

Use of Resources

Humberside Police Authority

Audit 2008/09

Date

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Status of our reports

The Statement of Responsibilities of Auditors and Audited Bodies issued by the Audit Commission explains the respective responsibilities of auditors and of the audited body. Reports prepared by appointed auditors are addressed to non-executive directors/members or officers. They are prepared for the sole use of the audited body. Auditors accept no responsibility to:

- any director/member or officer in their individual capacity; or
 - any third party.
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Summary

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

- 1** Key financial decisions are based on unreliable financial forecasts, resulting in the outcome of an unplanned material £6.183m year end surplus. In addition, the Medium Term Financial Strategy includes plans to utilise reserves which do not appropriately consider the risks of recurring material variances from budget. These are the significant weaknesses informing my conclusion that:
 - The Authority's arrangements to plan its finances effectively to deliver its strategic priorities and secure financial health do not meet minimum required standards.
 - The Authority's arrangements to ensure that financial reporting is timely, reliable and meets the needs of internal users, stakeholders and local people do not meet minimum required standards.
- 2** The Authority's arrangements to govern the business and manage resources are adequate. Whilst there is insufficient evidence of positive, planned outcomes to show that minimum standards have been exceeded across the full scope of these Key Line of Enquiry themes, there are a number of examples where arrangements are having a positive impact on the provision of policing services for local communities.
- 3** Our detailed findings are shown in Appendix 1.



Introduction

- 4 This report sets out my conclusions on how well Humberside Police Authority is managing and using its resources to deliver value for money and better and sustainable outcomes for local people. This report also gives scored use of resources theme judgements.
- 5 In forming my scored theme judgements I 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 we considered the arrangements put in place by Humberside Police Authority to mitigate the risk and plan our work accordingly. This work is now substantially complete.

Use of resources framework

- 6 From 2008/09, the new use of resources assessment forms part of the [Comprehensive Area Assessment \(CAA\)](#) and comprises three themes that focus on:
 - strategic financial management;
 - strategic commissioning and good governance; and
 - the management of natural resources, assets and people.
- 7 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.
- 8 The Commission specifies in its [annual work programme and fees document](#), which KLOE are assessed over the coming year.
- 9 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.

Introduction

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](#)

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Use of resources judgements

Scored judgements

10 Humberside 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
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
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?	2

Managing finances

- 11 The Authority's arrangements to provide forecast financial information to strategic decision makers do not meet the minimum standards. These forecasting weaknesses, and the failure to take appropriate corrective action, have contributed to a 2008/09 year end revenue underspend of £6.2m. This is considered a poor outcome.
- 12 Table 3 below shows the forecast underspends as reported to the Finance Committee towards the end of the 2008/09 financial year. Whilst the timeliness of reporting is consistent with normal practice, the inability to accurately forecast the year end position means that there was minimal opportunity to take appropriate corrective action to address significant variances before the year end. The inaccuracies also show that medium term financial decisions, in particular those relating to council tax setting, were made using unreliable financial information.

Table 3 Humberside Police Authority 2008/09 revenue budget position

Figures show the changes in forecast underspend and when forecasts were reported to the Finance Committee

Forecast year end position	As at end of	Reporting date
£1.235m underspend	Period 7 (October 2008)	16th December 2008
£2.572m underspend	Period 9 (December 2008)	17th February 2009*
£3.965m underspend	Period 11 (February 2009)	31st March 2009
£6.183m underspend (actual outturn)	Period 12 (March 2009)	19th May 2009

* Reported to Police Authority special meeting

Humberside Police Authority Finance Committee reports

- 13** The Authority has continued to develop its Medium Term Financial Strategy (MTFS), which is updated annually and linked to strategic priorities. However, evidence of recurring revenue budget underspends undermines the robustness of plans to utilise reserves as shown in the MTFS. Until such time as the key underlying causes of these underspends can be understood and managed effectively, medium term financial planning decisions will include a material element of risk within plans to utilise reserves.
- 14** Given that the Authority is predicting tougher financial conditions in the near future, and that there are clear indications that public spending may be restricted, it becomes essential that the Authority can understand and control the underlying causes of budget variances. Whereas in previous years this lack of control has manifested as material year end underspends, tougher economic conditions could result in material year end overspends with a greater impact on the Authority's financial position.
- 15** The Authority has shown that it understands its costs and performance, and achieves efficiencies in its activities. The Force achieved its efficiency target for 2008/09 and is on track to achieve 9.3% by 2011. There is evidence to show that the Authority has taken steps to integrate financial and performance planning at a local level to improve service delivery and facilitate effective scenario planning.
- 16** The Authority had investments of £5.57m held with Icelandic banks at the time of their collapse, of which the audited 2008/09 financial statements show that an estimated £3.7m is recoverable. Notwithstanding the fact that the monies lost will not be available to provide policing services to the public of Humberside, there is no significant impact on the overall financial standing of the Authority given the £39m revenue reserves balance as at the 31st March 2009.
- 17** The investments with the Icelandic banks were made in accordance with the Authority's treasury management arrangements in force at the time the investments were made, which were adequate. Whilst action has been taken to restrict the scope of

