

Report to: Police Authority
Agenda #: 5
Date: 10 November 2016
Subject: Governance Review Implementation Plan
Sponsor: Chair of the Governance Review Working Group
Author: Lucy Yasin
For: Approval

The Forum
5th Floor North
74-80 Camden Street
London NW1 0EG

T: 020 7383 0259
F: 020 7383 2655
E: general.enquiries
@btpa.police.uk

www.btpa.police.uk

1. Purpose of paper

- 1.1 To present for approval the implementation plan developed by the Governance Review Working Group to the Authority for approval.

2. Background

- 2.1 In March 2015 Members unanimously agreed to instruct a third party to conduct a review of the governance systems and processes of BTP and the Authority.
- 2.2 The terms of reference for the review were agreed as follows:
 - Ensuring the systems take account of and are consistent with the statutory requirements of the Authority and Force.
 - Ensuring the systems reflect the national scale and significant business operations of the Force and Authority.
 - Identifying whether the system of governance in place ensures appropriate direction and oversight of statutory responsibilities and are in line with best practice for a public sector and policing organisation of this size.
 - Reviewing the management and reporting of information to ensure that the BTPA has full and complete access to the necessary objective evidence for assurance and decision making.
 - Identify areas of duplication, and make recommendations to clarify roles and responsibilities and on where efficiencies can be made.
 - Consider whether relevant individuals responsible for internal governance have the necessary skills to fully discharge all aspects of their governance responsibilities in an effective and appropriate manner.

- Review the systems in place for ensuring that the Authority has adequate oversight of the BTP's management of its officers and staff, and the organisation's culture and values, and has the ability to provide an appropriate challenge to the BTP on these issues.

2.3 RSM UK were appointed to conduct the review and fieldwork began in December 2015. The report was presented to the Audit Committee on 3 March 2016 with a final version coming to the Authority on 22 March. The Authority held an away day to consider the report on 23 May focusing on how the Authority and Force should work together and the key risks and opportunities facing the Authority and BTP. A number of requirements were identified as a result, including the need:

- for strategic clarity
- for strategic understanding
- for a more detailed understanding of policing context
- to be proactive rather than reactive
- to ensure the risk register is a live document
- to be well informed on changing context and implications
- to understand threat, risk and harm and what that means in practice
- to understand what drives public confidence
- to identify how we can align what the public want with what PSA holders want
- to focus on how we balance fixing administrative problems with the need to be strategic
- for clarity about nature of risks faced
- for clarity about priority of risks and how risks interrelate
- for clarity about who needs to understand risks

2.4 It was agreed a Governance Review Working Group (GRWG) should be established to develop an implementation plan recommending the next steps to deliver the Governance Review's recommendations and the outputs from the away day. The GRWG's responsibilities were 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.

3. The Implementation Plan

- 3.1 The GRWG has developed an implementation plan which ensures full implementation of the recommendations by 2017/18 and takes account of the outputs from the away day on 23 May. The Plan is divided into the roadmap sections as recommended by RSM. A summary of the Implementation Plan focused on the 16 key recommendations is attached as Annex A, whilst the comprehensive Plan is attached as Annex B. It should be noted that whilst matters pertaining to culture have been discussed the direct topic of culture has not yet been taken and will be discussed at the GRWG on 7 November.
- 3.2 The Plan includes a number of recommended actions the aggregation of which aim to deliver three overarching objectives:
- A reset of the culture with clarified and improved working relationship between the Authority, BTP and Department for Transport (DfT)
 - A stronger strategic focus
 - A more robust and resilient risk process
- 3.3 The key messages arising from the Governance Review are captured in the table below:

Section	Highlights/key recommendations
Governance Boundaries	<p>A revised section on operational independence is to be included in the new Code of Governance. This aims to ensure common understanding and clarity on the boundary and the options available to all parties where differences of opinion arise.</p> <p>Discussion as to whether to move to a Single Finance Director or retain two separate roles has been deferred to July 2017 for the Appointments and Remuneration Committee. A plan of work required to reach this point is attached as Annex C.</p>
Risk Appetite	<p>A draft risk appetite and strategy have been developed and are being progressed for implementation in 2017/18. The development of these has been remitted to the Audit and Risk Assurance Committee.</p> <p>A mechanism for the escalation of risks to DfT has been included in the revised Framework Agreement which is to be agreed by the Authority and DfT and forms part of the new Code of Governance.</p>
Strategy	<p>It is recommended that a new three-year Strategy is developed in 2017/18 to begin in 2018/19. This ends the current Strategy a year earlier than initially planned, reflecting feedback from the Industry on the current targets and the considerable changes in external factors since the current Strategy was developed.</p> <p>To improve the strategic focus the Authority agenda has been reordered taking all strategic items first to ensure this is where the Authority focuses the majority of its time.</p> <p>New horizon scanning arrangements have been developed and a</p>

