

Report to: Police Authority

Agenda Item: 6

Date: 13 June 2013

Subject: Finance Committee - Q4 2012/13
update

Sponsor: Chair Finance Committee

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For: Approval

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1. Purpose of paper

- 1.1 To report on the outcome and the actions arising from, the quarter 4 meeting of the Authority's Finance Committee.

2. Background

- 2.1 The Authority's Finance Committee was established to carry out detailed scrutiny and finance oversight activities in support of the work of the full Authority. This report summarises the key issues emerging from the quarter 4 meeting of the Committee which took place on 31 May 2013.

3. Standing items

3.1 BTP Year End (see Appendix A):

The Committee received the detailed full year summary which is attached at Appendix A for information. The actual total year spend is £0.2m under spent on the budget of £200.3m. However it should be noted that this is after transferring the following amounts for future use:

| | £m |
|---|------------|
| Unauthorised pension penalties to 15/16 (£217k paid in 12/13) | 0.7 |
| HR Restructure | 0.3 |
| Force Restructure | 0.6 |
| Metal Theft | 1.0 |
| PSA Smoothing (of which £1.6m required in 13/14) | 2.1 |
| Total | 4.7 |

It was noted that L Area was underspent by £0.4m on top of the £0.2m outlined above. This was largely because of delays in a number of property projects, in particular the West Ham custody. It was noted that this charge will be carried forward to 2013/14.

It was noted that the under spend of £0.2m would be transferred to the contingency reserve, which at year end now totals £3.6m.

The overall establishment continued to be below budget. Of the 125 shortfall, police staff was 89 below establishment and police officers were 31 below establishment. The 6% shortfall in police staff also includes a number of fixed term contracts which are being used to fill vacancies, while the Corporate Resources and the Force structure is being reviewed.

The 2012/13 capital budget was initially agreed at £11.6m, including a contingency of £0.5m. The actual spend in year was £8.1m. The reduced spend was caused by a change in the estates strategy which freed up £2.7m and a reduced IT spend of £1.0m while the structure and strategy of the IT department was reviewed. The Finance Committee were concerned at quarter three that there was a lot of spend in the final quarter, this has not all been spent and the Committee were assured that the capital spend profile for the following year was more evenly spread during the year.

It was noted that, although not included, the cash flow at the year end was strong, with a year cash balance of £29.6m. The Committee requested that a rolling thirteen period cashflow forecast be presented each quarter, together with an analysis of the quarter end balance against the previous forecast. This would be particularly important if there were any disputes with the PSA holders.

3.2 **BTPA Q4 (see Appendix B):**

The year end gross revenue and expenditure was presented, together with the expenditure for the Authority which showed an under spend of £21k against a budget of £1,870k. The under spend was being transferred to the contingency reserve. The detailed analysis of expenditure is attached in the report at Appendix B. The under spend of £86k in staff and member costs was partially offset by over spends in legal, pensions advice and audit.

It was noted that very good progress had been made on the PSAs with just one remaining unsigned. With the exception of

that PSA holder, all expected direct debits would be in payment in June, with all but two processed successfully in May. The core PSA debtors at year end totaled £10.6m and 96% was reported as current. The improvement in the age of the debt during was commended.

4. Charging Model 2013/14 - Update

- 4.1 The Finance Committee were updated on the latest position concerning the new PSA 2013, direct debits, queries on the 12/14 charges and ongoing work on improving the process for PSA charges in 2014/15.
- 4.2 It was noted that just one PSA remained unsigned and that the Authority were in discussions with the TOC involved.
- 4.3 It was noted that a number of PSA holders had asked further questions on their charges but that no disputes had been raised. Meetings and telephone conversations with the Authority Finance Director were mainly about clarification on the charges and support in helping the PSA holders to better understand their charges.
- 4.4 It was noted that a separate letter had been written to ATW on 8 April regarding the data room 'error' when the franchise was awarded in 2003. To date no response had been received.
- 4.5 The ability to have the charges for 2014/15 a month earlier was discussed. It was acknowledged that if this was done, then some of the data sets would be older than currently available.
- 4.6 It was also discussed as to whether the proxy data that was available on a quarterly basis, namely crime records, command and control activity data and Timetabled train kilometres, could be used as an accurate forecast of the charges for the following year. Once the impact of this work had been assessed by the finance cluster, it would be presented to the Finance Committee.
- 4.7 The impact of the Force restructuring and the future of BTP Scotland was also discussed.