investments following risks identified in the investment environment, the Authority is still to formally issue updated treasury management arrangements.

- 18** Whilst the positive elements of my assessment should not be overlooked, the Authority must focus on the key weaknesses identified over the full scope of the 'Managing Finances' theme which have resulted in the average score of 1.

Recommendation

- R1** The Authority needs to review its budgetary control arrangements to ensure that:
- Management decisions are based on forecast financial information that is timely, materially accurate and reliable;
 - The underlying causes of key recurring year end underspends are fully understood, and that action is taken so that the budgets affected can be managed more effectively;

- R2** The Authority should ensure that plans to utilise reserves within the Medium Term Financial Strategy incorporate a robust assessment of the risk of material year end under/overspends.

- R3** The Authority should update and formally approve revised treasury management arrangements, which take account of the latest available guidance and the Authority's approach to risk.

Governing the business

- 19** The Authority promotes and demonstrates the principles of good governance, and has arrangements in place to ensure that minimum standards of governance are met.
- 20** The Authority has in place a system of internal control and risk management is embedded within the Force. Risk management arrangements have been put in place within the Authority to ensure that risks are identified and managed in a coherent manner, although these arrangements were not in place during the full 2008/09 period and have yet to achieve demonstrable outcomes. As these arrangements become embedded, the Authority has an opportunity to ensure that they incorporate the identification of opportunities as well as threats, in line with best practice.
- 21** There are examples of governance arrangements resulting in positive outcomes within the Force, demonstrating the impact on wide areas from interaction with hard to reach communities and the use of IT, to the anti fraud and corruption agenda. The organisation should ensure that the same principles are applied to arrangements that are specific to the Police Authority, as these are still to be shown to be producing effective planned outcomes.
- 22** Whilst the overall level of evidence provided by the Authority supports the view that minimum standards have been met, there is insufficient evidence of positive, planned outcomes across the full scope of the KLoE theme to warrant a higher score. If the Authority wishes to show that arrangements exceed the minimum standards, then it needs to put in place a process to identify and provide evidence to support the achievement of positive, planned outcomes across the full scope of the KLoE theme.

Use of resources judgements

Much of this evidence is likely to originate from sources within the Force rather than the Authority.

Recommendation

- R4** The Authority should ensure that as Authority specific risk management arrangements are developed, they are used to identify opportunities as well as threats, in line with best practice.
- R5** The Authority needs to ensure that the principles of good governance arrangements that are in place in the Force, and which can be shown to be producing effective planned outcomes, are also applied to the specific conditions in place at the Authority.
- R6** If the Authority wishes to show that arrangements exceed minimum standards, then it needs to put in place a process to identify and provide evidence to support the achievement of positive, planned outcomes across the full scope of the KLoE theme. Much of this evidence is likely to originate from sources within the Force rather than the Authority.

Managing resources

- 23** I have reviewed only one aspect of the Managing Resources theme during 2008/09, which is how well the organisation manages its natural resources, physical assets and people, to meet current and future needs and deliver value for money. I have assessed that the arrangements in place meet the minimum required standards.
- 24** Notable outcomes arising from the assessment include national recognition of PCSO training arrangements and continuing low levels of absenteeism in comparison with other Authorities.
- 25** The Business and Workforce Modernisation Project, whilst not delivering the scale of savings originally planned, is still expected to provide significant annual savings alongside more efficient working practices.
- 26** The recruitment of an HR professional at Assistant Chief Officer level has helped to drive improvements in the workforce management arrangements throughout 2008/09, such as those around succession planning and the provision of clear development opportunities through learning and development reviews. Whilst these are positive steps forwards, they address weaknesses that were in place during the 2008/09 assessment period and which therefore cannot be linked to evidence of positive outcomes over the whole period of assessment.

