBW) – Chair	Police and Crime Commissioner for West Yorkshire police – Lead Local Policing Body
T/CC John Robins (JR)	West Yorkshire Police – T/Chief Constable & PAOC Holder
Ch. Supt Tyron Joyce (TJ)	Head of NPAS
Ollie Dismore (OD)	NPAS T/Accountable Manager
Katherine Johnson (KJ)	Treasurer – West Yorkshire Office of Police and Crime Commissioner
Fraser Sampson (FS)	Interim Chief Executive – Office of Police and Crime Commissioner for North Yorkshire
Glenn Shelley (GS)	NPAS Head of Business Services
Ruth Langley (RL)	Finance & Commercial Services Director - West Yorkshire Police
PCC Barry Coppinger (BC) – (by phone)	Police and Crime Commissioner for Cleveland - North East Region
CC Stephen Watson (SW) (by phone)	South Yorkshire Police – Chief Constable - North East Region
PCC John Campion (JC) – (by phone)	Police and Crime Commissioner for West Mercia – Central Region
Mike Lewis (ML) – (by phone)	Regional Policy Officer – West Midlands – Central Region
CC Bill Skelly - (by phone)	Lincolnshire Police – Central Region
DAC Matt Twist (MT) (by phone)	Metropolitan Police Service – London Region

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DAC Laurence Taylor (LT)	Metropolitan Police Service – London Region
CC Darren Martland (DM) (by phone)	Cheshire Police – North West Region
PCC Anthony Stansfeld (AS) (by phone)	Police and Crime Commissioner for Thames Valley - South East Region
ACC Steve Barry (SB) (representing CC Giles York) – (by phone)	Sussex Police – South East Region
PCC Dafydd Llywelyn (DL) (by phone)	Police and Crime Commissioner for Dyfed-Powys – South West Region
Robin Merrett (RM) – MOPAC (by phone)	Mayor’s Office for Police and Crime
Greg Easter (GE) (by phone)	Policing & Fire Directorate, Home Office
Jenny Walker (JW)	NPAS Head of Communications & Marketing
Melanie Jaundziekars (MJ)	NPAS Executive Office Manager

**APOLOGIES**

<b>NAME</b>	<b>REPRESENTING</b>
CC Dee Collins CBE QPM (DC)	West Yorkshire Police – Lead Local Chief Constable
PCC Peter McCall (PM)	Police and Crime Commissioner for Cumbria – North West Region
CC Rod Hansen (RH)	NPCC Aviation Lead - Gloucestershire Police – Chief Constable - South West Region
CC Andy Marsh (AM)	Avon & Somerset Police – South West Region
Charlette Holt-Taylor (CHT)	Home Office
CC Giles York (GY)	Sussex Police – South East Region
Janine Nelson (JN)	Solicitor, Legal Services, West Yorkshire Police
DCC Nav Malik (NM)	Deputy Chief Constable – Operational Communications in Policing (OCiP)
Richard Brandon (RB)	National Aviation Project Manager

The Chair, PCC Mark Burns-Williamson (MBW) opened the meeting and invited introductions from those in the room and dialling in on the conference call facility. Due to adverse weather conditions the majority of members had joined by conference line.

**APOLOGIES**

Noted and recorded.

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**2. DECLARATIONS OF INTEREST**

No interests were declared.

**3. BUDGET AND PROPOSED CONTRIBUTIONS 2019/20**

Ruth Langley (RL) detailed the proposed revenue budget for NPAS for the financial year 2019/20 which has been calculated at £42.954m. The revenue requirement had increased by £3.404m (8.6%) based on the 2018/19 budget.

The main cost increase areas were pay and non-pay inflation movements, exchange rate fluctuations and contractual obligations, accounting for a £3.9m (10%) increase on 18/19.

RL provided further detail:

Pay costs have increased by £1.368m mainly attributable to the 2% pay award, inflation and increases in pension contributions and increments;

Fuel prices have incurred inflationary costs of 15.8% across all NPAS bases, incurring increased costs of £349k.

Aircraft costs (excluding fuel) have increased overall by £2.1m.

RL advised there had been significant cost increases on the Power by the Hour (PBH) engine maintenance contract due to general inflation and the weakening of sterling.

RL advised that £1.119m of the increased cost for 19/20 is due to the new maintenance contract (1/2 year costs) for NPAS which is currently under tender evaluation.

NPCC/NPAS are exploring options around the service model going forward.

