

**DRAFT - BOARD ASSURANCE FRAMEWORK 2015/16 – Delivering policing within the available budget**

<b>Risk:</b>	Failure to continually drive efficiency and effectiveness in policing leads to the PCC/Force no longer being financially viable	
<b>Proximity:</b>	3 years	
<b>Police and Crime Plan Objective:</b>	Delivering Policing within the available budget (continuous improvement)	
<b>HMIC PEEL Domain</b>	Efficiency and Effectiveness	
<b>Accountability Lead:</b>	Police and Crime Commissioner(s)/Chief Constable(s)	
<b>Date of Entry:</b>	09/04/2015	
<b>Date of Review:</b>	20/11/15	
<b>Risk Rating:</b> <i>Impact x likelihood</i>  Current rating is impact of 4 (major) multiplied by likelihood of 1 (remote)	<p>The chart displays three data series over time from May-15 to Jan-18. The y-axis represents the risk score, ranging from 0 to 16. The 'Current Risk Score' (blue line) starts at 4 in May-15, remains constant until Jan-16, then drops to 0 for the remainder of the period. The 'Risk Appetite' (red line) is constant at 4. The 'Unmitigated Risk Score 2017' (green line) starts at 8 in Jan-17 and remains constant until Jan-18.</p>	
<b>Cause:</b>	<ul style="list-style-type: none"> <li>• Top-slicing of formula grant – compounded by the funding formula review due to be implemented for 2017/18 – lead to increasing financial pressures with all the ‘easier’ savings having already been made</li> <li>• Severe financial difficulties of collaboration partner impacts on collaborated functions</li> <li>• Benefits of collaboration and other savings not cashable</li> <li>• Budget is reduced without effective risk management</li> <li>• Upward pressure on wages and inflation in other costs</li> <li>• New and emerging cost pressures from changing demand and profile of crime in the county</li> </ul>	
<b>Impact:</b>	<ul style="list-style-type: none"> <li>• Performance may fall to an unacceptable level with a long-term impact on the financial viability of the PCC and Force</li> <li>• Reduced resilience of policing services</li> <li>• Reduction in availability and visibility of local policing</li> <li>• Decreased public confidence</li> </ul>	
<b>Risk Appetite Rationale:</b>	<ul style="list-style-type: none"> <li>• The current risk of not achieving a balanced budget in April 2016: risk is set at impact of 4 (major) multiplied by likelihood of 1 (remote)</li> <li>• The aim is to reduce the residual score down to 4 (impact of 4 (major) multiplied by a probability rating of 1 (remote)).</li> </ul>	
<b>Controls:</b> <i>What are we currently doing about the risk?</i>	<b>Mitigating Actions:</b> <i>What more could we do?</i>	
<ul style="list-style-type: none"> <li>• Detailed and proactive medium-term financial planning to 2019/20</li> <li>• Detailed and realistic budgeting with ownership by budget holders in a collaborative and open process</li> <li>• Careful capital and estates planning to ensure viability and divestment/leasing out of assets not used or underutilised</li> <li>• Collaboration between Bedfordshire, Cambridgeshire and Hertfordshire</li> <li>• Cautious approach to recognition and dependence on collaboration savings</li> <li>• Rollout of technology (Athena, Metis and tuServ) to achieve new and more efficient ways of working to realise savings and maintain visibility of policing</li> <li>• MTFP modelling based on different CSR scenarios</li> <li>• Section 22 agreement includes escalation of strategic risks clause to cover, amongst other risks, the financial unviability of a collaboration partner</li> </ul>	<ul style="list-style-type: none"> <li>• Link to collaboration agenda and considering each business case in detail to ensure savings are realistic and achievable</li> <li>• Treasury management review</li> <li>• Partnership working/financial planning, including monitoring for risk of cost pressures on local government leading to increased demand on policing resources (and hence increased cost)</li> <li>• Metis – ICT benefits realisation to ensure cashable savings</li> <li>• Workforce planning</li> <li>• Strategic use of grants to support reductions in demand</li> <li>• Use of reserves to balance budget in 2016/17 and 2017/18</li> <li>• Devolution progression – maintaining momentum</li> </ul>	
<b>Assurances:</b> <i>How do we know if the things we are doing are having an impact?</i>	<b>Gaps in Assurance:</b> <i>What additional assurances should we seek?</i>	
<p><b>External / Independent:</b> HMIC PEEL reviews, use of external and internal audit, Police and Crime Panel</p> <p><b>Internal:</b> Force Executive Board, Finance Sub-Group, Estates Sub-Group, Business Co-ordination Board, Joint Audit Committee, Performance Framework</p>	<ul style="list-style-type: none"> <li>• Continued horizon-scanning for new and emerging cost pressures</li> <li>• Analysis of allocation of savings and costs in collaborated functions</li> <li>• Ongoing review of financial health of other partners with escalation if necessary</li> </ul>	
<b>Current Performance:</b>	<b>Outstanding Actions Complete By:</b>	

<i>With these actions taken, how serious is the problem?</i>	
<ul style="list-style-type: none"><li>OPCC and Force are used to the new financial reality after several years of austerity, but process is becoming more difficult as ongoing savings are required to achieve financial stability in later years. Risk is likely to become high.</li></ul>	<b>1.3.2016</b>
<b>Risk RAG Rating: RED</b>	

DRAFT