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
E: general.enquiries@btpa.police.uk

www.btpa.police.uk

Appendix A -Notes of Meeting

Finance Group

Thursday 14th October 2010, 9.00 – 11.00am

at The Forum

Present:

Mr Ian Dobbs (Chair)

Mrs Wendy Towers

Apologies:

Mr Jeroen Weimar

In attendance:

Mrs Liz Pike, Treasurer

Ms Katherine Hogan, PSA Administrator

Mr Andrew Figgures, Chief Executive

Mr Simon Hart, Head of Finance

Mr Andrew Clarke, Acting Director of Finance & Corporate Services

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11/2010 Welcome and Apologies
Non-Agenda
The Chair gave apologies from Mr Weimar.

12/2010 Minutes of Meeting 21st July 2010
Agenda Item 1
The minutes were approved.

13/2010 Matters Arising
Agenda Item 2
Papers were not sent electronically due to some of the papers being restricted. It was agreed that Katherine Hogan would recheck the restricted marking policy to determine whether it was being correctly applied. It was also agreed that papers that were not restricted should be sent by email with only restricted items going by post. The addition of the establishment data was welcomed and approved. However it was requested that year end forecasts should also be submitted in future reports to enable the Group to better understand the trends.

The Group noted that information on the total cost of projects (item 4) remained absent. The BTP agreed to present the data for quarter 3 onwards.

The WAN upgrade was discussed. The BTP confirmed that they were meeting EU regulation on tendering in relation to projects over £900k.

Actions

- The Executive to recheck the restricted marking policy
- BTP to submit year end forecast establishment data together with year to date
- Information on total cost of projects to be added to BTP papers in future

14/2010 BTP 2nd Quarter Report to the Finance Group

Agenda Item 3

The paper was presented to the group. An issue remained on how the discretionary savings were presented in the summary income and expenditure account. It was noted that both the in year discretionary savings and the potential savings which together totalled £2.5m were classified as full year spend in Finance and Corporate services. It was agreed that until the Authority and BTP had agreed how this would be used, it should be highlighted on the summary revenue budget as a separate item.

It was noted that although the overall budget had remained the same, there had been a number of movements between expenditure areas and departments. The Finance Group were concerned that they would find it extremely difficult to track and understand any such changes. It was agreed that the original budget should always be shown in the full year, together with the amended budget and the forecast. The Group noted that it was very important to demonstrate to the full Authority that betterments against original budget were clearly presented.

The use of any under spend was discussed, this was to be presented to the Authority on 1 November.

BTP confirmed that the Establishment project and work on head count was now complete. It was explained that the establishment number included part time employees as a fraction and that temporary and contract staff were included in actual establishment numbers. It was also confirmed that all changes to establishment, including the renewal of any agency contracts, now go through the designated Resource Approval Panel which is chaired by the Deputy Chief Constable. It was confirmed by the BTP that the 2011/12 budgeted staff costs would be calculated by costing the establishment data now held and reviewed each period. In the

past a percentage increase had been applied to the previous year's budget.

The Group acknowledged the excellent progress that had been made on the establishment data, felt that the process involved seemed sound and requested further information on the process of using the data in reviewing run rates of staff costs.

On police pay the Group noted overall police officer pay was currently under spent and would continue to be in the remaining seven periods. It was further noted that there was a significant overspend on overtime, to which London South contributed disproportionate. BTP agreed to provide a detailed account of the costs of recruiting permanent staff contrasted with overtime costs. It was agreed that planned overtime was an important resource but that unplanned overtime should be minimised.

It was explained that the staff pay budget was overspent owing to some vacancies being filled by agency staff (temporary or contract) and they were more expensive than police staff. It was requested that more narrative should be provided within the BTP quarterly reports to explain unusual trends more fully.

On non staff costs it was noted that the full year forecast against revised budget for transport (including travel and subsistence) was overspent by 2.5%. It was explained that this figure also included fleet costs, including fuel costs. BTP had already planned to further analyse these costs in future reporting. Supplies and services costs were overspent in the full year by £428k, £250k of this related to varying airwave costs as costs increased substantially when traffic is heavy. It was agreed that such a large variance would be explicitly explained in the future. The Protective Services travel and subsistence cost was in excess of the budget, but BTP explained that now a cable theft team had now moved to the North East permanently this figure is expected to reduce in future.

The Group acknowledged the progress in saving £1.2m in 'In Year Revenue Savings' and a further £1.3m identified in future savings.

On the Capital Program, the Ebury Bridge building work was confirmed to have been completed and the technical work begun. It was agreed that in future reporting the BTP would focus on projects approved by the Authority and would provide a detailed table detailing the total amount approved by the Authority, together with spend in previous years, actual spend and forecast spend in the reporting year and future spend in the following years rather than just the total amount.

