The Chartered Institute of
Public Finance & Accountancy

Achieving Finance Excellence in Policing II

Learning from consultancy projects

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1. Introduction

Foreword

1.1 Since 2019, 80% of UK forces and PCCs have been members of CIPFA's innovative and successful Achieving Finance Excellence in Policing (AFEP) service, jointly governed by NPCC, APCC, PACCTS and the CIPFA Police Panel.

1.2 CIPFA is committed to working with police industry professionals to develop and collaborate on key themes and programme streams. By working with programme partners to assist in the creation of a long-term strategy of support, the sector can work towards securing financial sustainability.

1.3 AFEP II is the next iteration of the programme, and following feedback, CIPFA created the opportunity for forces to access bespoke consultancy support for areas to help their improvement journey. This report seeks to capture some of that learning from practical work with individual forces, which can be implemented more widely.

1.4 This report details the areas of consultancy support undertaken and the results. Those results are anonymised because they represent the state of play in an individual force, but the learning should be of interest and value to all forces.

Introduction

1.5 AFEP II commenced in April 2021. CIPFA is committed to supporting and facilitating national collaboration for force and PCC finance teams across the UK to support reform and shape exemplary financial health throughout the sector.

1.6 AFEP II moved the financial management capability review (FMCR) exercise on a stage by providing five days of support per force and PCC to implement actions and improvement plans arising from the FMCR reviews. Alternatively, members could make use of the days developing specific projects using CIPFA's advisory services, shaping asset management projects or interpreting statistical data supported by the CIPFA consultancy team.

1.7 There was significant take-up of the consultancy days, which were delivered between July 2021 and September 2022. Some forces used the days to test their improvement following a FMCR or their own self-assessment. Others chose to use the days on subjects where they felt improvement was needed or for delivery of training. Some used the days for more than one subject and used extra discounted days. The table below gives an overview.

Subject of consultancy support	Number of forces
Business benefits realisation	5
Training for budget holders/training on the role of finance business partnering	4
Interpretative analysis of police objective analysis (POA) results data	4
Capital strategy/minimum revenue provision (MRP) and associated documentation	3
MRP calculations	2
Functional benchmarking	2
Police Uplift Programme and impacts on performance	1
Business planning process	1
Value for money reporting	1
IT for operational improvement	1
Procurement function review	1
'Going green'	1
Self-generated income	1

This report does not contain all consultancy support results. More information can be obtained from **consultancy@cipfa.org**.

2. Overall learning from the consultancies

Overall learning

2.1 All forces are at different stages in the development of their financial management excellence.

2.2 There is still a disconnect in most forces between police and crime plans, chief constable priority statements and financial strategies and plans. More work is needed to ensure that the link is obvious and transparent.

2.3 There is no standard approach to business planning across forces. There are common elements, processes and governance methods, but there is limited prioritisation, and as a result, business cases are in competition for scarce resources without clear determination of what is most important.

2.4 CIPFA has produced guidance for use by all forces that identifies good practice in business planning and can be a template for use in individual forces.

Minimum revenue provision (MRP)

2.5 There needs to be consistency and clarity in how forces provide for MRP. Options should only be changed with full understanding of the life and value of assets for which there has been borrowing.

2.6 The option to switch to another option of calculation is acceptable practice under **Capital finance: guidance on minimum revenue provision (fourth edition)** (MHCLG, 2018); however, CIPFA would advise that opting for a reduction in building cash to repay debt will further indebt forces from needing to refinance cash. This may be beneficial if forces are confident it can be invested at a surplus, but they must be sure of its position. In addition, regarding future funding and generational inequity, the annuity method will push revenue pressures into future years, which will need to be funded by future taxpayers. Therefore, forces must consider the long-term implications on future taxpayers.

2.7 Calculations of MRP for private finance initiative (PFI) assets should relate to the life of the PFI contract, as the service potential of the asset is only as long as the contract and should not exceed this potential exit date in order to fulfil the definition of a prudent provision. The associated debt from the PFI scheme will ultimately have to be provided from revenue services via the MRP policy mechanism. A revised policy that extends beyond the asset's useful service potential could result in an exit of the PFI asset, with debt that has been recycled and no asset on the balance sheet, and further to this an additional replacement asset, which will likely be debt financed.

2.8 MRP calculations should be based on accurate, documented and complete records of assets. These should be regularly reviewed and updated, preferably on an asset-by-asset basis. The calculation should not include assets under construction values.

2.9 To ensure that the capital financing requirement (CFR) reduces to zero, the MRP charges over the life of the estate should be modelled by forces to test that the application of the policies is prudent.

Medium-term financial plan (MTFP)

2.10 Ensuring that the MTFP is now referred to in the PCC's decision paper when setting the annual budget is good practice, as is developing the MTFP as a collaborative process that involves key stakeholders at appropriate times, including consultation with the local authorities subject to the force's precept.

2.11 All strategies and plans (eg digital, estates, fleet) should set out their impacts on both revenue and capital budgets over the life of the current MTFP. They should detail multi-year revenue spend and income, multi-year capital spend (investment) and receipts (eg from disposals, grants, etc.) and their impacts on revenue. They should also compare their financial impacts with existing revenue and capital provision, so that the implications for the MTFP (and the capital programme) can be properly assessed before they are adopted.

2.12 Scenario planning would enable the modelling of different scenarios (involving different possibilities across a range of variables) and the overall effect on the MTFP, which would enable MTFPs for different scenarios. Forces can therefore consider how they would deal with a particular scenario should it become reality, providing a greater degree of agility.

2.13 Automation of the MTFP process would enable compilers to spend more time on value-add activities and reduce the risk of a single point of failure, supported by a more holistic set of background notes describing the development of the MTFP, which would ensure greater understanding.

Capital strategy

2.14 Capital proposals should always focus on producing revenue savings, even where they are designed to replace existing assets.

2.15 Finance staff working as business partners with operational departments should be the focal point for the development of capital proposals and, if needed, should be given enhanced training on identifying and quantifying business benefits.

2.16 Forces should be more rigorous in the application of approval stages of individual projects; we support twice-yearly bidding processes that should incorporate formal prioritisation processes.

2.17 Forces should adopt a capital strategy policy document that is more strategic and outward focused.

Information technology as a contributor to business planning

2.18 Forces need a current IT strategy related to the force's policing plan that aims to deliver a modern and transformed police service fit for a changing future and is able to address existing and new issues, as well as the threat and harm from local, regional, national and international activity.

2.19 The IT function needs to engage effectively with end users to develop more informed requirements and communicate the benefits of change, so that frontline users can fully exploit this change. The IT function should provide a more integrated approach to determining what is required by the business (and the associated benefits).

2.20 An IT plan formulated according to agreed prioritisation criteria (key points of failure, application risk, levels of resilience, cost, etc) should be the basis for determining the resources, skills and cost gaps that need to be addressed. Governance should ensure greater integration between the needs of the business, including uniformed officers and the future direction of technology.

2.21 All live projects and programmes must have signed-off business cases that include accurate capital, revenue and resource forecasts, dependencies and clearly defined benefits agreed with owners. Benefits tracking software can enable virtual management of the benefits from current and future IT work programmes.

The approach to demonstrating value for money

2.22 Demonstrating value for money relies on a 'golden thread' linking strategic documents through a corporate framework of management procedures and rules for securing value for money in outcomes. The methods of doing this need to be robust in order to withstand scrutiny and challenge, yet simple enough that the calculation and tracking do not become time consuming and divert from the task of making those savings.

2.23 To strengthen the 'golden thread', PCCs and chief constables should jointly agree on how they would wish to measure value for money to give a clear basis for reporting its achievement and providing clear guidance on what all officers should be seeking in business planning. An annual assessment of value for money should form part of the PCC's annual report to the police and crime panel, their annual report and the force management statement.

2.24 Forces' strategic plans could include a section on achieving value for money and set out how that will be achieved and demonstrated, and the use of value for money profile comparisons could be the basis for the annual cycle of business planning.

2.25 Forces should develop a training course on the achievement of value for money for all those involved in business planning to include appropriate techniques for the qualitative and quantitative assessment of options, suitable mechanisms to address risk and uncertainty, and sustainability (whole life costing) considerations. The training should also include how to do options appraisals and how business benefits (cashable and non-cashable) can be generated. This should be required before anyone is appointed to be an SRO for a business change programme or project. There should be ongoing tracking of those benefits (cashable or non-cashable) using a simple benefits tracker format (such as indicated in the attached CIPFA guidance).

Business planning process

2.26 Forces should formalise their business planning cycle to start in June of each year, with the release of a comprehensive document that details the expected financial challenges for the succeeding financial year. The priorities of investment or savings proposals will be judged and value for money benchmarked using the CIPFA POA data. This would be an invitation for all relevant officers to put forward 'initial proposals' using a simplified business case for an initial screening that will contribute to the development of the force's medium-term financial strategy and annual budget cycle finalised in January each year.

2.27 Initial screening would identify those proposals that can be treated as 'temporary changes' (in-year financial consequences, below a certain financial level or within a department) that, once agreed, need only be completed to the level required by a business case lite pro-forma and managed by an identified SRO versus those that require a full business case completion and decisions made by force leadership (impact on the public, the value of the investment, the extent of change and duration of change).

Business benefits realisation

2.28 Reviews of business cases in forces indicated several formats are in use. There was limited evidence of a gateway approach. Some business cases read as though there is no decision to be taken and therefore there is no need to 'prove' the need for the investment. The strength of the link to the force's priorities varied across the business cases. There were limited attempts to demonstrate that any of the proposals represented value for money, critical success factors were not in evidence and there was limited evidence of performance measurement. Return on investment was not usually used. The biggest weakness related to the financial aspects – there was no consistency and no evidence that there was a relationship to budget availability. There was no reference to the MTFP or capital plan and to prioritisation.

2.29 Forces need a clear understanding of what constitutes cashable and non-cashable savings supported by training for those involved in producing business cases. There is a need for education in the generation of benefits.

2.30 Tracking of business benefits is not comprehensive. Some forces have invested in trackers and others in the appointment of business benefits officers. There is some development of business benefits strategies.

2.31 Forces need to support business benefits realisation by taking a consistent approach to governance of change. Ideally a change board (or similar) has a clear reporting link to the chief officer team and adequate representation from across the force with the ability to direct, manage and monitor change and the achievement of benefits.

3. What did we find and what did we recommend?

3.1 In this section, we extract learning from the several reports to give finance and other colleagues pointers to good practice that they may wish to emulate.