Recommendation

- R7** The Authority needs to ensure that changes in the arrangements to provide for succession planning and clear development opportunities through learning and development reviews are resulting in positive, planned outcomes.

Detailed findings

27 The key findings and conclusions for the three themes, and the underlying KLOE, are summarised in Appendix 1.

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Use of resources 2009/10

- 28** 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 April 2009 about the audit fee for 2009/10, I identified no significant risks in relation to my value for money conclusion.
- 29** An additional KLOE, 3.1 - Natural resources will apply to Police Authorities for 2009/10. However, 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.
- 30** I have identified the following additional risks in relation to my 2009/10 value for money conclusion.

Table 4 Additional risks

Risk	Planned work	Timing of work
The Authority's arrangements to plan its finances effectively to deliver its strategic priorities and secure financial health do not meet minimum standards.	2009/10 Use of Resources and 2009/10 mandatory accounts work will review the quality of financial information underpinning strategic decision making.	January to March 2010
The Authority's arrangements to ensure that financial reporting is timely, reliable and meets the needs of users, stakeholders and local people do not meet the minimum required standards.	2009/10 Use of Resources and 2009/10 mandatory accounts work will review the reliability of budget forecasting arrangements and the robustness of plans to utilise reserves within the Medium Term Financial Plan.	December 2009 to September 2010

Appendix 1 – Use of resources key findings and conclusions

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

Table 5 Theme 1 - managing finances

Theme 1 score	1
Key findings and conclusions	
<p>The Authority takes steps to integrate financial planning with strategic and service planning but this is undermined by recurring unplanned material year end underspends.</p> <p>Budget setting decisions are made based on a wide range of information and scenarios, although members have commented on the 09/10 budget that their decision on the precept level may have been different had they been aware of the £6m 08/09 year end underspend.</p> <p>The Medium Term Financial Plan includes plans to utilise the current high levels of reserves. However, limited evidence has been provided to give assurance around the robustness of such plans, which are weakened by the risks of further material year end under or overspends which are not fully assessed.</p> <p>The Authority manages finances within available resources, although the high levels of reserves and recurring underspends raise questions of whether or not the resources available are actually too high to deliver levels of service comparable with similar organisations, and to achieve Value for Money for the taxpayer.</p> <p>The Authority had £5.57m invested with Icelandic banks at the time of their collapse. As at the 31st March 2009, based on the best information available, it is estimated that £3.7m is recoverable. The investments were made in accordance with the treasury management arrangements in force at the date the investments were placed, and these arrangements were found to be adequate. The</p>	

Appendix 1 – Use of resources key findings and conclusions

Theme 1 score	1
<p>loss of investments does not significantly impact upon the financial standing of the Authority given the significant balances of reserves held as at 31st March 2009.</p> <p>Whilst action has been taken to restrict the scope of investment activity following the risks recognised in the general investment environment, the Authority is still to issue updated formal treasury management arrangements.</p> <p>There are weaknesses in the levels of financial skill at budget holder level.</p> <p>The Authority has an understanding of its costs, the main factors that influence them and how they impact on performance. Comparator and trend analysis is used to review and challenge achievement of Value for Money.</p> <p>The Authority is on track to meet 2008-11 cashable efficiency targets.</p> <p>Financial forecasting and monitoring is weak. At the committee level, there is a lack of focus on material, potentially high impact areas of budget variance, and a lack of forward looking management of these variances.</p> <p>Budget information is available to budget holders on a timely basis.</p> <p>Accounts are prepared which meet statutory requirements, financial reporting standards and present fairly the financial performance and position.</p> <p>The Authority publishes reports that provide an understandable, objective and balanced assessment of its performance.</p>	
KLOE 1.1 (financial planning) score	1
Key findings and conclusions	
<p>Managers are involved in the budget preparation process and year on year the Authority produces a balanced and realistic budget.</p> <p>Devolved and protected budgets enable focus on local priorities, although they also present weaknesses when considering the accuracy of forecast financial information provided to the corporate centre, thus impacting on the effectiveness of Authority scrutiny.</p> <p>Achievable savings plans are included in budgets and targets usually met, although the issue at this Authority is one of year on year unexpected underspends and materially significant levels of reserves. 2008/09 outturn has been shown to be a further £6m underspend contributing to a £39m revenue reserve balance as per the 2008/09 accounts. This position has developed from a forecast underspend of approximately £1m at month 7 and £4m at month 11 as reported to Finance Committee.</p> <p>As at the 31st March 2009, the Authority had £5.57m of investments held with Icelandic banks. Based on the best information available</p>	

