

Value for Money Conclusion - Memorandum of Findings

Humberside Police Authority

Audit 2009/10

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Contents

Summary	2
Introduction	3
Significant strengths and opportunities for improvement	4
Performance against value for money criteria	4
Addressing 2008/09 areas for improvement.....	4
Other significant strengths and opportunities for improvement identified	5
Detailed findings	11
Appendix 1 Summary of key findings	12
Appendix 2 Action Plan	25

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Summary

This report summarises the key findings from my 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** I issued an unqualified value for money conclusion on 28 September 2010. This means that your arrangements to achieve economy, efficiency and effectiveness in your use of money, time and people against criteria specified by the Audit Commission meet or exceed minimum required standards.
- 2** Specific issues in relation to budget forecasting arrangements, which formed the basis of my qualified 2008/09 value for money conclusion, were addressed during 2009/10. Furthermore, existing strengths in respect of managing finances have been built on and examples provided of financial management arrangements leading to positive planned outcomes.
- 3** Governance arrangements continue to develop, with Authority specific risk management arrangements being set up to complement those already shown to be operating effectively within the Force.
- 4** There are examples of arrangements still in development for which achievement of planned outcomes remains to be seen, such as the application of innovative practices in identifying hard to reach community groups to improve levels of engagement. However, data quality arrangements in particular do show demonstrable outcomes such as reducing the risk of harm to vulnerable children and reducing targeted crime such as domestic burglaries in the South Bank area
- 5** There are also examples of positive planned outcomes arising from environmental sustainability initiatives. The Authority can provide evidence of reduced environmental impact arising from these initiatives.
- 6** While the Estates Strategy shows consideration of the strategic sustainability aims of the Authority across its current and future estate, the Authority needs to do more to provide overarching strategic direction and priority setting in respect of environmental sustainability. This should link high priority business areas such as estates, fleet and procurement, and allocate resources to sustainability objectives in line with corporate priorities.

Introduction

7 At the end of May 2010, the Commission wrote to all chief executives to inform them that following the government's announcement, work on Comprehensive Area Assessment (CAA) would stop with immediate effect. The Commission would no longer issue scores for its Use of Resources (UoR) assessments.

8 However, I am still required by the Code of Audit Practice to issue a value for money conclusion. I issued an unqualified value for money conclusion in September 2010, based on the results of the work completed on the UoR assessment up to the end of May 2010. This means that your arrangements to achieve economy, efficiency and effectiveness in your use of money, time and people against criteria specified by the Audit Commission meet or exceed minimum required standards.

9 The value for money conclusion alone does not give you any suggestion of strengths and improvement areas in your arrangements, and does not identify the achievement of positive planned outcomes. The current economic climate means that you face making key decisions on the scope, quality and priority of services that you aspire to provide for the public in Humberside, and challenges to achieving value for money in providing those services.

10 This report sets out the significant strengths and improvement areas I identified from my work to support the value for money conclusion, and provides you with a summary of the key findings from the detailed work carried out. I hope the findings will be useful in your future decision making.

Significant strengths and opportunities for improvement

Performance against value for money criteria

11 Table 1 shows the Authority's performance against the value for money criteria for 2009/10.

Table 1: 2009/10 performance against value for money criteria

Criteria	Adequate arrangements?
Managing finances	
Planning for financial health	Yes
Understanding costs and achieving efficiencies	Yes
Financial Reporting	Yes
Governing the business	
Commissioning and procurement	Yes
Use of information	Yes
Risk management and internal control	Yes
Managing resources	
Natural Resources	Yes
Workforce (carried forward from 08/09)	Yes

2009/10 UoR assessment work up to May 2010

12 I assessed your arrangements to achieve economy, efficiency and effectiveness in your use of money, time and people against criteria specified by the Audit Commission as being adequate. This shows an improvement on the qualified 2008/09 value for money conclusion.

Addressing 2008/09 areas for improvement

Qualification issues

13 I issued a qualified value for money conclusion for the 2008/09 financial period. I based this on specific weaknesses in reporting forecast financial information, resulting in recurring unforecast year-end underspends and the

impact of these on plans to use reserves within the Medium Term Financial Plan (MTFP).

14 I found that you made improvements to financial forecasting arrangements during 2009/10, most notably:

- Introduction of the review and revise process to improve the accuracy of budgetholder forecasts, based on past trends in budget movement and in year spending profiles;
- Introduction of Committee 'Scorecard' reporting arrangements which focus attention on significant budget variances and issues, with details usually available to officers and members through the web based system within 7 days of period end.

Treasury management arrangements

15 Revised treasury management arrangements are in place showing the Authority has made regard to the CIPFA Treasury Management in Public Services: Code of Practice (2nd Edition 2009) and the CIPFA Prudential Code as per regulations issued under the Local Government Act 2003. The updated Treasury Management strategy, policy statement and 08/09 annual report show that the Authority's arrangements meet minimum standards.