	<p>joint bi-monthly report is being developed by the Executive Team and BTP's Strategic Development Department. This report will be used to inform the Authority agenda and will be circulated to Members.</p> <p>A joint risk register has been developed to ensure that there is a joined up approach to external risks.</p>
Structures	<p>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.</p> <p>The key points were to recommend that:</p> <ul style="list-style-type: none"> • 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. <p>An updated Member handbook and Meetings Guidance document have been developed to capture these points.</p> <p>The Committee structure is being reviewed to identify the optimal arrangements to ensure improved integration of strategy, planning and budgeting. Options will be presented to the GRWG in December and recommendations will come back to the full Authority.</p>
Housekeeping	<p>A new Code of Governance will be finalised in February 2017 for publication and commencement from 1 April 2017. The key changes will be:</p> <ul style="list-style-type: none"> • Addition of 'culture focus' to Full Authority terms of reference • Revised scheme of financial delegation • Clarity of responsibilities between Authority and Force Finance Directors • Board effectiveness evaluation arrangements

	<ul style="list-style-type: none"> • Revised Framework Agreement • Updated Code of Conduct
Capabilities	The meeting on 7 November will address culture, leadership and project management. A verbal update on the outcomes from this meeting will be provided on 10 November.

4. Impact assessment

- 4.1 The work to deliver the actions is being managed in house so there is no additional cost implication in terms of delivery. The costs/benefits of the proposed new ways of working are being assessed but are expected to be either cost neutral or deliver a small saving by the move to a risk based approach as this should reduce the number of reports required.
- 4.2 There will be a period of change for all parties as we adjust to our new ways of working. As with any change this may initially prove challenging until the new risk based approach is embedded.

5. Recommendations

- 5.1 Members to approve for delivery the recommendations of the GRWG included in the Implementation Plan attached as Annex B.

Annex A: Delivery of 16 Key recommendations

Section	Key Recommendations	Working Group Proposal	Action to be taken	Timeframe	Owner	Complete (Y/N)
Governance Boundaries	KR16 Develop and agree guidelines on the governance boundaries regarding operational independence, using the Policing Protocol as a reference point.	A revised section has been drafted for the Code of Governance using the Policing Protocol as a reference point. This expands on the previous explanation to improve understanding and clarifies the options available to the Authority where there is disagreement with respect to a course of action that is within the Chief Constable's operational independence.	Meeting with Sir Tom Winsor and Authority Chairman 11/10/16 Comments from Chairman to be received on the revised section. Final draft of revised section to be circulated to the GRWG for approval Revised section to be added to the main body of the Code of Governance	Final revisions to be made to the Code of Governance by 10 November	Lucy Yasin	
Risk Appetite	KR2 Agree mechanism to respond to remitted governmental risks.	The Audit Committee to identify risks for escalation and make a recommendation to the Full Authority. Risks to be escalated and monitored at the bi-monthly sponsorship meeting. Where the escalation of a risk is urgent the same process will apply but outside of committee through email.	The process to be written into the draft Framework Document for discussion with the DfT The terms of reference for the A&RAC to be amended to reflect this The draft risk strategy to include a breakdown of the mechanism	10/10/16 01/02/17 01/02/17	Lucy Yasin	
	KR15 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.	A defined risk appetite and strategy have been developed by the GRWG using the principles as recommended by Managing Public Money.	Remitted to Audit and Risk Assurance Committee			Harriet Andrews
Strategy	KR5 Be more rigorous with scanning external factors and ensure these are reflected in Strategic Risks. Review strategy given changing external factors and assumptions.	The current Strategy to be adjusted in 2016/17 following consultation with stakeholders	Stakeholder events to take place to discuss proposed changes Revised Strategy to be taken to the March 2017 Authority meeting for approval	28/03/2017	Sam Elvy	
		A new strategy to be developed to cover 2018 - 2021 with a move back to a three-year approach in accordance with the Act.	A plan to develop a new Strategy for commencement from 1 April 2018 to be drafted	28/03/2017	Sam Elvy	
		The Chief Constable's Report to the Authority to be more strategically focused.	A revised format to be in place from 28 September 2016	28/09/2016	Ash Cooper	Y
		The Authority agenda to be amended with a section for strategic items to be taken at the beginning of the meeting	The new style of agenda to be piloted on 28 September. The new style to be used going forwards with any tweaks suggested.	28/09/2016	Lucy Yasin	Y
		The Chairman's fortnightly meeting to receive a bi-monthly horizon scanning report to feed into Authority meeting agenda setting.	The horizon scanning report to be provided bi-monthly from August 2016.	28/09/2016	Sam Elvy/Mike Furness	Y
		The chairman's fortnightly to review and finalise the Authority meeting agenda 1 month ahead of each meeting	A schedule for standing items to be drawn up to ensure that the Authority agenda is considered 1 month before and additional time is allowed for these fortnightly meetings.	30/11/2016	Lucy Yasin	
Structures	KR6 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 has been made or actions raised. Establish discipline of following up challenge with verification. KR13 Hold a controls amnesty across the Force in order to identify a streamlined end-to-end control process without duplication.	A revised version of the Meeting Handbook has been developed which guides staff on the process to be adopted for committee meetings and attaches templates for minutes/actions/papers and agendas	A session to be held with Executive team staff to introduce this revised version and ensure all are on board	01/12/2016	Lucy Yasin	

