

Meeting	Audit, Risk and Assurance Committee
Date	28 January 2021
Location	Video conference
Title of Paper	Benefits Realisation and Efficiency Targets Internal Audit Report
Presented By	Gary Devlin, Partner, Azets
Recommendation to Members	For Discussion
Appendix Attached	Benefits Realisation and Efficiency Targets Internal Audit Report

PURPOSE

This paper presents our final report on the review of Benefits Realisation and Efficiency Targets.

The paper is presented for the Audit Committee to consider the report, findings and management responses.

The paper is submitted for discussion.

1. BACKGROUND

- 1.1 Police Scotland allocated £25m of revenue expenditure in its 2019/20 budget towards transformation and reform, across 9 major programmes with a number of subsidiary workstreams and projects. The successful delivery of Police Scotland's transformation programmes is business critical if the organisation is to meet its strategic objectives to transform into a modern, efficient service and able to respond effectively to changing policing challenges. Police Scotland must also transform to become fully financially sustainable and needs to reduce costs and achieve efficiency savings wherever possible. Police Scotland is in the process of implementing several significant change programmes intended to deliver large savings that will help the organisation become more effective, efficient and financially sustainable.
- 1.2 In line with the 2020/21 Internal Audit Plan, we reviewed arrangements for the realisation of benefits arising from transformation programmes and other change programmes within Police Scotland, including consideration of whether value for money has been demonstrated. This took a holistic view of benefits realisation and focused on the validation of delivery of benefits and the methodology for calculating and reporting these across the portfolio. The audit included coverage of the annual efficiency savings target process and involved in-depth reviews of a sample of programmes and projects that reported realised benefits in the last financial year.

2. FURTHER DETAIL ON THE REPORT TOPIC

- 2.1 Police Scotland has articulated the planned and forecast benefits expected to arise from its transformation programme, however the processes & approach surrounding benefits realisation continue to develop and mature alongside monitoring, delivery and reporting of outcomes. This is particularly relevant to the realisation of proposed efficiency savings and associated reinvestment oversight & management.
- 2.2 Police Scotland has not yet established a governance structure or decision making process to inform the reinvestment of planned productivity and capacity benefits from transformation programmes. Plans are in place to implement an integrated approach to full life

cycle benefits identification, realisation and reinvestment but this has yet to be brought online.

- 2.3 As a result, we are not able to fully assure whether realised efficiencies have been achieved, the extent to which savings have been reinvested, or whether planned service improvement outcomes have been realised.
- 2.4 We have set out a number of improvements that Police Scotland should action to further improve the measurement and reporting of benefits, that along with the implementation of the proposed governance and oversight forums should support effective decision making around management and the reinvestment of benefits.

3. FINANCIAL IMPLICATIONS

- 3.1 The Internal Audit Report considers the impact our review findings may have on organisational risk registers. Committee members should consider this section when considering the overall implications of our findings.

4. PERSONNEL IMPLICATIONS

- 4.1 The Internal Audit Report considers the impact our review findings may have on organisational risk registers. Committee members should consider this section when considering the overall implications of our findings.

5. LEGAL IMPLICATIONS

- 5.1 The Internal Audit Report considers the impact our review findings may have on organisational risk registers. Committee members should consider this section when considering the overall implications of our findings.

6. REPUTATIONAL IMPLICATIONS

- 6.1 The Internal Audit Report considers the impact our review findings may have on organisational risk registers. Committee members should consider this section when considering the overall implications of our findings.

7. SOCIAL IMPLICATIONS

7.1 The Internal Audit Report considers the impact our review findings may have on organisational risk registers. Committee members should consider this section when considering the overall implications of our findings.

8. COMMUNITY IMPACT

8.1 The Internal Audit Report considers the impact our review findings may have on organisational risk registers. Committee members should consider this section when considering the overall implications of our findings.

9. EQUALITIES IMPLICATIONS

9.1 The Internal Audit Report considers the impact our review findings may have on organisational risk registers. Committee members should consider this section when considering the overall implications of our findings.

10. ENVIRONMENT IMPLICATIONS

10.1 The Internal Audit Report considers the impact our review findings may have on organisational risk registers. Committee members should consider this section when considering the overall implications of our findings.

RECOMMENDATIONS

Members are requested to discuss the report.



Scottish Police Authority

Internal Audit Report 2020/21

Benefits Realisation and Efficiency Targets

October 2020



Scottish Police Authority

Internal Audit Report 2020/21

Benefits Realisation and Efficiency Targets

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Executive Summary

Conclusion

Police Scotland has articulated the planned and forecast benefits expected to arise from its transformation programme, however the processes & approach surrounding benefits realisation continue to develop and mature alongside monitoring, delivery and reporting of outcomes. This is particularly relevant to the realisation of proposed efficiency savings and associated reinvestment oversight & management.

Police Scotland has not yet established a governance structure or decision making process to inform the reinvestment of planned productivity and capacity benefits from transformation programmes. Plans are in place to implement an integrated approach to full life cycle benefits identification, realisation and reinvestment but this has yet to be brought online.

As a result, we are not able to fully assure whether realised efficiencies have been achieved, the extent to which savings have been reinvested, or whether planned service improvement outcomes have been realised.

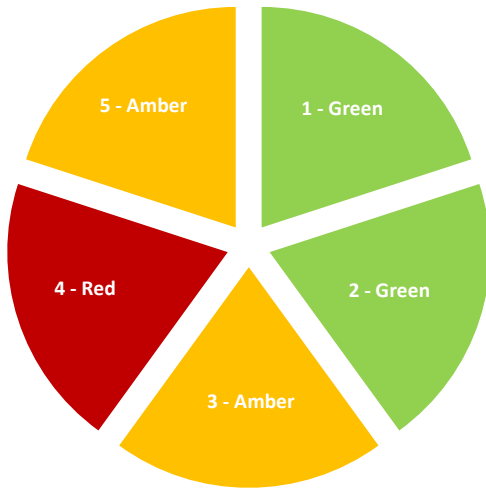
We have set out a number of improvements that Police Scotland should action to further improve the measurement and reporting of benefits, that along with the implementation of the proposed governance and oversight forums should support effective decision making around management and the reinvestment of benefits.

Background and scope

Police Scotland allocated £25m of revenue expenditure in its 2019/20 budget towards transformation and reform, across 9 major programmes with a number of subsidiary workstreams and projects. The successful delivery of Police Scotland's transformation programmes is business critical if the organisation is to meet its strategic objectives to transform into a modern, efficient service and able to respond effectively to changing policing challenges. Police Scotland must also transform to become fully financially sustainable and needs to reduce costs and achieve efficiency savings wherever possible. Police Scotland is in the process of implementing several significant change programmes intended to deliver large savings that will help the organisation become more effective, efficient and financially sustainable.

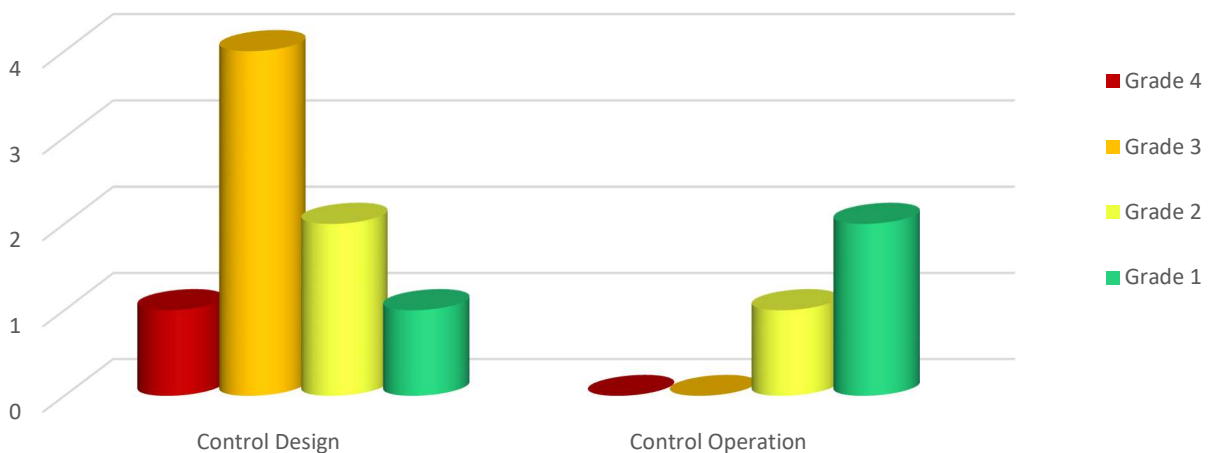
In line with the 2020/21 Internal Audit Plan, we reviewed arrangements for the realisation of benefits arising from transformation programmes and other change programmes within Police Scotland, including consideration of whether value for money has been demonstrated. This took a holistic view of benefits realisation and focused on the validation of delivery of benefits and the methodology for calculating and reporting these across the portfolio. The audit included coverage of the annual efficiency savings target process and involved in-depth reviews of a sample of programmes and projects that reported realised benefits in the last financial year.

