

Report to: Audit & Risk Assurance Committee

Agenda item: 4

Date: 3 December 2015

Subject: Authority Quarterly Update

Sponsor: Authority Finance Director

For: Information

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1. Purpose of Paper

- 1.1 The purpose of this report is to inform the Audit and Risk Committee of significant developments within the Authority Executive since the last Audit and Risk Committee meeting.

2. BTPA 2015/16 Year End Plan

- 2.1 The year-end process plan is beginning to take shape with several on site meetings with KPMG reviewing processes and appropriate timelines for interim and final audit work.
- 2.2 It has been agreed that some review of processes will take place in December from the work that the Finance team are pulling together currently. Interim audit procedures are planned for mid February with year-end scheduled for May/June.

3. Financial review

- 3.1 As agreed at the September ARC, a detailed Forensic Fraud investigation is being carried out as a result of the Phase 2 Finance Review. The terms of reference of this review have been shared with both the BTP and the DfT in order to confirm that all areas of risk are being addressed.
- 3.2 Peter Tickner is currently carrying out the work which is expected to be concluded by the end of the calendar year.
- 3.3 The Authority Finance Director continues to provide weekly progress reports to the DfT and ARC covering the progress of the work against the action plan.
- 3.4 A dashboard to enable real time monitoring of the progress has been developed and is being presented by the BTP Finance team later in on the agenda.

4. Spending Review 2015

- 4.1 On the 29th July 2015 the BTPA received instructions from the DfT in regards to our involvement in the 2015 Spending Review (SR15). We were directed to model both a 25% and a 40% cut in our MTFP budget which was to be delivered by 2019/20. This equates to a £63m to £100m budget cut and would significantly change the BTPs operational capability and the achievement of the strategic plan.
- 4.2 The BTPA completed their initial submission to the deadline of the 31st July. Subsequently we have received 3 more rounds of further questions and information requests, focusing very much on the cost and delivery of the Transformation programme, the resulting efficiencies and savings coming from the programme, details on counter terrorism costs and information on collaboration opportunities and benefits.
- 4.3 The latest correspondence and questions from the DfT are attached in appendix D and are due for response within 2 weeks.

5. Police Service Agreements

- 5.1 DB Schenker continue to dispute their 2015/16 provisional charges with the Authority Chief Executive now having had a call to progress to a resolution. The Authority have been tasked with pulling together all the correspondence so far with DBS covering each of their disputed items which will be sent to them shortly.

6. PSA Cost Allocation update

- 6.1 The 2014/15 wash up charges have been concluded and presented to the Finance committee. The committee noted several large variations in charges to several TOCs and raised concern over the communication of these including how the impact of the BTP restructure was going to be covered.
- 6.2 A great deal of work has been undertaken mapping historical charges and also refreshing both the 2015/16 and 2016/17 provisional charges in order to provide each TOC with a very clear picture of the PSA charge profile. The Authority Finance Director feels confident that the wash up charges do not move individual TOCs/FOCs in excess of the variations delivered in 2013/14, and also feels that the level of detail that can be provided within the data enables detailed explanations of movements to be given.
- 6.3 As soon as the budget has been approved for the 2016/17 financial year, the Authority can generate and issue the

combined PSA charges to the Industry covering the wash up and provisional position. The ARC will be informed of any queries or disputes that arise as a result.

7. Pension Update

- 7.1 The Pension Committee are currently reviewing the topic of contracting out given the latest challenges surrounding the 2016/17 BTP budget. Due to this, any communications out to employees on the proposed action by the Authority has been put on hold.
- 7.2 The Authority Finance Director agreed with the Pension Management Committee for the Officer scheme that the fees for the CARE scheme from RPMI would be carried by the fund itself. As a result, the provision within the BTPA budget can be released.

8. Internal Audit

- 8.1 The 2015/16 Internal Audit plan has been revised and is being presented later in the agenda.
- 8.2 Two areas of work that have been on going over the summer have now been completed and the draft reports issued. These are again being covered later in the agenda.

9. Gifts and Hospitality Register

- 9.1 In line with good governance in public bodies, a copy of the offers of Gifts and Hospitality which have been received, accepted or declined by BTPA Members and BTPA Executive Senior Staff has been prepared for oversight. Appendix A lists the full details for the BTPA.
- 9.2 The Authority Finance Director has made a change to the register to also record all members' expense claims including travel and subsistence. This is to ensure that appropriate review and governance is being applied to all levels within the BTPA.

10. Recommendations

- 10.1 Members are asked to note the report