STAFFORDSHIRE POLICE, FIRE & CRIME COMMISSIONER & CHIEF CONSTABLE OF STAFFORDSHIRE

Collaboration Governance and Savings (Updated Position as at October 2020)

Item 4 (ii)

Final Internal Audit Report: 3.20/21

22 October 2020

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EXECUTIVE SUMMARY

Why we completed this audit

An audit of the Collaboration Governance and Savings was undertaken as part of the Internal Audit plans for 2019/20 for both the Staffordshire Commissioner (Fire & Rescue Authority) and the Staffordshire Commissioner (Police and Crime Commissioner).

As part of the review, RSM collaborated with Staffordshire County Council to provide a co-ordinated audit review to ensure full oversight of the areas throughout both the Police and Fire's historic working environments.

The audit was undertaken to consider arrangements over the development and delivery of collaborative opportunities between the Fire and Rescue Service and Staffordshire Police, with reference to the following objectives:

Objective 1 – The Fire/Police collaboration project governance and management arrangements. This area was subject to audit review and testing by Staffordshire County Council Internal Audit Service.

Objective 2 – The management of joint working functions including operational decision making. Audit review and testing in relation to this area was undertaken by Staffordshire County Council Internal Audit Service and RSM, collaboratively. Meetings and discussions with the Heads of the Enabling Services were attended by both parties; and

Objective 3 – The identification, monitoring, reporting and achievement of collaboration savings. This area was subject to audit review and testing by RSM.

The Policing and Crime Act 2017 details a statutory duty for emergency services to collaborate, and the opportunity for Police and Crime Commissioners (PCCs) to make a local case for taking on responsibility for the governance of Fire and Rescue Services.

The Staffordshire PCC submitted the Collaboration Business Case to the Home Secretary's Office in writing on 3 October 2017, which included details relating to three models, of which the 'Governance Model' was

noted as the preferred option (where the PCC takes on the functions of the Fire and Rescue Authority). The Business Case did not have the support of Staffordshire County Council and Stoke-on-Trent City Council and therefore the Home Secretary commissioned an independent assessment of the Business Case.

The review was undertaken by the Chartered Institute of Public Finance and Accountancy (CIPFA), as required by the Policing and Crime Act 2017, and concluded that *'a move to the Governance Model meets the statutory test of economy, efficiency and effectiveness. Having reached that conclusion we would add that there is no overwhelming case for change and that most of the proposed changes could be achieved under the other three options subject to the willingness of all the stakeholders to work together.'*

Our audit findings report was issued in February 2020 and over the summer of 2020, both the Chief Finance Officer (Force) and the Director of Finance (OPFCC) asked RSM to complete a further review to provide an updated position to reflect the work that had taken place internally around the collaboaration and ultimately to reflect the progress made since the original audit commenced at the beginning of the year. We have therefore undertaken this review as part of the 2020/21 Internal Audit plan.

Conclusion

It is acknowledged that the collaboration continues to fully integrate resources – both people and systems.

The collaborative Internal Audit review has confirmed that generally the project management and governance arrangements contributed to the successful delivery of the first phase project and that a framework is in place for operational decisions and responsibilities, albeit some gaps and further enhancements (in both these areas) have been identified.

From the follow up of the project's status in October 2020 we have updated some of the initial recommendations to reflect the collaboration's position in the implementation of this project.

Key Findings

Objective 1 – Audit Review & Testing Completed by Staffordshire County Council (Followed up by RSM in October 2020)

Although the roles and responsibilities for officers involved in the project are outlined in the Project Definition Document these have not been linked to any particular post within the respective organisations. Testing did not, however, indicate any issues in relation to this area and therefore no further action is considered necessary.

Objective 2 – Audit Review & Testing Completed by Staffordshire County Council (Followed up by RSM in October 2020)

The Corporate Communications Department had created a 'Mobilisations Integration Plan' which was followed closely and regularly updated to ensure review and completion of key tasks, however this type of plan was not consistently used in the other Phase One collaborating Enabling Services.

Also, it was noted that Policy and Procedural documentation had not been updated for the Estates Department and there was also no documented integration/collaboration plan for how the new ways of working would be realised within this team. A management action to address this has been agreed.

Objective 3 – Audit Review & Testing Completed by RSM

The Business Case did not detail consideration of the impact that an average 33% reduction in FTE throughout all Enabling Services would have on the quality of service provided.

The membership and purpose of the Collaboration Board should be reviewed to ensure it remains fit for purpose. A management action to address this has been agreed.

The Enabling Services update report presented to the Service Management Board (Fire) is not in the same format or as detailed as the Finance Update report presented to the Strategic Governance Board. A management action has been areed to address this.

Additional Findings

Objective 1 – Staffordshire County Council

The Local Business Case for Joint Governance of the Police and Fire and Rescue in Staffordshire was approved by the Home Secretary on 26 March 2018.

The true costs of resourcing the project could not be determined as there was no requirement for officers (Police/Fire) to record the time spent on project work. In addition, a full resource profile for the project was not completed. A recommendation to address this has been made.

The Project Definition Document was created and included the expected areas, however, this was not approved until 8 May 2019, approximately eight months after the first Collaboration Board meeting. Further testing identified that the Enabling Services collaborated in line with the initial Business Case and therefore no

action has been considered necessary.

We also identified that the Project Definition Document did not define materiality and therefore there is a risk that financial decisions are/were not made at the correct level. Additionally, the document had been approved by the Collaboration Board but not the Strategic Governance Board- Collaboration, as stated within the document.

Following review from RSM in October 2020, we noted that this area was included in the Lessons Learned Log included in the Enabling Services Closure Report. As a result, we have superseded this management action.

The Business Case was considered by both the Fire, Police and the Office of the Police and Crime Commissioner and had been presented at various meetings including both the Ethics, Transparency and Audit Panel (Police) on 23 August 2017 and Stoke on Trent and Staffordshire Fire and Rescue Authority on 24 August 2017 for discussion and challenge. The objectives of the business case were to generate cost savings by changing the governance arrangements, enabling services collaborations and estate rationalisation.

The Project Plan had been created and was being used to monitor progress, however, we could not confirm that the Plan had been approved by the Collaboration Board or the Strategic Governance Board - Collaboration.
Following review from RSM in October 2020, we noted that this area was included in the Lessons Learned Log included in the Enabling Services Closure Report. As a result, we have superseded this management action.

The Statutory Instrument for the transfer was passed on 8th June 2018 and the Staffordshire Commissioner Fire and Rescue Authority commenced on 1st August with the Enabling Service Collaboration project commencing after this date.

A Collaboration Board (CB) was set up on 26 October 2018 to provide oversight to all collaborative opportunities between Police and Fire and to ensure that these are implemented effectively and efficiently.

The Strategic Governance Board Collaboration (SGBC) was set up from 1 February 2019 which acted as the Staffordshire Commissioner's strategic management and decision-making forum for all Collaboration matters, prior to this, decisions were made through the individual governance boards for Police and Fire.

The review confirmed that, membership of the Collaboration Board and Strategic Governance Board Collaboration was appropriate for phase one of the project. In addition, terms of reference for both Boards were in place, meetings were held monthly and were minuted with declarations of interest being made (where applicable) and matters arising discussed at the following meeting.

Staffing resources have been provided in kind by both employers and review of the Collaboration Board minutes from 26 October 2018 onwards confirmed that resources were being discussed at each meeting and the right resources were being provided at the right time. There was also further evidence that action was being taken when concerns over the competing demands between service and project priorities were raised.

Management of the Collaboration project incorporated the principles of the PRINCE2 methodology from January 2019, through employment of the Senior Project Manager.

A Project Plan supporting the Enabling Services project has been developed. Progress in relation to the plan has been reported to and monitored by the Collaboration Board and Strategic Governance Board - Collaboration.

For the staff working on the project full time, their roles and responsibilities are outlined in the job descriptions for the respective roles. The roles and responsibilities for other officers involved in the project are outlined in the Project Definition Document approved by the Collaboration Board on 8 May 2019.

The decision-making framework has been produced and is recorded within the Project Definition Document. Delegations are also recorded within the terms of reference for the Collaboration Board and the Strategic Governance Board Collaboration. Prior to the establishment of the latter (1 February 2019) decisions were made by the respective Strategic Governance Boards for Police and Fire. The following officers also have delegated authority to make decisions on behalf of their respective organisations (Chief Executive Staffordshire Commissioners Office, Deputy Chief Fire Officer and Director of People and Resources Staffordshire Police). The audit review provided assurance that decisions were being made in accordance with the framework outlined in the Project Definition Document. The only exceptions related to the approval of the latter and the project plan for which a recommendation has been made.

