

Report to: Police Authority
Agenda item: 4
Date: 13 June 2013
Subject: Chief Executive Report
Sponsor: Chief Executive
For: Information

The Forum
5th Floor North
74-80 Camden Street
London NW1 0EG

T: 020 7383 0259
F: 020 7383 2655

www.btpa.police.uk

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.

2. Pan London Agreement

- 2.1 A paper was sent to the DfT in January with the contract approved by both the TfL Board and the Authority.
- 2.2 After pressing the DfT, A meeting was held with the Sponsorship team and the DfT lawyers on 4 June 2013. An agreed revised template is being drafted and will be shared with TfL once the Secretary of State for Transport has approved it.

3. Pensions Update

- 3.1 Members had a detailed presentation on the Police Officer scheme and the implications of changing the material benefits of the scheme; a detailed paper is presented later on the agenda to recommend the way forward.
- 3.2 Draft results of the Police Officers scheme as at 31 December 2012 have been received and are presented at agenda item 13. A number of changes to the base assumptions have been

recommended which reduce the deficit to a manageable level and are presented for approval to the Authority after having been discussed and agreed by the Pensions working group on 15 April 2013.

- 3.3 The Authority Finance Director continues to deal with the tax returns for the 18 members in receipt of unauthorised pensions. Tax accountants are in place and the liabilities for all of the 18 individuals for 2010/11 and 2011/12 have now been completed, although HMRC agreement is at different stages.

4. PSAs – New Format PSA

- 4.1 The new format PSA has now been signed by all PSA holders except West Coast. A meeting has been held with them to progress this matter. A verbal update will be given at the meeting.
- 4.2 The charges for 2013/14 have now been issued and all PSA holders have paid amounts due. West Coast has not paid by direct debit and will not do so until the PSA is agreed but they have made payments direct into the bank account. Of the remaining core PSA holders, the direct debits are in place and DBS will continue to pay as they have done previously, until such time as their governance allows them to pay by direct debit.
- 4.3 A number of queries on charges have been raised by the PSA holders, and meetings have been led with South West Trains, First Group and Grand Central. The issues raised have been those of clarification and to get a better understanding of the charging model.

4.4 We wrote to ATW on 8 April, in response to their request to continue funding the £1.4m credit applied to their account to 31 March 2013. We await a response from them.

5. Ex-Gratia Payments Summary

5.1 No ex gratia payments have been approved since the last Authority

6. Police Regulations

6.1 In the BTP, police officers are employees with contracts of employment. Whereas in Home Office police forces all police officers, as Constables, are office holders, not employees. They have no contract of employment. The terms and conditions of employment of Constables are defined by regulations made by the Secretary of State pursuant to s50 of the Police Act 1996 (“the 1996 Act”). The current regulations are the Police Regulations 2003 as amended in 2007 and 2012.

6.2 The Executive has been working towards developing a set of regulations pursuant of s50 of the 1996 Act for BTP officers. The drivers for this work are that the terms and conditions for BTP officers can currently be found in a myriad of places including contracts of employment, force orders, standard operating procedures, policies and a small number in Regulations made by the Authority, specifically for dealing with complaints, misconduct, performance and police appeal tribunals. This is a complicated matrix to navigate. The challenge of keeping everything up to date, cohesive and consistent is significant. The development of a set of regulations will formalise arrangements and provide a clear

framework of reference for officers and staff to navigate and understand.

- 6.3 The Authority has the power under s36 of the Railways and Transport Safety Act 2003 (“the 2003 Act”) to apply with or without modification regulations made under s50 of the 1996 Act. Indeed it seems that the Act intended terms and conditions to be set by regulations either by the Secretary of State or the Authority; to date neither has done so.
- 6.4 The power under s36 only allows the Authority to differ from Home Office regulations so far as necessary to reflect the structure and circumstances of the Force. At the present time BTP officers largely have parity with their Home Office colleagues. The most significant area of difference is the pension arrangements. Therefore, if the Authority were bring in regulations mirroring s50 of the 1996 Act this is not expected to significantly alter current terms and conditions, rather it will formalise these arrangements.
- 6.5 As this is a significant piece of work affecting terms and conditions legal advice has been sought on the process. The Executive is currently reviewing the options for completion i.e. formal regulations or rules of employment. There is no material difference in legal effect between these approaches. The benefit of rules of employment is that they achieve the objective of having an easily navigable system whilst offering a quicker solution and more flexible approach with wider discretion. The Executive will consult with the Appointments and Remuneration Committee and Chief Constable and will report to the Authority as decisions are required.

