

**Performance and Resources Scrutiny Programme 2022/23**  
**Report to: the Office of the Police, Fire and Crime Commissioner for Essex**

<b>Title of Report:</b>	<b>CIPFA Financial Management Capability Review</b>
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<b>Agenda Number</b>	<b>4.0</b>
<b>Chief Officer</b>	<b>DCC Prophet</b>
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<b>Report from:</b>	<b>Essex Police - Corporate Finance</b>
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## **1.0 Purpose of Report**

- 1.1 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. It also reviews whether the force wishes to be part of the CIPFA Achieving Finance Excellence (AFEP) programme phase 3.

## **2.0 Recommendations**

- 1) To note the update from the Working Group
- 2) To not sign up for CIPFA Achieving Finance Excellence (AFEP) programme phase 3.

## **3.0 Executive Summary**

- 3.1 The Working Group has made good progress with completing the recommendations set out in the Financial Management Capability Review (FMCR), with only a few outstanding recommendations that can commence in earnest when the Financial Analyst joins Essex Police on 1<sup>st</sup> March 2023.
- 3.2 The AFEP 3 has yet to be confirmed. Indications of what will be included in the programme do not offer value for money for the additionality above the subscription the force already has in place.

## **4.0 Introduction / 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.

## **5.0 Current Work and Performance**

### **5.1 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 16<sup>th</sup> January 2023 meeting, 24 recommendations were completed, 6 are ongoing but past the original deadline and 3 have yet to be started. This is an improvement on August position which was 18 recommendations were completed, 9 were ongoing and 6 had yet to be started. Appendix A summarises the position.

#### **5.1.1 Recommendations Outstanding**

- a) 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 June 2023.
- b) Publish finance responsibilities with Scheme of Delegation (4b)  
CIPFA were undertaking this work for another force and the results were shared with Essex. Neither force was satisfied with the product and consequently we are now developing our own document and linking it to the Scheme of Virements and Financial Regulations. The expected completion date June 2023.
- c) 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 was advertised in September 2022 and an individual is starting in the post on 1<sup>st</sup> March 2023.
- d) Introduce KPIs (9b)  
The Corporate Finance Team did not have the resources to develop this action and engaged CIPFA, using consultancy days under the AFEP contract to progress this workstream. The expected completion date March 2023.
- e) Write a Finance Service Plan (9c)  
The service plan is tied in with the KPI recommendation above.

f) 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.

5.1.2 Recommendations to commence 1<sup>st</sup> March 2023.

All the recommendations below are dependent on the Financial Analyst post being filled which is scheduled for 1<sup>st</sup> March 2023, see 4.1c above for the detail.

- a) Appoint a Systems & Reporting Accountant to produce budget holder reports (6a)
- b) Write and deliver a budget holder training package, utilising Develop Me and NCALT packages (7b)
- c) Develop budget holder being able to produce their own reports (10b)

All the above will be completed within the next 6 to 12 months.

5.1.3 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 were used for the following three areas. This work was undertaken in autumn 2022.

Finance function service commitment

Using information supplied to CIPFA by other Forces, they explored good practice in the creation of service commitments to the organisation. They also explored the use of KPIs in such a commitment. The documents include in a financial service plan and what performance indicators could be measured against. This document now needs to be tailored towards how the finance function is deployed in Essex to ensure it is fit for purpose. This work is scheduled to be finalised by March 2023.

Capital Strategy

The capital strategy was 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 reviewed the planned capital programme to assess the current proposals and reviewed the practicality and affordability of the programme and the future impact on the MRP. We also asked CIPFA whether we needed to further enhance the process of setting MRP policy and review our working papers and prudence measures within the calculations.

CIPFA's review is ongoing with two meetings held to date, the first to understand the local context of the capital programme and related financing challenges, and the second focusing on the force MTFs and the affordability of the capital programme in conjunction with the wider financial position for the force. Various information has been shared with CIPFA, with a further meeting is scheduled for the week commencing 30<sup>th</sup> January. The

timetable for completion of the work has been scheduled for week commencing 3<sup>rd</sup> February, thereby enabling it to be utilised in the writing of the 23/24 Capital Strategy.

### MTFS

CIPFA reviewed information supplied to them by other forces, publicly available material, and explored good practice in the presentation of material on the forces' capital programmes in MTFS's. They also explored with the Force how it might wish to make changes to its current and future MTFS.

They compared our MTFS to 14 other forces. CIPFA concluded that Essex do not need to make any dramatic change to the format or content of its MTFS report. The only recommendation received was that we consider reference to value for money with possible referencing to the HMICFRS VFM profile results.

