

**Joint Report of the Chief Executive and the Chief Constable
To: Chair and Members of the
Policy and Resources - Corporate Development Panel
15th January 2009**

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(Finance & Commissioning)

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Status : For Noting.

Police Use of Resources Evaluation (PURE)

1. Purpose of the report

1.1 This report is to provide information relating to the progress made in implementation of the recommendations from PURE 2007/2008, and to describe the methodology that is being used for 2008/2009.

2. Recommendations

That Members note

2.1 The information in Appendix A relating to implementation of the recommendations of the Audit Commission for PURE 2007/2008.

2.2 The arrangements that are being used for 2008/2009.

3. Reasons

2007/2008 - Progress

- 3.1 The final PURE report was presented to the authority in November. Police authorities have been advised that the overall PURE score is included in the PPAF 2007/2008 publication, and on the Home Office website.
- 3.2 At your meeting on the 10th December 2008 this panel received a report on the progress in implementing actions to address areas for improvement identified in earlier reports on this subject presented to the panel
- 3.3 Appendix A to this report is a continuing update of progress against the action plan agreed with the Audit Commission. Commentary on progress is shown in *italicised* print.

Comprehensive Area Assessment

- 3.4 The Authority is to receive a briefing from the Audit Commission on the Comprehensive Area Assessment (CAA) which will apply to 2009/2010 and onwards. This briefing has now been rescheduled for after the New Year.
- 3.5 The Comprehensive Area Assessment is an attempt to streamline the current inspection and performance regimes. Although separate performance frameworks such as APACS will continue to operate, they will be more closely aligned to partnership delivery and accountability. For each organisation the Audit Commission will continue to make annual use of resource judgements, which will be reported within the CAAs The Local Area Agreement will be a key document for assessing outcomes being delivered locally and form the basis of the Comprehensive Area Assessment.

PURE 2008/209

- 3.6 There is a shift in PURE's emphasis and criteria, commencing in 2008/2009, so that it is more closely aligned with the use of resources judgements made for other partners. The results of PURE will be incorporated into the APACS framework and feed into the CAA. The Authority no longer needs to submit a self assessment but should take the opportunity to provide evidences of outcomes. In preparing for this, preliminary work is being undertaken by the PURE & AGS group (commenced October 2008).
- 3.7 Because of the greater emphasis on outcomes in PURE 2008/2009 the methodology previously used to prepare the PURE submission is being extended beyond that used to collate and review data on processes and corporate information. Each member of the PURE & AGS Group is now responsible for providing support to one or more BCU/Service Units in sourcing information and evidence for both the Use of Resources work, and the Governance Statement. The intentions are to evidence the wide variety of positive outcomes, the knowledge of which is held by BCU/Service Units, and to improve governance.

4. Implications

4.1 Finance

There are no direct financial implications flowing from this report.

4.2 Diversity/Equal Opportunities

There are no direct diversity / equal opportunities implications flowing from this report.

4.3 Sustainability

There are no direct sustainability implications flowing from this report.

4.4 Risk

The risk exposure to the Authority and the Force arising from the current Business Continuity arrangements remains undiminished at present. However the Force has taken action to provide capacity in this area with effect from 6th October 2008.

5 Conclusions

- 5.1 Appendix A shows positive progress against the majority of PURE 2007/2008 recommendations. Compared with December two areas show slow progress – R5 Asset management Plan, and R7 Whole Life Costing.

Joe McCarthy
Chief Executive

Sean Price
Chief Constable

PURE 2007/2008 Action Plan

Appendix A

Rec no.	Recommendation	Responsibility	Comments	Date
Financial management				
R1	Strengthen the MTFS to show clearer links with the other strategies of the Authority and the Force	Chief Executive T/ACO(F&C)	Authority and Force instituting revised financial and business planning arrangements, and an outcome of this will be clearer links of LTFP and other plans/strategies	Ongoing from July 2008
<p><i>Progress</i></p> <p><i>The Authority and Force have commenced a process of reviewing existing priorities and strategic plans. Authority members undertook an initial review at a briefing session on the 17th July, the results of which were communicated to the Force to inform its own preliminary stocktake.</i></p> <p><i>The Force has now introduced a continuous review and planning process which feeds regularly into the Police Authority and which in turn feeds back into the Force.</i></p> <p><i>There have been a series of events over the last six months – Savings Workshop 1st August and on the 9th of September the Force Executive considered and approved in principle proposals for Organisational Governance, Business Planning and on the Long Term Financial Plan.</i></p> <p><i>The first of the rolling series of quarterly planning days for the Force Executive and SUMs was held on 29th September and the second took place on 2nd December.</i></p> <p><i>LTFP proposals were presented in a briefing to Authority members on 30th September and developed further in a report to the Police Authority Executive on 17th December 2008.</i></p>				