Revenue Budget 2010/11 – Functional Analysis – it was noted that the report did not highlight the considerable Area forecast savings as the budgets had been amended to reflect savings moved to the centre. BTP

outlined the four weekly review meetings with the Areas and FHQ departments.

It was noted that the BTP will develop a fixed establishment on vehicles to ensure that as staff is reduced the vehicle fleet is also reduced.

Balance Sheet - it was explained that the figure for cash and cash equivalents included £16.2m which had since been paid back to the DfT for the net capital funding. The Executive requested that cashflow projections should be incorporated into the overall report and any potential issues should be highlighted. It was noted that this information was already reported to the DfT. The future cash position was of concern to the Group as in April, BTP were currently forecasting a cash shortfall of just over £10m. This had arisen because of timing issues and also the ongoing problems in collecting certain core PSA debtors, particularly ATW and DBS(EWS). Year end issues around collection of the new charges were discussed in order to try to manage the collection of debts more effectively.

It was explained that in the event that aid was required from the DfT it would require a notice period but that this was currently managed through the monthly CASSIE report.

Actions

- BTP would show any forecast savings / efficiencies separately.
- BTP to supply further information on the review of future staff costs and the application of the establishment data.
- BTP to provide a detailed account of permanent staff costs contrasted with overtime costs
- BTP to provide more detailed commentary in order to explain significant variances in future
- BTP to split the travel and subsistence figure in future reporting.
- BTP to provide a detailed table outlining amounts spent on capital projects in previous years and amounts forecast for future years

15/2010 BTPA 2nd Quarter 2010/11 Report to the Finance Group
Agenda Item 4

The BTPA year to date budget is currently under spent in all areas. The only unplanned expenditure to declare was

- the engagement of Punter Southall to provide advice on pensions.
- Internal audit will be overspent in the full year because of unbudgeted costs relating to an ongoing fraud investigation.
- NAO costs would be overspent by £15k because of the overrun in the 2009/10 external audit.

The major issue facing the Authority's future costs was in relation to legal costs which would depend on whether the arbitration with ATW would be revisited or not. Arbitration would be very costly and was not covered within the BTPA budget.

It was noted that Virgin West Coast had not paid back charges of £209k but after a meeting with the Treasurer, that they had agreed to pay by 14th October, 2010. The DfT had agreed in principal to pay the outstanding amount attributed to GNER.

A verbal update was given on ATW outlining that information had been submitted to the DfT legal team involved and that discussion were ongoing. An update was also given on Nexus outlining that discussions currently ongoing with the both DBS and the DfT to resolve the unpaid balance.

16/2010 2011/12 Budget Approval Process
Agenda Item 5

It was agreed by the Group that in order to review the 2011/12 budget in advance of the December Authority meeting, the Group should, at their meeting of the 1st December, 2010 review the budget and make their recommendations. The group discussed what would be available for review and it was agreed that the following information would be presented:

- Details of the £.1.2m revenue saved and £1.3m identified potential revenue savings
- risks and opportunities in the 2011/12 budget
- Summary Income and Expenditure in the format presented together with variances to the 2010/11 budget and 2010/11 forecast, with explanations of variances.

The BTP agreed that they would have a draft report with supplementary detail by the 22nd November which they could submit to the Finance Group in draft form. This was agreed. The BTPA agreed to have their budget ready by this date to allow as much time as possible to analyse the total cost and budget. It was agreed that the timescales were tight and the meeting date would potentially have to change.

Actions

- BTP to supply a draft report with supplementary detail for consideration at the next Finance Group meeting
- The BTPA to have final budget for consideration at the next Finance Group meeting

17/2010 2011/12 Timetable and Processes for charging in 2011/12
Agenda Item 6

It was noted that in 2011/12 there are no franchise changes planned and there would be no changes in the number of PSA holders to be charged. This had been confirmed by the DfT at their bi-monthly meeting with the Authority.

Certain changes to the process were noted, namely the intention that Delta Rail will provide footfall data required by the model. In addition rather than request just Long Term Recharges from TOC's we would also request both the recharges made and the recharges received which should allow us to compare all the data across the PSA holders and identify any anomalies.
It was agreed that in order to smooth the process, BTPA's budget would also be presented to the December Authority meeting for approval.
Actions

- BTPA to request assistance from Marie Daniels team in verifying data during the charging process
- BTPA to finalise dates on timetable rather than refer to mid-months
- BTPA to present the 2011/12 BTPA budget to the Authority in December.

18/2010 Any Other Business
Agenda Item 7
None

Date of Next Meeting: It was agreed that the next meeting would be scheduled for 29 / 30 November. Katherine Hogan subsequently confirmed the date of the next meeting as 9.00 a.m. on Monday 29 November 2010.

Signed.....

Chairman