Control assessment



- 1. There is a clear methodology and approach to benefits realisation that is consistently applied across change programmes, and applied consistently across all geographical areas
- 2. There is a robust validation process in place to challenge benefits reported by programmes/projects as being realised
- 3. There is evidence in place to demonstrate where financial and headcount savings have been delivered and the impact of that on departmental efficiency
- 4. Where benefits are reinvested, this is clearly evidenced and reported through appropriate governance channels
- 5. There is a robust mechanism to feed benefits realisation into reporting of efficiency savings and wider performance reporting, which supports appropriate scrutiny of the delivery of benefits.

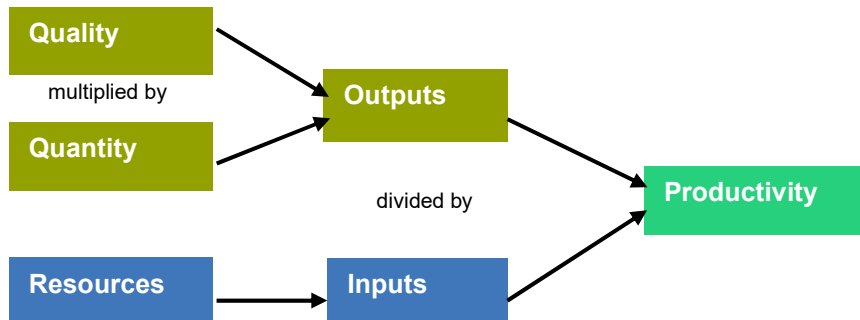
Improvement actions by type and priority



Eleven improvement actions have been identified from this review, three of which relate to compliance with existing procedures, rather than the design of controls themselves. See Appendix A for definitions of colour coding.

Key findings

The Transformation Portfolio contributes towards medium term financial plans that aim to reduce expenditure and generate financial savings through the implementation of projects to improve productivity and efficiency. The Accounts Commission report *Improving Public Sector Efficiency* expressed the components of productivity change as follows:



Productivity and efficiency are measured by comparing the ratio of outputs to inputs: outputs include quality of service and volume of activity; inputs consist of resources applied, including financial costs and staff FTE.

We found that Police Scotland’s arrangements for the measurement of benefits expressed in terms of FTE seek to measure input resources in terms of Officer time, typically through a “time and motion” based approach. This relies on multiplying measured average times taken to complete a task by the number of times that task is completed. However, we found that Police Scotland cannot yet relate these inputs to the outputs that they are intended or expected to produce, in terms of the tasks on which individual officers and staff spend their time, departmental or organisational performance metrics or KPIs, or the allocation of FTE resource to particular areas of the organisation.

Accordingly, we are not able to identify where benefits in terms of FTE savings have been realised, and the impact that this has had on the efficiency or productivity of departments, divisions, or the organisation as a whole, and therefore validate FTE savings as realised.

Good practice

Police Scotland’s procedures reflect good practice in a number of areas:

- There is a defined, documented, and approved Benefits Management Strategy in place. We reviewed the scope of the strategy and the overarching Portfolio Management Framework and confirmed that they were appropriately designed to include all significant transformation activity within Police Scotland.
- The Portfolio Management Office (PMO) provide benefits reporting on a monthly basis to the Police Scotland Change Board and on a quarterly basis to the SPA Resources Committee. The SPA Resources Committee in turn provides a conduit to SPA Board oversight. We reviewed the reports produced and found the content to be sufficient to enable proper scrutiny of benefits delivery in line with the remits of these governance groups. We also found the reporting lines and responsibility for the delivery of benefits to be clearly documented.
- Project teams outline value for money considerations on proposed projects in the business case. The assumptions underpinning the analysis of affordability and return on investment feed into benefits

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forecast and monitoring processes. Where there is significant variance between the planned and forecast values, this prompts a change request process which re-evaluates whether the project continues to deliver value for money.

- The Benefits Management Strategy clearly outlines the responsibility of the PMO to collate, validate and report benefit realisation performance. We found that across projects the Benefits Management Strategy was generally well complied with in a number of areas, such as providing required information for reporting and the underlying methodologies and calculations.
- Police Scotland's realisation of planned cashable benefits (financial savings) is clear, based upon well-defined financial data, and the planned savings are reflected in departmental and divisional budgets. The Finance function and budget holders monitor the realisation of both planned and emerging cashable benefits against the relevant budget lines through routine financial monitoring.

Areas for improvement

We have identified a number of areas for improvement that, if addressed, would strengthen Police Scotland's control framework. These include:

- Establishing a robust means to measure the realisation of planned FTE benefits, by directly measuring the impact of changes introduced through transformation programmes, such as changes in the use of officer and staff time, movements in activity KPIs, or other impacts.
- Setting success criteria in terms of performance measures at the outset of projects or programmes planned to deliver FTE benefits and track these to substantiate that benefits have been delivered.
- Implementing a governance structure with responsibility for allocating FTE productivity or capacity gains. This should be supported by a clearly defined process for preparing proposals that convert FTE gains into practical delivery plans.
- Ensuring that all planned benefits are allocated to a clearly defined owner and that a clear record is retained of the benefit owner's approval of the measurement methodology and approach, the baseline measurement value, and the target value.
- Reporting measured FTE gains to the areas of the organisation where the gains relate, such that these can be considered, agreed and if necessary, challenged by operational management.

These are further discussed in the Management Action Plan below.

Developments since the period under audit

This review was conducted during July, August, and early September of 2020, and considered the operation of the processes in place for the period 1 April 2019 to 31 March 2020. Some of the issues identified were known to management, and in some areas processes have developed since the period of the review. These are set out more fully in the management responses, but are summarised below:

- A revised governance structure is being developed, which includes an Organisational Design and Development Board (ODDB) with a remit to consider proposals for the redeployment of FTE measured as generated or released through efficiency or productivity or efficiency programmes. We understand

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that this body will also oversee the reporting of these gains to the business areas in which they are measured to have arisen.

- Revised Measurement methodologies have been developed for certain projects. In particular, the methodologies for the Criminal Justice Services Division (CJSD) Programme and the Contact Assessment Model project have been revised to allow for clearer identification of the areas in which productivity has been created, and we understand that the methodology applied to the CJSD Programme relies upon more direct measurement of the use of time by Officers and Staff.
- A number of process changes have been implemented by management in response to our March 2020 review *Transformation Change Programmes*, including revisions to elements of the standard documentation prepared for transformation projects. Where these relate to previous audit recommendations, we have set these out in detail in the Management Action plan with the current status.

Impact on risk register

The SPA and Police Scotland strategic risk registers (dated September 2020) included the following risks relevant to this review:

- SPA Strat 005 - There are insufficient resources to deliver the Strategic Police Plan now and in the future (Score 25)
- SR007 - Strategic Planning to Support Financial Sustainability: (Score 15) : If Police Scotland does not ensure effective strategic planning (including a workforce plan, estate strategy, fleet strategy and ICT strategy) there is a risk that funding requirements cannot be accurately forecast and the future policing model and associated costs cannot be articulated. As such, the SPA will be unable to effectively feed in to spend reviews to influence the funding settlement; the deficit reduction may not be delivered and financial sustainability will not be achieved; and a sub-optimal policing model will be delivered.
- SR016 - Delivery of Organisational Change (Score 12): If Police Scotland does not have the required capacity and capability at a local level to support and accept the Transformation Portfolio there is a risk that organisational change will not be embedded and its objectives will not be realised.

Whilst Police Scotland has a robust framework for the measurement of benefits that supports the analysis and prioritisation of transformation projects, it does not yet have in place arrangements that provide for the reinvestment of those benefits in a way that can be shown to align with strategic objectives. This has implications for the development and implementation of the organisation's strategic workforce plan and the achievement of its objectives.