Authority specific risk management arrangements

16 The Police Authority has put in place specific Authority related risk management arrangements. The risk register is reviewed regularly by the Chairs Co-ordination and Assurance Group (CCAG) and risks are:

- linked to the corporate and business plans;
- assessed for likelihood and risk; and
- assigned to named individuals to lead on actions required.

Arrangements to identify and provide evidence of management arrangements and positive planned outcomes

17 The greater level of engagement between the audit team and Authority/Force officers during the 2009/10 UoR assessment resulted in the provision of timely, relevant information to inform my assessment. Whilst I will not be undertaking future work to provide a scored use of resources assessment, I would like to thank officers for their hard work and co-operation, and hope to maintain these relationships in order to feed into future value for money conclusion work.

Other significant strengths and opportunities for improvement identified

Theme 1 - Managing finances

18 As noted in paragraph 8 above, the Authority has improved its financial forecasting arrangements. A greater degree of professional finance input and analysis has improved the accuracy of budget outturn forecasts. Combined with clearer Finance Committee reporting arrangements through

the Committee 'Scorecard', this has improved the quality and reliability of strategic financial decision making.

19 The Choices and Integrated Business Management (IBM) arrangements together show the Authority has a detailed understanding of its costs and cost drivers, and has a structured medium term approach to achieving efficiencies. Choices delivered £2.2m of savings in 2009/10, which was above target, although the current economic climate will increase the pressure on the pace and achievability of future Choices programme savings.

20 There is evidence of positive outcomes arising because of your improved financial management arrangements. For example, you evaluated the impact of Scientific Investigation Unit accommodation on performance through the IBM process and a decision was made to change location. Related costs were analysed and integrated within the MTFP, with funding drawn from 2009/10 budget underspends that were identified through the revised budget forecasting arrangements.

21 With the addition of Choices and IBM to existing arrangements, the linkages from priority setting through to resource allocation and finally to measurement of outcomes can be identified. I identified the Authority could improve its arrangements to assess how shifting priorities have affected performance. This means not just ensuring that extra resources have resulted in improved performance, but that performance has been maintained, or fallen within acceptable limits, where you have withdrawn resources in line with the priorities set by the Authority.

Recommendation

R1 The Authority should ensure that arrangements are in place to monitor continued achievement of value for money where resources are shifted according to corporate priorities. This includes where changing priorities may lead to lower expectations of performance.

Theme 2 - Governing the business

22 The Choices and IBM arrangements show that you are considering new ways of delivering services and include service users as part of the commissioning cycle. For example, the Choices review of the General Administration function recommends that efficiency can be improved by using e-authorisation and procurement.

23 Choices and IBM also show that you consider financial and non-financial impacts of decision making. For example, while you achieved savings by the removal of the Special Constable bounty payment, you considered the qualitative effect of the removal of Special Constable rank too great a risk to operational effectiveness to continue with.

24 The Authority has put in place robust data quality (DQ) arrangements, with a Data Quality Performance Framework supported by an internal DQ marketing campaign and the risk of poor DQ arrangements addressed through the corporate risk register.

25 The Authority is able to show that these DQ arrangements have resulted in tangible positive, planned outcomes. For example:

- Audit of information on the Force Child Protection System (CATS) highlighted that IMPACT Nominal Index (INI) enquiries needed to be carried out on a more consistent basis. A follow-up audit showed an improvement in enquiry rates, meaning that officers were able to make a better assessment of the risk of harm to the children involved.
- Analysis of burglary rates on the South Bank identified the issue as a policing priority. This allowed you to direct resources suitably through priority setting arrangements, resulting in a 34.2% decrease in the number of domestic burglaries in the target area.

26 Review of the Force risk management arrangements shows that risks are considered across the range of Force activities. Examples of good management of specific risks include the flood risk at Priory Road Headquarters, IT data centre risk and the risk of low staff numbers on monitoring registered offenders.

27 Authority specific risk management arrangements have been strengthened. While positive planned outcomes were not easily identified, the arrangements show an improvement from previous assessments and I expect to see an increased impact in the future.

28 The Authority risk register is reviewed regularly by the CCAG. However, Finance Committee Terms of Reference show responsibility for risk management arrangements. While CCAG responsibility for risk management arrangements is not in itself a weakness, formal governance documentation should reflect the arrangements in practice.

29 Members must ensure that where the Authority offers risk management training, it is taken up. This is key to having corporate management arrangements that are not just structured in line with best practice, but deliver measurable outcomes which are consistent with corporate priorities.