Theme 1 score	1
<p>at this date, the audited 2008/09 financial statements show that an estimated £3.7m is recoverable following the collapse of these banks. The investments were made in accordance with the treasury management arrangements in place at the initial investment dates, and these arrangements were found to be adequate. Given the balances of reserves held, the loss of investments does not have a significant impact upon the Authority's financial standing, notwithstanding the fact that the monies lost will not be available to provide policing services to the Public of Humberside. Internal Audit have carried out a review of treasury management arrangements following the collapse of the Icelandic banks, although the final report has not yet been issued. Whilst immediate action was taken to restrict the scope of investments following the turmoil in the financial markets, at the end of the reporting period the Authority is still to issue updated formal treasury management arrangements.</p> <p>A reserves policy is in place maintaining the general reserve at a fixed percentage of gross expenditure, although underspends are taken to other reserves pending development of plans to utilise the balances. Plans to utilise reserves do not show consideration of the risk of recurring under or overspends.</p> <p>The Authority produces a Medium Term Financial Strategy which it updates annually and links to strategic priorities. There is evidence of scenario planning around differing precept levels during the budget setting process, but this has not been seen to extend beyond analysing budget scenarios.</p> <p>Members have commented that following the unexpected 08/09 underspend outturn, they may have considered a lower precept level than that set by the 09/10 budget setting process had they been aware of the actual level of underspend.</p> <p>The validity of medium term forecasting is undermined by the continuing budget underspends and their impact on the robustness of documented spending plans to utilise reserves.</p> <p>The Authority has undertaken equalities impact assessments of some, but not all corporate policies.</p> <p>Decisions taken at corporate level can be shown to take account of equalities legislation although no evidence has been presented to show examples of positive outcomes arising from these considerations.</p> <p>The Authority and Force have arrangements in place to engage with local communities.</p> <p>In terms of financial governance and leadership, the recent focus of the Authority and Force has been on improving police performance against a backdrop of recent Home Office intervention. The Chief Constable has had the role of directing finances towards priority areas with key financial decisions subject to minimal scrutiny and questioning from members.</p> <p>Detailed financial monitoring information is provided to support significant corporate projects such as workforce modernisation but is</p>	

Appendix 1 – Use of resources key findings and conclusions

Theme 1 score	1
<p>again subject to a low level of effective scrutiny.</p> <p>Scrutiny and challenge by Finance Committee needs to be improved.</p> <p>Whilst corporately, senior finance staff keep track of the changing financial environment and how it affects the organisation, there is a gap in terms of financial skills between the corporate centre and Force finance staff. This is underlined by some of the reasons for the unexpected 08/09 budget outturn within the May revenue budget report, such as a lack of understanding of accruals accounting and human error.</p> <p>There is a lack of understanding of corporate financial aims at the divisional budget level, which is driving current plans to bring some budgets back under control of the centre.</p>	
KLOE 1.2 (understanding costs and achieving efficiencies) score	2
Key findings and conclusions	
<p>There is evidence that the Force and Authority understands its main cost drivers and factors that influence these. The Force undertakes financial services benchmarking and generally performs well, for example the Authority Treasurer function provides a quality service at approximately half the average benchmarked cost. Where costs have been identified as being higher, for example, pension administration, an explanation is provided to Members.</p> <p>The Force uses activity analysis to identify performance differences and trends over time.</p> <p>There is evidence of linkage between financial planning and performance: all major incident team investigations are provisionally costed at the start of the inquiry and a budget is set. Where an investigation appears to have the potential to run for a lengthy period of time, a finance officer is appointed within the team to monitor ongoing costs, so that the Senior Investigating Officer is continuously aware of the financial status of the investigation and can make informed strategic/tactical decisions accordingly. Through monitoring costs in this way, the Force has been able to demonstrate savings achieved by reducing overtime, changing shift patterns and maximising golden hour opportunities.</p> <p>The Force works with its partners locally to improve service delivery. For example, in all divisions, the value of co-location is appreciated, and in Hull this extends to other areas of work such as domestic violence and multi-agency public protection arrangements (MAPPA). In Grimsby, street wardens and neighbourhood teams are co-located to ensure better co-ordination of activity. Regional partnership arrangements include use of covert vehicles.</p>	

