

# Central Scotland Joint Police Board

**Report to Members and the Controller of Audit  
on the 2009/10 Audit**

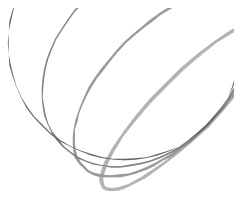
October 2010



 AUDIT SCOTLAND

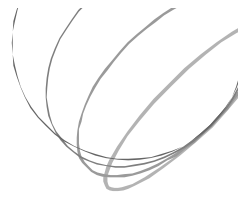






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# Key Messages

## Introduction

In 2009/10 we looked at the key strategic and financial risks being faced by the Board. We audited the financial statements and we looked at aspects of performance management and governance. This report sets out our main findings, summarising key outcomes from the 2009/10 audit and the outlook for the period ahead.

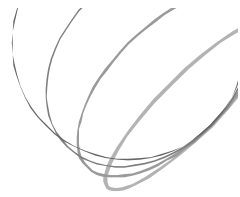
## Key outcomes from 2009/10 audit

Overall, we found the financial stewardship of the board during the year to be satisfactory. The main conclusions and outcomes from the audit are highlighted below:

- We have given an unqualified opinion on the financial statements of Central Scotland Joint Police Board.
- Final accounts preparation procedures and working papers were generally good.
- Uncommitted balances have increased as at 31 March 2010 and exceed the minimum level required as a contingency against unforeseen events and emergencies as required by the board's reserves strategy.
- Many aspects of a sound corporate governance framework are in place.
- Internal Audit concluded that "reasonable assurance can be placed upon the internal controls in operation throughout the board".
- Performance information reflects overall improving services in 2009/10.
- The board has recently introduced an Asset Management Strategy against which it intends to evaluate its use of assets.

Key issues for the board in the future include:

- Delivering services in the face of reducing funding in the years 2011 to 2014 including looking for further opportunities to share services.
- Continuing to address the challenges to the board in achieving its corporate objectives, including improvements in the linkages between the board's corporate objectives, service and financial planning framework.

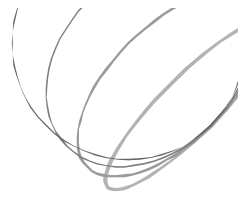


- Strengthening scrutiny by evaluating the effectiveness of the Best Value and Audit Sub-Committee and providing an appropriate training framework for Members.
- Delivering improvements to the board's procurements arrangements.
- Working with councils and other partners to deliver the outcomes of Single Outcome Agreements (SOAs).

Key issues for the attention of members are outlined in the Action Plan included in this report.

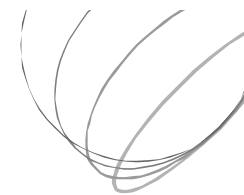
We would like to take this opportunity to express our appreciation for the assistance and co-operation provided by officers and members of the board during the course of the audit.

Audit Scotland  
October 2010



# Introduction

1. This report summarises the findings from our 2009/10 audit of Central Scotland Joint Police Board (the board). Other detailed reports have already been issued in the course of the year in which we make recommendations for improvements (see Appendix A). We do not repeat all of the findings in this report. Instead we focus on the financial statements and any significant findings that have arisen from our review of the management of strategic risks.
2. Findings are set out in four sections: financial statements; use of resources; governance & accountability; performance management and improvement. Within each of these sections we have also provided an outlook setting out key issues and concerns facing the board going forward.
3. The scope of the audit is set out in our Annual Audit Plan (AAP), which was submitted to the board in March 2010. The AAP summarises the specific governance and other risks that could affect the board's financial statements. It describes the work we planned to carry out in response to these risks.
4. Overall conclusions about the board's management of key risks are discussed throughout this report. Appendix B sets out the key risks highlighted in this report which we wish to draw to the attention of members and the action planned by management to address them.
5. The management of the board is responsible for preparing financial statements that show a true and fair view and for implementing appropriate internal control systems. Weaknesses highlighted by auditors in this and other reports are only those that have come to our attention during our normal audit work in accordance with the Code of Practice approved by the Accounts Commission, and may not be all of the weaknesses that exist. Communication by auditors of the matters arising from the audit does not absolve management from its responsibility to address the issues raised and for maintaining an adequate system of internal control.
6. We thank the members and officers of the board for their assistance and cooperation in the conduct of our 2009/10 audit.



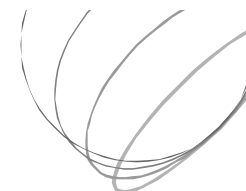
# Financial statements

## Introduction

7. In this section we summarise key outcomes from our audit of the board's financial statements for 2009/10. We comment on the significant accounting issues faced and provide an outlook on future financial reporting issues.
8. We audit the financial statements and give an opinion on:
  - Whether they present a true and fair view of the financial position of the board and its expenditure and income for the year.
  - Whether they have been prepared properly in accordance with relevant legislation, applicable accounting standards and other reporting requirements.
9. We also review the statement on the system of internal financial control by considering the adequacy of the process put in place by the board to obtain assurances on systems of internal financial control and assessing whether disclosures in the statement are consistent with our knowledge of the board.

