

### AUDIT COMMISSION POLICE USE OF RESOURCES RECOMMENDATIONS

Page No.	Recommendation	Priority	Cost Implications (£)	Responsibility	Agreed	Comment	Date
<b>FINANCIAL REPORTING</b>							
10	R1 Improve the quality of financial information provided in the Annual Report, for example by reporting on key balances, the impact on finances of major business developments and by explaining technical terms	Medium	TBA	Director of Finance Services	✓	Agreed – financial information in the Annual Report will be improved accordingly in the 2008/09 report	Feb 09
10	R2 Ensure the Annual Audit Letter and key HMIC reports are readily available on the MPA web site.	Low	TBA	Treasurer	✓	Agreed – HMIC reports are now available via a link on the MPA web site. Annual Audit letters will also be made available on the web site following approval at the relevant Corporate Governance Committee  These will also be added these to the MPS Publication Scheme which will ensure they are also available via the MPS	December 08

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						website	
<b>FINANCIAL MANAGEMENT</b>							
13	R3 Continue to integrate business planning with financial planning and use this to drive the MTFP.	High	TBA	Director of Strategy & Improvement/ Director of Finance Services	✓	Creation of S&I Department within Resources Directorate has brought planning and budget under one Management Board lead. Weekly budgetary / planning meetings in the MPS are in place involving colleagues from Finance and Strategy & Improvement. 2009-12 process has resulted in improved integration of draft Policing Plan and Budget as presented to the Authority.	Complete
13	R4 Develop the use of key operational activity indicators to inform the budget-setting process.	High	TBA	Director of Business Performance/ Director of Finance Services	✓	Key operational activity indicators are part of the business group template corporate objectives and will be in place in the business plan 2009/10 and will start measuring against them from April 2009.	April 09
13	R5 Consult with Local Strategic Plan partners	Medium	TBA	Director of Business	✓	Development of a Partnership Toolkit as part	Ongoing

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	at both strategic and operational levels in the development of the MTFP.			Performance/ Director of Finance Services		of the DRM Programme will assist managers in consulting with partners in a more consistent manner.	
13	R6 Maximise opportunities for efficiency and income generation through joint financial planning with partners and use this to drive the MTFP.	Medium	TBA	Director of Finance Services	✓	In terms of efficiency, there are a number of initiatives taking place. For example, the members of the GLA family are currently considering sharing IT platforms and joint procurement as part of the “delivering more together” programme. This could provide efficiencies and cashable savings in the future. Also, the MPS is part of the South East regional efficiency group. This group shares best practice and provides a forum for the MPS to increase the number of initiatives it undertakes to generate efficiencies. The 2009-12 budget includes new net savings of £12.5m from income generation initiatives subject to	Ongoing

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						negotiation with partners. There continues to be some risk from this strategy which will continue to be monitored.	
13	R7 Develop the use of sensitivity analysis to model the impact of different scenarios on income, expenditure and key balances in the MTFP.	Medium	TBA	Director of Finance Services	✓	A number of different scenarios are modelled within the MTFP process. For example, scenarios are modelled that focus on the impact of reductions/increases in grant and precept and what savings or growth could be found in those circumstances. Also, the police officer deployment plan is modelled to establish the impact of including different vacancy rates in the plan and the subsequent effect on cost. The impact of varying rates of pay and non-pay inflation is also modelled to ensure that there is sufficient resilience built into the overall budget.	Ongoing
13	R8 Integrate	High	TBA	Director of	✓	The 2009-12 Policing Plan	April 09

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	operational performance data with financial performance data in budget monitoring reports.			Finance Services/Director of Business Performance		and budget has integrated financial resources and operational targets and will form the basis of monitoring performance from April 2009.	
13	R9 Provide regular financial training for members.	High	TBA	MPA	✓	Agreed. Financial training for members is currently being developed as part of the programme of strategic briefings for members	March 2009
14	R10 Use data on efficiency, effectiveness, asset value and running costs to support decision making on investment and disinvestments in property.	Medium	TBA	Director of Property Services	✓	Asset Mgt plans which underpin the Estate Strategy are developed from sources of information including business group requirements, asset valuations, condition of asset & running costs. All properties are then recorded as potential disposals, medium or long-term hold. This information is then used to develop the planned maintenance and investment programmes alongside future investment programmes.	Complete
14	R11 Develop a clear	Medium	TBA	Director of	✓	A list is prepared each	Complete