A Risks, Actions, Issues and Decisions (RAID) log has been in place in its current format since January 2019, prior to this the Risk Management approach had been discussed, challenged and developed through the Collaboration Board. The RAID log includes key risks of the project and was presented for discussion at each of the Collaboration Board meetings.

A collaboration highlight/update report was presented at each of the meetings for Collaboration Board and Strategic Governance Board Collaboration. The format of this report has evolved throughout the project timeline and provides a good summary of progress as well as a Red, Amber Green (RAG) rating for key areas along with the project overall. Additional reports were also provided where more detail is required (i.e. progress on enabling services workstreams). There was evidence that information presented was subject to challenge and discussion.

The review confirmed that a revenue budget of £150k for the delivery of the project has been set for 2019/20 and that expenditure incurred aligns to the objectives outlined in the business case and Project Definition Document. In addition, there was evidence that finance and the forecasted costs of the project had been discussed at each Collaboration Board meeting since March 2019. Financial updates have also been provided to each Strategic Governance Board (Collaboration) meeting and the need to set a budget at the outset of the project has also been added to the lessons learnt log and therefore no recommendation is being made.

The outcomes, benefits and success criteria for the Enabling Services project were detailed within sections 4 and 5 of the Project Definition Document.

Review of the Collaboration Board and Strategic Governance Board - Collaboration minutes identified that actions associated with a decision had not always been recorded and monitored. In addition, a number of actions noted as 'agreed', were not included on the Action Log and therefore there is a risk that these would not be monitored or reported on at the following meeting and as a result, expected deadlines may be missed.
Testing of the closed actions on the Action Logs for both the Collaboration Board and Strategic Governance Board - Collaboration identified also that 20 out of 101 closed actions, did not clearly record the reason or detail for why the action was closed. However, as there was evidence that actions were being reviewed by the above Boards no formal recommendation is being made.

The Risks, Actions, Issues and Decisions (RAID) log created by the Senior Project Manager contains a 'Lessons Learnt' section. This should be used by the Police going forward to ensure a

smoother, more efficient transition from Business Case approval to project delivery and benefits realisation.

Following review from RSM in October 2020, we noted that this area was included in the Lessons Learned Log included in the Enabling Services Closure Report. As a result, we have superseded this management action.

The Project Definition Document stipulated the process for any changes to scope. A review of the minutes confirmed changes to scope had been approved appropriately.

The 2019/20 budgeted expenditure for the collaboration project of £150k was not agreed until June 2019. However, as this had been raised by the Senior Project Manager in the lessons learnt log, no action was considered necessary.

There was no evidence in the minutes of the Collaboration Board or the Strategic Governance Board - Collaboration that a budget or the arrangements for apportioning the costs relating to 2018/19 had been agreed. Discussions with the Chief Finance Officers (Police and Fire) also confirmed that none of the project costs incurred (2018/19 or 2019/20) have yet been apportioned.

A Benefits Realisation Strategy has not yet been produced and therefore there was no evidence that the following has been considered:

- How benefits will be quantified, measured and achieved; and
- Updated assumptions (as they may change from the Business Case); and
- Processes for tracking progression of benefits (including governance structure).

RSM's October 2020 review of the Enabling Services Closure Report prepared by the Senior Project Manager, identified that Sections six (Review of the Business Case) and seven (Post Closure Benefits) of the report included a summary of the benefits that were realised as a result of the project, along with benefits not realised and any benefits that may be realised in the future. The report also quantifies the savings realised at the time of writing

and therefore the original management action has been superseded.

Discussions with the Senior Project Manager and an examination of the Collaboration Board and Strategic Governance Board (Collaboration) minutes along with the highlight reports to each board meeting confirmed that project delivery for phase one of the project has been achieved. To support this, the review confirmed that:

- An overarching operating model had been agreed.
- Agreement on the apportionment of costs, savings and investments has been reached.
- An Information Management Agreement has been produced.
- Joint enabling services for HR, Procurement, and Estates/Property have been set up and have been operating from 1st July 2019 and from 1st August 2019 for Communications.
- Collaboration agreements are in place for all the above services and Data Impact Assessments produced (where applicable).

Objective 2 – Staffordshire County Council

Historic cultural differences between the Police and Fire had been identified by the Heads of Service (for each of the phase one enabling services) and through discussion and review of supporting documentation we confirmed that the following activities had been completed/planned to help address these issues including; inductions (Corporate and Service levels), away days/workshops, the review of desk seating arrangements (to promote inclusion), joint newsletters and team meetings. It is acknowledged that work in relation to this area is on-going and that the Collaboration Board approved (at the meeting on 18 July 2019) a proposal from Staffordshire Police to provide two, four-hour workshops relating to culture for 150 police and fire staff to be delivered between September and December 2019.

Discussions with the Heads of Service (for each of the phase one enabling services) and a review of supporting documentation highlighted instances where new ways of working were already promoting closer working at a team level including; joint meetings within teams, joint working on specific tasks/projects, the revision of procedures to provide a joined-up approach and the re-branding of services. It is, however, acknowledged that these arrangements will continue to develop over time and that different services are at different stages of the process which are in part due to the way the services have been structured initially (Procurement and HR services to the Staffordshire Fire and Rescue Service are currently being provided by the same staff pre and post collaboration) and because different systems (including IT) are in place within each organisation.

The Head of Estates and Head of Business Services both confirmed that they did not have copies of the Collaboration Agreements relating to their services.
As part of the RSM update in October 2020, we noted that a Shared Services Operational Management Group (SSOMG) has been established to ensure that individuals across the shared services understand the objectives of the Shared Service. As a result, we have superseded this management action.

We confirmed that integration plans for three of the phase one enabling services (Communications, Procurement and HR) had been developed which should help ensure that work to develop new ways of working continues. With regard to the fourth service (Estates), the Head of Estates confirmed that the team have all benefited from the joint working environment, due to the contract/project management experience of the staff that have joined existing Estates team.

Discussions with the Head of Corporate Communications and the Head of People and Organisational Development confirmed that policies and procedures were in the process of being reviewed and that arrangements were in place to monitor the completion of

this task. With regard to Procurement, the Head of Business Services confirmed that Standing Orders for the Commissioner's Office, Staffordshire Police and Staffordshire Fire and Rescue Service have been produced, agreed by the Chief Finance Officers and were due to be approved by the Strategic Governance Board Collaboration in November 2019.

Post collaboration team structures are in place for the phase one enabling services.

Objective 2 – RSM

All relevant Role Profiles that we were provided with had been reviewed and updated, taking into account the post collaboration responsibilities within the enabling services teams. Corporate Communications did not provide us with updated Role Profiles, however as the Integration Plan used by Corporate Communications evidenced the completion of post collaboration roles and terms and conditions' review, we considered this task as completed. This includes the Business Services Assistant Role Profile reviewed in October 2020.

The Functional Collaboration Agreements for each of the phase one enabling services included the high-level governance structure.

Whilst the decision-making framework within each of the enabling services will not be finalised until the beginning of the 2020/21 financial year, there are measures in place to ensure that staff obtain approval from the Fire's relevant budget holder until the end of the 2019/20 financial year.

Objective 3 - RSM

The Police's 2019/20 MTFS Savings Monitoring spreadsheet (P6V2) had not been updated to detail any of the actual/forecast

savings figures for the Police and Fire Integration in 2019/20, however, there were detailed calculations of the savings figures that were included in the Collaboration Finance Update report. Our review in October 2020 identified that the Finance Update Papers presented in January, April and June 2020 each included a table summarising the actual project costs and forecast outturn for the project since commencement were included within the reports. We have therefore marked the original management action as implemented.

The 'Local Business Case for Joint Governance of Police and Fire and Rescue in Staffordshire' contains a 10-year savings plan that was presented to both the Police and Fire offering opportunity for challenge and discussion.

As identified above (Objective 2 – Staffordshire County Council), Contract Standing Orders were being reviewed at the time of the audit to ensure that they make specific reference to the authority limits within the recently formed shared services.

Quarterly Finance Update reports were being monitored against the savings figures included in the original Business Case.