## Audit Opinion

10. We have given an unqualified opinion that the financial statements of Central Scotland Joint Police Board for 2009/10 give a true and fair view of its financial position and expenditure and income for the year. We have also certified that the accounts have been prepared properly in accordance with relevant legislation, applicable accounting standards and other reporting requirements.
11. The board's balance sheet has an excess of liabilities over assets of £457.721 million due to the accrual of pension liabilities in accordance with accounting standards. Auditing standards require auditors to consider an organisation's ability to continue as a going concern when forming an opinion on financial statements. One of the indications that may give rise to going concern considerations is an excess of liabilities over assets.
12. In his report in the Abstract of Accounts, the Treasurer outlines his view that it has been considered appropriate to adopt a going concern basis for the preparation of the financial statements as constituent authorities, under the Amalgamation Scheme 1995, will meet all liabilities of the board as they fall due. Future pension liabilities will be met, as they fall due, by government grant and contributions from constituent authorities in the normal way. We are satisfied that the process the board has undertaken to consider going concern is reasonable.



## Statement on the system of internal financial control (SSIFC)

13. Scottish authorities are required by the local authority SORP to include a statement on the system of internal financial control with their statement of accounts. The 2009/10 financial statements include a Statement on the System of Internal Financial Control which highlights the Treasurer's view that reasonable assurance can be placed upon the adequacy and effectiveness of the board's internal financial control system.
14. The statement complies with accounting requirements and is not inconsistent with the findings of our audit.
15. CIPFA's *Delivering good governance in local government* recommends that the review of the effectiveness of the system of governance, including internal control, should be reported in an annual governance statement. Plans are being made to ensure that the Force will comply with best practice by publishing an Annual Governance Statement to replace the SSIFC in 2010/11.

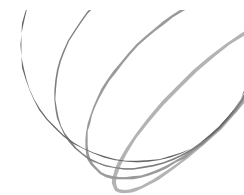
## Accounts submission

16. The board's unaudited financial statements were submitted to the Controller of Audit prior to the deadline of 30 June. Final accounts preparation processes and working papers available for audit were good and this enabled the audit to progress smoothly. Audited financial statements were finalised prior to the target date of 30 September 2010 and are now available for presentation to Members and publication.

## Accounting practice

17. Local authorities in Scotland are required to follow the *Code of Practice on Local Authority Accounting in the United Kingdom – a Statement of Recommended Practice* (the SORP). With effect from 2010/11, local authorities will move from UK Generally Accepted Accounting Principles to International Financial Reporting Standards (IFRS). Because local government bodies have already adopted some aspects of IFRS, we expect the transition to be fairly smooth, but the change does require significant issues to be addressed.
18. The board appointed a CIPFA/PricewaterhouseCoopers partnership to assist in the transition to fully IFRS compliant financial statements within the agreed IFRS timetable and has made progress in this area.
19. We were satisfied that the board prepared the financial statements in accordance with the 2009 SORP. The board has adjusted the financial statements to reflect audit findings. As is normal practice, immaterial unadjusted errors have been reported to the Treasurer.





## Audit testing

20. As part of our work, we took assurance from a number of the board's main financial systems. We assessed the following central systems as having a satisfactory level of control for our purposes:

- Payroll
- Main accounting system
- Debtors accounts receivable
- Cash and Bank
- Creditors payments
- Budgetary control
- Capital accounting

21. Auditing Standards require internal and external audit to work closely together to make optimal use of available audit resources. We relied on the work of internal audit in debtors invoicing to support our work.

## Legality

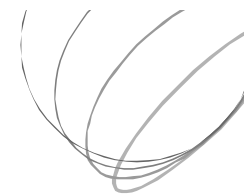
22. Through our planned audit work we consider the legality of the board's financial transactions. In addition the Treasurer confirmed that, to the best of his knowledge and belief, and having made appropriate enquiries of the board's management team, the financial transactions of the board were in accordance with relevant legislation and regulations. There are no additional legality issues arising from our audit which require to be brought to members' attention.

## Financial reporting outlook

### Compliance with International Financial Reporting Standards (IFRS)

23. As noted above, the board has made progress in this area. Although there are no formal deadlines in advance of 30 June 2011 when the 2010/11 accounts are due, the early production of a restated opening balance sheet and shadow accounts is accepted good practice. In line with this good practice the board has requested that we review its IFRS restated opening balance sheet for 2010/11. We intend to carry out this review and report to Members by the end of the year.

