BTPA
British Transport Police
Authority

Report to:	Police Authority
Agenda:	11
Date:	28 September 2016
Subject:	Governance Review Working Group - Progress Update
Sponsor:	Mark Phillips
Author:	Lucy Yasin
For:	Information

1. Purpose of paper

1.1 To update on the progress of the Governance Review Working Group (GRWG).

2. Background

2.1 The GRWG was established in June 2016 to recommend to the Authority the next steps following the delivery of the Governance Review Assessment Report at the end of March 2016. Its responsibilities are to:

- explore in detail the role and contribution of the Executive in supporting the Authority members.
- review the full set of recommendations arising from the assessment report, identifying priority areas to progress.
- develop a detailed and prioritised implementation plan identifying and taking account of dependencies between work areas, the scope of each item, timescales and owners.
- drive delivery of the implementation plan within the agreed scope and timescales.

2.2 To date the GRWG has meet three times and has two further meetings scheduled. The final Group meeting is scheduled for 1 November following which the proposed Implementation Plan for the Governance Review recommendations will be submitted to the 10 November Authority meeting for discussion and final approval.

3. Progress

3.1 The GRWG work plan is attached as Annex A and largely follows the roadmap recommended by RSM with a few refinements based on timeframes and interdependencies.

3.2 The key recommendations recorded by RSM are attached as Annex B for information.

3.3 The topics that have been considered by the GRWG so far are detailed in the table at Annex C with a summary of the progress and/or recommendation which is due to come to the Authority in November.

4. Recommendations

4.1 The Authority to note this report.

4.2 Members to provide any initial comments on the outcomes to Mark Phillips and/or Lucy Yasin.

Annex A: GRWG Work Plan

Meeting	Items	Recommendation addressing	Explanation of what is required	Owner
27 June	Terms of Reference	N/A	Agreed terms of reference for the Group	Lucy Yasin
	Financial management	KR 4 & Rec 26	Paper detailing the options for executive financial management to cover both the Authority and Force	Lucy Yasin
26 July	Operational Independence	KR16 & Rec 2	A paper to bring clarity with respect to the guidelines on the governance boundaries for operational independence. To be developed with reference to the policing protocol, current Code of Governance and other relevant documentation.	Lucy Yasin
	Financial Management Roles	KR 4 & Rec 26	A follow on paper from June to include the following: 1. Information on how other similar organisations have structured their finance arrangements 2. Implications of the AO role of any change in structure 3. A job description for an FD mindful that moving toward single FD 4. Implications for organisational matters at the Executive	Lucy Yasin/Ally Cook
	Horizon Scanning Strategy	KR5 & Rec 9	A paper proposing a coherent approach to horizon scanning agreed between the Authority and BTP which removes duplication of effort and ensures that all relevant matters are captured in a timely manner along with any implications for consideration	Sam Elvy/Mike Furness

	Current external factors	Rec 10	A review of current external factors and how these have or will be factored into the Strategy and Policing Plan	Sam Elvy/Mike Furness
	Chief Constable's Proposed Report Format	Rec 6	A proposed report format focused on the main threat, risk and harm the Force should be addressing.	Elaine Derrick
	Integrated MTFP, Strategy and Planning Process	KR5 Recs 3, 4, 5 & 38	A recommended high level process mapping out the key milestones in ensuring an integrated planning process across finance, strategy and policing plan	Lucy Yasin/Sam Elvy/Shahida Nasim/Mike Furness
31 August	Mechanism for remitting governmental risks	KR2	An agreed mechanism for escalating risks to DfT for recommendation to the Group	Lucy Yasin/Mike Furness/Dan Moore
	Risk Appetite and Strategy	KR 15 Rec 15	A defined risk strategy and appetite for the Authority and BTP in accordance with the principles of Managing Public Money	Harriet Andrews/ Mike Furness/ Shahida Nasim
	Inspection of highest risk areas	Rec 7	An outline of the process in place with HMIC to ensure that their inspection function is focused on our highest risk areas.	Harriet Andrews/Mike Furness
	Revised Meetings Guidance, including Report templates information requirements Risk-based approach CIMA best practice Open access to meetings	KR6 & KR10 Recs 13, 17, 18, 19, 24 &39	A revised meeting handbook to ensure consistency of approach, best practice and information requirements. To also act as a guide for members and others on conduct at meetings and challenge and verification.	Lucy Yasin/Elaine Derrick/Shahida Nasim

