

Bedfordshire, Cambridgeshire & Hertfordshire OPCC Chief Executives Strategic Alliance Review April 2019

1.0 Introduction

1.1 In January 2019, recognising the slow pace of release of savings and realisation of benefits from BCH collaboration the Police and Crime Commissioners asked their Chief Executives to initiate a strategic review of BCH and bring in consultancy support if necessary.

1.2 This report presents the findings of the Chief Executives scoping work and recommends that:

1. There is acknowledgement that, in some areas, BCH collaboration has increased operational resilience and driven savings e.g. ICT, Civil Contingency and Major Crime, but there are areas where improvements are needed.
2. Working with the Chief Executives, the BCH Delivery Management Unit is charged with collating and ensuring progress with outstanding actions from the Concerto review and RSM internal audits, with a specific emphasis on performance management and benefit realisation processes. Internal audit should review progress with these in 2019/20 Qtr 4.
3. The OPCC and Constabulary CFOs, working with the BCH Corporate Management Accounts, should identify the best way to:
 - a. implement the agreed financial principles;
 - b. track over time BCH collaborated units costs (including explaining significant variations from original business cases);
 - c. benchmark collaborated units' costs against other police services to identify areas for saving; and
 - d. ensure that BCH business planning links into constabularies FMS's and Commissioners' MTFS's in a timely way.
4. Chief Executives are charged with creating a process to define a BCH strategic framework which is compatible with the three Police and Crime Plans.
5. The existing governance processes are maintained and over the next year and the SAS meets quarterly to closely monitor progress with the above.

2.0 Background

2.1 Externally the BCH Strategic Alliance is considered to be ambitious and successful. It is a change programme of considerable scale and as such it is recognised that it comes with significant risk as well as benefits.

2.2 Internally the Alliance has been subject to many reviews. In order to inform this 2019 review the Chief Executives reviewed the outputs of previous Strategic Alliance meetings including previous strategic reviews and internal audits.

3.0 Findings of the Review

Creation of the Alliance

3.1 In 2011, Bedfordshire, Cambridgeshire and Hertfordshire entered into a strategic alliance. Following successful integration of Joint Protective Service (JPS) services in 2013, Bedfordshire, Cambridgeshire and Hertfordshire extended the remit of their Alliance to cover Operational Services and Organisational Services.

3.2 An intrusive and multi-layered governance arrangement was established involving:

- The Alliance Summit, with the six Corporations Sole acting as a Joint Oversight Committee;
- Commissioner led governance boards covering each of the programmes of work (JPS, Organisational Support and Operational Support);
- Chief Constable led operational boards for each of the programmes of work; and
- A Chief Constable Management Board charged with ensuring operational coherence.

3.3 A significant percentage of Commissioners' and Chief Constables' time was focused on the leadership and governance of the BCH collaboration.

Agreement of Future Financial Principles - 2015

3.4 During 2014 and 2015 a series of business cases were signed off. It was acknowledged that these business cases would have to adapt over time. A set of financial principles were agreed in June to allow for, and respond to, the ever changing financial environment that policing operates in.

3.5 These principles set out that:

- NRE will be interim default for business cases, unless demand data is robust
- No Loser principle to be applied where applicable
- Will move to rolling demand as basis of apportionment (with a fixed base element, where practical), when data is robust
- Implementation costs will be apportioned on NRE
- Budgets will be pooled as soon as possible after the signing of s22A

3.6 The principles were codified within subsequent section 22s. It should also be noted that the PSD section 22 included the need for SAS to have early site of budgets. However, an action plan and resources to implement these principles was not defined.

2016 Extension of Alliance and Internal Audit Review

- 3.7 During 2016 the Strategic Alliance took a more strategic approach. The Chief Executives' review identified that the risk register was fundamentally altered in style and content to reflect police and crime plans. Section 22s for Information Management Department (IMD), Criminal Justice (CJ) and Custody were tabled, noting that the business cases had previously been agreed. It was acknowledged in minutes that these are living documents that should be updated at key milestones. The impact of Athena on savings was becoming apparent.
- 3.8 In 2016/17, internal audit completed a report into Bedfordshire, Cambridgeshire and Hertfordshire Police and Crime Commissioners and Police (BCH) including Benefits Realisation. The audit assessed the structures supporting the collaborative arrangements between the six Corporations Sole within Bedfordshire, Cambridgeshire and Hertfordshire.
- 3.9 RSM concluded that key functions within the collaborative arrangements were not being performed (including performance management, revenue and capital budget setting and monitoring). An external consultant was commissioned to undertake an in depth review of the issues identified.