As identified above (Objective 1 – Staffordshire County Council), review of all 2019/20 Collaboration Board and Strategic Governance Board – Collaboration minutes confirmed that there was evidence of scrutiny and challenge during discussions around the Collaboration Finance Update and that for the most recent three meetings, actions had been accurately updated in the Action Log.

The responsibility for achieving savings sits within each of the directorates and is monitored on a monthly basis by the Finance Team, with evidence of regular input and challenge from the Senior Project Manager. We confirmed this through review of report presentations and discussion in meetings, the Lessons Learnt Log and email trails between directorates.

As identified above (Objective 1 – Staffordshire County Council), key collaboration risks are discussed by exception at each meeting of the Collaboration Board and the Strategic Governance Board. We reviewed the Collaboration Risk Register and confirmed that Risk No. 5 'Failure of the collaboration project to deliver on the OPCC's business case' detailed the necessity of continuous work 'to quantify costs of change, and to identify benefits.'

Our original work identified inconsistencies in the pre-collaboration communications being sent to each of the Enabling Services teams, however our October 2020 review identified that the SSOMG was in place to ensure consistent reporting to each of the shared service entities.

The signed Functional Collaboration Agreements for HR (1 July 2019), Procurement (1 July 2019), Estates (1 July 2019) and Communications (1 August 2019) confirmed that future departmental costs were to be apportioned based on an average of the pre-merger budgets for all shared services (Police 77.6% - Fire 22.4%).

DETAILED FINDINGS AND ACTIONS

This report has been prepared by exception. Therefore, we have included in this section, only those areas of weakness in control or examples of lapses in control identified from our testing and not the outcome of all internal audit testing undertaken.

Objective 1 – Project Governance and Management Arrangements (Audit Review & Testing Completed by Staffordshire County Council)

1a Project Resources	
Expected Control	It is expected that resource requirements to support the collaborative project work have been considered are adequate and that a Project Manager has been appointed.
Findings / Implications	**Staffordshire County Council (February 2020)** We reviewed the Project Approach submitted to the Collaboration Board by the Senior Project Manager (on 15 March 2019) along with the finance reports submitted to and the minutes of each Collaboration Board meeting. In completing this review, we identified that the funding equivalent of in-kind contributions was to be calculated and considered as part of the 'cost of change'. However, the Senior Project Manager confirmed that none of the staff involved in the project (Police/Fire) have been required to record the amount of time spent on project work and therefore the true costs of resourcing the project could not be determined. We also reviewed the Project Definition Document. Section 14 of this document relates to the resource profile for the project. Although this states that a "full resource profile will be developed through engagement with both organisation relevant heads of department" the Senior Project Manager confirmed that this has not been done. Without a resource profile there is a risk that the right project resources are not available at the right time. It is, however, acknowledged that no issues with regards to the resourcing of the project have been identified. **RSM Update (October 2020)** Following discussions with the Chief Finance Officer (Force), we identified that while timesheets are completed by staff working at the Force, timesheets are not used to monitor how much time has been spent working on specific projects and by extension the personnel costs incurred. On review of the Enabling Services Closure Report presented at the 4 June 2020 Collaboration Board meeting, we identified that the following was included in the Lessons Learned Log: *"This project required a degree of flexibility in its approach to ensure that it delivered at pace. The audit report noted that there was not always evidence that change control had been applied to record changes of timetable, scope and budget etc".*

	As the Lessons Learned Report notes that the timings, scopes and budgets were an area for improvement that should be considered in future projects and there are currently no intentions for the Force to implement such amendments to timesheets, we have therefore superseded this management action.
Management Action 1	**Original Management Action (February 2020)** A resource profile for the remainder of the project should be produced. The requirement to complete timesheets (so that resource costs can been fully accounted for) and a full resource profile at the start of the project should be added to the lessons learnt log. **Original Management Comments (February 2020)** Aside from 2 or 3 staff dedicated to the project, it has drawn upon BAU expertise and processes from both organisations as required. The project is now in the Closure stage, so it is not considered that there is value in producing a resource profile at this point. In order to better estimate future projects, it would be valuable to capture time spent on the project through the use of timesheets or similar. This will be added to the lessons learnt log. For a complex project such as this one, where the approach to meet the requirements is not clear at the outset, it would be a challenge to produce a full resource profile at the outset, this could be built up as the project progresses. **Richard Battams, Senior Project Manager** **RSM Update (October 2020)** **Management Action Superseded**

1b Project Decision Making	
Expected Control	It is expected that individuals who have authority to make decisions in relation to the collaborative project have been identified and documented, and the decision making process has been communicated and complied with.
Findings / Implications	**Staffordshire County Council (February 2020)** We reviewed the Project Definition Document in conjunction with the minutes of the Collaboration Board and the Strategic Governance Board Collaboration to ensure decisions have been made appropriately. Although the review confirmed that decisions were being made in accordance with the framework outlined in the Project Definition Document, it was identified that the latter had been approved by the Collaboration Board not the Strategic Governance Board Collaboration as identified within the Document. In addition, although the project plan had been produced and compliance monitored there was no evidence that the plan had been formally approved by the Collaboration Board as required.

In reviewing the minutes of the meetings relating to the Collaboration Board (CB) and the Strategic Governance Board Collaboration (SGBC), it was identified that unlike other meetings there was no action associated with the following decisions nor was there evidence of an update being provided at the following meetings:

- CB 8 May 2019 – It was agreed to take the discussion on Fire ICT resource outside of the meeting and agree the depth and mitigation of the issue in delivering the project;
- CB 18 July 2019 – The Chief Executive Officer (Staffordshire Commissioners Office) agreed to pick this up outside the meeting;
- SGBC 1 February 2019 - It was agreed that the Head of Governance & Assurance and the Senior Project Manager would outside of this meeting ensure the terminology being used on the paperwork and decision form provide clarity on the Commissioner's governance role; and
- SGBC 30 May 2019 – It was agreed that the Chief Executive Officer (Staffordshire Commissioner's Office) will follow-up this conversation outside of the meeting on the Governance Escalation Structure Policing and Fire and Rescue with the Chief Fire Officer.

It was also noted that although the framework outlined in the Project Definition Document appears reasonable the term "material" is not defined making it difficult to ascertain whether decisions have been made at the correct level. The failure to define what is "material", to follow the criteria outlined in the Project Definition Document or to fully identify and record approvals or actions increases the risk that decisions are not made at an appropriate level or are not transparent and that work in relation to these areas is not undertaken or undertaken promptly.

RSM Update (October 2020)
Since the initial period that the audit was undertaken, the project has transitioned into closing phases, meaning that there are no planned decisions to be made that will follow the Project Definition Document. We were informed by the Chief Finance Officer (OPFCC) that future decisions will be embedded within the governance structures within the Fire and Rescue Service and Staffordshire Police, as well as the Shared Services Operational Management Group (SSOMG).

On review of the Enabling Services Closure Report, we identified that the Lessons Learned Log documented that although Senior Stakeholders took decisions as required, they were not always captured in the minutes or meeting notes of governance groups. We confirmed through review of minutes that the Closure Report was presented and discussed at the 4 June 2020 Collaboration Board meeting.

The original management action has not been implemented however, as the project has since transitioned into closing phases we have agreed this action has in effect been superseded.

Management Action 2	**Original Management Action (February 2020)** Going forward it should be ensured that all decisions are made in accordance with the decision-making framework outlined in the Project Definition Document. Once produced meeting minutes should be reviewed to ensure all actions have been identified and recorded on the action log.

Furthermore, the issues regarding decisions being made in accordance with the Project Definition Document and the definition of materiality in decision making should be added to the lessons learnt log.

Original Management Comments (February 2020)

The project is now in the Closure phase. These actions will be added to the Lessons Learned report.