	BTP Streamlined Control process	KR13 Recs 25, 31 & 36	A revised governance framework delivering a streamlined end to end controls process for the Group to comment on.	Simon Downey
7 Oct	BTP Integrated Systems	Rec 20	Business case for integrating/outsourcing payroll/finance	Ally Cook/Simon Downey
	Revised Code of Governance including Revised scheme of delegation Updated add AO memorandum Board effectiveness and member appraisal process Member training plan Updated terms of reference for the Full Authority to include culture Defined Risk Appetite and Strategy (see August) Clarity on financial management posts (see June/July)	KR4 Recs 1, 12, 14 & 26	A revised version of the Code of Governance including those items listed in column B. A revised scheme of delegation developed following a review of similar organisations' schemes Updated AO memorandum as necessary following changes to scheme of delegation and structure Using Cabinet Office Guidance develop a formal process for an annual board effectiveness review and member appraisal Member training plan from induction through whole appointment term Authority ToR to reflect requirement to scrutinise embedding of culture Updated to reflect agreed financial management structure and risk appetite and strategy	Lucy Yasin
	Communication Strategy for Code of Governance	KR4	A communication strategy for communicating the updated version and addressing how future changes will be communicated.	Lucy Yasin
1 Nov	Revised Framework Document	KR1	A revised version of the Framework Agreement developed with DfT including agreed risk escalation mechanism	Lucy Yasin/Dan Moore

	Culture	KR 9 & KR 14￼Rec 34	A paper outlining actions being taken to address the root cause of the unintended perception of a punitive culture. A mechanism for measuring the level of embedment and effect of VITAL and the Code of Ethics.	Lucy Yasin/￼Elaine Derrick
	Programme/Project management	KR11￼Rec 16, 29, 30	Update to the Group on how BTP is responding to the recommendations with respect to the PMO and the up skilling of those employed as project managers.	Simon Downey
	Leadership	KR12￼Rec 11, 27, 28, 29, 33	Update to the Group on work on leadership development and extension to include establishing maintaining controls.	Simon Downey
	Charging model - Review and Predictive Analysis	Recs 21 & 22	Include in charging model handbook the requirement to conduct the annual third party review and what this should include. A recommended way forward for providing predictive analysis to update PSA holders	Andrew Figgures
	Role of Authority Executive	Rec 32	To review the requirements within the Executive to deliver the proposed changes.	Lucy Yasin

Annex B: Governance Review Key Recommendations

RSM Ref	Key recommendations	Organisation Responsible
1	Ensure the Framework Document reflects latest and upcoming legislation.	DfT
2	Agree mechanism to respond to remitted governmental risks.	DfT
3	Consider appointing two new members to reduce risk of being below the minimum and to expand the skill set of the Authority members (Technology and Policing).	DfT
4	Ensure the Code of Governance and associated policies are reviewed and updated regularly. Include demarcation between Treasurer and FD (if permanent). Include agreement to vary from rolling 3 year strategy to a five year strategy.	Authority
5	Be more rigorous with scanning external factors and ensure these are reflected in Strategic Risks. Review strategy given changing external factors and assumptions.	Authority
6	Establish consistency of board/committee papers, minutes and action tracking. Use CIMA best practice to define information needs. Be clear in meetings to confirm at the end of each debate what decision have been made or actions raised. Establish discipline of following up challenge with verification.	Authority
7	Set out a timetable for board/member assessments and link development to their individual needs.	Authority
8	Regularly monitor and review the level of embedment and effect of VITAL and the Code of Ethics.	Authority
9	Work with middle/senior management to address the root-cause of the unintended perception of a punitive culture.	BTP
10	Adopt CIMA guidelines on financial reporting	BTP
11	Strengthen project/programme management by aiming for P3M3 level 3 maturity (or equivalent). The Force should consider enhancing the PMO to provide Portfolio Management capability and transform SIB from being an uber-Projects Board to a Portfolio Board with a focus on contribution to strategy and targets.	BTP
12	Continue with its leadership development initiative and extend it to include the leadership role in establishing and maintaining internal controls.	BTP
13	Hold a controls amnesty across the Force in order to identify a streamlined end-to-end control process without duplication.	BTP
14	Continue to embed VITAL but care needs to be taken regarding how it relates to policing standards, particularly the Code of Ethics.	BTP
15	Strengthen risk management by adopting Management of Risk (MoR) principles (or equivalent) as recommended by Managing Public Money. This starts with the Board defining its risk appetite and risk strategy. It needs to define DfT role in responding to remitted risks.	All
16	Develop and agree guidelines on the governance boundaries regarding operational independence, using the Policing Protocol as a reference point.	All

