

Report to: Police Authority

Agenda #: 13

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Subject: Governance Review Project

Sponsor: Chair of the Governance Review Working
Group

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For: Approval

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1. Purpose of paper

1.1 This paper is the close down report for the Governance Review Working Group. It attaches the revised Code of Governance, the latest version of the Implementation Plan and the programme of work which will continue beyond the life of this project as part of business as usual, where this will be delivered and how assurance will be provided.

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.

2.5 The Authority signed off the Implementation Plan at its meeting in November 2016. The GRWG has been working to deliver this.

3. Delivery

3.1 The below table details how the GRWG has addressed each of its terms of reference. The continuing workstreams are discussed in the next section and the Implementation is attached as Annex A.

Terms of reference	Delivered
Explore in detail the role and contribution of the Executive in supporting the Authority members.	Complete: Listening to member feedback and with a focus on the revised governance structure a new structure has been developed to deliver a better integrated and aligned Executive Team. The proposed structure is designed to empower and develop the team and ensure that Members get the levels of assurance required to perform their roles with confidence.
Review the full set of recommendations arising from the assessment report, identifying priority areas to progress	Complete: The full set of recommendations was reviewed between June and November and action required agreed.
Develop a detailed and prioritised implementation plan identifying and taking account of dependencies between work areas, the scope of each item, timescales and owners.	Complete: A detailed implementation plan was presented to the November Authority meeting which took account of scope, timescales, interdependencies and priorities. This was approved and the GRWG moved fully into the delivery phase.
Drive delivery of the implementation plan within the agreed scope and timescales.	Complete: The GRWG has driven the plan and 12 recommendations remain outstanding of the full set of key and subordinate recommendations. Two of the 12 (KR1 & KR2) relate to the Framework Document with the DfT (see the table at 4.1 for more detail) Eight have deadlines post the life of the GRWG and will be picked up as described in the next section. The final two remain work in progress and the future of these is again detailed below.

4. Continuing workstreams

4.1 The first tab of the Implementation Plan (Annex A) summarises the actions that will continue beyond the life of the project. These have been summarized in the table below:

Workstream	Where reporting	When
A revised Framework Document is attached which has been updated in accordance with Managing Public Money. DfT would like to do further work on this; as such the attached version is interim with a further version scheduled for June 2017.	Authority meeting	15 June 2017
The discussion around whether to move to a single Finance Director post inclusive of the statutory Treasurer is scheduled to reach a final decision at the Appointments and remuneration Committee in July. This was to enable a further set of accounts to be produced and the internal and external audit opinions received. This also allowed the finance action plan to progress further to deliver a more mature finance function.	Appointments and Remuneration Committee	18 July 2017
The work to ensure the Authority focuses at a strategic level and to mature the horizon scanning function and how this feeds into strategy continues. A Futures Board has been established by the Force with Authority representation and this work will be progressed here and as part of the development of the new Strategy. There will be reports to S&PC and A&RAC.	Strategy and Planning Committee Audit and Risk Assurance Committee	25 July 2017 6 June 2017
There is a workstream to implement the proposed committee structure and close down the current structure including determining information flows, working with Executive and Force colleagues to improve papers by ensuring that they are in line with good practice (integrated, clear, reliable, concise, relevant and sufficient).	Authority meeting	15 June 2017
The Force continues to review its own internal governance structures and how these can be streamlined.	COG	
The Authority should satisfy itself that the scale and pace of change the Force is undergoing is achievable. Specifically -that the leaders at all levels/divisions in the Force understand and are committed to delivering the intended benefits; and - that the Force has the capability to implement the change	Efficiency Board then to Authority meeting	15 June 2017

5. The Revised Code

- 5.1 A significant amount of work has taken place to conduct a comprehensive review of the full Code of Governance and a revised version is attached as Annex B.
- 5.2 The focus has been on updating the Code in line with the recommendations in the governance review, current good governance guidance and benchmarking the Code against that of other comparator organisations.
- 5.3 A summary of the changes to the section is included in the table below:

Section	Summary of changes
Main Body	The main changes refer to clarifying the Authority's and Chief Constable's roles and responsibilities and the approach for the appointment of civilian chief officer equivalents. The proposed changes to the committee structure are also within the main body along with an increased focus on appraisal and development at an individual and collective level.
Annex 1: Statutory duties	This has been updated to reflect changes to our statutory duties and how these will be delivered under the proposed committee structure.
Annex 2: Code of Conduct	This has been compared with the Cabinet Office version for members of public bodies. There are no changes proposed at present as the Authority's Code covers all the areas within the Cabinet Office Code.
Annex 3: Framework Document	Minor updates in accordance with latest guidance in 'Managing Public Money and including a risk escalation mechanism (also see the table at section 5.1)
Annex 4: Financial Management	Following comparison with other police forces this section has been revised to bring it in line. A number of regulations have been added from FR25 including external audit, anti-money laundering, purchase cards and expenses, compensation payments, ex gratia payments, gifts and hospitality, loans and sponsorship, intellectual property, third party assets and joint working arrangements.
Annex 5: Procedural Standing Orders	No changes.
Annex 6: Accounting Officer Memorandums	These have been adjusted to reflect the move from a financial memorandum and management statement to the Framework Document.
Annex 7: Scheme of Delegation	It is proposed to continue with the current scheme whilst further work is carried out on the scheme and a revised version will be brought to the Authority in June.

- 5.4 This has been a challenging piece of work. A number of areas have been the subject of protracted discussions, in particular the process for the appointment of civilian chief officer equivalents and the role of the Accounting Officer versus that of the Treasurer. A consensus has been reached on the civilian chief officer equivalents with the Authority and Chief Constable jointly appointing to these roles. This is reflected in the updated Code at the following paragraphs 1.8.2, 1.9, 8.10 and in the terms of reference for the Appointments and Remuneration Committee.
- 5.5 On the Accounting Officer Role and how this sits with the Treasurer the fundamental point is that the Accounting Officer's role is much wider than that of the Treasurer which is narrowly defined as having *"responsibility for ensuring the proper management of the Authority's finances"*¹. Therefore the role of the Treasurer in relation to the Accounting Officer is to provide assurance on the management of the Fund, as it is the Treasurer who has the technical financial/accountancy skills to support the Accounting Officer in the discharge of their duties in this respect. The Treasurer is supported in their role by the Force Finance Director who is responsible for the day-to-day and financial operations of the force.
- 5.6 A request has been made to the DfT to clarify the status of the Force and whether it forms part of the NDPB. The DfT have undertaken to provide clarification. This is important as it has significant implications for our information returns to Cabinet Office on headcount/FTE projections and recruitment exceptions to establishment. These are currently based on the Authority Executive Team only at the advice of our sponsorship department
- 5.7 The next steps are to communicate the Code and its revisions to the workforce and to work on breaking down the content into 'bitesize' information modules.

6. Recommendations

- 6.1 The Authority to note the closure of the Governance Review Working Group and approve the proposed arrangements for tracking the continuing workstreams.
- 6.2 The Authority to approve the Revised Code of Governance for implementation from 1 April 2017, with the proposed committee structure going live from 1 July 2017.

¹ RTSA 2003, Schedule 4, Part 2, paragraph 11(a)