

## Minutes

### Finance Committee

Friday 17 October 2014, 14:00 – 16:00

at The Forum

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

T: 020 7383 0259

F: 020 7383 2655

E: [general.enquiries@btpa.police.uk](mailto:general.enquiries@btpa.police.uk)

[www.btpa.police.uk](http://www.btpa.police.uk)

---

#### Present:

Dominic Booth (Chair)

Stella Thomas

Bill Matthews

Andrew Pollins

#### In attendance:

Andrew Figgures, Chief Executive (BTPA)

Charlotte Vitty, Authority Finance Director (BTPA)

Vicky Tanner, Income and Compliance Manager (BTPA)

Paul Crowther, Chief Constable (BTP)

Simon Downey, Director of Capabilities and Resources (BTP)

Simon Hart, Head of Procurement and Finance (BTP)

#### Apologies:

None

---

49/2014 Welcome  
Non-Agenda

1. The Chair welcomed Andrew Pollins to the meeting as this was his first meeting as a Finance Committee member.

50/2014 Minutes of Finance Committee meeting held on 16 July 2014 and 18 September 2014

Agenda Item 1

2. The minutes from both meeting were approved.

51/2014 Actions from previous Finance Committee meetings  
Agenda Item 2

3. Mrs Vitty provided the Committee with an update concerning increasing the Authority DEL to provide enough cover for additional capital spend to support forthcoming projects and programmes. The DfT have agreed in

NOT PROTECTIVELY MARKED

principle and written confirmation is expected in January 2015. The expected uplift is £5m. This will inform the approval of the Capital Programme which has to go to the Finance Committee for approval by the Authority at the January meeting

4. Mrs Vitty stated the concern that DfT were very focused on getting the 'in year' capital spend as accurately forecasted as possible. Therefore particular attention should be given to the time profile of all capital projects to ensure we are utilising the Capital DEL correctly. Mr Hart said that this was built into the business case profile and challenged within the sign off process, Mr Hart is also confident that there will be no risk of an underspend in the capital programme and therefore the Department would not be at risk of an underspend.
5. Following the Authority approval for the ISP business case it has been submitted to DfT and the Cabinet Office for approval. A number of queries were raised by the Authority Members and these will be responded to in advance of the next Authority meeting via email. It was agreed that Mrs Vitty reviews the list of questions and will respond on behalf of the Finance Committee where appropriate and will call on input from the Project team to support the more detailed questions.
6. The remaining actions were either complete or covered elsewhere on the agenda.

52/2014 BTP Quarter 2 Report 2014/15

## Agenda Item 2

7. BTP presented the quarter 2 report to the Committee. At the end of quarter 2 BTP are forecasting an underspend of £29k by the end of the year with a £330k underspend at the end of period 6. The current budget variations are not assessed to be cause for concern and are as expected by BTP. The improved format and content of the paper was welcomed by the Committee but it was requested that further clarification was included as to the profile of the how the £330k underspend translates to a forecast £29k understand by the end of the year. It was highlighted that owing to the restructure the internal budget structures had changed, and that these would mainly result in the slight variations to the budget. Further analysis will be completed on the profile of the variations to the budget and reported back to the next committee.
8. BTP explained to the Committee the need for some flexibility within the current budget to ensure that there was capacity if the current national threat level changes along with the policing requirement. A review is being undertaken of the impact of the possible costs from the increased threat level, however the current assessment is that it can be achieved within the existing budget.

NOT PROTECTIVELY MARKED

NOT PROTECTIVELY MARKED

9. The Committee asked for further explanations to be included in relation to the impact of the new operating model and the restructure, to identify savings where possible.
10. Mr Pollins requested further explanations around the time profile of the variances, their continuing over/under spend position and how the current underspend was going to be utilised by the end of the year.
11. The Capital programme has been reviewed to ensure that the appropriate funds are made available to fund the ISP programme totalling over £6m of investment. Currently, in future years the capital programme is budgeted at £14.3m, which is £3.1m above the Capital DEL. The Authority is currently waiting for confirmation from the DfT on next years DEL.
12. Mrs Vitty stated that the DfT insisted that any additional capital DEL approved would need to be spent in the relevant year and not rolled forward into future years. But historically the BTP capital programme has been back loaded with smaller programmes of work being brought forward if other programmes have been delayed. BTP agreed that it is vital for the correct capital spend profile by year to be produced and managed, and that they would profile capital spend so that it could be managed to reduce the risk of underspend.
13. The report was noted.

