

Report to: Police Authority
Agenda item: 4
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Subject: Chief Executive Report
Sponsor: Chief Executive
For: Information

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1. Purpose of Paper

- 1.1 The purpose of this report is to summarise the work of the Executive since the last Police Authority meeting to inform Members.

2. Business Cycle

- 2.1 The membership of the Groups and Committees under the new business cycle has now been confirmed and first meetings have been scheduled for all groups and dates are below for information:

Finance Group	10 May
Strategy Group	10 June
Performance Review Group	22 June
Policing Plan Group	28 September

- 2.2 The stakeholder pilot phase is underway and initial meetings with representatives from holding groups and a small number of individual PSA holders have been identified. The Executive is liaising with the Chair, Chief Executive and Members to provide briefings for these meetings. A first meeting with ATOC took place on 21 April where proposals for the engagement strategy for 2010/11 were presented and positive feedback received.

3. Governance Update

- 3.1 The Executive is redrafting the Corporate Governance documentation for the Authority following the changes resulting from the new business cycle. The intention is to reflect the definition of 'governance' issued by HM Treasury. In doing so,

the approach adopted is permissive rather than prohibitive thus eliminating unnecessary detail - there should be no need for instance to tell the Chief Constable to make arrangements for the supply and issue of controlled stationery! In essence the Chief Constable and Chief Executive are responsible and accountable for everything within their areas to deliver a number of outcomes the Authority specifies

- 3.2 The first redraft of the document is near to completion and will then be shared with the internal auditors for their advice and assurance before being released to all Members for comment. Once these steps have been completed the document will be sent to the National Audit Office for final comment before coming to the Authority meeting scheduled for the end of July for formal endorsement.

4. Risk

- 4.1 The BTPA Executive Team has assessed the risks to the Authority, both operational and strategic. These have now been presented at the April Risk Committee, and the strategic risks identified will be added to the combined Force and Authority Strategic Risk Register (SRR). The BTP Risk Manager is to arrange further training for the BTPA Executive and at our weekly meetings we will review the risks on a regular basis and feed into the SRR which will be presented to the Authority on a quarterly cycle.

5. Protective Services

- 5.1 On 27 April BTP hosted an internal seminar on the new police force compliance standards for Protective Services. The BTP seminar, led by NPIA, provided an overview of both the new minimum standards for Protective Services and guidance in place to support development of Protective Service Improvement Plans. Her Majesty's Inspectorate of Constabulary (HMIC) will be inspecting all forces from April 2011 and will review progress with identifying, assessing and addressing the 'level 2' threat.
- 5.2 The term Protective Services typically relates to 'level 2' issues, that is issues that occur at a cross-border/cross-boundary level, and/or include major incidents and/or those which involve the actions of organised criminality. For BTP this includes issues

such as Counter Terrorism, Public Order, Civil Contingencies, Critical Incidents and Serious & Organised Crime.

- 5.3 HMIC's 2005 report entitled '*Mind the Gap*' identified a significant lack of capacity and capability amongst forces in England and Wales to address 'level 2' issues. The report recommended that forces should individually and collectively identify, and develop plans to close, gaps in their Protective Services capabilities.
- 5.4 Police authority engagement on, and oversight of, Protective Services is also a central theme in the current HMIC/Audit Commission police authority inspection programme; and one on which many authorities have been assessed as performing poorly to date. As such, understanding and developing plans to discharge BTPA's role will be an important piece of work in the coming months.
- 5.5 The key issues for the Authority in the future will be to;
- Properly understand the nature of the 'level 2' risk faced by BTP. Also to be reassured that an appropriate threat/risk assessment process and improvement plan is in place.
 - Ensure that an effective governance framework is in place to both allocate resources and scrutinise performance outcomes
 - To ensure that BTP's approach to protective services is both effective and offers value for money
- 5.6 Clearly elements of this work should sit with the full Authority though the detailed work might best be considered by the Authority's new working groups. It is also recommended that each Authority identify a lead Member for Protective Services and we will be considering this proposal in the near future.
- 5.7 A further briefing session for the Strategic Command Team, BTPA lead Member and Chief Executive is currently being arranged by BTP and a further update and recommendations will be provided at the July Authority meeting.