Richard Battams
28 February 2020

RSM Update (October 2020)
Management Action Superseded

1c Project Finance

Expected Control	It is expected that a budget for the project has been set, is aligned to the objectives of the business case/project and that appropriate budget monitoring arrangements are in place.
Findings / Implications	**Staffordshire County Council (February 2020)** We reviewed the Finance update reports submitted to each Collaboration Board meeting. Although this review identified that a budget for the project has been set (at £150k) and method for apportioning costs (£50k per organisation) determined, these arrangements were not approved by either the Collaboration Board or the Strategic Governance Board Collaboration until June 2019. This issue has been identified and added to the lessons learnt log. However, neither the budget or the agreed apportionment specifies the arrangements for the costs incurred by Staffordshire Police in 2018/19 relating to the Senior Project Managers salary and there was no evidence in the minutes reviewed that a decision on how these costs are to be funded had been made. Discussions with the Chief Finance Officers (Police and Fire) have also confirmed that none of the project costs incurred have yet to be apportioned between the organisations with Staffordshire Police currently bearing the cost. The failure to agree an approach for 2018/19 project costs or to apportion costs incurred in 2019/20 increases the risk that project costs are not reflected within the accounts of the respective organisations. **RSM Update (October 2020)** We were provided with a copy of the most recent Finance Update Report (Q1 2020/21) prepared which covers the costs incurred on joint projects and identified that it included information on the cumulative financial position by project including forecast as well as a breakdown of the project cost apportionment across the Fire, Police and Commissioner's Office. The projects included in the breakdown were: • Enabling Services – One-off Costs; • Enabling Services – Ongoing Costs;

- JETS – One-off Costs;
- Hanley – One-off Costs; and
- Hanley – Ongoing Costs.

Section 3.2 of the report also stated the following:

"The contributions required from Police, Fire and SCO fund the one off costs of the enabling services and JETS review equally with the Hanley costs falling to Fire and Police only. The ongoing costs of Hanley are to be funded by Police".

In addition to the above, section 2.2 of the report provides a breakdown of the apportionment of one-off project costs and confirmed that the allocation of costs were agreed as a three way split between the Police, Fire and SCO. The section also includes a table showing the breakdown of costs incurred across the shared services up to the end of the 2019/20 financial year.

As cost apportionment is now included in the Finance Update, presented to the Strategic Governance Board – Collaboration and review of the July 2020 minutes confirmed that no comments were made on the cost apportionment for 2019/20 and 2020/21, we have recorded the management action as implemented.

Management Action 3	**Original Management Action (February 2020)** The apportionment of costs relating to expenditure incurred in 2018/19 should be agreed. The process for apportioning costs between organisations (including timescales) should be determined and agreed by the Collaboration Board with the project costs for 2018/19 and 2019/20 dealt with accordingly. **Original Management Comments (February 2020)** There are Service Level Agreements in place for all of the 5 shared services which refer to cost apportionments and any costs for 2018/19 are being split between the PCC, Police and SFRS. **David Greensmith, PCC Chief Finance Officer** **19 February 2020** **RSM Update (October 2020)** **Management Action Implemented**

1d Benefits Realisation Strategy

Control / Area	The review sought to confirm that the expected benefits of the project have been identified are measurable and that the realisation of these benefits is monitored.

Findings / Implications	**Staffordshire County Council (February 2020)** We reviewed the Project Definition Document provided by the Senior Project Manager. Although this review confirmed that the outcomes, benefits and success criteria are detailed within sections 4 and 5 of the document the latter also states (in section 7.2) that benefits will be managed in line with an approved benefits management strategy. The Senior Project Manager confirmed that no such strategy has been produced and that benefits realisation is only likely to crystallise as Staffordshire Police and Staffordshire Fire and Rescue Services start going through the budget setting cycle for next Financial Year. Whilst it is acknowledged that cost savings are being monitored via the finance reports submitted to the Collaboration Board and Strategic Governance Board (Collaboration) the benefits are not just financial. Benefits Realisation Strategies are considered a key document in project management, used to establish a framework that defines how benefits should be identified, structured, planned and realised and should always be considered, to provide proactive management of the issues which may be faced when achieving the savings identified in original Business Cases. Without an agreed Benefits Realisation strategy there was no evidence that the following was considered: • How benefits will be quantified, measured and achieved; and • Updated assumptions (as they may change from the Business Case); and • Processes for tracking progression of benefits (including governance structure). The failure to demonstrate the overall benefits that have arisen as a result of the of the project could damage the reputations of the organisations involved as well has having a detrimental impact on the moral of those staff within the newly formed joint services. **RSM Update (October 2020)** On review of the Enabling Services Closure Report prepared by the Senior Project Manager, we noted that Section six (Review of the Business Case) and seven (Post Closure Benefits) of the report included a summary of the benefits that were realised as a result of the project, along with benefits not realised and any benefits that may be realised in the future. The report quantifies the savings realised at the time of writing which were broken down per service as follows:

Service	Business Case Savings £000's	Savings delivered during 2018/19 £000's	2019/20 proposals £000s	Total Savings to date £000's	Left to find £000's
People services	321	-	114	114	207
Communications	208	-	93	93	115
Estates/PFI	153	70	(25)	45	108
Finance	293	196	91	287	6
Procurement	71	-	71	71	0
Total	1,046	266	344	610	436

In addition to the tangible cashable savings defined in the table above, changes to Shared Enabling Services resulted in non-cashable benefits which were also detailed within the report. The report also identified which benefits had not been or were no longer planned to be achieved.

Section seven of the report also identifies where future cashable savings could be identified post-project, and states that the Collaboration Board were made aware that the total benefits of the project would not be realised during the project itself.

In line with good practice and other reviews performed across the sector, we have partially reiterated the original management action to produce a Benefits Realisation Strategy. This could then be used when commencing future projects across the shared services to guide project leads and those charged with governance on ensuring that planned project benefits are defined, understood and measured on a regular basis, from project inception to post-implmenetation.

Management Action 4	**Original Management Action (February 2020)** A benefits management strategy should be produced and agreed by the relevant Board. The strategy should detail: - • Detail how benefits will be quantified and measured. • Define what the combined set of benefits looks like. • Document what systems and processes will be used to track progress. • Explain how benefits realisation will be achieved. • Describe what governance arrangements will be put in place. In addition, the production of a benefits realisation strategy at the start of the project should be added to the lessons learnt log. **Original Management Comments (February 2020)** The tangible finance savings arising changes to governance and service area structures have been captured in the project finance report. Further work is ongoing to identify other tangible finance benefits, cost avoidance and intangible benefits.

Richard Battams

31 March 2020

It is agreed that a benefits realisation strategy setting out the approach to benefits realisation should be drafted and agreed at the outset of the project, this will be added to the lessons learnt log.

Richard Battams

28 February 2020

RSM Update (October 2020)

Updated Management Action

A benefits management strategy should be produced and agreed by the relevant Board. The strategy should:

- Detail how benefits will be quantified and measured;
- Define what the combined set of benefits looks like;
- Document what systems and processes will be used to track progress;
- Explain how benefits realisation will be achieved; and
- Describe what governance arrangements will be put in place.

1e Project Change Management Arrangements	
Control / Area	It is expected that project change management processes have been defined and applied effectively.
Findings / Implications	**Staffordshire County Council (February 2020)** Section 7.3 of the Project Definition Document states that "Changes to the scope, or other fundamental aspects of this project will be subject to Change Control. The SGB Collaboration will act as the Change Authority". However, the Senior Project Manager has confirmed that a change management process was not produced because the ethos of the project (to generate efficiencies in terms of cost and processes) was unlikely to change. Although it is acknowledged that a decision-making framework is outlined in the Project Definition Document a formal change control process is essential to ensure changes are identified, prioritised and fully considered before approvals are sought. **RSM Update (October 2020)** Section eight (Project Handover) of the Enabling Services Closure report includes the following:

	"This project required a degree of flexibility in its approach to ensure that it delivered at pace. The audit report noted that there was not always evidence that change control had been applied to record changes of timetable, scope and budget etc.". In addition, we identified that the Lessons Learned Log documented that although Senior Stakeholders took decisions as required, they were not always captured in the minutes or meeting notes of governance groups. As the project has since transitioned into closing phases we have recorded this management action as implemented.
Management Action 5	**Original Management Action (February 2020)** A change management process (covering timescales, resources, budget and changes to the project scope) should be developed for the remainder of the project. The requirement to define a change management process at the start of a project should also be added to the lessons learnt log. **Management Comments** The timescale for the delivery of the project was challenging, the changes that were made, such as the revision to the timetable for the Communications Service go-live were made with the agreement of the Collaboration Board, and SGBC. The project is now in the Closure stage so this is not applicable now to this project. The requirement to develop a change management process will be added to the lessons learnt log. **Richard Battams** **28 February 2020** **RSM Update (October 2020)** **Management Action Implemented**

Objective 2 Management of Joint Working Functions including Operational Decision Making (Audit Review & Testing Completed by Staffordshire County Council)

2a New Ways of Working	
Control / Area	It is expected that collaboration/joint working arrangements have promoted closer working at team level or enabled new ways of working.
Findings / Implications	**Corporate Communications** **Staffordshire County Council (February 2020)** We obtained a copy of the "Corporate Mobilisation Integration Plan" produced by the Head of Corporate Communications. A review of this plan and discussions with this officer confirmed that the following had been completed or were planned:

- News desks have been amalgamated in terms of approvals. Both Fire and Police controls have been identified and staff within the service are working together to provide this service. A Service Level Agreement has also been produced.
- Operational experience is being shared by staff and legacy projects are being completed jointly.
- Monthly team meetings now take place to help develop the culture and ways of working of the new team.
- Stakeholders have been advised of the new ways of working and rolling communications are underway with a strong focus on Fire which has been more impacted by the changes.
- Media Monitoring is being reviewed post amalgamation.
- The service will be looking to procure a computer system that can deliver to both services.