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	plan identifying backlog maintenance and how this will be addressed.			Property Services		year, which provides property maintenance status. Work is prioritised based on staffing compliance, H&S, Security, environment and a plan is produced to cover these arrangements with any under spend being used to cover non-essential work. This method is currently the subject of review within PSD and a paper is due to Management Board & the MPA in the next 6 months, which will take into account the output of the MPA asset strategy review.	
14	R12 Use performance data to evaluate how the asset base contributes to policing objectives	Medium	TBA	Director of Business Performance/ Director of Finance Services	✓	Performance framework being developed which will include the consideration of cost and performance data.	Ongoing
<b>Financial Standing</b>							
15	R13 Keep reserves under review particularly with respect to future financial risks.	High	TBA	Director of Finance Services and Treasurer	✓	The level of reserves is kept under constant review. Regular reports are provided to the Authority on the adequacy and	Ongoing reviews

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						appropriateness of reserves and the business planning process includes an analysis of reserves over the medium term.	
15	R14 Provide members with financial health indicators to allow them to scrutinise and set targets for the organisation's wider financial health.	Medium	TBA	Director of Finance Services	✓	Members are currently provided with a number of key indicators of financial health such as monthly revenue and capital forecasts, efficiency plan monitoring reports, medium-term budget reports, reports relating to the organisation's reserve position and reports detailing the organisation's treasury management and investment strategies.	On-going – monthly
<b>INTERNAL CONTROL</b>							
17	R15 Continue to integrate and embed risk management more comprehensively with business and financial planning processes at both strategic and operational levels. 1	High	TBA	Director of Business Performance	✓	This is a core responsibility of the Corporate Risk Manager. Risk Management has recently been integrated into the S&I Business Performance team within Resources Directorate to drive these issues forward.	Started - Ongoing work

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17	R16 Identify, record and monitor specific risks and assurances arising from significant partnership arrangements.	Medium	TBA	Director of Business Performance / Director of Finance Services	✓	The DRM Partnership Workstream will be addressing this issue. The workstream is currently in its scoping phase.	Ongoing
18	R17 Further improve the system of internal control, both corporately and at BCU level.	High	TBA	Director of Finance Services	✓	The DRM Programme will be addressing systems of internal control via the following workstreams; Contract Compliance and Management (CCM), Purchase to Pay (P2P), Scheme of Delegation (SoD), Corporate Decision Making (CDM), Partnership and Strategic Procurement. An audit and Inspection Strategy has been agreed to help the Service learn from this activity and an assurance and control unit is being established to provide assistance to business groups.	The DRM programme has been launched – ongoing
18	R18 Embed the scheme of delegation so that, in particular, financial delegations	High	TBA	Director of Finance Services/ Director of Business	✓	The Interim Solution for the Scheme of Delegation was implemented at the beginning of October 08,	Q2 2009



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	are clearly defined.			Performance		with the Full Solution to go live in Q2 2009. This links to the compliance aspects of CCM, P2P and CDM.	
18	R19 Improve compliance with standing orders and take appropriate action where breaches are identified	High	TBA	Director of Strategy and Improvement	✓	The implementation of SoD will assist with compliance with standing orders. The developing Corporate Governance Framework and the DRM programme will support improvements in this area.	Q2 2009 Ongoing
18	R20 Review the content and regularity of Standards Committee meetings to ensure it is appropriate for the scale of activity being handled.	Medium	TBA		✓	Agreed – The Standards Committee is now responsible for considering public complaints it is therefore anticipated that the Committee will meet more regularly in the future	
18	R21 Raise awareness of the need for members and staff to declare hospitality and interests and monitor the declarations made on a regular basis.	High	TBA	Head of Pay and Benefits	✓	MPS Policy and processes are under review. A report to the Management Board is due shortly.	Report Dec 09
18	R22 Better publicise whistle-blowing arrangements within	Medium	TBA	Director of Finance Services & MPA	✓	The MPS has recently launched the On-line 'Right Line'. The new system	Complete

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	the authority and force.					compliments existing ways to openly report alleged misconduct through line managers or the dedicated DPS Customer Service Team. MPA / MPS working with the Audit Commission on implementing a Fraud Awareness programme across the Service.	
<b>Value for Money</b>							
21	R23 Continue to seek to identify high costs areas to drive down overall and specific service costs.	High	TBA	Director of Business Performance / Director of Finance Services	✓	This remains a key objective, reflected in work behind the developing performance management framework. A report on cost comparisons with MSFs considered by Performance Board in September 2008. 2009-12 budget reductions focus on support services and corporate provisions.	Ongoing
21	R24 Continue to develop a fuller understanding of the impact of external factors on costs and	High	TBA	Director of Finance Services/Director of Business Performance	✓	In terms of the impact of external factors on costs, the MPS assesses this in a number of ways. For example, the 2009/10 -	Ongoing

