

## audit 2000/2001

# Review of corporate planning arrangements Metropolitan Police Authority

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DISTRICT AUDIT

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## Introduction

The Local Government Act 1999 set out legislation and statutory guidance for best value. The best value regime seeks to achieve change and improvements in local services, and best value authorities have a duty to provide services to clear standards by the most effective, economic and efficient means available.

Effective corporate planning arrangements are critical in ensuring that these changes are achieved. A robust and coherent framework is required, matching resources and objectives to achieve the anticipated performance improvements and to ensure that plans are realised.

## Background

Our audit report on the MPA's best value performance plan (the Annual Policing and Performance Plan) for 2001/02 concluded that the plan was a well presented and useful document, meeting all the statutory requirements with the exception of the completeness of the performance information included in the Plan.

However, the overall message from the audit was that the MPA must now move the best value agenda forward with vigour, integrating activity across the whole organisation to ensure that tangible improvements to services are secured.

Corporate planning processes are now beginning revised across the MPA and the MPS, and were the focus of considerable work during 2001. Key drivers are the need to publish the annual best value performance plan, and the need to satisfy the requirements of the Mayor and the GLA in relation to agreement and management of the police budget.

## Objectives

To help the MPA understand how far its planning arrangements reflect accepted good practice, we are undertaking a series of

reviews of the developing planning framework in the MPA and MPS.

Our work this year has focused specifically on the planning arrangements at the corporate level. It has sought to address the following questions:

- Is there a clear and comprehensive planning framework?
- Are corporate and service delivery plans informed by consultation with users, partners and staff?
- Are there mechanisms in place to ensure robust monitoring and reporting of performance against the objectives and targets in the plans?
- How well is the corporate and service delivery planning process linked to the budget setting cycle and do these links result in a policy driven budget process?

## Audit scope and approach

The focus of our review this year has been the corporate and financial planning arrangements. This will be followed by investigation of the processes within business groups, and their relationship to the corporate arrangements in future years. In view of the MPS's own work on its planning and performance management processes, it was not appropriate to undertake that element of the review this year.

The output from our review is not intended to be a prescriptive assessment, but an evaluation of the authority's strengths and weaknesses, identifying the key issues which the authority needs to address.

Our work has involved:

- reviewing relevant documentation;
- use of data from our best value survey;
- interviews with senior officers.

## Main conclusions

*The MPA and the MPS are working to establish a corporate strategy and an effective corporate*

*planning framework. The best value performance plan has been central to corporate planning arrangements in the last two years, in line with good practice. There is a need now to finalise the longer term strategy, and ensure that an appropriate and comprehensive planning framework is in place to satisfy all internal and external requirements.*

## Developing longer-term planning

The BVPP forms the annual plan for the Authority, in line with good practice. The plan sets the key corporate priorities for the forthcoming year, supported by a range of objectives and targets. The MPA has recognised the need to develop a longer-term corporate strategy, and Members have been working toward this objective during 2001, in co-operation with the MPS.

The Authority must now ensure that the resulting strategy is finalised as a matter of priority, providing a clear basis for the prioritisation of resources and operational planning in the MPS. The impact on service-level planning processes and the content of the Best Value review programme should be considered, to ensure that the longer-term corporate priorities are appropriately reflected as quickly as possible.

## Refining planning processes

The MPA and MPS have been working separately, but co-operatively, during this financial year to develop the corporate strategy and the planning framework which will support it. The corporate plan depends on a complex range of inputs and timings, to incorporate the results of consultation, performance review, and staff views.

Ensuring that the cycle works effectively will be critical to the success and ownership of the corporate strategy and annual plans. There is a need to formalise the planning framework, with clear identification of timings and responsibilities, to ensure internal and external requirements are met. This will require

consideration of the impact of the increasing role of partnership working for boroughs, and the messages arising from the considerable consultation undertaken during best value reviews.

Significant progress has already been made with the introduction of the MPS performance management framework. All business groups are now required to produce a business plan in line with the annual policing and performance plan, identifying the corporate priorities underpinning operational plans. We will review the effectiveness of these links during 2002.