**ACTION – BTP to profile the revenue underspend from the end of the period to the end of the year to demonstrate where the funds will be utilised within BTP.**

**ACTION – The Chief Constable and Chief Executive to seek an opportunity to present the entire Transformation concept / capability of to the Authority, in order that members understand the operational and financial implications.**

53/2014 BTPA Quarter 2 report 2014/15

Agenda item 4

14. The Authority quarter 2 report was presented to the Committee and is currently £5k under spent at period 6. There are currently underspends showing against legal fees and members' salaries. Further detailed analysis will be undertaken since the legal cost in particular were anticipated to be higher than budgeted because of the implementation of the new pension scheme.
15. Mrs Vitty reported that work was continuing on improving the debtors position with a newly appointed credit controller who is focusing on tidying up the ledger. The updated position will be provided at the end of quarter 3.

NOT PROTECTIVELY MARKED

NOT PROTECTIVELY MARKED

16. It was noted that as a result of the PSA agreement with TFL which had been endorsed by the Authority, BTP was required to inform TFL of the actual costs of policing in delivering the EPSA. This had caused a delay in generating the invoices.
17. The report was noted.

#### 54/2014 PSA Charges - DLR

##### Agenda Item 5.1

18. The DLR paper was presented to the Committee setting out the current PSA and recommendations for resolving potential shortfalls in the contribution to the central overheads arising from the change of concession from Serco to Keolis that comes into effect on the 7 December 2014.
19. The recommendations in the paper were agreed with no noted comments or additional explanations required.

#### 55/2014 PSA Charges – 13/14 Actual charges and 15/16 Provisional charges

##### Agenda Item 5.2

20. Prior to this paper being presented and discussed Mr Booth and Mr Pollins both declared commercial interests in Abelio and TfL respectively.
21. The 13/14 Actual Charges paper was presented to the Committee and they were reminded that this was the same paper as the one presented at the last Committee but included further detail of movements as requested.
20. It was discussed that the key changes to the data used were that on duty deployable time fell from 80% to 60% which has resulted in a better approximation of officers time being captured and recorded on the system. The Committee was informed of a number of potential reasons for this decrease in time captured against on duty deployable.
21. A meeting is due to take place between Mrs Vitty and ACC Newton to discuss these issues and to ensure that when future operational changes or instructions are issued that the Authority is made aware. At present the 13/14 Actual charges are yet to be released to the PSA holders.
22. The 15/16 provisional charges paper was presented to the Committee. At the time of the meeting the Authority had not yet received all 28 PSA holders signed deeds but unless all of the PSAs agree the Authority are unable to adopt the change in data set for the calculation of the 15/16 provision charge. Therefore the existing methodology would have to be used when calculating the charges.
23. The Authority intends to be able to provide the PSA holders with both their 13/14 actual charge and 15/16 provisional at the same time. This would

NOT PROTECTIVELY MARKED

NOT PROTECTIVELY MARKED

enable a complete picture to be given to PSA holders and also enable the new Authority FD the opportunity to discuss in person the processes, calculation and any concerns that the PSA holders have with the method the Authority adopt in recharging the costs out to them.

24. The Chief Constable again raised his concerns on the variations of charges the model generates. The Authority Finance Director stated that the model is a formula driven from multiple external data sources and that a review and understanding of these need to occur prior to any proposal of changes to the charging model. The committee was reminded that the model allocates cost in each financial year such that the nature and extent of the functions likely to be incurred each year is reflected in the allocation of charge. It is therefore logical that there will be variation. The allocation is therefore compliant with the Railways and Transport Safety Act 2003.
25. It was agreed earlier that if the Authority is able to either formally or informally inform the PSA holders of their provisional PSA charge, it would assist them in their financial planning for the forthcoming financial year. This would support and build better working relationships with all TOCs as a result. Mrs Vitty was keen to be able to communicate an early provisional figure, however this is dependent on the agreement of the 2015/16 budget which is being discussed later.
26. The report was noted and the Committee agreed to endorse and recommend the 13/14 actual charges to the Authority and for the 15/16 provisional charges to be calculated on the current methodology in lieu of having all 28 PSA deed amendments returned and signed.

**ACTION – The Committee to recommend to the Authority the endorsement of the 13/14 actual charges and the use of the current methodology for the calculation of the 15/16 provisional charge.**

**ACTION – Authority Finance Director to present to the next Committee meeting a paper to explain the implications of the planned review of the data sets used in the charging model.**

56/2014 Contingency Reserve

Agenda Item 6

27. The paper was presented to the Committee for noting. The methodology for calculating the mid-point has not changed since it was last presented and it included all of the strategic risks that were presented to the last Audit and Risk Assurance Committee in September.
28. Mrs Vitty recommended that the risk register is reviewed for completeness within the next Audit and Risk committee meeting, and would feed back any changes to the reserve as and when required.
29. The report was noted and agreed without any additional commentary or explanation required.