## 5.2 Achieving Financial Excellence Programme (AFEP) Phase 3

AFEP phase 2 will finish on 31<sup>st</sup> March 2023 and at present full details on the AEP 3 proposals have yet to be circulated, however CIPFA have been liaising with forces to discuss the possible content.

The cost of AFEP 1 and 2, which were two year programmes, was £40k each and this cost was split between the force and PFCC. The force has a base budget of £10.2k per annum which is used for publications, CIPFA statistics and the Police and Fire Network. The publications and resources include the annual codes of practice, core guidance notes, financial management code and support, international public financial management, reports and responses to consultations. The Police and Fire Network supports and advises police forces, PCCs and fire and rescue authorities on legislation, policy and current issues and anticipated future developments, this also includes access to special events and webinars e.g., Police Pensions Remedy Training.

The proposal is not to sign up to AFEP 3. The base budget for the CIPFA services is good value for money and allows the force and finance staff to be up to date, these products are of a high standard and provide value for money. The additionality of the AFEP package for programme 1 was worthwhile and the force benefitted from the FMCR work, however AFEP 2 hasn't delivered in terms of the quality of support, consultancy and inputs at finance events. Although CIPFA have consulted with forces for what AFEP 3 would look like, there is no conclusion and no product to review. On liaising with CFOs in other forces, the majority have indicated that they do not intend to sign up for AFEP 3. Based on our own experience, it is recommended that the force reverts to the CIPFA core services which is budgeted for and do not sign up for AFEP 3 at the present time. This was the collective view of the members of the FMCR working group, including the PFCC CFO.

## 6 Implications (Issues)

### 6.1 Implications of both timetables are covered in section 5.

**7.0 Links to Police and Crime Plan Priorities**

7.1 Achieving financial excellence in policing links to all priorities within the Police and Crime Plan.

**8.0 Risks/Mitigation**

8.1 If the force and PFCC do not sign up to AFEP 3 it may be considered that the force is not supporting CIPFA and NPCC in seeking to improve financial management in policing. However, with the lack of a detailed plan that offers value for money, it is not worthwhile at the present time.

**9.0 Equality and/or Human Rights Implications**

9.1 There are no impacts on equality with regards the AFEP programme.

**10.0 Health and Safety Implications**

10.1 There are no Health and Safety with regards the AFEP programme.

**11.0 Consultation / Engagement**

11.1 Members of the FMCR Working Group have been consulted. This includes the Corporate Finance Management Team and the PFCC's CFO.

**12.0 Actions for Improvement**

12.1 None.

**13.0 Future Work/Development and Expected Outcome**

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

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Appendix A

Summary of Recommendations

Action		Description
<b>THEME: Financial Strategy and Budget Setting</b>		
<b>1. Developing a dynamic and robust Medium Term Financial Plan</b>		
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
<b>2. Efficiency Savings</b>		
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	Complete
2d	Capture cashable and non-cashable as a result of O365 implementation	Complete
2e	Establish a new process for capturing non-cashable savings	Complete
<b>3. Budgeting setting – improving precision and challenge</b>		
3a	Budget deep dive	Complete
<b>THEME: Diffused Financial Management and accountability for financial performance</b>		
<b>4. FM Competency Framework and performance framework</b>		
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	Complete (superseded)
<b>5. In-year monitoring and Virement</b>		
5a	Budgets holders and Corporate Finance to be reminded of the appropriate use of virements	Complete
5b	Virement Policy paper to COG	Complete
<b>6. Accountability</b>		
6a	Appoint a Systems & Reporting Accountant to produce budget holder reports ( <b>see 4c</b> )	Not started
6b	Action 4d addresses holding budget holders to account at the Force Performance Board	Complete (superseded)
<b>7. Limited delegation/lack of diffused financial management literacy</b>		
7a	a) Introduce a budget holder licence ( <b>dependent on 4c</b> )	Complete (superseded)
7b	b) Write and deliver a budget holder training package, utilising Develop Me and NCALT packages ( <b>dependent on 4c</b> )	Not started
<b>THEME: Finance structure - effectiveness</b>		
<b>8. Positioning of CC Finance and the CFO</b>		
8a	Force s151	Complete
8b	PFCC s151	Complete
<b>9. Finance Function Efficiencies</b>		
9a	Review SAP contract key dates. (Investment in the general ledger).	Complete
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
<b>10. Finance System</b>		
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
<b>11. Procurement</b>		
11a	Appoint a 7F finance resource	Complete