

Committees: Procurement Sub (Finance) Committee – For decision Project Sub (Policy and Resources) Committee – For decision Digital Services Sub (Finance) Committee – For decision Finance Committee – For decision Policy and Resources Committee – For Decision	Dated: 11/02/2021 By Urgency By Urgency 16/02/2021 18/02/2021
Subject: Endorsement for Court Submission on new Committee for Next Generation Fraud and Cyber Crime Reporting and Analysis Service Project	Public
Which outcomes in the City Corporation's Corporate Plan does this proposal aim to impact directly?	Corp Objectives: 1, 9 & 10
Does this proposal require extra revenue and/or capital spending?	No
If so, how much?	N/A
What is the source of Funding?	N/A
Has this Funding Source been agreed with the Chamberlain's Department?	N/A
Report of: Town Clerk	For Decision
Report authors: Oliver Bolton, Town Clerk's and Chris Bell, Fraud and Cyber Service Director, CoLP	

Summary

Last summer, the City of London Police was appointed by Home Office Ministers to lead the procurement for the replacement of the Action Fraud and National Fraud Intelligence Bureau systems. This project is known as the Next Generation Fraud and Cyber Crime Reporting and Analysis Service (FCCRAS). As this project is majority funded by the Home Office, there is a requirement for the project team to adhere to the Home Office and wider government governance (Cabinet Office and HM Treasury).

Due to the scale and nature of the project, there are also numerous City of London Corporation Committees and Sub-Committees that have an interest and decision-making responsibilities regarding the project. These, combined with the wider government requirements and City of London Police's own project and delivery boards place a significant burden on the project team ensuring each body receives the appropriate information and in the right format. These governance requirements have been identified as a risk to delivery by the Home Office, the Government's Infrastructure and Projects Authority, Commissioner's Project Board and Police Authority Team. To assist mitigating this risk, it is proposed to seek approval from Court of Common Council to establish a dedicated, time-limited, stand-alone Committee to fulfil the need for Member oversight of this significant project. Proposed membership of this Committee would comprise the Chairs and Deputy Chairs of the Committees the project would otherwise be reporting to: Police Authority Board, Finance Committee, Procurement Sub, Project Sub and Digital Services Sub. While not currently part of the project governance, it is proposed to also include the Chair and Deputy of Policy and Resources Committee in the membership, to further strengthen oversight.

An extraordinary meeting of the Home Office Finance and Investment Committee is being convened for early to mid-March 2021 to consider approval of the project progressing to the next stage. In order to ensure the best case is put forward and known concerns around the project governance are addressed in time, the project team would like to take a proposal to Court of Common Council for consideration on 4th March 2021.

To achieve this within the timeframes required, endorsement is sought from your committee for the Chairs of the Policy and Resources Committee and Police Authority Board to take a proposal for Court to consider on 4th March 2021. The proposed governance arrangements in respect of the new committee, including the terms of reference and member composition, will be set out in that proposal. Submission of the proposal to the Court of Common Council will be subject to consultation with, and approval from, the relevant committees and sub-committees that have an interest and decision-making responsibilities regarding the project.

Recommendation

Members are asked to:

- Endorse the creation of a new stand alone, time-limited committee to oversee the FCCRAS project and for this committee to pass on its decision-making responsibilities on this project to the new committee. Submission of the proposal to the Court of Common Council will be subject to consultation with, and approval from, the relevant committees referenced in paragraph 15.