Minimum revenue provision (MRP)

3.2 We undertook an independent assessment on proposed changes to the application of MRP policy in one force. We found that:

- The force had a policy that from 1 April 2020 for all unsupported borrowing the MRP policy will be based on the asset life method, but the policy did not specify which of the two alternative methods available under option 3 is to be used.
- MRP lives were based on best estimates underpinned by knowledge of the asset replacement programme, but there were some significant differences between the MRP working papers and the depreciable useful lives mentioned in the force's 2020/21 draft accounts.
- Some estates assets under construction were not captured in the asset not in use column.
- There was some uncertainty on the allocation of income to individual assets and groups of assets and the ongoing calculation of working life of assets.
- In the MRP working papers, 2% was applied to the historical balance re-allocated over 50 years. This would have meant that some older assets would have already used some of their 50-year working lifetime and then had their MRP calculated over a renewed 50-year term.
- MRP workings did not break down the MRP calculation to an individual assets level. Although the legislation does allow groups of assets of the same lives to have MRP worked out together each year, an asset-by-asset approach would probably be easier now rather than later.
- MRP workings did not model the effect of the policy on the CFR over the 50-year life of the estate. It is appropriate to test whether the CFR is cleared by the MRP to be sure that the application of the policies is prudent.

3.3 Our recommendations to the force were as follows:

- The policy wording should be updated to confirm the option 3 methodology chosen.
- A schedule of what rationale the MRP useful lives are based on should be documented.
- The force should ensure the calculation does not include assets under construction values and that the asset under construction reconciles to the balance sheet.

- The option 3 calculation on an asset-by-asset basis is a preferable approach.
- In preparing supporting funding workings, they are checked against the accounts to ensure that this only contains capital receipts, grants and revenue contributions.
- The force can continue to allocate the income to a grouping if that is the chosen implementation approach.
- That option 3 calculations are based on useful remaining lives is appropriately factored into the working schedules.
- Checks should be made for any outstanding CFR attributable to supported pre-2008 borrowing and on which MRP should be charged under option 2.
- If an asset-by-asset approach is not workable, implementing the grouped yearly approach with more robust justification and working papers would still fall within the legislation.
- To ensure that the CFR reduces to zero, the MRP charges over the life of the estate should be modelled to test that the closing CFR balance reduces to zero to be sure that the application of the policies is prudent.

3.4 Another force asked us to undertake an independent assurance advice following a recent review of the force's approach to MRP. Advisors had proposed an alternative means of calculating the MRP charge based upon the annuity method. The force's main area of uncertainty related to a change in the MRP on their PFI schemes. We found that:

- The assets will transfer back to the private sector provider at the end of the contracts. The force has options to re-lease, buy back the PFI building at market value or walk away and construct another building.
- The advisors have used the HM Treasury Green Book discount rate of 3.5% for this purpose. CIPFA would disagree with the use of this discount rate, on the basis that this is meant to represent the 'opportunity cost' of having more resources available at a sooner date. The force PCC's investment strategy is currently yielding a 2% return and an average 15.5% cost of debt. An appropriate discount rate would be to take the current investment returns – minus an appropriate factor for the cash refinancing, ie 0.5% – resulting in a discount rate of 1.5%.
- The option to switch to an annuity method is acceptable practice under option 3(b) of the MHCLG MRP guidance for unsupported borrowing. However, CIPFA would advise, given the debt profile and cost of carry that is being incurred by the force, opting for a reduction in building cash to repay debt will further indebt the force from needing to refinance cash. This may be beneficial if the force is confident it can be invested at a surplus, but it must be sure of its position.
- In regard to future funding and generational inequity, the annuity method will push revenue pressures into future years, which will need to be funded from future taxpayers. Therefore, the force must consider the long-term implications on future taxpayers.
- The force has recommended asset life annuity method for on-balance sheet PFI schemes and finance leases. The force currently follows the MRP guidance and the MRP for PFI is equal to the element of the rent/charge that goes to write down the balance sheet liability. Therefore, MRP is effectively over the life of the PFI contract

(30 years). The force has two PFI contracts; one has eight years left and the other has ten years left of the contract. Under the current policy, the force would charge MRP for the remaining eight and ten years respectively. The advisors have said an alternative is to provide MRP on an asset life annuity basis. This would mean that the MRP matches the life of the assets associated with borrowing rather than the period of the contract and debt itself. The advisors have advised that PFI buildings have an asset life of 50 years, so the remaining life of the assets is 28 years (50 years minus 22 years charged) and 30 years (50 years minus 20 years charged). This effectively spreads the MRP over a longer time horizon, and by using annuity the MRP is lower in the earlier years than the latter years. The force has options to re-lease, buy back the PFI building at market value or exiting and constructing another building. While the force still has some control over the exit or extension of both schemes, to use a remaining asset life of 30 years when economic use is only expected to be ten years would in our opinion not be considered prudent. Given the force has the option of exiting the scheme, and while this is a considered option, the service potential of the asset is only as long as the contract and should not exceed this potential exit date in order to fulfil the definition of a prudent provision. The associated debt from the PFI scheme will ultimately have to be provided from revenue services via the MRP policy mechanism. A revised policy that extends beyond the asset's useful service potential could result in the situation of an exit of the PFI asset with debt that has been recycled and no asset on the balance sheet, and further to this an additional replacement asset that will likely be debt financed.

3.5 Our recommendations to the force were:

- CIPFA does not currently consider the proposed changes made to be a prudent approach for the force's budget strategy. The NPV calculations should be revised with a more appropriate discount rate which would be to take the force's current investment returns – minus an appropriate factor for the cash refinancing. A decision then needs to be considered on this basis.
- The asset lives in the proposed model should comply with MHCLG's MRP guidance and not exceed the maximum 50-year life.
- Asset lives under the supported borrowing category should be considered on an asset-by-asset basis. The force or those legally charged to provide MRP under capital regulations should align the period over which they charge MRP to one that is commensurate with the period over which their capital expenditure provides benefits.
- The MRP policy for PFI schemes should not extend beyond the contract terms – while an exit from the PFI scheme is an option, the force will risk having debt on their balance sheet and no asset providing service benefits. Under the principles of a prudent provision this is not an advisable position.
- Intergenerational equity of taxpayers must be considered when stretching capital financing pressures over a longer period – future funding pressures and tax implications should be considered in the context of this potential policy change.

Medium-term financial plan

3.6 We were asked to undertake a review of the process in one force for developing and arriving at the medium-term financial plan (MTFP). The objective was to test the robustness of the process and thereby provide assurance that the approach taken by the force to develop the MTFP is sound and that the resulting MTFP is, consequently, a reasonable basis upon which to base future strategic and operational plans. We found:

- The timeline for development of the MTFP runs from June to March. This allows for refinement as more certain information becomes available later in the year and prior to approval of the following year's budget (eg the police settlement).
- The MTFP is now referred to in the PCC's decision paper in setting the annual budget. This was done for the first time in relation to the 2021/22 budget and is an example of good practice that should be continued.
- The development of the MTFP is a collaborative process that involves key stakeholders at appropriate times in the development of the MTFP. This includes consultation with the local authorities subject to the forces precept.
- The assumptions made in developing the MTFP are reasonable and these are refined as more information becomes available through to finalising the MTFP. Proper account is taken of the interplay between proposed growth as a consequence of various plans and strategies, savings (mainly from the change programme in recent years but now through the programme of priority-based budgeting (PBB)) and the strategy in relation to reserves. This includes tracking of benefits realised from the different savings programmes the force has had.
- At present the savings from PBB have not yet been fully identified and the current version of the MTFP includes 'potential savings required'. We understand that the PBB programme is ongoing, and effort is being made to identify how these savings will be achieved. It is clearly 'good practice' to have certainty on how any potential budget gap will be mitigated ahead of the start of the financial year, especially where the full-year effect of such savings is required.
- Overall, we considered the process in place for the development of the MTFP to be robust and fit for purpose.
- At present, the MTFP is developed in Excel workbooks. We are content with the process followed, which includes downloads from the financial systems as a starting point, but clearly there are potential weaknesses in relying on Excel. There is functionality in Excel to minimise such potential (by protecting values/formulae from being overwritten) and the extent to which values in Excel can be derived by avoiding manual input does make such workbooks more robust. Given the strategic finance manager is solely responsible for these Excel workbooks, this does represent a 'single point of failure' in the process since it would be very difficult for someone else to pick up and replicate what goes into development of these Excel workbooks at present. We endorse the desire to move away from the current Excel-based process and implement a new IT solution.
- We reviewed process notes relating to the MTFP that have recently been produced. These are limited in scope and are focused on describing the nature of the Excel workbooks referred to above.

- We reviewed the estates strategy review 2021, which was presented to the Strategic Policing and Crime Board on 21 September 2021. This does not adequately set out the implications for the MTFP.
- A more detailed paper on the MTFP produced in November 2020 in relation to the MTFP 2020/21 to 2024/25 had limited circulation.
- In our view, a revised version of this document would serve a useful purpose and could be an appendix to the PCC's decision paper in February 2022 and in subsequent years.
- At present, there is some limited sensitivity analysis undertaken, mainly around changes in pay and prices. In particular, in the documents we have reviewed there has been analysis of the financial impact of a +/– 1% change in assumptions related to different categories of spend and in the council tax base.
- Scenario planning is more sophisticated and involves developing plans against, for example, the base, best and worst-case scenarios across the whole range of variables that need to be considered as part of the MTFP.

3.7 Our recommendations for continuous improvement were:

- All strategies and plans should set out their impact on both revenue and capital budgets, at least over the life of the current MTFP. Therefore, strategies and plan should detail: multi-year revenue spend and income and multi-year capital spend (investment) and receipts (eg from disposals, grants etc) and their impact on revenue. Such strategies and plans should also compare their financial impact with existing revenue and capital provision so that their impact on the MTFP (and the capital programme) can be properly assessed before they are adopted.
- A revised version of the PCC decision paper would serve a useful purpose and could be an appendix to the PCC's decision paper in February each year and in subsequent years.
- Scenario planning would enable the force to model different scenarios (involving different possibilities across a range of variables) and the overall effect on the MTFP, enabling MTFPs for different scenarios so that the force can consider how it would deal with a particular scenario should it become the reality providing a greater degree of agility.
- A move to a system-based approach to development of the MTFP will also enable more of the strategic finance manager's time to be spent on value-add activities as the manual nature of the current process reduces. A non-Excel IT solution to producing the MTFP would reduce the risk of a single point of failure.
- A more holistic set of background notes describing the development of the MTFP, which would ensure greater understanding.