Business Services
Discussions with the Head of Business Services identified that only one officer transferred from Fire and that the work undertaken by this officer predominately relates to providing a service to that organisation. We were advised that desk arrangements have been reviewed (to ensure inclusion of this officer within the team) and that this officer is collaborating with Police staff on the amalgamation of Fire/Police contracts e.g. printing services. Fire contracts are also being added onto the Police contracts register, a joint procurement strategy has been produced which details the actions to be take pre-post collaboration with regard to new ways of working and contingency plans have been developed for Fire contracts when this officer is not at work. A copy of the workplan for this officer was also provided which details the key collaboration related tasks to be completed by this officer.

Estates
Discussions with the Head of Estates indicated that the team have all benefited from the joint working environment due to the contract/project management experience of the staff that have joined the Estates team from Fire, however, new ways of working have not yet been realised. This is in part due to staff absences, vacancies, the placement of resources into the commercial management of Keir and the workload associated with the estate rationalisation programme along with two separate IT systems being in use. It was also noted that unlike the other enabled services, no integration plan has been produced for this service. The failure to identify post integration tasks and develop new ways of working increases the risk that the benefits of collaboration are not realised in part or in full.

Human Resources
We obtained a copy of the implementation plan for this enabled service and in meeting with the Head of People and Organisational Development it was identified that the first task post collaboration is to bring the two services together. At the time of writing, Fire was being treated as a directorate with the service being provided by those staff previously employed by Fire at Fire HQ. This is in part because each service has different operating models (Fire provided a generalist service whereas Police operate a specialist model), IT systems and methods for storing documentation (Fire - Fire watch with manual personnel files and Police Origin - integrated system, files held electronically with some manual files for key areas). That said the following actions have been taken to promote new ways of working:

- An IT solution has been found which will enable Fire's documents to be scanned to ensure that all documents can be accessed online.
- Fire's Firewatch system can be accessed by Fire HR staff from their Police laptops enabling them to work from both locations.
- The Fire and Police HR teams are starting to be more involved; all meetings and case conferences are held jointly, decisions are also jointly discussed.

- The Strategic HR Lead attends Fire Management team meetings (where required).
- Recruitment work is in the process of being restructured. The Fire & Police recruitment teams have met on both sites to review systems and processes.

RSM Update (October 2020)
Through discussions with the Head of Estates, we identified that as part of the project, benefits have been realised through the estates teams from the Fire and Rescue Service and Staffordshire Police combining however these had not been documented. The transition to a combined service formally took place on 1 July 2019.
We obtained a copy of the Joint Estates Programme Brief last updated in September 2020 which provides the formal basis for assessing whether the proposed programme is viable and achievable. Section five (Benefits) of the Brief includes that intangible benefits may also be realised from collaboration, including intangible benefits relating to working in a more pleasant, modern environment may be identified through staff surveys.

We were informed by the Head of Estates that no post-implementation review of the collaboration of the two estates teams has yet taken place, including a review of identifying any new ways of working. As a result, we have updated the original management action such that a post-implementation review takes place to identify any benefits realised since the transition to a combined service took place. The review should also consider whether there are any future benefits to be realised and reasons why any benefits planned to take place in the original plan were not realised. The review should then be presented to the Shared Services Operational Management Group for oversight.

Management Action 6	**Original Management Action (February 2020)** An integration plan for Estates should be developed to identify those tasks relating to the integration and the development of new ways of working. Arrangements should then be put in place to ensure that the plan is reviewed, and progress monitored on a regular basis. **Management Comments (February 2020)** The existing Fire and Police Estates teams had capabilities which were complementary to each other and so there has been a lesser need to create an integration plan. The team was an early participant in the team building and culture change workshops that have been provided by in-house resources and a follow up session has been scheduled. **Richard Battams** **28 February 2020** **RSM Update (October 2020)** For the Estates service, a post-implementation review should be undertaken to identify any benefits realised following the transition to a combined service, including benefits from any new ways of working. The review should also consider whether there are any future benefits to be realised and reasons why any benefits planned to take place in the original plan were not realised. The review should then be presented to the Shared Services Operational Management Group for oversight. We will ensure that this action is incorporated within the estates internal audit due to take place in December 2020.

2a Collaboration Agreements

Control / Area	It is expected that collaboration/joint working arrangements have promoted closer working at team level or enabled new ways of working.

Findings / Implications	**Staffordshire County Council (February 2020)** In meeting with the Head of Estates and Head of Business Services, it was identified that neither officer had a copy of the Collaboration Agreement for their service. At the time of writing, confirmation that the Head of Corporate Communications and the Head of People and Organisational Development had copies of these documents had not been received. The Collaboration Agreement is considered a key document as it outlines the services and standards to be delivered as well as performance indicators the details of which may need to be factored into the service's policies, procedures and new ways of working. The above increases the risk that the requirements of the Collaboration Agreement are not identified, understood which may have a detrimental impact on service delivery. **RSM Update (October 2020)** A Shared Services Operational Management Group (SSOMG) has since been established between the Fire and Rescue Service and Staffordshire Police. The Group was established to enable Staffordshire Police, Staffordshire Fire and Rescue Service and the Staffordshire Commissioner to provide monitoring of the shared services operational delivery. The monitoring is a requirement of the collaboration agreements entered into by the organisations. Review of the Terms of Reference for the SSOMG identified that the Group meet on a monthly basis and includes the following members: • Director of People and Resources – Staffordshire Police (Chair); • Heads of Shared Services – Staffordshire Police (Finance, HR, Procurement, Estates, Communications, JETS); • Response Director – Staffordshire Fire and Rescue Service; • Prevent and Protect Director – Staffordshire Fire and Rescue Service; • Head of Strategy & Change – Staffordshire Commissioners Office; Additional representation as required: • Shared Services Representatives • Collaboration Project Team Representatives The Terms of Reference was created in April 2020 and is due for review in May 2021. As this Group is in place with membership across all three areas of the Shared Service, we have confirmed the action is implemented.

Management Action 7	**Original Management Action (February 2020)**
	All Heads of Service should have a copy of the collaboration agreement for their service.
	Management Comments (February 2020)
	These will be provided to the Heads of Service by the Senior Project Manager immediately.
	Richard Battams
	28th February 2020
	RSM Update (October 2020)
	Management Action Implemented

2b Policies and Procedures

Control / Area	It is expected that policies relating to joint working functions reflect the values of both organisations and avoid any conflict around the way individuals are expected to work.
Findings / Implications	**Staffordshire County Council (February 2020)**
	Corporate Communications
	The Head of Corporate Communications provided a copy of the corporate communication mobilisation and integration plan as at August 2019. Section 7 of this document related to Governance (Processes & Policies). At the time of the meeting (12 September 2019) work was on-going to identify, collate, review, update and amalgamate policies and procedures for the new service. The Head of Corporate Communications has since advised that the majority of these have now been reviewed and that this process should be complete by November 2019.
	Business Services
	In meeting the Head of Business Services, it was confirmed that the key policy with regard to procurement were the Standing Orders for the Commissioner's Office, Staffordshire Police and Staffordshire Fire and Rescue Service which have been produced, agreed by the Chief Finance Officers and were due to be approved by the Strategic Governance Board Collaboration in November 2019.
	Estates
	Discussions with the Head of Estates confirmed that although some process mapping had been completed to compare the policies and procedures for Staffordshire Police and Staffordshire Fire and Rescue Service but that at the time of writing no policies, procedures or contractual method statements had been reviewed/revised. The above increases the risk of conflict in the way individuals are expected to work as well as resulting in inconsistent or inefficient work practices.