30 The Authority has showed strengths and outcomes in its procurement activities. For example, the Neighbourhood Policing Team (NPT) build programme incorporated a gainshare arrangement which resulted in a £1.085m saving for the Authority. Sustainability outcomes are shown within some procurement activities, such as ordering sustainable stationery items through the contract with Lyreco and the review of organisations' environmental policies as part of tendering arrangements. Incorporating BRE Environmental Assessment Method (BREEAM) targets within the Estates Strategy may have a significant impact on future sustainability outcomes, but these outcomes could not yet be demonstrated.

31 I also identified where you could make improvements in your procurement arrangements, from reviewing the implementation of the

current payroll system. While there was a focus on ensuring the payroll system paid employees the right amount at the right time, the arrangements to feed financial information from the payroll system into the general ledger were given insufficient priority. The payroll implementation project was signed off when the payroll feeder still required a high level of manual intervention by finance staff as part of each payroll run. This is an inefficient use of staff time. The Authority should address this specific issue, and give appropriate priority to general ledger data transfer arrangements within future projects involving procurement of financial information systems.

32 The Authority shows that it is working in partnership, both regionally and nationally, to promote good practice in procurement. There is scope for development to show a wider range of positive planned outcomes in respect of partnership governance. For example, the regional 'Yor-build' arrangements allow for partners and suppliers to be aware of each others' needs to aid planning, but there is not enough evidence of outcomes to show the successful impact of the arrangements.

Recommendation

R2 Finance Committee Terms of Reference should be updated to reflect the Chairs Co-ordination and Assurance Group responsibility for oversight of risk management arrangements.

R3 Members should ensure that they attend risk management training, if required, when offered by the Authority.

R4 The Authority should give appropriate priority to general ledger data transfer arrangements within future projects involving procurement of financial information systems.

Theme 3 - Managing resources

33 The Authority can show it considers sustainability across the key areas of estates and fleet.

34 The Estates Strategy prioritises sustainability as a key business objective, and the underpinning business case demonstrates an understanding of the use of natural resources and the where you can achieve the greatest impact in reducing this use. This understanding covers:

- Utility use;
- Spatial utilisation; and
- High priority assets in terms of current energy efficiency.

35 The Estates Strategy also sets BREEAM target ratings for new build projects although examples of outcomes from this initiative could not be evidenced during the assessment period.

36 Developing individual asset plans to support the Estates Strategy is a key part of delivering the strategic objectives.

37 The long-standing use of liquefied petroleum gas (LPG) and biodiesel are examples of where the Authority can show a reduction in its environmental impact. As well as decreases in CO2 emissions, the use of LPG and biodiesel resulted in an estimated monetary saving over conventional fuel use of £404k in 2008/09 (latest information available at time of assessment). Systems to identify the uptake of alternative fuel use across the fleet highlight issues such as mechanical faults with LPG equipment that can then be corrected.

38 The Authority has also demonstrated the sustainability impact of a number of specific initiatives, including:

- Carbon Trust accreditation;
- Automatic meter reading equipment allowing almost real-time analysis of energy use data;
- Over 200kg of waste saved from landfill due to printer cartridge recycling;
- Recycling of over 3000kg of waste clothing and equipment, with certification of the final destination of the waste;
- 37% drop in energy use due to installation of solar panels at Courtland Rd Training Centre; and
- Consultant estimates of energy and cost reductions arising from introduction of LED lighting at Grimsby Police Station.

39 Despite the specific examples above, I found the Authority needs to do more to provide strategic direction in terms of the efficient use of natural resources and how the sustainability agenda sits in relation to other policing priorities. There needs to be a more coherent overarching approach to sustainability, driven by the Authority as opposed to key officers. For example, sustainability objectives and targets should be considered corporately, and subject to changes dependent on:

- The priority given to sustainability issues within the organisation;
- The overall resources available to meet corporate priorities

40 Examples of where this high-level approach could be valuable are:

- Achievement of BREEAM target ratings for new build assets - targets may change if the Authority considers sustainability to be a higher or lower priority because of the current economic climate;
- Procurement of a new general-purpose police vehicle - any new vehicle may not be suitable for LPG conversion. If this is the case the Authority may wish to, for example, explore other CO2/cost reduction initiatives or assign resources to other priorities, accepting that CO2 emissions and costs might rise unavoidably.

41 Shifting resources according to priorities will always result in the perception (both internally and externally) of 'winners and losers'. This underlines the importance of the Authority providing clear strategic direction to ensure that changes in performance are consistent with corporate sustainability priorities and allocation of resources.

Recommendation

- R5** The Authority needs to do more to drive the strategic approach to sustainability. The approach needs to:
- Ensure that the organisation drives the sustainability agenda rather than relying on key individuals;
 - Set sustainability targets and objectives alongside other corporate priorities;
 - Link key areas of business such as estates, fleet and procurement;
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Detailed findings

42 A summary of key findings against assessment criteria is attached as Appendix 1.

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Appendix 1 Summary of key findings

Key Summary of key findings identified from UoR work carried out up to May 2010

KLOE 1.1: Does the organisation plan its finances effectively to deliver its strategic priorities and secure sound financial health?