Capital strategy

3.8 We were asked to undertake the production of a capital strategy together with associated documentation for one force. Additionally, we were asked if we would review the current capital plan and capital planning process with suggestions on how they could be improved. We found that:

- The capital plan reflects the headline strategy of the force, but the link to the PCC's policing and crime plan is weak.
- Capital spend over the MTFS will be maintained at the current level until the last year, but the resources devoted to IT will absorb more and more of the total resources.
- The MTFP does not anticipate any savings being generated from the capital investments.
- The governance framework for the plan is thorough and detailed, specifying who should take responsibility for what, but no prioritising of requirements exists, although the force has a developing infrastructure strategy, a well-developed vehicle replacement programme and a digital strategy.
- Individual projects get agreed in a variety of ways. There can be some proposals that are introduced without full consultation in order to meet a sudden and emerging need.
- Once in the capital plan, monitoring takes place through regular reports from the finance team to the chief officers management board. The reporting on the capital plan, however, does appear to be subsidiary to the reporting on the revenue budget.
- The force has had slippage in the capital plan; there was often over-optimism as to the capacity to deliver, which was exacerbating the 'usual' problems of delays caused by the need for vetting, difficulties caused by suppliers, failings in national programmes and internal issues such as dependencies and new ways of working.
- Projects when completed are subject to post completion evaluation, which contains benefits justification, but there is a weak link to capturing benefits and learning from capital projects. A common finding is in a perceived lack of leadership of projects.
- We were asked to draft supporting prioritisation and evaluation guidance – the mechanism to develop processes to guide managers into how they should prepare business cases and respond to evaluation criteria that are set based on the PCC's and force's priorities. These would form the basis of an overall prioritisation that would link to the MTFP (capital programme) priorities.
- The force is in the process of introducing a new change portfolio outline/full business case document. We reviewed this. Our review suggests this 'new form' covers the majority of areas of enquiry we would expect to see in a business case but does not, however, immediately give clarity as to the priority that could be ascribed to the project under consideration.
- We created a draft capital strategy reflective of the latest guidance from CIPFA, which although not yet widely available (and primarily directed at local authorities) suggests that a capital strategy needs to be as strategic as possible and moves the capital strategy from being essentially a financial control document into a more strategic and outward-focused policy document.

3.9 Our recommendations to the force were:

- There should be a review of the force's capacity to deliver all the planned IT projects over the life of the MTFP.
- The MTFP does not anticipate any savings being generated from the capital investments (because the bulk of the investment is related to replacement of assets) and we would encourage further attempts to produce savings. Finance staff working as business partners with operational departments should be the focal point for development of capital proposals and, if needed, should be given enhanced training on identifying and quantifying business benefits.
- The current capital plan reflects the headline strategy of the force but the link to the PCC's policing and crime plan is weak; we suggest this is rectified in the new policing and crime plan.
- The force should continue to improve the amount of information it has on its buildings as a means of supporting investments through the capital programme.
- The force should be more rigorous in the application of approval stages of individual projects; we support the proposed twice-yearly bidding process (incorporating the proposed new business case form) that should incorporate the formalised prioritisation process we are recommending.
- Reports from the finance team to CMB on the capital programme should be separated from reports on the revenue budget.
- The force should adopt a version of our proposed capital strategy as a more strategic and outward-focused policy document.

Information technology as a contributor to business planning

3.10 Following an insourcing of an IT function in one force, the aim of this review was to assess the current position, including what works and what doesn't (specifically in IT) and where digital opportunities may be exploited, to enable the force to further develop its plan for the future. We found:

- IT was led by a chief technology officer within enabling services. The force has been delivering a programme of work to integrate IT back into the mainstream organisation as well as address a number of key legacy issues as a result of the transfer of the service back in-house. The force is considered a mid-tier force in terms of its annual revenue spend and size of organisation.
- The modern policing strategy, one of the five priorities in the force policing plan, aims to deliver a modern and transformed police service fit for a changing future, able to address existing and new issues and the threat and harm that result from local, regional, national and international activity.
- The previous outsourcing had not addressed some of the fundamental infrastructure and applications issues that faced the force prior to and during the outsourcing. IT was "done to" the organisation as opposed to being led by the organisation. The IT function needed to engage more effectively with end users to develop more informed requirements and communicate the full benefits of changes

so that frontline users can fully exploit change. The force lacks an IT strategy and doesn't have a coherent and joined-up narrative about the future direction of IT and how technology and information can further support and enhance the effectiveness of the force. As a result, the force lacks a credible point of view and strategic intent with regard to information.

- The force is often influenced by IT's view on the relative limitations of the services it delivers; it has found it difficult to convert ambitions into tangible delivery projects that provided meaningful benefit and impact to frontline users. There has been a tendency in the past to buy and roll out kit as opposed to the adoption of a more integrated approach to determining what is required by the business (and the associated benefits).
- IT is limited in developing a more sustainable platform as it lacks the people with the appropriate business analysis skills to drive these discussions. While IT is organised by having a number of IT business partners who act as the "voice of the customer/business", the force has more work to do in more effectively articulating the wider needs of the business.
- The force's IT plan purports to set out its future strategic approach to IT and IT-related transformation and an associated underlying vision for IT. However, the vision is a mixture of short-term and longer-term tactical aspirations that lacks an 'outcomes-based' narrative. The IT delivery plan is no more than a snapshot/inventory of IT projects and lacks detail on the status of each project area. The document also lacks any details of dependencies, the resources required to deliver and there is no risks and issues matrix with associated impact, probability, proximity and mitigation factors. It is also impossible to deduce who is responsible for each risk and issue.
- The force needs to pay greater attention to the early elements of a project's lifecycle, including the need for a project brief at the inception of a project followed by a robust business case. There was no real concept of benefits realisation; the (central) business realisation team was disbanded circa 2020 and the associated skills and experience have been lost.
- Senior leaders don't always understand the role that IT has to play within the organisation, and therefore the application and 'landing' of IT projects can often be misunderstood and misplaced where opportunities to deliver better outcomes to end users are lost. This also makes it difficult to engage with the business community around project acceptance and benefits realisation. Projects are not always associated with completed business cases. There are two main governance boards but these boards are not working well. Indeed, one didn't have any formal terms of reference.
- The force has adopted a 'cloud first' strategy, but we didn't see any evidence of agreed criteria to make evidence-based decisions on what should and should not be moved to the cloud.
- There were numerous single points of failure within IT. There were limited testing resources and the force control room has no back-up or resilience arrangements.
- The creation and reporting of key performance data is often manually driven, often producing static data as opposed to data that can be manipulated and re-cast in real time. The force has adopted Power BI as its de facto performance management product, and as such the force needs to better define how it wants to exploit its data.

3.11 Our recommendations to the force were:

- Re-baseline the IT plan and prioritise the plan against a set of agreed criteria to include key points of failure, application risk, levels of resilience, cost etc. This analysis will determine the resource, skills and cost gaps that need to be addressed.
- In order to close a number of current gaps in delivering against the IT delivery plan, the force should consider an interim structure to deliver against the priorities for the next 12–15 months and then 'right-sized' to address the technical debt and to close gaps in skills and capability.
- Governance should be upgraded with the strategic planning, resources and change board chaired by the chief constable to ensure a greater integration between the needs of the business, including uniformed officers and the future direction of technology.
- The force should import a temporary 'expert' to develop a robust and fit for purpose IT strategy with a greater focus on the importance of information and building greater linkages between technology deliverables and how technology 'lands' in the organisation.
- All live projects and programmes within the existing portfolio must have signed-off business cases that include accurate capital, revenue and resource forecasts, dependencies and clearly defined benefits agreed with owners.
- The force should investigate the feasibility of benefits tracking software to enable it to virtually manage the multitude of benefits emanating from the current and future IT work programme.
- IT should develop a set of prioritisation criteria with the full involvement of the business (including representative end users) and this should be included as a key element of the proposed IT strategy.
- The work being done in the area of data analytics and information management should be given more support and focus across the force.

Approach to demonstrating value for money

3.12 One force sought an appraisal of its approach to demonstrating value for money. The methodology needs to be robust in order to withstand scrutiny and challenge yet simple enough that the calculation and tracking does not become time consuming and a diversion from the task of making those savings. From its FMCR self-assessment undertaken in March 2022, the force has identified that this is an area needing improvement. They wanted independent support to identify what may be lacking from their current arrangements, what they could do to improve those arrangements and in particular, improve the arrangements for proper identification, tracking and realisation of business benefits. The force wished this review to produce an action plan that can be taken forward.

3.13 We reviewed a number of documents to see whether we could evidence a 'golden thread' of value for money that linked strategic documents through a corporate framework of management procedures and rules for securing value for money to outcomes. In summary, we saw the following:

Level	Requirement/action
Definition	Joint corporate governance framework; PCC/force 'financial regulations'
Strategy	Annual financial strategy
Policies	Joint corporate governance framework; PCC/force 'financial regulations'; procurement policy
Responsibilities	PCC; chief constables; PCC CFO; director of finance (advisory); project executives; procurement team; all employees
Processes	Commercial governance board; force performance group; DCC holds LPAs to account; contract management is undertaken by service stakeholders, with strategic oversight from the procurement department; procurement delivery plan; acquisition and delivery; paying for goods and services; contract management; use of VfM profiles; benchmarking; work with NPCC and APCC; contract management; collaboration
Scrutiny	Procurement savings are reported to Blue Light Commercial; cash savings removed from the annual revenue budget are monitored for delivery and reported to CCMT and the PCCs Level 1 public meeting; joint independent audit committee; external auditor
Reporting	Reporting at least annually on performance, value for money and the stewardship of resources to stakeholders in a timely and understandable way (PCC/force 'joint corporate governance framework')

3.14 Our work included reviewing how value for money was being demonstrated across the force and we found:

- The DCC holds LPAs to account for effective operational performance and the chief constable chairs the monthly force performance group. Other actions noted included reporting on procurement, contract management and reporting publicly on savings. We also noted the role of the commercial governance board.
- Procurement proposals we saw had limited reference to options being considered and business benefits (either not estimated or none arose). We saw documents used by the savings scrutiny panel to demonstrate the comparative position of the force against the CIPFA POA data. We would consider this as a good example of the use of the POA profiles. We saw the slides on savings for the transformation board in April 2022. This represents a comprehensive mechanism to track savings identified.
- Change team project documents were all comprehensive and would achieve what they were meant to do. However, we thought the project benefits guide should directly reference the difference between cashable and non-cashable benefits, and it did not mention value for money as neither did the combined business cases and project initiation document nor the end of project template. The project business case covers the content we would expect to see in a business case pro-forma. We were particularly looking to see whether it contained the 'approved options appraisal methodology', and though it did contain a section for options, the description was left to the author and there was no reference to making any selection of a preferred option on the basis of value for money.
- Interviews revealed a mixed view of what was meant by the term value for money. Though all had a general appreciation of the term, there was no detailed understanding of 'takes account of whole life costs', which is the required definition. The chief officers group was referenced as the point at which an overall VfM judgement could be made, but sometimes this was a subsidiary consideration to operational need. Business cases were often written on the basis of approving what had already been decided, thus the limited use of options appraisal.

- The force doesn't use benchmarking enough; where it had been used it had led to challenge to deliver savings. The force is not good at linking the total cost of a proposal with the total cost of operation and most agreed that business cases could be more specific about benefits. The work of the savings board was referred to as making a positive contribution to VfM through helping the force to keep within its budget.
- The force has some requirements in the PCC/force 'financial regulations' of the finance team through budget management and when paying invoices to achieve VfM and the procurement team to promote contract management for VfM where implementation is not comprehensive. We did not get the impression that these activities significantly added a 'value for money' challenge to expenditure, use of budgets or procurement.
- Most we spoke to did not recognise that the force had a documented options appraisal methodology, though there was a focus on costs and benefits and there was a general view that to make VfM more high profile it needed to be including in induction and promotion training.