	Human Resources We obtained a copy of the implementation plan for this enabled service and in meeting with the Head of People and Organisational Development, it was confirmed that policies and procedures were in the process of being reviewed and harmonised. This task has been recorded on the implementation plan with a completion deadline of December 2019. **RSM Update (October 2020)** Through discussions with the Head of Estates, we identified that supporting policies, procedures and method statements have not yet been created for the Estate Service. We have therefore reiterated this management action.
Management Action 8	**Original Management Action (February 2020)** Policies, procedures and method statements should be produced for the Estate Service. **Management Comments (February 2020)** Agreed **David Greensmith, Chief Finance Officer (OPFC)** **19 February 2020** **RSM Update (October 2020)** **Revised Implementation Date – 31 January 2021**

Objective 2 - Management of Joint Working Functions including Operational Decision Making (Audit Review & Testing Completed by RSM)

2c Decision making framework	
Control	It is expected that a decision-making framework is in place and adhered to for those joint working functions.
Findings / Implications	**RSM (February 2020)** The Role Profiles reviewed for each of the Enabling Services, confirmed that each member of staff reported upwards in the hierarchical structure to the Head of each Enabling Services as follows: • The Role Profile for the Fire Procurement Officer stated that the role reported to the Commercial Business Partner, who reports to the Head of Commercial Services; • The Role Profile for the Business Services Assistants stated that the role reported to the Business Services Assistant, however this was identified as an error and did not agree with the Estates Management Structure that was presented to the Collaboration Board in May of 2019; and

	• The Role Profile for the Business Services Manager confirmed that he/she must report to the Head of Estates, which agreed to the Estates Management Structure.
	We did not receive the Role Profiles in relation to Corporate Communications, however, as the Corporate Communications Mobilisation Integration Plan spreadsheet noted that formal confirmation of roles and Terms and Conditions had been completed as at 8 August 2019, no further action has been considered necessary.
	RSM Update (October 2020) We obtained a copy of the Role Profile for the Business Services Assistant role at Staffordshire Police and confirmed that the document has been updated such that it clearly states the post holder reports to the Business Services Officer. The Role Profile was last updated in May 2019.
Management Action 9	**Original Management Action (February 2020)** The Business Services Assistant Role Profile document should be reviewed to ensure it is fully completed and accurately details who the position formally reports to. **Management Comment (February 2020)** Agreed **David Greensmith, Chief Finance Officer (OPFC)** **19 February 2020** **RSM Update (October 2020)** **Management Action Implemented**

2d Communications	
Control/Area	It is expected that individuals working in the joint working functions receive consistent information/messages.
Findings / Implications	**RSM (February 2020)** **Corporate Communications** We obtained a copy of the 'Corporate Communications Mobilisation Integration Plan' spreadsheet that had been created by the Head of Corporate Communications to ensure that all collaboration requirements are addressed in a timely manner. We obtained the spreadsheet as at 8 August 2019, which confirmed that the following requirements had been completed:

- Confirmation of new roles;
- Welcome tour for new team members;
- All team members to receive welcome comms;
- Induction: Presentation for all team members;
- Induction: Mandatory training; and
- Emails to internal and external stakeholders advising of the changes.

We also noted that the Functional Collaboration Agreement for Corporate Communications included an overview of roles and responsibilities of the Corporate Communications department and their Service Manager.

Business Services

Whilst the Head of Business Services informed us that there had been issues with the communication in the months coming up to the transfer of the Fire Procurement Officer (FPO) on 1 July 2019, we were also informed that the Head of Business Services made the decision to get involved directly and contact the FPO due to the lack of prior communication. Subsequent to this, there was regular contact between the Head of Business Services and the FPO to help prepare for the move and ensure any questions were answered in a timely manner. As the issue was identified and addressed by the Head of Business Services, we have not agreed a management action.

We were also informed that the FPO was moved over to the Staffordshire Police's systems from 1 July 2019 and therefore was receiving the same information as the team, after the shared service went live.

Estates

In a meeting with the Head of Estates, we were informed that informal discussions had been taking place on how to move forward, prior to the collaboration, however we were also informed that there was no formal evidence or reports to substantiate this. We were also informed that all staff (including ex Fire staff) have police email addresses and therefore have been receiving the same information in terms of general and technical bulletins etc since the collaboration.

We were provided with evidence of an Enabling Services Consultation - Estates PowerPoint presentation that was presented to both the Fire and Rescue Services and the Police in April 2019, prior to the collaboration. Review of the presentations confirmed that the information provided to both parties was consistent throughout and included the following information:

- What is happening and why?;
- What does this mean for you? (tailored for Fire and Police respectively);
- What will this look like (Estates Structure document);
- Next steps (tailored for Fire and Police respectively); and
- Section to allow questions from staff.

Human Resources

In a meeting with the Head of People and Organisational Development we were informed that prior to the collaboration there had been global communications to all stakeholders and also internal communications which were provided to both Police and Fire staff.

We were also informed that a Strategic HR Lead had recently been appointed and attended the Fire Management Team Meeting on Friday 6 September for the first time, who, at the time of our meeting was in the process of drafting an email to all HR staff (including ex Fire staff) to clarify key details and ensure everyone is 'on the same page'. We were also informed that there were Joint Workshops planned to assist breaking down any historic 'barriers' that may be preventing members of the team from working together efficiently.

We were provided with September's 'People Services - Team News' letter that had been created by the Head of People and Organisational Development and sent to all members of the People Services team. Review of the document confirmed that it included a section on 'Collaboration' which included all of the ex-Fire staffs' names and a formal welcome. The documents also stipulated the current position of the team and key focuses going forward into phase 2 of the collaboration.

Whilst we have confirmed some form of pre and post collaboration communication in all of the Enabling Services, we identified that there did not seem to be any consistency between the types of communication (ad hoc emails, presentations, reports, newsletters etc) and the content of the message going out to staff from each of the enabling services (Fire and Police). Whilst we understand that each of the messages going out should be tailored to the specific areas and responsibilities of the staff, there is a risk that each of the Heads of Enabling Services may have multiplied efforts by taking responsibility for the messages being sent to their service's staff members.

RSM Update (October 2020)
Refer to Action 6 above.

Management Action	See Management Action 6

Objective 3 - Collaboration Savings (Audit Review & Testing Completed by RSM)

3a Confirmation of savings	
Control / Area	The savings identified in the original Business Case are being tracked and variations from the plan are discussed at the Collaboration Board and Strategic Governance Board – Collaboration where necessary.

Findings / Implications	<u>RSM February 2020)</u> At the time of our audit (w/c 21 October 2019) the Estates, HR and Procurement functions had merged as at 1 July 2019 and Communications departments merged on 1 August 2019. We were informed by the Chief Finance Officer that the actual benefits/savings on the project so far all related to the 'Enabling Services' mergers, which, along with the Finance function was set for 1 November 2019. We obtained a copy of the 2019/20 MTFS Savings Monitoring spreadsheet, which included, but was not limited to, the following: • Savings Tracker tab summarising the details of each project by row; and • Project specific savings tab providing further analysis of month on month savings and variances against budget. Review of the 2019/20 MTFS Savings Monitoring spreadsheet (P6V2) confirmed that there was an entry for 'Fire and Police Integration' on the 'Savings Tracker' tab, which included details of the planned savings for the year, split by period, however we identified that the 'Actual/Forecast' section had not been completed for any of the periods in 2019/20. Further review identified that the Fire and Police Integration had a project RAG (Red, Amber, Green) rating of Amber and a Finance RAG rating of Red. The project specific tab also detailed that the Monitoring method was 'STILL UNALLOCATED'. We were informed that the Service Areas had been remodelled due to the collaboration and were still being agreed. We were provided with copies of all Finance Update Reports and the meeting minutes at which they were presented. We also obtained a copy of the Finance Update Report that was presented to Strategic Governance Board - Collaboration meeting on 22 October 2019. Review of the Progress to Date section in October's Finance Update Report confirmed that the Police was reporting pro-rata total savings of £610,000 for 2019/20 against the Business Case's projected savings of £1,046,000, with £436,000 'left to find'. We confirmed that the Police was reporting against the figures that were reported within the original Business Case savings. As the budgets had not been updated at the time of our meetings with Finance, we could not test that the savings had been accurately monitored. The analysis in the Business Case 'suggests that the Governance and Single Employer models would save about £2m a year by 2020 (the end of the phased implementation)'. The breakdown of that £2m is based on an average 33% reduction in the full time equivalent (FTE) staff numbers for all collaborated 'Enabling Services', however the Business Case did not detail the impact that this overall 33% reduction in staff would have on the services provided by Staffordshire Police and the Fire and Rescue Service. <u>RSM Update (October 2020)</u> We were provided with copies of the Finance Update Papers that were presented to the Strategic Governance Board – Collaboration in January, April and June 2020. On review of each of the update papers, we confirmed that a table summarising the actual project costs and forecast outturn for the project since commencement were included within the reports, allowing members of the Board to identify the expenditure to date for the project and scrutiny where members feel the required savings may not have been achieved. As the reports show expenditure occurred and have been reported on a regular basis, we have marked the original management action as implemented.