The updated Treasury Management Strategy, policy statement and 08/09 annual report show regard to CIPFA guidance and underlying arrangements incorporate monthly treasury management team review and input from SECTOR consultants.

Review of the MTFS as presented to the 30/3/10 Finance Committee shows that the effects of key decisions made within the new Estates Strategy are considered over the medium term in terms of financial impact. The MTFS presented to the 16/2/10 Police Authority highlighted the additional one percent saving (para 36 of covering report) and the MTFS has been updated a number of times throughout the 09/10 period.

The version of the MTFS presented to the 16/2/10 Police Authority shows that proposed use of/reliance on the performance improvement reserve has been modelled, as well as significant effects arising from the capital programme and compliance with prudential indicators.

Local partners played an active role in determining priorities, which can be shown to have been incorporated into the Policing Plan, and the Authority has developed/is developing effective methods to engage with communities.

The Consultation and Engagement Strategy demonstrates that the Authority is planning to use tools such as networking sites, written invitations, dialogue with community leaders, emails etc to notify hard to reach groups, with appropriate consideration of time and date, venue and most suitable method of communication. Committee reports show that Neighbourhood Policing Teams utilise varied means of engaging with their

communities, and report local priorities to the Communities and Partnership Committee. This ensures that local priorities are given appropriate status within the Authority to feed into strategic and priority setting decisions.

The Policing Plan Equalities Impact Assessment has been undertaken, and weaknesses in consultation arrangements have been addressed by the development of the Consultation and Engagement Strategy which aims to improve the level of consultation with hard to reach groups in order to feed their views into future Policing Plans.

Reports to the Performance Committee (now demised) show that local partners played an active part in determining local priorities which were brought into the Policing Plan.

The Authority was one of only 8 out of 43 to achieve a 'good' HMIC Policing Pledge inspection grade. This indicates good progress against the various measures of public satisfaction embedded within the Pledge.

A great deal of the performance improvement in this area comes from developments in the 'Choices' programme and Integrated Business Management (IBM). Choices is a structured Force wide review of how services are delivered, which is planned to cover every business area and deliver efficiency savings of £15m by 2013-14. This requirement stems from managements strategic view of changes to the financial environment and shows that shortfalls in resourcing and underlying cost pressures have been identified, with appropriate action taken to address them. 2009/10 savings are approx £2.2m against target of £2m. Service reviews carried out so far show an understanding of where efficiencies can be achieved and how these are likely to impact on service delivery and medium term financial plans. Functional user/supplier input is an integral part of the review methodology, evidencing that their views have been incorporated into the decision making progress.

IBM is a methodology by which the medium term horizon is scanned for issues that would affect service delivery. It integrates financial and corporate planning processes, involving relevant operational and support functions in all decisions made. There is input from operational and support service managers at every stage, ensuring that service reality is considered alongside corporate priorities and available resources. Outcomes can be evidenced from the review of the Scientific Investigation Unit (SIU) accommodation, which presents a number of costed options alongside qualitative factors, thus allowing decision makers to make an informed choice. The financial effect can also be shown to have been fed into the latest iteration of the MTFS, with costs of the chosen option being met from corporate underspends identified through the annual budget monitoring process.

In terms of being able to track from engagement/consultation in setting priorities, through to setting those priorities and aligning resources then being able to demonstrate outcomes/VfM, changes such as IBM and Choices supplement existing knowledge and show that many elements already exist. The main area for improvement is being able to compare how shifting priorities has altered performance – not just where extra resources give better performance, but also where reduced resources result in maintained performance/acceptable reductions in performance as per priority setting decisions.

Still to see impact of consultation and engagement strategy in terms of setting priorities and achieving outcomes.

Internal Audit budgetary control and treasury management reports from March 2009 not yet presented at time of assessment.

There is scope to further develop the financial skills of Police Officers and Authority Members.

KLOE 1.2: Does the organisation have a sound understanding of its costs and performance and achieve efficiencies in its activities?

The police authority's own efficiency targets are stretching yet achievable and reflect a good understanding of how costs behave and how they can be better managed. Ambitious targets are agreed with the force to deliver sufficient improvements in efficiencies, and the force is regularly held to account for delivery against these.

The Force Efficiency Plan 2008-11, monitored by the Efficiency Plan Steering Group sets the targets and it can be seen that the Authority is on track to achieve 9.3% efficiency savings by the end of 10/11.

The Authority has contributed to the Police Financial Services Benchmarking exercise since its inception since 2000/01, and analysis of 2008/09 benchmarking results includes explanations for differences as well as feeding into central finance unit Key Performance Indicators (KPIs).