Housekeeping	KR1 Ensure the Framework Document reflects latest and upcoming legislation.	No major changes required only minor updating and clarifications. Document to be updated and shared with DfT for approval.	The revised Framework Document to be shared with DfT for approval.	31/10/2016	Lucy Yasin	
	KR4 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.	The Code of Governance to be updated annually as part of the Board effectiveness Review workstream. The demarcation to be included in the revised governance for 2017/18 along with identification of the changes that will be required should the FD roles be merged into a single FD inclusive of Treasurer The Strategy to be a three-year rolling strategy so no change required.	1. The review of the Code of Governance to be written into the Annual Board Effectiveness Review process. 2. The revised Code of Governance to include clarity between the roles of Force FD and Authority FD from a governance perspective. 3. As part of the work to ensure there is clarity on the dual FD roles consideration to be given to the changes required should the roles be merged to inform the decision to be taken in July 2017.	31/10/2016 31/01/2017 31/01/2017	Lucy Yasin Charlotte Vitty Charlotte Vitty	
	KR7 Set out a timetable for board/member assessments and link development to their individual needs.	The Authority business cycle to be updated to include the timetable for the board effectiveness review and member assessments. This to be linked in with the accounts timetable for reporting in the Annual Governance Statement	1. The business cycle to be updated to include the timetable for the board effectiveness review. 2. The Code of Governance to be updated to include a process for the Board effectiveness Review.	21/12/2016 21/12/2016	Lucy Yasin Lucy Yasin	
	KR8 Regularly monitor and review the level of embedment and effect of VITAL and the Code of Ethics.	To update the terms of reference for the Full Authority meetings to include a cultural focus. To develop a measure for assessing the embedment of the desired culture within BTP.	1. To add the proposed bullet point covering the Authority's responsibility with respect to culture to the terms of reference. 2. To develop a method for assessing the level of embedment of the desired culture within BTP.	01/02/2017 01/02/2017	Lucy Yasin Lucy Yasin	
Capabilities	KR3 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).	Further Members to be appointed to ensure the correct skill mix and compliance with the statutory requirements for membership.	Further Members to be appointed to cover the skills gaps identified.	30/11/2016	Laverne Bryant/Dan Moore	
	KR9 Work with middle/senior management to address the root-cause of the unintended perception of a punitive culture.	CULTURE - November meeting				
	KR10 Adopt CIMA guidelines on financial reporting	See R17 structures tab	See R17 structures tab	See R17 structures tab	See R17 structures tab	
	KR11 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.	Project Management - November meeting				
	KR12 Continue with its leadership development initiative and extend it to include the leadership role in establishing and maintaining internal controls.	Leadership - November meeting				
	KR14 Continue to embed VITAL but care needs to be taken regarding how it relates to policing standards, particularly the Code of Ethics.	CULTURE - November meeting				

Annex C: Finance Director - Plan to July 2017

	Finance Director Timeline	Timeframe	Owner
1	Extend current interim to January 2018 - through A&RC	08/11/2016	Lucy Yasin
2	View from the lawyers on the potential conflict between being advisor to CC and Authority and whether this can be overcome	01/02/2017	Charlotte Vitty
3	Amendments to Code of Governance clarifying demarcation between two posts and a draft of what this would look like if there were to be a single FD post	01/02/2017	Charlotte Vitty
4	Finalise job descriptions for AFD/ FFD/Single FD - A&RC to comment on JDs ahead of July so final versions are ready	01/03/2017	Lucy Yasin
5	Finance team recruited and embedded	30/06/2017	Ally Cook
6	Unqualified accounts for 2016/17	30/06/2017	Charlotte Vitty/Ally Cook
7	Reasonable internal audit opinion for 2016/17	30/06/2017	Charlotte Vitty/Ally Cook
8	Paper to be prepared for A&RC recommending a way forward i.e. 2 post or 1	30/06/2017	Lucy Yasin
9	Proposed remuneration packages and recruitment processes to be drafted	30/06/2017	Lucy Yasin
10	A&RC To review the paper and agree a way forward including job description(s), remuneration package(s) and recruitment process	31/07/2017	Lucy Yasin