More generally, in the absence of such arrangements, benefits on which transformation business cases are based may not be realised in a form that can be strategically reinvested. This presents risks to the achievement of the transformation portfolio objectives and value for money, impacting upon the medium-term financial plan.

Acknowledgements

We would like to thank all staff consulted during this review for their assistance and co-operation.

Management Action Plan

Control Objective 1: There is a clear methodology and approach to benefits realisation that is consistently applied across change programmes, and applied consistently across all geographical areas



Police Scotland’s methodology for tracking benefits realisation is laid out within an approved Benefits Management Strategy, which forms a component of the overall Portfolio Management Framework. The Portfolio Management Framework’s scope explicitly includes all significant change activity, regardless of the area of the organisation in which it originates.

The Portfolio Management Framework, and the related Investment Governance Framework, specify that any proposal for investment is subject to the Potential Project Assessment process. This process involves the assessment of the proposal both on the basis of the level of expected expenditure, the benefits potentially realisable, and the level of risk to the organisation’s activities and achievement of its objectives. Any proposed change is categorised and proceeds according to a defined governance pathway with approval thresholds set according to the level of required expenditure, whether the project calls upon reform funding, and an assessment of the impact upon internal and external stakeholders.

We reviewed these Frameworks, the Benefits Management Strategy, and process documentation, and confirmed that they are applicable to proposals arising anywhere within the organisation. In the course of our fieldwork we have not identified any evidence of significant change activity occurring outside the Framework and its governance requirements.

In our previous review of the Transformational Change Programme, we raised findings relevant to the benefits realisation methodology and approach that remained open at the time of our fieldwork. For reference, these are set out in the following table with the most recent status provided by management. Where actions are proposed for closure this will be considered in our follow up work and reported accordingly.

#	Recommendation	Status
4.2	<p>Inconsistencies in supporting documentation for governance boards</p> <p>We recommend that final versions of board terms of reference are in place for all programme and project boards. These terms of reference should include the purpose of the committee, its remit, and the composition of the board including each individual's role. Once approved, the finalised version of the TOR should be circulated to the relevant individuals.</p> <p>We also recommend that the TOR for the Change Board is updated to reflect current membership and leadership. We also recommend that minutes of Change Board meetings</p>	<p>Grade 3</p> <p>Due 30/09/2020</p> <p>Agreed as closed in Quarter 3 Follow Up</p> <p>The Change Board Terms of Reference has been recently updated to reflect current membership and leadership, and the minutes accurately reflect attendance at meetings. Dip samples were conducted out on PMG, DEP Programme, Custody Remodelling, ACRA, Cyber Kiosks,</p>

	<p>accurately reflect attendance at meetings including distinguishing between those attending as members, and those in an observer capacity.</p> <p>We also recommend that an agreed minimum documentation standard is agreed for project and programme board meetings. As a minimum, the minutes should record attendance, decisions reached and agreed actions (including action owners and deadlines). This will allow those board members to have some insight on what was discussed, the decisions that have been taken, the agreed actions and by when they are to be addressed.</p> <p>Management should also establish processes through the PMO to confirm that all sections of Highlight Reports are fully and accurately completed before they are included in wider governance reports including the Portfolio Management Group and Change Board. This will provide assurance to those charged with governance on whether projects and programmes finances and benefits are being managed effectively.</p>	<p>Leadership, NEDIP and TCSS which shows all documents were in appropriate place on PM Centres</p>
<p>7.1</p>	<p>Benefit realisation is not tracked at a programme level</p> <p>We recommend that processes are developed to improve the recording and monitoring of project and programme benefits.</p> <p>We recommend that a programme level document is in place which sets out:</p> <ul style="list-style-type: none"> • 1. Programme benefits as outlined in the programme initiation documentation; • 2. How project level benefits relate to the outline programme benefits; • 3. Due dates and key benefit milestones which are crucial to benefits being realised within deadline dates. <p>We also recommend that there is formal monitoring of benefits realisation throughout the course of projects and programmes. This should include standing agenda items at project and programme boards and updates on progress in Highlight Reports.</p> <p>We recommend that once it has been agreed how benefits are tracked at programme level, the Benefit Management Strategy is updated to reflect new processes.</p>	<p>Grade 3</p> <p>Due 30/09/2020</p> <p>Agreed as closed in Quarter 3 Follow Up</p> <p>All projects now have a Project Benefits Realisation Plan, and project level plans are rolled up into a Programme Benefits Realisation Plan.</p>
<p>7.2</p>	<p>Benefit owners have not consistently been assigned</p> <p>We recommend that the Portfolio Delivery Lead continues to review all benefit profiles, ensuring that each part of the profile has been completed.</p>	<p>Grade 2</p> <p>Due 30/09/2020</p> <p>Agreed as closed in Quarter 3 Follow Up</p>

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<p>We also recommend that when assigning ownership of benefits, a named individual or role is identified with a record of this assignation being recorded by respective programme boards</p>	<p>All Benefit Profiles have been reviewed to confirm that each element is populated and a role is identified as Benefit Owner.</p> <p>All projects within delivery have now been reviewed and all have Benefits Profiles in place with Benefit Owners identified.</p> <p>A dip sample was conducted by the Portfolio Delivery Lead on ANPR, Mobile Working and Missing Persons Projects.</p>
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Accordingly we have not duplicated these recommendations in this report but report the position for completeness.

Control Objective 2: There is a robust validation process in place to challenge benefits reported by programmes/projects as being realised



2.1 Project Board Benefits Monitoring

The Portfolio Management Framework and Benefits Management Strategy require Project Managers to provide benefits updates to the relevant project or programme board throughout the lifecycle of the project or programme. This is accomplished through the completion of Highlight Reports, which follow a specified format that includes provision for the details of the benefits baseline (as set out in the business case), the current forecast, and progress in benefits realisation. Projects may also submit relevant data and calculations in support of the data include in the highlight report.

We requested highlight reports for a sample of four projects that reported realised benefits in 2019/20: Mobile Working, Missing Persons, ANPR and the Interim Payroll Project. Benefits expected to be realised for each project in 2019/20 are set out in the following table:

Project	Planned Cashable (£)	Emerging Cashable (£)*	Planned Officer FTE	Planned Staff FTE
Mobile Working	3,000	-	78	-
Missing Persons	-	-	15	2
ANPR (Emerging Benefit)*	-	298,065	-	-
Interim Payroll	1,051,185	-	-	-

*Note that the cashable benefit arising from ANPR was not included in the Business Case, but was identified throughout the course of the project and included within expected benefits reported after that point.

We noted that benefits monitoring details had not been included or updated in highlight reporting in relation to the Interim Payroll Project or the ANPR project. We are advised by management that this information would typically be provided verbally by Finance to meetings of the Project Boards.

As we could not evidence scrutiny of realised benefits within the project through highlight reports, we also requested a sample of the proceedings of the relevant project or programme boards these projects, which we were advised took place monthly. We were unable to obtain proceedings of the February or March 2020 meetings for any of the four sampled projects. We further noted that the Interim Payroll Project Board had not met in the last twelve months.

We were able to obtain evidence of the provision of relevant information to the PMO for the periods noted above, however we have not been able to evidence that this information was considered or scrutinised by the project boards themselves, either through highlight reports as set out in the Portfolio Management Framework or through other means such as verbal updates at project or programme boards.

It should be noted that we were also informed that meetings of project boards were suspended in April and May as a consequence of COVID-19, however we confirmed that the ANPR, Missing Persons and Mobile Working Project Boards resumed in June or August.

Risk

There is a risk that forecast benefits are not realised because of the failure of project boards to adequately scrutinise project delivery, leading to failure to achieve organisational objectives and efficiency targets.

This is partially mitigated by the scrutiny of reported benefits carried out by the PMO.

Recommendation

Project Managers should update highlight reporting shared with project boards in line with the monitoring information prepared and submitted to the PMO. In addition, Project Boards should ensure that meetings take place according to the established schedule, with decisions and agreed actions recorded.

Management Action

Grade 1
(Operation)

Management accepts this finding.

To ensure that benefits are discussed fully at each project board benefits will be added as a standing agenda item.