7. Corporate Plan 2013-15

7.1 The Executive will be working with Members to develop a Corporate Plan for the Authority spanning the Chairman's term. This will support the achievement of the objectives in the Strategic Plan.

7.2 Whilst this is under development the below key objectives have been identified for the 2013/14:

Change Objectives
<p>Finance</p> <p>Develop a new investment strategy for the pension schemes.</p> <p>Finalise TfL and Virgin PSAs and address and address any PSA or charging matters arising</p> <p>Embed the new Finance Team</p>
<p>Strategy and Planning</p> <p>Further develop and implement the new strategy ensuring development of a programme of delivery plans</p> <p>Develop a mechanism for holding BP to account for delivery of the Strategic Plan</p> <p>Assess the business case for the new operating model and oversee implementation</p> <ul style="list-style-type: none"> • Develop improved communications strategy integrated with BTP with a focus on how we feed into the Rail Delivery Group
<p>Business planning</p> <ul style="list-style-type: none"> • Develop a Corporate Plan for the Authority covering the

<p>Chairman's term in support of the 2013-19 Strategic Plan</p> <ul style="list-style-type: none"> • Further develop the Code of Governance • Develop a Board Assurance Framework for the Authority • To ensure compliance with the Security Policy Framework and HMG Information Assurance Standards • To deliver formalise the approach to recording terms and conditions for police officers developing an easily navigable system and finalise regulatory work
<p>Members</p> <ul style="list-style-type: none"> • To review and improve the programme of induction • Following the arrival of the new Members in July 2013 to work with Members to develop collective performance
<p>Business as usual objectives</p>
<p>Develop 2014-15 Policing Plan</p>
<p>Refresh Strategic Plan and MTFP taking account of changes in the operating context and assumptions</p>
<p>Annual Report and Accounts</p>
<p>Calculate PSA holder charges for 2014/15</p>
<p>Set the budget for 2014/15</p>

8. BTPA Member Recruitment

8.1 Interviews for the Member with experience and knowledge of the interests of Welsh Passengers took place on Friday 3 May 2013 at the Welsh Government in Cardiff. A submission has been sent to the DfT for presentation to the Minister for

approval before advising the successful and unsuccessful candidates.

8.2 Interviews for the BTPA Members with knowledge and experience of Rail and Passenger took place on Wednesday 22 and Thursday 23 May 2013 at BMA House. A submission has been prepared and sent to the DfT for presentation to the Minister for approval before advising the successful and unsuccessful candidates.

9. Triennial Review

9.1 All NDPBs must be regularly reviewed by their Sponsoring Department in line with the principles and guidance set out in 'Guidance on Reviews of Non-Departmental Public Bodies' which is available on the Cabinet Office website. The DfT have announced in a written ministerial statement that a review is to be conducted on BTPA. The ToRs are at Annex A to this report.

9.2 The Authority has been involved in the development of the ToRs as has the RDG.

9.3 The DfT have identified an SCS1 from the Immigration and Passport Service with previous experience of undertaking triennial reviews to lead the Review team.

9.4 The Review will have to comply with the Cabinet Office guidance on reviews of public bodies (May 2011). Though not itself a large NDPB, the Authority as the employer of the Force is a large body, and on this basis the Review should be overseen by a Challenge Group. That group, which will test and challenge the assumptions and conclusions of the Review, must be independent (Cabinet Office guidance) - neither the

Authority nor the Sponsor team can sit on that Group. The Authority can suggest possible members of the Group.

9.5 Separately, and to ensure effective oversight of the Review, the DfT will establish a Steering Group - which will comprise the DfT/Authority and Industry. The RDG are seen as key stakeholders.

9.6 The Review will comprise two parts. The first will look at the key functions of the Authority and how these might best be delivered, looking at a range of delivery options. This (with the possible exception of 'merger' options, which strays into areas where Scotland and the Home Office have interests/ambitions, and which are unlikely to be capable of detailed consideration within the confines of the Triennial Review) is certainly something which the reviewer can undertake. Using a more senior reviewer would be an option to be considered if necessary depending on what comes out of this first stage.