More effective use of space is targeted within the revised estates strategy, and the impact of the strategy can be seen within the office layout plans for Bridgefield View which show a planned area per full time equivalent (FTE) of 6.5m² against the target of 7.5m² within the original strategy.

Choices and IBM again have a great degree of impact in this area. Choices reviews carried out at the time of assessment show a thorough understanding of costs, performance (both absolute and relative to other organisations via benchmarking), and how activity can be delivered more efficiently. Savings of over £2m have been achieved through Choices in its first year which is above target, although continuing achievement of

targets presents a challenge. It is too early to assess the impact of Choices against all areas of business planned to be covered through the programme.

The review of special constabulary supported the decision to terminate the bounty payment made to specials, following comparison against other Forces arrangements and consideration of factors such as employee satisfaction and impact on travel expenses. The cost and qualitative information allowed a robust decision to be reached which whilst having a negative impact on the individuals involved, was considered to be consistent with efficiency requirements and have an acceptable potential impact on performance.

Choices reviews include benchmarking against other Forces and even private sector firms where appropriate, meaning that recommendations reported through Choices have a sound basis in relation to other organisations. Recommendations made through Choices so far can be shown to be aligned with priorities and the Chief Constables vision, which in turn have a basis in robust community engagement and priority setting arrangements. They demonstrate a full understanding of current ways of working and recommendations to change these ways of working to ensure greater efficiency, contributing to 2009/10 savings.

The progression of the Scientific Investigation Unit (SIU) issue through IBM shows an understanding of costs and drivers at both the demand and supply stage, with analyses of costs of various options presented to decision makers to allow an informed decision to be reached. It also shows that issues through IBM can be shown to be aligned with priorities and the Chief Constables vision, which in turn have a basis in robust community engagement and priority setting arrangements. The authority can demonstrate that decisions to enter into such arrangements are based on a very clear understanding not only of the benefits that will accrue and how those benefits will be delivered, but also of the costs and risks involved in such a decision.

IBM reviews carried out so far include analysis of costs and risks, with a range of options being presented along with the implications of each.

There is scope for better integration of sustainability issues into understanding of costs and performance. There is evidence at the time of assessment that this is starting to be considered within the Estates Strategy. This should be extended to other areas such as fleet and procurement, to consider changes such as the impact of a possible new general purpose vehicle on corporate sustainability priorities.

KLOE 1.3: Is the organisation's financial reporting timely, reliable and does it meet the needs of internal users, stakeholders and local people?

The Authority's budget monitoring and forecasting information is reliable, relevant and understandable.

Revised reporting arrangements have been introduced during 2009/10, and Finance Committee revenue budget reports now use a 'traffic light' system to clearly identify variances which require further attention.

Corporate finance staff review budget holder forecasts and revise the predicted year end outturn where considered appropriate (Review & Revise). This arrangement directly addresses known weaknesses in the Authority's forecasting arrangements and allows for management decisions to be taken based on robust and reliable forecast information - it utilises trend analysis and extrapolation techniques based on expectations from past performance and current knowledge. It follows that there is more confidence in the management decisions based on this information, such as corrective action to address unfavourable variances or apply any favourable variances to corporate priorities.

The 15/12/09 Finance Committee budget report shows that as at the end of Period 7, £1.4m of uncommitted funds had been returned to the Performance Improvement Reserve, and £500k of uncommitted balances were ring fenced in the Chief Constables Fund to finance forecast overspends in protected budgets.

Financial information is reported to the Finance Committee in a timely manner, with detailed information at the end of every period being available on the Force intranet and Authority members section within 7 days of period end.

The recent International Financial Reporting Standards (IFRS) progress survey completed on behalf of the Audit Commission showed that good progress was being made on IFRS implementation, and the Authority was prepared for the early introduction of IFRIC12 (revised technical accounting requirement) as well as having a robust implementation plan which was up to date with expected progress.

Approved/audited accounts and other audit reports are made available on the Authority website in a timely manner.

The Finance Committee cannot be said to have assurance around the forecasting and monitoring arrangements in place as the Internal Audit budgetary control report which was ready in March 09 has not been issued at the time of assessment.

Also, there is no evidence that the Authority undertakes any external reporting of its environmental impact.

Financial reporting arrangements have not yet evolved to the level of applying monthly accruals, rolling budgets and risk/sensitivity analysis. The Authority may wish to consider if such arrangements would add value to financial reporting.

KLOE 2.1: Does the organisation commission and procure quality services and supplies, tailored to local needs, to deliver sustainable outcomes and value for money?

Review of arrangements shows that stakeholders have the opportunity to contribute to the assessment of needs and priorities, and Policing Pledge surveys show that feedback is sought and considered in respect of the various elements of the Pledge.

Feedback is obtained from a range of sources including partners, third sector, staff, residents and people who use services, to help in making improvements.