***Action Plan no 1***



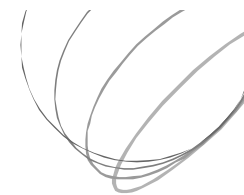
# Use of Resources

## Financial results

24. The board's net operating expenditure in 2009/10 was £75.672 million. This was met by constituent authorities' contributions of £27.719 million and general government grants of £27.780 million, resulting in an income and expenditure account deficit of £20.173 million. This represents 27% of the net expenditure for the year and largely reflects the unfunded nature of the Police Officers Pension Scheme.
25. The movement on the general fund balance is an important aspect of the board's stewardship as the main budget reference point. After making technical adjustments for amounts required by statute and non-statutory proper practices, a deficit of £0.412 million was achieved for the year. The main technical adjustments required to arrive at the general fund balance result from:
- Capital investment being accounted for as it is financed, rather than when fixed assets are consumed.
  - Retirement benefits being charged as amounts become payable to pension funds and pensioners, rather than as future benefits are earned.
26. The board's budget for 2009/10, assumed that no reserves would be utilised in the year. As noted at paragraph 25 above, the actual outturn for 2009/10 was a deficit of £0.412 million. In the Treasurer's Report, the Treasurer summarises the principal reasons for the unfavourable budget variance of £0.412 million, including:
- Increased police commutations and lump sums of £1.903 million.
  - Increased supplies and services expenditure of £1.036 million, including £0.730 million in relation to expenditure incurred on assets on behalf of the Scottish Police Services Agency (SPSA) per a national agency agreement, which is wholly reimbursed as part of the agency agreement.
  - Increased property expenditure of £0.213 million.
  - Additional funding of £1.8 million from the Scottish Government due to increased pension and commutation costs and £0.730 million received under the SPSA agency agreement.

## Financial position

27. The board holds a general fund which consists of both earmarked amounts set aside to support future years' expenditure and a contingency for unexpected events or emergencies. At 31 March 2010, the



board held a general fund balance of £1.470 million, of which £0.830 million has been 'earmarked' to fund future payment of police pension commuted sums.

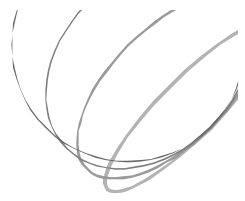
28. The remaining balance of £0.640 million is available to the board to meet unexpected risks and developments and as a working balance to assist cash flow management. The balance at 31 March 2010 is an improvement on the 2008/09 balance and now exceeds the target level contained within the board's reserve strategy, which is set at 1% of Grant Aided Expenditure (around £0.5 million),
29. The amounts carried forward by the board were also within overall carry forward limits approved by Scottish Ministers.

## Capital performance 2009/10

30. Capital expenditure in 2009/10 totalled £2.493 million, increasing from £1.436 million in 2008/09. Capital investment in 2009/10 was funded from government grant (£1.693 million) and capital receipts (£0.800 million). There was an overspend of £0.178 million against the budgeted expenditure of £2.315 million contained in the capital expenditure programme in 2009/10.

## Pension funding

31. Financial planning and accounting for the costs of pensions presents a difficult challenge. The amounts involved are large, the timescale is long and the estimation process is complex and involves many areas of uncertainty that are the subject of assumptions. In accounting for pensions, Financial Reporting Standard 17 (Retirement Benefits) is based on the principle that an organisation should account for retirement benefits at the point at which it commits to paying them, even if the actual payment will be made years into the future. This requirement results in very large future liabilities being recognised in the annual accounts.
32. The Police pension schemes are unfunded and have no assets to be valued. The board's estimated Police pension schemes liabilities as at 31 March 2010 are £462.1 million, increasing from £296.3 million in the previous year. As the schemes are unfunded, the pension liabilities will fall to be met by serving officers' contributions and by taxpayers in the future (through government funding).
33. The board's estimated pension liabilities for support staff at 31 March 2010 exceeded its share of assets in the Falkirk Pension Fund (FPF) by £12.476 million, increasing from £3.752 million in the previous year. As noted in our 2008/09 report on the audit, following an actuarial valuation of the FPF, the board, through the administering authority, and the actuary agreed increases in employers' contributions to address the reduction in the funding level of the scheme. The theoretical contributions identified as being required equated to 23.8%, however due to the funding difficulties being

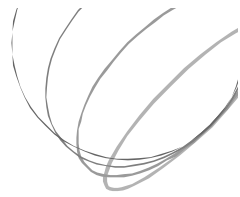


experienced in the current economic climate, increases were restricted to 18% in 2009/10, 18.5% in 2010/11 and 19% in 2011/12 as part of a stabilisation strategy.

34. The implications of the decision to restrict employers' contributions will be kept under review by the actuary in the course of future valuations.