NOT PROTECTIVELY MARKED

NOT PROTECTIVELY MARKED

## 57/2014 Force Projects – Force Project Update

## Agenda Item 7.1

30. The Force project update report was presented to the Committee. The presented paper provided an overview of the current 10 force wide projects, of the 10 projects none were currently rated red. No questions were raised in this area.
31. The ICCS project is currently on track with no issues currently as is the Network optimisation and the adoption of PSNP. The VDI project had been thoroughly reviewed by the new project manager who has previous experiences of rolling out this technology. This resulted in an increase in the costs and three options had been identified for BTP to manage this. These are currently being reviewed and considered. The outcome will be reported back to the Committee.
32. The Committee was made aware of three potential new business cases that are being developed for body worn cameras, mobile technology and network improvement and these are expected to be completed within the next six weeks. These businesses cases will be developed taking into account the lessons learnt from the recent ISP business case.
33. Mr Downey stated that he had full oversight of these projects along with the Transformation programme work-streams via several reporting boards that have been put in place with the remit to appropriately review, monitor and report on Transformation. The Committee noted that the Authority Finance Director attends all of the programme and review boards. In order that the committee could be alerted to risks and issues which were beyond the ability of the Force to control.
34. The report was noted.

(Stella Thomas left the meeting at this point)

## 58/2014 Force Projects – MTFP Review

## Agenda Item 7.2

35. The BTP presented the MTFP paper to the Committee and apologised that the paper was late in being distributed as it was still work in progress.
36. The Chair therefore decided that the MTFP would not be approved at the Committee today as the information presented did not meet the Committees requirements.
37. The Chair asked Mrs Vitty for her assessment on the MTFP, Mrs Vitty updated the Committee on areas that had been amended since the last circulation of the documents, namely the inclusion of the pension savings,

NOT PROTECTIVELY MARKED

NOT PROTECTIVELY MARKED

inflation of non-pay items and the restatement of what has been described as a provision.

38. Mrs Vitty highlighted several areas that she felt required further review and would benefit from discussion within the Committee. The appropriate allocation of cost increases between core PSA holders, TfL and EPSA holders was not clear as the information presented was for the net Overground budget and a Gross budget would be required to assess the overall financial position. The NIC costs built in were subject to the Authority position on whether to carry the full cost impact or not with the impact being significantly different if 100% of the cost was not included. There was a lack of clear operational and financial benefits flowing from the Transformation project built into the MTFP. Overall Mrs Vitty highlighted that the budgeting and MTFP process needed to be reviewed to enable a smooth process next year.
39. The Chief Constable explained to the Committee that this work was ahead of the original Business cycle and that some of the future savings such as those from Transformation are not yet fully known and assumptions for this have not been made. It was also explained that a number of the work-streams under Transformation are not necessarily going to produce cashable savings but they will improve processes and efficiency with BTP.
40. It was raised by the Committee that the ISP business case previously recommended by the Finance Committee presented significant savings and these should be demonstrated in the MTFP.
41. The Chair requested that for those areas where the costs were unknown at this time that estimates are included so that there was some acknowledgement of them in the MTFP with the understanding that the costs/savings are based on best estimates at the time.

(Bill Matthews left the meeting at this point)

42. It was acknowledged by the Committee that keeping the increase below RPI was agreed but within the paper it did not necessarily demonstrate some of the good work that has already taken place in relation to improved efficiency, saving being made and the steps towards the achievement of 20 20 10. The Committee agreed that BTP need to ensure that they have enough flexibility to ensure that they could cope with any unforeseen potential increases that may occur.
43. The current provision in the MTFP for the pension strategy and the related national insurance contributions could indicate that a decision has already been made when it is still currently out in consultation. The scheme currently has a number of options that it is considering based on the fact that the scheme is deemed a private scheme. Following a discussion it was agreed

NOT PROTECTIVELY MARKED

NOT PROTECTIVELY MARKED

that this line of the MTFP is subject to a footnote setting out the reason for its inclusion even though a decision is still yet to be made.

**ACTION – That the MTFP is represented to the Committee including the following:**

- **The make-up of the gross budget for 15/16 including all expected income**
- **Clearer tracking of the costs, savings and benefits from the Transformation Programme**
- **To include best estimates for those areas where the costs are currently unknown or not yet quantified.**
- **Add an appropriate footnote in relation to the pension provision for national insurance contributions**
- **Clearer tracking of the impact of the potential changes to the pension scheme**

59/2014 Any Other Business

Agenda Item 8

44. There was no other business noted.

**Date of next meeting: 27 November 2014**

Signed.....  
Chairman

NOT PROTECTIVELY MARKED