

Notes of the Meeting

Finance Group

Thursday 26 July 2012, 15:00 – 17:00

at The Forum

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Present:

Mr Jeroen Weimar (Chair)

Mr David Franks

Mrs Wendy Towers

In attendance:

Mrs Liz Pike, Finance Director (BTPA)

Mr Andrew Figgures, Chief Executive (BTPA)

T/ACC Mark Newton (BTP)

Mr Simon Hart, Head of Finance (BTP)

Ms Vicky Tanner, PSA Manager (BTPA)

Apologies:

None

31/2012 Welcome

Non-Agenda

32/2012 Minutes of Meeting: 22 May 2012

Agenda Item 1

The minutes from the previous meeting were agreed.

33/2012 Matters Arising

Agenda Item 2

Item 1 (50/2011 VfM Paper and Future Cost Model) – Clarification was provided to BTP in relation to this item. There are two parts to this piece of work; the first part is for the Strategy Group in relation to the future strategy and MTFP. Once this has been completed, it should be brought back to the finance group to ensure that the budget demonstrates VfM. Some benchmarking information is

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currently available whereby BTP can compare themselves to other Home Office forces. This work will assist in demonstrating the value of policing and its impact. A follow up action for the Chief Executive was to specify exactly what information was required by the Finance Group.

The remaining items on the action log are covered elsewhere on the agenda.

Actions

- BTPA Executive to specify exactly what information is required by the Finance Group on the analysis of spend and how it demonstrates value for money.

34/2012 BTP Quarter 1 Report 2012/13

Agenda Item 3

BTP highlighted the key issues within the Q1 report. At the end of quarter 1 (period 3) BTP has an actual underspend of £466k and a full year forecast underspend of £304k in relation to revenue.

BTP has just completed a review of the Capital programme, which is currently £11.6m. This has been reduced, and a revised programme will be presented to the next meeting. The key reductions are within the fleet and estates capital budget.

BTP has now completed the period 1 finance reviews and, because of some forecast variances outside of the 5% tolerance outlined in the letter of delegations, Area's have been asked to re-forecast their PCSO and police staff overtime budget accordingly. The budgets have been deemed to be unrealistic. Much of the year to date overtime spend has been used to cover both the vacant posts and the pressures of the Olympics.

BTP is exposed in relation to the additional costs as a result of the new unsocial hours payments that officers now receive as part of the Winsor review which is in the region of £1.2m this has affected the Olympic budget, and negotiations are ongoing with DfT concerning this overspend against budget.

As a result of Winsor Part 1, the possible saving relating to bank holiday payments has not been realised, and the new unsocial hours payment is costing BTP more. A paper is due to be presented at the next Remuneration Committee outlining the impact of Winsor part 2. It is expected that Winsor part 2 will not come into force for another 13 months due to the current arbitration.

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BTP is currently below budgeted FTE establishment by 191 (26 officers; 32 PCSOs and 112 police staff). BTP had previously reported that they would recruit to establishment for the start of 2012/13. However a number of new London based EPSAs have required additional recruitment and these post have been filled first and the core policing recruitment is still required.

BTP are currently working on improving their workforce planning as their current methodology requires development. Recruitment is currently planned up to March 2013, but there is a high turnover of police staff. Forecast establishment numbers which were previously requested will therefore be available to the Finance group from quarter 2 onwards.

The current review process has identified savings in FHQ and Areas and these have been clawed back into central funds. This four weekly methodology is operating well, with savings identified each period.

BTP has not been affected by the G4S issues and currently have 350 mutual aid officers in place to support the policing of the Olympics.

BTP were able to confirm to the group that the estates capital work which is scheduled as part of the capital programme concerns operational estate only and therefore falls outside of the DfT delegation limits.

Both the cash flow and the balance sheet show a robust position. It was noted that the cashflow shows the forecast cash at the lowest point of the month and not the period end funds. It was acknowledged by the group that for a number of periods the amount of funds available was only sufficient to cover the immediate out-goings for the same period.

BTP explained to the group the budget movements shown in appendix A. These were attributed to the movement of the Dogs budget from Areas into the Central Operations portfolio.

Clarification was provided to the group on how the income from PSA charges is handled between the Authority and the force, and that the information contained within the balance sheet and cash flow includes the Authority as well as BTP monies. This would be reported by the Authority in Future.

Actions

- BTPA quarterly report to summarise the overall gross financial position for the fund each quarter.

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35/2012 BTPA Quarter 1 Report 2012/13

Agenda item 4

The Authority Finance Director presented to the group the Quarter 1 report for 2012/13. The Authority is currently showing an under spend of £100k. This underspend relates to both staff and members salaries and timing differences on audit and HMIC costs. If there is any underspend during the year, this will be used to increase the level of the contingency fund.

At the time of the report there were two major period end debtors, Network Rail and London Underground, but these have both been resolved and paid. The issue of non payment related to a change in staff within the two organisations.

36/2012 Annual EPSA Report

Agenda Item 5

BTP provided an overview of all the EPSAs that are currently in place across BTP and were confident that the list was complete. There have been a number of new agreements since last year and these were outlined.

