



To: Business Coordination Board

From: Chief Constable and Chief Executive

Date: 24 March 2015

ENHANCEMENT OF CORPORATE GOVERNANCE THROUGH ASSURANCE FRAMEWORK

1. Purpose

- 1.1 The purpose of this paper is to report to the Business Coordination Board (“the Board”) on plans to improve the management of strategic risk, specifically the way that increased assurance mechanisms are developed and links made to objectives within the Police and Crime Plan.

2 Recommendation

- 2.1 The joint risk register is supported by the introduction of the Board Assurance Framework.
- 2.2 The full Board Assurance Framework should be reviewed by the Joint Audit Committee on a six monthly basis.
- 2.3 A joint Cambridgeshire Constabulary (“the Constabulary”) / Office of Police and Crime Commissioner (OPCC) authored Board paper should be produced on a quarterly basis, documenting the Board Assurance Framework and progress made.

3. Background

- 3.1 The management of risk is well embedded in both the Constabulary and the OPCC with visible application at all levels. This includes an understanding and development of risk principles through each layer: from the operational front-end, up to the strategic oversight.
- 3.2 At the strategic level (which this paper focusses on), a joint risk register is held between the OPCC and the Constabulary. Risk register assesses individual risks and how they

are being mitigated. It is increasingly being recognised that there are significant interdependencies between the organisations strategic risks and these need to be effectively addressed if the Police and Crime Plan's ("the Plan") objectives are to be met.

- 3.3 A Board Assurance Framework (BAF) provides a method for the effective and focused management of the principal risks to meeting an organisation's objectives. Work is on-going to develop a BAF linked to the Plan. This will better link risk management work and work to achieve the organisations objectives. This process will provide increased visibility and assurance that work which needs to be done to achieve objectives and decrease the likelihood of risks materialising, is being taken forward at sufficient pace.

4. Principles

- 4.1 It is essential that strategic risk management is closely aligned to the relevant organisation's strategic objectives and this is clearly defined. The Plan is the strategic (rather than operational) plan, and this should, therefore, be the benchmark around where risk of failing to meet strategic objectives sits.
- 4.2 The OPCC working with the Constabulary has recently refreshed the Plan Performance Framework Review and will provide a clear, pillared structure to ensure that delivery of the plan is effectively delivered and risks monitored.

5. Process and governance

- 5.1 We have an opportunity to increase the sophistication in the way we identify, assess, and action our (joint) strategic risk register.
- 5.2 Any developments should seek to enhance corporate assurance, providing information to the relevant executive board (Business Co-Ordination Board for OPCC and Force Executive Board for the Constabulary). This should identify where assurance activities are not present or where they need to be strengthened.
- 5.3 Lessons from industry as well as successful public sector risk management approaches suggest that more effective scrutiny can be provided through a visually representative document. Such a document should identify the gaps that exists, highlight the tolerance of risk that the organisations are willing to accept, provide clear detail on how gaps will be reduced and, crucially, show progress over time.
- 5.4 This can be achieved through the introduction of a Board Assurance Framework. The Framework links the corporate objectives, strategic risks, current mitigating actions and internal and external assurances. It identifies further mitigating actions for each area of risk.

6. The Police and Crime Plan

6.1 The Plan has five separate strands. Each strand has pillars below it:

Maintaining Local Policing Performance – six pillars (Improved confidence in policing, improved satisfaction with the service, effective local engagement, effective and efficient resource management, timely and appropriate response, effective response)

Delivering within available budget – three pillars (Continuous improvement, Strategic collaboration with other Force or Local Authorities, Enhanced partnership working).

Continuing to tackle crime and disorder – five pillars (Professional and effective investigation of crime and anti-social behaviour, Integrated approach to offender management, Work with partners to prevent crime at source, Robust policy and procedure to ensure appropriate resource to tackle serious organised and complex crime, Work to protect those at the greatest risk of harm).

Keeping People Safe – eight pillars (Supporting victims in Cambridgeshire, Multi-Agency Safeguarding Hub, Domestic Abuse, Child Sexual Exploitation, Hate Crime, Mental Health, Restorative Justice and Young People).

Maintaining the resilience of protective services – one pillar (Maintaining quality and quantity of specialist provision)

There are, therefore, 23 pillars.

7. Proposal

7.1 An assessment is made against each of the 23 Plan pillars utilising a 4 x 4 matrix of Likelihood and Impact. Each is given a score in line with the existing risk management process (**Impact:** Minor (1), Moderate (2), Significant (3), Major (4). **Likelihood:** Remote (1), possible (2), probable (3), more likely than not (4)).