Members will also have an interest in the arrangements to ensure consistency across corporate and more detailed plans, and will need to ensure that the arrangements for scrutiny are sufficiently comprehensive to evaluate the objectives, targets and outcomes associated with the planning process. There is also a need to monitor the action plans arising from relevant internal and external audit and inspection reports in strengthening planning processes.

## Linking priorities and financial plans

In the past the financial planning and operational business cycles have not readily coincided, and the financial costs and impacts of performance improvements have not always been recognised and addressed clearly enough in plans. The MPA is developing its medium-term financial planning, and recognises the need for greater integration and clarity in connecting financial planning with its corporate priorities and the supporting operational plans. This will be particularly important in ensuring accountability as financial delegation increases.

## Next steps

We have identified some key issues for improvement in the Authority's planning arrangements. Most of these relate to formalising and implementing arrangements already under discussion.

As part of our work for the next audit year we plan to revisit the Authority's planning arrangements, to review progress with the issues identified this year, and to extend our work into the processes in use in business groups.

## Issues matrix

## A Corporate framework

### Corporate plan

Good practice issue	Findings	Conclusions	Recommendations
<p>A1 Has the authority established key overall aims and objectives?</p>	<p>The annual policing and performance plan currently sets out the MPA/MPS key corporate objectives for the forthcoming year. Work has been under way in both the MPS and the MPA to establish a longer-term strategy for the organisation.</p> <p>The Policing and Performance Plan 2001/02 sets out four priorities:</p> <ul style="list-style-type: none"> <li>▪ making London's streets safer</li> <li>▪ keeping burglars out of London's homes and businesses</li> <li>▪ reducing damage to London's communities caused by drug dealing</li> <li>▪ protecting Londoners from hate crimes.</li> </ul> <p>The Plan also contains additional objectives in relation to ongoing service and development aims (sustained activities).</p> <p>The 2002/03 Policing and Performance Plan has been published, with four key priorities</p>	<p>Corporate aims and priorities are currently expressed in the annual policing and performance plan. This is to be supplemented by the MPA, to provide a clear basis for the prioritisation of resources and service level planning in the MPS.</p>	<p>Completion of a longer-term corporate strategy should be regarded as a priority by the MPA, to provide a clear basis for the prioritisation of resources and service level planning in the MPS.</p>

Good practice issue	Findings	Conclusions	Recommendations
	<p>agreed by the MPA:</p> <ul style="list-style-type: none"> <li>▪ to increase the security of the capital;</li> <li>▪ to create safer communities for Londoners;</li> <li>▪ to improve the police response to vulnerable victims;</li> <li>▪ to tackle youth offending.</li> </ul>		
<p>A2 Are the objectives set out in a formal, corporate plan, committee report, or other distinctive document?</p>	<p>At this stage the objectives are formalised in the annual Policing and Performance Plan (see above).</p> <p>The proposed corporate strategy will define the longer-term goals and priorities for the MPA/MPS, as well as enabling the MPA to comply with the Mayor's planning requirements. The GLA Budget Guidance for 2002/03 sets out the Mayor's overall vision and objectives for London, with direct implications for budget and planning processes for the four functional bodies of the GLA. To improve the link between the business planning and budget processes, functional bodies are required to produce business plans covering at least the period to 2004/5, or demonstrate that corporate plans and strategies cover the relevant priorities and resourcing needs.</p>	<p>Objectives are formalised in the annual Policing and Performance Plan.</p>	<p>See above</p>
<p>A3 How long has this been in place?</p>	<p>The Policing and Performance Plan 2001/02 was the first best value performance plan</p>	<p>The MPA is a relatively new organisation. The 2001/02 performance plan is its first annual</p>	<p>A clear timetable is needed to define the milestones and delivery targets for the</p>

Good practice issue	Findings	Conclusions	Recommendations	
		<p>published by the MPA, following its establishment in July 2000. The MPS had previously published a performance plan in 2000/01, in preparation for the statutory requirements of best value.</p> <p>The 2001/02 Plan sets out the commitment to develop a long-term corporate strategy during 2001/02. Work has been under way during 2001 in both the MPS and the MPA to establish a longer-term strategy for the organisation, providing a framework within which the annual BVPP will be developed. The first presentation of MPS proposals was received by Members in February 2001, and there have been a series of meetings and workshops since then to refine the thinking around the strategy.</p>	<p>plan, but recognises that a longer term strategy is needed.</p>	<p>introduction of the corporate strategy.</p>