10. Contracts

10.1 The Chief Executive signed and sealed the following contracts:

- New PSA 2013 - 13.3.13
 - Freightliner Ltd x 2
 - Freightliner Heavy Haul Ltd x 2
- Lease at Bishopsgate Police Station - 20.3.13
- New PSA 2013 - South West Trains Ltd x 2 - 20.3.13
- New PSA 2013 - 21.3.13:-
 - C2C Ltd x 2
 - Arriva Trains Wales x 2
- New PSA 2013 - 27.3.13:-

- London & South Eastern Railways x 2
- Grand Central Railway Company Ltd x 2
- East Coast Mainline Company x 2
- First ScotRail Ltd x 2
- Southern x 2
- East Midlands Trains Ltd x 2
- Merseyrail Electrics 2002 Ltd x 2
- Tram Operations Ltd - Croydon Tram x 2
- First Capital Connect x 2
- Cross Country Trains x 2
- Abellio Greater Anglia Ltd x 2
- New 2013 PSA - Abellio Greater Anglia x 2 - 2.4.13
- EPSA with West Midlands Passenger Transport Ex-Centro x 2 - 10.4.13
- New PSA 2013 - 18.4.13
 - Heathrow Express x 2

10.2 The Chief Executive signed the following contracts:

- Letting Agreement at Bath Spa Railway Station x 2 - 20.3.13
- Extension to HS1 - ESPA for 2 months - 27.3.13
- Network Rail Funding Agreement for CCTV Hub x 2 - 27.3.13
- ESPA extension - Tubelines - 10.4.13
- Award recommendation paper - CCTV Hub Phase 3 - 15.4.13
- CCTV Hub Phase 3 Contract x 2 - 15.4.13
- CCTV Hub Phase 3 Model order form x 2 - 15.4.13

- Licence with TfL for 6th Floor, Palestra, Blackfriars – for Replacement FCRL – 16.4.13
- Licence for Palestra – 29.4.13
- Stamp Duty for Palestra – 21.5.13

10.3 The BTPA Finance Director signed and sealed the following contracts:

- Deeds of Amendment in respect of BTP Superannuation Fund – 20.3.13
- Deeds of Amendment in respect of BTP Superannuation Fund – 26.3.13
- New 2013 PSA – London Midland x 2 – 3.4.13
- New 2013 PSA – 8.4.13:-
 - First Hull Trains x 2
 - First / Keolis Transpennine Ltd x 2
- New 2013 PSA – 16.4.13:-
 - The Chiltern Railway x 2
 - Northern Rail x 2
 - Network Rail x 2
- New 2013 PSA – 18.4.13
 - Heathrow Express x 2
- New 2013 PSA – 24.4.13
 - First Great Western x 2
- BTPA – Railways Pension Trustee Deed of Amendment x 2 – 1.5.13
- New 2013 PSA – 8.5.13

- DB Schenker x 2
- New 2013 PSA - 9.5.13
 - London Overground - LOROL x 2

10.4 The BTPA Finance Director signed the following contracts:

- National Forensic Framework next generation framework Service Agreement (Procurement project for the supply of forensics) x 4 - 13.5.13
- Key Forensic Services Ltd Change request form re Variation to volumes to be processed

10.5 Lucy Yasin signed the following contract:-

- Police & Crime Commissioner for Greater Manchester Independent Custody visiting scheme service level agreement - 13.2.13

11. Recommendations

11.1 Members are asked to note this report.

Quarter 4 2012-13 Strategic Dash

Assurance:

Green	For information
Amber	For monitoring
Red	Attention required

Direction of travel:

↑	Improving trend
↔	Stable trend
↓	Deteriorating trend

The Forum
5th Floor North
74-80 Camden Street
London NW1 0EG
T: 020 7383 0259
F: 020 7383 2655
www.btpa.police.uk

Operational Delivery	Current Situation	Status / Actual		Trend
Common & local targets performance (incl. sickness & response times) ⁱ (Performance Review)	2012-13: 8/11 National and 34/38 Local Policing Plan targets were achieved. The 3 National targets not being achieved were: <ul style="list-style-type: none"> N2: Respond to 95% of Olympic Immediate Incidents within 10 minutes (achieved 93%) N7: Average sickness per employee to be less than an average of 7.3 days (average of 7.51 days taken) Increase total hours worked by Special Constables (64,440 hours worked compared to target 76,372 hours) 	Q3	Q4	↑
		7	4	
		3	3	
		39	42	

