

Report to: British Transport Police Authority
Agenda item: Item 8
Date: 22 March 2016
Subject: Finance Committee - Update
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For: Decision

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1. Purpose of paper

1.1 The purpose of this paper is to report to the British Transport Police Authority (“the Authority”) on the business concluded at the Finance Committee (“the Committee”) meeting held on 3rd March 2016.

2. Matters arising

2.1 Actions had been completed or were covered as items on the agenda.

3. BTP forecast outturn for 2015-16

3.1 The Committee reviewed the latest (period 11) outturn forecasts for 2015-16 for revenue and capital. The revenue forecast outcome has moved from a forecast overspend of £113k reported to the last Finance Committee to a forecast underspend of £1.5m. Key contributors to this underspend are staff costs (mainly in respect of lead times in filling vacancies), depreciation and an adjustment to employers pension contributions of £600k (now calculated using actual staff numbers). These underspends are partially offset by overspends in overtime and some non-pay areas including travel and hotels, Operation Canberra and Financial Transformation.

3.2 An update was provided on the Finance Review (covered in the CEO’s report). The impact of this work on the 2015-16 financials is yet to be fully assessed, but is likely to include the need to write off certain costs; in particular fixed assets.

3.3 Outturn spend for the Capital programme is forecast to be £15.8m against a budget of £19.1m. Actual spend plus purchase order amounts to date is £11.1m. The Service Improvement Board discussed the need to plan the capital programme over the longer (24 month) time frame, to support better prioritisation and sequencing of programmes and capital spend, and enable agile re-planning as priorities change or programmes slip.

4. BTP Balance Sheet & Cash Balance Update

4.1 A balance sheet report is prepared periodically to help the Finance Committee assess BTP's financial position. The Finance Action Plan needs to be driven to completion in order to get an accurate picture of balance sheet values. This work will firstly support an unqualified year-end opinion. Then embedding the improved control and reconciliation discipline into 2016-17 will enable the Finance Committee to undertake more rigorous in-year analyses and comparisons of balance sheet values.

5. BTPA Year-end forecast results 2015-16

5.1 BTPA's forecast is for a small underspend on its £2m budget. It has been able to afford the additional costs arising from the Governance and Finance reviews because of the slippage in the work required for the Police Staff Pension Scheme. However incorporating the costs of this 'pensions' work into the 2016-17 budget leaves very little room for absorbing unplanned costs in the year ahead.

6. 2016-17 Outturn Reporting Requirements

6.1 A paper was taken to initiate discussion on what reporting requirements the Finance Committee will set for BTP in 2016-17. The BTP Finance Director is in the process of implementing improvements to forecasting and reporting, and an action point from the Governance Review is to implement best practice in this area. The recommendations agreed were:

- To ensure there is a clear line of sight between workforce plans and forecasts and financial plans and forecasts; while keeping the reporting in as simple and automated form as possible;
- To ensure there is a clear line of sight between change plans (over a longer timeframe – see above) and financial plans and forecasts, particularly in respect of capital spend;
- To ensure there is a clear analysis and breakdown of spend on counter-terrorist activity;
- To conduct periodic analyses of geographical spend, aligning this with the way the charging model works
- To conduct periodic analyses of key activities and to benchmark back office services.

7. Force Projects Update

- 7.1 A report was provided on progress against all key BTP projects. The Chair asked for this to be shortened and simplified in future; focusing on key risks, issues and exceptions.

8. Integrated Systems Programme (ISP) Update

- 8.1 An update was provided by the Programme lead. The Niche Crime and Intelligence system went live on 24 February and to date there have been no serious issues. Significant help desk support is being provided at this stage. The programme is also on track to go live with the new Capita Command and Control System (ControlWorks) on 29 June 2016, with two milestones having been successfully met and a third one being on course to be met.

9. ISP Contract Approval

- 9.1 A paper was presented requesting that Finance Committee recommend to the Authority that the Capita and Niche contracts should now be signed (paper attached). Cabinet Office has approved the additional £1.3m spend that the Authority approved at its January meeting. Michelmoores have provided legal assurances that the contracts are as robust as they can be. As part of this, they conducted specific work to assure that lessons have been learnt and applied from the Northgate experience; including that payments are only made for delivery of evidenced 'value' at each milestone point (as scrutinized by the Service Improvement Board). The Chief Executive has conducted a contract review session that focused in particular on residual risks, and is satisfied that these are minimized and are being managed appropriately.
- 9.2 On the basis of the above evidence, the Committee was content to recommend to the Authority that the two contracts should now be signed.

10. Virtual Desktop Infrastructure (VDI) update

- 10.1 BTP provided an update on the progress of the project and the issues that have arisen; in particular regarding the capability of the project managers and the dispute with the supplier (Trustmark). These issues have delayed the project by 8-9 months and it is now being managed internally from the IT Department.
- 10.2 Bryan Johnson (a BTPA consultant) was tasked by the November 2015 Finance Committee to carry out a review of the project, and reported progress on his work. In particular
- (a) he recommended the need to review the benefits assessment and develop SMART metrics for benefits, to enable a proper assessment to be made of their realization, and

(b) he queried the procurement process and selection of Trustmark who had not been included in the original list of suppliers.

10.3 He will continue to review and report on progress to the Finance Committee as the project rolls out over the summer.

11. Recommendation

11.1 The Authority to note the report.

11.2 The Authority to approve the signing of the Capita and Niche contracts.