

Cambridgeshire Police Authority

Internal Audit Progress Report 2009/10

Scrutiny and Audit Committee Meeting – 9 December 2009

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**1. Introduction**

- 1.1 The periodic internal audit plan for 2009/10 was approved by the Scrutiny and Audit Committee in February 2009. This report summarises the outcome of work completed to date against that plan, and Appendix A and B provides cumulative data in support of internal audit performance.

**2. Final Reports Issued**

- 2.1 We have finalised ten 2009/10 reports since the last Committee meeting; these are in the area of:

- Estates Management;
- Seized/Lost Property;
- Workforce Planning;
- Review of Counter Fraud Arrangements;
- Overtime;
- Business and Strategic Planning;
- Divisional Review;
- General Ledger;
- Income & Debtors; and
- Payroll (including Pensions and Expenses).

We have included in Appendix B, the agreed actions plans of each of the finalised reports (including Fundamental and Significant recommendations only).

**3. Key Findings from Internal Audit Work**

- 3.1 The Scrutiny and Audit Committee should note that the assurances given in our audit assignments will be taken into account when we form our overall opinion on the assurance that we can provide in our Annual Report at the end of the year. In particular the Scrutiny and Audit Committee should note that any negative assurance opinions will need to be noted in the annual report and may result in a qualified or negative annual opinion.

**4. Work in Progress or Planned**

4.1 The following review is currently at the fieldwork stage and will be reported to the next Scrutiny and Audit Committee:

- Asset Management

4.2 There are currently four reports at draft stage that will be reported to the next Scrutiny and Audit Committee, these are in the area of:

- Police Pensions Injury Award;
- HR – Absence Management;
- Payments and Creditors; and
- Cash, Banking and Treasury Management.

**5. Liaison with Management and External Audit**

5.1 Meetings have been held with management since the last Scrutiny and Audit Committee to discuss the scoping of the work to be completed to ensure that this meets both Internal Audit and management requirements. In addition, regular progress meetings have been held with a representative from the Strategic Development Department.

**6. Changes to our Plan**

6.1 We previously agreed at the May 2009 Scrutiny and Audit Committee that the IT review for the 2009/10 year will include a focus on the potential misuse of data by Police Officers and Staff. However, following scoping discussions with management we have identified that there are currently several projects around this which are due to be rolled out during 2010, therefore an audit in this area at the current time would review the current systems in place and not the new systems that are to be implemented next year. As a result we have agreed that the focus of the review this year will be Information Governance.

6.2 We have delayed the Partnerships review at the request of the Authority to provide adequate time for the previous recommendations to be implemented. We have delayed the Budgetary Control review at the request of management due to the budget setting process being brought forward and this clashing with the original proposed date.

6.3 No changes have been made to the Audit Plan since the last Scrutiny and Audit Committee meeting.

**7. Assurance Level**

7.1 Our working papers suggest a level of assurance on the following:

- The adequacy of controls
- The application of controls

and therefore, an overall level of assurance. The assurance levels relate back to the number and category of recommendations made as shown below. The assurance level is based firstly upon the number of fundamental and significant recommendations, and then on the total number of recommendations made.

<b>Level</b>	<b>Fundamental</b>	<b>Significant</b>	<b>Merits Attention / combining into total number of recommendations</b>
Substantial Assurance	There are no fundamental recommendations:  0	There is no more than 1 significant recommendation against either adequacy or application and no more than 2 significant recommendations in total:  0 - 2	There are no more than 6 recommendations: in total
Adequate Assurance	There are no fundamental recommendations:  0	There are no more than 2 significant recommendations against either adequacy or application and no more than 4 significant recommendations in total:  3 - 4	There are 6 – 12 merits attention recommendations:  6 - 10
Limited Assurance	There is 1 or more fundamental recommendation:  1 +	There are more than 4 significant recommendations:  4 +	There are more than 12 merits attention recommendations:  + 10

As part of our quality review process we sense check the level of assurance provided by the computer, based on our professional judgement, which can result in a change to the overall assurance level. Where required the level of assurance for the individual reports would be discussed further with the Treasurer to ensure that this is appropriate for the review.

**8. Sector Guidance**

- 8.1 There has been one further relevant client briefing issued since the last Scrutiny and Audit Committee. A copy of this is attached at Appendix C.

