

Minutes

Police Authority

Date: Thursday 8 July 2010
Venue: G1 & G2, FHQ, 25 Camden Road,
London NW1 9LN

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

T: 020 7383 0259
F: 020 7383 2655

www.btpa.police.uk

Present:

Ms Millie Banerjee, Chairman
Sir David O'Dowd, Deputy Chairman
Mr Lew Adams
Mr Howard Collins
Mr Ian Dobbs
Mr Colin Foxall
Mrs Elizabeth France
Mr Robin Gisby
Mr Michael Holden
Mr James King (by telephone)
Mrs Wendy Towers
Mr Jeroen Weimar

Apologies:

Mr Neil Scales

In attendance:

Mr Andrew Trotter, Chief Constable
Mr Paul Crowther, Deputy Chief Constable
Mr David McCall, Assistant Chief Constable Scotland
Mr Alan Pacey, Assistant Chief Constable Territorial Policing
Mr Steve Thomas, Assistant Chief Constable Operations
Mr Miles Flood, T/Assistant Chief Constable Protective Services
Ms Linda Scott, HR Director
Mr Andrew Clarke, Interim Head of Finance and Corporate Services

Mr Simon Hart, Head of Finance
Ms Marie Daniels, Head of Strategic Development
Ms Janet Dowding, Principal Accountant
Ms Vanessa Delices, Secretariat Manager

Mr Andrew Figgures, Chief Executive
Mrs Liz Pike, Treasurer
Mrs Samantha Elvy, Research & Policy Manager
Miss Lucy Barrick, Business Support Manager & Minutes

PART I - ITEMS TAKEN IN PUBLIC

41/2010 Welcome and Apologies

Non-Agenda

The Authority noted apologies from Mr Scales.

Mr Hart was welcomed to his first Authority meeting since he had started as Head of Finance.

42/2010 Minutes of Meeting 11 March 2010

Agenda Item 1

The minutes were approved as an accurate record.

43/2010 Matters Arising

Agenda Item 2

The Force confirmed that the £424k underspend had been moved to the contingency reserve.

All other actions had been discharged.

44/2010 Chief Constable's Report

Agenda Item 3

The Chief Constable reported that it had been a challenging start to the performance year, particularly around cable theft. The main problems around cable theft were in the North Eastern Area, although it was noted that there were some other vulnerable areas. The North Eastern Area had

limited resources to deal with the problem and this was being reviewed. The Force was looking at intelligence opportunities and keeping scrap metal dealers under scrutiny. Operation VAULT was due to begin shortly which was part of a long term strategy to tackle cable theft. This involved a media and operational campaign that would demonstrate the high likelihood of being caught should people be involved in cable theft. Operation UNITY had also been in place since 6 July with ten additional officers being deployed to the north east to disrupt and identify metal thieves.

The Authority said it was encouraged to hear about the operations but noted cable theft had been rising significantly since December 2009. The Authority asked what the process was for addressing increases in different types of crime when they became evident. The Force responded that cable theft was monitored through the daily Strategic Command Team briefings, Force Management Team and tasking meetings. The tasking meetings reviewed the issues faced by the Force and the resources available. In the long term, resources in the north east were being reviewed with a view to try and find additional resource from elsewhere in the Force to increase the numbers.

The Force was focusing on the scrap metal dealers and getting resources to them quickly after a theft had taken place which was helping to reduce cable theft. It was also noted that the figures reported reflected the number of crimes and was not indicative of the activity to prevent and detect this. Furthermore, the Deputy Chief Constable was ACPO lead for metal theft and was coordinating with Home Office colleagues. A national cable theft problem profile had been completed for all utilities and this was aimed at getting cross-government support. The Force was also working with companies on prevention measures.

It was noted that some thefts had a time lag before being reported. This was often the case when old rails were stolen. The Authority noted the relative ease with which this crime was committed and the general time lag in reporting could encourage further crime leading to an increase in cable theft. It was further noted that a cashless system in the scrap metal industry would be a major step in preventing cable theft. It was agreed that the Authority and Network Rail would coordinate and write to the appropriate Government officials on this.