## Financial Planning

35. The financial challenges facing the Scottish public sector are well documented, with public bodies facing deep and prolonged cuts in funding.
36. The board has shown a good understanding of the financial challenges it faces and has made early progress in addressing these. The most recent budgetary report anticipates spend in line with budget for 2010/11 and the board is making continuing effort to manage its spending and ensure planned saving levels are delivered.
37. The board faces a significant reduction in funding in the years 2011 to 2015. Although the exact size of the reduction will not be known until the last quarter of the year, the board has identified a number of scenarios from which it has estimated that savings of up to £12 million will be required over the four year period to 2014/15. This is equivalent to 24% of the net revenue budget for 2010/11. Decisions on future budgets have yet to be made, and options remain under discussion.
38. The board has recognised that there will be a significant impact on service delivery and that a different model of policing will be required. In order to achieve the savings the board has developed a cost reduction strategy consisting of:
  - In-Force savings.
  - Regional collaboration (specific to policing).
  - Regional collaboration (cross-sectoral).
  - National savings (identified through ACPOS).
39. Work is ongoing to achieve the necessary savings under each category identified above. The board has reported that the bulk of the savings will need to come from in-force savings and is currently carrying out work to identify areas where savings will have the least impact on services and staff. However, the board has recognised that in-force savings will need to be centred on staffing reductions.



40. The board's capital investment programme anticipates capital expenditure of £1.030 million in 2010/11. This is expected to be funded from government grants and capital receipts.
41. Capital funding is also anticipated to be cut significantly in the next three years. The board already faces significant challenges in addressing its capital needs and will need to consider how it meets its capital programme in the current economic circumstances.

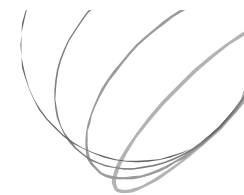
***Action plan no. 2***

## **Asset Management**

42. The pressure to get the best out of the board's asset base and the money that is invested in it is greater than ever in the current financial circumstances. Effective management of assets is essential to help the board achieve its objectives and priorities, while getting best value from its reducing resources.
43. The board has recently introduced an Asset Management Strategy and will be critically evaluating each of the board's properties against the principles outlined in the Strategy. This will influence the board's decisions on the use of its assets in the difficult economic times ahead.
44. The board is a member of the Forth Valley Public Sector Property Group consisting of the board, Clackmannanshire, Falkirk and Stirling Councils, NHS Forth Valley, Central Scotland Fire & Rescue Joint Board, Forth Valley College and Stirling. The Group is developing a public sector Asset Management Strategy which will be complementary to the board's.
45. The board anticipates that this will provide opportunities for developing shared premises and early discussions on this have already taken place with Central Scotland Fire & Rescue Joint Board and Stirling Council.

## **Procurement**

46. Improved procurement practices are an important source of savings. The Public Procurement Reform Programme aims to drive continuous improvement in public sector procurement and to deliver value for money and increased efficiency through improved structures, capability and processes.
47. In our 2008/09 report on the audit we noted that an internal review of procurement arrangements had concluded that the board had established a number of arrangements that meet the basic requirements of the McClelland Report but that a number of issues required further action to assist the board in implementing best-practice in its procurement activity.



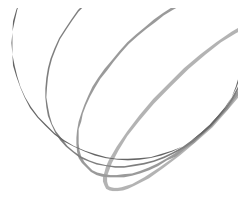
48. Going forward, the board is in discussion with Stirling Council regarding the placement of a procurement officer within the council's procurement section to draw on their expertise and assist the board in developing its procurement capabilities.

## Managing People

49. As noted above, the significant reduction in funding in the years ahead will clearly have implications for the board's workforce. Reducing spending on staff will need to be a key component of the way in which the board responds to the challenges it faces. The board will need to balance the requirement for savings with the need to ensure that it has the right people in the right place to take forward its strategic objectives and priorities, and that any up-front costs represent best value for money.
50. The board implemented the national Performance and Development Review during 2009/10. The new system sets out the individual's personal objectives, linked to the force objectives, and the expected behavioural competencies, against which staff self assess and identify their own training needs. Personal objectives are being established for all staff which will form the basis of the review process.
51. The board conducted a staff survey in 2009 which attracted an excellent 64% response rate and provided a generally positive response. Actions for improvement were identified and have been taken forward under the following workstreams: change management; reducing bureaucracy; visibility and accessibility of senior managers; perceptions of bullying, harassment and discrimination
52. Sickness absence levels increased from 3.8% in 2008/09 to 4.9% in 2009/10. The board introduced a SCOPE based absence management system in February 2010, which provides improved absence management information and has allowed management to focus on specific problem areas. Absence levels have since reduced, with a level of 2.8% being reported for the first quarter in 2010/11.

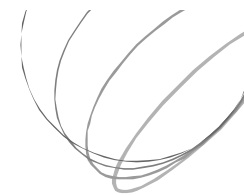
## Shared Services

53. The Accounts Commission commented on the lack of progress in developing shared services in its *Overview of the local authority audits 2008*. It recommended that high priority should be given to shared services in the light of financial pressures and the drive for efficiency.
54. As noted at paragraph 37 above, the board has identified the need to make significant savings over the next four years and is considering regional collaboration and national initiatives through ACPOS as potential areas for delivering savings.
55. The board is already working collaboratively with Fife, Lothian & Borders and Tayside police boards, focussing on roads policing, firearms management and capability, training and legal services. The



board is also working collaboratively with partners in the Forth Valley Chief Officers' forum on a number of options including fleet maintenance and shared premises.

