

Notes of the Meeting

Finance Committee

Friday 31 May 2013, 9:00 – 11:00

at The Forum

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Present:

Mr Jeroen Weimar (Chair)

Mrs Wendy Towers

Mr Bill Matthews

In attendance:

Mrs Liz Pike, Finance Director (BTPA)

Mr Andrew Figgures, Chief Executive (BTPA)

T/ACC Mark Newton, Acting Director of Corporate Resources (BTP)

Mr Simon Hart, Head of Finance (BTP)

Ms Vicky Tanner, PSA Manager (BTPA)

Ms Hacer Evans, Head of CCTV and Forensic Science (BTP, part of the meeting only)

Apologies:

Mr Anton Valk

22/2013 Welcome

Non-Agenda

Mr Weimar thanks Mrs Towers for her contribution to the committee as it was Mrs Towers last Finance Committee meeting.

23/2013 Minutes of Meeting: 19 March 2013

Agenda Item 1

The minutes from the previous meeting were reviewed and approved.

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24/2013 Matters Arising

Agenda Item 2

Action1 - Business Cycle - This will be removed from the action list and once the new strategy has been approved the Finance Committee will review the associated finance information that supports it.

Action 2 - BTP Budget - MTFP - The update from BTP stated that the assumptions used to create the MTFP would not normally be updated and reviewed until later on in the year. Discussions were held as to whether this timing was appropriate considering the current review of operating model and the likelihood of a new operating model being introduced. The proposals for the new operating model are due to be presented at the June Authority meeting, but the Authority would need assurance that the required finances are in place to fund the change programme. BTP were requested to provide an outline MTFP to the July Finance Committee meeting based on refreshed assumptions.

25/2013 New Terms of Reference and Work Plan for 2013/14

Agenda Item 3

Mrs Liz Pike presented the paper with the new terms of reference and work plan for 2013/14. Two key changes to the terms of reference have been made, firstly the name has changed from Finance Group to Finance Committee; and secondly that the update from Service Improvement Board regarding project updates will report into the Finance Committee rather than the Performance Group.

Mrs Towers raised concerns of possible overlap between the work the Finance Committee will be looking at in respect of workforce planning and the work of the People and Standards Committee. It was explained to the committee that there maybe an element of overlap as resources and finances are related.

The Chair requested that the work plan was reviewed to ensure that all the items contained with the terms of reference were covered.

The new terms of reference and work plan were agreed by the Committee.

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26/2013 BTP Revenue Budget and Capital Programme 2012/13

Agenda item 4

BTP have finished the year with an under-spend of 0.2% or £570k on the revenue budget of £248.8m. This included an under-spend on the Overground budget of £180k.

The surplus has been reconciled between the financial and management accounts as part of the end of year process.

The budget holders across BTP have a +/- 5% tolerance level in relation to their budget spend and at the end of the year all budget holders have operated within the agreed tolerance level as set out in the Chief Constable Delegation letter.

A number of provisions have been made from the 12/13 year end. These are metal theft, HR restructure and the Force restructure. The Chair highlighted the issues to the Committee in relation to the success BTP have achieved in tackling metal theft and the impact of the reduction in external funding on the issue. The Chair asked if this has been escalated appropriately within the Home Office. The Force provided assurance to the Committee that BTP's operation on metal theft was not being reduced, but that the Home Office forces activity will be affected by the reduced funding.

The £180k overground under-spend will be transferred to the contingency reserve.

BTP are currently 3% below budgeted establishment and currently very few permanent positions are being filled. The majority of vacancies are being filled by fixed term contractors. BTP currently have 110 resources employed on as a FTC.

During the year SCT has reviewed the capital programme and it was amended accordingly with a significant reduction for the estates requirement and a reduction in the IT requirement. These were agreed as BTP were not confident that the appropriate plans were in place to deliver the projects on time.

Discussions have been held within BTP on the 13/14 capital programme and has been re profiled due to removal of the London South Custody project. As a result additional projects have been added to the programme. BTP provided assurance to the Committee that the programme for 13/14 was more evenly spread across the year and the issue of the programme being 'back loaded' has been addressed.

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The Committee were pleased that BTP were reviewing the programme regularly and were not approving projects without the required internal assurances being given.

Mrs Pike asked BTP why the usual cash flow analysis was not included in the report, especially in the light of the issues BTP have had with the setting up of the direct debits payments from core PSA holders. BTP acknowledged it should have been included and it will be presented as usual to the July meeting. It was further requested that there should be a rolling twelve month cashflow and that the comparison between actual and previous forecast be explained.

Actions

- BTP to include the cash-flow in the report for the July meeting.

27/2013 BTPA End of year 2012/13

Agenda Item 5

Mrs Pike presented the end of year position for the Authority to the Committee. The Authority, as previously reported to the Committee, has overspent in a number of areas such as pension advice, external audit and internal audit. The Authority was overall under-spent by £21k and this will be transferred to the contingency reserve.

The Authority and BTP were in a good position concerning debtors as at period 13, and this position will improve with core PSA holders paying via direct debits for 13/14.

The Committee raised concerns on the amount spent on legal fees and pension advice. BTP are in the process of reviewing their spend on legal fees and are proposing the setting up of a legal services gateway to better manage this spend within the business. But this would be for more routine legal issues. The overspend that the Authority have seen are concerning complex employment issues where expert advice has been required. The Committee requested that the Authority review its procurement methods for specialist HR advice. On pension advice, given the size of the pension funds, at over £1 billion, the advice sought was seen as a key element of advice in the forthcoming review of the pension schemes benefits.