Appendix 1 – Use of resources key findings and conclusions

Theme 1 score	1
<p>The Force is utilising the knowledge and experience of other organisations to improve customer service. There are examples of partnership working to achieve positive outcomes, for example, Operation Leopard tactics have been adapted from Essex Police to combat anti social behaviour and have resulted in positive press coverage. The Force is undertaking a benchmarking exercise with other forces to establish the effectiveness of Force websites and to identify areas for improvement.</p> <p>Where appropriate, the Force adopts national best practice or lessons learned, for example, its prostitution strategy has been developed with key partners including Hull City Council, taking due cognisance of the lessons learned from the series of prostitute murders in Suffolk.</p> <p>Resourcing models have proved unreliable in addressing perceived (by BCUs) imbalances in manpower allocation.</p> <p>The Force achieved its efficiency target for 2008/09 and is on track to achieve 9.3% by 2011.</p>	
KLOE 1.3 (financial reporting) score	1
Key findings and conclusions	
<p>Financial monitoring and forecasting is weak. At committee level, there has been insufficient evidence of constructive management of budget variances and taking corrective action to bring unwanted variances back in line. Scrutiny has not been focussed on high level, high impact material variances. Detailed budget information is available to internal users and stakeholders, but whilst there is evidence of Authority officers amending their reporting to finance committee to meet members' requirements, members have still consistently expressed dissatisfaction with reporting.</p> <p>The accuracy of financial forecasting below committee level is weak, evidenced by recurring year end material underspends. The May finance committee revenue budget report is open and honest in reporting that there is a lack of financial skills underpinning these unforecast surpluses, resulting in significant inaccuracies in financial forecasts.</p> <p>The Authority has a history of providing draft accounts in a timely manner, free from material error or misstatement. Work undertaken to audit the 2008/09 accounts has not identified any material errors or misstatements, and improvements have been made to the overall quality of supporting working papers. Finance officers are open to suggestions around how to improve both the quality of financial reporting and compliance with reporting standards.</p> <p>There are indications during the 2008/09 accounts audit that finance officers and senior managers are developing a more consistent approach to disclosure within the accounts.</p>	

Appendix 1 – Use of resources key findings and conclusions

Theme 1 score	1
The 2007/08 audited accounts and annual audit letter are available on the Authority website, although the Authority is yet to provide evidence showing that the diverse needs of its communities have been considered and responded to in its external reporting.	

Table 6 **Theme 2 - governing the business**

Theme 2 score	2
Key findings and conclusions	
<p>The Authority has a clear vision of intended outcomes for local people which shapes its commissioning and procurement. The Authority involves stakeholders in commissioning services, and seeks to improve the customer experience, quality and Value for Money of services through service redesign, making effective use of IT.</p> <p>The Authority evaluates different options (internal, external and jointly with partners) for procuring services and supplies, and reviews the competitiveness of services to achieve value for money while meeting wider objectives.</p> <p>Notwithstanding weaknesses in the provision of financial information already identified, the Authority produces relevant and reliable data and information to support decision making and manage performance.</p> <p>The Authority has a recent history of highly focused performance management in order to remove Home Office intervention measures and recognises that the current level of performance analysis may no longer be required to support the delivery of adequate rather than 'gold-plated' services.</p> <p>Performance with regards to crime figures has been improving, which raises questions of Value for Money for local taxpayers considering material year end underspends and high levels of reserves.</p> <p>The Authority promotes and demonstrates the principles of good governance. Isolated governance weaknesses have been identified but addressed by the Authority.</p> <p>The Authority has a system of internal control, and risk management is embedded within the Force. Risk management within the Authority is being developed to ensure that risks are identified and managed in a coherent manner.</p>	