56. ACPOS has set up an Efficiency and Productivity Steering Group aimed at bringing forces together to identify, prioritise and implement activity at a national level which will deliver efficiency savings. ACPOS is also conducting a review of policing structures in Scotland and expect to report preliminary findings later in the year. The Scottish Government Police Division is also carrying out closely linked work aimed at developing a sustainable model of Scottish policing during the period of public spending restrictions.



# Governance and accountability

## Introduction

57. Corporate governance is concerned with structures and processes for decision-making, accountability, control and behaviours at the upper levels of the organisation. In 2009/10 we carried out a review of the governance arrangements in the board. We concluded that, overall, the board had systems in place that operated well within a sound control environment.

## Scrutiny

58. Effective scrutiny is central to good governance, with a significant role for members to scrutinise performance, hold management to account on service delivery and support the reform and modernisation agenda.

59. In the action plan contained in our 2008/09 annual report on the audit, the board agreed to carry out a self-assessment of the effectiveness of the audit committee. Our report also highlighted that the CIPFA/SOLACE publication 'Audit Committee Principles in Local Authorities in Scotland' contains a good checklist for this purpose. We note that no self-assessment has yet been carried out.

**Action plan no. 3**

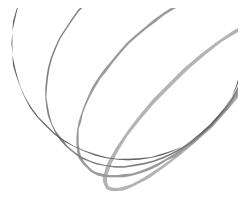
## Roles and relationships

60. In May 2010, specific role descriptions for Conveners, Vice Conveners and Police Board Members were approved in principle by the Board. The job descriptions were based on job descriptions adopted by Northern Joint Police Board following their Best Value audit report in 2009. These job descriptions are subject to review as part of the board's self assessment process.

61. The Accounts Commission recommends that priority is given to the continuous professional development of Members. In a report to the Best Value and Audit Sub-committee in May 2010, the Clerk to the Board noted that a Training Needs Analysis would be undertaken, followed by development of individual training plans for Members and that this would be completed by August 2010. Work in this area remains to be completed.

**Action plan no. 4**





## Partnership Working

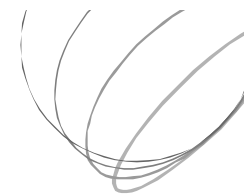
62. The board is an active partner in the Clackmannanshire, Falkirk and Stirling Community Planning Partnerships and together with its community planning partners has a strong commitment for working together for the benefit of the local area.
63. Strategic Community Plans are in place for all three areas which set out the key partnership priorities and are underpinned by 2009-2012 single outcome agreements which aim to provide improved outcomes for the communities.
64. The Assistant Chief Constable is a member of the strategic groups of each community planning partnership and the operational groups for the community safety aspect of the partnerships are chaired by Area Commanders from the Force. This reflects the key role the board has to play in the partnerships.

## Community engagement

65. New community policing structures were introduced in 2009 which reduced and restructured senior ranks within the Force, expanded civilianisation of roles and increased frontline policing. The new structure enhances the delivery of community policing and increases the capacity for community engagement.
66. At the same time the Scottish Government introduced the Scottish Community Policing Engagement Principles which identified the need for a Community Engagement Standard. In February 2010 the Board approved a Community Engagement Standard which sets out the standards for engaging with local communities to establish an understanding of the issues that effect their quality of life, sense of security and improve police visibility and accessibility within communities.
67. The board also undertake twice yearly user satisfaction surveys, the latest of which is reported on the board's website and shows broadly positive results.

## Public performance reporting (PPR)

68. Local authority bodies have a clear statutory duty to make arrangements for reporting to the public on the outcome of the performance of their functions (Local Government in Scotland Act 2003). Statutory guidance on Best Value requires local authority bodies to manage performance effectively with a view to continuous improvement. This should reflect the local context in which they operate and their own particular priorities.



69. The board has a range of mechanisms for reporting performance to stakeholders including the Chief Constable's Annual Report, the Abstract of Accounts and through the Force Performance Framework reported on the board's website.
70. We also note that the PPR framework sets out the achievements of the board, however there is less reporting to the public of areas where improvements are required. This results in a less balanced view of force performance. We have been advised that the board is currently developing a single corporate improvement plan to bring together recommendations for business improvement from various sources such as audits, inspections and self-evaluations. This will be published on the external website and should help to redress this imbalance.

## **Governance and internal control**

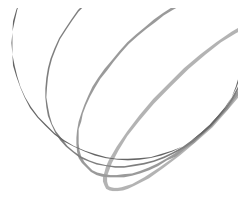
71. No material weaknesses in the accounting and internal control systems were identified during the audit which could adversely affect the ability to record, process, summarise and report financial and other relevant data so as to result in a material misstatement in the accounts.
72. In his Internal Audit Annual Report 2009/10, the Corporate Governance Manager, in his capacity as Chief Internal Auditor for the board, confirmed that reasonable assurance can be placed upon the internal controls in operation throughout the board.
73. Our review revealed that Internal Audit met the requirements of the CIPFA Code of Practice for Internal Audit in Local Government and that we were able to place reliance on them to support our audit work.