## Appendix A: Operational Plan Performance 2009/10

Detailed below is a summary of the work undertaken in 2009/10 to date, showing the levels of assurance given and the number of recommendations arising. *Reports being considered at this Committee are shown in italics.* Definitions with regard to the levels of assurance and the classification of recommendations are provided at the end of this Appendix.

Auditable Area	Date Planned	Date Started	Status	Days	Assurance level given	Direction ↑↓→	Number of Recommendations Made					
							F	S	MA	In Total	Agreed	
<b>Work complete to date</b>												
Firearms Licensing (1)	06/04/09	06/04/09	Final Report Issued	5	Substantial	N/A	0	1	4	5	5	
Covert Human Intelligence Source (CHIS) Payments (2)	20/04/09	20/04/09	Final Report Issued	6	Substantial	N/A	0	0	0	0	0	
<i>Estates Management (3)</i>	<i>26/05/09</i>	<i>26/05/09</i>	<i>Final Report Issued</i>	5	<i>Adequate</i>	N/A	0	4	6	10	10	
<i>Seized / Lost Property (4)</i>	<i>18/06/09</i>	<i>18/06/09</i>	<i>Final Report Issued</i>	6	<i>Adequate</i>	N/A	0	3	4	7	7	
<i>Workforce Planning (5)</i>	<i>15/06/09</i>	<i>15/06/09</i>	<i>Final Report Issued</i>	8	<i>Adequate</i>	N/A	0	1	6	7	7	
Business Continuity & Strategy Framework (6)	February 2009	February 2009	Final Report Issued	15	N/A - Advisory	N/A	1	0	0	1	1	
<i>Proactive Fraud – Review of Counter Fraud Arrangements (7)</i>	<i>05/08/09</i>	<i>05/08/09</i>	<i>Final Report Issued</i>	8	<i>See Treasurer's covering report</i>	N/A	0	1	2	3	3	
<i>Overtime (9)</i>	<i>30/07/09</i>	<i>30/07/09</i>	<i>Final Report Issued</i>	8	<i>Adequate</i>	↑	0	2	7	9	9	
<i>Business and Strategic Planning (10)</i>	<i>01/09/09</i>	<i>01/09/09</i>	<i>Final Report Issued</i>	7	<i>Substantial</i>	N/A	0	0	2	2	2	
<i>Divisional Review (11)</i>	<i>01/09/09</i>	<i>01/09/09</i>	<i>Final Report Issued</i>	10	<i>Adequate</i>	→	0	2	10	12	12	
<i>General Ledger (13)</i>	<i>20/10/09</i>	<i>20/10/09</i>	<i>Final Report Issued</i>	5	<i>Substantial</i>	→	0	0	3	3	3	
<i>Income &amp; Debtors(15)</i>	<i>22/10/09</i>	<i>22/10/09</i>	<i>Final Report Issued</i>	5	<i>Substantial</i>	→	0	0	0	0	0	
<i>Payroll (including Pensions and Expenses) (16)</i>	<i>23/10/09</i>	<i>23/10/09</i>	<i>Final Report Issued</i>	10	<i>Substantial</i>	↑	0	1	2	3	3	

Auditable Area	Date Planned	Date Started	Status	Days	Assurance level given	Direction ↑↓→	Number of Recommendations Made				
							F	S	MA	In Total	Agreed
<b>Total</b>				98			1	15	46	62	62
<b>Work in progress or yet to start (including reports still in draft)</b>											
Police Pensions Injury Award (8)	30/07/09	31/07/09	Draft Report Issued (To be discussed at the next HR&T Panel on 15 <sup>th</sup> December)	6							
HR – Absence Management (12)	05/10/09	05/10/09	Draft Report Issued	8							
Payments & Creditors	16/10/09	16/10/09	Draft Report Issued	5							
Cash, Banking & Treasury Management	28/10/09	28/10/09	Draft Report Issued	5							
Asset Management	11/11/09	09/11/09	Fieldwork Complete	5							
Performance Management	07/12/09			8							
Follow Up	28/01/10			8							
IT	03/02/10			8							
Risk Maturity	February 10			6							
Budgetary Control	10/11/09 Delayed: 10/02/10			5							
Partnerships	02/11/09 Delayed: 01/03/10			6							
Financial Top Up Testing	22/03/10			6							
Governance	TBC			5							
Audit Management	Ongoing			20							
Contingency	As required			10							
<b>Total</b>				<b>111</b>							