Main Report

Background

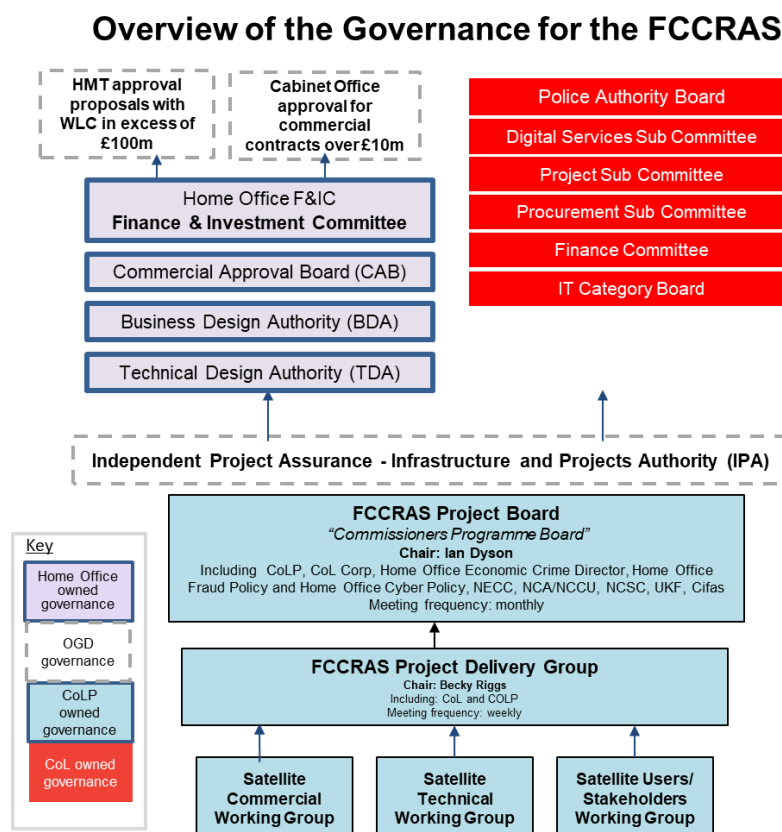
1. Since 2014, the City of London Police have been running the 24/7 national fraud reporting service, Action Fraud, and its analysis function, the National Fraud Intelligence Bureau. Following the end of the contract period for this service, the City was chosen by Home Office Ministers to lead the procurement for a replacement service, known as the Next Generation Fraud and Cyber Crime Reporting and Analysis Service (FCCRAS).
2. The City of London Police established a project team to lead this procurement and they have been progressing with the necessary preparatory work and documentation with a view to going to tender in April 2020 and awarding contract in April 2022. This is a project of significant size, with current build value estimated at £30m and total run cost of £110m for the five years of the contract.

Current Position

3. To meet the deadline to procure the new system and replace the current service will be extremely challenging for the team. Indeed, the current timeline already requires an additional extension to the existing contract. While the project team is

looking at ways to mitigate this and reduce the timeline where possible, one risk to effective delivery that has been identified is the complex governance that the project is subject to.

4. As the project is delivering a national service on behalf of the Home Office, there is a requirement to report and seek approval from four key Committees and Boards. Due to the total cost of the project being over £100m, HM Treasury approval and Cabinet Office approval (for commercial contracts over £10m) must also be navigated.
5. The scale of the project has also meant that it has recently been made subject to the government's Infrastructure and Project Authority (IPA) gateway process. The IPA draws together professional experts in the delivery of major public projects and through of documentation review and a series of interviews provides a health-check of the project at key milestone stages to determine whether it can progress to the next stage of delivery. Its mandate can be accessed [here](#)¹. When the external governance is overlaid with the internal governance of the City of London Police and the City of London Corporation, there is a total of 18 working groups and governance entities that the Project is accountable to. An illustration of this is shown below.



6. The IPA carried out their documentation review of this project over the Christmas period followed with 21 interviews across the team and key stakeholders in the

week beginning 11th January, reporting their findings to the Commissioner (as SRO for the project) by the end of that week. Feedback from the IPA and other key stakeholders has been broadly positive about the quality of the products the team has produced to date highlight some areas that they would like to see strengthened. In particular, they identified the current governance requirements as a critical concern for the project going forward, citing 'governance overload'. An excerpt of the report covering the findings on the project's governance is found at Appendix 1. A full report on the IPA's findings will be submitted to the Police Authority Board and Project Sub.

