

HUMBERSIDE POLICE AUTHORITY

FINANCE COMMITTEE

30 JUNE 2009

<u>PRESENT:-</u>	Councillor Parsons in the Chair.
Elected Members:-	Councillors Beasant, Bunyan, Matthews and Rudd.
Independent Members:-	Ms Branton MBE, Mr Shipley and Mr Southern.
Officers:-	Mr J Bates, Deputy Chief Executive and Treasurer, Mr P Goatley, Assistant Chief Officer (Support), Mr M Chappell, Head of Finance, Mr I Porter, Assistant Finance Manager, Ms R Partis, Finance Assistant, Ms C Elsworthy, Project Manager, Superintendent P Davies, Mr C Hartley and Mr M Wong, District Audit, and Mr S Garmston, Police Federation.

The Committee met at Pacific Exchange, Kingston upon Hull.

- 1 **DECLARATIONS OF INTEREST/OFFERS OF GIFTS OR HOSPITALITY** – The Chair reminded Members of the need to record any personal or prejudicial interest in items on the agenda and to disclose any relevant receipt or offers of gifts or hospitality.

Ms Branton MBE, as Chief Executive of HANWaG, declared a personal and prejudicial interest in minute 7 and did not speak in relation to the involvement of HANWaG with the Police Authority.
- 2 **APOLOGIES** – No apologies for absence were submitted.
- 3 **MINUTES** – **Resolved** – That the minutes of the meeting held on 19 May 2009, having been printed and circulated amongst the Members, be taken as read and correctly recorded and be signed by the Chair.
- 4 **UPDATE ON MINUTES** – The Deputy Chief Executive and Treasurer referred to minute 106 and advised that guidance was still awaited from CIPFA in relation to treasury management. He advised that the Scorecard that would, in the future, be submitted to this Committee would include details of investments and interest receipts.

He advised that, in relation to minute 107, a report on financial regulations, including changes which needed to be made to reflect the new Committee

structure and issues around virements, budget rules and contracting, would be submitted to the next meeting of this Committee.

Referring to minute 110 and the annual accounts he reported that in relation to the issue of accounting for employee benefits, guidance received had indicated that provision should not be made in the 2008/09 accounts and so this had not been done. A Member advised that the suggestions for alternative ways of dealing with this issue had included (i) advising Divisional Commanders that the issue of staff not taking holidays in the year that they were accrued was a management issue which they needed to address, and (ii) that the surplus in the Police Pay Holding Account could be utilised for this purpose. The Assistant Chief Officer (Support) advised that both of these options were being explored.

Regarding minute 111 and the update on the budget, he reported that discussions were ongoing with the Police Authority Treasurers group regarding the arrangements for clarifying efficiency targets. A survey was being undertaken and he would give a further update to a future meeting. A Member referred to the Choices Programme and the Assistant Chief Officer (Support) advised that a report would be submitted to the next meeting of this Committee. The Deputy Chief Executive and Treasurer advised that this Committee would be responsible for monitoring the financial implications of the Choices Programme and information on budget monitoring would be received via the scorecard or Signpost arrangements.

Resolved – That the updates be noted.

5 (1) ACTION SCHEDULE – Members received a rolling schedule of actions arising from previous meetings of the Committee.

The Deputy Chief Executive and Treasurer referred to minute 72 and advised that in future details of civil claims against the Force would be submitted to the Human Resources Committee, however, Members of this Committee would be kept informed of the financial implications.

Referring to minute 55/107 he advised that he would speak to the District Auditor regarding any areas where they felt that financial regulations could be improved.

He referred to minute 22 and advised that information had been received from West Yorkshire Police Authority regarding the shared services arrangement for internal audit provision. Costings were currently being calculated and West Yorkshire had indicated that they would be prepared to enter into an individual shared services agreement with Humberside for a longer period if the arrangement with North Yorkshire was not extended beyond 31 March 2011.

He referred to minute 80 and advised that a Regional Improvement and Efficiency Partnership bid had been submitted for Member Training particularly for the areas of finance and risk management.

Further to minute 60 of the Police Authority details of budget allocations to Divisions and Branches had been received and would be posted on the Members Area of the website.