Appendix 1 – Use of resources key findings and conclusions

Theme 2 score	2
KLOE 2.1 (commissioning and procurement) score	2
Key findings and conclusions	
<p>The Police Authority and Force have a good understanding of their diverse communities.</p> <p>The Authority and Force engage with local groups and local partners to provide services to meet the needs of the general community and disadvantaged groups.</p> <p>Community cohesion officers are undertaking a number of initiatives to develop links with vulnerable communities and improve understanding of the issues that are of concern, for example, officers attending courses at local colleges to learn conversational Russian to improve their ability to communicate directly with identified groups. Other examples include the work undertaken by Neighbourhood teams in Hull to engage with the relatively small Congolese community that is present. Teams have attended community centres and have given briefings, and they have paid particular attention to reports of damage and harassment involving Congolese families. In one neighbourhood, for example, officers and PCSOs organised an away trip to encourage community engagement after they received reports of the bullying of Congolese children by local white children. This trip allowed both the Congolese and the white children to learn and work together, and raised awareness of both cultures.</p> <p>The Authority and Force are making strenuous efforts to improve public confidence and reassurance. The Authority and Force are active in conducting extensive qualitative surveys on public satisfaction and public confidence and can use this information to better align its services with what the public want.</p> <p>The Authority holds the Force to account via the communities and partnerships committee, and the agendas, reports and minutes of its meetings are published on the Authority’s website.</p> <p>Authority members and officers are actively involved in the governance and scrutiny of public satisfaction performance and undertake several independent surveys.</p> <p>The Authority can show that local communities are involved in some elements of the commissioning cycle, for example, assessing needs and establishing priorities. An internal review of consultation arrangements has identified areas where improvements can be made to ensure that needs and priorities are more inclusive of diverse communities rather than representing the needs of just those that are more easily engaged.</p> <p>There is some evidence of stakeholder views being considered for integration within financial planning.</p>	

Appendix 1 – Use of resources key findings and conclusions

Theme 2 score	2
<p>The decision to approve the lease of a building in respect of regional working arrangements provides evidence of partnership working across the region. The Authority is the lead partner for estates hence their responsibility for taking out the lease.</p> <p>As part of the application process for both the contractor and consultant select lists, all companies are required to submit equal opportunities statements or policies and complete a diversity questionnaire.</p>	
KLOE 2.2 (data quality and use of information) score	2
<p>Key findings and conclusions</p> <p>The quality of the Force's data is recognised as an extremely important area of business if effective intelligence sharing can take place with partners. A gold group has been established to oversee the whole area of data cleansing and data quality.</p> <p>A new information and communications technology strategy has been developed that acknowledges the importance of inter-operability of systems and the need to share information both with other police forces and external agencies, such as local authorities, health, social services and the courts. The development of a new crime system (CIS4) is part of a wider strategy of linking information systems in the force and providing ready access to data where and when it is needed.</p> <p>The Force is actively engaged in developing effective partnership working arrangements to share intelligence with a range of key partners both in the public and private sector, for example, with the Tribune Trust, a local business-supported charity organisation whose objective is to impact on crime. There is evidence of multi-agency intelligence sharing to address major crime threats at local and individual level for specific cases or investigations.</p> <p>The Force has a robust approach to IT system integrity with access levels utilised to safeguard intelligence and to ensure that only staff with the highest level of access can view the most sensitive intelligence. There is an active information compliance unit and an information security officer who work together to ensure that Force directives on information security are applied and complied with.</p> <p>The Force makes effective use of national databases, including the serious crime analysis section (SCAS). The national performance chart for the comparison of codes of practice compliance in relation to submission of cases to SCAS shows that Humberside is one of only five forces recording 100% compliance. Of those forces, Humberside had the highest number of reportable incidents.</p> <p>The Force has a project team for MoPI, led by a Chief Inspector, and it is on course to meet the December 2010 target with an effective action plan.</p> <p>HMIC has identified that the Authority is becoming more professional in the way it approaches the analysis of qualitative data: the same</p>	

Appendix 1 – Use of resources key findings and conclusions

Theme 2 score	2
<p>rigour and analysis that helped it understand the drivers of quantitative data are now being applied to an understanding of qualitative information, and this will help it hold the Force to account and drive improvements.</p> <p>There is a lead member for data quality and performance in relation to NSIR accuracy is improving at the level expected by NPIA.</p>	
KLOE 2.3 (good governance) score	2
Key findings and conclusions	
<p>The roles and responsibilities of senior Authority officers, Force officers and members are clearly defined in corporate documents. Members and senior officers are supported by induction and training/development arrangements.</p> <p>The Authority engages with its communities and translates their needs into direction of policing priorities through the annual policing plan.</p> <p>The Authority has adopted codes of conduct for members and officers, and has arrangements in place to receive and investigate allegations of misconduct. Professional standards are in place for Force officers and there is an effective standards committee in place. Strong leadership around governance issues is in place at the Force, and there is a strong commitment to governance at officer level. Governance arrangements are in place as expected within the Authority, although there have been isolated incidents of non compliance with internal governance arrangements such as Freedom of Information arrangements, budget virements and complaints handling. These have not generally had an impact on the perception of strong leadership but they do indicate clear areas for improvement. On the other hand, there are also clear indicators that these issues have been learnt from and addressed to prevent them occurring in the future.</p> <p>Members declare interests at all committee level meetings as a standing agenda item.</p> <p>Complaints procedures are communicated on both the Force and Authority websites and whistleblowing arrangements are documented within corporate documents.</p> <p>The Authority and Force have identified their significant partnership arrangements, and have appropriate governance arrangements in place for each of them.</p>	
KLOE 2.4 (risk management and internal control) score	2
Key findings and conclusions	