Good practice issue		Findings	Conclusions	Recommendations
A4	Is there a sense of ownership by members?	The MPA's Finance, Planning and Best Value committee has responsibility for developing the Performance Plan and the corporate strategy, with the planning panel, led by the chair of the FPBV committee, leading this work. The full authority is involved in developing the objectives (the MPA received a report on the policing priorities for 2002/03 in October 2001) and in reviewing the draft annual policing and performance plan. The MPA meeting in May 2002 will consider a report on the process and timetable for producing the plan for 2003/04.	Members are clearly engaged in the development of the corporate priorities and plans.	
A5	Is the authority's approach to developing corporate objectives and policies underpinned by a set of agreed core values?	The Mission, Vision and Values of the MPA and the MPS are set out in the Policing and Performance Plan for 2001/02. The Plan sets out the commitment to develop a long-term corporate strategy during 2001/02 using the principles defined in the Mission, Vision and Values statements.  Outputs of the work undertaken by Members in developing the corporate strategy for the MPS suggest that the thinking of the MPA and MPS on a new corporate strategy is not in conflict, but that there are potential areas of difference in terms of emphasis.	The MPA/MPS has defined a set of core values in its Mission, Vision and Values statements. It will be necessary for the MPA to revisit these statements in developing the new corporate strategy.	Ensure that the organisation's core values are confirmed in developing the corporate strategy.

Good practice issue		Findings	Conclusions	Recommendations
A6	What period exists for the aims and objectives?	<p>Objectives are currently reviewed annually (see A1-A5 above). It is expected that the new corporate strategy will cover a three to five year period.</p> <p>The survey conducted as part of our best value audit in 2001 indicated that, while systems and processes are improving, there is a clear need for longer-term thinking, with comments such as:</p> <p><i>'...performance culture leads to short term fixes, as opposed to long term problem solving approach'</i></p> <p><i>'... we continue to change priorities during the year every time we make a new policy decision ...'</i></p>	Objectives are revisited annually at present, but a longer-term corporate strategy is in development	
A7	How is this approach seen to fit with Best Value?	<p>The annual policing and performance plan covers the requirements to publish an annual best value performance plan. In line with recognised practice, the Plan is central to corporate planning arrangements, forming the basis for more detailed service-level plans. The 2001/02 Plan met all the statutory requirements apart from those on performance information.</p> <p>The impact of a longer-term strategy in best value terms is more critical for the ability of the MPA and MPS to direct best value review activity and to achieve continuous performance</p>	The annual policing plan is compliant with best value requirements, and is central to the corporate planning process. However, there is a risk that the review programme, and some of the large reviews in progress, will not be sufficiently flexible to reflect evolving corporate priorities as a longer-term strategy is developed.	The structure of the best value review programme should be considered in the context of the proposed content of the corporate strategy, to ensure the programme reflects key corporate priorities and aims.

Good practice issue	Findings	Conclusions	Recommendations
		<p>improvements.</p> <p>The best value review programme published in the Policing and Performance Plan 2001/02 is similar to the programme originally developed by the MPS for its pre-statutory best value performance plan in 2000. The MPA changed the order of some reviews and added additional reviews, for example of its own functions and of national/international policing activities. Many of the reviews in the programme are large and complex, and our best value audit in 2001 concluded that progress in completing reviews and implementation of plans had been relatively slow.</p>	