3.15 Following our review, we concluded that the extent of the achievement of the 'golden thread' was as follows:

- There does appear to be a golden thread of references to value for money starting with the definition in force governance and procedural documentation. There is however a weakness in that the prime strategy documents do not mention VfM and there is no clarity on how VfM will be measured. As such, reporting would have to be based on a subjective assessment. We were not made aware how VfM is reported to stakeholders.
- The specified responsibilities are appropriate (including that to all employees) but while the PCC/force 'financial regulations' place the overall responsibility for achieving value for money on the PCC's chief financial officer, it is not clear how that officer will achieve that while being so removed from the mechanisms that are used to achieve VfM. This is exacerbated by the force's director of finance only having an advisory role.
- Our analysis demonstrates that though there are clear intentions to achieve cost effectiveness in the most strategic documents of the force, value for money is not used as an overarching aim/determiner of success.
- However, VfM is not used as a common language across the force, important business documents do not require it to be identified and 'proved' and there is no evidence that it is certified and reported singularly to stakeholders as required. There is no evidence of widespread use of options appraisal and the generation of business benefits is limited.
- 'End process' requirements on finance (and procurement) are too late in the process, and given their incomplete coverage are not likely to be effective.

3.16 Our recommendations to the force were:

- To strengthen the 'golden thread', we suggest that the PCC and chief constable jointly agree on how they would wish to measure VFM in order to give a clear basis for reporting its achievement and providing a clear guidance on what all officers should be seeking in business planning.

- That an annual assessment of VfM should form part of the PCC's annual report to the police and crime panel, his annual report and the force management statement.
- That the assessment should be jointly compiled on behalf of the PCC by the PCC's chief financial officer and the chief constable's director of finance.
- The force strategic plan should include a section on achieving VfM and set out how that will be done and demonstrated.
- The use of VfM profile comparisons should be the basis for the annual cycle of business planning.
- There should be no change to the way the need for options appraisals is described in force documents, but they should always be accompanied, for the change board, by a required certification that the recommended options represents the 'best' fit to the forces' value for money definition. That certification should be based on a jointly agreed statement by the operational SRO and a finance representative, in order to assist the board prioritise the proposals and to give the basis for the annual assessment by the PCC's chief financial officer and the chief constable's director of finance.
- The force should develop a training course on the achievement of VfM for all those involved in business planning, to include appropriate techniques for the qualitative and quantitative assessment of options, suitable mechanisms to address risk and uncertainty and sustainability (whole life costing) considerations. The training should also include how to do options appraisal and how business benefits (cashable and non-cashable) can be generated. This should be required before anyone is appointed to be an SRO for a business change programme or project.
- The commercial governance board should be given a role by the change board to advise on whether business cases coming forward could not achieve improved VfM through procurement.
- Once the change board have agreed a business case, there should be ongoing tracking of those benefits (cashable or non-cashable) by the board using a simple benefits tracker format (such as indicated in the attached CIPFA guidance).
- That the productivity strategy is re-badged as the VfM strategy to emphasise its importance.

Business planning process

3.17 A force had identified the need for a review of their business planning process alongside an effective top-down budget review to seek corporate savings. This will be to enable the business planning process for the 2022/23 financial year, taking into account lessons learned and experiences from the process for 2021/22. We found:

- The force takes its business planning priorities from the budget setting report for 2022/23 in which it is stated that "All of the commissioner's priorities are met through the effective allocation and management of the revenue budget and capital programme." The force management statement is "...seen as the foundation of business planning...plans are developed for the future through our business planning, delivered through extensive engagement and an evidence based approach, and prioritised and focused through the FMS".

- For the 2022/23 budget, the force adopted a bottom-up approach that generated investment and savings proposals subject to a 'Dragons Den' scrutiny process. At the end of 2021, the strategic management board and change board were re-purposed to give a consistent overview.
- We reviewed a number of 2021 business planning proposal documents. In summary, both the investment and savings proposals lacked concise financial detail linked to the medium-term financial plan and the relevant area of the revenue budget; the savings proposals did not always explain the aims and the reason for change. In both cases, there was little risk assessment of implementation or detail of implementation timing, no attempt to explore VfM, no CSFs and references to performance measurement and in one savings proposal no cashable savings were detailed.
- The investment proposals contained a benefits realisation section that required detail of enabler/option, benefit title, operational (level benefit), business (level benefit), strategic outcomes gold, benefit type and risks. Our analysis suggests it would be difficult to draw together an overview of the benefits the force was achieving from these proposals and to explain the value for money being achieved. There was no business benefits realisation section in the savings proposals.
- We noted that in late 2021, the governance for business planning was changed and the change board is now the focal point. This meets regularly to monitor activity, tracking implementation (RAG rating) and business benefits realisation. There is a futures assurance board, internal to the corporate development team and used to ensure projects are on track. The corporate development section lead business proposals supporting operational officers in preparing business proposals and are responsible for tracking business benefits realisation. They have benefits managers who evaluate and track business benefits.
- We thought that the force needs to develop its business planning approach. The basics are in place but need further refinement to be fully effective. We think that it would be useful to have half yearly 'windows' where there can be horizon scanning to identify known requirements such as potential national initiatives that are likely to impact the business and business risks that need to be mitigated (such as the end of support for critical business systems) over a multi-year perspective.
- The force does have a project prioritisation methodology that is based on themes but could benefit from more clarity about the priorities and objectives to be scored against, that has a 'seal of approval' from the force executive providing a direct link to the force's priorities.
- Work needs to take place to overcome limited reference to critical success factors and evidence of performance measurement in business cases with training.

3.18 Our recommendations to the force were:

- The force should institutionalise its business planning process to start in June of each year with the release of a comprehensive document that details the expected financial challenges for the succeeding financial year, the priorities by which investment or savings proposals will be judged and VfM benchmarking using the CIPFA POA data. This would be an invitation for all relevant officers to put forward initial proposals using the 'business case lite' pro-forma, for an initial screening.

- That initial screening would identify those proposals that can be treated as 'temporary changes' (in-year financial consequences, or below a certain financial level or within a department), that once agreed by the change board, need only be completed to the level required by the 'business case lite' pro-forma and managed by an identified SRO, and those proposals (impact on the public, value of investment, extent of change, duration of change as examples) requiring a 'full' business case completion and decisions by the change board and ultimately the chief officer team.
- All proposals would, by using the 'business case lite' pro-forma, be monitored for achievement of business benefits by the change board (as at present) and allocated a priority by the change board according to the priorities identified. The board should institute a 'gateway' process to demonstrate the stage that any business case has achieved.
- We suggest there is also a half-yearly call for potential business cases that will contribute to the development of the force's medium-term financial strategy and annual budget cycle in January each year.
- We suggest that the force institutes a training programme for all those involved in pursuing business cases to understand the critical issue of generating business benefits, particularly cashable benefits and the need for tracking post-implementation. As part of this, at the time of the half-yearly call, the change board should host workshops, the focus of which should be challenge for generating business change over a two or three-year perspective.
- We would suggest that the force executive requires all business change proposals to comply with our proposals in order to give an enhanced structure to the delivery of business change and the achievement of business benefits.

Business benefits realisation

3.19 We undertook work with five forces. Each of the forces employed different arrangements and sought different advice. All of the forces were seeking to make improvements to ensure the realisation of benefits.

3.20 One force asked us to act as a critical friend for a period, looking at how the force captures productivity gains and generates and records benefits, and giving some assurance of the process and the value of the savings. We were also asked to review and provide a useable business case pro-forma that can be used in different formats for different types of business proposals. We found:

- The force productivity innovation efficiency (PIE) board's approach to achieving objectives was appropriate, but the board would struggle to achieve those objectives where the material coming before it was so disparate in form and content and the targets set in the board's strategy were not being achieved.
- Our review of existing business cases indicated several formats in use. There was no evidence of a gateway approach. Some business cases read as though there is no decision to be taken and therefore there is no need to 'prove' the need for the investment. The strength of the link to the force's priorities was different across the business cases.
- There was limited attempt to demonstrate that any of the proposals represented value for money, critical success factors were not in evidence and there was limited evidence of performance measurement. Return on investment was not usually used. The biggest weakness was related to financials – there was no consistency and no evidence that there was a relationship to budget availability. There was no reference to the MTFP or the capital plan and to prioritisation.

3.21 Our recommendations to the force were:

- The PIE board should engage in future planning of possible opportunities that it can commission as business cases and institute a 'gateway' process to demonstrate the stage that any business case has achieved. Also, institute an annual cycle of half-yearly calls for potential business cases that will contribute to the achievement of the PIE strategy targets.
- The force would benefit from having a single format for business cases and a one-page business plan digest that includes the main headlines of any business case and that is used by the PIE board to check and track progress (the force subsequently drafted a business case lite/outline business case for use).
- There needs to be a clear understanding of what constitutes cashable and non-cashable savings supported by training for those involved in producing business cases.
- The force should create a benefits prioritisation framework to give clarity as to the priority that could be ascribed to business cases based on the priorities set out by the police and crime plan 2019–2023; this requires the development of a numerical scaling that can be 'scored' allowing every approved business case to be ordered. The ranking will then produce a 'league table' of business cases that can be fitted into a MoSCoW prioritisation.

3.22 One force is investing in this area of activity and wanted independent support to:

- improve business cases in order to ensure proper identification of business benefits
- identify the mechanisms to capture all types of business benefits (cashable, non-cashable, cost avoidance etc)
- provide mechanisms to analyse benefits against force objectives and priorities.

3.23 We found:

- We were able to identify the priorities of the PCC and chief constable and the force management statement featured the development of benefits realisation.
- A draft benefits strategy, directed at the force's productivity and efficiency (PIE) board reinforces the focus on benefits, including detailed visual roadmaps to describe the generation of benefits. We saw an example of a benefits realisation plan demonstrating a considered and rigorous approach to generating benefits that could have wide applicability across the force.
- We undertook a review of business case documents, and overall these did seek to follow the same format in accordance with the draft business benefits strategy though with differing levels of comprehensiveness. References to the force's medium-term financial plan and budget availability were not grounded at the beginning of each business case. Also, there was no indication, except in the narrative, to understand the stage the business case had reached and the priority that was being subscribed to the business case. There was a general lack of critical success factors and performance measure references and generally benefits were poorly defined and were not always monetised.
- There were conflicting views of the expression of interest (EoI) form used by the force to start a business case process and it was not used for all business cases. Business case owners are the main focus for identifying costs and benefits but they do call on others such as the PMO to assist. The new role of the benefits officer is helpful in providing challenge and quality assurance but finance staff did not play a high enough profile in business cases.
- There was some prioritisation based on need and risk (we saw that used in the PMO, which is extensive and functional) but there needs to be a focus on priorities at the most senior level.

