

Report to: Finance Committee
Agenda: 6
Date: 31 May 2013
Subject: 2013/14 PSA Charges Update and Lessons
Learnt
Sponsor: Authority Finance Director
For: Discussion and Noting

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1. Purpose of paper

- 1.1 To provide the committee with an update on latest position concerning the new PSA 2013, direct debits and provide a lessons learnt for the calculations of the 2013/14 charges.

2. Background

- 2.1 During 2012 the Authority consulted with core PSA holders on the introduction of a new PSA agreement to be effective from 1 April 2013. The reworded PSA allows for all TOCs and Network Rail would be charged on a consistent basis by means of the Matrix Model and for all payments to be made by direct debit.
- 2.2 The charges were reviewed by both the Finance Committee and the Authority in March and all the charging letters were issued to the PSA holders with detailed explanations of the reasons for movements in charges and the detailed workings supporting their charges.
- 2.3 The PSA holders were invited to contact the Authority Finance Director should they have any queries or require additional support in understanding their respective charges.

3. Update on PSA 2013 and Direct Debits

- 3.1 As at 23 May 2013 there is just one outstanding PSA contract that the Authority has not yet received, Virgin West Coast. The Authority is also waiting their direct debit mandates to be returned.
- 3.2 A number of PSAs and direct debit mandates were submitted to BTPA that were not completed correctly and had to be returned to the PSA holder to be amended. This delayed the process.

- 3.3 It has been agreed by the Authority Finance Directory and Chief Executive and, after advice from Weightmans, that DBS will be allowed to by means other than direct debit because DBS internal governance procedures do not allow these types of payments to take place. However this will change if their governance changes and we will request to confirm with us each year that payment by direct debit is still not allowed by their internal governance procedures.
- 3.4 The Authority has received all the required approvals under the direct debit scheme. BTP updated their system on 13 May. The first tranche of payments were received on 20 May and the next payments are due to be received on 28 May. The core PSA holders have all been provided with a payment schedule setting out the dates the direct debits will be taken. There have been a number of delays in setting this up. However now that everything is established, the direct debit system of payment should simplify and improve the cashflow on PSA receipts.

4. Lessons Learnt – Charging Model

- 4.1 During the collection, verification and calculation of the charges for 2013/14 the project team have been able to identify a number of areas where the process could be improved for the 2014/15 charging model run.
- 4.2 The key area where improvements will need to be made will relate to the availability of data sets. BTPA were unable to receive the network access charges from Network Rail until the 8 March 2013 along with the station usage data. By these two data sets coming in it reduced the amount of time the Authority Finance Director and team had to run and review the data, which in turn led to the charging model paper being circulated late.
- 4.3 During 2013/14 the Finance cluster will review the data items used within the model to assess the impact on using data that could possibly be for the previous year. Once an assessment has been made a recommendation will be presented to the Finance Committee for consideration.
- 4.4 During the charging model run, the Authority had difficulties in sourcing up to date footfall information for the Network Rail stations. The only published information that could be sourced was from 2007. Network Rail also provided us with 2012 information for St Pancras International.
- 4.5 2013/14 model run was the first time that the Authority had employed an external contractor / consultant to carry out the verification work on the data used and the model. By using an external resource it provided improved assurance to both the

Authority and the Finance Committee and has also been welcomed by First Group who requested a meeting in order to better understand the charging model.

- 4.6 The model used the budgeted establishment FTE information for 2013/14 as a data item, rather than the budgeted establishment as at Period 10 from the previous year that had been used previously. This means that the data used for the 13/14 charges model run was more accurate than previously.
- 4.7 The Authority raised an issue over the predictability of the charges. Work is currently being carried out to understand whether, by updating the crime record information and the command and control activity data on a rolling basis gives an improved understanding of future charges.
- 4.8 The Authority is also reviewing a new operating model within BTP, it is extremely important to understand the impact of the proposed changes in areas to the charges on the PSA holders.
- 4.9 Other than BTP, Scotland now has a unified police force under one Chief Constable. It is important that we understand the implications of any potential changes in our BTP Scotland area on the PSA charges throughout the UK.

5. Impact Assessment

- 5.1 An assessment will be made around the impact of the new operating model as the project develops.

6. Diversity issues

- 6.1 None in relation to this.

7. Recommendations

- 7.1 The Committee discusses the content of this paper and notes its content.