Planning framework

Good practice issue	Findings	Conclusions	Recommendations
<p>A8 Does the authority have a process to set corporate priorities?</p>	<p>The 2001/02 policing and performance plan was developed using a process in which the MPS produced a list of priorities and sustained activities (identified by the Management Board and refined in subsequent seminars with OCU commanders and MPA members), which were discussed and agreed with the MPA. Members of the FPBV and PSPM committees and the oversight panel were involved in refining the priorities, objectives and targets in the Plan.</p> <p>The 2001/02 objectives have formed the basis for selection of those proposed for the 2002/03 policing and performance plan. The proposals for 2002/03 have been developed by the Management Board, building on meetings with senior managers and reflecting views expressed by the FPBV committee. This process has involved evaluation of the 33 existing objectives and 6 potential new ones, drawing together performance data, views of BOCUs/OCUs, results of public consultation, and emerging issues in the wider environment.</p> <p>The MPA Planning Panel met during this process to share views with the MPS on emerging priorities and objectives. There is also frequent</p>	<p>The MPA and MPS have been working separately, but co-operatively, during this financial year to develop the corporate strategy and the annual policing plan for 2002/03, and the planning framework which will support them. The corporate plan depends on a complex range of inputs and timings, to incorporate the results of consultation, performance review, and staff views. Ensuring that the cycle works effectively will be critical to the success and ownership of the corporate strategy and annual plans.</p>	<p>Formalise the planning framework, with clear identification of timings and responsibilities, to ensure an effective process, with universal understanding and agreement of requirements.</p> <p>(The Audit Commission has set out the principles of good planning in <i>Planning to Succeed</i>, published in 1999).</p>

Good practice issue	Findings	Conclusions	Recommendations	
	<p>interaction between MPA and MPS officers.</p> <p>The result of all this work is four priorities for the 2002/03 plan (see A1 above), for which objectives and targets are being developed. The timetable for the planning process for 2002/03 has been adjusted to ensure compliance with the requirement of the Mayor that agreed priorities were in place to inform the development of the budget, submitted to the GLA in October.</p> <p>The interaction of the various elements of the planning process has been under review by the MPS during 2001, to strengthen co-ordination of local and corporate planning mechanisms. Some of the feedback for our best value survey in 2001 indicated the potential to improve co-ordination and leadership of the planning process. The results of an inspection of community safety strategies undertaken by the MPS internal inspection service in July 2001 also found 'conflict between MPS and local crime and disorder priorities'.</p>			
A9	<p>How far do the authority's priorities reflect consultation with the local community?</p>	<p>The policing and performance plan 2001/02 sets out the consultation on priorities undertaken in preparation for the plan. The results support the priorities in the plan.</p> <p>The planning process, which is developing, involves stages for compilation of the results of</p>	<p>The MPA's policing and performance plan identifies support from consultation for the corporate priorities. The impact of consultation from best value reviews is less clear.</p>	<p>Ensure that, where appropriate, consultation undertaken in best value reviews is taken into account in the corporate planning process.</p>

Good practice issue	Findings	Conclusions	Recommendations
	<p>consultation to feed into seminars on priorities. The BV review of consultation in 2000 concluded that a consultation strategy is required, and this is likely to change the scope of and approach to the consultation activities undertaken in future in support of corporate priorities.</p> <p>The inclusion of the results of consultation from BV reviews, which can be considerable in some cases is less explicit.</p>		
A10	<p>To what extent do contacts and discussions with actual and potential partners inform the setting of corporate priorities?</p> <p>There is explicit contact with strategic partners on the MPA/MPS priorities:</p> <ul style="list-style-type: none"> <li>▪ with London boroughs through the crime and disorder partnerships;</li> <li>▪ a range of other partners, via surveys, focus groups, etc</li> <li>▪ with the GLA through the budget setting and performance monitoring processes.</li> </ul>	<p>There is contact with key partners through a range of formal structures. As developments such as Local Public Service Agreements and Local Strategic Partnerships take effect at a local level, the MPA/MPS will need to ensure that it has a strategic approach to partnership working to avoid the risk of conflicting priorities at borough level.</p>	<p>Ensure there is a strategic approach to the co-ordination of local partnership work, to avoid conflicts with corporate objectives.</p>
A11	<p>Is the setting of corporate priorities a process in which staff are involved?</p> <p>The process is driven by the Management Board, but draws on a range of sources (see A8). Corporate priorities are expressed in the annual policing and performance plan, and business groups are expected to develop their own service plans in the context of these objectives.</p> <p>In the longer term the MPA hopes to combine the corporate approach with a bottom-up planning regime to support BOCUs as the primary unit of</p>	<p>The process has been a top-down approach, but draws from a range of information sources and views. There is an intention to adapt the process for the future.</p>	