3.24 Our recommendations to the force were:

- The force should consider whether it needed change and collaboration and PIE boards and their roles combined. Business case priorities should be agreed at the most senior level as a direct link to the force's priorities. The force executive should have direct reporting on prioritisation and business benefits tracking.
- The business benefits strategy should be adopted and enhanced by the business benefits framework we suggest and the use of the benefits officer role to challenge and encourage the generation of business benefits, supported by training to identify and achieve cashable and non-cashable business benefits in support of the strategy.

- Half-yearly 'windows' where there can be horizon scanning to identify known requirements should be adopted; these can then be used for reviewing an EoI and assigning a priority by the PIE group. This would underpin the development of the force's medium-term financial strategy and annual budget cycle.
- All business change proposals should be detailed in an EoI and only business cases that fit an agreed criteria (such as impact on the public, value of investment, extent of change, duration of change) should be subject to a full business case. The benefits officer would certify the benefits of any business case to the PIE board, who would then detail the benefits in a tracker for monitoring of the realisation of benefits against the force's medium-term financial plan.
- Business cases should clearly identify the budget they affect, the resources they will use to manage change and the financial outcomes, as well as the link to the MTFP. The PIE board should institute a 'gateway' process to demonstrate the stage that any business case has achieved.

3.25 One force asked for independent support to identify the mechanisms to capture all types of business benefits and provide mechanisms to analyse benefits against force objectives and priorities. We found:

- We were able to identify priorities from the police and crime plan supported by cross-cutting themes and enablers. Under 'How will we achieve this?' there are a number of actions that involve business planning.
- The force management statement (FMS) supports this, stating all savings options consider both the operational impact and the FMS findings in terms of predicted demand, risk and current/future capacity and capability.
- We reviewed business case documents and in addition, we saw a benefits realisation management process setting out how the process in generating benefits will be realised. We also saw a benefits maturity assessment that seeks that benefits were properly identified; a benefit reprofile report designed to ensure that those involved in the project have a clear idea of what has changed in the project and how this affects the intended outcomes and a benefits profile that requires a detailed assessment of what sort of benefits can be generated and relates them to priorities.
- Our review of a number of business case documents showed they had some elements of the Treasury five case business case model but there was no consistency. We saw the content and narrative as the result of an operational justification rather than a business case. References to the force's medium-term financial plan and budget availability were not grounded at the beginning of each business case. Financial detail in the business cases was not consistently presented, and in some cases there was a mixture of proposed capital and revenue expenditure in a single table. There was a general lack of critical success factors and performance measure references, and generally benefits were poorly defined and were not always monetised.
- The reason for change were generally not prominently and consistently identified; optional analysis was not consistently displayed and there was limited evidence that alternatives had always been explored. There was also limited content in a number of the business cases as to the extent of the analysis of implementation

costs, though timescales were presented more robustly. The degree of risk analysis also varied. Outcomes presented varied across the business cases. In two business cases, there was effectively no indication of the outcomes that might be achieved, making it impossible for a value for money judgement to be made.

- We found priorities for the force are understood and well communicated, but on the basis of the business cases we saw, the completion of the detail is deficient. This may be due to lack of strategic expertise among operational officers, lack of finance function involvement, difficulty in understanding to generate cashable and non-cashable benefits and lack of change management resources, though the force PMO seeks to develop proposals where needed. Benefits realisation is based on a tracker that can be checked and reviewed to see if it is still on target and if need be re-profiled. This enables a report back to the governance bodies through a realisation report. The governance structure involves outline business cases going to the strategic delivery and consultation board, followed by consultation and further refinement before the full business case goes to the executive change board. We understand the force has had limited success with prioritisation.

3.26 Our recommendations to the force were:

- In order to focus attention on the required financial savings, the force should prioritise these in its business planning and should use these as an envelope by which to plan business changes and benefits realisation. To ensure the force focuses on the business cases that will produce the best results, it needs to develop a prioritisation framework to be used on all business cases.
- We would urge the force to seek consistency in the content of business cases, in particular clarity around the finance affected by the business case, whether there was revenue or capital available to fund the business case, implementation costs, risk, the stage the business case had reached (through a formalised gateway approach) and the priority that was being ascribed to the business case. Greater evidence of critical success factors and performance measure references and optional analysis are also needed.
- The force needs to ensure that it can generate cashable and non-cashable benefits from business cases by upskilling those involved either by greater training for business case authors or more resources in the change team.
- There needs also to be adequate resources to ensure tracking of benefits realisation.

3.27 One force recognises that it has to develop its approach to generating and realising business benefits.

- We noted the force’s strategic plan highlights four strategic goals, and within the executive summary there is reference to value for money, and there are two relevant desired outcomes: “improved business planning and implementation for critical projects” and “a clear prioritisation and monitoring function for project delivery”.
- The business change policy details that justifications will be based on scrutinised proposals by suitably qualified personnel and that changes will be driven by seeking improvement in efficiency or effectiveness, changes required by external requirements or technological advances. Also, investments in change will align to strategic objectives, the approved business lifecycle and an approved level

of scrutiny for which requirements appear reasonable and appropriate. Project management personnel requirements relate not just to experience, qualifications and skills but also competencies. The project delivery lifecycle seeks a 'gateway' approach and the documentation requirement is extensive. The change personnel appendix sets out the various roles and responsibilities and the training/ development requirements is linked to this.

- Final business case templates included identified benefits, specifically how this project aligns to the strategic objectives and the project benefits we expect. Anticipated benefits are independently reviewed by the portfolio and assurance teams.
- In our interviews we received some uncertain responses about how the force sets priorities and objectives, suggesting that the portfolio areas were effectively competing for resources and there was no overall way of deciding between business cases related to the medium-term financial plan. Some prioritisation criteria were in development.
- The force uses a concept document at the commencement of a business case that will be used to brief the change board. There is a standard seven-stage process that was effectively a series of 'gateways' underpinned by 19 competency areas. This specifically includes benefits management and runs all the way through the seven-stage model and post-project into BAU. Each stage boundary includes an assurance review, but sometimes benefits had to be reverse engineered. There was no timescale related to the financial planning cycle for bids.
- There is a change board for major change, portfolio boards for equipment, strategic resourcing board for people changes and the management group. Management of business case delivery was primarily the role of the PMO prior to handing a completed project over to BAU, and this can produce uncertainty in ownership and management because of a variety of capability.
- The force has a focus on risk reduction and compliance. Often benefits are difficult to monetise. The force is developing an annualised business planning process and starting development of corporate dashboards with balanced scorecards. It was seeking to develop prioritisation but there is no common method to capture productivity gains and business benefits, because tracking was primarily the responsibility of individual portfolios.

3.28 Our recommendations to the force were:

- There was a need for education in the generation of benefits, and to realise change was part of the day job. The force needs to develop a process for prioritising business cases in order to ensure it understands which proposals are the most important and will deliver most business benefits. We would suggest this requires the development of a numerical scaling that can be 'scored' allowing every approved business case to be ordered.
- We understand that the force is developing such an approach and the current proposal we have seen contains criteria on strategic fit and delivery in a timeframe and while those are important, we would want criteria to be fully representative of the achievement of priorities and aspects of value for money and financial sustainability and efficiency.

- The force should review our guidance to identify whether it needs to make any improvements to its business planning process.
- We encourage the force to use its cross-functional working group on business efficiency to lead the developing business planning framework by taking a high-profile approach to generation and tracking of business benefits and their prioritisation. Part of its role should be to raise the profile of prioritisation and the need for business benefits realisation among operational officers in portfolios. Such officers need to own and manage the business change and the resultant benefits.
- We support and encourage the development of a balanced scorecard for reporting performance to the executive and that the new efficiency group has a clear reporting link to the change board; we encourage the ongoing development of a prioritisation framework for business cases.
- We would suggest that the constabulary gives priority to the development of its business planning process to embed, owned by the new efficiency group:
  - a prioritisation framework for business cases that prioritises benefits that support the constabulary's strategic priorities
  - the efficiency board applying that prioritisation for reporting to the change board at the earliest stage of business case conception
  - a tracker for business benefits that relates business benefits to be achieved against the medium-term financial plan and formalises reviews of the tracker (and the progress of projects within it and their benefits achievement) twice a year to fit the constabulary's financial planning cycle.
- The force should institute a training package for operational and other officers involved in business change programmes on the generation of business benefits.

Guidance for business benefits realisation

3.29 To support our work with individual forces on business benefits realisation we created a guide. This is reproduced in full at the end of this report, but the main highlights are:

- A definition of what business benefits are: operational improvements, reform, modernisation, efficiency gains, greater effectiveness, and better and more sustainable use of budgets; they can be cashable or non-cashable, and non-cashable can be recyclable or non-recyclable.
- What makes a good business case document: a written and argued justification for a proposed project based on its expected benefits. It should set out options for achieving objectives and ensure that the recommended project proposal is sound. The guidance includes a framework for assessing whether a business case has been completed to the standard required.
- Overview of critical success factors and key performance indicators, including how to begin to develop and classify critical success factors for a business case.
- A categorisation of business cases and examples of different types of business benefits.

- An indicative framework that enables the setting of business benefits identified in business cases against the force's objectives to give an overall prioritisation for decision making that will identify the objectives and order them (critical, high, medium, low) and give each business benefit a scoring against the objective.
- Development and maintenance of a benefits 'tracker' – an identification of all the benefits contained in business cases, their nature and content and their timing.
- Suggestions for governance using 'tone at the top', a concept originating in international governance and internal control standards and rooted in the philosophy that if leaders believe that an initiative or approach is important, then others in the organisation will sense that and will respond with greater belief in the process, thus giving a greater chance that the initiative will succeed.
- Principles for adoption include: decision making should be lean, agile, accountable and effective; leadership should be bold, sceptical and enquiring; project proposals should be innovative and transformative; managing process and timing; gateways; effective communication; review and evaluation of performance; risk management; core competencies and monitoring, evaluation and learning.

Appendix 1. Guidance for business benefits realisation

Purpose of the guidance

This purpose of this document is to provide advice and guidance for police forces seeking to realise **business benefits**. The scope of the guidance is to:

- set planning for business benefits within the force's organisational context
- provide good practice advice on the development of business cases and how these link to the force's objectives
- provide practical guidance on the identification, classification and assessment of business benefits
- provide practical advice and guidance on the prioritisation of projects that will realise business benefits.
- set out governance and management guidance that will support generation of business benefits.

Planning for business benefits

A business benefit is a tangible outcome of an action or decision that helps meet business objectives.

Business benefits should be the outcome of change activities implemented by operational leaders. These activities are all the proposals and projects that plan to deliver business benefits to meet force objectives outlined in police and crime plans and other strategic force documents. Business benefits can be operational improvements, reform, modernisation, efficiency gains, greater effectiveness, and better and more sustainable use of budgets.