**Recommendation Categorisation**

Our findings and recommendations are categorised as follows:

<b>Fundamental (F):</b> <i>action is imperative to ensure that the objectives for the area under review are met</i>	<b>Significant (S):</b> <i>requires action to avoid exposure to significant risks in achieving the objectives for the area under review.</i>	<b>Merits Attention (MA):</b> <i>action advised to enhance control or improve operational efficiency</i>
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**Opinions**

**Risk Based Internal Audit Assignments**

The definitions for the level of assurance that can be given are:

	Level	System Adequacy	Control Application
<b>(positive opinions)</b>	Substantial Assurance	Robust framework of controls ensures objectives are likely to be achieved.	Controls are applied continuously or with minor lapses.
	Adequate Assurance	Sufficient framework of key controls for objectives to be achieved but, control framework could be stronger.	Controls are applied but with some lapses.
<b>(negative opinion)</b>	Limited Assurance	Risk of objectives not being achieved due to the absence of key internal controls.	Significant breakdown in the application of controls.

**Follow Up Reviews**

Our opinions reflect the progress made in implementing previous internal audit recommendations:

<b>(positive opinions)</b>	Good Progress
	Reasonable Progress
<b>(negative opinion)</b>	Little Progress

## Appendix C: Action Plan

The priority of the recommendations made is as follows:

FUNDAMENTAL	SIGNIFICANT
ACTION IS IMPERATIVE TO ENSURE THAT THE OBJECTIVE FOR THE AREA UNDER REVIEW IS MET	REQUIRES ACTION TO AVOID EXPOSURE TO SIGNIFICANT RISK IN ACHIEVING THE OBJECTIVE FOR THE AREA UNDER REVIEW.

### Estates Management (3.09/10)

REF	RECOMMENDATION	CATEGORISATION	ACCEPTED Y/N	MANAGEMENT COMMENT	IMPLEMENTATION DATE	MANAGER RESPONSIBLE
1.1	That the Local Policing Plan should show measurable indicators to all aspects of the CONTEST work streams and that the action plan is updated.	Significant	Y	The Local Policing Plan for 2009-12 has already been published. Account of this recommendation will be taken in the publication of the 2010-13 Plan.	31 <sup>st</sup> March 2010	C/Insp Strategic Development Department
1.2	That the Estates Strategy document be reviewed to ensure that it takes into account the requirements of CONTEST and the aspects referred to within the Local Policing Plan. To include buildings and accommodation, open and accessible land and communication systems such as masts.	Significant	Y	The Estate Strategy will be reviewed in Spring 2010 incorporating the Audit recommendations.	March 2010	C/Insp Strategic Development Department
1.5	That the CONTEST delivery plan be widely communicated across the Authority / Force to ensure that all staff would be prepared in case of incident and would be aware of the procedures to follow.	Significant	Y	Agreed. With the new delivery plan each department will be completing a Manual of Standards. Discussion has already taken place with Special Branch who are completing their Manual of Standards which will cover this recommendation.	November 2010	Supt Mackinnon Special Branch

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1.6	The risk register should clearly identify the impact that the current office and premises upheavals have upon the prompt production of a fully functional room allocation plan	Significant	Y	Business Continuity Plans are already being updated and risk assessed. An interim risk will, however, be included in the Force Risk Register.	November 2010	Force Risk Manager
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**Seized/Lost Property (4.09/10)**