Boards will continue to proceed in accordance with the established schedule with decisions and actions logged unless in extreme circumstance, such as COVID19 where some boards were paused in line with the agreed priorities of the organisation.

Action owner: Kerri Maciver, Head of Portfolio Management

Due date: 31/03/21

2.2 PMO validation process

The Portfolio Management Framework sets out Police Scotland's responsibilities for reviewing progress on benefits realisation. The Framework assigns responsibility for reviewing and challenging benefits measurement data to the PMO, and we understand that this role is fulfilled by the Portfolio Reporting Lead. This validation is intended to provide assurance that the approved benefits measurement methodology has been adhered to, there is evidence that benefits are being delivered as planned and that benefits forecasts remain accurate and up to date.

Although the Benefits Management Framework sets out in general terms the responsibility of the PMO to carry out this review and validation work, there is no clearly documented process for this. Instead the PMO decides on the validation checks required through reviewing the benefits profile, any relevant documentation on the measurement methodology and established working practice. In the absence of a process document setting out specific validation requirements, we have not been able to review the full extent of the validation performed. We have been provided with evidence that the PMO validated the calculation of FTE benefits reported by the project teams, through performance from source data.

The PMO records benefits information obtained on a master tracking document, which forms the basis of subsequent reporting to the Change Board and Resources Committee. We reviewed the tracker against information obtained from the project teams across a sample of four projects that reported benefits in 2019/20: Mobile Working, Missing Persons, ANPR and the Interim Payroll Project. We confirmed that the information contained within the reporting was consistent with the data recorded in the tracker.

Risk

There is a risk that validation is not clearly articulated or is not fit for purpose. This could potentially lead to failures to identify issues with the data recorded in relation to particular benefits or to inconsistencies in the approach to verifying and reporting savings. There is a further risk relating to organisational resilience, as if it became necessary for the responsibility for validation to pass to another individual, it may not be possible to clearly interpret the information already held.

Recommendation

The PMO should document the process for carrying out validation on benefits measurement data. This should address the information to be provided by project teams to the PMO including data, methodology and supporting workings. Due to the diversity of projects across the portfolio, it may be appropriate to individually document these requirements in certain cases.

Grade 1
(Design)

Management Action

Management partially accepts this finding.

As stated above the PMO decides on the validation checks required through reviewing the benefits profile, any relevant documentation on the measurement methodology and established working practice and agrees this with the Projects, however we do not hold a master log of all these validation checks across the portfolio.

A master log will be created to collate all individual validations. This will include the information which is to be provided by Project Teams to the PMO, including data, methodology and supporting workings.

Action owner: Kerri Maciver, Head of Portfolio Management

Due date: 30/06/21

Control Objective 3: There is evidence in place to demonstrate where financial and headcount savings have been delivered and the impact of that on departmental efficiency

3.1 Realisation of FTE Benefits

The PMO reported the realisation of 291 Officer FTE and 5 Staff FTE in 2019/20. These gains are classified as 'Productivity' gains meaning that the total is comprised of distributed time savings not necessarily directly attributable to a particular individual or role. Productivity gains are reported at 100% of measurement, however this is with the expectation that 50% of the measured value will be utilised at the point of release (i.e. 145.5 Officer FTE and 2.5 Staff FTE for 2019/20). This approach is set out in the Benefits Management Framework and was agreed with HMICS in recognition of the difficulty in realising such gains. As no proposals for the release or reallocation of such benefits have yet been prepared (see MAP 4.1), we have not been able to observe the application of this assumption in practice.

We reviewed the data compiled to measure the benefits arising from our four sampled projects. Where the benefits were in the form of Capacity or Efficiency and expressed in terms of FTE, we noted that project teams relied upon a methodology that used "time and motion" data – measurements of the average time taken to complete a task using both legacy systems and replacement systems implemented as part of the related project. The project team then calculated the time saved by multiplying the difference in expected time to complete the task by the volumes of those activities reported by the systems themselves. This is reported as the 'realised benefit'.

As such this approach is largely theoretical in nature and there is currently no management information system in place that allows for the direct measurement of officer and staff time, or its use, after the implementation of the project. We understand that this is an objective of the work currently being carried out by the Demand and Productivity Unit and therefore may be available in future. This means that it is currently not possible to verify that the expected FTE benefits have been realised within each of the divisions.

We examined two FTE-releasing projects (Mobile Working, Missing Persons) and could not verify the reported realised benefits in terms of the underlying calculation basis and the volume of relevant activity delivered. Due to the limitations outlined above, we could not substantiate that the FTE benefits reported had been realised within operational areas or redeployed.

Risk

There is a risk that measured productivity gains cannot be realised in line with expectations as a consequence of the complexity of the measurement approach. This may result in an inability to release or reallocate resource as planned, and failure to achieve efficiency targets.

Recommendation

Police Scotland should explore approaches to direct measurement of the use of officer time or its application to validate the quantity of productivity gains measured through analytical approaches, particularly in relation to activities where high volumes of productivity gains are measured. Potential approaches include:

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- Traditional time and motion studies of samples of officers, to ensure that the assumptions included in productivity measurement calculations remain valid and accurate;
- Self-reporting by officers of the time taken to carry out particular tasks, if operationally feasible; or
- Where tasks involve or rely on electronic systems, developing reporting approaches that make use of timestamp data recorded in the course of completing the task.

The actual approach adopted will require balancing a number of factors, including the availability of data from key systems, and the practicality of implementing any manual measurement approach.

Management Action

Grade 3
(Design)

Management accepts this finding.

Similar to 3.4 Police Scotland will continue to utilise data to validate the productivity/capacity gains measured through analytical approaches where this data is available at a granular level.

Systems are continuing to be updated to support this eg: Pronto for Mobile Working, and as and when the data is available, The APU will consider how this forms part of performance reporting

Action owner: Tom McMahon, Director Strategy & Analysis

Due date: 31/12/21

3.2 Performance impact of realised benefits

When benefits are outlined within business cases these are typically forecast in terms of pure time released (FTE), which is translated into a financial cost to support affordability and cost/benefit analysis. Due to the decision not to reduce officer numbers, it is assumed that all FTE savings are allocated either towards achieving greater coverage within the existing business area or towards other tasks and so there would be a corresponding improvement in performance seen in response.

Police Scotland however does not currently relate planned efficiency savings and the subsequent re-allocation of resources to the likely impact on other operational measures or outputs. As such, the organisation does not forecast, or set, success criteria in terms of the impact of FTE releases on organisational performance. This means that it is not possible to analyse movement in relevant performance metrics to further substantiate productivity gains, or show that the release of FTE is having a positive impact in terms of performance or efficiency.

Risk

There is a risk that the organisation is not able to express the impact of realised FTE in terms of organisational performance and as a consequence is unable to clearly evidence that expected benefits have been achieved, or make coherent decisions around the application of resource towards particular activities or objectives.

Recommendation

We have previously raised recommendations in our 2019/20 review *Demand and Productivity* that relate to the development of measures of demand and capacity and the implementation of the Resource Allocation Model, which we understand will provide a greater ability to view organisational performance from a productivity and efficiency perspective.

In the interim we recommend Police Scotland convert forecast or realised FTE benefits into a clearly articulated performance impact expressed in terms of operational performance metrics. Pending the review and implementation of the Resource Allocation Model, we recognise that there are limitations to the data available to support this, however potential approaches include:

- Updating Benefit Profiles for benefits which release FTE such that they include a summary of expected impacts to relevant performance metrics and monitoring these in conjunction with benefits data collated by the Project Teams; or
- Analysing divisional or organisational performance metrics against volumes of measured capacity or efficiency created in those areas to identify trends.

Management Action

Management accepts this finding.

As we enhance our core data capability and until the Resource Allocation Model (RAM) has been reviewed and implemented, there are limitations to the data currently available, however, Police Scotland will endeavour to convert forecast or realised FTE benefits into a clearly articulated performance impact, expressed in terms of operational performance. We will consider potential approaches, such as:

- Updating Benefit Profiles for benefits which release FTE such that they include a summary of expected impacts to relevant performance metrics and monitoring these in conjunction with benefits data collated by the Project Teams; or
- Analysing divisional or organisational performance metrics against volumes of measured capacity or efficiency created in those areas to identify trends.

The PMO will work collaboratively with the Analysis and Performance Unit (APU) to define the performance impact that can be reported on within operational performance metrics. These will be reported as part of the Police Scotland Performance Framework.