Crucially, business benefits must be capable of being clearly described and enumerated and their implementation monitored and evaluated so the benefit achieved can be measured using the business metrics that can be used most effectively to measure the costs of the business.

Business benefits will normally be the main focus of business cases intended to deliver innovation, greater productivity or efficiency as part of savings programmes or the utilisation of capital investment and can also form part of wide-ranging change and transformation programmes (CTPs). However, each project within the CTP should develop a separate business case that sets out how the proposed project or activity will deliver business benefits to contribute to force objectives.

Business benefits can be cashable or non-cashable, and non-cashable can be recyclable or non-recyclable, as in Figure 1 below:

Business benefits

Cashable
'Reductions in inputs which do not adversely affect the quality of outputs'

Non-cashable
'Where the quality of outputs increases while inputs remain the same'

Examples:
Process; quality;
productivity improvements;
Cost avoidance;
reduction; efficiency;
Improved service levels;
reduced error or rework rates

'Recyclable efficiencies release resource (although not necessarily financial) while maintaining output quality, thereby enabling the resources that are released to be diverted to the other services within the system it has been released, eg officers time freed up on the front line.'

'Non-recyclable efficiency gains occur when output quality or quantity increases either without reductions in resources or with a proportionately smaller increase in resource inputs in a way that does not release resources that can be deployed elsewhere.'

Developing the business case – What to do? What to say? What to address? How to achieve?

This section considers how business cases are developed by project leaders for consideration by force leadership. The guidance is based on the **HM Treasury Approach – The Five Case Model**; see Appendix 1: Contents of each component of a business case for more information on content.

A logical process should be followed and consistently applied to develop a business case. The business case document should identify resources and activities needed to bring about the intended change and should also recognise internal and environmental or external risks and limitations. A business case should document the change process, the intended benefits and internal and environmental or external risks and limitations.

Why does the business case matter?

This section is adapted from the HM Treasury/Welsh Government **Guide to developing the Programme Business Case** (2018).

A business case provides leadership with a well-researched basis for decision making that helps meet force objectives. The business case is a written and argued justification for a proposed project based on its expected benefits. It should set out options for achieving objectives and ensure that the recommended project proposal is sound.

Figure 2. What makes a good business case document?

In its final form, it is the definitive record of the project proposal. It summarises objectives, implementation management and arrangements for post-implementation evaluation.
The business case is developed over time as a living document as a project proposal develops. It summarises the results of all the necessary research and analysis needed to support transparent and well-informed decision making
Adapted From HM Treasury's **Assessing Business Cases**.

The business case document should state arrangements for the co-ordination, delivery, monitoring and evaluation of business costs and benefits that will be realised from the project and should:

- enable leaders and stakeholders to understand and influence the direction of the project proposal at the initial stages of planning
- improve decision making by identifying key issues and the available evidence that's relevant to the project proposal
- help leaders to avoid committing resources to projects that should not proceed
- support benefits realisation and risk management for the entire programme rather than only the single proposed project; context and peripheral vision are therefore very important to the business case
- demonstrate viability of the project proposal of the programme leaders and stakeholders
- identify the key tasks and resources required to implement the project.

In summary, the business case document should explain:

- where we are now
- where we want to be
- how we will get there
- how results and performance will be measured.

The document itself should be structured systematically and consistently to allow ready comparison of cases by leaders and stakeholders. The document should be pro-forma and is the framework for the development and presentation of the business case comprised of the five-case model **strategic, economic, commercial, financial and management** aspects of the business case. A rigorous process would subject each option to the same analysis across each of the five cases.

An indicative table of contents (based on **HM Treasury Green Book** templates) of a business case document is shown in Appendix 1.

Developing the five case model business case

Much of the available guidance on business cases development recognises that the process can be lengthy and laborious. However, the aim of this guidance is to keep the process as lean and agile as possible and focuses on the core of the HM Treasury five case model.

The **strategic case** should address the strategic context and robustly set out the case for change and the rationale for the proposal. It should give a clear indication of the way forward for the force.

The **economic case** should fully set out and fully justify the recommendation that delivers best option. It should demonstrate that this recommendation aligns with the force's objectives and addresses wider social and environmental outcomes and impacts also.

The **commercial case** should demonstrate that the preferred option will result in a viable procurement (if appropriate) and a well-structured arrangement with providers and suppliers. It should also deal with personnel and accounting issues.

The **financial case** should demonstrate affordability and identify how the recommended option is to be funded. The funding part of the financial case should state affected budget holders' views on the recommended option and indicate clearly if the option is supported or not. The views of other relevant or affected stakeholders should be proactively sought, considered and included. The financial case should state unambiguously if gains identified are permanent reductions to the force budget or if resources will be redeployed elsewhere in the force.

The **management case** should demonstrate that robust arrangements are in place for the delivery, monitoring and evaluation of the recommended option, including information for, and communication with, the force strategic planning cycle. The management case should demonstrate that the recommended option can be successfully delivered in line with best practice, and independent assurance should be provided that the necessary arrangements are in place for successful change management, benefits realisation and risk management.

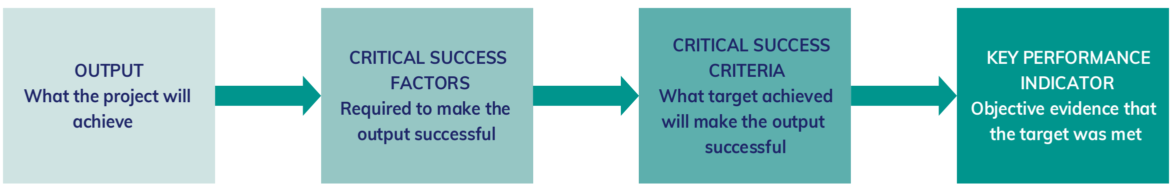
Evaluating the content of a business case

In order to give a framework for assessing whether a business case has been completed to the standard required, we have set out a template in Appendix 2 for judging the content of a business case on a one to five qualitative scale. Ultimately, views on individual business cases are subjective and arguable on a comparative basis; guidance can help to inform judgement but not replace it.

Generating business benefits

In the **PRINCE2®** project management approach, critical success factors, as measured by key performance indicators against pre-set targets, are used by programme stakeholders to assess if a project has achieved its objectives. This relationship is illustrated in Figure 3 below:

Figure 3. How project success is assessed.



Critical success factors are attributes that are **essential** (not merely desirable) for successful project delivery and project options should be assessed against these factors in the business case. Critical success factors should not be set at a level that excludes important and feasible options. Critical success factors should be consulted on formally and widely as this will add rigour to their development and will build consensus.

Metrics and key performance indicators, whether financial or non-financial, must be **objectively** verifiable (NB: this does not refer to statutory performance indicators). Objectively in this context means that indicators should be specified in a way that is independent of possible bias. The business case must make this clear with baseline position, information sources and the target to be met. There must also be a clear statement of the unit(s) of measurement.

At their simplest, performance indicators measure the force's inputs, activities, outputs, outcomes and impacts. They are commonly used to help define and evaluate the success of a project (or a programme) and progress towards objectives. Indicators have advantages: they should be inexpensive, can help to identify problems and successes, and can focus attention and analysis on solving problems. They can also provoke debate and generate insights.

In business case documents, there should be no more than two or three indicators and they should focus on measuring outcomes and impacts only (see Table 2: Change and Transformation Progression). The important word is 'key' – focus on the key points only.

In Appendix 3 we have indicated how to begin to develop and classify critical success factors for a business case (adapted from **HM Treasury guidance**). Critical success factors should be consulted on formally and widely as this will add rigour to their development and will build consensus. In Appendix 3 there is also a brief guide to types of performance indicator.

Critical success factors are, however, only part of the story – they are not, in themselves, business benefits. Because a business benefit is a tangible outcome of an action or decision that helps meet business objectives, there must, be a clear evocation of the business benefit being achieved in the business case. This is because materiality, or the overall value of savings, redeployments or improvements, provides a common basis of measurement between business cases that then enable a judgement on the priority to ascribe to different business opportunities as outlined in different business cases. To make these judgements, the business case being proposed should fit into one of the categories in the grid below and be capable of expressing the business benefits against whether they are cashable or non-cashable (recyclable or non-recyclable). Some business cases will produce benefits that are cashable and some that are non-cashable as shown in Figure 4.

Figure 4: Business benefits characterisation.

Business case classification	1 **Spend to save**	2 **Do more with the same**	3 **Do the same with less**	4 **Do more with less**	5 **Better ways of working/ modernisation**
Brief explanation	This is an investment proposal that uses up-front expenditure to yield savings later.	This is an efficiency proposal that will produce a higher or more effective service levels with the same resources.	This is a savings proposal that will not impact on service levels.	This is an efficiency and savings proposal that will result in higher or more effective service levels with less resources.	This is a legally or externally driven proposal that will result in different ways of working and may cost more or may cost less.
Example business case project(s)	Refurbishment of accommodation.	New processes to record crime that allow officers to be diverted to other tasks.	Automation of an activity, eg recruitment process.	Alternative policing approaches to tackle particular types of crime (eg off-road motorcycles).	Technology convergence.
Cashable benefits	Disposal of surplus accommodation; reduced utility and FM costs and reduced maintenance costs.	Reduction in travel to base to take statements.		Reduced need for air support.	Reduced server capacity.
Non-cashable (recyclable) benefits		Increase in number of jobs can be achieved in shifts.	Diverting staff to other duties.	Road vehicles released for other duties.	Reduced specialist training allowing for greater generic training.
Non-cashable (non-recyclable) benefits	Improved working conditions; enhanced working through co-location.	Improved public confidence from increased availability of officers.	Applicant satisfaction; auto-validation of documentation; improved management information.	Deny criminals the unchallenged use of illegal motorcycling; visible police presence reducing the fear of crime and reassuring the public.	Simpler disaster protection.

Measuring the business benefits in this way enables different business cases to be matched against each other on a common basis so that an overall priority can be established. In Appendix 4, we have detailed the quantification of these business benefits.

The benefits prioritisation framework

Business benefits expressed according to the grid in Figure 4 is the fundamental part of enabling judgements to be made on which business cases should form part of a capital investment plan or a medium-term financial plan or a CTP and the priority that should be given to each business case.

To do that we recommend the force should have a framework that enables the setting of business benefits identified in business cases against the force's objectives to give an overall prioritisation for decision making. As such it will identify the objectives and order them (critical, high, medium, low) and give each business benefit a scoring against the objective. In that way the result of the analysis against the framework can give each business case a prioritisation by which to judge the investment decision.

The key to prioritisation is to begin with force objectives as set out in policing and crime plans, medium-term financial plans and capital plans. These represent what the force aims to achieve. Force objectives, while guided by national policing priorities, are specific and tailored to the circumstances of each force and decisions are inevitably influenced by the stage of overall progress towards objectives and force-specific views on the relative importance of each priority.