REF	RECOMMENDATION	CATEGORISATION	ACCEPTED Y/N	MANAGEMENT COMMENT	IMPLEMENTATION DATE	MANAGER RESPONSIBLE
1.11a	<p>In relation to the disposal of seized and found items there is a need for more comprehensive and standardised procedures to be developed and issued. We accept that there needs to be flexibility in this process to take account of the number of items involved, the staffing levels at Stations and the acceptance of 'trust' placed with the Property Officers to undertake this in an effective and secure manner. However we consider that attention needs to be focused on key areas such as:</p> <ul style="list-style-type: none"> <li>• Maintenance of standard records that clearly record how an item was disposed of, the Officer(s) involved and the date of actual destruction.</li> <li>• Where an item is sent to a charity shop a receipt is obtained and attached to the records.</li> </ul> <p>These aspects should be considered as part of the roll out of the new property management system with the aim that system generated records could be produced to aide the recording process.</p>	Significant	Y	<p>A common to all Disposal Sheet/Certificate needs to be made available to all Property Offices. The sheet should show the relevant Property Number and a brief description. The Certificate to be signed and dated by the Property Officer and Supervisor and state how the items thereon were disposed of. All items recorded on the Certificate to have an Authority to dispose of an item from the OIC printed off from the PMS and attached to it.</p> <p>Any items sent to a Charity shop should be signed for by the shop manager on the respective Property Label, which is to be attached to the Disposal Sheet</p>	Immediately	Respective Divisional Business Coordinators

REF	RECOMMENDATION	CATEGORISATION	ACCEPTED Y/N	MANAGEMENT COMMENT	IMPLEMENTATION DATE	MANAGER RESPONSIBLE
1.11b	<p>In relation to the disposal of drugs we consider that there is a need for current procedures to be enhanced to include:</p> <ul style="list-style-type: none"> <li>Records that detail what items have been placed in which sealed bag.</li> <li>The seal number and the Officers involved in preparing the bag recorded.</li> <li>The actual date of destruction and the Officers present.</li> </ul> <p>We suggest that the disposal procedures operated by Sothern Division could be amended and issued Force wide to enhance this.</p>	Significant	Y	<p>The same Disposal Certificate as above to be used for recording the Destruction of Drug Property. All Officers involved in the Destruction Process to sign and date the Certificate which is also to state how the Drug Property was destroyed. The relevant Seal Numbers used on all bags of Drugs for destruction to be recorded on the Certificate and all Certificates from any consignment of Drugs for the Incinerator to be attached to the Certificate/Receipt issued by the operator of the Incinerator.</p>	<p>This report is critical of the Procedures used at Parkside in that there is no full audit trail and no signatures of the Officers involved in the destruction, plus no updates are written into the Parkside Drug Registers.</p> <p>The recommendation should be to adopt procedures used at Huntingdon as all aspects of the destruction process, including dates, are recorded in the Drug Register.</p> <p>These procedures to be adopted Forcewide ASAP.</p>	Business Managers and Drug Intelligence Officers

REF	RECOMMENDATION	CATEGORISATION	ACCEPTED Y/N	MANAGEMENT COMMENT	IMPLEMENTATION DATE	MANAGER RESPONSIBLE
1.12b	<p>There is a need for more comprehensive and standardised procedures to be developed in relation to items that are sent for auction or for small amounts of money that are handed in as 'found'. Particular attention is needed to ensure that:</p> <ul style="list-style-type: none"> <li>• All items sent to auction are recorded on an appropriate disposal sheet that is validated by the Officer concerned and one other with the sheet being signed by the auction house representative on collection.</li> <li>• A central record at each Station of the dates of collections and auctions supported by the relevant disposal sheets.</li> <li>• A reconciliation to be undertaken when the schedule is sent in by the auction house to validate that all items sent have been either auctioned or destroyed. This may involve the auction houses being requested to provide more suitable details on the schedule such as the property reference number.</li> <li>• Consideration as to whether registers/database should be subsequently annotated to detail the date of auction and the amount raised for the item.</li> <li>• For small amounts of money that are 'found' a separate record sheet be developed and signed by the Enquiry Officer and one other to confirm the amounts being passed to Finance. Finance receipt to be attached to the record sheet and retained centrally.</li> </ul>	Significant	Y	<p>This section is repeated from above and has been answered</p> <p>All unclaimed amounts of Found/Crime Property Cash is to be listed on the Disposal Sheet showing the Reference Numbers and Amount. The total cash amount is to be written onto the Disposal Sheet and passed to the Finance Officer who is to check the amount and sign and date the Disposal Sheet. A Receipt is to be issued by the Finance Officer which is then to be attached to the Disposal Sheet</p>	Immediately	Respective Divisional Business Coordinators