6. Strategic Review

- 6.1 Work has been initiated under the direction of the Chair and Chief Constable to develop the Terms of Reference of an Authority led Joint Strategic Review. The purpose of the review is to identify options available to the Authority and BTP to meet the required future policing outcomes within estimates of future revenue. Authority leadership would be conducted through the joint Strategy Group

7. Accounting Officer

- 7.1 Members will recall that at the last authority meeting that the accounting officer role was being changed after a re-examination by the Department. The new arrangements provide for shared accountabilities where these are appropriate and formal agreements between the Authority and BTP where one is providing services for the other. The respective Accounting Officer memorandum has now been agreed and issued. With effect from 12 April 2010 the Chief Executive has been appointed formally as the Principal Accounting Officer, responsible to the Accounting Officer of the DfT. The Chief Constable has been appointed as Additional Accounting Officer. The acting Director of Finance at BTP and the Treasurer to the Authority are in the process of drawing up a detailed memorandum of understanding to reflect this change in roles.

8. Pensions

- 8.1 The first draft of the pension valuation of the Police Officers' scheme will be presented to the Authority on Tuesday 11 May, having already been shared with the Management Committee and the Benefits and Funding Committee on Monday 10 May. This will be our first opportunity, as employer, to assess the appropriateness of the assumptions made in the valuation by the scheme's actuaries. The key assumptions to be agreed are

- Wage inflation over the next 20 years. A movement of 1% represents a £40 million shift in liabilities, previous assumptions have assumed RPI plus 1.5%. We will need to have a very persuasive case for reducing this long term assumption.
- Investment returns
- Mortality Rates
- Commutation at retirement
- Funding confidence levels
- Whether any changes are required in investment strategy

- 8.2 The next stage will be to look at the benefits and rules of the scheme to assess what can be done in order to close the gap and then to decide how to fund the deficit, through the recovery period and changes to contribution rates, Specialist advice is being sought to support the Executive in this process. The DfT continue to decline any financial support. A full report will be brought to the July Authority meeting, together with a presentation from the scheme's actuaries.

9. Year End Accounts

- 9.1 Together with the Force we are meeting the NAO on Monday 10 May to discuss the audit issues raised with the Audit Committee in March for the 2009/10 Accounts. The draft accounts will be reviewed by myself and the Treasurer. Detailed comments have already been fed back to the force on the Statement of Internal Control. The timetable is progressing well. It is intended that the Accounts will be available for agreement at the Authority meeting to be held in early July.

10. Arriva Arbitration update

- 10.1 On the 5 May BTPA made its reply in regards to the evidence that would be produced by Matrix Consulting and the external expert evidence that will be provided by LEK Consulting.
- 10.2 Both parties are required to produce standard disclosure lists by the 19 May. Kroll Ontrack has been employed to help BTPA work to the disclosure deadline.
- 10.3 A Case Management Conference has been booked for the 7 July with the Arbitrator, which Ian Dobbs and the Chief Executive will attend. This is to agree the next steps and deadlines for the process and to advise the arbitrator of the skeletal arguments of the case.

11. Judicial Review Debtors update

- 11.1 The debtors arising from the verification work have been reviewed in detail with the Treasurer. Of the £10.8 million provided as a provision against bad debt at last year end, which related to the historical errors pre 1 April 2007, all but £3.2 million has been received and £0.2 million has been written off by means of grant with the DfT. Of the outstanding balance

£3.0 million relates to Arriva Trains Wales and is part of the arbitration process. An assessment of all JR debts has now been made and accordingly the bad debt provision has been reduced to £10.5 million in the year end accounts. Work continues on the recovery of these debts.

- 11.2 Formal written approval has been received from the DfT to convert the irrecoverable gap in 2010/11 of £2.5 m to grant.

12. BTPA Freedom of Information Publication Scheme

12.1 The Authority was recently subject to an Information Commissioner's Office audit of police authority and police force Freedom of Information (FOI) Publication Schemes. BTPA performed well in the audit, however in parallel with feedback provided to other authorities and forces; a small number of recommendations were made to BTPA which would increase the amount of information routinely made available through our website. The recommendations are not mandatory but would bring us into line with the current best practice identified by the ICO.

12.2 The ICO's recommendations relate to routinely publishing the following on the BTPA website;

- Member and senior staff expenses
- The BTPA Register of Interests
- The BTPA Register of Gifts and Hospitality

All of the above information is currently made available in hard copy on request.

12.3 We now intend to publish the above information on the BTPA website on an annual basis; we will of course provide some supporting commentary on expenses to explain the unique geographic nature of the Authority and the impact this has on travel and subsistence expenditure.

13. Recommendations

13.1 Members are asked to note this report.