5. CCTV Hub - phase 3

- 5.1 A presentation was given on the proposed next phase of the CCTV hub at Ebury Bridge. It was noted that the value would be £1.2million and that this would be funded in full by Network Rail. Significant investment of circa £8million has already been made to develop the BTP pan London CCTV hub at Ebury Bridge.

Phase 1 of the project provided a total of 31 CCTV workstations with the capability of accessing 7 rail transport CCTV systems that were integrated with the systems integration software. In addition to being able to view live and recorded images, CCTV operators are able to download recorded images (rail operator specific) and have the ability to push images to other locations or workstations.

- 5.2 Phase 2 further developed BTP's CCTV capability through the deployment of IPSC system at other key BTP and MPS Command and Control locations. An additional 7 rail operator CCTV systems were added to the IPSC, providing a footprint of 14 rail operators, 650 stations and 40,000 cameras in total. The existing CCTV capability has been a huge success and has delivered a number of business benefits. It has been recognised that CCTV is now a critical tool for BTP in event management, live viewing and post incident investigations.
- 5.3 With BTP using CCTV more proactively, it is necessary that BTP's system is further enhanced to provide a more resilient and efficient CCTV service. CCTV can now be used in new and innovative ways to support passenger safety, improve the judicial process through increasing timely judicial outcomes and support force priorities through policing initiatives such as Theft of Passenger Property
- 5.4 Phase 3 of the CCTV Programme will continue to be funded by Network Rail and seeks to deliver two distinct deliverables. These are the Foundation Scopes (funding of £1.8 million secured) to be delivered by March 2014 and the funding agreement for the foundation scopes was approved by the Authority on 21 March 2013 and Priority Scopes (funding of £998k ex VAT secured) to be delivered by March 2014 and recommended by the Finance Committee for approval by the Authority.
- 5.5 A breakdown of the priority scopes also scheduled for completion prior to March 2014 are outlined below. These include new integrations to strategic Rail operator locations.
 - Priority Infrastructure Upgrades - Increase NAS Storage - This scope will allow for additional storage space enabling the processing of high resolution CCTV and additional TOC feeds.
 - Network Upgrades - Upgrade Control Room Network Existing Links (IL3 or PSN) This scope will follow on from the Foundation work stream to review and plan for the new CCTV network; it is intended to replace all of the existing

network links onto the agreed new network contract or provider. This will be done on a link by link basis and will achieve economies of scale and standardisation of BTP network links. The network will be completely scaleable to achieve all future scopes.

- Additional TOCs and Re-Integrations - this scope involves the connection of the IPSC into certain Network Rail stations (Blackfriars; Kings Cross; Glasgow; Edinburgh; Birmingham New Street) and connection to the London Local Authority and MPS feeds for Brent, Westminster and Heli Tele, providing CCTV coverage for prime locations such as Wembley and the main routes for major events. Direct access to CCTV coverage of these locations will ensure ease of access and greatly increase BTP's viewable footprint.

5.6 The Finance Committee agreed that the next phase should be recommended to the Authority for approval. Concern was raised around the ongoing costs of the maintenance and the replacement of the assets as they aged. The maintenance is already budgeted for in the MTFP and the Committee were assured that part of phase 3 is refreshing what is already there. However the Committee requested that a position paper be presented to the next Finance Committee on the future liability to the Authority and whether the risk of less support beyond CP5 should be on the risk register.

6. Other Items Discussed

6.1 **Revised Terms of Reference** - These were presented and agreed.

6.2 **Force Projects Update** - This summary will be presented on a quarterly basis to the Finance Committee rather than the Performance Review Committee. BTP explained the governance around major project management worked and discussed the projects which were highlighted as red status. These were e-case and e-custody, report rationalisation and payroll streamlining. A further analysis of the projects was requested that highlighted the impact of non delivery on the summary dashboard.

6.3 **Contingency Reserve** - An update was given on the position based on the risk register presented to the Audit Committee at the end of March. It was noted that the assessed financial range of risk was covered by the value of the contingency reserve.

7. Issues for the next meeting

7.1 The Finance Committee will be considering the following at its next meeting in July;

- Quarter 1 budget performance
- Analysis of risks against contingency reserves
- Service Improvement Board update
- CCTV Project
- Review of the MTFP assumptions, including the new operating model

8. Recommendations

8.1 The Authority is asked to note the report and

8.2 APPROVE the following recommendations from the Finance Committee:

- Additional spend of £1.2m on the phase 3 of the CCTV project, funded by Network Rail.