

Report to: Police Authority
Agenda item: 4
Date: 26 January 2012
Subject: Chief Executive Report
Sponsor: Chief Executive
For: Information

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. PSA and Charging Update

- 2.1 The Chair and Chief Executive have undertaken a number of meetings with key stakeholders since the beginning of the year. These briefings have covered the redraft of the PSA which will be effective from 1 April 2013 and the implication of this on the charges from that date, with particular emphasis on the impact on the 'Fixed Proportion' PSA holders. As well as the actions arising from the meetings. The stakeholders have been invited to provide more formal feedback to us by 29 February 2012.

- 2.2 The wording of the revised PSA has, subject to one minor change, been agreed by the DfT lawyer. The contract has now

been referred to her manager before eventual presentation to the Secretary of State.

- 2.3 A series of meetings have been held with the DfT to outline the financial implications of charging all PSA holders by means of the Matrix Model. We have now prepared a paper for the sponsorship team to present to the Ministers which outlines the risks.
- 2.4 Calculating the charges for the Matrix Model for 2012/13 is now in progress. Weekly meetings are chaired by the Authority Finance Director, independent verification is performed by BTP and the charges will be presented to the Finance Group in March. The letters for the Fixed Proportion and Small PSA holders will be issued in February. The remaining letters will be issued after the Authority meeting.

3. Progress on Annual Accounts

- 3.1 A hard close has been performed at the end of period 10. The results of this will be audited by the NAO when they commence their interim audit on 6 February. The results of the submission will be reviewed by the Executive and circulated to members of the Audit Committee.
- 3.2 The DfT have employed PWC to perform an audit on our preparedness for the clean line of sight project and the accelerated year end timetable. The terms of reference has now been agreed and the outcome of their review will be discussed with us in mid March.

- 3.3 The risks in the 2011/12 accounts were identified as the relocation of the payroll to Birmingham, the propriety and regularity of the unauthorised pensions made by RPMI and subsequent re-employment of staff by BTP. In addition to these a separate review of the WAN project needs to be considered together with controls around the pension control accounts. It would therefore be sensible to schedule an additional Audit Committee to agree treatment and any disclosure requirements around these specific issues in order to ensure that we are in good shape for delivering unqualified accounts on a timely basis. A date is being sought for late February.
- 3.4 Work has commenced on the pulling together the Management Commentary, the Remuneration Report and the new Governance Statement which accompany the detailed notes and accounts. The intention is to present the drafts to the Audit Committee in March. The Governance statement replaces and expands upon the Statement of Internal Control and we have been encouraged by the DfT to adopt a template in line with all other Agencies and NDPBs.
- 3.5 A delegation letter for 2011/12 was received in November 2011, a number of points of clarification have been raised with the DfT. Work is in hand to identify and potential costs for which we may require retrospective approval.

4. Pensions Update

- 4.1 **Police Staff Scheme** - Once HR in BTP have confirmed the communication with current members on keeping the JCR at its current level, the Authority Finance Director will present the recommendations to the Trustee for their approval. Once this has been completed Punter Southall will review the investment strategy for the Police Staff scheme investments.
- 4.2 **Police Officers Scheme** - Once the issues around the unauthorised pension payments have been satisfactorily resolved, the proposed changes to the Governance arrangement agreed by the Authority in 2011 will be proposed to the Trustee.

5. Winsor Review of Police Officer and Staff Remuneration and Conditions

- 5.1 Part 1 of Tom Winsor's Independent Review of Police Officer and Staff Remuneration and Conditions focused on those changes that could be made in the short term. His Report was published on 8 March 2011 and included 62 recommendations. The process which followed this is described below:

- The Police Negotiating Board (PNB) formed a joint working party to consider recommendations: 2, 5-8, 11-13, 20, 21, 25, 27, 29, 31, 33, 34, 37, 39, 43-46, 48, 55, 57-59 of Part 1, at the request of the Home Secretary. The Joint Working Party was asked to make

recommendations to the Home Secretary on these matters no later than 26 July 2011

- The Joint Working Party agreed 9 of the matters by its deadline of 26 July and the other 18 were then taken to a Police Arbitration Tribunal
- The Police Arbitration Tribunal reported its conclusions on the 18 remaining recommendations on 9 January 2012

5.2 The Tribunal's award is treated as a 'PNB agreement' and the next step is for the Home Secretary to decide whether or not to accept the PNB agreement. Once the detail of her decision has been released the BTPA and BTP will need to consider their position and engage with the relevant staff associations i.e. Federation, Superintendents' Association and TSSA.

5.3 The most significant recommendations are:

- **Mutual Aid** - These recommendations (11 and 13) were largely accepted:
 - End of entitlement to minimum 16 hours pay and officers only paid for 'hours worked'
 - New £50 allowance for Officers who are 'Away from Home Overnight'.
- **Suspension of Incremental Progression** - Recommendation 20 was largely accepted (2 year increment progression freeze for all ranks). This includes:
 - Freeze commencing 1 April 2012.
 - Freeze excludes first three steps on the constables' scale.