Neighbourhood Policing Team (NPT) reports presented to Committee level document engagement with communities, including partners such as schools, councils, homeless hostels and community groups etc.

The reduction of burglary rates on the South Bank is an example of outcomes where local priorities can be shown to be addressed.

The Consultation and Engagement Strategy, supported by the Proactive Engagement and Consultation Action Plan 2010-12, builds upon existing engagement techniques documented as part of the 2008/09 assessment, and show how continuous improvement is being sought.

There is evidence of innovative practices to improve community engagement, such as use of Northgate XD and Origins software to identify hard to reach groups.

The Choices programme shows how new ways of delivering services are being considered, and the general admin report and action plan in particular demonstrate how use of technology is planned to contribute to improved ways of working, through e-procurement, online authorisation of invoices etc.

The Waveplan programme shows how at the regional and national level, priorities are set based on levels of spend with individual suppliers, to achieve savings through joint procurement arrangements aimed at areas where the greatest impact can be achieved.

The Regional Efficiency and Productivity Strategy indicates the planned direction in respect of joint working opportunities, and consultants have been engaged to determine to what extent the strategy can be turned into actions. Whilst representative of a positive direction of travel, realisation of outcomes is still to be seen.

The Authority and Force can demonstrate value for money and efficiencies in respect of the NPT build programme. The gainshare agreement has resulted in a saving of £1.085m for the Authority, as a result of incentivising overall cost savings which have been split between the contractor and the Authority.

As a partner in the Yor-build contract arrangements, the Authority and Force are making suppliers aware of their and their partners future needs, allowing these suppliers to plan to fulfil those needs.

The Authority uses a formal appraisal process to choose the most appropriate method of procurement and balance value for money with quality of goods/services, evidenced by evaluation matrices covering the tenders for the June 2009 cleaning contract and citizen's panel work.

Arrangements with Lyreco to procure stationery show that ordering of sustainable goods is embedded within the contract and can be evidenced to be minimising the Authority's environmental impact. Other sustainable procurement examples include using own brand printer toners, specialist sustainability services such as waste clothing recycling and the embedding of BREEAM targets within the estates strategy and new build capital projects. Evidence of outcomes in relation to achievement of BREEAM targets is not available at the time of assessment, although performance is expected to become clearer as new build projects develop.

The Authority holds the Force to account in achieving efficiency gains through joint working and collaboration. The Force Efficiency Plan 2008-11 shows that savings of 9.3% are on track to be achieved by the end of 10/11, and the plan is monitored by the Efficiency Plan Steering Group and the work of Internal Audit.

The payroll implementation project was signed off as complete with an issue outstanding. The feeder file into the general ledger relies on manual interventions in the form of a complex macro driven spreadsheet. Amendment for errors takes a member of staff 2-4 days to complete for every payroll run which is inefficient.



KLOE 2.2: Does the organisation produce relevant and reliable data and information to support decision making and manage performance?

Reports relating to identified issues re CIS4 duplicate entries and non-undertaking of Impact Nominal Index (INI) checks not only demonstrate how data quality weaknesses have been addressed, but link to outcomes relating directly to policing priorities, such as reducing the risk of harm to vulnerable children and improving the accuracy of intelligence available to front line officers (impacting upon various areas such as officer safety and ability to identify offenders).

The Authority has a robust framework to oversee data quality. The programme is risk-based and covers the integrity of data throughout the year and not just at year-end. Minutes of the Data Quality Gold Group show progress against the Data Quality Action Plan, which is addressed as part of the IMPACT project.

The Finance Committee provide robust scrutiny, including formal reporting on the accuracy of data supporting performance measures, and the appropriateness of the procedures in place. Minutes show the attendance of the Authority Lead Member (Mr Shipley) at Data Quality Gold Group meetings, and Committee reports show data quality embedded within the scorecard arrangements.

The scorecard reporting arrangements to Committees (eg the finance scorecard) highlight key issues for decision makers to consider. In the case of financial information, the scorecard focuses attention on key variances which is supported by detailed information if required.

Review of information contained within the Choices reviews undertaken show a thorough consideration of both financial and non financial issues, with a clear focus on improving efficiency rather than simply reducing costs. Reviews also include comparison with the methods of delivery in other similar organisations. In addition, review of information relating to the IBM Scientific Investigation Unit accommodation review shows a thorough consideration of both financial and non financial issues which feed into the decision making process.

The Authority incorporates good practice standards and specified public sector policies on data and information security into its own policies and procedures, for example ISO 27001. The Information Security Policy Statement outlines the aspiration to achieve compliance, and evidence of security audits shows that the methodology incorporates a general security matrix which adopts good practice in line with ISO 27001, as well as including the clear audit purpose of ensuring compliance with the standard.

There is analyst and other specialist capacity to support performance management, and arrangements are in line with the strategic priorities of the organisation and its partners. The Authority deploys analyst resources effectively, with more emphasis on producing value added analysis than on routine performance reporting.