Good practice issue		Findings	Conclusions	Recommendations
		policing.		
A12	From a corporate perspective, in what ways do corporate aims and priorities inform annual action plans for service or project areas?	<p>All business groups are now expected to have adopted the MPS performance management framework, and to have in place a business plan, monthly management reporting and a programme of performance reviews. All BGs/BOCUs use the Excellence Model to identify key areas for improvement to feed into the planning process.</p> <p>Our Best Value survey in 2001 indicated that, while processes were relatively well-developed in TP, there had been some difficulties relating corporate objectives to those of non-operational departments. One of the recommendations of our Best Value audit report for 2001 was that the MPA/MPS must ensure that its framework has been implemented appropriately and consistently, and that demonstrable improvements in performance, which are clearly linked to corporate priorities, are achieved.</p> <p>There are also a number of initiatives which will have an impact on sub-corporate planning processes for 2002/03:</p> <ul style="list-style-type: none"> <li>▪ the project to review the resource allocation formula for boroughs;</li> <li>▪ the project to develop bespoke targets in BOCUs;</li> </ul>	<p>The processes at corporate and departmental level are developing, and there is a considerable amount of work under way which will affect the development of sub-corporate level plans for 2002/03. Given these initiatives, the detailed elements of our audit relating to service planning will be undertaken as part of our programme for next year, following the linkages from corporate planning into the plans for individual business groups.</p> <p>The role of members will be critical in scrutinising these developments, in particular the objectives, targets and outcomes they generate.</p>	<p>Cross check detailed plans to ensure consistency against the corporate plan and each other.</p> <p>Ensure that the arrangements for scrutiny by Members are sufficiently comprehensive to evaluate the objectives, targets and outcomes associated with the planning process.</p>

Good practice issue		Findings	Conclusions	Recommendations
		<ul style="list-style-type: none"> <li>▪ the plans for increased devolution of budgetary control;</li> <li>▪ greater alignment of priorities and budgets;</li> <li>▪ the implications of completed best value reviews.</li> </ul>		
A13	What evidence is there that the authority is redirecting resources to address corporate priorities?	<p>Prior to the MPA assuming responsibility for management of the police budget on 3 July 2000, the budget process had been incremental from year to year, with the financial needs of the service determined by an annual assessment of the funding required in the following financial year.</p> <p>The MPA/MPS are committed to move to base budgeting, moving resources to corporate priorities, but progress has been hampered by the legacy of inadequate systems and a lack of appropriate levels of in-house financial expertise. Dealing with budgetary problems during the year has added to these difficulties.</p> <p>The MPA has developed medium-term financial projections for the period 2001-2006. At this stage these have been compiled on an incremental basis, pending the completion of the corporate strategy and given the more immediate need to submit a budget to the GLA.</p> <p>Our Best value survey in 2001 indicated concerns about the organisation's ability to deliver on</p>	<p>The MPA/MPS is committed to an integrated planning framework, but is not yet in a position to demonstrate how it is resourcing its priorities. The role of Members in scrutinising progress in this area will be very important (see above).</p>	See above.

Good practice issue		Findings	Conclusions	Recommendations
		<p>priorities within the existing resourcing framework:</p> <p><i>'... there is no identification of the gap between strategic intent and the organisation's ability to deliver ...'</i></p> <p><i>'... we adopt too many infeasible targets ...'</i></p>		

