

Report to: Police Authority
Agenda item: 4
Date: 29 March 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 PSA charges have now been calculated and scrutinised by the Finance Group. They are presented at agenda item 12. A number of minor improvements have been made and when the NAO reviewed the processes for 2011/12 charges in the audit, no issues were raised.

2.2 Work continues with TfL on finalising a pan London agreement which will incorporate the core policing for London Underground, the overhead contribution that LU make towards the FHQ costs and the EPSAs covering the Mayors 50, the Neighbourhood policing and the EPSA with LOROL. The contract is presented for approval at agenda item 13.

3. Pensions Update

3.1 The staff pension scheme valuation as at 31 December 2010, approved by the Authority, which showed a funding level, relative to technical provisions, of 110% and recommended that the joint contribution level remained at 25.15% of pensionable pay was agreed by the Trustee in March 2012.

3.2 Discussions are ongoing with the Trustee on the timing and impact of the de-risking the investment strategy for both the Staff and Police Officers scheme.

3.3 Punter Southall have been engaged to review the recommendations from the Hutton review. They will present to the Chief Executive, the Authority Finance Director and Director of Corporate Resources, a detailed pensions strategy review report to include:

- Background information and comment on the proposed changes to public service pensions as a result of the Hutton report.
- Background information and comment on the proposed changes the Home Office is making to the Police Force Pension Scheme.
- Advice on a range of possible changes which could be made to the Fund benefits structure for future service, including an indicative assessment of the impact on the

pension costs of the Authority if it were to implement these changes.

3.4 Recommendations will be presented to the Pensions sub group.

3.5 The pension's valuation for the Police Officers pension scheme will take place as at 31 December 2012. Work will start in the summer on the assumptions to be used by the actuary to the scheme. Any agreed changes resulting from Hutton could therefore be incorporated in the valuations.

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

4.1 The Authority approved the adoption of the Winsor Part 1 recommendations, as approved by the Home Secretary, for BTP out of committee under the Urgency Procedure. This followed a recommendation from the Appointments and Remuneration Committee. BTP was advised of this by letter on 13 March 2012. The approval was given with the following conditions:

- (1) That the terms and conditions for officers and staff in Scotland were further reviewed once the Scottish Executive announced its reforms on police pay in Scotland.

(2) That BTP reported back to the Appointments and Remuneration Committee at its November meeting on:

- (a) the implementation process
- (b) progress on capturing unsocial hours and the forecast impact of unsocial hours payments for 2013/14 following the end of the flat rate payment.
- (c) any resulting impact on rostering

(3) That a helpline was set up to enable employees to get expert advice and support quickly should they have any questions with respect to their pay.

(4) That the financial outcome of Winsor for 2012/13 be reported to the Authority at the year end.

4.2 A National Negotiating Meeting took place with the BTP Federation on 15 March where 11 of the 16 recommendations were agreed, 2 were agreed in principle with final clarifications required and 3 await determination whilst more work is taking place. Agreement on the majority of outstanding matters is expected to be finalised before 1 April 2012 and will not prevent the implementation of the agreed recommendations in line with Home Office forces.

4.3 The Winsor Part 2 report was released on 15 March 2012. This report looks at longer term reforms for pay and the negotiating machinery. The key recommendations are listed below:

- The terms and conditions of police officers and staff should remain separate for the foreseeable future.
- From August 2013, a national Direct Entry (Inspector) scheme should be established with the objective of improving police leadership and offering rapid training and promotion to individuals of high ability and capacity.
- The sole criterion for the recruitment, advancement and promotion of police officers should be merit.
- From September 2018, an annual physical fitness test should be introduced for all police officers in England and Wales, equivalent to the test used for recruits in the Police Service of Northern Ireland.
- The normal pension age for police officers should be set at 60 in line with the implemented recommendations made by Lord Hutton of Furness.
- Police forces should examine how their police staff salaries relate to the local labour market, and adjust them if they are found to be paying rates that are above or below the level necessary to recruit and retain individuals of the right calibre.
- Competence Related Threshold Payments should be abolished by April 2013 at the latest, and all accrued CRTP payments up to that date should be made on a pro-rated basis.

