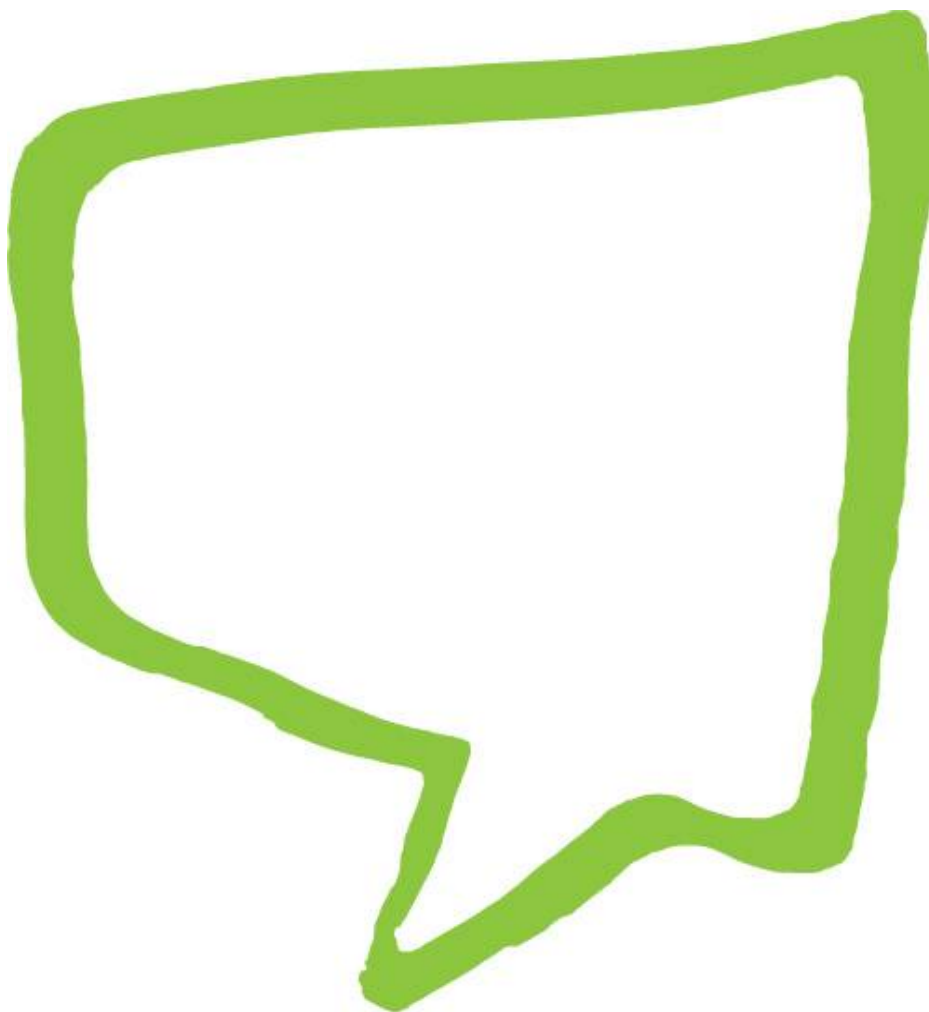


Use of Resources

Cleveland Police Authority

Audit 2008-2009

November 2009



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Summary

This report summarises our key findings from our assessment of how Cleveland Police Authority is managing and using its resources to deliver value for money and better and sustainable outcomes for local people.

- 1** This is the first year of the new Use of Resources approach, developed as part of the Audit Commission's new Comprehensive Area Assessment. The scope and approach is very different to the previous Police Use of Resources Evaluation (PURE). The scope is wider, for example covering workforce in 2008/09. The assessment takes a more strategic view, with a clear focus on whether arrangements are supporting the delivery of better outcomes, and value for money, particular in considering level 3 scores. As a result the standard required to demonstrate level three performance has been raised, and it is not appropriate to make comparisons with the Authority's scores last year.
- 2** Overall the Authority is assessed as performing adequately in its use of resource: performing well in managing finances and performing adequately in governing the business and managing resources.
- 3** The Authority and Force have been successful in delivering better outcomes with reduced crime levels and increased public satisfaction. There are some areas where arrangements still need further development particularly in strengthening controls over partnership working.
- 4** Our detailed findings are shown in Appendix 1.