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R2	Accurately phase capital schemes to ensure there is maximum use of capital resources	Head of Corporate Finance	<p>There are two elements to this a) In the current year a more robust monitoring process is now in place. Project managers are being challenged about slow rates of expenditure, with the prospect of resources being vired to higher priority projects.</p> <p>b) The arrangements for next years capital programme will challenge bidders to be more realistic about the achievability of spending.</p>	<p>Ongoing</p> <p>Sept 2008</p>
<p><i>Progress</i></p> <p><i>In relation to the current year this recommendation has been fully discharged, and this is evidenced in the regular capital programme progress reports.</i></p> <p><i>Spending officers have already been advised that submissions of bids for capital schemes to be included in the capital programme will need to be accompanied by evidence that there is a cohesive, & realistic project plan (including spending profile). This requirement is included in the Notes of Guidance issued at the end on October for the 2009/2010 bids, and is being re-emphasised if bids do not contain all the relevant information (spending officers are being required to provide additional information if for example scheduling is not submitted in the bid documents).</i></p>				
R3	Undertake formal training of officers in relation to budget setting and monitoring as appropriate.	Head of Corporate Finance	Generally formal training would be a supplement to the ongoing process of informing and education of officers. This process needs to be better documented and evidenced.	From Aug 2008
<p><i>Progress</i></p> <p><i>The Head of Finance is trialling the use of the Financial Management elements of the NPIA Core Leadership Development Programme. The first event took place 16/9/2008, and was well received. Further events and analysis of the efficacy of this approach will be needed before any decision on its wider application is made.</i></p> <p>Financial Management assist learners to:</p> <ul style="list-style-type: none"> • Explain the key components and terminology of police funding 				

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	<ul style="list-style-type: none"> • Describe the key principles, features and implications of Best Value • Explain different types of budgets and their advantages and disadvantages • Explain how financial factors impact on operational planning and control • Describe the components of effective budgetary control systems • Identify effective approaches to local financial management • Explain systems for classifying costs and capital budgeting • Explain revenue budgeting • Identify the causes of expenditure variance and how it impacts on planned activities • Describe effective frameworks for income generation, sponsorship and service contracts. <p><i>(The Core Leadership Development Programme (CLDP) is intended to develop the leadership and role skills of post-probationary constables, sergeants, and inspectors and police staff at corresponding grades across the Police Service.)</i></p> <p><i>Management Accounting Staff, CBU Financial Managers and the District Admin & Finance Officers were given a briefing on the role of financial management in the context of a corporate governance structure on 30th September.</i></p>			
R4	Produce formal action plans for areas where there are significant under or overspending and where there is a planned saving or efficiency gain required	Head of Finance	Involves a formal documentation of what happens now	July 2008
<i>Progress</i>				

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<i>This recommendation has been fully discharged</i> ✓				
R5	Adopt the asset management plan as a matter of priority and update annually	Chief Executive	The draft Asset Management Plan produced by the Force is the subject of external review. This work is being informed by a programme of interviews of key stakeholders. The objective is to have a revised draft by the end of Sept 2008.	Oct/Nov 2008
<p><i>Progress</i></p> <p><i>A report on refreshing the Estates Strategy was received in September. An updated Estate Strategy and associated Asset Management Plan will be developed as part of the revised planning process reported above. The ICT Strategy & Asset Management Plan will need to be revisited in the context of the potential outsourcing exercise.</i></p>				
R6	Update the asset register during the financial year and not just at the year end	Head of Finance		Ongoing
<p><i>Progress</i></p> <p><i>This recommendation has fully been discharged.</i> ✓</p>				
R7	For decisions regarding investments and disposals base the decision on thorough option appraisal and whole life costing	Head of Commissioning	<p>Though the recommendation relates to assets, there is the question of the wider application to procurement decisions.</p> <p>A review of the Procurement function has been commissioned. Its results, including training / data requirements will support implementation of R7.</p>	Initial Oct 2008
<p><i>Progress</i></p> <p><i>The whole life costing implications of estates assets will be built into any investment/disposal decisions arising from the refresh of the Estates Strategy.</i></p> <p><i>The introduction of whole life costing considerations of procurement proposals will be introduced as part of the more robust mechanisms that will flow from the Procurement Review mentioned above.</i></p>				