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	the cost difference between the MPS and most similar forces.					2011/12 MTFP process considered the impact of varying levels of pay and non-pay inflation given current economic conditions and an appropriate allowance was made within the plan. A report was produced recently by Finance Services in response to the HMIC's "2008/09 Comparative Analysis" which was considered by September's Performance Board. This report analysed cost differentials between the MPS and its MSF and explained the reasons for the differences and suggested potential action to be taken. Further work on this area will be developed by Finance Services and S&I.	
21	R25 Assess the effectiveness of the new structures in embedding the VFM	Medium	TBA	Director of Business Performance / Director of	✓	All projects and programmes will be subject to the new benefits tracking system that will be trialled	Q4 2008-09

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	culture and improving VFM by ensuring that benefits and efficiencies arising from them are transparently recorded and reused.			Finance Services		within the organisation in Q4 '08-09. Financial implications of approved business cases are now reflected in future budget proposals.	
21	R26 Further integrate cost and performance information to highlight areas where costs appear high in relation to other organisations or the level of desired performance.	High	TBA	Director of Finance Services/Director of Business Performance	✓	The MPS currently undertakes a thorough analysis of its costs compared to those of its most similar forces (MSF). A report providing details of the results of this analysis has been considered by MPS Performance Board and further work will be developed by Finance Services and S&I.	Complete – ongoing
21	R27 Develop the use of comparative information and benchmarking to inform resource allocation decisions.	High	TBA	Director of Finance Services / Director of Business Performance	✓	The MPS has recently developed a service improvement plan (SIP) that will facilitate the appropriate allocation of resources in the future. Within the SIP is a programme named “Developing Resource Management” which will consider a number of	Ongoing

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						issues such as strategic procurement plans. The developing performance management framework will involve the use of benchmarking.	

## HMIC Inspection of Resource Leverage – MPS 2008 (Recommendations)

Page No.	Recommendation	Priority	Cost Implications (£)	Responsibility	Agreed	Comments	Date
28	R1 The MPS supported by the MPA should set out an agreed and shared ambition for resource leverage in the medium term (MPS/MPA).			Director of Resources/MPA	✓	This is reflected in the budget and business plan through the new corporate objective and a number of budget proposals.	Ongoing
28	R2 The MPS should progressively develop 'Business Intelligence' indicators that benchmark MPS costs (MPS).			Director of Business Performance /Director of Finance Services	✓	This is reflected in the developing performance management framework and will involve the use of benchmarking as will the continuing monitoring against MSFs through Performance Board.	Ongoing
28	R3 Reliable benchmarking information facilitated by the Home Office would be of assistance to the MPS and other Forces when making comparisons on costs and overheads (HO).				✓	This is an issue for the Home Office and HMIC. The MPS will, however, continue to monitor its performance and costs against MSFs through its Performance Board.	Ongoing
29	R4 To help maximise the use of resources the MPS should provide senior managers with appropriate resource management			Director of Finance Services / Director of Business Performance	✓	Financial training has been provided to over 4,000 staff, with some 600 trained in the last year. A training module 'running your	Ongoing

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	skills and awareness training (MPS).					business' is part of the Command Leaders Development Programme. Discussions are in progress with the Leadership Academy regarding the need for any further courses. Various work streams of the DRM programme will include training and the programme will also influence future training programmes.	
29	R5 The MPA should review its oversight and expectation in the way the MPS applies resource leverage (MPA).			MPA		The MPA has reviewed its committee structure and devised terms of reference that reflect the need to achieve better oversight of SRL, productivity and resource use. A Resources sub-committee has been established as part of this restructure. Officer capacity is being strengthened as the MPA strategies and workplans for the next three and a half years is being developed, appropriate consideration is	

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						being given to the need to ensure more effective oversight.	