The Committee asked for reassurance from the Authority that they were receiving value for money in relation to the services being

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provided and the respective outcomes. The Chief Executive provided this assurance to the Committee.

Actions

- The Authority to review its procurement methods for specialist HR advice.

28/2013 2013/14 PSA Charges update and lessons learnt

Agenda Item 6

Prior to the discussion Mr Jeroen Weimar declared his commercial interest with First Group.

Mrs Pike gave the Committee an over-view of the current situation with direct debits and the new 2013 PSA. Not all of the direct debits had been executed at the time of the meeting due to mandates not being completed correctly and system issues. By June all the core PSA holders paying by direct debit with the exception of 2 will be up to date with their period payments. Of the two outstanding, once PSA operators internal governance arrangements do not allow them to pay supplier by direct debit and they have provided a declaration to that effect. This PSA holder will continue to pay via purchase order. The other remaining PSA holder is yet to sign the 2013 contract or return their direct debit mandate. The Chief Executive is in contact with them to progress the issue.

The Authority have written to all of those that have signed their PSA and provided them with a demo version of the model and the budgeted establishment information for 13/14.

A key concern with the production of the model is the early availability of the information, because for the 13/14 charges some of the information required was not made available to the Authority until the 8 March. The Finance cluster are currently looking at how this can be improved and what alternative data could be used especially due to the new clause in 2013 PSA that requires the Authority to run a reconciliation at the end of the financial year. Three data sets can be refreshed quarterly, crime, command & control and timetabled train kilometres and these, along with the costs, are the main drivers within the model.

The Committee expressed concern about the shifts in charges, and whether early sight of the charges could be shared with the PSA holders in December. Mrs Pike informed the Committee that a number of the PSA holders did build into their budgets a level of

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variation. It was also highlighted to the Committee that any changes to the structure of the Force would affect the model and charges and these would need to be model as soon as the relevant data was made available.

29/2013 Force Projects Update

Agenda Item 7

In accordance with the new terms of reference of the Committee BTP will provide the Finance Committee with an update on Force level projects as report to the BTP Service Improvement Board (SIB).

T/ACC Newton presented the paper to the Committee and outlined the governance arrangements that BTP use in relation to project management. Assurance was provided to the Committee that the financial information used was confirmed with the finance team prior to the submission of the any updated to SIB. At present there are 16 projects reporting to SIB with 3 amber and 3 red.

T/ACC Newton provided an overview of the projects highlighting the key projects and issues to the Committee. Force Control Room London relocation to TfL building Palestra was highlighted. The project is going well, and demonstrates partnership working with TfL. It was confirmed that any over-spend on the project would be funded by TfL.

An update on E-Case and E-Custody was given. The spend against these projects is low, but the operational impact on the successful delivery of the projects is high as it will allow electronic transfer of files to CPS and free up officer time. There is currently a number of issues with the IT suppliers Northgate in relation to the performance and functionality of the software that has been provided. T/ACC Newton has taken over this project and is having regular meetings and updated from Northgate concerning progress.

The Committee requested that in addition to the information being presented that on the dashboard to include the delivery risk for the project to ensure that those projects that have large operational benefits are not overlooked compared to the size of the budget.

An overview was given of the current position of the disaster recovery project. The Committee were surprised to see the changes to the scope that had previously be presented as a number of system would now only have cold disaster recovery rather than warm.

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Actions

- The Committee requested that in addition to the information being presented that on the dashboard to include the delivery risk for the project to ensure that those projects that have large operational benefits are not overlooked compared to the size of the budget.

30/2013 Contingency Reserve

Agenda Item 8

Mrs Pike presented the quarterly update on the value of the risks and current contingency reserve levels. The risks included in the paper are those that were presented to the Audit Committee in March 2013.

31/2013 BTP CCTV Phase 3

Agenda Item 9

(Ms Hacer Evans joined the meeting)

Ms Evans provided the group with an overview of what would be provided for within the priority scope work of the CCTV project, and requested that the Committee recommend to the Authority that BTP can accept and spend the funding being offered by Network Rail.

Ms Evans provided the Committee with the current situation concerning discussions on CCTV funding from Network Rail in CP5. Currently once the work in phase 3 is completed BTP will have a CCTV platform that is scaleable and at the end of 2014, depending on the outcome of the CP5 discussions could halt investment. The work being carried within phase 3 of the project will refresh what is currently in place.

The maintenance costs for the system will be £90k per annum and this has been included in the current MTFP.

The Committee requested a position paper from BTP on the future liability to BTP concerning CCTV, the Capex committed and the contribution CCTV has made to BTP. Also that consideration needs to be given as to whether the long term relationship with Network Rail in connection with CCTV needs to be included on a risk register.

Actions

- The Chair of the Finance Committee to recommend the spend for Phase 3 - Priority scopes of £998,025 (excl. VAT) to the June Authority Meeting.

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- The Committee requested a position paper from BTP on the future liability to BTP concerning CCTV, the Capex committed and the contribution CCTV has made to BTP

32/2013 Any other business

Agenda Item 10

None.

Date of next meeting: 16 July 2013

Signed.....

Chairman