

Cumbria Police Authority

Audit and Performance Committee

4 December 2006

Agenda item No.18

Police Use of Resources evaluation (PURE)

A report by the Treasurer and Chief Constable

1. Summary

- 1.1 The purpose of this paper is to outline the background to and results of the first Police Use of Resources (PURE) evaluation undertaken by the Commission earlier in this year. The paper describes the expectation, at the time of the evaluation, that the merger would reduce the value of the assessment and describes an agreed 'light touch' approach adopted. The report also sets out the results of the evaluation which, overall has led to an assessment of 'fair'. Finally, the report describes some improvements which the Commission are looking to bring about for the 2006-07 evaluation and summaries a number of developments already being undertaken within the Constabulary and Authority in areas identified from the 2005-06 work.

2. Recommendations

- 2.1 Members are asked to note the contents of the report

3. Details

- 3.1 The Audit Commission introduced a new assessment towards the end of 2005-06 for the police service in relation to the arrangements in place to secure Economy, Efficiency and Effectiveness in forces and Authorities. The assessment has been given the title the Police Use of Resources (PURE) assessment and covers five discrete areas, as set out below: -

- a) Financial Reporting
- b) Financial Management
- c) Financial Standing
- d) Internal Control
- e) Value for Money

- 3.2 There are a number of drivers regarding its introduction. Firstly, the Audit Commission Act requires auditors to satisfy themselves that proper arrangements are in place to deliver the 'three E's' and have developed the assessment to assist in allowing them to give a formal view in this area. To this end, the Value for Money assessment has been made mandatory. In addition, the Commission are seeking to extend a similar assessment introduced in 2005 to Local Government bodies, as part of the wider Comprehensive Performance Assessment (CPA) process in Local Government, to the Police environment.
- 3.3 The Commission acknowledge that this assessment process overlaps with that part of the HMIC Baseline assessment process which deals with financial management and corporate governance and are on record as recognising that the two processes need to harmonise.
- 3.4 When forces and Authorities were formally made aware of the requirement to complete this new evaluation, in March 2006, Cumbria was actively involved in preparing to merge with Lancashire Constabulary. Against that background, the value of such an assessment was questioned, in an organisation which was not expected to be a legal entity beyond 31 March 2007, and where the assessment would not be reported on until late 2006.
- 3.5 Indeed, both the Constabulary and Authority made representation on those grounds including from the Treasurer, to the Director of Community, Safety and Environment at the Audit Commission. The response from the Commission was to restate their legal requirement for a VFM assessment, but to suggest that, as a compromise, it would be possible for a light touch approach to be adopted with more input by Audit Commission staff and greater reliance on earlier Constabulary input into the HMIC baseline process. This was agreed as a way forward, and, in hindsight, with the merger not progressing as anticipated, must be seen as prudent.
- 3.6 The evaluation was carried out as described above, with only minimal additional work required by Constabulary and Authority staff. The Commission gave feedback on their findings and indicative results in September, with proper allowance given for comment on the draft report.
- 3.7 Most recently, on 3 November, the Commission formally reported its finding for 2005-06. On the usual scoring matrix where 1= poor, 2= fair, 3= good and 4= excellent, Cumbria's results are set out in the table below: -

Area of assessment	Score
Financial Reporting	Good
Financial Management	Fair
Financial Standing	Good
Internal Control	Fair
Value for Money	Fair
Overall assessment	Fair

- 3.8 Given the circumstances surrounding the completion of the evaluation, the assessment is considered to be sound. It is also consistent with the earlier HMIC baseline assessment score. It is interesting to note that, with one incremental movement from fair to good, the overall score would increase to good (assuming that no other assessments deteriorated), which would bring Cumbria's overall score alongside the best in the service.
- 3.9 The Audit Commission's Annual Audit Letter (AAL), elsewhere on the agenda, provides a brief review of the PURE evaluation and sets out a number of areas for improvement for both the Constabulary and Authority. Specifically, the Commission draw attention to: -
- The need to improve Risk Management arrangements in the Authority sphere of responsibility
 - The need to develop longer term business planning and integrating it with the Medium Term Financial Strategy
 - The need to develop an Information Systems / Information Technology strategy
 - The need to better manage the Capital Programme to help reduce slippage
 - The need to further develop comparative analysis of costs and performance against most similar forces to identify scope for VFM improvements
- 3.10 Both the Treasurer and Director of Finance and Resources have heard separate presentations from the Director of Community, Safety and Environment at the Commission in recent weeks, who has provided feedback in relation to the first year of PURE. The Commission have accepted that the inspection processes can be improved in future years. In particular, the commission are looking at the following: -
- Avoiding duplication and overlap with HMIC and baseline assessment
 - Providing assessments which are outcome, rather than process, focused
 - Assessments which recognise the separate entities of the Authorities and forces

But notwithstanding the above, the Commission did emphasise that, on a sector basis, the police service, have scored much better than the other groups of public bodies who are part of the Use of Resources regime.

3.11 It will be of some assurance to members that a number of areas for improvement have both been recognised and are actively being taken forward. Indeed, the Commission have produced guidance setting out the main attainments which they expect in each of the five areas in order to reach the grades set out above. As an indication of current work which is ongoing:-

- i) the Chief Executive and the Treasurer are reporting to the Authority's Strategic Risk Working Group on 05 December, recommending a detailed Risk Management Strategy and Policy Statement for adoption by the Governance Committee on behalf of the Authority. The criteria set out in the Strategy document will then be used as the basis for assessing the Authority's strategic risks for entry into the Authority's risk register.
- ii) the Chief Constable has endorsed proposals to improve longer term business planning and to align it to longer term financial forecast to enable an integrated business and financial plan to emerge. As a start, the medium term financial forecast presented to the Authority in September, has been extended to 2010-11, the final year of the next spending review period. The planning processes had already started to be realigned in 2005-06 and led to a more robust budget framework for the 2006-07 budget, but were discontinued (for Cumbria) at the start of the merger process since they would not have been relevant (to Cumbria alone) if the merger had proceeded to conclusion with a new combined Authority from 01 April 2007.
- iii) proposals to improve the planning and management framework of the Capital Programmes are being actively discussed and consulted on before being presented to members.
- iv) the requirements for the development of a comprehensive IS/IT strategy and for the development and better use of comparative costs and performance against most similar forces will be taken forward to be factored into 2007-08 work plans.

Douglas Thomas
Treasurer

Michael Baxter
Chief Constable

22 November 2006