Concerto Review 2017 and its implementation

- 3.10 In December 2016, the Strategic Alliance Summit commissioned Concerto to undertake a strategic review of the Collaboration Portfolio with a brief to make recommendations in light of:
- Delays experienced on the Collaboration Programmes;
 - Increased volumes experienced since business cases were submitted on HR and ICT;
 - The changing emphasis to benefits realisation from agreed collaborations rather than identifying additional areas for collaboration;
 - The assessment of BCH governance as red / amber by internal audit; and
 - The emerging seven force collaboration.
- 3.11 The objectives of the 2017 Concerto review resonates with current concerns expressed by PCCs. The Concerto review made wide ranging recommendations relating to: the role of the Strategic Alliance, Accountability and Responsibilities, Governance, Delivering Project and Realising Benefits covering HR, ICT and Athena, Portfolio Office, Managing Business as Usual, Knowledge Skills and Experience and Estates.
- 3.12 In response to the Concerto review a streamlined governance process was put in place and the Commissioner led governance boards disbanded. In September 2017 JCOB considered a report from DCC M Dunn to take forward outstanding Concerto recommendations. It was noted that the business model put forward to implement the Concerto recommendations assumed:

- Service level agreements and key performance indicators were in place in all functional areas (accepting that these may be immature and require development over time).
 - Performance would be assessed and reported at the financial, process, customer and people perspectives through a shared format of performance scorecard.
- 3.13 An internal audit of the Concerto Implementation Plan was published in February 2018 and identified good progress had been made.
- 3.14 In early 2018 an internal review by the new Interim Head of the BCH Change Portfolio Office identified that significant savings had been made, e.g. £2.4m in ICT, £1m from Civil Contingency Unit and £2.5m from Major Crime in some units between 12/13 and 18/19. However, costs for some services had increased, the biggest of which is HR with a cost increase of £1.5m.

Reviews in 2018 / 19

- 3.15 In November 2018 the new Interim Head of the Change Portfolio Office (CPO) identified and brought a proposal to JCOB to develop a BCH Delivery Management Unit to respond to perceived emerging weaknesses. The next steps being:
- Working with BCH Finance to confirm accurate budget and costs as average figures were used above to provide indicative structure costs
 - Review of role profiles where new roles have been added into the structure. If required, roles will then need to go through the Job Evaluation process as per the agreed HR process
 - Recruitment to new roles with recognition of associated timescales involved with the process e.g. advertising, vetting
 - Training and development of new staff to ensure they are skilled to the correct level to deliver transformational change across the alliance
 - Training and development of existing staff to the revised target operating model to ensure the team is mobilised and energised to deliver the required transformational change across BCH
 - Implementing the Design Authority and planning meetings with the correct audience to ensure business ownership of required transformational change
 - Detailed delivery planning over the short, medium and long term to ensure transformational change for BCH
- 3.16 A draft 2019 performance management internal audit identifies policies and procedures are not in place covering the production of management information across BCH. There is a risk to high-level decision making, which relies on performance information being inaccurate or inconsistent.
- 3.17 The emerging findings of this most recent internal audit echo the concerns of the Commissioners.

4 Conclusions of Chief Executive Review

- 4.1 The BCH Strategic Alliance is a change programme of considerable scale and as such is it is recognised that it comes with significant risk as well as benefits.
- 4.2 Progress has been made in terms of operational resilience and, for some units, significant savings. For other units there are concerns regarding costs and delivery.
- 4.3 BCH has moved from being a change programme to business as usual. Internal audits have identified weakness in processes relating to financial management, performance management and benefits realisation and lack of strategic vision. Significant commitments have been agreed, such as the agreement of financial principles which have not been actioned.
- 4.4 However when SAS and JCOB have focused on ensuring effective governance is in place, internal audit has identified good progress can be made.

5 Recommendations

- 1. There is acknowledgement that, in some areas, BCH collaboration has increased operational resilience and driven savings e.g. ICT, Civil Contingency and Major Crime, but there are areas where improvements are needed.
- 2. Working with the Chief Executives, the BCH Delivery Management Unit is charged with collating and ensuring progress with outstanding actions from the Concerto review and RSM internal audits, with a specific emphasis on performance management and benefit realisation processes. Internal audit review progress with these in 2019/20 Qtr 4.
- 3. The OPCC and Constabulary CFOs, working with the BCH Corporate Management Accounts, identify the best way to:
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 - d. ensure that the BCH business planning links into constabularies FMS's and Commissioners' MTFS's in a timely way.
- 4. Chief Executives are charged with creating a process to define a BCH strategic framework which is compatible with the three Police and Crime Plans.
- 5. The existing governance processes are maintained and over the next year the SAS meets quarterly to closely monitor progress with the above.