Introduction

- 5 This report sets out our conclusions on how well Cleveland Police Authority is managing and using its resources to deliver value for money and better and sustainable outcomes for local people and gives scored use of resources theme judgements.
- 6 In forming our scored theme judgements, we have followed the methodology set out in the [use of resources framework: overall approach and key lines of enquiry \(KLOE\) document](#) and the use of resources [auditor guidance](#). For each of the specific risks identified in relation to our use of resources work, which were set out in our audit plan, we considered the arrangements put in place by the Authority to mitigate the risk and plan our work accordingly.

Use of resources framework

- 7 From 2008/09, the new use of resources assessment forms part of the [Comprehensive Area Assessment \(CAA\)](#) and comprises three themes that focus on:
- sound and strategic financial management;
 - strategic commissioning and good governance; and
 - the management of natural resources, assets and people.
- 8 The scores for each theme are based on the scores reached by auditors on underlying KLOE. The KLOE are generic and applicable equally to all organisations subject to use of resources judgements under CAA. This promotes consistency, demonstrating all organisations within a CAA area are treated in the same way, and to the same standards.
- 9 The Commission specifies in its [annual work programme and fees document](#), which KLOE are assessed over the coming year.
- 10 Judgements have been made for each KLOE using the Commission's current four point scale from 1 to 4, with 4 being the highest, please see Table 1. Level 1 represents a failure to meet the minimum requirements at level 2.

Table 1 **Levels of performance**

Level 1	Does not meet minimum requirements – performs poorly
Level 2	Meets only minimum requirements – performs adequately
Level 3	Exceeds minimum requirements – performs well
Level 4	Significantly exceeds minimum requirements – performs excellently

Source: [use of resources framework: overall approach and KLOE document](#)

Use of resources judgements

Scored judgements

11 Cleveland Police Authority's use of resources theme scores are shown in Table 2.

Table 2 Use of resources theme scores

Use of resources theme	Scored judgement	
Managing finances		
How effectively does the organisation manage its finances to deliver value for money?		
1.1 Financial planning	3	Level 3
1.2 Understanding costs	2	
1.3 Financial reporting	3	
Governing the business		
How well does the organisation govern itself and commission services that provide value for money and deliver better outcomes for local people?		
2.1 Commissioning and procurement	2	Level 2
2.2 Data quality	2	
2.3 Good governance	2	
2.4 Risk management and internal control	2	
Managing resources		
How well does the organisation manage its natural resources, physical assets and people to meet current and future needs and deliver value for money?		
3.3 Workforce Planning	2	Level 2

Managing finances

12 The Police Authority and Force effectively manage their finances to deliver value for money and there is evidence of funding being moved to improve operational performance. The Authority and Force manage spending within available resources and have addressed previous financial problems to create financial stability at the same time as good improvement in operational performance and good and increased public satisfaction. The Authority and Force have a medium term financial plan linked to the strategic priorities in the local policing plan (LPP).

13 The Authority and Force are relatively high cost (see Appendix 1 pages 9 and 10). There is a good understanding of unit costs and areas for efficiency have been identified as part of the medium term financial plan but spending has not been systematically reviewed in all high cost areas.

14 Financial reporting is effective.

Recommendation	
R1	Introduce a systematic review of costs to identify high cost areas and prepare plans to maximise efficiencies.
R2	Strengthen partnership monitoring arrangements to ensure the Authority understand the resources available from significant partners.

Governing the business

15 A more strategic approach to procurement has recently been introduced. There are some significant procurement exercises underway that promise to improve value for money but the Authority is not currently fully exploring the best method of delivering services in a systematic way and needs to focus on strategic commissioning and systematic review of services.