- The Senior Salaries Review Body should take responsibility for setting the pay of Chief Constables, Deputy Chief Constables and Assistant Chief Constables by 2014.
 - The Police Negotiating Board should be abolished and replaced by an independent police officer pay review body by late 2014.
- 4.4 These recommendations will now go through the Police Negotiating Board and dependent on the result of these discussions to the Police Arbitration Tribunal, before a final agreed version is recommended to the Home Secretary for adoption.
- 4.5 There will clearly be significant implications for BTP which will need to be discussed with BTP and considered by BTPA at its Appointments and Remuneration Committee before being recommended to the Full Authority

5. Year End Accounts 2011/12

- 5.1 The interim audit has been completed and the issues raised by the NAO were presented to the Audit Committee. No major concerns were identified at the completion meeting.
- 5.2 The Management Assurance return for the six months to March 2012 will be finalised in the next week to members and will be submitted to the DfT in line with their timetable. The NAO have now completed their audit of the MAR to September 2011, they observed that the process that we had adopted was robust with a couple of low level observations; these have now been reviewed and implemented.

5.3 The basis of the accounting treatment of the unauthorised pensions was presented to the last Audit Committee in February and will be presented to the Authority under agenda item 9. A verbal update will be given on the discussions with the HMRC.

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

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

- Abellio Group – 30.1.12
- First Group – 30.1.12

6.2 The second round of PSA consultation meetings have commenced with the Chief Executive and the Authority Finance Director having met or meeting the following:

- Arriva Cross Country – 17.2.12
- First Great Western – 8.3.12
- Abellio Greater Anglia – 9.3.12
- c2c – 9.3.12
- Freightliner – 20.3.12
- Merseyrail – 20.3.12
- Arriva Trains Wales – 23.3.12
- Hull Trains – 23.3.12
- FCC – 27.3.12

- LOROL – 27.3.12

7. Member Recruitment

- 7.1 **Brian Phillpott** has been appointed as the new Deputy Chair. It is anticipated he will take up the position with effect from the 1 April 2012.
- 7.2 **Wendy Towers** has had her membership renewed for another year.
- 7.3 **Len Jackson** has been appointed as the Passenger Member and will take up this role with effect from the 1 May 2012.
- 7.4 The DfT will make the formal Announcements and Press Release for all the above in due course. The Chairman has made the internal announcements.

8. Contracts

- 8.1 The Chief Executive signed the following contracts:
- Contract relating to supply of ICT goods and Associated Services – 19.1.12
 - Schedule 2 Sprint II Model Contract BTP and Specialist Computer Centres Plc relating to the provision of IT Products and Services Ajartec – 24.1.12
 - PSA for Abellio x 2 – 25.1.12
 - Underlease of 6th Floor, West Hadyen House, Newcastle – 2.2.12

- Lease to carry out works, 6th Floor, West Hadyen House, Newcastle - 2.2.12
- Procurement Strategy & Award Recommendation & HMID Systems & Upgrades - 8.2.12
- SDL Form, Register for land registry for BTP Newcastle - 14.2.112

8.2 The Chief Executive sealed and signed the following contracts:

- PSA for Abellio Greater Anglia - 15.1.12
- ESPA -Tubelines - ERU contract -26.1.12
- Underlease of Lease to carry out works, 6th Floor, West Hadyen House, Newcastle - 2.2.12
- License to carry out works, 6th Floor, West Hadyen House, Newcastle - 2.2.12
- Procurement Strategy & Award Recommendation &HMID Systems & Upgrades - 8.2.12
- SDL Form, Register for land registry for BTP Newcastle - 14.2.12
- PSA with Stobart Rail - 2.3.12
- BTP Accommodation - Doncaster - Tenancy Agreement - 15.3.12

8.3 The Chief Executive signed off with ACC McCall the BTPA & BTP - Response to the call for evidence in respect of Police & Fire Reform (Scotland Bill) 2012 (re PSS) - 6.3.12

9. Recommendations

9.1 Members are asked to note this report.