Finance	Current Situation	Status / Actual	Trend	
Cashflow ⁱⁱ (Finance)	Q4: Cash balance: £29.650m	£29.650m	↑	
Revenue budget (BTP/A) ⁱⁱⁱ (Finance)	BTP 2012-13: actual 0.2% underspend (£570k) including L Area.	0.2% underspend	↔	
	LU 2012-13: actual: 1% underspend (£390k) against £51.9m.	1% underspend	↔	
	BTPA 2012-13: actual 1.1% underspend (£21k).	1.1% underspend	↑	
Capital programme ^{iv} (Finance)	Capital outturn 2012-13 was £8.1m, which was £3.5m (30%) below the budget of £11.6m.	30% below budget	↔	
Debtors recovery ^v (Finance)	Outstanding total core PSA debtors at Q4: £10.6m	Aged debt - Q4: current:	96.4%	↑
		Aged debt - Q4: -30 days:	3.6%	
		Aged debt - Q4: +30 days:	0%	
		Aged debt - Q4: +60 days:	0%	
Establishment ^{vi} (Finance)	At Q4: 125 FTEs below the overall establishment of 4,753 (Police Officers: 31 FTEs below, Staff: 89 FTEs below, PCSO: 5 FTEs below)	2.6% below FTE est.	↑	
Police officer pay ^{vii} (Finance)	Period 13: Police officer overtime is forecast to be £5k underspent at the end of 2012-13 Police officer pay costs (excluding overtime) are forecast to be £304k underspent. Overall police officer pay underspend of £309k.	£309k underspend	↑	

People and Culture	Current Situation	Status / Actual	Trend
Learning & Development ^{viii} (Performance Review)	Mandatory Training (Track Safety, Personal Safety, First Aid at 100%)	95.5%	↑
	Supervisor Training (Supervisory training is commenced by over 90% of Officers within 1 month of taking up supervisory duties)	81.3%	↓
Delivery of Equality & Human Rights Strategy ^{ix} (Performance Review)	Q4 Performance Review Committee received an update on stop and search. No issues were raised with respect to proportionality. Q4: BTP Female officer representation was 16.1% Q4: BTP BME officer representation was 7.2%	16.1% female officers 7.2% BME officers	↔
Employee Turnover ^x (Performance Review)	<ul style="list-style-type: none"> Police officer turnover: 4.8% PCSO turnover: 15.6% Police Staff turnover: 15.8% Overall employee turnover for 2012-13: 9.8% 	9.8%	↑
Complaints / Conduct ^{xi} (People and Standards)	2012-13: 505 complaint and conduct matter cases (349 complaint & 156 conduct matter cases recorded). (2011-12: 633 complaint & conduct matter cases recorded)	20% decrease	↑
Number of grievances ^{xii} (People and Standards)	2012-13: 65 grievance cases (2011-12: 105 grievance cases)	38% decrease	↑

Organisational Development	Current Situation	Status / Actual		Trend
Risk management (BTP/A) ^{xiii} (Audit)	The high risk entries which remained Red were BTPA ASR50, ASR52, and ASR60. ASR50 and ASR52 relate to risks of the post 2013/14 PSA and charging regime. ASR60 refers to the valuation of the Police Officer scheme. There was a BTP high risk entry SR66.	<u>Strategic Risks</u>		↔
		Q3	Q4	
		3	4	
		6	8	
		1	1	
		10	13	
Audit & inspection outcomes (level of assurance / gradings given) ^{xiv} (Audit)				

Strategic Dash Method

ⁱ Mean RAG rating for force progress against national targets (Individual RAG ratings as per 2012/13 Policing Plan Targets Objectives). (A higher number of targets may be shown in the dash than the BTP quarterly report as these figures include all national and local targets, and include each of the local disruption targets that contribute to the national policing plan target N1.

ⁱⁱ Green: Cash position is more than £10m, Amber: cash position is between £5m-£10m, Red cash position is £5m or less.

ⁱⁱⁱ Revenue budget is Green: forecast 1.5% or less underspend, Amber: 1.5-3% underspend, Red: over 3% underspend, or any overspend.

