

Notes of the Meeting

Finance Group

Thursday 29 November 2012, 10:00 – 12:00

at The Forum

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)

Deputy Chief Constable Paul Crowther (BTP)

T/ACC Mark Newton (BTP)

Mr Simon Hart, Head of Finance (BTP)

Ms Vicky Tanner, PSA Manager (BTPA)

Apologies:

Mr Anton Valk

Mr Bill Matthews

50/2012 Welcome

Non-Agenda

51/2012 Minutes of Meeting: 17 October 2012

Agenda Item 1

The minutes from the previous meeting were agreed.

52/2012 Matters Arising

Agenda Item 2

Item 1 (50/2011 A VfM Paper and Future Cost Model of BTP to be submitted in July) – At the last Strategy Group BTP were tasked with reviewing the current models that could be adopted, and provide an

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options paper to the next Strategy group as to which one would be suitable.

Item 3 (46/2012 Pension) - This is being taken forward by the Pensions sub-group, and a paper will be presented to the Authority on the options and what the MTFP implications could potentially be. No additional financial implications arising from the police officers valuation should arise in 2013/14.

53/2012 BTP 2013/14

Agenda Item 3

BTP presented to the group the proposed MTFP. The MTFP had already been presented to the Strategy Group on 27 November, and will be presented to the Authority meeting on 13 December. BTP are proposing a 1.8% increase on 2012/13, making the total proposed PSA for 2013/14 £202.396m. After a provision release of £1.6 million, this leaves a current budget gap of £190k in 2013/14, although it is anticipated that this can be found. The finance group would concentrate on the current budget year in its review.

BTP provided some context around how the MTFP had been constructed, as well the operational considerations. The MTFP has been constructed taken into account the issues included in the latest Strategic Assessment document, what future demands maybe for the Force. The MTFP does present a number of risks and challenges for BTP, but these have been considered accordingly. The risks include the withdrawal of the £5m funding from the Home Office for the Metal Theft task force and the assumption that the current level of terrorism threat will remain unchanged.

The aim of the Chief Constable is to make more resources available to the frontline by reviewing and reducing back-office functions accordingly. BTP are currently working towards making £1.6m worth of savings in 2012/13 to contribute to the PSA smoothing for 2013/14, currently £600k have been identified and work is continuing on identifying the remaining £1m. These have been identified during the 4 weekly finance reviews and where under-spends are identified they have been removed from the budgets.

The group discussed what level of detail was available that sat behind the numbers being presented, such as the number of staff by rank / grade, decreases in overhead budgets etc as this would add further context to the budget being proposed. BTP explained that this information will be available once the total BTP budget had been broken down to an Area and department level, but it would not be available for the December Authority meeting, but would be available January/February 2013 and would therefore be presented

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to the March finance meeting. A proforma had already been proposed by the Authority Finance Director and this was agreed as a sensible presentation of the detailed budget.

The proposed MTFP has been constructed based on the current structure of BTP and if this was to change then it would impact on the MTFP and it would need revising. The revised strategy is due to be published by April 2013, and if that includes a new strategic framework, then it will result in a revised MTFP being required.

Concerns was raised in relation to how the budget is presented to the Authority as it currently does not contain some of the context around savings made so far, and historical events such as the pension holidays.

The key risks to achieve the MTFP were explained to the group and included Pension Auto-enrolment for all employees; pension scheme potential deficit in the police officers scheme; VAT in relation to partial exemption claims relating to EPSA income and the possible removal of the Virgin Train passes.

The Authority Finance Director reminded the group and BTP that if it was agreed that any monies were required to be drawn down from the contingency fund that they would have been be replaced in subsequent years.

The group requested some further information on the make up for the £3.1m savings and which are new initiatives 2013/14 and which will have already been introduced in 2012/13. It was also requested that the risks in the budget should be reflected on a risk register, if they were not already.

It was agreed by the group that there would be a cover paper to the BTP MTFP paper from the Chair of the Finance group to the Authority. The budget will also need to be broken down further, along with an indication of any resource movement and the impact of smoothing.

Actions

- BTP to provide a breakdown of the budget by the end of February so that it can be presented to the Finance group in March prior to submission to the March Authority meeting.
- BTP to present a breakdown of the £3.1m savings including which are new initiatives and which are current schemes.
- A cover paper on the BTP budget be prepared for the Chair of the Finance Group and presented to the Authority in December 2012.
- BTP to ensure that the risks in the budget are reflected on the risk register, if they were not already.