**.Performance monitoring**

Good practice issue		Findings	Conclusions	Recommendations
A14	How does the authority monitor, measure and report on performance against corporate aims and priorities?	<p>Our pre-statutory audit of best value in mid-2000 concluded that the MPS was developing its planning and performance management arrangements. At that stage the main shortcomings were:</p> <ul style="list-style-type: none"> <li>▪ no service wide or integrated approach to monitoring and driving performance;</li> <li>▪ independent and uncoordinated performance management initiatives.</li> </ul> <p>Considerable progress has been made since then. All business groups are now expected to have adopted the MPS performance management framework, and to have a business plan, monthly</p>	<p>Progress has been made in enhancing performance management arrangements. During the coming year the MPA/MPS will need to demonstrate that this initiative has moved beyond implementing a process and that it focuses on achieving improvements in line with corporate priorities.</p>	<p>Monitor the actions resulting from the 2001 best value audit, particularly to ensure that demonstrable improvements are being achieved from the performance management framework.</p>

Good practice issue	Findings	Conclusions	Recommendations	
		<p>management reporting framework, and a programme of performance reviews. Compliance with these requirements is to be monitored during the year and a performance reporting mechanism developed. Our best value audit in 2001 concluded that the challenge for the MPA/MPS would now be to ensure that this framework has been implemented appropriately and consistently, and that demonstrable improvements in performance, which are clearly linked to corporate priorities, are achieved. An internal MPS inspection of the performance management framework was scheduled for late November 2001.</p> <p>The MPA has made a commitment to adopting a performance management framework that provides an integrated and corporate approach to driving and managing performance. While it reports much progress over the last year in implementing elements of the framework, it has identified some key areas where there are continuing issues: quality assurance, information systems (particularly costing), and analytical capability.</p>		
A15	<p>What operational targets and performance indicators are produced against which performance may be measured?</p>	<p>All committees review performance in their areas of responsibility, but the Performance Monitoring and Professional Standards (PSPM) committee has overall responsibility for performance review.</p>	<p>There are formal arrangements for monitoring of performance against corporate objectives. Within the MPS arrangements are developing as part of the universal</p>	<p>See above</p>

Good practice issue		Findings	Conclusions	Recommendations
		<p>A monthly performance report is received by both the MPS Performance Review Committee, chaired by the Deputy Commissioner, and the PSPM, with a scorecard summary of the policing plan priorities and indicators.</p> <p>The PSPM also has a rolling programme of reviewing objectives in greater depth, for example a report was received in October 2001 on demand and response.</p> <p>The MPS is currently undertaking, with external assistance, a project to review management information at BOCU and corporate level. The extension of the performance management framework to all business groups has also meant that the framework for monitoring performance is developing. Further work will be needed in business groups to which the PMF is new, particularly to ensure appropriate indicators, targets and outcomes.</p>	<p>implementation of the performance management framework.</p>	
A16	To what extent is performance audited to provide evidence that achievements are genuine?	<p>For BOCUs, there is a system of performance visits, and this approach has been extended to all business groups as part of the corporate implementation of the performance management framework. This is in addition to the ongoing line management of work being undertaken.</p>	<p>To reinforce line management, the MPS has an inspection system to monitor performance, and this is being extended to cover all business groups.</p>	See above
A17	What evidence is there of performance review feeding back	<p>The development of the corporate priorities for the 2003/03 policing and performance plan has used</p>	<p>The process of developing the priorities for 2002/03 has evaluated performance in</p>	

Good practice issue	Findings	Conclusions	Recommendations	
	into reconsideration of corporate priorities and reallocation of resources?	a process of objective evaluation of the 33 existing objectives and 6 potential new ones, drawing on performance data as well as other sources of information.	2001/02. The impact on the plan for 2002/03 is to be established.	
A18	Has the authority put in place a system of performance management linking individual performance targets through operational and service plans to overall corporate priorities?	Our best value audit 2001 identified the need to translate corporate and business group objectives into individual objectives, with the use of staff appraisals to monitor performance and address individual development needs. Our survey results confirm that links from corporate and business group objectives to individual objectives are not clear and consistent (only 33% thought it is satisfactory or better).	Improvements are needed to ensure that targets for individual staff link to business group and corporate objectives, and that performance is monitored through the appraisal system.	See above