## HMIC Inspection of Resource Leverage – MPS 2008 (Summary of Areas for Improvement)

Area for Improvement	Responsibility	Comments	Date
Managing the budget gap	Director of Finance Services	<p>The position noted reflected on assessment at the early stage of the 2009-12 budget process. The draft budget submission includes £142m of budget reductions rising to £166m in 2011/12. These reductions reflect the budget principles agreed at Management Board. Less than 9% relate to public-facing, operational services. Further savings need to be identified in 2010/11 and 2012/13 to meet the Mayor's guidance and the developing Service Improvement Plan Programme will support this work. The supporting information to the 2009-12 budget identifies key risks relating to the budgets.</p>	Ongoing
Outlining financial risk	Director of Business Performance / Director of Finance Services	<p>The new S&amp;ID structure includes the post of Corporate Risk Manager, with the rationale of closer links between risk management and corporate planning and budgeting. The Service Improvement Plan programme will support the identification and delivery of further savings. The supporting financial information to the budget included information on existing and developing risks.</p>	Ongoing
Further developing business planning and supporting performance management framework	Director of Business Performance/Director of Finance Services	<p>The deployment plan is now intrinsically linked with the budget setting process and the Policing Plan, which is itself intrinsically linked to the Corporate Strategic Assessment.</p> <p>The developing performance management framework will address:</p>	

Area for Improvement	Responsibility	Comments	Date
		<ul style="list-style-type: none"> <li>• Development of a filtering mechanism to focus upon those aspects of its business that represent the greatest leverage opportunity</li> <li>• Integration of costs with performance data</li> <li>• Identification the standards required on Business Groups regarding business planning and performance management</li> <li>• The need for increased transparency regarding the financial aspects of the business planning process</li> </ul> <p>The creation of S&amp;I within Resources Directorate provides one Management Board lead for planning and budgets.</p>	
<p>Understanding costs and overheads and targeting areas for growth and efficiencies – including the use of benchmarking</p>	<p>Director of Finance Services/Director of Business Performance</p>	<p>The 2009-12 process included the alignment of growth and reduction proposals to corporate objectives during the planning stages of developing the budget. This is also one of the key drivers behind the Service Improvement Plan and its oversight by Service Improvement Board.</p> <p>The MPS already undertakes benchmarking in a number of business areas including Finance Services. This provides the opportunity for increased efficiency through the sharing of best practice. The MPS currently undertakes benchmarking in a number of business areas. Performance Board now receives information on MSF comparisons as a part of regular performance reports. The developing</p>	<p>Ongoing</p>

Area for Improvement	Responsibility	Comments	Date
		<p>performance management framework recognizes the need for appropriate benchmarking of service costs.</p> <p>A report was produced recently by Finance Services in response to the HMIC's "2008/09 Comparative Analysis" which was considered by September's Performance Board. This report analysed cost differentials between the MPS and its MSF and explained the reasons for the differences and suggested potential action to be taken. A work plan on taking this forward is being developed.</p>	
<p>Understanding costs on:</p> <ol style="list-style-type: none"> <li>1. Premises related expenses</li> <li>2. Corporate development staff</li> <li>3. Control room costs</li> </ol>	<p>Various</p>	<ol style="list-style-type: none"> <li>1. Report considered by Performance Board on comparative property costs with MSFs in October. Work will continue to understand and reduce as appropriate, property costs. Two reviews in the SIP relate to property costs.</li> <li>2. Savings have been made as a result of the review of the Strategy and Modernisation Performance Directorate, and the implementation of the new Strategy and Improvement Department within Resources Directorate. These savings have been built into the 2009-12 budget.</li> <li>3. CCC function has been transferred to TP to allow an end-to-end business process review to rationalize services and costs. This issue</li> </ol>	

Area for Improvement	Responsibility	Comments	Date
Benefits tracking and realisation	Director of Business Performance / Director of Finance Services	<p>is included in the Service Improvement Plan.</p> <p>The 2009-12 budget more clearly identifies the inclusion of cashable savings and investment decisions by Management Board / Investment Board.</p> <p>A business benefits tracking tool is being developed, which will enable the tracking of benefits from projects that are approved by Investment Board, the Capital Programme &amp; Service Improvement Plan. This tool will be trialled within the organisation in Q4 '08-09.</p>	Pilot to commence Q4 2008-09
Developing the business case for additional NICC funding	Director of Finance Services Developing the business case for additional NICC funding	Finance Services are currently embarking upon a costed Business Case for NICC activity that will involve full consultation and input from the business and will provide an accurate and reliable measure of NICC costs within the organisation.	March 2009
Developing a published MPS ambition or model that will enable the achievement of greater resource leverage and encouraging cultural change	Director of Business Performance/ Director of Finance Services	<p>The 2009-12 Policing Plan includes a new strategic outcome and corporate objective reflecting the need to ensure continuous improvement is fundamental to service delivery. This will help integrate the effective and efficient use of resources into normal business. This objective will be reflected in Business Group plans and individual PDRs.</p> <p>The DRM Programme will also address this issue as effective use of resources is a key driver. The outcomes of the DRM programme are aimed at embedding productivity /</p>	Ongoing