16 The Authority and Force produce relevant and reliable information to support decision making and manage performance.

17 There are up to date governance arrangements in place. The Authority and Force's vision is set out formally in the local policing plan. The Authority and Force have codes of conduct for staff and members and arrangements are in place for monitoring these.

18 There is a risk management strategy and register linked to strategic priorities. The risk register is regularly reviewed and updated. Counter fraud and corruption arrangements are in place. Systems of internal control are in place and working effectively.

Recommendation	
R3	Continue to strengthen the approach to procurement and commissioning of services to ensure there is a strategic approach and a systematic review of services to maximise value for money.
R4	Introduce data quality checking of information received from partners, which is used to inform decisions at District level.
R5	Introduce regular ethical standards training for non uniformed senior officers and members.
R6	Strengthen partnership monitoring arrangements to ensure the Authority can demonstrate the effectiveness of significant partnerships.

Use of resources judgements

Managing resources

19 The Authority and Force has workforce planning arrangements in place to manage current workforce needs and develop the workforce.

Recommendation

R7 Continue to develop workforce planning arrangements to ensure there is an appropriate number and mix of officers and police support staff based on a systematic review of future needs and financial constraints.

Detailed findings

20 The key findings and conclusions for the Key lines of Enquiry for each of the three themes are summarised in Appendix 1.

Use of resources 2009/10

21 The key lines of enquiry specified for the assessment are set out in the Audit Commission's work programme and scales of fees 2009/10. My work on use of resources informs my 2009/10 value for money conclusion. In my letter of 23 February 2009 about the audit fee for 2009/10, I identified a number of significant risks in relation to my value for money conclusion. For each risk, I consider the arrangements put in place by the Authority to mitigate the risk and plan my work accordingly.

Table 3 Initial risk assessment

Risk	Planned work	Timing of work
The Authority's budget for 2009/10 requires savings of £3m with further efficiencies needed in the future.	We will review the Authority and Force's efficiency targets and arrangements in place to ensure these are delivered.	April 2009 to March 2010
The Authority and Force are considering outsourcing support services. This can offer significant economies of scale but service performance, business continuity and contractual risks will need managing.	We will review progress with the outsourcing contract to track progress in managing the associated risks, and comment as appropriate.	April 2009 to February 2010

22 An additional KLOE, 3.1 - *Natural resources* will apply to Police for 2009/10, and this will require specific review as we have not completed any work related to this in previous years. KLOE 3.3 - *Workforce planning* will not be assessed. I have also considered any additional risks arising from my 2008/09 value for money conclusion.

23 I have not identified any additional risks in relation to my 2009/10 value for money conclusion.

Appendix 1 – Use of resources key findings and conclusions

24 The following tables summarise the key findings and conclusions for each of the three use of resources themes.

Table 4 Theme 1 - managing finances

KLOE 1.1 (financial planning) score	3
<p>The Authority and Force manage spending within available resources and have addressed previous financial problems to create financial stability at the same time as good improvement in operational performance and good and increased public satisfaction.</p> <p>The Authority and Force have a medium term financial plan linked to the strategic priorities in the local policing plan (LPP). Ongoing review of the LPP reported to members confirms that there is movement of resources to ensure the correct mix of skills and resources in priority areas. Budget planning meetings are held with staff and stakeholders. Savings and efficiencies are built into the medium term financial plan and monitored. Performance and financial data is used to compare against most similar forces. The Authority and Force have improved value for money and service performance through partnerships with local authorities (eg PCSOs) and the private sector (eg custody suite, proposed IT outsourcing).</p> <p>Equality impact assessments are undertaken and reported to members as part of the decision making process. The 08/09 consultation strategy sets out how the Authority and Force have consulted with external stakeholders, including using different methods of engagement.</p>	
KLOE 1.2 (understanding costs and achieving efficiencies) score	2
<p>The Authority and Force are relatively high cost. There is a good understanding of costs and performance and a history of using activity based costing information to identify areas for improved efficiency. There is a good understanding of unit costs and the comparison with most similar forces. The relationship between costs and performance is consistent with the relatively small size of Cleveland and other operational pressures including the nuclear power plant and other industrial sites.</p> <p>The Authority and Force have identified areas for efficiency as part of the medium term financial plan and these focus on business process re-engineering of back room functions, continuing a track record of using this approach (ie custody suite already outsourced, now looking at IT and communications). The approach has not systematically reviewed all high cost areas and current efficiency plans will not address relatively high police officer costs or high average support staff costs. While performance is clearly improving faster than MSF average, costs reductions are not likely to be maximised in the medium term.</p>	