## **Prevention and detection of fraud and irregularities**

74. The board has appropriate arrangements in place to help prevent and detect fraud, inappropriate conduct and corruption. The board has an approved Anti-Fraud Policy, Fraud Response Plan and Professional Standards Reporting Policy which contribute to sound arrangements to prevent and detect fraud and corruption.

## **NFI in Scotland**

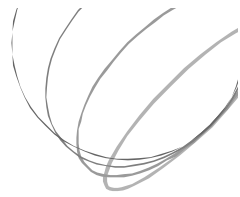
75. The National Fraud Initiative (NFI) in Scotland brings together data from councils, police boards, fire and rescue boards, health bodies and other agencies, to help identify and prevent a wide range of frauds against the public sector. These include housing benefit fraud, occupational pension fraud and payroll fraud. The NFI has generated significant outcomes for Scottish public bodies (£21 million during the 2008/09 NFI cycle and £58 million cumulatively up to the end of March 2010). If fraud or overpayments are not identified in a body, and the NFI exercise has been undertaken properly, assurances may be taken about internal arrangements for preventing and detecting fraud.



76. The most recent data matching exercise collected data from participants in October 2008 and the national findings were published by Audit Scotland in May 2010. Instructions for the 2010/11 NFI exercise were issued by Audit Scotland in June 2010 and participants should be preparing to provide the requested data by early October. The national report published in May 2010 included a self-appraisal checklist that all participants were recommended to use prior to NFI 2010/11.
77. We monitored the board's involvement in NFI during the course of the audit and found that the Director of Finance and Resources had taken appropriate steps to manage the process. Similar arrangements are anticipated for the new round of NFI in 2010/11.
78. The most recent data matching exercise identified payroll and pension data matches. All data matches were investigated. Although no cases of fraud were uncovered and no savings have as yet been generated, assurance may be taken about the internal arrangements to assist in the prevention and detection of fraud.

## Outlook

79. Governance and accountability issues are likely to be prominent as the board's operating environment and economic position becomes increasingly difficult. We recognise the commitment to improving the scrutiny and governance arrangements within the board which will include:
  - Evaluating the Best Value and Audit Sub-Committee to ensure that it is operating effectively.
  - The development of Training Needs Analyses and Personal Development Plans.



# Performance management and improvement

## Introduction

80. We believe that an effective organisation has a clear and ambitious vision for what it wants to achieve to secure high quality services and effective outcomes for service users. The vision should be backed up by clear plans and strategies to secure improvement, with resources aligned to support their delivery.

## Vision and strategic direction

81. The board reviewed its Strategic Plan in 2009. The current plan sets out the five strategic priorities as:

- Delivering safer and stronger communities.
- Growing community policing and increasing engagement.
- Building community planning and sustainable partnerships.
- Modernising our services and reinvesting efficiency savings.
- Developing our people and becoming an employer of choice.

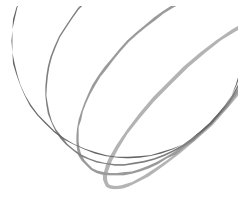
82. Progress against the plan is regularly monitored by the Force Policy Group and is reported to the Board on an annual basis.

83. Effective strategic planning requires a clear link between corporate planning, service planning and financial planning. In the action plan included in our 2008/09 Report on the Audit, the board stated that it planned to further develop future budgetary plans to more explicitly identify the financial impact of new demands and strategic priorities. Action is still required to ensure that this is fully developed within the board, at a time when good financial planning takes on even more significance.

***Action plan no. 2***

## Performance management

84. The board has a local Force Performance Framework. The Framework is based on the Scottish Police Performance Framework (SPPF) and is augmented by local performance indicators linked to

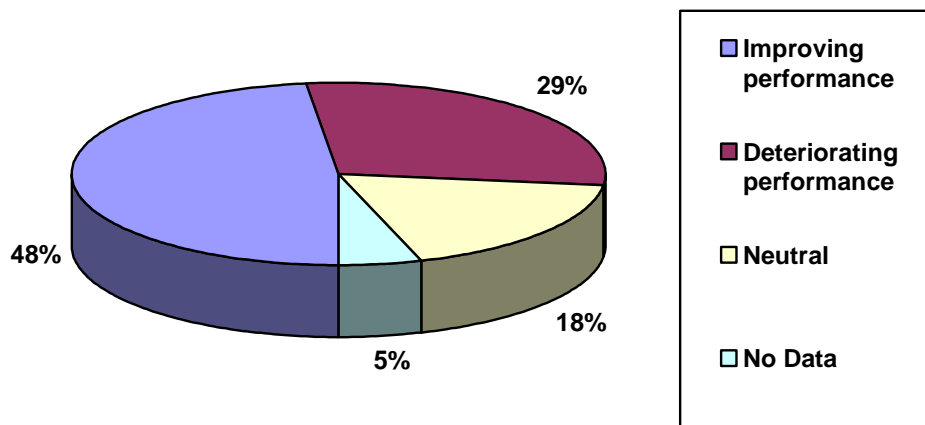


the board's strategic objectives and the SOAs relevant to each of the Community Planning Partnerships. The framework also provides the basis for reporting the Statutory Performance Information.