Action owners: Tom McMahon, Director of Strategy & Analysis

Kerri Maciver, Head of Portfolio Management

Due date: 31/12/21

3.3 Approval of Benefits Profiles

The Benefits Management Framework requires benefit profiles to be prepared for all benefits identified within a business case. These profiles set out a description of the benefit, the measures to be used, the frequency of measurement, the measurement baseline and the target value. As such these are key documents in the benefit measurement and monitoring process and the project SRO has responsibility for approving the relevant benefit profile(s). Benefit profiles should also sit alongside a Benefit Realisation Plan, which is a project-wide document that provides a schedule for benefit delivery and a timeline for the Benefit Management process.

Benefits profiles also record responsibilities for the delivery and measurement of the benefit. They are completed using template documentation, which includes provision to record the approval of the SRO, Benefit Owner and optionally that of the Benefit Lead where one is appointed.

We requested the Benefit Profiles for our sample of four projects (Mobile Working, Missing Persons, ANPR and the Interim Payroll Project) and found that:

- Benefit owners were not clearly defined for FTE releasing projects, being identified by function or division as opposed to designated individuals; and
- Approval by the SRO and Benefit Owner had been recorded on the document for only one of these (the Interim Payroll Project).

The template also includes provision to link to supporting evidence of approval such as an email giving approval or a project board minute where this had been agreed. We requested this supporting information and were advised that it had not been retained for any of the sampled projects.

As such we were unable to confirm, for the period under review, that three of the four Benefit Profiles had been appropriately reviewed and approved. We note that this was a previous audit finding within our review of the Transformational Change Programme, and that work to address this for later periods was underway at the time of this audit.

Risk

There is a risk of a lack of appropriate approval of Benefits Profiles, which could result either in unclear responsibility for the realisation of benefits, or unclear requirements for the measurement and achievement of the benefit. This may lead to poor quality information or monitoring, ultimately hindering the organisation's ability to hold business areas accountable for realising the benefit in question.

Recommendation

The PMO should ensure that Benefits Profiles clearly identify the relevant individuals, record their approval and that a record of this approval is retained.

Grade 1
(Operation)

Management Action

Management accepts this finding.

Further to a previous audit recommendation, Benefit Agreement Forms and Profiles have now been rolled out (30/09/2020) and clearly identify the relevant individuals, recording their approval and a record of this approval will be retained.

Action owner: Kerri Maciver, Head of Portfolio Management

Due date: 31/01/21

3.4 Distribution of benefits realisation reporting

We examined the reported benefits for two projects that reported FTE benefits: Mobile Working and Missing Persons. The FTE savings generated on these savings are distributed across the organisation. We requested a breakdown of the headline FTE figure reported to the Change Board and Resources Committee for 2019/20 by Division/Function, however this could not be provided as it has not been measured by division.

We understand from our engagement with the PMO and project teams that there is no process in place to report volumes of measured FTE benefits to the Divisions and Functions in which they arise. We also spoke with representatives from three Local Policing Divisions and one National Division, all of whom confirmed that they were aware of the projects under discussion and could speak to the qualitative benefits within their area, but had not been provided with quantitative data on FTE savings arising in their areas of responsibility from the implementation of transformation projects.

Risk

There is a risk that Police Scotland cannot accurately identify the areas of the organisation within which benefits measured in terms of FTE arise, this could lead to an inability to assess the impact of proposals to reinvest or reallocate resources, leading to failure to achieve performance targets.

There is a risk that capacity reported as released by transformation projects is not agreed, either in principle or in quantum, by Divisional Commands and Heads of Functions. This could lead to adverse impacts on staff or officer morale as proposals for the potential reallocation of resource are prepared and the potential for under resourcing in areas where the reported realised benefits have not materialised in reality.

Recommendation

The PMO should ensure that measurement methodologies for capacity and efficiency gains expressed in FTE capture sufficient data to enable measurement to at least a divisional level, or on a more granular level where that is appropriate.

Reporting should be prepared and shared with Divisional Command and Heads of Functions to ensure they are aware of the savings expected to be delivered in their area, and have the opportunity to challenge where they do not accept or recognise this. This would provide a valuable sense check that the impacts of capacity and efficiency benefits are reflected at the operational level and ensure accountability over the actual delivery of these benefits.

Grade 3
(Design)

Management Action

Management accepts this finding.

The proposed implementation of a new oversight and governance group Demand, Design & Resources Board (DDR) will provide an appropriate forum both at the start, during and on delivery of agreed change projects to both ratify/bring to life identified benefits profiles ensuring ‘fit’ on a case by case basis – but also the central control or realisation and reinvestment of delivered benefits in terms of FTE and Capacity achieved through the delivered of change and continuous improvement efforts.

Action 1 (IS)

The PMO will ensure that measurement methodologies for capacity and efficiency gains expressed in FTE capture sufficient data to enable measurement to at least a divisional level, or on a more granular level where the data is available.

It is stated within the Benefits Management Strategy that Benefits can be measured in two ways:

- (1) Bottom up using data with a higher level of granularity; or
- (2) Top down where such data does not exist or would be too expensive to collect.

NB - (1) Is stated as the preferred methodology for benefits measurement because the detailed work required makes analysis more credible and tangible.

We already measure the Divisional data for other projects and programmes within the Transformation Portfolio (Mobile Working, CJSD and CAM) as this has been developed for the ODB. This will be extended to other projects, where the data is available.

Action 2 (DS)

This information will be shared with the Divisions as part of the communication plan that is being developed for ODB

Action owners: Kerri Maciver, Head of Portfolio Management

ACC Tim Mairs

Due date: 30/06/21

3.5 Documentation of benefits measurement methodologies

The Portfolio Management Framework and Benefits Management Strategy state that the method of measuring benefits should be defined when planning benefits realisation. They do not however set any specific requirements as to how this should be accomplished.

For our sample of four projects (Mobile Working, Missing Persons, ANPR and the Interim Payroll Project) we reviewed the documentation relating to benefits measurement. We were able to understand the methodology applied in each case, however we found that key information regarding the methodology was spread across a range of documents such as the Full Business Case, the Benefits Profile or workings prepared by the project teams. Accordingly, it was necessary to review several documents to derive a clear understanding of the applied methodology and we were also unable to clearly determine at what stage of the project the applied methodology had been scrutinised and approved.

Risk

There is a risk that the methodology applied and the nature of its approval is unclear, leading to difficulties validating or inaccurate measurement of benefits.

Recommendation

We recommend that the PMO articulate how benefits measurement methodologies should be documented and approved. For example, this could be achieved by updating the Benefits Management Strategy to articulate how and where measurement methodologies should be documented.

Management Action

Grade 2
(Operation)

Management accepts this finding.

We accept that we were unable to evidence this during the audit fieldwork, however, due to updates to the Benefits Management Strategy, dated September 2020, this has now been addressed.

Benefits measurement methodologies are documented and approved within the Benefit Profiles, which are referenced within the Benefit Management Strategy.

Action owner: Kerri Maciver, Head of Portfolio Management

Due date: 31/01/21

Control Objective 4: Where benefits are reinvested, this is clearly evidenced and reported through appropriate governance channels

4.1 Reinvestment of Realised Capacity

Police Scotland has not yet implemented a process to reinvest or reallocate realised FTE benefits.

We noted that an outline governance structure has been prepared that allocates a sub forum of the Operational Delivery Board, chaired at the Deputy Chief Constable level, with responsibility for providing strategic direction in this area. To enable this the board will consider various sources of information such as: Demand, the Strategic Workforce Plan, and planned benefits. At present, the reporting mechanism to support oversight by the SPA and Board is being developed, and plans are in place to present a proposed approach to the planned SPA Oversight of Change meeting in Feb 2021..

Previously the SRRG had responsibility for considering bids for the redeployment or resources, and the WDRT had responsibility for preparing proposals for the SRRG that identify resources available and suitable for redeployment or reallocation.

The WDRT was established in January of 2020 and we understand that shortly thereafter its work was paused due to Covid-19. The team currently consists of two individuals. We reviewed a number of briefing papers and proposals prepared by or relating to the WDRT that outline options for implementing a process through which the WDRT would develop proposals highlighting capacity available for reallocation, based on the capacity releases measured through the benefits measurement process. These proposals were not well advanced.