Appendix 1 – Use of resources key findings and conclusions

There is evidence of whole life costing approach and impact on wider socio economic factors being considered for all major decisions (eg cadet scheme) and youth engagement is in place aiming to impact on young people's attitudes and behaviour. No evidence supplied that shows the force has an understanding of the resources available from significant partners.

KLOE 1.3 (financial reporting) score

3

Internal financial reporting during the year is effective and supports timely and efficient closedown procedures with clear links from reported information to financial statements. Budget monitoring information is accurately profiled and predicts year end outturns accurately. Good budget monitoring arrangements in place, including access to monthly information within 5 days of the month end. Budget monitoring information is reported with performance information to member meetings, including written commentary explaining reasons for variances and proposed actions to address them.

The Authority and Force manage spending within available resources and have addressed previous financial problems to create financial stability at the same time as improving operational performance and increased public satisfaction

The financial statements were prepared to a good standard, supported by comprehensive working papers, well ahead of deadline, available for audit by end of May.

Appendix 1 – Use of resources key findings and conclusions

Theme 2 - governing the business

KLOE 2.1 (commissioning and procurement) score	2
<p>There are good consultation arrangements that give a clear understanding of the diverse needs of local communities. There are some significant procurement exercises underway that promise to improve efficiency and the design of these contracts aims to provide long-term savings and additional benefits (for example process re-engineering expertise). Partnership working with the Councils and the private sector is effective and well established.</p> <p>The Authority is not currently fully exploring the best method of delivering services in a systematic way and needs to focus on strategic commissioning and systematic review of services. The approach to procurement has recently been reviewed and a more strategic approach introduced.</p> <p>There are a number of specific procurement projects which have resulted in efficiencies, eg outsourcing of custody has resulted in £443,000 non-cashable efficiency savings.</p> <p>Option appraisal includes consideration of environmental impact (eg fleet purchase).</p>	
KLOE 2.2 (data quality and use of information) score	2
<p>The Authority and Force use relevant, reliable information to support decision making. Overall crime levels are decreasing and public confidence is high and increasing. The Authority and Force continue to seek further efficiencies from support service review and outsourcing.</p> <p>Systems for collecting management data are effective and this is underpinned by strong and efficient monitoring of crime and incident data quality. Systems are being expanded to cover the citizen focus agenda. Systems continue to be developed to improve mobile access, improved disaster recovery capability and improved links between systems to improve efficiency and accuracy.</p> <p>There is a detailed policy on sharing of police data but limited evidence of arrangements in place to check the quality of partners information.</p>	
KLOE 2.3 (good governance) score	2
<p>The Authority and Force has up to date standing orders and financial instructions which include details of individual's roles and responsibilities and a scheme of delegation. Member and senior officer roles are reviewed regularly and amended as necessary. There is evidence of professional standards training for uniformed officers but not for other senior officers and members.</p> <p>The Authority and Force's vision is set out formally in the local policing plan and neighbourhood policing has resulted in an increasingly outward facing culture. There are good working relationships between members and senior officers.</p> <p>Codes of conduct are in place for members and officers and arrangements are in place for them to be monitored. Registers of interest are maintained. There is a whistle blowing policy and a confidential e-mail reporting system. Professional standards are in place for officers of the force and performance is monitored by the professional standards department.</p>	

Appendix 1 – Use of resources key findings and conclusions

The Authority and Force has governance arrangements in place for significant partnerships but there is a lack of evidence to demonstrate review of effectiveness.