^{iv} Capital outturn is Green: Underspend, Amber: N/A, Red: Overspend.

^v Green: Higher proportion of aged debt is within the current and -30 days categories, Amber: Higher proportion of aged debt is within the +30 days category, Red: Higher proportion of aged debt is within the +60 days categories.

^{vi} Green: Headcount is less than 2% under establishment, Amber: 2-5% under establishment. Red: More than 5% under establishment, or over establishment.

^{vii} Green: Net underspend for police officer pay costs, Amber: net underspend, but deteriorating trend, for police officer pay costs, Red: Net overspend.

^{viii} RAG ratings as per BTP Learning and Development Tasks/Objectives Departmental Key Performance Indicators.

^{ix} Mean RAG rating taken from situation overview, and BME and female officer representation. Situation overview is a subjective view taken from previous Performance Review Group (Green). BME and female officer representation based on internal staff representation targets. BME officer representation target is to maintain levels above 7.0%. Female officer representation target is to maintain levels above 16.2%. Green: At or above 7.0% BME / 16.2% female officer representation, Amber: 6.0%-6.9% BME / 14%-16.1% female officer representation, Red: Under 6.0% BME / 14% female officer representation.

^x Green: High Assurance: turnover increased by less than 1 percentage point, or decreased from previous period; Amber: increased by between 1 and 5 percentage points since previous period; Red: increased by 6 percentage points or more.

^{xi} Green: number of complaint & conduct cases decreased from previous period; Amber: increased 5% or less than previous period; Red: increased by 6% or more.

^{xii} Green: Grievances increased by less than 1%, or decreased from previous period; Amber: increased by between 1 and 5% since previous period; Red: increased by 6% or more.

^{xiii} Mean risk RAG rating. Quarter risk ratings are total number of risks shown on BTP and BTPA risk registers as per Audit Committee BTP Risk Management Update and Audit Committee BTPA Risk Register.

^{xiv} Mean RAG rating for Tribal Internal Assurance Report assurance ratings Green: mostly full/substantial assurance, Amber: mostly reasonable assurance, Red: mostly partial/none assurance.

TRIENNIAL REVIEW OF THE BRITISH TRANSPORT POLICE AUTHORITY

TERMS OF REFERENCE (v.6)

All public bodies are required to be reviewed on a periodic basis, currently a three yearly cycle. The review will be carried out using the principles and processes detailed in the Cabinet office guidance on reviews of non-departmental public bodies (June 2011).

The Review has two principal aims:

- To provide a robust challenge of the continuing need for the BTPA – examining both its key functions and the form in which those functions are delivered, to include examination of a range of delivery options.
- If it is agreed that the BTPA should remain as an NDPB, to review the control and governance arrangements in place to ensure that the public body is complying with recognised principles of good corporate governance.

The Authority will be consulted on and have the opportunity to input to the Review. Views will be sought from key stakeholders, including rail operators who have entered into Police Service Agreements (PSA) with the BTPA.

The Review is to examine:

- The accountability to funders over the focus and costs of policing, including the composition of the Authority, and specifically the effectiveness of those with knowledge and experience in relation to the interests of persons providing railway services, working with the other members with knowledge and experience of other interests, in discharging their responsibilities as defined in the Act.
- The degree to which clear links are demonstrated between financial inputs and operational outcomes, and how customers' service priorities are built into BTP's strategic planning processes.
- Incentives for controlling costs and driving efficiencies – are they sufficient? is there further scope within the Act to achieve these?
- The nature and costs of the 'core' (statutory) policing service, and the scope for integrating the policing planning process with that of individual railway service providers, so their priorities are built into policing plans and where appropriate enhanced police service agreements.
- The scope for rebalancing the resource between policing and security functions, and where those services may be sourced, including the use of private security, thereby ensuring that all resources that contribute to

railway safety and security are tasked through a joined up process to maximise their effectiveness.

- BTP's performance and measures to secure cost efficiencies compared with those of territorial police forces, the benchmarking of BTP's support functions and supervisory ratios, and the further contribution BTP can make to delivering savings and value for money in the rail sector, identified in the Command Paper.
- The powers of the BTP, in particular any areas of difference with the territorial police forces which restrict the BTP's operational effectiveness and efficiency.

The Review is to take account of the evolving policing landscape, and the impacts of possible future constitutional reform.

S.M-C
31/05/13