**Workforce Planning (5.09/10)**

REF	RECOMMENDATION	CATEGORISATION	ACCEPTED Y/N	MANAGEMENT COMMENT	IMPLEMENTATION DATE	MANAGER RESPONSIBLE
1.18	Progress to conclusion the current checks on the Investigations staffing to ensure all posts are correct and accounted for and within the set establishment limits.	Significant	Y	Accepted	Oct 2009	Head of Operational HR

**Review of Counter Fraud Arrangements (7.09/10)**

REF	RECOMMENDATION	CATEGORISATION	ACCEPTED Y/N	MANAGEMENT COMMENT	IMPLEMENTATION DATE	MANAGER RESPONSIBLE
3.8	That fraud is included on the Risk Register. The inclusion of fraud on the risk register will allow for risks to be minimised in areas of considered systemic weakness.	Significant	Y	A risk will be raised on the register	Oct 2009	Director of Finance

**Overtime (9.09/10)**

REF	RECOMMENDATION	CATEGORISATION	ACCEPTED Y/N	MANAGEMENT COMMENT	IMPLEMENTATION DATE	MANAGER RESPONSIBLE
1	A comprehensive Constabulary wide Overtime and TOIL Policy should be developed, in line with the Police Regulations, to ensure consistency in the approach of overtime across the Constabulary. The Policy should be made readily available to all members of staff. Also comprehensive procedure notes for each area should be developed detailing what staff members are responsible for certain actions within the overtime and TOIL process and monitoring and reporting requirements for overtime and TOIL.	Significant	Y	Introduction of automated overtime processing on DMS will assist with this as will the centralisation of the Resource Officers. From Northern BCU: Agree with comments above and that a detailed Overtime and TOIL policy should be developed probably in line with the new processes above.	March 2010	DCC
7b	In line with Regulation 25 of the Police Regulations, the Constabulary should ensure that TOIL claimed is taken within 3 months of being claimed and if this is not so then the TOIL is then paid.	Significant	Y	TOIL is being managed down on Central Division so that there is no requirement to pay. TOIL being managed down to agreed Force levels on Southern Division. From Northern BCU: We are following corporate guidance on this.	On-going  31 March 2010	Central SMT  Southern SMT  Northern SMT

**Business and Strategic Planning (10.09/10)**

There were no fundamental or significant recommendations within this report.

**Divisional Reviews (11.09/10)**

REF	RECOMMENDATION	CATEGORISATION	ACCEPTED Y/N	MANAGEMENT COMMENT	IMPLEMENTATION DATE	MANAGER RESPONSIBLE
1.5	All Cheque Imprest Account Forms should be authorised by an appropriate member of staff indicating that the imprest payment is legitimate and in accordance within the Force Financial Instructions.	Significant	Y	Agreed and working practices will be reinforced.	Completed	Northern Business Manager
2.1	Policy/procedures should be established and developed regarding Force mobile phones to ensure a consistent approach. The policy/procedures should be made available to all staff that manage and have been issued handsets. Also local procedural notes should be developed for the issuing and receipt of mobile phones to ensure that in the absence of the JRT Officer the process can be easily continued.	Significant	Y	Agreed, we will look at creation of a policy about the issue and use of mobile phones and blackberrys	April 10	Director of Finance  With co operation from Business Managers

**General Ledger (13.09/10)**

There were no fundamental or significant recommendations within this report.

**Income & Debtors (15.09/10)**

There were no fundamental or significant recommendations within this report.