Management Action 10	**Original Management Action (February 2020)** The MTFS Savings Tracker should be updated regularly, as and when savings are being identified by directorates and used as the central document for monitoring all project savings. **Management Comments (February 2020)** The new MTFS tracker has recently been approved and the collaboration savings have been updated to reflect the project's current position. It has been agreed that the project will be monitored through the production of a Quarterly Collaboration Report which reflects all savings and costs going forward. **David Greensmith, Chief Finance Officer (OPFC)** **RSM Update (October 2020)** **Management Action Implemented**

3b Finance Reporting	
Control / Area	The Finance Update report provides up to date information on cost and efficiency savings and is presented to Collaboration Board on a quarterly basis for discussion and challenge. Where underperformance is identified, the Action Log is updated and monitored in the subsequent meetings.

Findings / Implications	**RSM (February 2020)**
	The Finance Update report is updated on a monthly basis by the Corporate and Project Accountant and presented to the Collaboration Board and the Strategic Governance Board – Collaboration by the Chief Finance Officer. The first Staffordshire Blue Light Collaboration Finance Update – June 2019 (containing information up to 31 May 2019) was presented to the meeting of the Collaboration Board on 12 June 2019 and the Strategic Governance Board on 26 June 2019. The Finance Update was primarily used to identify cost and efficiency savings that have been delivered to date and highlight future savings to be delivered through the collaboration project. Review of the Finance Update confirmed that it included, but was not limited to, the following:
	
	• Breakdown of collaboration 'phases';
	• 2019/20 staffing budgets for each of the collaborating services;
	• Progress to date including breakdown by service (including forecast future savings);
	• Individual Service Areas, showing the following for each:
	    o Efficiency Potential (Low, Medium and High);
	    o Ease of Implementation (Low, Medium and High);
	    o Cross Public Sector Potential? (Y/N);
	    o Continue to Pursue? (Y/N);
	    o 2019/20 to 2022/23 estimated full year savings (£000); and

- o   Detail of possible additional savings.
- Project Costs;
- Risks and Mitigations showing:
  - o   Risk & Description of impact;
  - o   Mitigating Action; and
  - o   RAG rating.
- Recommendations.

Review of the Collaboration Board minutes also confirmed that there was a total of 32 required attendees at its meeting on 17 September 2019. Review of the Collaboration Board's Terms of Reference confirmed that its purpose was to '*provide oversight to all collaborative opportunities… and ensure that these are implemented effectively and efficiently. Where there are such high numbers of members in decision making bodies, there is a risk that focus will be lost and the many differing opinions of staff will cause decisions to be held up.'* It is accepted that as an initial Collaboration Board with its original purpose, having 32 attendees would be expected. However, it is suggested that project groups are set up to deal with the operational aspects of the collaboration, with a more manageable and efficient number of attendees with clear escalation to either the Collaboration Board or the Strategic Governance Board.

Further review of the Strategic Governance Board - Collaboration minutes confirmed that the 'Action Log' was a standing agenda item, with reference to which actions had been updated or closed and details of new actions to be added also recorded in the minutes. Testing confirmed that all entries recorded in the minutes for the most recent three meetings of the Strategic Governance Board – Collaboration (27 June, 1 August and 26 September) under the 'Action Log' agenda item, had been accurately updated within the Action Log.

RSM Update (October 2020)

As included above, the SSOMG has been established which involves a smaller group of key staff across the services that have oversight of the monitoring of the shared services operational delivery. As this has now been established, we have marked the below management action as implemented.

Management Action 11	**Original Management Action (February 2020)** The Police and SFRS will review the need for the Collaboration Board and its required attendees and consider creating a project management type group (with a smaller attendance list) to ensure there is oversight of the overall performance and management of the collaboration and to hold the decision making responsibility, with the ability to escalate more complicated decisions to the Strategic Governance Board, where necessary. **Management Comments (February 2020)** The membership will be amended in the coming months, with the intention of changing the Board into a group which monitors the performance of the shared services, focuses on the Estates Strategy and any further savings which can be realised through joint working. **David Greensmith, Chief Finance Officer (OPFC)** **19 February 2020**

RSM Update (October 2020)

Management Action Implemented

3c Service Management Board (Fire)

Control / Area	The Service Management Board (Fire) meet on a monthly basis and receive an 'Enabling Services' report, providing an update on financial performance and key issues relating to the Collaboration.

Findings / Implications

RSM (February 2020)

We obtained the most recent three Service Management Board minutes, which confirmed that the 'Enabling Services' report was presented and discussed in detail at each meeting (2 July, 6 September and 21 October 2019).

Review of the Enabling Services Report as at 21 October 2019 confirmed that it contained a 'Financial Implications' sections which summarised the high-level savings figures in a written form as follows:

'At the last Collaboration Board, a Finance Update was presented. This noted that since the change in governance across Fire and Police, £803K of savings have been identified, of which £472K of savings have been delivered. The Enabling Services project is considered 'foundational' to the identification and delivery of further savings due to joint working.

Savings from the rationalisation of the joint estate have not yet been quantified or included.'

Review identified that the Enabling Services report presented to the Service Management Board (Fire) on 21 October 2019 was not in the same format or a detailed, as the Finance Update report presented to the Strategic Governance Board – Collaboration on 22 October 2019.

RSM Update (October 2020)

Following discussions with the Chief Finance Officer (OPFC), we were informed that members of the Force Strategic Board would have oversight of the Finance Update Report through the Strategic Governance Board meetings.

Review of the minutes for the June 2020 Strategic Governance Board – Collaboration meeting did not confirm whether a Finance Update Report was presented to the Board. As a result, we have updated this management action.

Management Action 12

Original Management Action (February 2020)

For consistency in reporting and efficiency purposes, the Police will ensure that the Finance Update Report presented to the Collaboration Board and Strategic Governance Board is also presented in full to the Strategic Governance Board – Collaboration, to ensure that members across the organisations receive the same financial information/reports.

Management Comments (February 2020)

The Service Management Board is solely a meeting for the SFRS and doesn't involve commissioner led decisions, however as the report is presented for an informational update this should be consistently presented in both organisations.

David Greensmith, Chief Finance Officer (OPFC)

19 February 2020

RSM Update (October 2020) - Revised Implementation Date – 31 January 2021

APPENDIX A: CATEGORISATION OF FINDINGS

The following table highlights the number of advisory management actions made as a result of this audit.

Area	Original Management Actions (February 2020)	Updated Management Actions (October 2020)
The Police/Fire collaboration project governance and management arrangements. This area was subject to audit review and testing by Staffordshire County Council Internal Audit Service.	5	0
The management of joint working functions including operational decision making. Audit review and testing in relation to this area was, undertaken by Staffordshire County Council and RSM, collaboratively.	5	2
The identification, monitoring, reporting and achievement of collaboration savings. This area was subject to audit review and testing by RSM.	3	1
Total	**13**	**3**

APPENDIX B: SCOPE

Scope of the review – February 2020

The scope was planned to provide assurance on the controls and mitigations in place relating to the following risks:

Objective of the area under review
To consider the arrangements in place over the development of collaborative opportunities between the Fire and Rescue Service and Staffordshire Police.