The Assistant Chief Officer (Support) referred to minute 63 regarding the D Division Bridewell and Divisional Headquarters, Clough Road and reported that the Section 106 agreement had been resolved with no financial implications for the Force or Authority. Government Office had indicated that they were now willing to sign off the planning application and outline planning permission was therefore expected mid July. Contractors had been engaged to check that the size of the site did equate to 8 acres. He referred to the receipt of the design contract tenders on 2 April and advised that although the prices were only valid for 3 months the contractor who had submitted the most favourable bid had indicated that they would hold their price until mid September. He commented on the site access issues and on efforts to try to ensure that the junction was delivered prior to the completion of the building at no cost to the Authority or Force. He advised that the new access to National Grid crossed over a major gas pipeline and although National Grid planned to build the road over it and install inspection chambers, Hull City Council may not give formal approval until they were satisfied that this was adequate. Discussions were ongoing regarding the options for using the old National Grid access as a contingency if this was likely to cause a delay to the scheme. In order to obtain the necessary approvals by end of July, the Chairs Co-ordination and Assurance Group would be briefed fully on the situation at their meeting on 13 July and a report would be submitted to the Communities and Partnerships Committee on 28 July.

Resolved – That the action schedule and updates be noted.

- 6 (2) **ANNUAL GOVERNANCE STATEMENT** – The Deputy Chief Executive and Treasurer submitted a report that introduced the Authority's Annual Governance Statement and recommended its approval and inclusion in the annual accounts for 2008/09.

The Deputy Chief Executive and Treasurer advised that following the approval of the revised Committee Structure at the Police Authority AGM on 23 June, a copy of the revised structure would be included within section 2 of the document.

Members commended the authors on the statement and indicated that the inclusion of (i) a list and definition of the acronyms used would have been helpful for Members; (ii) the Choices Programme should be included as a significant governance issue, and (iii) the budgetary control improvement

actions being formulated by the Assistant Chief Officer (Support) should be set out in the document.

Resolved – (a) That the Annual Governance Statement be approved, subject to the inclusion of the above mentioned additions, and (b) that the Annual Governance Statement, as amended, be included in the Annual Accounts.

- 7 **(3) ANNUAL ACCOUNTS 2008/09** – The Deputy Chief Executive and Treasurer and the Chief Constable submitted a joint report that sought approval for the Annual Accounts for 2008/09, which were subject to external audit.

In presenting the accounts to Members he specifically highlighted that (i) the transfer from the Performance Improvement Reserve, as mentioned at paragraph 15 of his covering report, should read £2.960m due to a rounding issue; (ii) a significant portion of the Partnership Reserve had already been committed; (iii) reserves would be used to support revenue expenditure; (iv) further explanation needed to be included in relation to LAAP Bulletin 82 and the way that the investments in Icelandic Banks had to be treated in the financial statements – also, if any more information was received from the administrators before the audit was completed then the accounts would need to be amended; (v) it may be appropriate to allocate a Lead Member for the Choices Programme; (vi) that in relation to section 4 Operating Leases, Humberside Police Authority was the Lead Authority for property on JPAC and as such had entered into the lease for Thorpepark, Leeds, however, the other 3 Authorities shared the obligation; (vii) consultation was underway on changes to the Accounts and Audit Regulations which included suggestions that names should be included in the section relating to Officer's Emoluments in the future; (viii) section 11, provided a factual statement of the related party transactions involving Members and Senior Officers of the Authority, and (ix) the statement of physical assets on page 35 included 30 vehicles awaiting auction.

Members (i) indicated that the variation of Income and Grants on page iii should be shown as (-); (ii) queried whether this Committee had the authority to agree the impairment of financial assets shown as £2.035m on page 20 and the Deputy Chief Executive and Treasurer confirmed that this Committee had the delegated authority to approve the accounts; (iii) queried where the payment for North Lincolnshire Council internal audit services appeared, which the Deputy Chief Executive and Treasurer advised was included within section 8 relating to the Police Authority; (iv) queried the expenditure over income on the Lifestyle Project, which the Deputy Chief Executive and Treasurer advised was a result of an exceptional year and was included as a creditor on the balance sheet, and (v) referred to page 48 and to the investments in Icelandic Banks which showed the loss but not the amount of interest and therefore requested further information regarding how the figures

had been derived in due course - the Deputy Chief Executive and Treasurer indicated that the Audit Commission in its report "Risk and Return" had looked at the Authority's investments in Icelandic Banks and had not raised any issues. He advised that he had already made strong representations to the LGA urging that recompense continued to be sought for public authorities particularly those that had investments in the UK regulated subsidiaries of the Icelandic Banks if in the final analysis they received a lower proportion of their investments than those that had invested directly in Iceland.