A further £460k has been added for the maintenance costs that are associated with returning the aircraft currently leased to Oslo police District back into the fleet from May 19.

RL reminded members that as part of the 2017/18 budget setting meeting, board members approved the establishment of a reserve to be used for price fluctuations within contracts or fuel. As part of the 2018/19 budget setting members approved the use of one off £1.518m of these reserves, £801k related to increases in contract costs, as these are recurring costs they have been reflected in the 2019/20 budget.

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RL advised work was ongoing to try and offset the budget increases where possible and sought the Board's approval to utilise the remaining balance of reserves of £143,628k to partially offset increases in aviation fuel costs in balancing the 2019/20 budget.

RL advised there had been reductions totalling £534k across a number of budget areas such as training, private mileage, travel and subsistence, vehicle fleet, rents and rates. RL advised that projects costs of £442k had been capitalised as a result of the fixed-wing project, which remained as a capital project until the aircraft transferred to NPAS ownership and flight operations commenced. As a result for the period prior to the aircraft and crews becoming operational, these staffing costs have been removed from the revenue budget.

The new IT contract costs will be capitalised in 2019/20 which will see an increase of £300k in 2020/21.

RL stated that one of the main challenges in setting the budget was ascertaining accurate costs and allowances from forces who second Tactical Flight Officers (TFOs) to NPAS. RL is seeking to develop a Memorandum of Understanding (MOU) to request the figures as early as possible. In the interim she requested assistance from Board members and their finance departments in order to obtain this information. A review would also take place re the commissioned services that NPAS use.

RL advised that NPAS recognises the increase in cost at £3.4m is significant and to deliver savings of this scale would require a fundamental review of both staffing and service provision, including potential closure of bases which may conflict with recommendations from the NPCC aviation review which is due to deliver the recommendations to NPCC in April 2019.

RL advised that representation had been made to the Home Office to consider a specific grant for one year to cover significant cost pressure changes based upon the fact the aviation review is due to deliver its report in April and advised it would be appropriate to wait for the review before making any changes.

JC raised a query re the increase in the maintenance contract costs. TJ advised the principal reasons for a cost increase were:

- i) the current maintenance contract had been set five years ago, on a fixed-price basis for the core elements, and this cost reflects current market prices.

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ii) The more definitive requirement for aircraft availability and fully functioning mission equipment (e.g. Nitesuns and cameras) with the potential to incur service credits if this does not occur.

iii) The current and anticipated poor exchange rate between sterling, the dollar and the Euro, affecting engine support costs and camera maintenance. NPAS has insisted that there be an indicative sliding scale of revenue reduction within the contract to ensure that should the NPCC aviation review detail a smaller number of bases or reduced flying any savings were secured.

[REDACTED]. OD advised that the current standalone contracts (E.g. Cameras and engine support) have seen significant increases of up to 15% at recent annual adjustments but the core contract will remain a fixed-price element to provide some stability. The management and delivery of the variable elements have been integrated into the new contract to maximise scale economies. OD stated NPAS had made a conscious decision to go for a further fixed-price contract to try and stabilise the medium term forecast going forward but this will have contributed to the apparently high start-up costs.

TJ advised members that a detailed report would be discussed at the NPAS Local Strategic Board on 4 February. [Post-meeting note: Deferred to 12 Feb 19] The report would provide details of the requirement, procurement process, and cost and benefit summary and indicative savings. The new contract provides the opportunity for NPAS to place all maintenance activity within one contract under enhanced performance oversight. For the first time this would impose the application of 'service credits' should NPAS not receive the contracted support required.

OD reassured members that the bids were very credible and reflected true competition which is demonstrated through the figures. All bidders propose moving from 5 day working to 7 day working to assure the required output.

[REDACTED].

[REDACTED]

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[REDACTED]

SW asked if NPAS were confident they were procuring fuel in the most efficient way to safeguard against fluctuation. [REDACTED]

[REDACTED]

DL raised that there should be some efficiencies how the National Board would monitor progress over the 5 years of the contract and would be useful to document efficiencies elsewhere within the budget and share with Chief Officers and Police and Crime Commissioners. TJ advised that regular reports would be provided and a detailed report would be discussed at the NPAS Local Board setting out the changes that have driven the new maintenance contract. TJ stated that once NPAS get to preferred bidder status they will finalise the negotiation and the contract awarded will be tracked through the Local Board to National Board.