**Payroll (16.09/10)**

REF	RECOMMENDATION	CATEGORISATION	ACCEPTED Y/N	MANAGEMENT COMMENT	IMPLEMENTATION DATE	MANAGER RESPONSIBLE
<b>Finding</b>						
<p>On two out of fifteen occasions we identified that the leaver was paid an incorrect amount, with a total figure of £1,156.22 overpaid and due to be reclaimed from the ex-employees, neither of these instances had been identified by Payroll staff, presenting a risk that the Police Authority is paying out incorrect amounts to employees leaving the Authority and incurring financial losses.</p> <p>One instance was due to a compensatory grant being paid to the leaver for the 2008/09 year, and a further compensatory grant being paid for the 2009/10 year which incorrectly incorporated the previous years total resulting in a £797.20 overpayment. The calculation sheet used to come to the total incorrect figure had been signed to show entry and again when reviewed by an additional member of the Payroll team without being identified as an error.</p> <p>The second overpayment resulted from an employee being dismissed after the monthly payroll having been run, causing them to be paid an additional £359.09. This employee was also due £186.28 in unpaid leave entitlement, which was taken from the overpayment to leave a net figure of £103.42 to be reclaimed from the leaver, with an overpayment letter sent out stating this in May 2009. In June 2009 the original notification was reviewed by a different Payroll Officer and the unpaid leave entitlement subsequently paid, resulting in £271.11 net to now be reclaimed from the ex-employee.</p>						
9a	Where any additional payments owed to a leaving employee have been deducted from an overpayment these should be annotated, next to the calculations, on the HR Notification Form. This will prevent this being paid in the future when the forms are reviewed by a Payroll Officer.	Significant	Y	<p>This has been noted and agreed.</p> <p>Not accepted that this represents a significant risk as it is an isolated case.</p> <p>It was noted that on the one occasion identified this was an exceptional circumstance and, although there was supporting documentation attached, the HR notification form had not been adequately annotated.</p> <p>This point will be raised and highlighted in the next team meeting and staff will be reminded that, in such instance, annotation should be clear.</p>	This issue has been raised by the Exchequer Services Manager with all members of the Payroll team.	Exchequer Services Manager

## Appendix D: Client Briefings

# Client Briefing      Local Economic Assessments

CB LG 04.09      October 2009

### Introduction

The Local Democracy, Economic Development and Construction Bill places a new duty on county councils and unitary district councils to produce an assessment of the economic conditions of their area. This assessment is known as a local economic assessment. Local economic assessments are designed to provide local authorities and its partners with a common understanding of local economic conditions.

The Department for Communities and Local Government (CLG) has published draft statutory guidance which is designed to help local authorities prepare for the introduction of local economic assessments in April 2010 (subject to the passage of legislation). The Improvement and Development Agency (IDeA) and the Planning Advisory Service (PAS) has also published guidance on *How to do a Local Economic Assessment*. This briefing draws on information from both of these documents to provide a summary of local economic assessments.

### What are Local Economic Assessments?

Local economic assessments should provide information on local economic conditions and include information on the economic, social and environmental factors that have an impact on economic growth. Some of the information used to inform local economic assessments is already gathered and so the local economic assessment is designed to bring economic evidence into one base so that it essentially tells the story of the region.

The evidence provided in the local economic assessment should inform local, sub-regional and regional economic strategies. It should also provide evidence for the future development of the region as set out in the regional strategy (another provision introduced as part of the Local Democracy, Economic Development and Construction Bill).

Local economic assessments are designed to:

- Provide an understanding of the economic conditions in the area and how it affects both residents and businesses.
- Set out the strengths and weaknesses of the local economy and the type of local economic challenges and opportunities.
- Identify the local economic geography, which should include the economic linkages between the area that is being assessed and the wider economy.
- Identify any local constraints to economic growth and employment and any risks with regards to delivering sustainable economic growth.

**What Should An Economic Assessment Contain?**

When developing a local economic assessment local authorities should take into account a broad range of factors and will need to work across different types of service areas, for example economic development and regeneration, planning, transport, education and skills and sport and culture. Local economic assessments will need to be consistent so they can inform sub-regional and regional strategies. As such CLG advises local authorities to work with their regional development agency (RDA) and other partners to ensure that consistency across the region is established.

To ensure this consistency is achieved the local economic assessment should address a core set of themes:

**Business and Enterprise**

- Structure of the local economy.
- Overall economic competitiveness of the area.
- Enterprise and innovation.
- Business needs.

**People and Communities**

- Labour market (including employment and unemployment rates).
- Skill levels.
- Economic inclusion.

**Sustainable Economic Growth**

- Environmental sustainability.
- Housing and infrastructure.

This list is not definitive and local authorities are free to include any other issues that are important to their area.

When developing local economic assessments local authorities should consider undertaking worklessness assessments. It is important that links between economic growth and wider social and environmental issues are made. Local economic assessments should contain evidence about the natural environment and include information on how pressures resulting from economic activity could protect and enhance the natural world. It should also interlink with wider social issues such as health, crime, child poverty and examine for example the extent to which sports and cultural facilities, broadband provision and overall quality of the region can help to either hinder or attract investment and a well qualified workforce.