The Force updated that there had been some difficult fatalities recently which had been very demanding on the time of the Force. In dealing with these there had been an awareness of past errors in the management of fatalities. The Force was keen to make sure that the correct measures were in place and the officers dealing with these incidents had the

expertise required. The Chief Constable thanked his officers for their work in this difficult area. The Authority echoed this thanks noting that it was a difficult job. The work of the Force in getting two lines up and running on a four line track following a fatality was also praised, as this helped to ease the disruption to service resulting from these incidents whilst preserving the dignity of the deceased and the scene.

The Force advised that the Home Office had been refused leave to appeal the European Court of Human Rights ruling regarding the legality of section 44 of the Terrorism Act. As a result BTP had suspended its use of the power and was waiting for Home Office guidance. The BTP authorisation for the use of section 44 was due to expire at midnight on 8 July and authorisation from the Home Office would be required to continue the use of this power. The Force advised that it was meeting with Metropolitan Police Service and City of London Police colleagues to ensure that there was a joined up approach in London. The Authority was also reminded that BTP had scaled back its use of section 44 with it now only used by specially trained officers on specialist operations. Should section 44 be revoked the Force was in discussion with the DfT and Home Office regarding alternative powers under the Transport Act which would allow for searches being a requirement for access to certain property.

Discussions on border policing in the wider arena had indicated that this would be led by the Serious and Organised Crime Agency (SOCA). BTP had offered its assistance to work with the new agency.

Superintendent Phil Trendall and Police Constable Zaheer Ahmad had been mentioned in the Queen's Birthday Honours List. Superintendent Trendall received the Queen's Police Medal and PC Ahmad had been appointed a Member of the Most Excellent Order of the British Empire, both for services to policing.

The issue of charging for the licensing and football industries for policing was raised, as the Chief Constable felt that there could be a good opportunity to move forwards on this at this time. He advised that he was working with his ACPO colleagues but there were difficulties as the local arrangements differed significantly across the country. It was agreed that the Authority would write again to the Department for Culture, Media and Sport to revitalise the issue.

The Authority asked if the Olympics funding was likely to be cut as a result of the new Government savings programme. The Force responded that this had not been broached as yet and the budget had already been challenged in many forums before it was agreed. Also, the Force had

demonstrated prudent control as it had been able to return 4% in 2009/10 and hoped to come in under budget again for 2010/11. However, it was noted that nothing was certain and this would need to be closely monitored.

The Authority asked if any of the BTP Areas were giving particular cause for concern around performance. The Force responded that there were no serious concerns. The North Eastern resource issue had already been noted and London South had had a slow start to the performance year.

Agreed

- A campaign to be coordinated by the Deputy Chief Constable on raising Government awareness of cable theft.
- The Authority and Network Rail to coordinate writing to the appropriate Government officials on cable theft and its impact on the rail industry.
- A presentation on cable theft to come to the September meeting.
- The Authority to write a follow up letter to the DCMS on charging for policing related to licensed premises and football.

45/2010 Chief Executive's Report

Agenda Item 4

The Chief Executive introduced his report. He advised that he would prepare a précis of the LEK report for Authority Members. It was noted that the Arriva Trains Wales arbitration remained stayed at present. A cheque had arrived for £800k from Virgin Cross Country to clear their outstanding debt.

The Authority was updated that the letter to appoint the Chief Constable as additional Accounting Officer and the service level agreement to detail this was being prepared.

Agreed

- A précis of the LEK report to be prepared for Authority Members.

46/2010 2009/10 Statement of Accounts and Statement on Internal Control

Agenda Item 5

The Accounts had been circulated but still required some issues to be resolved following audit completion. There were also some formatting changes to take place but these would not alter the numbers. The only material issue which remained outstanding was the accounting treatment of the capital grants but this would be reviewed in more detail in the report on reserves.

The Force advised that it was still aiming to lay the Accounts before the parliamentary recess but this was reliant on the capital grant issue being resolved in time.

With the exception of the capital finance issue, the Accounts were approved for sign off. The Authority said that the capital finance work should be completed with accuracy and urgency and noted the DfT was aware of the issue. Once the capital finance issue was resolved, the Chief Executive, as Accounting Officer, was authorised to sign off the Accounts with the support of the Chairman or Deputy Chairman.

