FINANCE GOVERNANCE STATEMENT
BTPA and BTP

Document Change History

Change	Version	Date	Who
Incorporation of final comments and release	V1.0	30.07.09	D. Cotton
London Underground charges added. Core PSA holder charge amendments governance added	V2.0	17.08.09	D. Cotton
1b and 5 – Funding Analyst replaced with Head of Finance	V2.1	18.08.09	D. Cotton
Delete Chairman of Audit & Corporate Governance Committee as verifying the Statement in 1a and 1b	V2.2	27.08.09	R. Hemmings
Redraft on assessment by Treasurer	V2.3	05.11.09	K. Hogan
Review by Treasurer	V2.4	16.11.09	E A Pike
Redrafted incorporating comments from Director of Finance and Chair – Audit Committee	V 2.5	26.11.09	E.A.Pike
Incorporating changes from Colin Foxall	V2.6	26.11.09	E.A.Pike

GOVERNANCE STATEMENT
CHARGES TO PSA HOLDERS

This Statement sets out and formalises the governance arrangements that apply to the calculation and allocation of costs to PSA holders, both for the statutory policing function and the enhanced police services.

STATUTORY POLICING – covered by the Standard Police Service Agreement and is covered under sections 1, 2, 3, 5 and 6. Enhanced PSA's are covered under section 4. These protocols apply to the assessment of charges to be paid by both PSA holders who have fixed proportion PSAs and those PSA holders whose charges are assessed under the new charging model.

1a. Fixed Proportions Charges

Activity	Who by	Certified as correct by	Authorised by
1. Determine the proportion to be charged, taking into account franchise changes, if any.	Funding Analyst	Treasurer	n/a
1.b Confirm that all franchise changes during the year have been notified to the Authority by the DfT	Treasurer	Chief Executive & Clerk	n/a
2. Calculation of the cash amount to be paid based on total cost budget approved by the Authority.	Funding Analyst	Treasurer	n/a
3. Produce a schedule of charges for those PSA holders who have had a change in their fixed proportion (whether full year or part year) to ensure the amount has been calculated correctly.	Treasurer	Chief Executive & Clerk	n/a
4. Approve the cash amount, reconciling against approved budget and confirming proportion to be charged to each PSA holder.	Treasurer	Chief Executive & Clerk	Authority

5. Once authorised – include charges as advised under section 3 (overall summary of core PSA charges)	Treasurer	n/a	n/a

1b. London Underground Charges

London Underground charges are determined through negotiation. The effect of this negotiation must be considered in relation to the charges to the other PSA holders.

Activity	Who by	Certified as correct by	Authorised by
1. Calculate the amount to be charged to London Underground for recovery of overhead, MICC and CRC contribution in advance of budget setting and notify the Treasurer.	Head of Finance	Director of Finance & Corporate Services	Chief Constable as Accounting Officer
2. Approve the cash amount, reconciling against approved budget and confirming proportion to be charged to London Underground and quantify effect on other PSA holders (if any).	Treasurer	Chief Executive & Clerk	Authority
3. Once authorised – include charges as advised under section 3 (overall summary of core PSA charges)	Treasurer	n/a	n/a

1.b Small PSA holders

Activity	Who by	Certified as correct by	Authorised by
1. Increase the annual charges from the previous year by the overall budgetary increase to the budget.	Funding Analyst	Treasurer	n/a
2. Approve the cash amount, reconciling against approved budget and confirming proportion to be charged to small PSA holders and quantify effect on other PSA holders (if any).	Treasurer	Chief Executive & Clerk	n/a
3. Once authorised – include charges as advised under section 3 (overall summary of core PSA charges)	Treasurer	n/a	n/a

2. 2007/2008 Charging Model

There will be circumstances where the charging model will be used for the new style PSA holders, up to 2012/13. After 2013, if there continues to be such a model or something similar, these arrangements will apply but modified when necessary.

Activity	Who by	Certified as correct by	Authorised by
1a. Collect BTP data (staff data, crime data and Command & Control data). The data is produced for a calendar year and is available in January each year. Apply to the model.	Funding Analyst	Head of Performance Management Unit	n/a
1b. Collect Industry data for previous fiscal year for Long Term Charges and TOC to TOC charges from the PSA holders.	Funding Analyst	Treasurer	n/a
1c. Collect publicly available data for footfall, timetabled kilometres and Station usage from The ORR Website and the Network Rail website. Apply to the model.	Funding Analyst	Treasurer	n/a
1d. Collect BTP budget including financial breakdown by Area from the Head of Finance.	Funding Analyst	Treasurer	n/a
2. Produce first run of the outputs	Funding Analyst	Treasurer	n/a
3. Apply outputs to the draft budget figure	Funding Analyst	Treasurer	n/a
4. Agree the schedule of charges per PSA holder with charge, budgetary increase and full explanation of any difference.	Treasurer	Chief Executive & Clerk	Authority
5. Once authorised – include charges as advised under section 3 (overall summary of core PSA charges)	Treasurer	n/a	n/a