7. Both the City and the Home Office have identified the need to streamline the governance for the project or risk jeopardising its success as the team's capacity is taken up with reporting rather than on delivery. This is a view that was firmly echoed in the first report of the IPA and also by many of the Members at the pre-Christmas Member briefing on the project (16th December).
8. The Home Office has given a commitment to review their own governance burden on the project on the basis that the City does the same and to date they have removed the need for the project to pass through their Business Design Authority and Technical Design Authority. This report outlines the options that officers have identified for the City Corporation to meet its commitment.
9. An extraordinary meeting of the Home Office Finance and Investment Committee is being convened for early to mid-March 2021 to consider approval of the project progressing to the next stage. In order to ensure the best case is put forward and known concerns around the project governance are addressed in time, the project team would like to take a proposal to Court of Common Council for consideration on 4th March 2021. Submission of the proposal to the Court of Common Council will be subject to consultation with, and approval from, the relevant committees and sub-committees that have an interest and decision-making responsibilities regarding the project.
10. Members will be acutely aware that significant work is underway to address the recommendations from the recent Lisvane Review of the Corporation's governance. This report's proposal is not intended to pre-empt the implementation of that work, but rather meet the specific needs of this critical project in a timely manner, while imposing minimal burden on both Members and officers.

Options

1) Maintain current governance

11. The City Corporation could stick to its current governance requirements, on the principle that this would provide the most thorough oversight of a service that has had a challenging track record under the existing contract. However, this would not reduce the burden on the project team and would mean a significant proportion of its resources are dedicated to reporting on the project rather than delivering it and ensuring the most appropriate specifications and best value for

money. This approach would also likely discourage the Home Office from making any concessions.

2) Delegate Authority to the Town Clerk in consultation with the Chair and Deputy Chair of the Police Authority Board to approve a solution for consideration at Court of Common Council

12. The intention is to seek approval from the Court of Common Council to establish a stand-alone Committee dedicated to the consideration of key decisions for the FCCRAS project, time-limited to the period of procurement to 'go-live' for the project (currently estimated to be approximately three years).
13. An informal Member Reference Group was formed over the previous summer to keep Members updated on important developments ahead of key decisions coming to the different committees. The formation of the new committee would formalise this – providing decision making powers and avoiding the need for reporting to multiple committees, or where timescales dictate, seeking multiple urgencies.
14. It should also be noted that the Committee would only meet ad hoc and is only ever likely to be considering single reports at key decision points in the life of the project. Minutes will also only need to record decisions made, thus keeping the volume of work on Members and officers to minimum.
15. It is proposed that membership of the new Committee would comprise Chairs and Deputy Chairs of the Committees and Sub-Committees that would otherwise have an individual role in the decision-making process of the project, namely:
 - Police Authority Board
 - Policy and Resources Committee
 - Finance Committee
 - Procurement Sub (Finance) Committee
 - Project Sub (Policy and Resources) Committee
 - Digital Services Sub (Finance) Committee

It is also proposed that the above committees could nominate additional members by exception where they have a particular, professional expertise that would benefit the project.

16. Forming this new committee would ensure that Member oversight of this critical project is maintained with appropriate representation from across the relevant arms of the Corporation. Additionally, it would significantly streamline the bureaucratic requirements on the project team, ensuring more time is focused on delivery of the project. It would also demonstrate to Government that the Corporation is recognising the risks outlined by the IPA and others regarding 'governance overload' and actively seeking to mitigate these and ensure the project has a better chance of success.

17. Your committee is asked to endorse this approach and in so-doing handover decision-making responsibilities for this project to the proposed committee, should its formation be agreed at Court.
18. The proposed governance arrangements in respect of the new committee, including the terms of reference and member composition, will be finalised and submitted in time for consideration at the Court of Common Council meeting on 4th March. Submission of the proposal to the Court of Common Council will be subject to consultation with, and approval from, the relevant committees and sub-committees that have an interest and decision-making responsibilities regarding the project.