Within our testing we found that any capacity and efficiency benefits arising from the projects that we sampled have been absorbed in the areas where they arose. In our discussions with Divisions and Functions there was broad agreement that benefits in the form of greater efficiency have arisen, with divisional contacts in particular speaking highly of the impact of the Mobile Working project. As noted under MAP 3.4 we did not identify any means to quantify those benefits at the operational level, meaning that although there was agreement on the existence of efficiencies as a result of these projects, the quantum of these efficiencies was not known. We also did not find any structured approach to making decisions about how these benefits should be applied, beyond tactical deployment decisions primarily driven by demand data and the judgement of Divisional Commanders.

Risk

There is a risk that Police Scotland is not able to make use of realised capacity to drive organisational capacity, as there is no strategy or process in place to do so, leading to failure to achieve organisational targets and efficiencies, or drive continuous improvement.

Recommendation

Police Scotland should implement an appropriate governance structure and supporting process for the reinvestment and reallocation of capacity and efficiency benefits expressed as FTE. This should include allocating responsibility for providing strategic direction, outlining the required approvals, and any delegated authority for the implementation proposals to reallocate Officer or Staff FTE benefits.

The supporting process should cover, as a minimum:

- The information and reporting requirements for the initiators and approvers of proposals, to ensure that sufficient and appropriate data exists to inform decision making;
- The process for the translation of released capacity into practical proposals for officer and/or staff reallocation and responsibilities therein;
- The need to align proposals with strategic and operational objectives, outlining the proposed contribution to achieving objectives or improving performance;
- The means by which the affected areas of the organisation will be consulted;
- The means through which scrutiny will be applied by the SPA and/or Board; and
- The establishment of a monitoring regime, to gain assurance that approved proposals are implemented and embedded without adverse impact on organisational performance.

Management Action

**Grade 4
(Design)**

Management accepts this finding.

As part of our maturing model in relation to benefits - The realisation mechanism is currently under review, examining how we need to account for the changing Operating Environment, Organisational Strategy and increasingly complex transformation activities that come with the more mature and substantial business cases we are seeking to deliver within a national context.

The Demand, Design & Resources Board (DDR) is an Executive board that will be chaired by the Chief Constable, This will be established (Q1 2021) to provide the Force Executive with a national oversight and strategic decision making forum around organisational design and benefits realisation. To enable this the board will consider various sources of information such as, Demand, Target Operating Model, Strategic Workforce Plan and Forecasted/Realised benefits. This will create a more mature link between the key components across Organisational Capability and Resource Design. A communication strategy is being developed to support the engagement across the business, decisions will be also be reported to SPA as part of the current governance with regards to oversight of change

Action owners: David Page, Deputy Chief Officer

Andrew Hendry, Chief Digital Information Officer

Due date: 31/12/21

4.2 Reallocation of emerging cashable benefits

Cashable benefits arising from projects are those that are directly convertible into a financial saving. These are usually identified and quantified in the business case for the project. In some instances, projects generate savings that were either not expected or not considered as part of the business case (for example where the likelihood of their being realised or their value is sufficiently uncertain).

Where cashable benefits are identified within business cases, the associated budget lines are reduced so that the failure of a project to deliver planned savings would lead to an adverse budget variance. This means there is clear oversight over the realisation of planned cashable benefits and that the planned efficiency saving can be discussed as part of the existing budget setting and monitoring processes.

In terms of emerging benefits, the Benefits Management Framework requires that once identified, those are quantified, profiled and integrated into benefits monitoring and reporting through the Change Board and Resources Committee. As such there is oversight over emerging benefits from a project performance/benefit realisation perspective.

As emerging benefits cannot be forecast they are not subject to the same treatment as planned benefits and would appear in budget monitoring as a positive variance on the relevant budget line. Decisions as to how these financial savings are treated (i.e. whether they are treated as an efficiency like planned benefits or simply absorbed within the business area) are taken within the structure of financial delegated authority within Police Scotland.

One project within our sample gave rise to an emerging cashable benefit (ANPR), which amounted to a saving of £298k for 2019/20. We reviewed financial reporting produced against the relevant departmental, functional, and organisational budgets. We found that the financial monitoring reports focus on adherence to budget and forecast and do not highlight emerging benefits specifically. In this case, that meant that we could not clearly identify this benefit in reporting prepared above the departmental level due to the level of aggregation within those reports. This is partly attributable to the size of the variance generated by the emerging benefit in the context of the overall ICT Maintenance Contracts budget (£11.8m) and the Corporate Services revenue budget (£132.4m) and the summary nature of higher level reporting.

As such we were not able to clearly identify how this saving has been reallocated or at what level that decision was made.

Risk

There is a risk that the opportunity to make use of emerging cashable benefits to generate financial savings is lost, as these may not be apparent in senior management or governance level financial reporting. This may result in cashable benefits reported as realised through benefits measurement reporting not being applied towards financial savings targets, delaying or preventing the achievement of those targets.

Recommendation

Financial reporting should clearly identify instances where emerging cashable benefits have been identified, including any decision as to how these savings have been applied. Senior management and governance groups should be sighted on these decisions in order to ensure that appropriate scrutiny has been applied.

Grade 2
(Design)

Management Action

Management accepts this finding.

Benefits delivery is already embedded in reporting to Change Board and the SPA Resources Committee, where the overall corporate finance position is scrutinised and challenged in parallel. All corporate management reporting for internal and external forums currently includes details of material variances resulting from either 'business as usual' or investment activities. Any further gaps in internal (Police Scotland) financial governance will be considered for inclusion in additional investment reporting already piloted and shared with the Police Scotland's Corporate Finance and People Board (CFPB).

Action owner: James Gray, CFO

Due date: 30/06/21

Control Objective 5: There is a robust mechanism to feed benefits realisation into reporting of efficiency savings and wider performance reporting, which supports appropriate scrutiny of the delivery of benefits



5.1 Organisational performance reporting

At present, as noted under MAP 3.1, there is no link between expected or realised benefits and their impact on performance.

Performance reporting, both at the divisional and governance level, does not yet include information that enables analysis of organisational performance from a productivity or efficiency perspective.

We reviewed the performance reporting frameworks for the periods 2019/20 and 2020/21 and a sample of performance reports prepared for those periods. We also observed the meeting of the August 2020 Policing Performance Committee at which the Q1 report prepared under the 2020/21 framework was discussed.

We observed that the reporting prepared largely consists of reporting of volumes of activity and although the frameworks for governance reporting include the benefits measures arising from the benefits management process, we did not identify any instance included in reporting of performance impacts contextualised as arising from benefits realised as a consequence of transformation programmes or projects.

Risk

There is a risk that realised benefits cannot be scrutinised in terms of their impact on performance. This could lead to failure to achieve organisational efficiency targets.

Recommendation

Performance reporting should be revised to reflect realised benefits in terms of their impact on organisational performance. This may be contingent on the implementation of actions to address MAP 3.1 and 4.1, which would provide for the availability of relevant data to carry out this analysis.

Management Action

Management accepts this finding.

The Analysis and Performance Unit (APU) will report on this as part of the Police Scotland Performance Framework and will work collegiately with the appropriate departments in the build of performance metrics that reflect realised benefits in terms of their impact on organisational performance. This will ensure that future reporting aligns with Police Scotland Strategic Outcomes and subsequent performance reporting products.

Action owner: Tom McMahon, Director Strategy & Analysis

Due date: 31/12/21

5.2 Cashable Efficiency Savings

Police Scotland has incorporated the impact of planned cashable benefits arising from the transformation portfolio into its budgets and financial plans. The delivery of those planned cashable benefits therefore contributes towards the achievement of budgetary targets, and the delivery of increased efficiency and value for money.

We have reviewed reporting prepared on the realisation of planned benefits and wider financial reporting.

Benefits realisation reporting is prepared for the Change Board and the SPA Resources Committee. It provides details of the planned, forecast, and delivered benefits, but does not explicitly link this to the achievement of budgets or financial plans.

The financial reports detail performance against budgets and reflect organisational savings targets to the extent that these are integrated into budgets. Accordingly, achievement of the budget implies adherence to planned savings targets.

However it is not clear that financial reporting would clearly show the impact of variances between planned and realised benefits on the achievement of budgets or other planned savings. In particular, it is unclear whether the current reporting would enable Committees or the Board of the SPA to readily distinguish between overspends against budget, and failure to achieve planned transformation savings. As such it may be difficult to clearly relate the performance of the Transformation Programme on the organisation's ability to deliver improved financial efficiency and value for money.