Agreed

- The capital finance work should be completed with accuracy and urgency.
- The Chief Executive, as Accounting Officer, was authorised to sign off the Accounts once the capital finance aspect was dealt with the support of the Chairman or Deputy Chairman.
- Members to advise on any typographical errors or inaccuracies that they had noted.

47/2010 Reserves

Agenda Item 6

Amended appendices were distributed following the restatement of some of the figures in the Accounts (copy in the minute book).

A cap for the contingency reserve was discussed and it was agreed that there should be a causal link to the risk register as the size of the contingency should address the risks of the business whilst being mindful that the DfT was the bank of last resort. It was noted that, if this was the case, the risk register needed to include a risk relating to the potential cost of exceptional operational demand, such as a train crash.

The working capital requirement needed to be determined and this had been noted as an action from the Audit Committee.

The capital financing reserve was discussed. This was where the issue for the Accounts arose as there was a question over whether the DfT intended to recoup money collected as depreciation for capital projects that it had funded through its grants. To understand the potential financial implications of this the Authority would need to ascertain:

- The budgets used as a basis of PSA charges from the inception of the Authority.
- What elements of these budgets related to non-cash costs.
- Any credit notes issued or write-offs of debt since the inception of the Authority, which effectively mean that these costs were not recovered.
- Any write backs in budgets of previously charged non-cash costs.
- The extent of any debtors at 31 March 2010 which also represent amounts not yet actually recovered.

The amounts generated by this calculation would represent the worst case scenario of a literal interpretation of the Financial Memorandum. However, it is not clear what was intended by these provisions. The Members asked for confirmation that it had been right to charge this out to the PSA holders.

The Authority noted that the situation was complicated but added that it now had an understanding of the balances and principles.

Agreed

- Confirmation to be given to Members that it had been right to charge the depreciation for DfT funded projects out to the PSA holders.
- The nature and extent of the Reserves reported reflect the contents of the Statement of Accounts for financial year 2009/10
- The IFRS Reserve should be subsumed into the Distributable Reserve in the 2009/10 accounts.
- The Distributable Reserve should be a constituent of an Income and Expenditure Reserve.

- The Contingency Reserve should be sized to reflect the financial impact of risks arising from the operation of the Authority and Force and should be a constituent part of the Income and Expenditure Reserve; a causal relationship with the BTP and BTPA Strategic risk registers should be demonstrated.
- The surplus in the Capital Financing Reserve should be treated in accordance with the guidance once received which has been sought from the Director General Reserves and Estates DfT. This should be a constituent part of the Income and Expenditure Reserve.
- The amount of Working Capital required by the Authority should be determined. Once determined this should be held in the Income and Expenditure Reserve.
- Appendix B was approved as the disclosure format for stating reserves in the 2009/10 Accounts, as this is compliant with the Financial Reporting Memorandum.
- The reserves available to the Authority are a surplus of Income over Expenditure of £2.799k and £2.224k in the Contingency Fund.

48/2010 Pensions

Agenda Item 7

Following the most recent police officer fund actuarial valuation a shortfall of £132m had been reported. It was noted that the investment strategy currently had 90% of the fund invested in the “*on risk*” category and this should be reviewed by the Authority. Also, some of the assumptions on which the valuation had been based could be adjusted as they were no longer accurate.

It was agreed that the options would be reviewed and then brought back to the Authority for direction. The Authority would then need to contact the Trustees who would make the final decision and implement any changes.

A Group of Members would be assembled to lead this work as this was a critical balancing factor when it came to the budget. The Group would also include a Force representative and it was noted that the staff interests were represented by the Trustees.

Agreed

- The Authority to formally approach the Trustee with their proposals on the assumptions underlying the calculation of the Technical Provisions and the form of the Recovery Plan
- The assumptions used to calculate the Technical Provisions and the form of the Recovery Plan to be agreed between the Authority and the Trustee and certified by the Scheme Actuary
- The Scheme Actuary to prepare all the final paperwork and certificates, before submitting the valuation results to the Regulator. All documentation needs to be finalised by 31 March 2011. Within this timeframe BTP to build in time to consult the employees on any change in employee contributions.
- The benefits of the scheme to be reviewed alongside the Hutton review. A formal response to be made to the Trustee requesting that they make the changes to the assumptions for calculating the Technical Provisions
- Seek the Trustee's view on what level of enhanced returns might be agreeable to them in setting the Recovery Plan
- Approach the Trustee to provide their views on what an appropriate alternative investment strategy might be and set up a Authority Group to review this.

