

Performance and Resources Scrutiny Programme 2022/23

Report to: the Office of the Police, Fire and Crime Commissioner for Essex

Title of Report:	CIPFA Financial Management Capability Review
Classification of Paper:	Official
Agenda Number:	4
Chief Officer	DCC Prophet
Date Paper was Written	31st August 2022
Version Number	Version 1
Report from:	Essex Police: Corporate Finance
Date of Meeting:	28th September 2022
Author on behalf of Chief Officer:	Debbie Martin, Chief Finance Officer
Date of Approval:	DCC Prophet – 1st September 2022

1.0 Purpose of Report

1.1 This report provides an update on the CIPFA Financial Management Capability Review undertaken in 2020.

2.0 Recommendations

2.1 To note the update from the Working Group.

2.2 To note the work being undertaken by CIPFA as part of their consultancy days.

3.0 Executive Summary

3.1 Noted within Section 1 of the main body of the report.

4.0 Introduction/Background

4.1 Noted within Section 3 of the main body of the report.

5.0 Current Work and Performance

5.1 Noted within Section 4 of the main body of the report.

6.0 Implications (Issues)

6.1 Noted within Section 4 of the main body of the report.

Official

7.0 Links to Police and Crime Plan Priorities

7.1 The FMCR concerns ensuring a sound financial platform which in turn supports the Police and Crime Plan.

8.0 Demand

8.1 There is no direct impact on demand.

9.0 Risks/Mitigation

9.1 Noted within Section 4.3 and Section 5 of the main body of the report.

10.0 Equality and/or Human Rights Implications

N/A

11.0 Health and Safety Implications

N/A

12.0 Consultation/Engagement

12.1 Members of the FMCR Working Group were consulted.

13.0 Actions for Improvement

N/A

14.0 Future Work/Development and Expected Outcome

14.1 Noted in Section 5 of the main body of the report.

15.0 Decisions Required by the Police, Fire and Crime Commissioner

15.1 There are no decisions required for approval.

1. Purpose of Report

Following the CIPFA's Financial Management Capability Review in 2020, an action plan was agreed for the Force and PFCC to address the recommendations. This report provides an update and notes the latest position from the Working Group which is monitoring the action plan.

2. Recommendations

- 1) To note the update from the Working Group
- 2) To note the work being undertaken by CIPFA as part of their consultancy days.

3. Background

The force and PFCC engaged with CIPFA Achieving Finance Excellence (AFEP) programme and part of this programme included the Financial Management Capability Review (FMCR). The FMCR at force level provided an analysis of the position in summer 2020 and included an improvement plan.

4. FMCR Working Group

The report included 11 recommendations and these were subsequently broken down further resulting in 33 recommendations.

A Working Group was set up to review and implement the recommendations. Core members of the Working Group were from Corporate Finance Department and the PFCC's finance team, in addition other members included specialists from HR, IT, Business Services, Procurement and Strategic Change. The Group meets approximately every 8 to 12 weeks and as at 9th August 2022 meeting, 18 recommendations were completed, 9 are ongoing but past the original due date and 6 have yet to be started. Appendix A summarises the position.

4.1 Recommendations Outstanding

a) Capture cashable and non-cashable savings (digital transformation savings) (2c)

The Strategic Team have processes in place to capture the savings. A review is taking place to ensure both national and force specific projects are reviewed, and savings captured. The expected completion date is September 2022, and this recommendation should be signed off at the October Working Group.

b) Budget deep dive (3a)

There are five budget deep dives that have been undertaken and will be presented to the non-pay star chambers in September 2022. This recommendation should be signed off at the October Working Group.

Official

c) Job descriptions review to clarify finance responsibilities (4a)

HR and Corporate Finance are reviewing the competency based framework with a view to adding some finance responsibilities within the technical competencies. The expected completion date December 2022.

d) Publish finance responsibilities with Scheme of Delegation (4b)

CIPFA are currently undertaking this work for another force, the results of which will be shared with Essex and adapted for force usage. The expected completion date December 2022.

e) Appoint a Systems & Reporting Accountant (4c)

This new post was agreed in 2021/22 and a candidate was appointed, however following vetting, a counter offer by their current employer was accepted. In 2022/23 the job has been reviewed and the job description rewritten, changing the job title to Financial Analyst, and regraded from PO3 to PO4. The vacancy is being advertised in August/September 2022. It is not expected that the post will be filled until March 2023.

f) Review SAP contract dates (9a)

The ERP SAP platform is contracted to 2032 but will require a replacement strategy within the next 3 years. This will be included in the IT Strategy 2022-25 and is a standing agenda item at the SAP Steering Group. Once the strategy is formalised the FMCR actioned can be closed.

g) Introduce KPIs (9b)

The Corporate Finance Team has not had the resources to develop this action but have now engaged CIPFA to utilise consultancy days under the AFEP contract to progress this workstream. The expected completion date December 2022.

h) Write a Finance Service Plan (9c)

The Corporate Finance Team has not had the resources to develop this action but have now engaged CIPFA to utilise consultancy days under the AFEP contract to progress this workstream. The expected completion date December 2022.

i) Self-service on SAP for requisitioning (10a)

This action is being developed by Business Services and IT. Options are being explored prior to the convergence project being completed. Office 365 and Frevvo forms are being considered as options. The expected completion date is April 2023.