Suggested objectives could include:

- strategic importance – how the project supports the police and crime plan priorities
- statutory, national, regional or collaboration requirements – how the project will ensure compliance with defined requirements
- operational delivery – how the project supports operational delivery across the service
- financial sustainability – how the project impacts on future revenue requirements
- return on investment – how the project will give a return on investment
- environmental sustainability – how the project impacts on the environment over a whole life cost perspective
- public perception – how the project impacts on the public
- employee conditions – how the project improves working conditions for officers and staff
- deliverability – how deliverable is the project within the proposed time frame
- asset enhancement – how the project enhances the value of the force's assets.

In order for the assessment of these criteria to give a differentiation between different projects, it is imperative for there to be some means of assigning the priority. We would suggest this requires the development of a numerical scaling that can be 'scored' allowing every approved business case to be ordered. This would be based on scoring the impact of the project against that weighting.

The ranking will then produce a 'league table' of business cases that can be fitted into the MoSCoW prioritisation (Figure 5). This represents four categories of initiatives: must-have, should-have, could-have, and won't-have, or will not have right now. This could form the basis of an ongoing investment programme – for example, 'must-haves' should be achieved in year one; 'should-haves' in year two and so on – recognising that regular reviews and re-assessment will promote or relegate some projects in the programme.

Figure 5. MoSCoW prioritisation.

Must	**A requirement that must be satisfied.**
Should	**A critical requirement that should be included if it is possible.**
Could	**A requirement that is considered desirable but not necessary.**
Won't	**A requirement that will not be implemented now, but may be considered for the future.**

This cannot be an absolute judgement; there will always be an element of flexibility to respond to other non-quantifiable factors:

1. **Urgency** – projects and benefits prioritised by identifying urgent and important initiatives in relation to force objectives; those projects that intend to deliver relevant benefits quickest.
2. **Manageability** – the force's breadth and depth to manage more than a set number of high priority projects. What's the limit that can be focused on by the force? This may mean learning to say 'no' or deprioritising or deferring some projects.
3. **Consensus** – collective decision making requires balancing collective experience and wisdom and judging which projects are best supported by stakeholders and operational leaders.
4. **Risk** – picking the project with the lowest risk may seem attractive, but risk levels fluctuate during the project due to internal (relatively controllable) and external (relatively uncontrollable, but influenceable) factors. In each case, the absolute levels of risks should consider risk appetite and the point at which mitigation becomes necessary.

Tracking benefits realisation

A fundamental part of benefits realisation is to ensure that identified benefits are realised. This should be the major role of a project manager, but there is a need for the governance structure to make appropriate arrangements for this to happen regularly and consistently. The most appropriate approach is to develop and maintain a benefits 'tracker'. This should be an identification of all the benefits contained in business cases, their nature and content and their timing. This can be regularly RAG rated to ensure monitoring of achievement (see Figure 6).

Figure 6. Format of a business benefits tracker.

NAME OF BUSINESS CASE:			
AUTHOR:	DATE:		
DECISION MAKER:	PRIORITY RATING:		
GATEWAY LEVEL:	ACHIEVEMENT RAG RATING:		
BRIEF OVERVIEW OF BUSINESS CASE AIMS:			
RELATION TO FORCE PRIORITIES:			
OPTION PREFERRED/OPTIONS DISCOUNTED:			
PROJECT TIMETABLE:			
BUDGET(S) AFFECTED/INVESTMENT AVAILABLE:			
NET SPEND IMPACT	Year 1	Year 2	Year 3
Cashable			
Non-cashable recyclable			
Non-cashable non-recyclable			
EXPECTED DELIVERABLES/CRITICAL SUCCESS FACTORS SUMMARY:			
IMPACT ON PERFORMANCE:			

We think that the development, approval and implementation of business cases is best linked to the budgetary cycle to ensure planning and delivery coincides with budget planning, setting and approvals. This suggests there should be a fixed planning cycle of submission and consideration and will ensure that cashable savings are removed from the budget when expected and there is appropriate links to organisational change where the benefit is non-cashable. Tracking also allows the updating of the benefits realisation framework.

What do we mean by governance?

Governance comprises the arrangements put in place to ensure that the intended outcomes for stakeholders are defined and achieved.
The fundamental function of good governance in the public sector is to ensure that entities achieve their intended outcomes while acting in the public interest at all times.
CIPFA/IFAC, Good Governance in the Public Sector

Governance of business benefit realisation

If good governance is in place, then business benefits will be more readily achieved and realised. Governance in this context, broadly, is how business cases are generated, determined, approved, resourced, implemented and reviewed whether or not they are part of a CTP. The critical role of governance is to ensure clear links to force objectives as set out in policing and crime plans, medium-term financial plans and capital plans. It also includes statutory or performance issues in His Majesty's Inspectorate of Constabulary and Fire and Rescue Services (HMICFRS) reports, for example.

Business cases must be built clearly around these elements.

Delivery of business cases must be unequivocally endorsed, supported and led by force leadership and should be demonstrated by a positive and encouraging 'tone at the top' (Figure 7). Force leadership should demonstrate belief in the aims of approved business cases and the benefits they are intended to deliver and communicate this to stakeholders in as many ways as possible. This communication enhances credibility and helps to secure the positive commitment of other stakeholders.

Figure 7. Tone at the top explained.

Tone at the top is management's philosophy and operating style. This is established by top management and is reflected in all aspects of management's actions. The commitment, setting an example, involvement and support of management is key in setting 'the tone at the top'. This fosters and helps to maintain an approach to initiatives such as change and transformation programmes. Adapted from **Guidelines for Internal Control Standards for the Public Sector** (INTOSAI).

The concept of tone at the top originates in international governance and internal control standards (**Committee of Sponsoring Organisations of the Treadway Commission** (COSO) and the **International Organisation of Supreme Audit Institutions** (INTOSAI)). It is rooted in the philosophy that if leaders believe an initiative or approach is important, then others in the organisation will sense that and will respond with greater belief in the process; thus, there's a greater chance that the initiative will succeed. Delivery should have a leadership focal point with assigned responsibilities – see COSO Framework Principle 3 for further details, which states that management should establish structures, reporting lines and appropriate authorities and responsibilities in pursuit of objectives. This means a small but powerful and influential top-level committee or board.

This should establish principles (for example, decision making should be lean, agile, accountable and effective; leadership should be bold, sceptical and enquiring; project proposals should be innovative and transformative) and should have formal terms of reference that clearly assign responsibilities, particularly if the intention is to lead and direct a CTP.

Indicative terms of reference may:

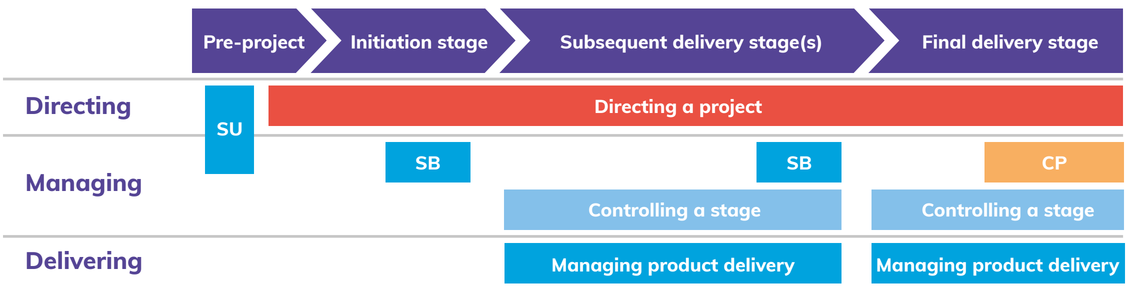
- formally constitute the composition (for example, chaired by the chief constable with a small number of influential executive and non-executive members)
- specify the minimum frequency of meetings (for example, four or six times per year)
- specify the frequency and broad content of reporting requirements (for example, annual programme report to the executive or commissioner; quarterly reports received from committee-approved projects from operational leaders; the balance between one-off evaluations and ongoing monitoring)
- set out authority to:
  - invite project proposals (ie business cases) from the force
  - direct parts of the force to develop specific projects
  - prioritise business cases (projects) for action
  - monitor progress of projects
  - accept or reject or modify business cases
  - decide the number and duration of projects within the programme.

Process and timing

In many cases, needs for new business cases will arise unexpectedly as a result of external factors such as new legislation or funder or customer requirements. These could be urgent needs and need to be processed accordingly. However, good governance of a business planning process and the delivery of business benefits is best if related to the overall business cycle of budget planning, decision making and implementation. Forces should consider creating an annual cycle based on gateways (see below) focusing the production of business cases in eg the summer and autumn, for decision making in the autumn and winter with a view to approval for implementation at the beginning of the new financial year.

Gateways

In order to ensure good management of business cases, it is important to establish stages that allow interventions and decision making at appropriate times. These gateways (discovery, definition, delivery and handover and close) allow (as in this diagram) for the business case and the subsequent project to be managed effectively.



Key
SU = Starting up a project
IP = Initiating a project
SB = Managing a stage boundary
CP = Closing a project

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Useful information and effective communication (ie providing data, consultation and dialogue) are integral to governance best practice. This means openly and accessibly sharing programme results (information) but also means communicating and consulting with those involved in delivery. A communication strategy (listening as well as informing) should be a key part of any business benefits programme.

There should be a prominent role of review and evaluation of performance. In the case of business benefits, the development of a tracker linked to a planning cycle such as the annual revenue budget and the medium-term financial plan is important to ensure alignment with wider business planning.

Given that the aim of governance is to help the force to achieve its objectives in a planned and orderly way, a key and sometimes overlooked aspect is maintaining manageability. This means limiting the number of projects to allow focus on the key and significant issues that will deliver the best opportunity for improvement.

A final area of governance is risk management. This means proactively identifying threats and hazards that impede achieving force objectives and developing and recording mitigation actions.

Supporting delivery

Structures, processes, and authorities are a partial view of governance. In recommended best practice models from COSO and INTOSAI (cited above), governance also comprises human resource (HR) issues such as competence frameworks and staff skill sets (and thus training), communication of programme objectives, job descriptions, supervision arrangements, operational responsibilities, monitoring, recording and communicating programme learning, programme and project results, assessment of risks and mitigation strategies. Some wider governance interventions are set out below.

In the UK Civil Service, part of the core competence framework establishes embracing organisational change and improvement as an integral part of business as usual for both staff and leaders. The key passages from the framework are highlighted in Figure 8. The framework also specifies behaviours that contribute positively to achieving change including continuously seeking out ways to improve policy implementation and build a leaner, more flexible and responsive organisation. To achieve this requires leadership, staff knowledge and confidence and a culture that is receptive to ideas and innovation. Embedding championing change and transformation routinely within job outlines and role descriptions is good practice.

Figure 8. Core competence 2 – Changing and improving.