49/2010 Group Terms of Reference

Agenda Item 8

The Authority agreed that they were content to proceed with the new business cycle with the minor amendments and clarifications as detailed in the paper. A review would take place in May as timetabled in the business cycle.

Thematic and area portfolios would be discussed at the September meeting following a consultation process. It was noted that there was some concern regarding the diversity monitoring work and where this would sit.

Agreed

- The Business Cycle was approved with the minor amendments and clarifications noted in the paper.
- Thematic and Area portfolios to be discussed in September following a consultation.

50/2010 Diversity Report

Agenda Item 9

The Force advised the Authority that its overall strategic ambition in this area was to have a representative workforce. A lot of work had recently been done with current BME staff and officers to ensure that BTP was a good place to work. A number of actions had arisen from this and were being tracked through the Force Diversity Action Group (FDAG), which was chaired by the Deputy Chief Constable and met quarterly.

The Authority noted that it had a role in monitoring and promoting diversity and requested that the diversity actions be monitored through the Performance Review Group with regular reports to the Authority. The Performance Review Group would also be conducting a thematic review of the diversity workstream and looking at turnover figures, as it was noted that these were higher in some areas than others. The Force responded that retention may be affected by decisions being made around budgets but the Authority said that this would be a matter for management to use their expertise to reduce the effects as much as possible.

The Chief Constable said that the representation of BME staff and officers within the Force was unlikely to change significantly over the next few years as recruitment was likely to be much lower. This had implications regarding training which gave an opportunity for the new training school at Spring House to be used for leadership and management courses. The Chief Constable believed that a major factor in the issues reported by BME staff was a failure in leadership and management to set an example. The Chief Constable believed that a focus on training in this area and an improvement in the educational attainment of the new recruits should help to resolve any issues.

Agreed

- The Performance Review Group to conduct a thematic review of the diversity workstream and look at turnover figures.
- The Performance Review Group to monitor the diversity action plan implementation.
- The Authority would continue to receive regular reports.

PART II - ITEMS TAKEN IN PRIVATE

51/2010 BTPA and BTP Quarterly Strategic Risk Reports

Agenda Items 10 & 11

It was noted that it had been agreed at the Audit Committee that the BTP and BTPA Strategic Risk Registers should be separated and this was how they were presented. The Authority asked whether the risk around the corporate knowledge detailed at BTPA1 was adequately recognised. The Chief Executive responded that he felt this was appropriately stated.

The Authority raised a concern that in both risk registers the economic environment and the implications of this was not adequately recognised. It was agreed that a specific risk detailing the possible implications of this should be added to the BTPA register.

The wording at SR54 was questioned as the key indicators column suggested that the budget for 2011/12 had been agreed when this was not the case. It was agreed that this be rewritten to take account of the fact that this was indicative, as the 2011/12 budget would not be set until the end of the calendar year.

Following discussion regarding the level at which the contingency reserve should be capped it had been agreed that this should have a relationship with the risk register. As such, it was further agreed that a risk around exceptional operational demand and the potential cost of this should be included in the BTPA register.

Agreed

- SR54 to be reworded to take account of the fact that this was indicative, as the 2011/12 budget would not be set until the end of the calendar year.
- A new entry to be made to the BTPA risk register to reflect the potential cost of exceptional operational demand, such as a train crash.

52/2010 Wide Area Network - Scheme Approval

Agenda Item 12

The tenders for the wide area network were discussed and approval was given for investment at this stage but not for contract signing.

53/2010 Audit Committee Minutes

Agenda Item 13

The Authority noted the Audit Minutes.

The service level agreement for the Accounting Officer and Additional Accounting Officer would come to next Authority meeting.

Signed.....

Chairman