4.2 Recommendations not started

All the recommendations below are dependent on the Systems and Reporting Accountant/Financial Analyst post being filled, see 4.1e above for the detail.

- a) Budgetary management to be reviewed by line managers and at the Force Performance Board (4d)
- b) Appoint a Systems & Reporting Accountant to produce budget holder reports (6a)
- c) Hold budget holders to account at the Force Performance Board (6b)
- d) Introduce a budget holder licence (7a)
- e) Write and deliver a budget holder training package, utilising Develop Me and NCALT packages (7b)
- f) Develop budget holder being able to produce their own reports (10b)

4.3 CIPFA consultancy

Included within the AFEP programme are CIPFA consultancy days. After consideration of work demands and recommendations that were difficult to resource, the CIPFA consultancy days will be used for the following three areas. This work will be undertaken in August, September and October.

Finance function service commitment

Using information supplied to CIPFA by other Forces, they will explore good practice in the creation of service commitments to the organisation. They will also explore the use of KPIs in such a commitment.

Capital Strategy

The capital strategy will be reviewed within the boundaries of the legislation and Minimum Revenue Provision guidance, which was published by the Department of Levelling Up, Housing and Communities. CIPFA will review the planned capital programme to assess the current proposals and will review the practicality and affordability of the programme and the future impact on the MRP. If needed CIPFA will make any recommendations to further enhance the process of setting MRP policy, ensure adequate working papers and further the prudence measures within the calculations.

MTFS

CIPFA will review information supplied to them by other Forces and where necessary, publicly available material, and will explore good practice in the presentation of material

Official

on the Forces' capital programmes in MTFS's. They will then explore with the Force how it might wish to make changes to its current and future MTFS.

5 Next steps

The FMCR Working Group will continue to meet and progress the FMCR outstanding recommendations.

The force subscribed to the AFEP programmes phase 1 and 2, each of which was a two year contract. CIPFA are currently liaising with forces concerning AFEP 3 and what they would like to be included in the contract. CIPFA will also be including this topic within the two day Chief Finance Officer Retreat on 22nd and 23rd September; Matthew Tokley is representing the force and Janet Perry is representing the PFCC at this event. Once formal details of AFEP phase 3 are circulated, the finance teams (force and PFCC) will initially discuss the merits of the programme and subsequently advise whether it is something we recommend continuing for a further two years or whether we revert to the previous arrangement which included separate purchase of CIPFA subscriptions and Finance Network (training) events.

Action	Description	
THEME: Financial Strategy and Budget Setting		
1. Developing a dynamic and robust Medium Term Financial Plan		
1a i	MTFS Modelling	Complete
1a ii	MTFS Modelling	Complete
1b i	Capital Programme Affordability	Complete
1b ii	Capital Programme Affordability	Complete
1c i	Reserve Levels	Complete
1c ii	Reserve Levels	Complete
2. Efficiency Savings		
2a	Capture estates efficiency savings via the Estate Boards	Complete
2b	Capture cashable and non-cashable from the COVID Recovery Coordination Group	Complete
2c	Capture cashable and non-cashable digital transformation savings	Exceeded deadline
2d	Capture cashable and non-cashable as a result of O365 implementation	Complete
2e	Establish a new process for capturing non-cashable savings	Complete
3. Budgeting setting – improving precision and challenge		
3a	Budget deep dive	Exceeded deadline
THEME: Diffused Financial Management and accountability for financial performance		
4. FM Competency Framework and performance framework		
4a	Job description review to clarify finance responsibilities; performance (PDRs) are assessed against the job description.	Exceeded deadline
4b	Publish finance responsibilities with Scheme of Delegation	Exceeded deadline
4c	Appoint a Systems & Reporting Accountant to produce budget holder reports	Exceeded deadline
4d	Budgetary management to be reviewed by line managers and at the Force Performance Board (subject to 4c) with Chief Officer oversight at COG	Not started
5. In-year monitoring and Virement		
5a	Budgets holders and Corporate Finance to be reminded of the appropriate use of virements	Complete
5b	Virement Policy paper to COG	Complete
6. Accountability		
6a	Appoint a Systems & Reporting Accountant to produce budget holder reports (see 4c)	Not started
6b	Action 4d addresses holding budget holders to account at the Force Performance Board	Not started
7. Limited delegation/lack of diffused financial management literacy		
7a	a) Introduce a budget holder licence (dependent on 4c)	Not started
7b	b) Write and deliver a budget holder training package, utilising Develop Me and NCALT packages (dependent on 4c)	Not started
THEME: Finance structure - effectiveness		
8. Positioning of CC Finance and the CFO		
8a	Force s151	Complete
8b	PFCC s151	Complete
9. Finance Function Efficiencies		
9a	Review SAP contract key dates. (Investment in the general ledger).	Exceeded deadline
9b	Introduce KPIs	Exceeded deadline
9c	Write a Finance Service Plan	Exceeded deadline
9d	Revised job description and grading review for Finance Business Partners	Complete
9e i	Change requirement for capital accountant to be a qualified accountant. New job description and new grading required.	Complete
9e ii	Change requirement for capital accountant to be a qualified accountant. New job description and new grading required.	Complete
10. Finance System		
10a	Self-service on SAP for requisitioning	Exceeded deadline
10b	Develop budget holders being able to produce their own reports (dependant to 7a)	Not started
11. Procurement		
11a	Appoint a 7F finance resource	Complete