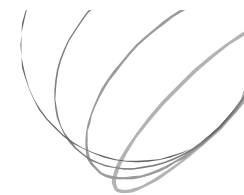
- 85. Performance standards have been agreed under each single outcome agreement and performance is regularly monitored through the Quarterly Force Performance Reports, the Best Value & Audit Sub-Committee and the Board.
- 86. The board has a Force Performance Improvement Board in place to support a culture of continuous improvement within the force, based on control and accountability approaches to performance management.

### Overview of performance in 2009/10

- 87. As noted at paragraph 69 above, performance information is reported in the Chief Constable's Annual Report. The 2009/10 report provides a comparison of performance information with the previous year and demonstrates whether performance is improving, deteriorating or remains neutral. The report includes indicators set out in the following categories: service response; public reassurance & community safety; criminal justice & tackling crime; sound governance & efficiency (including a number of input measures); context measures.
- 88. The information provided for around 60 indicators in the report (excluding the input measures under sound governance & efficiency) reflects a generally improving service as reflected in the graph below:



- 89. Improvements achieved include, for example, average emergency call attendance time, recorded indecency crime detection, recorded dishonesty crime detection, recorded drugs and other crime detection, class A drug seizures and standard police reports to the Scottish Children's Reporter Administration within 14 days. Some of the measures of performance not achieved include complaint



allegations, recorded indecency crime detection, recorded road traffic crime detection, anti-social behaviour fixed penalty notices issued and sickness absence levels.

## **Equality and Diversity**

90. The board aims to ensure that all of its activities comply with best practice in the field of equality and diversity. The board had previously adopted its Race Equality Scheme, Disability Equality Scheme and Gender Equality Scheme and in August 2010 approved a Single Equality Scheme, following the introduction of the Equality Act 2010 which aimed to provide a cross-cutting framework of equality for all. This scheme provides guidance on the approach to equalities in, for example, leadership and management, consultation, involvement and engagement, training and development and procurement.
91. Equality and diversity performance indicators are built into the board's local performance management framework and are reported to the Board.

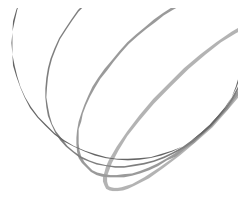
## **Efficiency & Improvement Programme**

### **Change Management**

92. The current economic climate and the reduction in public sector spending present significant challenges to the board. Despite the reductions in funding, there is increasing demand on police services and the board needs to explore whether there are better, more cost effective ways of delivering quality services. The board recognises that difficult decisions will have to be made over the next few years and a significant programme of change is inevitable.

### **Self Evaluation**

93. In 2008/09, Her Majesty's Inspectorate of Constabulary for Scotland (HMICS) introduced a process of self-assessment, based on EFQM principles to replace the previous inspection regime. For 2009/10 HMICS identified a number of indicators of performance and highlighted key factors to be considered in assessing how these were met. The 2009/10 self assessment produced a lot of information on performance and identified potential areas for improvement. These are being taken forward as part of the development of the single corporate improvement plan.
94. At its meeting in May 2010, the Best Value and Audit Sub-committee considered a report on the Best Value audit approach for police boards and forces. The Sub-committee approved the undertaking of a self-assessment review covering all aspects of the activities of the Board and the Force. The review was timetabled to take place between August and October 2010 with an action plan developed between November 2010 and May 2011. There has been slippage in this timetable with little review



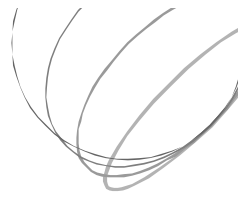
activity having taken place to date, however from October 2010, the board has seconded an officer from his current post to progress the self-assessment work.

## **Efficiency Programme**

95. The Scottish Government Efficient Government Programme 2008/09 – 2010/11 sets out its target to deliver cash-releasing efficiency savings amounting to £1.6 billion by 2010/11. To achieve this level of savings the Scottish Government set a target of two per cent cash-releasing savings for each of the three financial years. Public bodies need to be able to deliver year on year efficiency savings and contribute to the achievement of the Scottish Government's savings targets.
96. As part of the 2009/10 budget process, a cumulative 2% efficiency savings target (£1.7 million for 2008-10) was identified and reported to Members. Achievement of these efficiency savings is monitored through the budgetary process and actual savings reported for 2008-10 total £2.4 million.
97. The board will need to achieve significant efficiencies and other savings in the years ahead. This will require continuing review across all of the board's activities and effective coordination of the board's efforts.