KLOE 2.4 (risk management and internal control) score

2

Risks are reviewed as part of the business planning processes and reported to executive team members during monthly performance reviews. The Authority and Force have a risk management strategy and registers linked to strategic priorities and including reference to partnerships. All reports to members consider risk management implications.

There are counter fraud and corruption arrangements in place and evidence of good monitoring of complaints and professional standards and outcomes being used as learning for improvement.

Systems of internal control are in place and IA work confirms they are effective. Business continuity arrangements are improving.

Appendix 1 – Use of resources key findings and conclusions

Theme 3 - managing resources

KLOE 3.1 (use of natural resources) not applicable to police in 2008/09	n/a
KLOE 3.2 (strategic asset management) not applicable to police in 2008/09	n/a
KLOE 3.3 (workforce planning) score	2
<p>There is a workforce development plan for the Authority and Force.</p> <p>There is a clear focus on leadership skills as part of Team Cleveland approach, which is reflected in significant improvements in staff satisfaction and sickness rates.</p> <p>Well managed vacancy rates, with focus on maintaining front line resources. Overtime has reduced but remains relatively high. Efficiencies introduced in the custody process have provided resources to meet protective services requirement.</p> <p>There has been no recent review of resourcing across BCUs, although this is being discussed.</p> <p>Clear shift to pro-active management of the wellbeing of staff by occupational health and flexible working policies.</p> <p>Some issues with succession planning, (eg HR, OHS nurse) but clear business continuity plans for key senior staff.</p> <p>Workforce planning is integrated into service and financial planning and now based on reliable data and information on vacancy, turnover, staff surveys etc.</p> <p>Business change management is now more effective with clear improvements in satisfaction and morale translating into significant improvements in performance.</p> <p>Equality and diversity policies are in place but existing pool of potential recruits is limiting the impact of positive action to attract more female and BME applicants.</p>	

Appendix 2 – Action plan

Page no.	Recommendation	Priority 1 = Low 2 = Med 3 = High	Responsibility	Agreed	Comments	Date
6	R1 Introduce a systematic review of costs to identify high cost areas and prepare plans to maximise efficiencies.	3	ACO (F&C) Head of Corporate Planning and Governance	Yes	Included in CPA business plan.	September 2010
6	R2 Strengthen partnership monitoring arrangements to ensure the Authority understand the resources available from significant partners.	2	Chief Executive CPA Strategy Manager	Yes	Included in CPA business plan.	April 2010
7	R3 Continue to strengthen the approach to procurement and commissioning of services to ensure there is a strategic approach and a systematic review of services to maximise value for money.	3	Chief Executive ACO (F&C) DCC	Yes	This will be undertaken with the contest of the progress of Project I.	Ongoing
7	R4 Introduce data quality checking of information received from partners, which is used to inform decisions at District level.	2	BCU commanders	Yes	Requisite data quality checking will form part of the agreed Information Sharing Protocols (ISP) which are presently being promoted with CDRPs by GONE.	As ISP are implemented

Appendix 2 – Action plan

Page no.	Recommendation	Priority 1 = Low 2 = Med 3 = High	Responsibility	Agreed	Comments	Date
7	R5 Introduce regular ethical standards training for non uniformed senior officers and members.	3	Head of People and Diversity Deputy Chief Executive	Yes Yes	Training is to be provided to Heads of Service on the Disciplinary Code and the Code of Conduct, and this will encompass ethical standards To be included in the annual CPA Member Training Programme	December 2010 December 2009
7	R6 Strengthen partnership monitoring arrangements to ensure the Authority can demonstrate the effectiveness of significant partnerships.	3	Chief Executive CPA Strategy Manager	Yes	Included in the CPA business plan	April 2010
7	R7 Continue to develop workforce planning arrangements to ensure there is an appropriate number and mix of officers and police support staff based on a systematic review of future needs and financial constraints.	3	DCC Head of People and Diversity	Yes	Commitment to specific numbers of Police Officers and PCSO is to be sustained until 2010/11. Public finances thereafter represent a significant challenge and workforce planning will necessarily take this into account	December 2010

The Audit Commission

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