Annex C: Current progress

Meeting date	Topic	Outcome
27 June 26 July 31 Aug	Financial management roles	The decision as to whether to move to a single finance director inclusive of the Treasurer role has been deferred until July 2017 as a matter for the Appointments and Remuneration Committee (A&RC). The proposal to move to single FD was not supported by the Chief Constable and the chair of Finance Committee expressed the view more time is required to consolidate financial control in the Force. It is recommended the interim arrangements continue for a maximum of two years with a view to having permanent arrangements in place by April 2018.
26 July	Operational independence	A revised section of the code of governance has been drafted which aims to address the lack of common understanding by providing further detail on the governance boundary and the options available when the Authority has concerns about matters falling within the Chief Constable's operational independence. The revised section remains under development. The revised section has been developed with reference to: • Railways and Transport Safety Act 2003 • Policing Protocol 2011 • Independent legal advice commissioned by the Authority in partnership with the Chief Constable • Tom Winsor's 2013 John Harris memorial lecture titled "Operational independence and the new accountability in policing" • Patten Report • Blackburn judgement of Lord Denning Before this piece of work is finalised the Authority Chairman will seek the advice of Tom Winsor, HMCIC.
	Chief Constable's Report	The Chief Constable's report will be split into three sections focusing on high-level risks, medium term issues and operational focus. There will be a breakdown of the implications for each subject along with critical success factors. The new style report is one tool in the effort to integrate strategy, planning, finance and performance. The Group also recommended changes to the Authority meeting agenda moving committee reports to the later part and reserving the first part for strategic items and issues requiring decisions.
	Horizon scanning	A joined up product will be produced bi-monthly for distribution to chief officers and Members. This aims to assist with the integration of the strategy and planning functions as well as place strategy at the heart of our decision making. The separate BTP two-weekly horizon scanning report will include a section on Authority risks and activity and is intended for officer level engagement. The bi-monthly report will be used to inform the production of the Authority meeting agendas through a new preparatory process. This will ensure that the Authority meetings focus on those matters that present the highest threat, risk and harm to the efficient and effective policing of the railways.
	Integrated planning	There was a proposal from the Chief Constable to reconvene a Strategy, Budget and Performance Monitoring Committee to aid the integration of these areas. This possibility is being considered and proposals will have been developed in time for November for full Authority consideration. It was agreed that the current Strategy required a refresh and this would be done on small scale this year with a view to developing a new rolling three-year strategy to be in place from 2018/19. The September stakeholder sessions would be used to socialise this idea externally and obtain feedback on the current strategy and its objectives. The style of the Policing Plan and surrounding performance framework will also be reviewed this year.
31 Aug	Risk Appetite and Strategy	A risk appetite matrix, draft risk strategy and escalation mechanism have been developed based on Managing Public Money risk management principles and the *'Orange Book of Risk - Principles and Concepts'* published by HM Treasury. These draft documents received good feedback at the meeting and Harriet Andrews is working with the DCC to refine this work. A joint strategic risk register has been developed and will be reported to the Audit and Risk Assurance Committee and the full Authority going forwards.
	HMIC Commissioning	The intention had been for this item to explore how the Authority ensures that HMIC is used as a vehicle to inspect on our highest risk areas. However, since the Governance Review was published a letter has been received from HMIC advising that they no longer recognise the Authority as the commissioning body for inspections of BTP and will be seeking instruction from the Secretary of State for Transport. The Authority is now working with the DfT to agree the inspection requirement for 2016/17 and how the commissioning process will work in the future to ensure that the inspections are focused on those areas of highest threat, risk and harm to the Authority and Force.

	BTP Streamlined Controls	BTP has streamlined its monthly controls document that is sent to station commanders from the centre. This reduced from 93 questions to 30. The roles of station commander and station administrator have also been clearly defined and guidance on governance processes developed. BTP will be updating further on this work in November.
	Meetings Guidance	The Governance Review identified a number of areas for improvement in the Authority and BTP meeting structures and processes. These covered administrative improvements, conduct changes and new ways of working to improve the efficiency and effectiveness of the committee and Authority meetings. The key points were to recommend that: • Chairs sum up at the end of each agenda item to ensure there is common understanding and clarity on actions to be taken and matters agreed • Verification is received when challenging in meetings. Confidence statements or promises are not accepted without verification. • A risk-based approach to assurance be adopted to ensure scrutiny is focused on areas requiring the most attention. • Assurance frameworks are developed at a committee level to assist in identifying those areas most requiring attention and ensure Members are aware of the assurance tools available. • Access to BTP governance meetings is available on an ad hoc basis. • CIMA guidance is adopted for reporting to ensure quality and consistency of information for good decision-making, particularly for financial reporting • Portfolio working is reintroduced to get Members out and about and seeing their decisions in action.