Area for Improvement	Responsibility	Comments	Date
		<p>efficiencies in the main business of the Service.</p> <p>Whilst achieving cultural change is never easy, the new Service Improvement Board, with cross-business group representation at deputy to Management Board level, aims to drive this new approach. In addition to this, the implementation of the DRM programme includes training and is supported by a change management workstream. The developing integration of business planning and performance management in support of the new objective will move this issue forward.</p> <p>The Business and Resources Group, chaired by DoR, with Business Managers from each business group was also created during the year to share information and take away corporate messages as well as provide business feedback to SMT on emerging proposals.</p>	
Using a full repertoire of resource leverage techniques including income generation and making non-cash efficiencies into cashable savings	Director of Business Performance / Director of Finance Services	<p>The 2009-12 budget proposals include a number of income generating schemes and concentrated resources on major priorities. The Service Improvement Plan programme is a key element of the planning process in terms of identifying and implementing schemes to support:</p> <ul style="list-style-type: none"> <li>- capacity / capability</li> <li>- efficiency / productivity</li> </ul> <p>Processes to identify and track long-term</p>	Ongoing

Area for Improvement	Responsibility	Comments	Date
		benefits are being developed. The 2009-12 business plan includes a number of schemes where business benefits were translated into cash savings (e.g. O/Time). This issue will be further developed through the work of S&I and the business planning and performance management framework.	
Developing 'business awareness' skills and sharing good practice	Director of Business Performance	<p>The Director of Business Performance and the Head of the Resources Programme Office are currently working with HR to ensure these areas are included and embedded in training courses for senior managers. The Command Leaders Programme (for C Supt &amp; Band A) also includes a specific work stream managing your business.</p> <p>The contract with CapGemini to supply consultants to assist with the DRM Programme includes the need to ensure that skill transference occurs during their involvement with the programme.</p> <p>S&amp;I are working with TP on the capability review pilots of Capability Reviews so that learning can be used across the service in the developing performance management framework.</p>	Ongoing
Developing a consistent approach to income generation and sponsorship	Director of Finance/Director of Business Performance	A framework is being developed that will ensure that all partnership agreements are entered into on a consistent basis. Also, consistent approval routes will be developed for such agreements. Work is also ongoing to develop agreements with third parties such as (Heathrow and Palace	Ongoing

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		of Westminster) in order that the MPS recovers the appropriate amount of income based on the services provided.	
There is an inconsistent approach taken to improving resource use across the business groups and OCUs.	Director of Finance Services / Director of Business Performance	The ethos of the DRM Programme is to give a consistent approach to improving resources use across business groups. As a result existing projects are being incorporated into the programme and stricter controls and processes for their management being implemented. Transparency of activity on productivity / efficiency programmes will be increased through the development of the performance management framework and the standards set for Business Groups on business planning and performance management.	Ongoing
Improving creditability of activity sampling	Director of Finance Services	The AA Unit has now been located in Strategic Finance to ensure greater synergy between costings and activity and the development of more relevant information to Business Groups.	On-going
There is no dynamic interface between the HR and Finance IT systems which makes reconciliation difficult	Director of Finance	This is currently being addressed through the on-going work to enable an interface between the MPS Oracle and SAP systems. Interim work has been carried out with Business Groups to reconcile staffing establishments with Finance and HR data and to develop a tracking system on establishment changes. The development of the three year officer deployment plan has created stronger links between Finance, HR and business group information.	On-going
Performance Information Bureau (PIB) does not service all	Director of Business Performance / Director of	S&I will work with PIB and Finance Services to develop the performance monitoring information	On-going

Area for Improvement	Responsibility	Comments	Date
business groups with performance information and has not explored how to integrate finance data with performance.	Finance Services/Head of PIB	available to Performance Board/SMT.	
The need to maintain “effective processes for internal control to ensure that process and systems operate effectively and that management information is therefore reliable and accurate.”	Director of Finance Services / Director of Business Performance	<p>The objective of the Corporate Governance Framework and DRM Programme is to improve MPS services through effective governance, by minimizing the risk of control failures, and maximizing cashable efficiencies to support frontline services.</p> <p>An audit and inspection strategy has been agreed to facilitate learning from this activity. An assurance and compliance unit is being created to help business groups deal with internal control issues.</p>	Ongoing

**Note; cost implications – for the MPS the work programmes identified have already been approved and associated costs are contained within approved budgets. Any additional resources will be subject to the normal decision making processes.**