Liz Pike provide the group with clarification concerning three of the EPSAs where currently there is no contact agreement in place, but these gaps are currently being filled accordingly. Also HS1's EPSA is due to expire next year, and this will need to be re-negotiated accordingly. It was confirmed by the group that it is not a license requirement for HS1 to hold a PSA with the Authority for policing.

During a recent re-franchise, it was apparent that as well as EPSA with operators BTP also have officers on secondment to organisations, but it is unclear as to what the contractual arrangement are in relation to these arrangements. It was agreed that this would be clarified and the secondments would be reviewed.

The members raised concerns with the group concerning what happens to an EPSA and its associated costs when a franchise ends and the new franchisee does not wish to continue the EPSA, who is liable for the costs. Liz Pike provided some assurance to the group in relation to who is liable for redundancy costs, as this is covered by a standard clause in the EPSA. It was also noted that the around two thirds of the EPSAs were with TfL and Network Rail and the largest remaining EPSA was with HS1. Therefore £3m of EPSA income was currently subject to change through the re-franchising process.

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The EPSA information is submitted to the DfT Data Room during the bidding process, so that potential franchise holders are aware of them. Following a discussion, it was determined that clarification was required in relation to the exit arrangements for EPSA contracts.

Jeroen Weimar asked BTP if they were pro-active in speaking to potential bidders concerning EPSAs and the additional services that could be provided. Mark Newton was able to provide some clarification on this with Inspector Dixons work so far and the creation of a new function within Corporate Resources to manage this activity.

Actions

- BTP to clarify the number of staff on secondment and what contractual arrangements were in place.
- Liz Pike to provide an update to the next meeting on the exit arrangements in relation to the ending of EPSAs and associated risks.
- Mark Newton to ensure that BTP are pro-active in relation to approaching new bidders to explore income opportunities.

37/2012 Contingency Reserve

Agenda Item 6

Liz Pike presented the paper to the group explaining that following the last meeting of the Finance Group, the BTPA risks had now been included. The current range of contingency required is between £2.4m - £6.6m. The current reserve is £3.3m, and at present there are no plans to add to this in the budget. The group discussed whether the contingency reserve should be invested separately from the BTP current accounts, provided any investment was within the rules of 'Managing Public Money'. It was agreed that Liz Pike and Simon would report back to the next meeting on whether this should be worthwhile.

A number of the risks on the BTP register are expected to be closed by the next meeting, as the projects they relate to are due for completion.

Following a discussion in relation to the costings, it was agreed by the members that that current contingency fund is low against, and that the group should recommend to the Authority that the reserve is increased to £4.5m over time.

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Liz Pike highlighted to the group that the risk around pensions (ASR57) will be amended once the valuation of the fund has been received. This is due to take place in December 2012. It was also highlighted that the Executive is currently reviewing the impact and options as a result of the Hutton report with BTP.

The other large risk in relation to monetary value concerns the level of policing that is currently contracted for London Underground and their contribution to overheads.

Actions

- Liz Pike and Simon Hart to present to the group the options in relation to where the Reserve Strategy should be invested.

38/2012 WAN Update

Agenda Item 8

Mark Newton took the group through the main highlights of the paper and Simon Hart explained the clarified the total costs of the project to the group as previously requested. The total project cost was £17,855k; including a capital overspend of £655k. The budget of £17,753k, after allowing for the increase in VAT during project implementation, was therefore overspent by £102k.

The forecast running costs were £80k better than budget, which broadly offset the capital overspend. It was confirmed that the specification had not been reduced in order to achieve these costings. It was also noted that the phasing of the capital spend had changed to ensure that the project costs attracted less VAT.

However as the project had taken longer to complete than originally anticipated, additional parallel running costs, which were budgeted separately within FHQ and Area budgets, were £1.4 million overspent in total from 2010/11 to 2012/13.

(Note - David Franks left the meeting at this point)

At the time of the meeting, the project was not yet fully completed, as two sites only have one line going into them rather than two. Mark Newton currently holds a conference call with BT every Friday to ensure the project is moving forward. Wendy Towers requested that at the end of the end of the project a lessons learnt sessions was carried out and a paper be presented to the Finance Group.

Not Protectively Marked

The Global Crossing contract had not yet been terminated as BTP took the decision that this was not going to be terminated until after the Olympics. Currently only the ICCS system is still running across the Global Crossing network.

Actions

- BTP to present a lessons learnt paper on the WAN project once the project was completed.

39/2012 Corporate Resources

Agenda Item 7

Mark Newton provided the group with a verbal update on the current situation within Corporate Resources. He explained that there is a piece of work being undertaken to review ICT and the HR functions to ensure that there structures meet the needs of the business. There are 57 work-streams to transform the portfolio. Each of the work streams have been costed. An overview of the CompStat process that Corporate Resources is now subjected to each period was also provided to the group, and this is focusing the units within the portfolio on their performance.

40/2012 Any Other Business

Agenda Item 9

The Chair of the Authority has requested an update in relation to how BTP is engaging with NewCo (the new Police ICT Company) that has come into being. Mark Newton provided the group with a brief overview of the current position, and the forthcoming meeting he is having with the head of NewCo in relation to where and how BTP can engage with the new company.

Actions

- Mark Newton to provide a report to the next meeting of the current situation and implications to BTP in relation to NewCo.

Date of next meeting: 17 October 2012

Signed.....

Chairman