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54/2012 BTPA 2013/14

Agenda item 4

The Authority Finance Director provided the group with an overview of the proposed budget for the Authority for 2013/14. The proposed increase was in line with the proposed BTP increase of 1.8% which would be an increase of £35k on the 2012/13 budget and forecast. The significant changes are within consultancy, for additional pension advice, additional stakeholder engagement and increased external audit fees from the NAO.

The group had further discussion as to whether the Authority could operate without the 1.8% increase in the budget for 2013/14. The Authority Finance Director highlighted the key risk for the 2013/14 budget is potential legal costs concerning the new PSA. In 2011/12 an additional £200k was moved across to the contingency fund and could be used to fund any legal costs if required. However if a major challenge were made, legal costs would exceed the current budget and the £200k held in the contingency fund.

The group agreed therefore that a standstill budget could be approved and the budget would be held at £1,870k for a third year.

55/2012 PSA Charges update and Governance arrangements

Agenda Item 5

The Authority Finance Director provided the group with an overview of the paper. The PSA Governance document had been reviewed and updated in preparation of the new PSA being signed by 31 March 2013. The Chair asked what the controls were to ensure that the steps set out in the document were followed, and the Authority Finance Director provide assurance that they were, and that this will be signed off as part of the process once all of the charges for 2013/2014 had been calculated as was currently the case.

The revised PSA Governance document, along with the PSA process map will be made publicly available via the BTPA website once the new PSA has been signed and once the charges for 2013/2014 have been released.

The Authority Finance Director also provided the group with an update on the 2013/2014 model run. Currently the model run is on target, but there are currently 3 issues being considered in relation to the availability of updated footfall data, the exclusion of Home Office

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Olympic Mutual Aid Officers from the data and the potential impact of the additional resources being centrally funded at Maidstone and in Scotland.

Currently two of the proxies used are station usage for the TOCs and footfall for the Network Rail stations. The footfall data used dates back to 2007, whereas the station usage data is updated annually. In order to calculate a better approximation of the proxies, it was discussed as to whether the footfall data should be uplifted in line with the station usage growth at that station rather than use data that is 5 years out of date. The consequence was that the proportion attributable to Network Rail was therefore falling. Network Rail had been approached for updated station information usage information but it was reported that they had been unable to supply it as the survey upon which it is based is only conducted prior to a major station development. If such information were to be used it would lack consistency being collected at different times and not for all stations.

The group raised a number of concerns in relation to the up-lifting of the Network Rail 2007 Footfall information, and whether it was acceptable and would it be subject to challenge by the PSA holders. The Authority Finance Director explained the rationale behind the proposal as the station usage information was refreshed annually and had been increasing over time, where as the footfall data had reminded static.

The Authority Finance Director reminded the group that 2007 is the most recent data that is publicly available, and that this issue had been highlighted in the reports presented to both the Finance group and the Authority.

The group requested that contact should be made to Network Rail requesting the refreshed footfall data, as it should be available when station developments are taking place, and to assist in attracting tenants, although this information was not available publicly and would therefore need to be scrutinised. The options would be discussed at the next meeting.

The group then discussed the issue of the additional resources being located at Maidstone and within Scotland. BTP explained that because these additional resources were being funded by savings that had been found across BTP, and were at present considered temporary then these should be excluded from the charging model data sets until these positions were made permanent. It was agreed that the Force should, in generating the Area budgeted establishment make it clear which approach they had assumed.

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Actions

- The Authority Executive to write to Network Rail requesting updated footfall information and to present the options to the next Finance Group.

56/2012 Any Other Business

Agenda Item 6

Mark Newton raised an issue with the group concerning the authorisation of additional spend to complete the Disaster Recovery project. The project will require between £60k - £100k additional revenue and capital funding, as the contingency of £40k for the IT element and the contingency of £71k for the estates part of the project had already been spent. The original capex approval given was for £1.020k including the contingency of £111k. At present BTP has stopped all spend on the project until the required approvals have been given and this action was a result of the revised project governance processes that BTP have adopted. BTP were seeking confirmation as to which group the revised business case would need to go to prior to submission to an Authority meeting.

BTP explained what the aims of the project are, and what the current position was in relation to the projects capability and limitations.

The group discussed what would be the best course of action to minimise any time delays on the project, and agreed that a business case should be submitted by BTP to the Finance Group for review prior to submission to the Authority.

Actions

- BTP to submit to Andrew Figgures a business case requesting the additional spend required to complete the project. If timing permits, this will be reviewed by the Finance Group outside of committee and presented to the December Authority meeting.

Date of next meeting: 16 January 2013

Signed.....

Chairman