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	Financial standing			
R8	Set challenging targets for a comprehensive set of financial indicators which should be monitored	Head of Finance		Aug 2008
	<p><i>Progress</i></p> <p><i>The key financial indicators are routinely monitored in the monthly financial reporting pack. It had been planned to bring a report to this P&R Panel following discussion between officers of the Police Authority and Force. Whilst there are proposals in draft these have yet to be agreed between officers. Proposals encompass a series of indicators for monitoring over an initial period of either 6 or 12 months. The indicator set will be reviewed after that initial period. The report is now to be scheduled for January or February 2009.</i></p>			
	Internal control			
R9	Provide appropriate member and officer training to enable them to take responsibility for managing risk appropriate to their needs and responsibilities	Chief Executive Head of P & OD	A) Build upon the Member Training Programme. B) Training will be delivered by the Risk manager once appointed. If this does not progress as speedily as anticipated interim arrangements will be considered.	Ongoing From Sept 2008
	<p><i>Progress</i></p> <p><i>In relation to Members further training will take place on Risk Management and delivered by Bentley Jennison, subject to further discussion and agreement.</i></p> <p><i>The Force has now appointed a Risk Manager and who commenced duties in mid September. Training for both members and officers forms part of the job role of this post, and will be included in the work programme which is being developed for 2008/2009.</i></p>			

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R10	Develop business continuity plans for all areas and ensure they are tested and reviewed on a regular basis	Head of P & OD	It has not proved possible to recruit a candidate of sufficient experience to the Risk Team. A report on alternative arrangements has been drafted and is subject to in Force review. It will then come forward to P&R Panel at the earliest opportunity i.e. Aug or Sept.	Oct 2008
<p><i>Progress</i></p> <p><i>In order to make progress on this priority area for improvement at the beginning of October, the Force transferred into the Governance Unit, an officer with appropriate transferable skills combined with considerable police experience. Following a period of additional training, work has commenced in developing arrangements in the Force commencing with review against the relevant British Standard at BCU. Subject to the outcome of this initial activity a rolling programme of reviews will be established.</i></p>				
R11	Review and update governance arrangements with respect to partnerships	Chief Executive T/ACO(F&C)	A draft of a Code of governance for partnerships has been prepared. It will be the subject of review and will inform the updating recommended.	Sept/Oct 2008
<p><i>Progress</i></p> <p><i>The draft Partnership Code is considered to be overly complex for our purposes and needs refining. In October it was reviewed and simplified by the PURE & AGS group. Discussions with District Commanders suggest that further rewriting will be required prior to the recommended version being produced. It will need to be tested against the CIPFA guidance for preparing the AGS, and recommendations made to the Force Organisational Governance Project. The project Board will oversee further development of the Code to ensure its fit for purpose. The likely timescale for this is now January 2009.</i></p>				
R12	Continue to embed the current internal counter fraud culture and extend the arrangements to deal with disclosures from the public	Chief Executive DCC Head of PSD	The authority's Whistleblowing and Counter Fraud policies have been widely circulated through the Administrator message arrangements. These complement, and build upon the work of the PSD. There is an ongoing, and continuous process of embedding through awareness raising and training.	Ongoing
<p><i>Progress</i></p> <p><i>Members approved a series of documents and contractors are being advised of their existence and availability through the CPA</i></p>				

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	<p>website. Advice is being given by letter and in future contract documentation.</p> <p>The initial draft of the Fraud Response Plan has been the subject of review by PSD, and a meeting is to be scheduled with Authority officers to amend the Plan once comments from other service units have been received. This meeting will take be established following a review of progress between Head of PSD and SPK on 14th January 2009.</p>			
	Value for money			
R13	Demonstrate clearer links between areas of higher spending and priorities	Chief Executive T/ACO(F&C)	Revised arrangements for the integration of business and financial planning are being devised and implemented. Clarity will also be enhanced by the work of the Long term Financial Plan working group	Ongoing
	<p><i>Progress</i></p> <p>The development of an integrated Business/Financial Planning Process is reported above.</p> <p>A workstream is being established under the LTFP Group. Its remit includes:</p> <ul style="list-style-type: none"> • Using financial & performance benchmarking data to challenge all aspects of resource use and indicate areas for review. • Establishing a data base of existing benchmarking activity and systematically reviewing their outputs to identify areas for saving or performance improvement. • Developing internal unit costings and undertaking internal benchmarking reviews. 			
R14	Promote further Service Improvement by increasing the appropriate use of collaborative and partnership working.	Chief Executive DCC	This will be part of the integrated business and financial planning strategies.	Ongoing
	<p><i>Progress</i></p> <p>Cleveland Police and Durham Constabulary were successful with their joint bid for funding and were allocated £446,000 to finance</p>			

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			<p><i>a 2 year project the Cleveland & Durham Joint Firearms Project "Double Barrel" that could eventually set the standard for the future delivery of armed police response throughout England and Wales. The project commenced in November 2007.</i></p> <p><i>Further collaborative work is being considered in the planning process, but Members will be aware that the scale and pace at which initiatives can be developed is dependent upon a whole range of factors.</i></p>	