## **Risk Management**

98. Effective risk management is an essential element of good corporate governance which, in turn, supports effective decision making and ultimately contributes to improved performance. A board with mature governance arrangements embraces the concept of risk, recognising that awareness, discussion and management of risk represents strength in its management arrangements.
99. The board has a Risk Management Framework, supported by Risk Management Procedures. These have been reviewed by the board's independent risk management consultant during 2009/10.
100. The board has also developed a Force Strategic Risk Register which consists of a Corporate Risk Register and a Strategic Tasking & Co-ordinating Group Risk Register and is considered as a standing agenda item by the senior management group's (the Force Policy Group).
101. A Risk Management Group meets on a regular basis to review the Strategic Risk Register and to consider suggested changes and progress against actions identified and make recommendations to the Force Policy Group. Progress is also regularly reported to the Best Value and Audit Sub-committee.

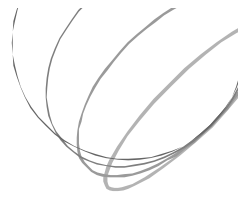


## Performance outlook

102. Effectively managing the board's performance will remain a key challenge as budgets are reduced.

The board will need to make difficult decisions about its priorities and the service that it intends to provide over the coming years. Crucially, the board will need to use its performance information to understand and manage the effect of spending decisions.

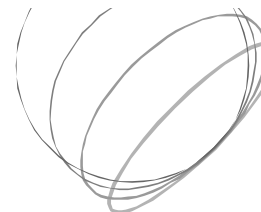




# Appendix A: Reports and Opinions

## External audit reports and audit opinions issued for 2009/10

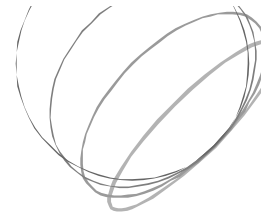
<b>Title of report or opinion</b>	<b>Date of issue</b>	<b>Date presented to Best Value &amp; Audit Sub-Committee</b>
Annual audit plan	2/3/10	7/5/10
Review of main financial systems	30/6/10	N/A (will be presented on 5/11/10)
Report on financial statements to those charged with governance	17/9/10	N/A (will be presented on 5/11/10)
Audit opinion on the 2009/10 financial statements	22/9/10	N/A (will be presented on 5/11/10)
Annual report to the Members and the Controller of Audit	27/10/10	N/A (will be presented on 5/11/10)
Audit opinion on Whole of Government Accounts	1/10/10	N/A



# Appendix B: Action Plan

## Key Risk Areas and Planned Management Action

Action Point	Refer Para No	Risk Identified	Planned Management Action	Responsible Officer	Target Date
1.	23.	<p><b>IFRS</b></p> <p>The introduction of IFRS is a significant change to local government accounting and will need to be effectively managed.</p> <p><b><i>Risk: Insufficient attention is paid to the introduction of IFRS, meaning that the board is unable to prepare compliant accounts in time.</i></b></p>	<p>The Force has identified appropriate qualified accounting resources to plan the timetable and implement.</p> <p>This has been supplemented by the Force signing up to a specialist advice service provided by PWC/CIPFA.</p> <p>Also, there is sharing of information and advice through ACPOS Finance Management Business Area</p>	Director of Finance & Resources	December 2010
2.	41.	<p><b>Financial Planning</b></p> <p>Moving forward it is important that the board has a clear understanding of what its spending priorities are, developing these in partnership with other public sector organisations where appropriate and has plans in place to deliver against these priorities.</p> <p>Effectively managing performance will remain a key challenge as budgets are reduced. Crucially, the board will need to use its performance information to understand and manage the effect of spending decisions.</p> <p><b><i>Risk: the board is unable to meet expenditure commitments from available income and available funding is not effectively directed to priorities.</i></b></p>	<p>A Strategic Spending Review 2010 Programme Board has been established to identify and prioritise potential cost saving measures.</p> <p>4 force collaboration work has also commenced to explore potential savings from shared services.</p> <p>Prudent financial management in 2010/11 to help achieve an increase in the level of revenue reserves.</p> <p>Effective and constructive dialogue will also be undertaken with constituent authorities.</p> <p>A more defined list of costed priorities will be included in the budgetary considerations.</p> <p>Contributions to the ACPOS/ Scottish Government review of police structures in Scotland will be made.</p>	Director of Finance & Resources	March 2011



Action Point	Refer Para No	Risk Identified	Planned Management Action	Responsible Officer	Target Date
3.	59.	<b>Scrutiny</b> The board has previously agreed to carry out a self-assessment of the effectiveness of the Best Value & Audit Sub-committee. We note that no self-assessment has yet been carried out.  <b>Risk: the Best Value &amp; Audit Sub-committee may not be fully effective.</b>	The Board will undertake a self assessment of its governance arrangements in preparation of the BV2 review in 2011.	Clerk to the Board	March 2011
4.	61.	<b>Roles and relationships</b> The board identified the need for undertaking a Training Needs Analysis followed by development of individual training plans for Members and that this would be completed by August 2010. Work in this area remains to be completed.  <b>Risk: the training needs of Members may not be effectively met.</b>	The Board will undertake a Training Needs Analysis in 2010/11.	Clerk to the Board	March 2011