BTPA
British Transport Police Authority

The Forum
5th Floor North
74-80 Camden Street
London NW1 0EG

T: 020 7383 0259
F: 020 7383 2655

www.btpa.police.uk

Report to: Audit & Corporate Governance Committee

Agenda item: Agenda Item 7

Date: Wednesday 15th December 2009

Subject: Governance Framework for Charging Model Inputs/Outputs - revised

Sponsor: Treasurer

For: Approval

1. Background and Introduction

As part of the work that has been done in relation to the charges disputes, the Project Team has concluded that it would be appropriate for the Authority to formalise the processes whereby the various charges are calculated and then sent to PSA holders under their Agreements. A proposal was bought to the previous meeting and a number of revisions were requested.

2. The Proposal

2.1 Attached to this report is a revised Governance Statement indicating various activities that are undertaken in relation to each category of charges, who should undertake that activity and who will certify and authorise the work. The revised governance statement has been discussed with members of the Audit Committee, Ian Dobbs, the Director of Finance and Corporate Services, the Chief Executive & Clerk and our internal auditors.

2.2 Under the Delegation Scheme, the Chief Executive & Clerk is delegated the following authorities:

- "C15 – Levying charges for Police Services in accordance with Police Service Agreements and in conformity with policies and guidelines established by the Authority
- C16 – to determine appropriate fees and charges for services provided to Police Services Users in accordance with the terms of the relevant Police Services Agreement and the policy of the Authority, and for services provided to other organisations and individuals, with a view to at least recovering the costs of such services.".

2.3 The Committee will see that the proposal is that the constituent parts of the charges will be calculated in stages as follows:

- Fixed proportion PSA holders
- New Model PSA holders
- London Underground overhead contribution and
- Small PSA holders
- New Model PSA holders

A verified summary of core PSA charges will then be presented to the Authority on an annual basis. It will be important to recognise that because of the mixed methodologies used to calculate PSA charges arising out of the Judicial review, a shortfall in PSA income will arise and will form part of a claim to the DfT for irrecoverable debts.

2.4 Additional steps have been identified for billing, enhanced PSA'S and where applicable changes to franchises during the year notified to us by the DfT. The policy is intended to ensure that all charges are double checked and that the issues are visible and notified to the Authority. Members may wish to discuss whether the PSA charges should be presented in summary form (by type of PSA), or by PSA holder.

2.5 The proposal is intended to ensure that all charges are double checked and that any potential issues are notified to the Authority, for example if a re-run of the new model results in a large swing in charges or if the London Underground contribution to overheads is propose to change materially. As the figures presented will be commercially sensitive, Members may wish to discuss whether the PSA charges should be presented in summary form (by type of PSA). By agreeing the budget increases earlier in the financial calendar, the revised charges can also be calculated earlier and reviewed robustly.

2.6 It is also worth noting that the current governance statement on the role of the Treasurer and within the detailed list of responsibilities there is no reference to there being any involvement with PSA charges, the responsibility has always been with the Deputy Chief Executive. This process is intended to be an interim arrangement and once the strategic Review of the Authority has been undertaken and the review of the Accounting Officer has been completed the roles and responsibilities need to be reviewed.

2.7 However the steps involved remain valid and have been put together with the experience of the project team set up to calculate the implications of the Judicial review. .

2.8 Tribal have seen the proposed Statement and are content with it.

3. For Decision

3.1 The Committee is asked to agree the Governance Statement and discuss the level of detail to be presented to the Authority.