3. Overall Summary of Core PSA Annual Charges

Activity	Who by	Certified as correct by	Authorised by
1. Summarise all agreed schedules of charges for the core PSA holders from: 2. Fixed proportion charges 3. London Underground Charges 4. 'Small' PSA holders 5. New PSA model charges	Funding Analyst	Treasurer	n/a
2. Compare to actual budget and identify any discrepancy	Funding Analyst	Treasurer	n/a
3. Formally agree schedule of charges with the Director of Finance & Corporate Services before submission to the Authority.	Treasurer	Director of Finance & Corporate Services	n/a
4. Calculate treatment of the discrepancy with the DfT as part of the Loan Agreement	Treasurer	Chief Executive & Clerk	Authority
5. Statement to the Authority on all charges to be levied	Joint by Treasurer, Chief Executive & Clerk and Director of Finance & Corporate Services (on behalf of the Accounting Officer)	n/a	Authority

4. Enhanced PSAS

These PSAs cover specific policing activities commissioned and paid for by TOCs and other rail industry partners. The EPSA defines specific resources which are deployed almost exclusively for the purposes specified. The initiatives for EPSAs derive almost exclusively from Area Commanders as a result of discussions locally with TOCs.

Activity	Who by	Certified as correct by	Authorised by
1. Defining the resources needed to provide the services, to include personnel, IT, other capital costs	Area Commander advised by Area Finance Manager	ACC and Director of Finance & Corporate Services	n/a
2. Determine the costs to be included	Area Finance Manager	Head of Finance	n/a
3. Instructions to BTPA for the agreement	Area Commander	Treasurer	Chief Executive & Clerk
4. Agreement drafted and finalised	PSA Administrator	Treasurer and Head of Finance	Chief Executive & Clerk
5. Update schedule of all EPSA's. Add to ongoing controls schedule of EPSA's on which invoices are confirmed annually	PSA Administrator	Head of Finance and Treasurer	n/a
6. Annual report to the Authority of Enhanced PSA's	Head of Finance	Treasurer	Authority

5. Billing:

Once the annual amounts to be charged to PSA holders are agreed, invoices will need to be sent in accordance with the proportion for each accounting period and receipts from those invoices appropriately monitored.

Activity	Who by	Certified as correct by	Authorised by
1.Prepare a schedule of agreed and authorised charges for core PSA holders (both fixed and new model) to be passed to BTP for invoicing	Treasurer	Director of Finance & Corporate Services	n/a
2. Prepare schedule of invoices per accounting period for each PSA	Principal Accountant	Head of Finance	n/a
3.Monitor receipts on a monthly basis	Principal Accountant	Head of Finance	n/a
4. Report position on receipts as part of regular budget monitoring reports to BTPA	Head of Finance	Director of Finance & Corporate Services	n/a
5. Produce Log of amounts outstanding for more than 2 accounting periods and pass to Treasurer	Head of Finance	Director of Finance & Corporate Services	n/a
Late payments – once all other procedures have been followed 6. Contact TOC and to ensure payment is received	Treasurer	Chief Executive & Clerk	n/a
Late payments 7. In event not received report to Authority to agree further action	Treasurer through SBPM	Chief Executive & Clerk	Authority

6. Amendments to core PSA holder's charges during any given year

At the beginning of the year each PSA holder's charge is calculated for the year and communicated via a letter. Should any reason arise that the agreed charge to a PSA holder need to be changed after this letter has been sent, the process outlined below must be adhered to. This must be initiated by notification from the DfT.

Activity	Who by	Certified as correct by	Authorised by
1. Notification of change received from the DfT. The issue of any future changes in franchises will be a standing item on the DfT bi-monthly meeting with the Authority Chief Executive & Clerk and Treasurer.	Dept. for Transport	Treasurer	n/a
2. Document the rationale for change including how much the charge is changed and how any gap in the total budget would be filled.	Head of Finance	Treasurer	n/a
3. Approve change to the charge	Funding Analyst and Treasurer	Chief Executive & Clerk and Director of Finance & Corporate Services	Authority – if annualised change is over £250k across all PSA Holders affected.
4. New letter sent to the PSA holder detailing the change to the charge.	Chief Executive & Clerk	n/a	n/a
5. Revised charges to be sent to the Head of Finance along with schedule of the original charge, reason for change, date of change, and revised annualised amount.	Treasurer	Chief Executive & Clerk	n/a

Approved by

Chief Executive & Clerk .....

Treasurer .....

Director of Finance &
Corporate Services .....

Officer of Tribal .....

Dated 7th December 2009