Corporate & Strategic Implications

19. Sub-headings

- a. **Strategic implications** – Successful delivery of this project is critical to ensuring an effective service is provided to victims of fraud and cyber crime. Given the challenges faced with the current system, there are also significant reputational risks to the City Corporation and the City of London Police if this project's objectives are not achieved. Successful delivery of this project is therefore critical to supporting the City of London Police's role as National Lead Force for fraud and the City Corporation's role as an effective Authority.
- b. **Financial implications** – If more resource is required for successful delivery of the project to accommodate the extensive governance requirements (some of which have only recently been imposed), this would require additional funding.
- c. **Resource implications** – Pursuing the option of a stand-alone Committee provides the best option to both reduce the burden on the project team, but also on the administration of the current committees involved in oversight of the project.
- d. **Legal implications** - None
- e. **Risk implications** – As above.
- f. **Equalities implications** – None
- g. **Climate implications** - None
- h. **Security implications** - None

Conclusion

20. Successful delivery of the FCCRAS project is critical to the successful fulfilment of the City of London Police's role as National Lead Force for Fraud and Cyber Crime. And the force's leadership in fraud and cyber crime is a crucial element of the City's objective of being a safe place to do business.
21. The current governance requirements imposed on the project risk diverting too much resource, effort and focus away from effective delivery of the project itself. It is therefore strongly recommended that, given the on-going level of extensive oversight that will be required, the creation of a new committee is endorsed and

your committee's decision-making responsibilities are handed over to this new entity.

22. Submission of the proposal to the Court of Common Council (including terms of reference and membership) will be subject to consultation with, and approval from, the relevant committees and sub-committees that have an interest and decision-making responsibilities regarding the project.

Appendices

- Appendix 1 - Excerpt on governance from final Gateway 2 report of the Infrastructure and Projects Authority review of the Fraud and Cyber Crime Reporting and Analysis Service.

Oliver Bolton
Deputy Head of the Police Authority Team

T: 020 7332 1971

E: oliver.bolton@cityoflondon.gov.uk

Chris Bell
Service Delivery Director – FCCRAS
E: chris.bell@city-of-london.police.uk

Appendix 1

Excerpt on governance from final Gateway 2 report of the Infrastructure and Projects Authority review of the Fraud and Cyber Crime Reporting and Analysis Service.

“There are a number of risks that the project faces including governance overload...”

Governance

This is a complex project with accountabilities (including for funding) to three different bodies, Home Office, the City of London Corporation and its Police Authority. The importance of the project, the level of political interest and past history of difficulties with the service the project is looking to replace has understandably led to high levels of interest to ensure confidence in delivery. This has in turn translated into detailed governance, in some cases multiple layers of governance, from each body. The project's governance diagram shows the Project Board linking to twelve other governance bodies/committees in Home Office and COLC to secure the necessary approvals to proceed.

The review team heard that the extent of governance had become heavy, and added a considerable burden to the operation of the project, with the need to meet governance requirements taking away from the ability to take forward project development. An issue has needed to be taken to different bodies, with different processes and timelines, duplicating effort and risking complication if the bodies come to competing views.

There was also some confusion between strategic governance – decision making about how to take the project forward – and providing assurance that the project was proceeding against agreed parameters. It is important that this is clarified and the roles and responsibilities of different parties is agreed and set down clearly.

The RT heard from all parties that the issues created by the extent of external governance the project faced were recognised and understood. There was a desire from all sides to address this and to simplify and delay the governance the project faced, although detailed models have yet to be finalised. This would become easier as the project moved from initial phases setting its strategic direction into more operational delivery. Considerable work is already in hand to resolve this governance issue and it needs to be concluded rapidly.

Recommendation 2: It is recommended that the project should develop an Integrated Assurance and Approval Plan by 1 April, agreed with Home Office, Police Authority and COLC, to set out the respective roles and accountabilities of the different bodies.