Risk

There is a risk that reporting does not fully support scrutiny of the delivery of benefits, as the impact of failure to achieve planned benefits upon the ability of the organisation to deliver financial savings is not clearly articulated, leading to failure to take appropriate remedial action.

Recommendation

Finance should develop their reporting to ensure that the impact of the achievement of planned benefits upon budgets and financial plans is clearly articulated. This could be achieved by developing existing benefits realisation reporting such that it links to financial reporting or amending financial reporting such that the extent to which budget variances have arisen from the failure to deliver planned transformation benefits is made clear.

Management Action

Management accepts this finding

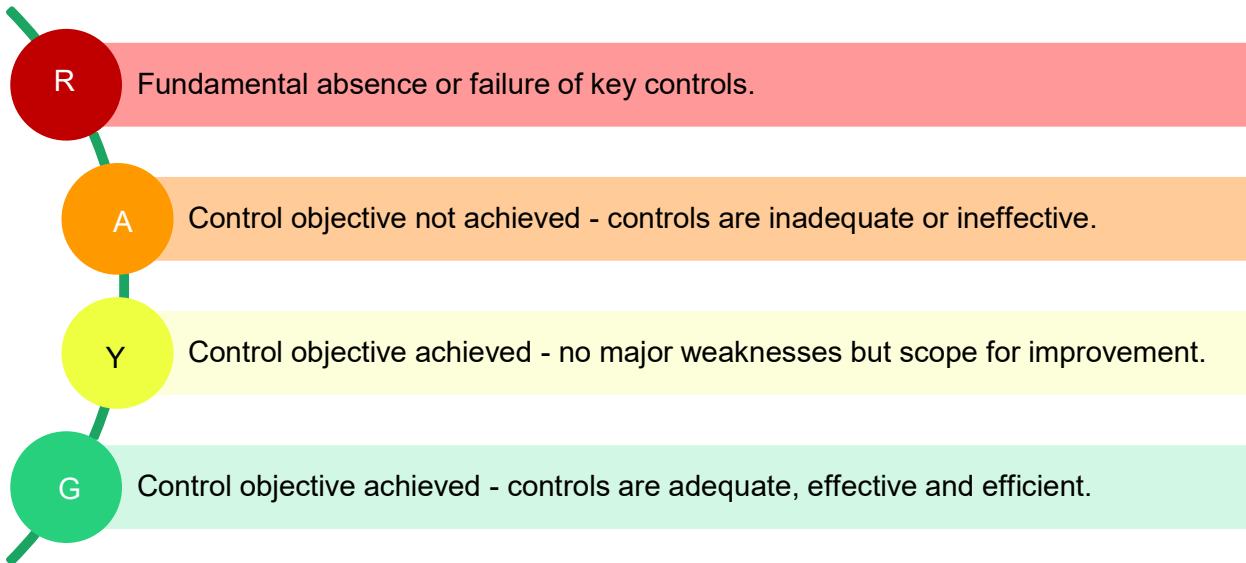
In line with our response to recommendation 4.2 above, benefits delivery is already embedded in reporting to Change Board and the SPA Resources Committee, where the overall corporate finance position is scrutinised and challenged in parallel. All corporate management reporting for internal and external forums currently includes details of material variances resulting from either 'business as usual' or investment activities. Any further gaps in internal (Police Scotland) financial governance will be considered for inclusion in additional investment reporting already piloted and shared with the Police Scotland's Corporate Finance and People Board (CFPB).

Action owner: James Gray, CFO

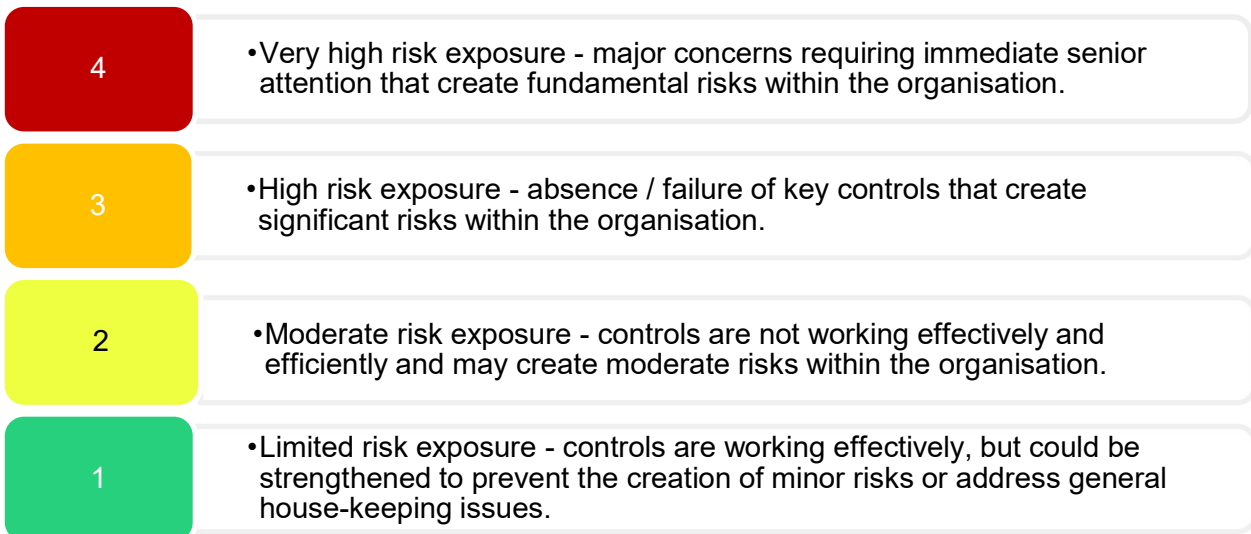
Due date: 30/06/21

Appendix A – Definitions

Control assessments



Management action grades



Appendix B – Action plan summary

Action No.	Recommendation	Management Response	Grade	Action Owner	Due Date
2.1	Project Managers should update highlight reporting shared with project boards in line with the monitoring information prepared and submitted to the PMO. In addition, Project Boards should ensure that meetings take place according to the established schedule, with decisions and agreed actions recorded.	<p>Management accepts this finding.</p> <p>To ensure that benefits are discussed fully at each project board benefits will be added as a standing agenda item.</p> <p>Boards will continue to proceed in accordance with the established schedule with decisions and actions logged unless in extreme circumstance, such as COVID19 where some boards were paused in line with the agreed priorities of the organisation.</p>	1	Kerri Maciver, Head of Portfolio Management	31/03/21
2.2	The PMO should document the process for carrying out validation on benefits measurement data. This should address the information to be provided by project teams to the PMO including data, methodology and supporting workings. Due to the diversity of projects across the portfolio, it may be appropriate to individually document these requirements in certain cases.	<p>Management partially accepts this finding.</p> <p>As stated above the PMO decides on the validation checks required through reviewing the benefits profile, any relevant documentation on the measurement methodology and established working practice and agrees this with the Projects, however we do not hold a master log of all these validation checks across the portfolio.</p>	1	Kerri Maciver, Head of Portfolio Management	30/06/21

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		A master log will be created to collate all individual validations. This will include the information which is to be provided by Project Teams to the PMO, including data, methodology and supporting workings.			
3.1	<p>Police Scotland should explore approaches to direct measurement of the use of officer time or its application to validate the quantity of productivity gains measured through analytical approaches, particularly in relation to activities where high volumes of productivity gains are measured.</p> <p>The actual approach adopted will require balancing a number of factors, including the availability of data from key systems, and the practicality of implementing any manual measurement approach.</p>	<p>Management accepts this finding.</p> <p>Similar to 3.4 Police Scotland will continue to utilise data to validate the productivity/capacity gains measured through analytical approaches where this data is available at a granular level.</p> <p>Systems are continuing to be updated to support this eg: Pronto for Mobile Working, and as and when the data is available, The APU will consider how this forms part of performance reporting</p>	3	Tom McMahon, Director Strategy & Analysis	31/12/21
3.2	<p>We have previously raised recommendations in our 2019/20 review <i>Demand and Productivity</i> that relate to the development of measures of demand and capacity and the implementation of the Resource Allocation Model, which we understand will provide a greater ability to view organisational performance from a productivity and efficiency perspective.</p> <p>In the interim we recommend Police Scotland convert forecast or realised FTE benefits into a</p>	<p>Management accepts this finding.</p> <p>As we enhance our core data capability and until the Resource Allocation Model (RAM) has been reviewed and implemented, there are limitations to the data currently available, however, Police Scotland will endeavour to convert forecast or realised FTE benefits into a clearly articulated performance impact, expressed in terms of operational</p>	3	<p>Tom McMahon, Director of Strategy & Analysis</p> <p>Kerri Maciver, Head of Portfolio Management</p>	31/12/21