7.2 Where the inherent risk (the risk before any mitigation takes place) is a combination of any of the following, then this is recorded on the Strategic Register:

- Impact 4/Likelihood 4
- Impact 4/Likelihood 3
- Impact 4/Likelihood 2
- Impact 3/Likelihood 4
- Impact 3/Likelihood 3
- Impact 2/Likelihood 4

7.3 A Board Assurance Framework document is then introduced which ensures that there is a clear link between strategic objectives and the strategic action required to mitigate risk.

7.4 Additionally, the Assurance Framework provides clarity on the strand of the Plan that it impacts on and how this influences the Her Majesty’s Inspectorate of Constabulary’s assessment of the Constabulary through the Police Effectiveness, Efficiency and Legitimacy (PEEL) framework.

8. Conclusion

8.1 The Board Assurance Framework sets out the Plan objectives (the strategic objectives), the strategic risks, current mitigating actions and internal and external assurances. It identifies further mitigating actions for each area of risk.

8.2 The way the Framework is visually represented helps to bring a wider understanding of risk management across both Constabulary and the OPCC.

8.3 It complements the Performance Framework, focusing on the strategic objectives of the Plan. The Performance Framework is a key controls assurance.

9. Recommendation

9.1 The joint risk register is supported by the introduction of the Board Assurance Framework.

9.2 The full Board Assurance Framework should be reviewed by the Joint Audit Committee on a six monthly basis.

9.3 A joint Constabulary/OPCC authored Board paper should be produced on a quarterly basis, documenting the Board Assurance Framework and progress made.

BIBLIOGRAPHY

Source Document	Risk Management Policy Risk Management Procedure Board Assurance Framework template
Contact Officer	Superintendent Jon Hutchinson, Cambridgeshire Constabulary Dorothy Gregson, Chief Executive, Cambridgeshire Office of the Police and Crime Commissioner

DRAFT - EXAMPLE OF BOARD ASSURANCE FRAMEWORK 2015/16 – Strategic Risk Register – Delivering policing within an available budget

Risk:	Disparity in the Bedfordshire, Cambridgeshire and Hertfordshire Police and Crime Plans as well as differing organisational cultures makes it increasingly challenging to deliver new and existing functions collaboratively
Proximity:	12 months
Police and Crime Plan Objective:	Delivering Policing with the available budget (strategic collaboration with other Forces and Local Authorities)
HMIC PEEL Domain	Efficiency and Effectiveness
Accountability Lead:	Police and Crime Commissioner(s)/Chief Constable(s)
Date of Entry:	01/03/2015
Date of Review:	01/04/2015
Risk Rating: <i>Impact x likelihood</i> Current rating is impact of 4 (major) multiplied by likelihood of 3 (probable)	<p>The chart, titled 'Risk Appetite', has a vertical axis from 0 to 16 in increments of 2 and a horizontal axis with months from Mar to Mar. A red horizontal line is drawn at the level of 4, spanning from December to March. A legend on the right identifies the red line as 'Risk Appetite'.</p>

Cause:	<ul style="list-style-type: none"> In order to drive efficiency and effectiveness the Strategic Alliance is planning to deliver significant areas of business through collaboration. Such functions are harder to manage if partners have differing business processes, priorities and cultures. The Police and Crime Plans, business processes and organisational culture in the three OPCCs and three Forces are noticeably different
Impact:	<ul style="list-style-type: none"> Performance and efficiency may fall to an unacceptable level if collaborated units are required to deliver too high a percentage of their services differently to their three separate customers.
Risk Appetite Rationale:	<ul style="list-style-type: none"> The aim is to reduce the residual score down to 4 (impact of 4 multiplied by a probability rating of 1 (remote)).
Controls: <i>What are we currently doing about the risk?</i>	Mitigating Actions: <i>What more could we do?</i>
<ul style="list-style-type: none"> Strategic Alliance Summit Requirement for detailed business cases at both the Outline and Full stage. Gateway Review 	<ul style="list-style-type: none"> Strategic Outline Case being developed Further strengthening of the governance processes Work to understand the extent to which Police and Crime Plan are aligned
Assurances: <i>How do we know if the things we are doing are having an impact?</i>	Gaps in Assurance: <i>What additional assurances should we seek?</i>
<p>External / Independent :Deloitte assessment re Contact Management; Concerto Gateway Review; Use if internal audit</p> <p>Internal: Organisational support governance board; Performance Framework; Chairs of Joint Audit Committee meeting together</p>	<ul style="list-style-type: none"> Strategic Outline Case signed off Clear performance monitoring escalation processes
Current Performance: <i>With these actions taken, how serious is the problem?</i>	Outstanding Actions Complete By:
<ul style="list-style-type: none"> At present, optimism exists, but this could quickly evaporate if collaborated functions come on line that don't meet expectations. 	1.4.2015
Risk RAG Rating: RED	