## B Financial planning

### Revenue budgeting

Good practice issue	Findings	Conclusions	Recommendations
<p>B1 Does the authority have in place mechanisms for longer term financial planning?</p>	<p>A medium term financial projection for the five year period 2001/06 was produced in April 2001, setting out initial projections using the methodology developed by the FPBV committee but recognising the need to refine the figures in the light of changes and developments. The projections indicate a recurring funding gap, with implications for the level of precept. A medium term financial forecast for the three year period 2002/05, as specified by the Mayor, was subsequently submitted to the GLA in June 2000.</p> <p>The budget submitted by the MPA to the Mayor represents a net increase in expenditure of 6.2% and includes £60m of savings.</p> <p>Our audit work on financial standing has highlighted the precarious position of the MPA, with:</p> <ul style="list-style-type: none"> <li>▪ expenditure above budget, mainly as a result of police overtime and spending on operational supplies and services;</li> <li>▪ a transfer from the general reserve to fund this overspending, leaving the reserve at a</li> </ul>	<p>The MPA has developed a five-year financial plan. This is not yet linked to corporate priorities, but it is the intention of the MPA/MPS for the future to align the processes for determining financial requirements and priorities</p>	<p>Ensure that the planning cycle combines corporate, service and financial plans, identifying the resource implications of agreed priorities and performance improvements. (see <i>Regular as Clockwork</i>, Audit Commission, 1993)</p>

Good practice issue	Findings	Conclusions	Recommendations
	<p>level representing only 3 days of total expenditure;</p> <ul style="list-style-type: none"> <li>▪ the events of 11 September 2001, which have placed additional pressure on MPA resources, but for which funding of £22m has now been received from the Government.</li> </ul>		
B2	Is there demonstrable evidence that financial decision-making has improved as a result of developing a longer-term financial plan?	The plan was only agreed during 2001.	Too early to assess.
B3	Is the base budget kept under regular review to identify resources, which could be redistributed to better effect?	<p>The legacy inherited by the MPA of poor budget management, low levels of financial skills and inappropriate systems means that the MPA has a significant task in overcoming its budget problems. The MPA intends to maintain the base budget under review, but the lack of sufficient levels of financial management expertise in the MPA and MPS has prevented significant progress. The MPS lack of these skills was an issued highlighted by the HMIC corporate inspection in 2001.</p> <p>The MPS has a number of initiatives under way to ensure the service moves further towards an integrated financial and service management regime. As part of this programme, it plans to align resource and budgetary control at local level, to link decision making with resource usage. In</p>	<p>The MPA/MPS is starting from a low base, but plans to improve budget management and monitoring arrangements.</p> <p>Move towards a system of budget approval based on the assessment of funding and performance requirements against corporate priorities.</p>

Good practice issue		Findings	Conclusions	Recommendations
		2002/03 there will be a pathfinder programme to test increased financial devolution in six BOCUs.		
B4	How does the financial plan explain where resources are to be used to provide services in compliance with stated objectives?	See above. Given the budget timetable imposed by the GLA, it has not been possible to integrate financial plans and priorities for 2002/03, but it is intended to achieve this for the following year.	See above.	
B4	To what extent is the current annual budget process incremental, based on last year's budget rather than on corporate and service priorities?	See above. In the past the financial planning and business planning cycles have not readily coincided. The budget process has of necessity been incremental, but there is a clear intention to move towards integrated financial and strategic planning.	The financial costs and impacts of performance improvements have not to date been clearly stated in a corporate plan.	See above
B5	How far do the authority's arrangements for consultation include specific information on the costs of possible options and the impact on the budget?	Consultation has not specifically focused on financial issues.	Consultation has not specifically focused on financial issues.	

Capital budgeting

Good practice issue		Findings	Conclusions	Recommendations
B6	Does the authority have a longer-term capital budget?	The MPA had a medium term capital plan for 2001/06, agreed in March 2001. This identified a funding shortfall of £95m over the five-year period to meet the currently planned expenditure. FPBV committee has recently agreed a medium term capital expenditure programme..	An strategy and budget has been identified.	
B7	Does the capital budget have clear links to corporate objectives and priorities?	The capital plan has analyses expenditure against headings (property, IT, transport, specialist operations) but not against corporate priorities and objectives.	The capital budget is not agreed on the basis of corporate priorities.	Incorporate capital planning considerations into the proposed integrated planning framework.

Action plan (see separate paper)