Appendix 1 – Use of resources key findings and conclusions

Theme 2 score	2
<p>Risk management arrangements are embedded within the Force, with input from members and internal audit. The finance committee receives regular risk register updates from the Force showing progress against risks identified.</p> <p>Whilst risk management is well developed within the Force, arrangements are only now being implemented within the Authority. The impact of this is that the majority of operational risks are identified and managed, but there is not a coherent approach to identifying Authority level business risks, for example the impact of International Financial Reporting Standards or the risk of poor Use of Resources scores. However, finance committee reports generally pick up on such issues.</p> <p>There is limited evidence to show that the Authority is identifying opportunities through the risk management process and acting upon them to produce positive outcomes for the public.</p> <p>The Authority has an anti fraud and corruption policy in place although it does not link to outcome targets against which to measure its effectiveness. There is a zero tolerance culture especially visible within the Force, where allegations of fraud and corruption are investigated by professionally trained officers – however the scope of allegations within the Force mainly covers areas such as association with known offenders, and has a limited reach into areas of business fraud and corruption (such as related party contracting, manipulation of financial statements etc).</p> <p>The Authority undertakes effective employee checks and can demonstrate effective participation in the National Fraud Initiative. Committee level reporting also shows that an effective anti fraud and corruption deterrent effect is being applied, as ongoing complaints against officers are monitored and outcomes reported, for example officers resigning/being dismissed following investigation.</p> <p>The Authority ensures that there is an adequate system of internal control in place, including ensuring that the core functions of an audit committee are delivered through the finance committee, providing effective internal audit (Internal Audit met all CIPFA code requirements in 07/08 triennial review), providing an assurance framework and transparent governance reporting, providing standing orders, standing financial instructions and a scheme of delegation, ensuring compliance with relevant laws and regulations, and providing a system of internal control.</p> <p>The Authority has a business continuity plan in place which is tested on a regular basis – the plans were put into actual practice during the 2007/08 flooding event and shown to be effective on the whole, with learning opportunities identified and action taken such as the construction of Priory Road HQ flood defences..</p>	

Table 7 **Theme 3 - managing resources**

Theme score	2
Key findings and conclusions	
<p>The organisation manages its people to meet current and future needs and deliver Value for Money. The recruitment of an HR professional at Assistant Chief Officer level demonstrates the commitment to delivering HR responsibilities.</p> <p>The Authority has put in place nationally recognised training arrangements for PCSOs and future leaders within the area of neighbourhood policing, and has recognised the need to improve on succession planning and the provision of clear development opportunities through the PDR process.</p> <p>The BWFM project demonstrates a willingness to re-engineer the workforce to ensure more efficient delivery of services, although the success in terms of delivery of planned financial outcomes is tempered by less than expected efficiency savings.</p> <p>Aspects of the BWFM redeployment of staff indicate contravention of internal diversity policies although generally the Authority has arrangements in place to ensure compliance with equalities legislation and duties. There is evidence that the Authority recognises weaknesses in BME recruitment, although there is limited information to show that the key drivers behind this have been identified and acted upon to build a workforce that is representative of the diverse areas that the Authority covers.</p> <p>Absenteeism levels have been, and continue to be, amongst the best nationally.</p>	
KLOE 3.3 (workforce planning) score	2
Key findings and conclusions	
<p>The Force has appropriate policies and procedures in place together with a structured training programme linked to future developmental needs of the Force.</p> <p>A new Assistant Chief Officer with responsibility for human resources (HR) took up post in February 2008 and has brought a high degree of specialist knowledge to the post.</p>	