**Action 27.1 – Maintenance Contract to be a standing Agenda item**

Board members approved the revenue budget for 2019/20 of £42,954,277 and approved the use of reserves subject to a fundamental review of the delivery model and a joint commissioned piece of work between the APCC and NPCC regarding governance aspects and future delivery model.

**Proposed Contributions 2019/20**

RL reminded members that it was agreed at the previous Board meeting that the charging model should *not* be changed for 2019/20. As a result the cost allocation process would continue to be based on 'Actioned Calls for Service' to each force.

Three options were presented to Board members:-

**Option 1** – A direct allocation of cost based solely on the number of actioned calls to service delivered to each force based on the previous 12 month period (January to December 2018);

**Option 2** – based on the actioned calls delivered from January to December with some adjustments for Forces where costs have changed. This option shows that Forces who save in 2019/20 compared to 2018/19 receive 22% of

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that benefit. For Forces whose costs increase in 2019/20 compared to 2018/19 incur 63% of that increase.

**Option 3** – based on the actioned calls delivered from January to December with some adjustments for Forces where costs have changed. – This option shows that forces who save in 2019/20 compared to 2018/19 would receive 41% of that benefit. Forces whose costs increase in 2019/20 compared to 2018/19 incur 72% of that increase.

KJ advised that the actioned calls for service model was first introduced in 2016/17 and within this period and 2017/18 did have an element of dampening.

For 2018/19 it was agreed there would be no dampening. KJ advised a number of representations has been made to the funding model working group during consultation. This included that forces had dramatically changed their usage in order to reduce the cost incurred and there should be a consideration of dampening. Specific representation had been received from the Police and Crime Commissioners within Central region and the Chief Constable for West Midlands Police.

RM stated it should be an undamped model. BC was in agreement with this, so too was SW.

MT advised the MPS had reduced the number of calls appropriately, applying threat, harm and risk assessment. He refuted any suggestion that the MPS were 'gaming' the system.

JC advised that the Central region view is the current funding model is not fit for purpose and needs to be reviewed. He suggested dampening the budget by equally increasing 2018/19 contributions of all forces and if Central region would be supporting Option 2 as the fairest method.

KJ advised that the consultation had been completed with all forces but could not take into account the current NPCC Aviation review activity. Once this was complete along with a few key national pieces of work the model could be considered for further revision.

MBW reminded Board members that under the current S22 agreement any budgetary decision were made by the Police and Crime Commissioners. MT raised to operate as a board there needs to be equity of responsibility across all board members and all members should be able to vote on financial matters and should have a view and fully contribute to the financial issues. It was agreed the overall governance arrangements did need to be part of the review.

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FS clarified that it was the established practice of the National Strategic Board (rather than a requirement contained within the Collaboration Agreement) to reserve budgetary decisions to those locally elected policing bodies representing the NPAS regions and that the Board has also consistently required that *all* of the regions be represented by their Police and Crime Commissioner before arriving at a decision on the budget. As PCC McCall was due to attend the meeting but had not yet arrived, the North West region was not represented. A/CC Martland (Cheshire Police) advised that he had managed to speak with PCC McCall who had indicated that he was voting for Option 1.

PCC Board members all voted. BC, AS and DL voted for Option 1, giving a clear majority. JC voted for Option 2, and MBW as Chair had remained neutral throughout but as the vote was now cast advised that Option 1 would have gained his support as the fairest process at this time. Option 1 was agreed as the allocation cost model for 19/20 and a period of dampening was therefore *not* supported.

**Resolved:**

- **The 2019/20 revenue budget was approved subject to a review of the governance aspects and future delivery model and due diligence from the Local Strategic Board on the NPAS maintenance contract and regular reporting to the National Strategic Board on the progress against savings that will be derived from the new maintenance contract.**
- **The recommendation to utilise the reserve funding was approved.**
- **Option 1 was agreed as the proposed contributions. This method is based on using the actioned calls to service model with no adjustments.**

**Action – A letter to be sent to all Police and Crime Commissioners and Chief Constables from MBW and JR advising each force of their 2019/20 contributions.**

**4. ANY OTHER BUSINESS**

JR and MBW on behalf of Board members and NPAS, thanked Matt Twist for his continued and valued support and wished him all the best for his future role.

**Date and time of next meeting: 28 March 2019 – 13:00 – 16:00 Carr Gate, Bradford Road, Wakefield, WF2 0QN**

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