- **Competency Related Threshold Payments (CRTP)** - CRTPs to remain in place for those who already receive them, but there should be a two-year freeze on new applications.
- **Special Priority Payments (SPPs)** - SPPs to be abolished from 1 April 2012.

5.4 A detailed list of the recommendations which have gone to the Home Secretary is attached as Appendix A.

5.5 The second part of Winsor's report focuses on matters of a longer-term nature, such as the negotiating machinery. This was delayed from September 2011 to the beginning of 2012 owing to the importance and complexity of the matters involved and is now expected imminently.

6. BTPA NDPB Accreditation

6.1 The Office of the Civil Service Commissioners (OCSC) operates a scheme through which NDPBs can become 'accredited'. BTPA received accreditation in January 2012. Accreditation means that BTPA's recruitment procedures have been approved by the OCSC and BTPA can now advertise any vacancies on the civil service website both as internal and external positions. This will widen the applicant field for any future vacancies.

7. Annual Report

7.1 The Annual Review of the Authority's Business cycle will be commencing shortly. This will focus on the following:

- How the committees and groups have worked throughout the year in terms of:
 - workload
 - programming of meetings
 - inputs and outputs
 - terms of reference
 - membership

- Whether the Authority Committee/Group structure remains optimal and identifying any gaps that may have developed

- A review and reallocation of portfolios

- Support from the Executive team and whether this continues to meet Member needs

All Members will be contacted for their input into this review before the end of February with results and recommendations reported to the March Authority meeting.

8. Consultation – New PSA format and communications approach to charging

8.1 The Chairman, accompanied by the Chief Executive undertook meetings with the following stakeholders:

- Arriva – 4.1.12
- Virgin – 11.1.12
- ATOC – 12.1.12 [The Chairman did not attend. Instead, BTPA's Finance Director accompanied the Chief Executive]
- Network Rail – 16.1.12
- Lord Berkeley – 16.1.12
- South West Trains and East Midland Trains – 17.1.12
- Go Ahead – 23.1.12

8.2 The meetings have gone well to date and there was constructive engagement from all.

8.3 A meeting has been arranged for First Group on 30.1.12

8.4 The DfT was briefed on the implications of the common approach to charging. They asked for a paper to describe the process we had followed, the decisions made and the implications. This would provide the basis for a written submission to Ministers.

8.5 Policing Plan Consultation:

- Following the meeting of the Policing Plan Group on 14 December and subsequent review at the last meeting of the Authority on 15 December, the Executive wrote to stakeholders setting out a draft structure and narrative for the national policing plan targets for 2012/13. At the time of writing this paper a small number of responses had been received including a detailed response from Passenger Focus. We understand that ATOC has requested that TOC responses be routed through them in order that it submits a cohesive response. We have however received a small number of separate TOC responses thus far which broadly support the proposed way forward and we anticipate that, as in previous years, we will receive further responses just ahead of the cut-off date of 27 January. A detailed review of the responses to date will be considered alongside proposals for BTP's Area policing plans at the next meeting of the Policing Plan Group on 21 February.

9. Corporate Governance Code Updated

10.1 The Corporate Governance Code has been updated following the introduction of the new post of Director of Corporate Resources at BTP, changes to the Year End Accounts timetable for whole Government accounting and as a result changes to the Authority timetable. The new Corporate Governance Code will be available on the BTPA website shortly.

10. Office Call – Welsh Local Government and Communities Minister

10.1 Colin Foxall, the Chief Executive, and ACC Pacey met the Welsh Local Government and Communities Minister - Carl Sargeant and Malcolm Drury - Welsh Head of Rail for Transport on Monday 9 January 2012 in Cardiff. The meeting went well. The Minister reaffirmed his intent to invest in a further 18 PCSOs and the offer for him to sign off the Policing Plan for Wales was well received.

11. HMIC Matters

11.1 HMIC review of police integrity

- a) In December 2011 HMIC published its report on findings following a review of police integrity and police/media relations; the report was a review of the entire police service in England and Wales, individual force reports were not produced. The report, entitled 'Without Fear or Favour', was commissioned by the Home Secretary in response to the high profile allegations around phone hacking and the possible role of inappropriate police relationships with the media in this. The report also looks more widely at risks the police service faces from threats of corruption and fraud, how these are currently being addressed and what steps need to be taken in the future.

- b) By way of additional background Members may also be interested to read the recent IPCC report on police integrity and the report by Dame Elizabeth Filkin on the ethical issues underlying Metropolitan Police relationships with the media; there is a great deal of overlap between these and the HMIC

report (though this report looks more widely at fraud and corruption) summarised below both in terms of the areas of business reviewed and the risks identified which have brought about recommendations for action. The Executive understands that a detailed report on the issues arising for BTP is due to be considered by its SCT at its meeting in February; it is therefore recommended that a report on the implications for the Force and Authority is taken by the BTPA Audit Committee thereafter.

c) The key findings from the HMIC report include:

- There is no evidence of endemic corruption in the police service
- The majority (61%) of the public also do not believe the police service is corrupt
- There is a general lack of clarity about police national standards on managing risks arising from corruption and in managing police relationships with all types of business and media (including the press and social media)
- The need to balance greater transparency with minimising the bureaucratic burden

d) However the report highlights the following current risks for the police service in England and Wales:

- A lack of clarity about what constitutes appropriate police/media relations and an absence of clear guidance for officers and staff on how those relationships should be managed – in particular in relation to unauthorised release of information (leaks)
- Insufficiently robust governance and scrutiny both at senior officer and police authority level
- An absence of real transparency about the nature and frequency of police contact with the media
- A lack of consistency in the levels and nature of recording of gifts and hospitality and poor compliance with internal policy
- The level of use of government procurement cards and scrutiny of that usage – some 5000+ cards are currently issued to police forces in England and Wales with a total annual purchasing power of £100m
- Scrutiny of procurement activities particularly those with a value of less than £5k

e) The main recommendations arising are that:

- The police service (ACPO and APA) should develop draft national standards to address the risks identified above – these should be ready for consultation by April 2012 and for implementation by the new Police and Crime Commissioners by autumn 2012

- Transparency, in particular around media relations but also in relation to gifts and hospitality, should be improved at all levels throughout the police service but not at the expense of unnecessary bureaucracy
 - Training on fraud should be embedded at all levels and supported by genuine commitment at a senior officer/authority level, the Strategic Command Course will be a key mechanism by which this is achieved
 - In light of the national standards to be produced by ACPO/APA governance arrangements should be reviewed by forces and authorities to ensure that they are sufficient and properly implemented
- f) Members are invited to note the publication of the above report and the headline themes emerging; it is recommended that, subject to the review of the report by the BTP SCT in February, a paper settling out the likely areas of risk and focus for both the Force and the Authority is presented to the Audit Committee in March. Following the development of the recommended national standards by ACPO and APA during 2012 both the Audit and Professional Standards Committees are likely to want to review elements of both BTP and BTPA's proposals

11.2 Forthcoming HMIC Inspections of BTP: Anti Social Behaviour

- a) At its December meeting the BTPA Audit Committee considered proposals for future HMIC inspection activities; in particular there was some discussion around the relevance of a forthcoming inspection on Anti Social Behaviour (ASB).
- b) This inspection proposes to look at the entirety of ASB, not just repeat victimisation, although this is an important element. The current terms of reference covers the following:

1. How well the Force understands its ASB issues¹ including:

- i. Leadership and governance*
- ii. Managing performance*

And

2. How well the Force responds to its ASB issues including:

- iii. Effective identification of and management of repeat and vulnerable Complainants,*
- iv. Short term and long term problem solving,*
- v. Partnership working*
- vi. Victim contact*
- vii. Use of National Intelligence Model*

¹ Extract from HMIC T&R

- c) Because of the potential seriousness of the impact of this crime has on both rail passengers and staff, ASB has again been recommended by our stakeholders for inclusion as a Policing plan target in 2012/13. The proposed inspection will include research with victims of ASB and will allow BTP to assess its own quality of service against that provided by geographic forces. Clearly BTP's quality of service makes a significant contribution in reassuring and restoring their confidence if they have been subject to ASB. We believe that we could not capture the same quantity and quality of comparable benchmarking data via some other means.

- d) We have a 'live' recommendation from the recent HMIC report card inspection regarding BTP's ability to capture repeat victims of ASB - at present the Force and Authority do not have any robust data which indicates the extent and nature of the repeat victimisation of BTP's 'customers'.

- e) While we have somewhat different ASB issues when compared to those addressed by Home Office forces and particular elements of this inspection will be viewed through the lens of the 'Pilkington case'; there is evidence to suggest that ASB is an important issue for BTP and the impact of this crime type on passengers and staff is well rehearsed - this inspection will provide evidence of how well BTP identifies and responds to ASB including repeat victims.

- f) This inspection will also provide evidence in support of the Chief Constable's objective to 'assess effectiveness of service to victims of crime'

- 11.3 BTP's concerns have been explored internally and with HMIC and Members are now invited to recommend BTP's inclusion in the HMIC ASB inspection in 2012.

12. Member Recruitment

- 12.1 Nothing new to report. Await response from the DfT with regards to new dates for sift and interviews.

13. Strategic Performance Dashboard - Update

- 13.1 A summary update has been attached at Appendix A.

14. Contracts

- 14.1 The Chief Executive signed the following contract:
- **BTP - 8-50 Blundell Street, London, N7 - Licence for Alterations - 17.11.11.** The alterations were to fit out part of the basement, ground, first and second floors, including the infilling of a former lift at ground floor level to enable the relocation of the CT unit of the British Transport Police.
- 14.2 The Chief Executive sealed and signed the following contracts:
- PSA for HS1 - 2.12.11
 - Letter of confirmation that BTPA is the only statutory employer for all members named section of Railway Pension Scheme - 14.12.11
 - Disaster Recovery in Birmingham, contract (Axis House) - 16.12.11

- o Disaster Recovery in Birmingham, contract (Axis House - Value £524,512)

15. Recommendations

- 15.1 Members are asked to note this report.
- 15.2 Members are asked to agree BTP's inclusion in the HMIC ASB Inspection in 2012.