The Choices intelligence review specifically looks at how intelligence arrangements can be structured to add value and increase performance against operational priorities.

IBM reviews carried out so far show that the Authority is challenging how it carries out its business, in light of priorities and the Chief Constables vision.

The Authority holds info on the geographical spread of crime, which is used to inform decision making. Domestic burglary on the south bank of the Humber was identified as an issue as part of the 09/10 priority setting process and action taken has resulted in a 34.2% reduction.

There is limited evidence of positive planned outcomes in relation to partnership working.

KLOE 2.3: Does the organisation promote and demonstrate the principles and values of good governance?

Force governance arrangements were shown to be producing demonstrable outcomes during 2008/09, with arrangements within the Authority not as developed. These Authority arrangements have been subject to significant change during 2009/10, with revisions to Committee structure, member roles and treasury management arrangements, and a clear vision for local communities and priorities within the recent corporate plan which links closely to the 2009/10 annual business plan and consultation and engagement strategy. The direction of travel is positive, even if it is a little early to lead to evidence of targeted outcomes. For example, the consultation and engagement strategy has a sound basis which uses innovative techniques to identify hard to reach groups, and the strategy to engage with these groups seeks to use different times/locations/methods to maximise participation. However, the action plan to engage with the groups runs from February 2010 to February 2012, so whilst we can show that groups have been identified, there is little evidence right now to show the benefits derived from the engagement and what operational action has been delivered against local priorities derived from this engagement.

The corporate plan shows self awareness in identifying weaknesses in the clarity of member/Authority roles. These weaknesses are addressed by the revision of governance arrangements described above and the setting of relevant priorities in the 2009/10 business plan, clearly indicating

actions taken to address those weaknesses.

Clarity of roles between the Force and Authority is clear within the governance documentation relating to Choices and IBM, which together are currently the two main drivers of business process re-engineering and changes in service delivery within the Authority.

Policing Pledge arrangements show a clear strategy for communicating and engaging with the public, and the recent HMIC report, in which Humberside was one of only 8 to receive a 'Good' rating, is evidence of the impact of those arrangements.

The Authority publishes details of expenses and allowances paid to members and senior officers on its website.

The Authority has historically had appropriate equality schemes in place – these have now been incorporated into a single Combined Equalities Scheme which provides a clear framework re relevant legal and ethical responsibilities.

Member training arrangements are still being developed, although Humberside is taking a regional lead role, and the recent HMIC police authority inspection indicates a lack of member take-up of risk management training.

The Authority could provide more evidence of outcomes in relation to partnership governance arrangements, and the example of late submission of JPAC memorandum accounts by West Yorkshire Police Authority for inclusion in the 2008/09 year end accounts is an indication that such arrangements could be more effective.

Internal Audit produced reports on the budgetary control and treasury management arrangements in March 2009. At the time of assessment, these reports remained unrepresented.

KLOE 2.4: Does the organisation manage its risks and maintain a sound system of internal control?

The Finance Committee can demonstrate that it is monitoring progress to address significant internal control concerns effectively.

Revised 2009/10 budget reporting arrangements include updates on progress against AC UoR recommendations and the ACO(S) financial management action plan, ensuring that recommendations are acted upon.

The formal governance arrangements in respect of Police Authority risk management arrangements are unclear. The Chairs Co-ordination and Assurance Group exercises responsibility for oversight of risk management, although this responsibility is also shown within the Finance

Committee Terms of Reference. Whilst these arrangements may be appropriate, the Terms of Reference need to be clarified.

The Authority reviews and updates a register of its corporate and business risks regularly, which links risk to strategic objectives, assesses the risks for likelihood and impact, and assigns responsibility to named individuals to lead on actions required. Review of the Authority risk management policy and strategy and the Authority risk register shows that the Authority has put in place adequate risk management arrangements over the 2009/10 period. These arrangements were not in place during 08/09 and are therefore still in development, and the low uptake of Member training on risk management indicates scope for improvement in Member development arrangements.

Risk management arrangements within the Force have not been a cause for concern previously, and continue to be appropriate. Work over several Theme areas show the effectiveness of the risk register in considering issues such as flood risk at Priory Rd HQ, IT data centre risk and risk of low staff numbers re monitoring of registered offenders. Attendance by the Force Risk Manager at Institute of Risk Management accredited training demonstrates a continuing commitment, and the Force Strategic Risk Register shows that risks are being raised from across the wide spectrum of business processes.

The Force can demonstrate that it is committed to ensuring that risk management arrangements are embedded within its partnerships. The December 2009 'Management of Risk - Partnership Risk' report by the Force Management of Risk Manager was distributed to Divisional Commanders and urges them to consider risk management within partnership arrangements.