Appendix 1 – Use of resources key findings and conclusions

Theme score	2
<p>The Force has effective training in place for all neighbourhood staff. PCSO training has been highlighted by the NPIA and HMIC as being particularly innovative and advanced, and a number of other forces have replicated the Humberside approach.</p> <p>The Force has established a leadership academy to ensure effective delivery of Neighbourhood Policing. This initiative has been recognised nationally, with a funding award in 2008 for product development as part of the Queen’s Award for Innovation in Police Training.</p> <p>Clear career pathways are being developed for police staff so that they would not need to leave the organisation in order to progress their careers. Training courses (and subsequent on-the-job learning) are evaluated and lessons learned incorporated into subsequent training plans.</p> <p>The Authority takes appropriate actions to identify and address areas of weakness in terms of promoting a productive and skilled workforce, with particular emphasis on the area of succession planning. A review of the findings of a HMIC thematic review - Leading from the Frontline identified a number of issues for the Force including a lack of robust succession planning processes and the lack of clear development opportunities through the PDR process. The positive steps the Authority is taking aim to ensure that in future periods, officers with the right skills are available where they are needed. At the same time, the Force is reviewing the PDR system so it becomes less complicated and adds value.</p> <p>The five-year business workforce modernisation programme has been successfully started with the implementation of the revised crime investigation model, utilising a new workforce structure implemented in North East Lincolnshire division in February 2008. Overall, it will involve a reduction of 300 police officer posts to be replaced by up to 400 police staff posts, supported by a revised business model. The programme has the full support of the Police Authority, with an investment of £7 million being allocated from reserves to fund the programme over a five-year period. Whilst savings are much lower than originally expected, the programme is still expected to provide significant annual savings.</p> <p>There is good evidence of reward and recognition for neighbourhood staff. Positive feedback from members of the public is regularly communicated to staff, and the Chief Constable regularly praises and communicates with individual officers or staff directly, either in person or via e-mail, to thank them for individual pieces of good work. There is also a range of formal commendation and reward ceremonies, and these are supplemented by more informal rewards, such as the allocation of development opportunities and training courses. Such positive practices help ensure officers and staff feel valued at all levels and that their contribution makes a difference.</p> <p>Absenteeism levels have been amongst the best nationally for a number of years. In 2008/09 police officer sickness was 2.9 per cent against a national average of 3.6 per cent, and for police staff it was 3.7 per cent (against a national average of 4.3 per cent).</p>	

Theme score	2
<p>Whilst the Force is meeting female recruitment targets, it remains poor on BME with no minority ethnic recruits since April 2007 and only two since June 2005. Although it is work in progress, the Force does not currently (as at Sept. 2008) have a recruitment strategy to address the under-representation of BME amongst its staff.</p> <p>The Authority has acknowledged that the Equality and Diversity agenda needs to be more closely aligned to Citizen Focus.</p>	

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Appendix 2 – Action Plan

Page no.	Recommendation	Priority 1 = Low 2 = Med 3 = High	Responsibility	Agreed	Comments	Date
Managing finances						
8	R1 The Authority needs to review its budgetary control arrangements to ensure that: <ul style="list-style-type: none"> • Management decisions are based on forecast financial information that is timely, materially accurate and reliable; • The underlying causes of key recurring year end underspends are fully understood, and that action is taken so that the budgets affected can be managed more effectively; 	3				
8	R2 The Authority should ensure that plans to utilise reserves within the Medium Term Financial Strategy incorporate a robust assessment of the risk of material year end under/overspends.	3				
8	R3 The Authority should update and formally approve revised treasury management arrangements, which take account of the latest available guidance and the Authority's approach to risk.	2				
Governing the business						
9	R4 The Authority should ensure that as	2				

Page no.	Recommendation	Priority 1 = Low 2 = Med 3 = High	Responsibility	Agreed	Comments	Date
	Authority specific risk management arrangements are developed, they are used to identify opportunities as well as threats, in line with best practice.					
9	R5 The Authority needs to ensure that the principles of good governance arrangements that are in place in the Force, and which can be shown to be producing effective planned outcomes, are also applied to the specific conditions in place at the Authority. An example is anti fraud and corruption, where the types of risks generally faced by the Force are different from those faced by the Authority.	2				
9	R6 If the Authority wishes to show that arrangements exceed minimum standards, then it needs to put in place a process to identify and provide evidence to support the achievement of positive, planned outcomes across the full scope of the KLoE theme. Much of this evidence is likely to originate from sources within the Force rather than the Authority.	3				
	Managing resources					
10	R7 The Authority needs to ensure that changes in the arrangements to provide for succession planning and clear development opportunities through learning and development reviews are resulting in positive, planned outcomes.	2				

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