Additional Management Concerns

No concerns but to note that this area of work is included within the Internal Audit Plans of the Staffordshire Commissioner's (Fire and Rescue Authority's) and the Staffordshire Commissioner's (Police and Crime Commissioner for Staffordshire and the Chief Constable of Staffordshire) and that given the timing of the audit to acknowledge that not all processes will be fully aligned and/or documented specifically in relation to the management of joint working functions within operational decision making.

The following areas will be considered as part of the review:

This audit review will consider arrangements over the development and delivery of collaborative opportunities between the Fire and Rescue Service and Staffordshire Police and in particular:
(i) the project governance and management arrangements.
(ii) the management of joint working functions including operational decision making; and
(iii) the identification, monitoring, reporting and achievement of collaboration savings.

Objective 1 – Project Governance and Management Arrangements (Completed by Staffordshire County Council)

1.1 A business case(s) has/have not been developed with clear objectives and approved prior to commencement of the Police/Fire collaboration project.

1.2 Resource requirements to support the collaborative project work have not been considered or are inadequate (including the failure to appoint a Project Manager).

1.3 A project methodology has not been applied or applied inconsistently.

1.4 A Project Plan (s) has/have not been determined and approved to ensure they are reasonable, achievable and support the overarching business case objectives.

1.5 Collaboration project objectives, outcomes and milestones are not clearly established and periodically reported upon.

1.6 Individuals' roles and responsibilities in relation to the collaborative project work are not clearly defined nor communicated.

1.7 Individuals who have authority to make decisions in relation to the collaborative project have not been identified or decision-making powers have not been complied with.

1.8 Risk management processes have not been established for the collaboration project or complied with.

1.9 A project board (or equivalent) has not been set up to ensure that the project is adequately co-ordinated.

1.10 The project board does not receive regular and appropriately detailed progress reports to inform decision making.

1.11 A budget has not been set or is not aligned to the objectives of the business case and project.

1.12 Expected benefits of the project have not been identified and /or are not measurable.

1.13 Project change management processes have not been defined and/or applied effectively.

1.14 Delivery of the expected change has not occurred.

Objective 2 - Management of Joint Working Functions including Operational Decision Making
(The following parts of this objective were completed by Staffordshire County Council)

2.1 A culture of collaboration/joint working between police and fire is not in place to promote and build effective working relationships.

2.2 Collaboration/joint working arrangements do not either promote closer working at team level or enable new ways of working.

2.3 Policies relating to those joint working functions do not reflect both organisations values to avoid conflicts around the way individuals are expected to work.

2.4 Policies and procedures relating to joint working functions have not been reviewed to ensure the most effective and efficient approach to service delivery is achieved.

2.5 Team structures are not in place for those joint working functions.

(The following parts of this objective were completed by RSM)

2.6 Individuals working in the joint working functions are not aware of their roles and responsibilities as these have either not been clearly established and/or properly communicated.

2.7 A decision making framework is not in place or not adhered to for those joint working functions.

2.8 Decisions made within the joint working functions are not based on good quality information and thus are not well informed.

2.9 Financial management responsibilities in relation to those joint working functions are not clearly set out and adhered to (including financial authority levels).

2.10 Individuals working in the joint working functions receive inconsistent information/messages.

Objective 3 - Collaboration Savings (Completed by RSM)

3.1 Collaborative savings are not based on a clear rationale that is achievable, monitored and regularly reported upon.

3.2 Inadequate evidence is held in support of projected savings and financial assumptions made in relation to collaboration/joint working opportunities between Police and Fire.

3.3 A lack of scrutiny and /or challenge is provided for savings identified from collaboration/joint work.

3.4 There is a lack of clarity of ownership for achieving savings between the two organisations, Police and Fire.

3.5 Lack of co-ordination across both organisations to realise savings resulting from joint working.

3.6 Progress against savings are not regularly monitored and reported upon to senior management.

3.7 Management information and reporting is inadequate to allow for the early identification / the achievement of savings.

3.8 Savings identified are not accurately accounted for and/or may be accounted for more than once i.e. by both organisations.

Scope of the review – October 2020

Requested by the Chief Finance Officer (Force) and the Director of Finance (OPFCC) to provide an updated position on the exceptions and detailed findings included within the draft report issued on 24 February 2020.

The following limitations apply to the scope of our work:

We (RSM and Staffordshire County Council) will not comment on the assumptions made as part of the collaboration, just that there is a clear rationale for those assumptions.

We (RSM and Staffordshire County Council) will not comment on the likelihood of planned savings and value for money initiatives being achieved as a result of the collaboration - only that there is a clear rationale and that there is adequate reporting around the achievement.

The strategic corporate governance framework regarding the collaboration between Police and Fire is not included in the scope of this work as we were informed that this is in place and operating.

For Objective 1 and Objective 2 controls (2.1 to 2.5) – the supporting working papers and evidence file have been reviewed by the supervising officer and are held by Staffordshire County Council (SCC) Internal Audit Service. RSM have not reviewed these working papers and evidence but have reported the work undertaken by SCC. Similarly, for Objective 2 (controls 2.6 to2.10) and Objective 3 - the supporting working papers and evidence file have been reviewed by the supervising officer and are held by RSM. SCC Internal Audit Service have not reviewed these working papers and evidence.

Our work (RSM and Staffordshire County Council Internal Audit Service) does not provide absolute assurance that material errors, loss or fraud do not exist.

Please note that the full scope of the audit can only be completed within the audit budget if all the requested information is made available at the start of the audit, and the necessary key staff are available to assist the audit process during the audit. If the requested information and staff are not available, we may have to reduce the scope of our work and/or increase the audit budget. If this is necessary, we will agree this with the client sponsor during the audit.

Debrief held		**Internal Audit**	Daniel Harris – Head of Internal Audit
Draft report issued	14 October 2020	**Contacts**	daniel.harris@rsmuk.com / 07792 948767
Responses received	21 October 2020		Angela Ward – Senior Manager
			angela.ward@rsmuk.com / 07966 091471
Final report issued	22 October 2020	**Client sponsor**	John Bloomer - Chief Finance Officer (Police)
			David Greensmith - Chief Finance Officer (OPFC)
		Distribution	John Bloomer - Chief Finance Officer (Police)
			David Greensmith - Chief Finance Officer (OPFC)

Limitations/Disclaimers

rsmuk.com

The matters raised in this report are only those which came to our attention during the course of our review and are not necessarily a comprehensive statement of all the weaknesses that exist or all improvements that might be made. Actions for improvements should be assessed by you for their full impact. This report, or our work, should not be taken as a substitute for management's responsibilities for the application of sound commercial practices. We emphasise that the responsibility for a sound system of internal controls rests with management and our work should not be relied upon to identify all strengths and weaknesses that may exist. Neither should our work be relied upon to identify all circumstances of fraud and irregularity should there be any.

Our report is prepared solely for the confidential use of Staffordshire Police, Fire & Crime Commissioner and Chief Constable of Staffordshire, and solely for the purposes set out herein. This report should not therefore be regarded as suitable to be used or relied on by any other party wishing to acquire any rights from RSM Risk Assurance Services LLP for any purpose or in any context. Any third party which obtains access to this report or a copy and chooses to rely on it (or any part of it) will do so at its own risk. To the fullest extent permitted by law, RSM Risk Assurance Services LLP will accept no responsibility or liability in respect of this report to any other party and shall not be liable for any loss, damage or expense of whatsoever nature which is caused by any person's reliance on representations in this report.

This report is released to you on the basis that it shall not be copied, referred to or disclosed, in whole or in part (save as otherwise permitted by agreed written terms), without our prior written consent.

We have no responsibility to update this report for events and circumstances occurring after the date of this report.

RSM Risk Assurance Services LLP is a limited liability partnership registered in England and Wales no. OC389499 at 6th floor, 25 Farringdon Street, London EC4A 4AB.

Staffordshire County Council Internal Audit Service

The matters raised in this report are only those that came to the attention of the auditor during the course of the internal audit review and are not necessarily a comprehensive statement of all the weaknesses that exist or all the improvements that might be made. This report has been prepared solely for management's use and must not be recited or referred to in whole or in part to third parties without our prior written consent. No responsibility to any third party is accepted as the report has not been prepared, and is not intended, for any other purpose. Staffordshire County Council neither owes nor accepts any duty of care to any other party who may receive this report and specifically disclaims any liability for loss, damage or expense of whatsoever nature, which is caused by their reliance on our report. This audit has been conducted in accordance with the Public Sector Internal Audit Standards.