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	<p>clearly articulated performance impact expressed in terms of operational performance metrics. Pending the review and implementation of the Resource Allocation Model, we recognise that there are limitations to the data available to support this.</p>	<p>performance. We will consider potential approaches, such as:</p> <ul style="list-style-type: none"> • Updating Benefit Profiles for benefits which release FTE such that they include a summary of expected impacts to relevant performance metrics and monitoring these in conjunction with benefits data collated by the Project Teams; or • Analysing divisional or organisational performance metrics against volumes of measured capacity or efficiency created in those areas to identify trends. <p>The PMO will work collaboratively with the Analysis and Performance Unit (APU) to define the performance impact that can be reported on within operational performance metrics. These will be reported as part of the Police Scotland Performance Framework.</p>			
<p>3.3</p>	<p>The PMO should ensure that Benefits Profiles clearly identify the relevant individuals, record their approval and that a record of this approval is retained.</p>	<p>Management accepts this finding.</p> <p>Further to a previous audit recommendation, Benefit Agreement Forms and Profiles have now been rolled out (30/09/2020) and clearly identify the relevant individuals, recording their</p>	<p>1</p>	<p>Kerri Maciver, Head of Portfolio Management</p>	<p>31/01/21</p>

		approval and a record of this approval will be retained.			
3.4	<p>The PMO should ensure that measurement methodologies for capacity and efficiency gains expressed in FTE capture sufficient data to enable measurement to at least a divisional level, or on a more granular level where that is appropriate.</p> <p>Reporting should be prepared and shared with Divisional Command and Heads of Functions to ensure they are aware of the savings expected to be delivered in their area, and have the opportunity to challenge where they do not accept or recognise this. This would provide a valuable sense check that the impacts of capacity and efficiency benefits are reflected at the operational level and ensure accountability over the actual delivery of these benefits.</p>	<p>Action 1 (IS)</p> <p>The PMO will ensure that measurement methodologies for capacity and efficiency gains expressed in FTE capture sufficient data to enable measurement to at least a divisional level, or on a more granular level where the data is available.</p> <p>It is stated within the Benefits Management Strategy that Benefits can be measured in two ways:</p> <p>(1) Bottom up using data with a higher level of granularity; or</p> <p>(2) Top down where such data does not exist or would be too expensive to collect.</p> <p>NB - (1) Is stated as the preferred methodology for benefits measurement because the detailed work required makes analysis more credible and tangible.</p> <p>We already measure the Divisional data for other projects and programmes within the Transformation Portfolio (Mobile Working, CJSD and CAM) as this has been developed</p>	3	<p>Kerri Maciver, Head of Portfolio Management</p> <p>ACC Tim Mairs</p>	30/06/21

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		<p>for the ODB. This will be extended to other projects, where the data is available.</p> <p>Action 2 (DS)</p> <p>This information will be shared with the Divisions as part of the communication plan that is being developed for ODB</p>			
3.5	<p>We recommend that the PMO articulate how benefits measurement methodologies should be documented and approved. For example, this could be achieved by updating the Benefits Management Strategy to articulate how and where measurement methodologies should be documented.</p>	<p>Management accepts this finding.</p> <p>We accept that we were unable to evidence this during the audit fieldwork, however, due to updates to the Benefits Management Strategy, dated September 2020, this has now been addressed.</p> <p>Benefits measurement methodologies are documented and approved within the Benefit Profiles, which are referenced within the Benefit Management Strategy.</p>	2	<p>Kerri Maciver, Head of Portfolio Management</p>	31/01/21
4.1	<p>Police Scotland should implement an appropriate governance structure and supporting process for the reinvestment and reallocation of capacity and efficiency benefits expressed as FTE. This should include allocating responsibility for providing strategic direction, outlining the required approvals, and any delegated authority for the implementation proposals to reallocate Officer or Staff FTE benefits.</p>	<p>Management accepts this finding.</p> <p>As part of our maturing model in relation to benefits - The realisation mechanism is currently under review, examining how we need to account for the changing Operating Environment, Organisational Strategy and increasingly complex transformation activities that come with the more mature and</p>	4	<p>David Page, Deputy Chief Officer</p> <p>Andrew Hendry, Chief Digital Information Officer</p>	31/12/21

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	<p>The supporting process should cover, as a minimum:</p> <ul style="list-style-type: none"> • The information and reporting requirements for the initiators and approvers of proposals, to ensure that sufficient and appropriate data exists to inform decision making; • The process for the translation of released capacity into practical proposals for officer and/or staff reallocation and responsibilities therein; • The need to align proposals with strategic and operational objectives, outlining the proposed contribution to achieving objectives or improving performance; • The means by which the affected areas of the organisation will be consulted; • The means through which scrutiny will be applied by the SPA and/or Board; and • The establishment of a monitoring regime, to gain assurance that approved proposals are implemented and embedded without adverse impact on organisational performance. 	<p>substantial business cases we are seeking to deliver within a national context.</p> <p>The Demand, Design & Resources Board (DDR) is an Executive board that will be chaired by the Chief Constable, This will be established (Q1 2021) to provide the Force Executive with a national oversight and strategic decision making forum around organisational design and benefits realisation. To enable this the board will consider various sources of information such as, Demand, Target Operating Model, Strategic Workforce Plan and Forecasted/Realised benefits. This will create a more mature link between the key components across Organisational Capability and Resource Design. A communication strategy is being developed to support the engagement across the business, decisions will be also be reported to SPA as part of the current governance with regards to oversight of change</p>			
4.2	<p>Financial reporting should clearly identify instances where emerging cashable benefits have been identified, including any decision as to how these savings have been applied.</p>	<p>Management accepts this finding.</p> <p>Benefits delivery is already embedded in reporting to Change Board and the SPA</p>	2	James Gray, CFO	30/06/21

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	<p>Senior management and governance groups should be sighted on these decisions in order to ensure that appropriate scrutiny has been applied.</p>	<p>Resources Committee, where the overall corporate finance position is scrutinised and challenged in parallel. All corporate management reporting for internal and external forums currently includes details of material variances resulting from either 'business as usual' or investment activities. Any further gaps in internal (Police Scotland) financial governance will be considered for inclusion in additional investment reporting already piloted and shared with the Police Scotland's Corporate Finance and People Board (CFPB).</p>			
5.1	<p>Performance reporting should be revised to reflect realised benefits in terms of their impact on organisational performance. This may be contingent on the implementation of actions to address MAP 3.1 and 4.1, which would provide for the availability of relevant data to carry out this analysis.</p>	<p>Management accepts this finding.</p> <p>The Analysis and Performance Unit (APU) will report on this as part of the Police Scotland Performance Framework and will work collegiately with the appropriate departments in the build of performance metrics that reflect realised benefits in terms of their impact on organisational performance. This will ensure that future reporting aligns with Police Scotland Strategic Outcomes and subsequent performance reporting products.</p>	3	Tom McMahon, Director Strategy & Analysis	31/12/21
5.2	<p>Finance should develop their reporting to ensure that the impact of the achievement of planned benefits upon budgets and financial</p>	<p>Management accepts this finding</p>	2	James Gray, CFO	30/06/21

<p>plans is clearly articulated. This could be achieved by developing existing benefits realisation reporting such that it links to financial reporting or amending financial reporting such that the extent to which budget variances have arisen from the failure to deliver planned transformation benefits is made clear.</p>	<p>In line with our response to recommendation 4.2 above, benefits delivery is already embedded in reporting to Change Board and the SPA Resources Committee, where the overall corporate finance position is scrutinised and challenged in parallel. All corporate management reporting for internal and external forums currently includes details of material variances resulting from either 'business as usual' or investment activities. Any further gaps in internal (Police Scotland) financial governance will be considered for inclusion in additional investment reporting already piloted and shared with the Police Scotland's Corporate Finance and People Board (CFPB).</p>			
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