The idea behind the assessment is to help enable the local authority to paint a fair and true picture its area. It should be forward looking and provide information on how the local authority sees the local economy in the future. Importantly, local economic assessments should be based on both appropriate and proportionate data and evidence. Evidence can be gathered from national sources as well as data held by local, sub-regional and regional partners. Local economic assessments should provide an explanation of the methods that were used to make assumptions / judgements and any limitations should be noted.

**Use of Data**

National data sources will be an important tool when developing the local economic assessment. Information on national data sets regarding local development is available at [www.data4nr.net](http://www.data4nr.net). When undertaking analysis local authorities should think about what data needs to be collected and the key questions that need to be asked to enable the appropriate analysis to take place. *How to do a Local Economic Assessment* includes a core set of 10 questions that local authorities should consider before seeking data to analyse.

**Reflecting Economic Geography**

The Government believes that local economic assessment should reflect real economic geographies or functional economic market areas. Functional economic market areas are essentially spatial areas that can be mapped by a number of key indicators of economic activity and across areas. In defining functional economic market areas a number of common indicators are used. Local authorities should view these indicators and choose those that are most relevant to their area. The boundaries of a functional economic market area vary and so it is up to local authorities to determine those features of the economy that should be considered. Where there are strong economic links local authorities should consider collaborating with other local authorities in producing the local economic assessment.

**Informing Local Strategy**

Local economic assessments are designed to inform local authorities sustainable community strategies. This will then inform their local area agreements (LAAs) and the economic interventions of local strategic partnership (LSPs). They should also inform other local strategies such as local development frameworks, housing strategies, local transport plans and where appropriate work and skills plans. It is important that local economic assessments form part of the evidence base upon which local development frameworks (LDFs) are prepared.

Once local economic assessments are completed they will complement the comprehensive area assessment (CAA). Inspectorates will consider how well local authorities have used their local economic assessment to inform both the development and delivery of local priorities and strategies.

**Collaborating**

Under the Local Democracy, Economic Development and Construction Bill county councils are required to both consult and seek the participation of district councils within their area. *How to do a Local Economic Assessment* includes a useful list of questions that should be considered by both county and district councils in their aim of developing effective working with each other.

Local authorities should also seek to engage partners. As a minimum, local authorities should consult LAA partners that are particularly related to economic development. Local authorities should also consult representatives of local businesses, environmental advisers and the views of parish and town councils should be taken into consideration when developing the local economic assessment.

**Regional Strategies**

Every region outside of London is required to produce a regional strategy. Regional strategies essentially set out the economic, social and environmental priorities of the region. Local economic assessments should be used as part of the evidence base for regional strategies and the implementation plan that will accompany it. Annual monitoring reports are required for regional strategies and local economic assessments should be used in the development of these reports.

**When Should Local Economic Assessments Be Completed?**

The duty to prepare a local economic assessment is expected to come into force in April 2010. As such local authorities should begin to prepare their assessments from this date. CLG expects local authorities to complete their first assessments within six to nine months. Local authorities should ensure that local area assessments are kept up to date and remain fit for purpose. It is important that assessments remain relevant so that they can help keep the sustainable community strategy up to date and help to strengthen LAA negotiations. Local economic assessments should be reviewed on an annual basis and formally revised every three years. The first revisions are likely to take place by 2013 and should take no more than six months to complete.

**How We Can Help**

Creating a consistent and coherent assessment is likely to present a challenge; therefore our Consulting team may be able to work with you to create a robust local economic assessment. Our Consulting team can also offer capacity support with project management and strategy development; providing advice and guidance to ensure that the core themes are covered and that local economies are appropriately assessed. For those local authorities that have moved forward with development, we are able to offer check and challenge for financial models, and help to ensure that the appropriate links are made with the required partners and stakeholders to produce an effective local economic assessment.

If you require further information or support please contact Amy Hinchliffe on 07778514763 or alternatively via email at [amy.hinchliffe@rsmbentleyjennison.com](mailto:amy.hinchliffe@rsmbentleyjennison.com)