The Police Authority and Force assesses its counter-fraud arrangements and performance against professional guidance, best practice and the findings of its own reviews. It strengthens its systems and procedures in response.

Review of Professional Standards Branch reports to HR Committee show that trends in allegations are investigated in order to identify improvements, and lessons learned through the IPCC 'Learning the Lessons' Committee are considered for impact on existing arrangements.

KLOE 3.1: Is the organisation making effective use of natural resources?

The Authority does not have an overarching sustainability strategy in place that co-ordinates the approach to sustainability, sets relevant priorities and monitors performance, although some elements can be seen to be in development such as through the Estates Strategy and Force management of fleet and procurement sustainability issues.

The latest Estates Strategy includes sustainability as a key objective, and the underpinning Strategic Business Case demonstrates an understanding of the current use of natural resources and where the greatest impact can be achieved. This includes understanding of utility usage, spatial utilisation and the high priority assets in terms of energy efficiency.

The strategy sets targeted BREEAM ratings for new build projects – the BREEAM process has embedded environmental, social and economic sustainability factors built into the assessment, and achievement of target ratings would indicate achievement of positive planned outcomes.

The Authority/Force has reduced its impact on the environment through the longstanding use of LPG vehicles where appropriate, and use of alternative fuels such as biodiesel where LPG cannot be used. There are systems in place to accurately measure mileage and fuel usage, which has enabled the fleet and supplies unit to set an LPG usage target of 90% (actual performance is around 75%). LPG monitoring enables the reasons for non LPG uptake to be investigated, with evidence of monitoring leading to identification of LPG mechanical problems and remedial action being provided.

Changes in the future make up of the fleet have been picked up by fleet and supplies, with investigation of compressed natural gas usage taking place in light of possible moves to a mostly diesel fleet.

The Authority can demonstrate that it has achieved reductions in its carbon emissions through the Carbon Trust Standard Accreditation.

The Authority has a draft sustainable procurement policy, and in practice it can be shown that suppliers' sustainability arrangements are considered within the tendering process.

There are numerous examples of outcomes from sustainability initiatives, including:

- Automatic Meter Reading equipment being installed, leading to almost real time analysis of utility usage data; Over 200kg of waste being saved from landfill due to printer cartridge recycling;
- Over 3000kg of waste clothing and equipment being recycled, with certification of the final destination of the waste (ie shredded/granulated rather than sent abroad to landfill);
- 37% reduction in energy usage due to installation of solar panels at Courtland Rd Training Centre;
- LED lighting scheme at Grimsby Police Station supported by consultants estimate of energy usage/cost reductions;

■ Bridgefield View office rationalisation.

This is in addition to the unmeasured but common sense/general sustainability impact evidenced by historic usage of LPG instead of petrol, usage of biodiesel instead of standard diesel, achievement of carbon trust standard accreditation which incorporates independent assessment of carbon reductions etc.

It is important that the Authority develops an overarching strategic approach to sustainability, to ensure a coherent approach to the sustainability work already being undertaken re estates, fleet and procurement. The development of individual asset plans to support the Estates Strategy is key, and the Authority needs to be clear on the priority it gives to sustainability so that, for example, appropriate resources can be allocated to capital projects to achieve targeted BREEAM ratings (whilst always considering value for money overall).

KLOE 3.2: Does the organisation manage its assets effectively to help deliver its strategic priorities and service needs?

No specific work carried out as part of 2009/10 UoR assessment.

KLOE 3.3: Does the organisation plan, organise and develop its workforce effectively to support the achievement of its strategic priorities?

No specific work carried out as part of 2009/10 UoR assessment. Scored judgement will have been brought forwards from 2008/09.

Audit Commission UoR work carried out up to May 2010

DRY

Appendix 2 Action Plan

Recommendations

Recommendation 1

The Authority should ensure that arrangements are in place to monitor continued achievement of value for money where resources are shifted according to corporate priorities. This includes where changing priorities may lead to lower expectations of performance.

Responsibility

Priority

Date

Comments

Recommendation 2

Finance Committee Terms of Reference should be updated to reflect the Chairs Co-ordination and Assurance Group responsibility for oversight of risk management arrangements.

Responsibility

Priority

Date

Comments

Recommendation 3

Members should ensure that they attend risk management training, if required, when offered by the Authority.

Responsibility

Priority

Date

Comments

Recommendation 4

The Authority should give appropriate priority to general ledger data transfer arrangements within future projects involving procurement of financial information systems.

Responsibility

Priority

Date

Comments

Recommendation 5

The Authority needs to do more to drive the strategic approach to sustainability. The approach needs to:

- Ensure that the organisation drives the sustainability agenda rather than relying on key individuals;
- Set sustainability targets and objectives alongside other corporate priorities;
- Link key areas of business such as estates, fleet and procurement;

Responsibility

Priority

Date

Comments

DRAFT