Resolved – (a) That the Annual Accounts for 2008/09 be approved, subject to the additions to the Annual Governance Statement, as identified at minute 6, and (b) that a further report be submitted following completion of the external audit.

Ms Branton MBE, as Chief Executive of HANWaG, declared a personal and prejudicial interest in the above matter, minute 7, and did not speak in relation to the involvement of HANWaG with the Police Authority.

8 **(4) BUSINESS AND WORKFORCE MODERNISATION (BWFM) PROJECT – TRANSITIONAL FUNDING REQUEST FOR CRIME INVESTIGATION – C DIVISION** – The Chief Constable submitted a report that set out proposals for the implementation of business and workforce modernisation (BWFM) in C Division's Criminal Investigation Department (CID) and sought funding to support this implementation from the allocation earmarked for BWFM in the Performance Improvement Reserve (PIR).

The Project Manager advised the BWFM project was still on target for reducing 312 police officer posts and creating 379 police staff posts.

Superintendent Davies outlined the business benefits and advised that the project would reduce 26 police officer posts and create 33 police staff posts within C Division over the next 3 years and produce ongoing savings of 4.19%.

A Member referred to Appendix D and to the fact that the savings would not occur until the end of the project. He commented that in the past there had been difficulties in appointing to scale 5 posts and so the savings may not be in line with, or in the timescale, predicted. The Project Manager advised that lessons had been learnt and the way in which recruitment was conducted had been changed. Members indicated that the recruitment process needed to be fair, open to all and in accordance with Equal Opportunities legislation.

The Deputy Chief Executive and Treasurer advised that it needed to be ensured that there was a clear read across between Business and Workforce Modernisation and the Medium Term Financial Strategy and that if there was slippage in the Business and Workforce Modernisation project then savings needed to be achieved elsewhere in order to compensate for this.

In response to a query from a Member regarding an overlap between Business and Workforce Modernisation and the Choices Programme the Assistant Chief Officer (Support) advised that there were issues of commonality between the 2 but there were no plans to merge them.

Resolved – That the release of £565,500 of earmarked funding within the Performance Improvement Reserve, to facilitate the implementation of BWFM within CID at C Division, be approved.

- 9 **(5) SUMMARY OF BENCHMARKING PROVISION UNDERTAKEN IN RELATION TO HUMBERSIDE POLICE ESTATE** – The Chief Constable submitted a report that advised of the benchmarking systems operated by Humberside Police in relation to the management of its estate.

In addition to the report, the Assistant Chief Officer (Support) gave a presentation on work carried out by independent consultants, Seamus Toland, in relation to space utilisation and cost. He advised that further information would be provided in a report to the next meeting of this Committee on the Estate Strategy.

Members queried the value of some of the comparisons with other Forces and acknowledged the usefulness of the energy data.

Resolved – That the report be noted.

- 10 **(6) FORCE AUDIT BOARD – AUDIT AND INSPECTION REPORTS AND RISK MANAGEMENT** – The Chief Constable and the Deputy Chief Executive and Treasurer submitted a joint report that gave a summary of the Force Audit Board (FAB) meeting that took place on 28 May 2009 and sought to update Member on those areas that had recently been the subject of audits and inspections on behalf of the FAB. The report also informed of the risks that had been identified through the Force Risk Register and reviewed by the FAB.

The Deputy Chief Executive and Treasurer advised that, as this meeting had been arranged primarily for consideration of the annual accounts, the standing report relating to internal audit would be submitted to the next meeting of the FAB and a further update would be reported to the next meeting of this Committee.

Resolved – That the report be noted.

- 11 **(7) STANDING ORDERS – QUOTATIONS AND TENDERS** – The Chief Constable submitted a report that detailed contracts entered into in compliance with Humberside Police Authority Standing Orders since the last meeting of this Committee.

Resolved – That the report be noted.

- 12 **PRESENTATION – OPEN BOOK AUDIT OF THE NPT PROGRAMME** – Dr Stuart Kings attended the meeting and gave a presentation on the processes in place to achieve the best possible price for the construction of NPT buildings, and for auditing this arrangement. The process which provided an incentive to the contractor to bring the projects in under price and on time, had resulted in the Force receiving in excess of £800k back through the gainshare arrangement over the past 3½ years.

Resolved – That the presentation be noted.