People who are effective in this area take initiative, are innovative and seek out opportunities to create effective change. For all staff, it's about learning from what has worked as well as what has not, being open to change and improvement and working in 'smarter', more focused ways.
For leaders, this is about creating and encouraging a culture of innovation and allowing people to consider and take informed decisions.
Source: **Civil Service competency framework 2012–2017**

Governance best practice requires an unambiguous commitment to competence. This means that the force must "demonstrate a commitment to attract, develop, and retain competent individuals in alignment with objectives" (**COSO Framework**). As the force changes, staff skills and knowledge must change to support the delivery of new objectives.

The force's core competence framework impacts on training plans and, in turn, the scope of staff development generally. This means making staff and leaders aware and equipping them with the skills (business planning and programme management, for example) and knowledge to support the implementation. This requires a significant top-down commitment, making resources available and a willingness by leadership to consider proposals from many sources.

Monitoring achievement

Arrangements for monitoring, evaluation, and learning are a key, but sometimes overlooked, part of the business case that will help to compare benefits between projects and options. The feedback is key for force leadership to compare business benefits. Monitoring, evaluation, and learning should also be 'built in rather than built on'. Leadership should oversee ongoing monitoring and learning during project implementation including regular reporting by, and oversight of, activities of operational leaders.

The scope and frequency of separate evaluations will depend on risk assessment, project materiality and the effectiveness of ongoing monitoring. Separate evaluations can be conducted by internal auditors, consultants or other independent practitioners.

Appendix 1: Contents of each component of a business case

The strategic case should include:

Strategic context

- Organisational overview
- Business strategy and aims
- Other relevant strategies

The case for change

- Objectives
- Existing arrangements
- Business needs – current and future
- Potential scope and service requirements
- Main benefits and risks
- Constraints and dependencies

The economic case should include:

- Critical success factors
- Long-listed options (with explanation of pros and cons and analysis)
- Shortlisted options also with explanation of pros and cons and analysis (including 'business as usual (BAU)' and 'do nothing')
- Results of cost benefits analysis
- Identification of cashable and non-cashable savings
- Risk assessment and mitigations
- Recommended option

The commercial case should include:

- Procurement strategy and route
- Service and/or goods requirements
- Output
- Allocation of commercial risks
- Charging mechanism
- Key contractual arrangements
- Personnel implications
- Accounting treatment

The financial case should include:

- Capital and recurrent requirements
- Sources of funding (and if these have been formally or legally secured**)
- Net effect on internal recharges and other commercial and governmental internal and external relationships (including impacts on specific grants and non-permanent funding sources)
- Impact on the balance sheet
- Gross and net impact on income and expenditure account
- A conclusion on overall affordability
- Confirmation of stakeholder and customer support as applicable
- **Position statement on funding if not secured and actions required to secure funding

The management case should include:

- Project management governance arrangements (roles, responsibilities, plans, key relationships)
- How the project management team will interact with CTP leadership
- Planned use of specialist advisers
- Change and contract management arrangements
- Benefits realisation arrangements (including plans and register)
- Risk management arrangements (including plans and register)
- Post-implementation and evaluation arrangements
- Contingency arrangements and plans

Appendix 2. Business case assessment tool

1. Strategic business case	Assessment*
a) Is the rationale for the project a good fit with force objectives?	
b) Are the project objectives aligned with force objectives?	
c) Have conflicts with wider public policy objectives been considered?	
d) Have conflicts with wider public policy objectives been resolved?	
e) Are dependencies recognised and addressed?	
f) Are project objectives clearly set out in SMART terms?	
g) Are projects benefits identified individually?	
h) Do the benefits contribute directly to force objectives?	
i) Are lessons learnt credible and have they been considered?	
j) Are risks and mitigations considered?	
Sub-total	
2. Economic business case	**Assessment***
a) A cost (–) benefit (+) analysis is calculated for each year covered by the proposal and then summed to produce NPV as test for VfM (normally the highest NPV will be the preferred option)	
b) The options long list considers all reasonable alternatives including a ‘do nothing’ option	
c) The options analysis includes a sufficiently wide consideration of alternative options to achieve stated force objective(s)	
d) From longlist to shortlist the reasons for exclusion are credible, fully explained and well researched	
e) Important sources of uncertainty or risk in the proposal have undergone credible sensitivity analysis (eg how much capital costs have to rise to outweigh recurrent savings)	
f) All costs and benefits of all options have been recognised and considered	
g) The business case is not presented to produce a biased or predetermined result	
h) Credible arrangements for external risk management that have been built into the proposal (eg all risks considered, and mitigations identified; transfer or insurance arrangements costed in, etc)	
i) Wider issues have been identified, evaluated and addressed (eg environmental impact assessment, health and safety, social and economic welfare, regional issues)	
j) Credible and appropriate monitoring, reporting and evaluation arrangements have been set out and explained in the proposal	
k) Monitoring and evaluation costs have been stated	
Sub-total	
3. Commercial business case	**Assessment***
a) The preferred option can demonstrably be delivered through a workable commercial arrangement or arrangements	
b) The approach to procurement(s) is clearly set out and will contribute positively to the delivery of project objectives	
c) Contractual issues are set out clearly	

d)	The ownership of fixed assets created during the project is clearly set out	
e)	A risk table covering internal risks is set out with mitigations and allocations of risk ownership.	
f)	Personnel implications are full considered (including TUPE, for example)	
g)	Key contractual milestones are identified	
h)	Accounting treatment of key transactions is set out in line with accounting standards and the force financial manual	
Sub-total		
4.	**Financial business case**	**Assessment***
a)	The full recurrent and capital cost of the proposal is identified in a clear and logical way	
b)	Sources of funding are identified at budget code level	
c)	Monitoring and evaluation costs have been stated	
d)	Implications for existing budgets is identified with valuations	
e)	Additional funding requirements are clearly and comprehensively identified	
f)	Capital receipts due to the force are identified	
g)	Funding secured and not secured is clearly identified with valuations and plans to secure shortfalls	
h)	VAT and interest charges (costs) are identified (as applicable)	
i)	The potential for cost overruns is dealt with by an adequate contingency sum	
j)	Contingent liabilities have been valued and identified	
k)	The impact on relevant specific grants is identified	
Sub-total		
5.	**Management business case**	**Assessment***
a)	Project management responsibilities, governance and reporting arrangements are set out in full	
b)	Post-project (implementation and business as usual) management responsibilities, governance and reporting arrangements are set out in full	
c)	A timed project delivery plan is set out with key milestones	
d)	Project business and quality assurance arrangements are set out in the proposal	
e)	Appropriate methodologies for complex projects (eg IT systems) has been identified	
f)	In-house skills are sufficient to deliver the project; credible plans are in place to acquire the necessary skills where gaps are identified	
g)	In-house skills are sufficient for post-project management and implementation; credible plans are in place to acquire (or train for) the necessary skills where gaps are identified	
h)	A change management and stakeholder consultation plan are in place	
i)	A benefit realisation plan and benefit register have been included with arrangements and process to maintain these	
j)	The proposal has been agreed by appropriate teams (legal, procurement, IT, finance, HR etc)	
k)	Provision made for review and ongoing lessons learnt	
Sub-total		
OVERALL TOTAL		

***Where 5=excellent; 0=poor**

Appendix 3. Critical success factors and performance indicators

Descriptions of elements of critical success factors

Key critical success factor	Broad description
Strategic fit and business needs	How well the option: • meets the agreed spending objectives, related business needs and service requirements • is a holistic fit • synergises with other strategies, programmes and projects.
Potential value for money	How well the option's: • potential costs, benefits and risks optimise public value (ie social, economic, and environmental).
Supplier capacity and capability	How well the option: • matches potential suppliers' ability to deliver requirements • is likely to be attractive to the suppliers.
Potential affordability	How well the option: • can be funded from available sources of finance • aligns with resourcing constraints and other priorities.
Potential achievability	How well the option • is likely to be delivered given the force's ability to respond to the changes required • matches the force's skills vis a vis those required for successful delivery.

A brief typology of performance indicators

Type of indicator	Description(s)	Example(s)
Quantitative	Presented as a number – how much was done, how many were delivered	Calls answered, samples collected and analysed
Position statement	An absolute value at a pre-determined point in time	Number of FTE officers, number of support service vacancies
Financial	An absolute value of expenditure or income – unit costs per items	Budget savings or cost per piece of equipment procured
Incidence	A fraction with a numerator over a denominator; it shows the target being measured as a % within a defined and known population, usually at a set point in time	Bicycle theft per 1,000 population
Change	Describes the change between two positions – can be presented as a %	Reduce number of robberies where an under-16-year-old is the victim by 5% compared to previous year's performance
End result or milestone	Final intended objective	Office space in square meters
Measurement against a normative standard	An expected standard must be established, and the indicator is presented as a % achievement	Calls answered within a defined time stated as a % of the total calls placed

Appendix 4. Quantification of business benefits examples

Business benefit	C/NC (R) or (NC)	Quantification of business benefit
Refurbishment of accommodation		
Disposal of surplus accommodation	C	Capital value from a property sale or rental from property retained in ownership.
Reduced utility and FM costs and reduced maintenance costs	C	Reduced outgoings.
Enhanced working through co-location	NC (NR)	Configuration of work teams facilitates greater co-operation, improved communication and focused management.
Improved working conditions	NC (NR)	Facilities improve morale and hence productivity.
New processes to record crime that allows officers to be diverted to other tasks		
Reduction in travel to base to take statements	C	Reduced travel costs; fuel and maintenance of vehicles.
Increase in number of jobs can be achieved in shifts	NC (R)	Reduced number of response officers required to meet anticipated demand.
Improved public confidence from increased availability of officers	NC (NR)	Reduction in estimated response time to incidents and requests for assistance.
Automation of an activity, eg recruitment process		
Diverting staff to other duties	NC (R)	Value of time of staff redeployed to undertake other duties.
Applicant satisfaction	NC (NR)	Improved satisfaction.
Auto-validation of documentation	NC (NR)	Cost avoidance of manual checking of documentation received.
Improved management information	NC (NR)	Cost reduction in person hours manually producing statistics.
Alternative policing approaches to tackle particular types of crime (eg off-road motorcycles)		
Reduced need for air support	C	Reduced costs for air support.
Road vehicles released for other duties	NC (NR)	Number of vehicles not required to tackle off road crime that can be released for other purposes.
Deny criminals the unchallenged use of illegal motorcycling	NC (NR)	Improved policing profile.
Visible police presence reducing the fear of crime and reassuring the public	NC (NR)	Improved public confidence.
Technology convergence		
Reduced server capacity	C	Reduced accommodation for servers, reduced licensing costs, reduced cost for energy, support and maintenance.
Reduced specialist training, allowing for greater generic training	NC (NR)	Rebalancing of training costs.
Simpler disaster protection	NC (NR)	Cost avoidance – security breach recovery – costs and disruption impacts.

C=cashable; NC=non-cashable (R=recyclable) or (NR=non-recyclable).

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